

## **Competing for father's love?**

### **The politics of central government agency termination in China**

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## **Abstract**

It is well known that public agencies are nearly immortal, but what explains their termination? In this paper we argue that apart from conventional antecedents, political salience defined by top leaders largely shapes government agencies' life cycle. In one of the first Large-N analyses of agency termination in a non-Western authoritarian regime, we used longitudinal data for the central apparatus in China from 1949 to 1976 to test this hypothesis. We specifically used Chairman Mao's written directives to measure political salience, and found that agencies that received more directives were less likely to be terminated. In contrast, agencies less favored by the boss were less likely to survive major restructurings. We also found that peripheral agencies (e.g., smaller, lower-ranking agencies with non-core functions) benefited more from leaders' attention. We compare the results with the existing literature and suggest some theoretical and policy implications.

## **Keywords**

Agency survival, termination, political attention, restructuring, power

## Introduction

Many studies have shown that organizational change, whether in the form of larger reforms or smaller continuous changes, is important for achieving societal or governmental aims (Pollitt and Bouckear 2011). According to the seminal work of Gulick (1937), there is a relatively tight connection between governmental goals, the formal organizational structure chosen and the content of public policy. This means that one should be aware of what the main principles of organization are, i.e. how the public apparatus is structured according to various principles of specialization and coordination (Hood and Jackson 1991).

But who are the central actors in governmental change? Some large Western studies have shown that central political and administrative leaders are strongly involved – at least in larger reform processes like those connected with New Public Management (NPM) and post-NPM over the last three decades (Christensen and Lægreid 2001, 2007, Pollitt and Bouckear 2011). But this trend can be elaborated in at least two ways. First, March and Olsen (1983) showed in their study of federal reforms in the United States that presidents are important in initiating reforms, but have problems in sustaining their attention, because there is more to gain politically by focusing on policy content changes. Second, Patashnik (2008) pointed to the fact that deciding on reforms is one thing, whereas actually implementing them is quite another and these two stages in the process often involve completely different sets of actors, with political leaders much less represented at the implementation stage.

We know that public administration organizations are generally pretty stable over long periods of time, but also that they are not immortal (Kaufman 1976) and that their life cycle in general and the termination of specific public organizations is of paramount importance in practical, political and theoretical terms (Kuipers, Yesilkagit, and Carroll 2017). Over the past decades, there has been a plethora of studies exploring what drives agency termination in Western democracies (Adam et al. 2007), including, but not limited to, the United States (Lewis 2002, Boin, Kuipers, and Steenbergen 2010, van Witteloostuijn et al. 2018), the UK (James et al. 2016), Ireland (Maccarthaigh 2014), and Norway (Rolland and Roness 2012). In contrast, there are few empirical studies of this salient topic in authoritarian regimes like China (Ma 2017, Ma and Christensen 2018). In this paper, we try to fill this gap by exploring the politics

of central government agency termination in China, which is governed by one ruling party (the Chinese Communist Party, CCP). In such a political context, top political elites are supposed to play a more pivotal role in shaping the destiny of agencies than in Western countries. We highlight how the attention of political elites affects central agency termination, and expect that agencies receiving more attention will be less likely to be terminated.

Our key research questions are accordingly:

- How does political leaders' attention affect agency termination?
- How can we understand variations in this attention from organization theory perspectives?

In this paper, we develop a novel indicator to measure political elites' attention in China. The political variation in the attention paid to agencies by central government can be measured by the number of written directives (*pishi*) issued to the respective agencies (Meng and Chen 2016, Tsai and Liao 2017). When political elites focus on certain areas of policy, they issue written directives to the corresponding agencies, which strive for political salience and policy priority.

We chronicle organizational change in Chinese central government agencies from 1949 to 1976 and use an event history model for our analysis. After we controlled for conventional factors, such as budgetary constraints, age and adolescence, and size of the agency, the preliminary results showed that changes in the number and frequency of written directives issued by political elites had the biggest influence on agency termination. If an agency had received many written directives during a previous administration, it was more likely to survive the next administration. The results showed that the key to agency survival in the various rounds of government reforms was to get as many written directives from political elites as they could. It seems as if every child has to compete for the father's love in a very big family, and those who do not manage to get the father's love will have a hard time.

The contributions of this paper are twofold. First, we theoretically develop and empirically confirm the impact of political attention on agency termination in an authoritarian regime. Second, we develop an innovative measurement of political attention in the form of the political elites' written directives, which can be extended to other contexts.

## **Theoretical perspectives and hypotheses**

### *Theoretical perspectives*

According to an instrumental-structural perspective, political and administrative leaders will dominate decision-making processes in public organizations (Christensen et al. 2007). The ideal is for leaders both to control the decision-making process and score high on rational insight, i.e. they should have clear goals and know what measures to take to fulfill them (Dahl and Lindblom 1953). This perspective comes in two versions: the first a hierarchical perspective which emphasizes that there are few leaders making the decisions; and a negotiation version, saying that leaders may disagree and negotiate about goals, means and perceived effects of decisions (March and Olson 1983).

Applying this perspective to agency termination, we will presuppose that what political leaders do, whether decided in a strictly hierarchical way or as a result of negotiations, will be closely connected to their political priorities and goals. So they will consciously attend to the agencies they prefer and support them in different formal ways, while agencies they see as less salient will get less attention.

A cultural-institutional perspective looks at the importance of informal norms and values and the development of distinct cultural identities in public organizations (Selznick 1957). In addition, current cultural features are path-dependent, meaning that traditions mean a lot for decisions and action. There will be also a dominant logic of appropriateness, meaning that some changes or reforms are seen as culturally compatible, while others are not (March 1994). A variant of this theory says that cultural continuity or paths are broken in certain periods, for example in the wake of crises and often helped by political entrepreneurs using 'windows-of-opportunity' (Kingdon 1984).

Based on this perspective, we may look at how cultural paths influence the attention of political leaders. This may mean that leaders from the same period will have the same priorities, and conversely that political leaders from different periods will have different priorities (Christensen and Læg Reid 2009). Or else one could expect some types of agencies in specific policy areas to continuously get the most attention.

A symbolic or neo-institutional perspective sees the actions of leaders as resulting from their wish to gain legitimacy and support from internal and external stakeholders (Meyer and Rowan 1977). By projecting a positive image, through reputation management, branding and bragging, they try to further their political goals (Wæraas and Maor 2015). One way to do this is through ‘double-talk’ or hypocrisy, which means that they talk in one way but act in another (Brunsson 1989). This is the same as Goffman’s (1959) notion of having a ‘front-stage’ and a ‘back-stage’ in an organization (Goffman 1959).

Using such a perspective on agency termination, we would expect leaders to attend to agencies that will give them most political legitimacy and support, albeit dependent on context and time. This means that attention will shift a lot over time, so we cannot expect systematic patterns similar to those from the other two perspectives.

#### *Political power and attention*

Thompson (1967) points out that being a leader in an organization grants a lot of leeway and discretion, and therefore power, to organize and control, because the opportunities and steering instruments are many and varied (Thompson 1967). The downside of this is, of course, that the constraints are also many and varied, potentially causing the leaders problems of attention and capacity (Weaver and Rockman 1993). So how do leaders cope with these opportunities and constraints? Simon’s (1957) answer, couched in terms of ‘administrative man’ and ‘bounded rationality’, is that, because of the limitations on their control and knowledge, leaders simplify the world. According to the seminal insight of Schattschneider (1960), ‘organization is mobilization of bias’, meaning that in decision-making processes the formal structure will play a role in including some actors, problems, solutions and choice opportunities, but exclude others (March and Olsen 1976). The actors who decide on this structure are the top leaders, who thereby secure their own power. We would fully expect this to be the case in China too.

The instrumental-structural way is to organize and structure a public organization so that it becomes clear who has which responsibilities and tasks, which then facilitates decision-making. Hierarchically, leaders can increase their control by attending to what is seen as politically important and by delegating responsibilities to leaders and experts on lower levels.

But they can also share their power with other leaders to increase legitimacy. According to Cybert and March (1963), this can lead to decisions characterized by three different features; the leaders take a majority decision, they engage in a compromise or there are negotiations resulting in ‘sequential attention to goals and quasi-solution of conflicts’, meaning that actors agree to disagree and that short-term agreement is more valued than long-term consistency (Cyert and March 1963).

When leaders try to ease their attention and capacity problems in the ways described above, diverse challenges arise. One is that what ‘objectively’ seem to be the goals, tasks and policies according to which leaders organize will change over time. Another is that we are living in an era of New Public Management reform, implying delegation of authority to leaders and institutions on lower levels. This delegation could be matched by increasing control, but political and administrative leaders often find themselves in situations where they get the blame but have too little information and decreasing influence over decisions and policies (Brunsson 1989).

Seen from more of a cultural point of view, attention and power look different. Instead of leader attention being connected solely to formal structures, cultural traditions also have a prominent role to play (Selznick 1957). Leaders primarily attend to what is seen as appropriate according to the cultural path followed, and their power is based on their role as carriers of traditions and their ability to interpret what those norms and values represent. This is very relevant in a Chinese context, where for example belonging to the leadership or central cadres in 1949 conferred additional power and status later on. But we cannot take it for granted that all leaders of the same generation or leaders of different generations will agree on what the political goals and priorities are, or what is appropriate. This can potentially result in conflict, especially when there is a break in the cultural path, as has certainly been the case in China (Ang 2017).

The use of symbols in politics is crucial for political leaders (Edelman 1964). As March and Olsen (1983) pointed out in their analysis of American presidents and their involvement in public reforms, reforms give politicians an opportunity to signal to the public that they are active, rational and modern and hence to gain legitimacy. But reforms demand continuous

attention and often political leaders move on to other policies or issues from which there is more to be gained politically. Alternatively, reforms and changes may go wrong and end in conflicts and criticism, hence undermining the legitimacy of the leaders. The Chinese leadership, which often uses symbols, is an example both of symbolic action related to efforts that failed, like Mao Zedong and the Cultural Revolution, while Deng Xiaoping managed to succeed both on a symbolic level and in his actual campaign to open up the country and stimulate economic growth.

Another possibility is that symbols and actions are not that tightly coupled for the leadership (Brunsson 1989). This means that political leaders might talk in one way and act in another, or they might claim achievements or policy content that are only partly true. If they succeed in this, they may well gain extra influence and power, but the public may equally be cynical or critical of them, and their support will therefore be undermined. One can also assert that being too attentive to symbols and short-term events might take a lot of leaders' attention away from larger and more important issues. Chinese leaders like to use big symbols that may or may not resonate well with the public, like 'socialist market economy', 'harmonious society', 'the Chinese dream', etc.

### *Explaining agency change*

So how does the agency change literature handle the role of the political leadership? Lewis (2002: 91-92) focuses on political and instrumental factors like the dynamics of coalitions, political opposition and political turnover. Adam et al. (2007: 222–226) also talk about the importance of political turnover and as well as of learning how agencies function. Boin et al. (2010) look at environmental dynamics that create opportunities for structural change, which may include political turnover, policy entrepreneurs and windows of opportunity. Some agency changes are rhetorical and symbolic, but most involve variations of power sharing, resource allocation, and program management (Aberbach and Christensen 2014). Change in government agencies is to some extent shaped by technological change, economic growth, societal transformation, and political dynamics (Christensen et al. 2007).

In this paper we argue that apart from the conventional antecedents mentioned above,



political salience as defined by top leaders' written directives shapes government agencies' life cycles to a large extent (Pollitt and Bouckear 2011). While political salience matters in agency termination in various other contexts as well, we would expect it to be more prominent in China. The party-state machinery is centralized and strongly controlled by the sole ruling party in authoritarian China, which gives birth to the predominant role of the 'first in command'. We thus hypothesize that agencies receiving more directives from the top are less likely to be terminated during major restructurings. We use longitudinal data on the central apparatus in China to test this hypothesis, which has not been examined in non-Western contexts.

### *Political leaders and their influence*

The founding, survival, and termination of government agencies are shaped, if not determined, by strong political leaders, especially in contexts without equivalent democratic accountability. Party-state officials are appointed by the upper-tier authorities, who are keen to please their superiors (Kung and Chen 2011). In the meantime, China has adopted a unitary system, and the government runs like a corporation. All these attributes contribute to the salient role played by top leaders in shaping the structure and operation of the bureaucracy.

We argue that agency change is predominantly influenced by the attention of top leaders, who have the discretion to decide which agencies survive and which are terminated. Agencies are instruments used by top leaders to achieve their visions, and only indispensable agencies supporting their missions can survive and avoid being terminated. Otherwise, agencies which cannot persuade top leaders of their significance are less likely to be favored in government restructuring. Given these considerations, we develop our first hypothesis:

*H1: Political salience defined by top leaders' written directives is negatively/positively related to agency termination/survival.*

While political salience matters in agency termination, we also expect its impact to be contingent on other factors. Specifically, we examine the moderating effects of agency size, function, and rank in the relationship between political salience and agency termination.

Some agencies are indispensable because of their core functions, and the effects of political salience would be attenuated. In contrast, peripheral agencies striving for political salience

depend more on top leaders' attention. China is run by a developmental state, and economic growth and prosperity are among its top priorities, which makes economic agencies more immune to top leaders' influences. We specifically pay attention to the discernable difference between economic and non-economic functions (e.g., social policy, resources and environment), and expect the effect of political salience on agency termination to be weaker for the former.

*H2: Agency function moderates the relationship between political salience and agency termination, which is attenuated for economic agencies.*

The rank of agencies, defined as the formal order of rank for agencies in the organizational chart, also matters for the relationship between political salience and agency termination. Higher-ranked agencies have more formal channels (e.g., cabinet meetings) via which to approach top leaders, and their superior position helps them to consolidate their political salience. In this regard, these agencies are familiar to top leaders and depend less on political salience. Lower-ranked agencies far away from the radar of top leaders, by contrast, benefit more from political salience, otherwise they are usually neglected by top leaders.

*H3: The relationship between political salience and agency termination is negatively moderated by agency rank, and higher-ranked agencies benefit less from political salience.*

The size of agencies measured by either head count or budget is also relevant in examining the effect of political salience on agency termination. Some agencies are "too big to fail" and larger agencies with entrenched interests may be immune to termination. Smaller agencies, in contrast, are more vulnerable to political turbulence, and endorsement by top leaders is more indispensable for their surviving organizational restructuring.

*H4: The relationship between political salience and agency termination is negatively moderated by agency size, and smaller agencies benefit more from political salience.*

## **Context**

### *Central governmental change in China*

We test the theoretical hypotheses in the context of central government agencies in China, which have not been well documented in the existing literature. The central government

apparatus in China is different from that of Western democracies in at least three respects, which may shape the rationales and antecedents of agency change. First, the administrative wing of the government is strongly controlled by the CCP, the sole ruling party in China. Despite the checks and balances provided by the People's Congress and the Political Consultative Conference (democratic parties and independents), the government is largely centralized and authoritarian. Party and state agencies are juxtaposed at each level, with party departments (e.g., the Department of Organization) occupying a relatively higher standing than government agencies. Decisions to restructure agencies are usually made in a top-down and opaque manner, without substantive public participation and consultation.

Second, the bureaucratic constellations of agencies are very large and complicated, which gives birth to notorious government expansion and agency proliferation (Ma and Christensen 2018). The State Council (SC) at the central level (the cabinet), for instance, is composed of about 100 agencies with varying affiliations and missions, including three main categories during our research period (1949–1976): (1) ministries (e.g., the Ministry of Agriculture) and commissions (e.g., the National Development and Reform Commission), (2) departments directly under the SC (e.g., the National Bureau of Statistics), (3) SC offices (e.g., the Legislative Affairs Office of the SC). Government agency change is characterized by rule of man rather than rule of law, which implies that individual party-state leaders wield absolute power in determining the destiny of agencies.

Last, the state machinery has been restructured frequently since the founding of the People's Republic of China (PRC) in 1949, mainly due to the enormous economic and social transformations that have taken place since then as well as the changes in the state itself (Ma and Christensen 2018). The past seven decades have witnessed at least thirteen rounds of government reorganization, with six (1951–1953, 1954–1956, 1956–1959, 1960–1965, 1966–1975, and 1976–1981) before and seven after the Reform and Opening-up in 1978 (1982, 1988, 1993, 1998, 2003, 2008, and 2013), the starting point of China's astonishing economic rise. Such frequent agency change is similar to that which took place during the New Deal in 1930s America (Boin, Kuipers, and Steenbergen 2010).

### *Written directives and their circulation*

Written directives (*pishi*) are an indispensable component of the daily operation of the Chinese central government. Top leaders use written directives as a formal way of influencing subordinate agencies' priorities, which are mandated to provide feedback about whether and how leaders' concerns are addressed (Tsai and Liao 2017). Given their tight schedules and scarce attention, top leaders only pay attention to top priorities. Agencies that receive more written directives are thus regarded as more politically significant by top leaders. This helps agencies to acquire resources, request coordination from other agencies, and build their organizational reputations (Meng and Chen 2016).

There are two channels through which information is conveyed from agencies to top leaders. The first is the formal channel, through which agency reports travel upwards through the various levels of the administrative hierarchy, which is the main information transmission channel of Chinese central government. Higher-ranking agencies can hand reports to party secretaries directly, and the heads of some important ministries even have vice-premier status. Lower-ranking agencies, on the other hand, cannot give reports to the party chairman directly, but must first address them to the vice premiers or premiers and let them decide whether to pass them on to the party chairman or not.

The second channel is the informal one which runs via internal references (*neican*). Everyday top leaders in China read many internal references produced by the Xinhua News Agency, the *People's Daily*, the General Office of the CPC Central Committee and other information departments, which provide any information they think might interest the top leaders (Zhu 2009). *Neican* do not have to be passed through the administrative hierarchy, so they provide a certain degree of flexibility; various informal rules (personal ties) will also be more significant in this channel. Lower-ranking agencies are more likely to use *neican* to transmit their information to top leaders.<sup>1</sup>

Agencies receive written directives from top leaders mainly in two ways. One is the proactive way, whereby agencies submit reports seeking additional funding, manpower,

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<sup>1</sup> However, putting reports on the desk of top leaders is one thing, getting them to issue a written directive is another. As illustrated above, top leaders in China only pay attention to top priorities and issue written directives to the corresponding agencies.

resources, or approval for certain plans. Since there are so many reports competing for the scarce attention of top leaders, the majority do not get any reply from top leaders, and their requests are not approved. Only a few reports actually succeed in eliciting written directives from the political elites. The other route is more passive: for example, if top leaders address a request from one agency or incidents reported by *neican*, they ask other agencies to cooperate to promote certain policies or deal with the incidents via written directives.

## Methods

### *Data sources*

We focus on central government agencies directly affiliated with the State Council (SC). The unit of analysis is agency-year. We excluded CCP departments, military departments, and state-owned enterprises from our analysis owing to the lack of data and comparability.

The data used in this study are from multiple sources. The data about political attention are from the written directives of Mao Zedong (or Mao Tse-tung), the supreme national leader from 1949 (the founding of the PRC) until his death in 1976, which are well documented in his *Chronological Biography* (LROPC, 2013). The written directives in our research all come from the *Mao Zedong Chronological Biography* (1949–1976). Although, there is undoubtedly data missing from the chronology of Chairman Mao as well as selective bias, since some written directives may have been missed or dropped, we believe this is not of major concern for the purposes of our study for three reasons. First, the Literature Research Office of the CPC (LROPC, 2013) has declared that this version of the *Chronological Biography* provides the most comprehensive and reliable material about Mao Zedong based on the files kept in the State Archives Administration, which do not avoid mentioning Mao Zedong's errors.<sup>2</sup> Second, we randomly selected 270 written directives from the 13-volume book *Mao Zedong Manuscripts since the Founding of the PRC*,<sup>3</sup> which is the main resource for previous research on Mao Zedong, that published between 1987 and 1998, and tried to find counterparts in the

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<sup>2</sup> See: The main characteristics and research value of *Mao Zedong Chronological Biography (1949-1976)*. Retrieved from [https://www.wxyjs.org.cn/jgylzywxyj/201403/t20140312\\_148372.htm](https://www.wxyjs.org.cn/jgylzywxyj/201403/t20140312_148372.htm).

<sup>3</sup> Since it is impossible to match “Mao Zedong manuscripts” and “Mao Zedong Chronological Biography” comprehensively, one author and a research assistant randomly chose 10 written directives from “Mao Zedong manuscripts” each year from 1949 to 1976.

newly published *Chronological Biography*. Fortunately, all of these written directives could also be found in the *Mao Zedong Chronological Biography*, suggesting that the two sources are consistent. And the *Chronological Biography* has more background information and detailed notes. Third, we only focus on the written directives assigned to central government agencies, while those addressed to party and military agencies, which may be more politically sensitive and prone to censorship, are not included.

The data about agency survival and termination are mainly from government archives compiled by scholars and related departments (Office of Institutional Reform of the State Council 1993, Chinese Academy of Governance 2000). The data on other variables are either from official statistics or government archives (National Bureau of Statistics of China 1999, Organization Department of the Central Committee of the CPC 2000). The conceptualization, operationalization and data sources of all variables are reported in the Appendix (see Table A1).

#### *Dependent variables*

We chronicled organizational change in Chinese central government agencies from 1949 to 1976, based on objective records about agency survival and termination. The survival time span of each agency, which runs from the year of establishment to the year of termination (where applicable), is listed in the archive. We used this objective indicator to judge whether an agency was terminated or not in certain years, code 1 for agency termination, otherwise 0.<sup>4</sup> To make our task more straightforward, we only examined the termination of agencies, which is coded 1 and otherwise 0.

#### *Independent variables*

We coded the written directives of Chairman Mao, which are used to gauge political attention. We identified 2,614 written directives from the three-million-word *Mao Zedong Chronological Biography* (1949–1976), which was compiled by the Literature Research Office of the CPC (LROPC, 2013). Chairman Mao’s written directives were manually identified through his

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<sup>4</sup> Using this objective indicator helps to get rid of some vague statements. For example, many ministers were arrested by the Red Guards during the Cultural Revolution, which began in May 1966. Some people may assume that those agencies were in chaos and should be considered as terminated. However, based on the objective records, we find that those ministries were still operating and were officially terminated in 1970.

chronology, which details his everyday work and life. These written directives were sent either to central agencies or to their heads, and we used the name list of central cadres (nomenklatura) to match them with agencies. We used the annual number of written directives received to measure political salience, which captures the latest standing of agencies in the eyes of top leaders. In order to check the robustness of this procedure, we also developed a series of alternative indicators (see below).

The influence of negative written directives and the problem of collective leadership also need to be discussed. Written directives could be either positive, neutral, or negative for agencies, and it is thus relevant to consider their color. Positive or neutral written directives are those in which Chairman Mao praised agencies' practices or directed their attention to crucial policy issues, while negative ones are his criticisms of agencies' malpractices or nonfeasance. Positive or neutral written directives contribute to agency survival. However, we do not think negative written directives would have resulted in agency termination, for the following reasons. First, "being blamed is better than being forgotten". As illustrated above, we can find that a negative written directive could be very scary. Since information is always overwhelming for top leaders given their limited attention, they issue only a few written directives in order to make a decision. If they do not like or do not agree with certain issues or requests, they will prefer to ignore the reports received from certain agencies rather than issuing lots of negative written directives. Second, negative written directives always target specific persons rather than agencies as such, and more important ministries are more likely to get criticized. In our database, when Chairman Mao issued a negative written directive to a certain agency to express his displeasure, it was always the minister on whom he vented his anger rather than the agency *per se*, which then boded ill for the minister rather than the agency.<sup>5</sup> The reason why Chairman Mao preferred to criticize those important agencies is that he cared about these agencies while the ministers themselves did not always follow his guidelines.<sup>6</sup> Third, we find that there are fewer than 15 negative written directives (about 1.5 percent of a total of 1,068) among our

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<sup>5</sup> In some cases, we find that Chairman Mao did criticize the agencies themselves, e.g., the Central General Office of the CPC, the Ministry of Foreign Affairs, the State Planning Commission, the Ministry of Health, and the Ministry of Culture. The heads or vice heads of the agencies were removed soon after Chairman Mao's critics, while the agencies remain unchanged.

<sup>6</sup> Following this logic, negative written directives could even contribute to agency survival since they signal special attention from top leaders. In this regard, our results might underestimate the effect of political salience.

data.<sup>7</sup> Our robustness check shows that it makes no difference whether we include or exclude them from the model estimates.

While other political elites in vital positions such as premier and vice premier also issued written directives, we believe their salience was not the same for the Chinese central government during our research period. Chairman Mao was without doubt the first in command during our period of study, and his directives were of paramount importance for agency termination. By focusing on this period, which was politically dominated by Chairman Mao, we avoid the difficulty of measuring the political salience conferred by the collective leadership during later periods (e.g., Deng Xiaopeng (1976– 1992)).

### *Control variables*

We controlled for the conventional variables that may affect agency termination, including budgetary constraints, age and adolescence, and size of the agency.

Some agency heads are members of the central government's small leading team for institutional change. The small leading team for institutional change was responsible for drafting reform programs under the leadership of political elites before each round of organizational restructuring. They are less likely to be terminated owing to their influence on decision-making. We created a dummy for the small leading team members.

Agency heads are highly relevant to agency termination, so we calculated the rate of turnover before agency termination. We created a dummy of the turnover of agency heads, and those agencies that experienced such turnover were coded 1, otherwise 0.

Agency size is measured by two indicators of head count. The administrative layout of government in China is controlled by the organs and posts (*bianzhi*) system, and agencies are usually assigned a certain number of staff after each round of institutional reform (Brødsgaard 2002). We use *bianzhi* to measure agency size, which usually changes after each round of institutional reform. We obtained the number of *bianzhi* in each year from the ODCCCPC (2000).<sup>8</sup> We also estimated the number of staff by calculating the number of branches (e.g.,

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<sup>7</sup> One author and one research assistant independently coded the colors of written directives, and they are highly consistent in coding.

<sup>8</sup> Sometimes the number of *bianzhi* is unavailable for certain agencies in certain years, and we instead use the number of *bianzhi* in the nearest year.



departments, bureaus) affiliated with the agency in question and multiplying different ratios based on the data from the OIRSC (1993). The OIRSC (1993) provides information about the exact number of staff in the internal branch of each agency in a certain year. As mentioned above, there were three kinds of agencies during our research period, (ministries and commissions, departments directly under the SC, and SC offices). The staff for each branch in these three kinds of agency is different and the ratio of staff for each branch in different agencies is 50:30:10 according to the current State Council reform plan. We estimated the number of staff by calculating the number of branches and multiplying them by different ratios. Fortunately, these two indicators are highly correlated ( $r=0.54$ ,  $p<0.01$ ) and the model estimates are substantially similar. Therefore, we used the former indicator as a measure of agency size for convenience.

Agency age is measured by the number of years since the establishment of the agency. Agencies can be established in two ways, via approval from the National People's Congress (NPC) or via regulations issued by the Central Committee of the CCP or the State Council. We created a dummy and coded it 1 for agencies approved by the NPC. Agency termination may be related to how an agency was established, since agencies approved by the NPC are more strongly protected by the law.

We measured the rank of agencies using a dummy, which is coded 1 for ministry-level agencies and 0 for sub-ministry-level agencies. The level of agencies equates to the location variable in previous studies, and ministry-level agencies are closer to top leaders. Following previous studies (Lewis 2002, Boin, Kuipers, and Steenbergen 2010), we would expect the proximity to Chairman Mao to be negatively correlated with agency termination.

The functions of central agencies were divided officially by the State Council into four categories: macroeconomic and monetary; specialized economic; education, technology, culture, social security, resources and environment; and administration and general affairs.<sup>9</sup> We used this classification to recode the functions of agencies during the period under scrutiny. In our study, the functions of agencies are measured by a dummy, which is coded 1 for economic agencies (including macroeconomic and monetary agencies, specialized economic

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<sup>9</sup> See: Note on the plan for institutional reform of the State Council. Retrieved from [http://www.npc.gov.cn/wxzl/gongbao/1998-03/06/content\\_1480093.htm](http://www.npc.gov.cn/wxzl/gongbao/1998-03/06/content_1480093.htm).

agencies) and 0 for others.

The total government surplus (budgetary revenue minus budgetary spending) measured in 1950 constant RMB Yuan is included in the model, and we expected it to be correlated with agency termination. Agencies are more likely to be restructured during major institutional reforms (i.e., NPS sessions), and we created dummies for these years, which included 1954, 1959, 1965, and 1975.

### *Model specification*

Our aim was to examine the effect of political salience on agency termination, and it was therefore appropriate to use an event history analysis (survival analysis) method, such as Cox's proportional hazard regression and logit model. The two models generate substantially similar results, and we used the logit model in the analysis for ease of interpretation. The dependent variable was a dummy indicating the termination of agencies, and our dataset was time-series cross-sectional data. We used a random-effects model instead of a fixed-effects model for two reasons. First, the Hausman test suggests that the estimates of the two models are significantly indifferent ( $p > 0.1$ ), and the random-effects model is suitable. Second, many of our agency-level controls were time-invariant dummies, and their estimates would be impossible using the fixed-effects model. In the regression model, we report robust standard errors clustered at agency level to mitigate heteroscedasticity.

## **Results**

### *The descriptive statistics*

The descriptive statistics for key variables are reported in Table 1. We included 1,759 observations of 207 agencies over a period of 28 years from 1949 to 1976. The life-span of agencies ranged from zero (e.g., the First Ministry of Business, the Second Ministry of Business) to 22 years (e.g., Ministry of Public Security, Ministry of Foreign Affairs, Ministry of Finance), with a mean of 6.08 and a standard deviation (SD) of 5.43. The largest number of agency terminations took place in 1958 (19), 1954 (40) and 1970 (52) (see Figure 1).

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Insert Table 1 and Figure 1 about here.  
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Chairman Mao on average issued 38 written directives to government agencies annually during our study period,<sup>10</sup> with an SD of 29.6. The mean annual number of written directives received by surviving agencies ranged from zero to 25, with a mean of 0.61 and an SD of 1.84.<sup>11</sup> About half of the agencies (94) didn't receive any written directives from Chairman Mao.

*The logit regression model estimates*

As reported in Table 1, the results support our hypothesis that political salience is negatively and significantly correlated with agency termination. The results reveal that other things being equal, a 1 percent increase in the number of annual written directives will result in an 8.1 percent decrease in the likelihood of agency termination (Model 1). These analyses show that political salience measured by the annual number of written directives is positively correlated with the life-span of agencies, providing strong support for our hypothesis (H1).

With the installation of new heads, agencies are less likely to be terminated. We also find that agency age is positively correlated with termination, while agency size is negative and significant. It seems that agencies are not likely to be terminated shortly after being founded and larger agencies have an advantage in managing to become entrenched. Being a member of the small leading group, the mode of agency establishment, and agency function are not significant in the models. Consistent with our expectation, the results show that ministry-level agencies are more likely to be terminated than lower-level agencies, which means increased distance to top leaders makes an organization less vulnerable to termination.

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<sup>10</sup> A total of 2,614 written directives were found in the *Mao Zedong Chronological Biography*. Since one written directive may be issued to multiple agencies, we found that these written directives were issued to 3,471 different agencies, of which 54.3 percent were CCP departments, 30.8 percent were government agencies, 13.8 percent were military departments, and 1.1 percent were other agencies.

<sup>11</sup> In most cases, written directives were issued to agencies after they were established. However, there are a few cases (a total of nine in our database) in which written directives were made to establish agencies. In these cases, we count these written directives as they were issued in the year the agencies were first established. For example, Mao Zedong issued a written directive to establish the Sport Commission of the Central Government in 1951, and it was founded in 1952. We count this written directive as having been issued in 1952.

Fiscal surplus is positively correlated with agency termination, which means agencies are less likely to be terminated during years of fiscal deficit. During the major institutional reforms of 1954 and 1959, agencies were more likely to be terminated, while the 1965 and 1975 reforms were insignificant. Partly owing to the state of anarchy during the Cultural Revolution from 1966 to 1976, the 1965 and 1975 reforms were rather different from the previous ones, and agencies proliferated instead of shrinking (Ma and Christensen 2018).

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Insert Table 2 about here.  
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We find that political salience is more strongly correlated with termination for non-economic agencies than for economic agencies, suggesting that peripheral agencies rely more on political salience to survive (Model 2). The results show that the effect of annual written directives on the odds of agency termination is stronger for ministry-level agencies than lower-level ones (Model 3). In line with our hypothesis (H4), we find that the effect of political salience is stronger for smaller agencies, and the moderating effect of agency size is only significant when estimating the cumulative effect of written directives in Model 4. For larger agencies (i.e., with more than 600 staff), the effect of political salience on agency termination turns out to be attenuated and becomes insignificant.

We visualize the varying effect of political salience on agency termination by agency function, rank, and size (see Figures 2 to 4). It is clear that political salience is significantly more crucial for the survival of non-economic, lower-ranking, and smaller agencies, and their dependence on top leaders' preferences and attention is stronger.

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Insert Figures 2- 4 about here.  
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### *Robustness check*

We did a series of robustness checks to ensure that our findings stand up to different model specifications and operationalization of key variables. First, we lagged annual written directives by one year because agency changes usually happen in the first half of the year (e.g., in March). We also used a three-year and five-year moving average to measure political salience, since most recent political attention matters proportionally more strongly in agency survival. We expected these to be more prominent in predicting agency termination, since historical performance is more relevant in judging agency value. The results are substantially unchanged, and the effect of written directives is even stronger.

Second, we calculated the cumulative numbers of written directives to measure political salience. We also used the yearly average numbers of written directives during agency life-span to measure political salience (the cumulative number of written directives divided by the number of years before agency termination). The two independent variables are log-transformed and lagged by one year. The results corroborate our expectations, and the hypotheses are also supported by these two alternative indicators.

Third, since about half of the agencies did not receive any written directive from Chairman Mao, it is reasonable to expect that whether agencies receive a written directive at all would be more important than the number of written directives. We thus created a dummy of written directives, and agencies that had received at least one written directive were coded 1. The model estimates of dummies of written directives generated similar results, and agencies that received at least one written directive were less likely to be terminated than those with none. In other words, the odds of termination for favored agencies is about one third that of disfavored ones.

## **Discussion and conclusion**

### *Theoretical and policy implications*

Bureaucratic agencies are overall often very stable, but not immortal and it is theoretically meaningful to understand why agencies are terminated (Kaufman 1976). In this paper, we use

the case of China's central agencies to examine the impact of political salience on agency termination, and the findings generate interesting theoretical and policy implications. We find that agencies that received more written directives from Chairman Mao were less likely to be terminated, suggesting political salience plays a pivotal role in bureaucratic agencies' survival. So what are the more general components in this result and what are the specifically Chinese characteristics? The more general component is political salience, because all over the world political leaders set priorities and systematically support the structural changes and reforms they believe will further their goals (Pollitt and Bouckear 2011, Wilson 2000). The more specific component is that the Chinese political system is rather unique in the sense that top leaders' potential for influence and control is very strong.

We also reveal that the effect of political salience depends on agency attributes, particularly agency size, rank, and functions. We find that smaller agencies benefit more from getting favor from top leaders. These findings add to our understanding of agency termination and contribute to the literature on organizational restructuring. The logic behind this is based on some important insights from the organizational design literature, namely that size potentially confers more influence and saliency, because large agencies receive more resources for the government and have to account for how they spend them (Egeberg 2012). If you do not have the asset of size, you have to compensate or be compensated for, and then the attention of top political leaders comes in handy. By the same token, higher-ranking agencies controlling core functions have more opportunities to interact with top leaders, and political salience matters less for their survival.

Our findings support first and foremost the instrumental-structural perspective, which asserts that political leaders tend to dominate bureaucratic restructuring processes, especially in a Chinese context where they are more powerful (Rothstein 2014). Our results suggest that political leaders in authoritarian regimes without strong checks and balances have a great deal of power to shape bureaucratic agencies' survival and termination. Without taking this political dimension into account, we cannot fully understand the rationale of agency termination in China or in other contexts (Boin et al. 2010; Lewis 2002).

With favor and support from top leaders, agencies are less likely to be terminated.

Particularly for small agencies, political salience is vital for agency survival (Pollitt and Bouckear 2011). Large agencies, on the other hand, are in a better position to employ other approaches to consolidate their positions.

Seen from the cultural-institutional perspective, our main results can be interpreted in two ways. First, they reflect a systematic path that political leaders follow, in this case Chairman Mao, meaning that that political priorities are path-dependent and characterized by a lot of continuity (March 1994). Second, small agencies may have to rely on informal contacts and network competence, as they receive written directives more frequently through informal channels. Since those small or low-ranking agencies cannot reach top leaders directly through formal channels, they rely more on informal channels to compete for top leaders' attention and personal ties will hence be more significant in this process. Those small agencies headed by people with a better personal relationship to the top leadership, possibly connected to belonging to the same cohort or generation as the revolutionary elite, will have advantages in ensuring the survival of their agencies (Christensen and Læg Reid 2009).

Seen from a symbolic perspective, systematic prioritizing by the top political leadership of some agencies may have a strong signaling function, for example as we see in the way the Chinese leadership in different periods variously favored agencies belonging to the economy, social/health or environmental sectors (Ma and Christensen 2018). In such a complex political-administrative system, with limitations on the implementation of public decisions concerning restructuring, the idea-related power of coordination may be very important (Gulick 1937).

#### *Limitations and future research avenues*

There are three ways in which this study is limited, so we call for future studies to further understand agency survival and termination in authoritarian China. First, the mechanisms through which political salience affects agency termination could be further explored in future research. Political salience may affect agency termination both directly and indirectly, and it is interesting to examine the intermediary channels through which agencies survive.

Second, the results reported in this paper may be prone to omitted-variables bias, which could be mitigated in future studies by incorporating relevant variables unavailable in this study.

Reverse causality between dependent and independent variables, omitted variables, and measurement error are the three common factors causing endogeneity. Reverse causality is unlikely to be a danger, since Chairman Mao is unlikely to have issued written directives to certain agencies according to their probability of termination. Unfortunately, we cannot include agency performance, agency heads, or other variables in the model, and we hope future studies will replicate and extend our study.

Last, as a placebo test, it is meaningful to extend the time span of the data to see whether Mao's influence survived after his demise in 1976. For instance, after the launch of the Reform and Opening-up in 1978 the leadership of Deng Xiaoping deployed a rather different developmental logic in directing the state (i.e., economic growth outperforms ideological struggle).

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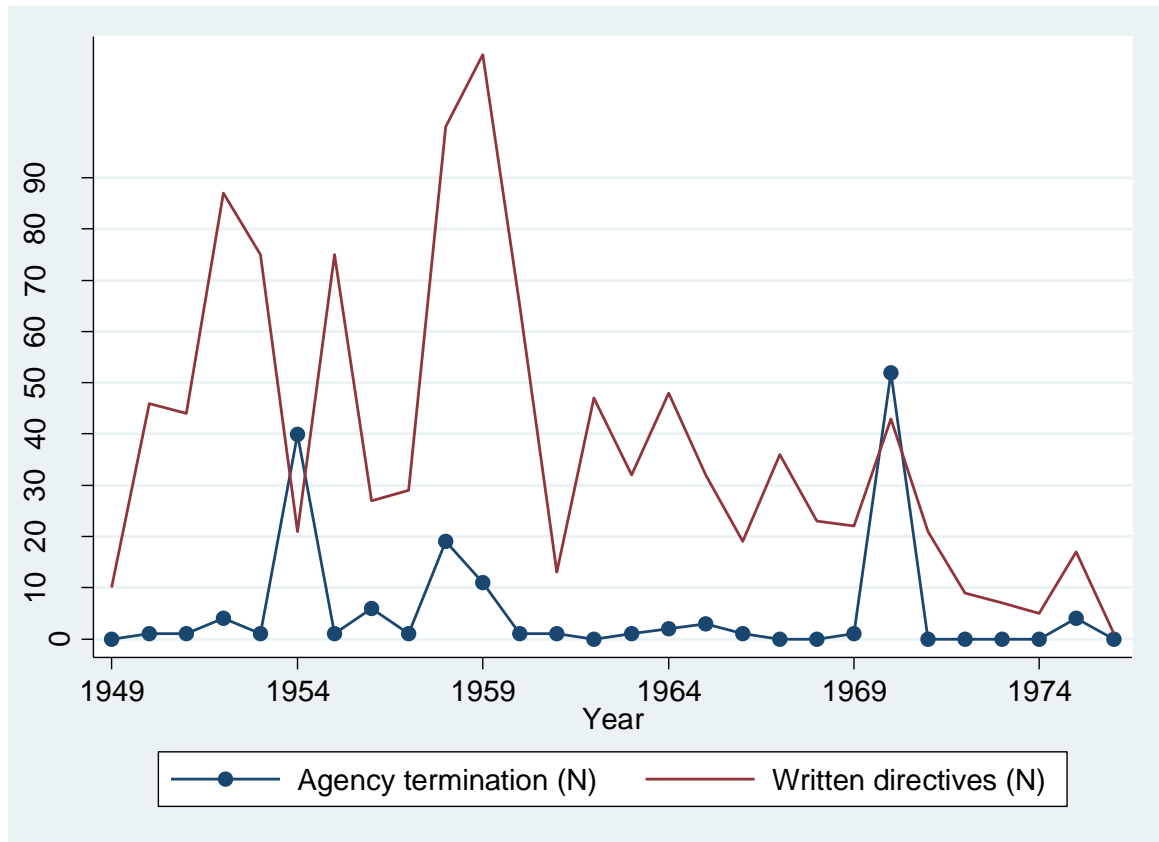
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## Tables and figures



**Figure 1. The dynamics of agency termination and political salience**

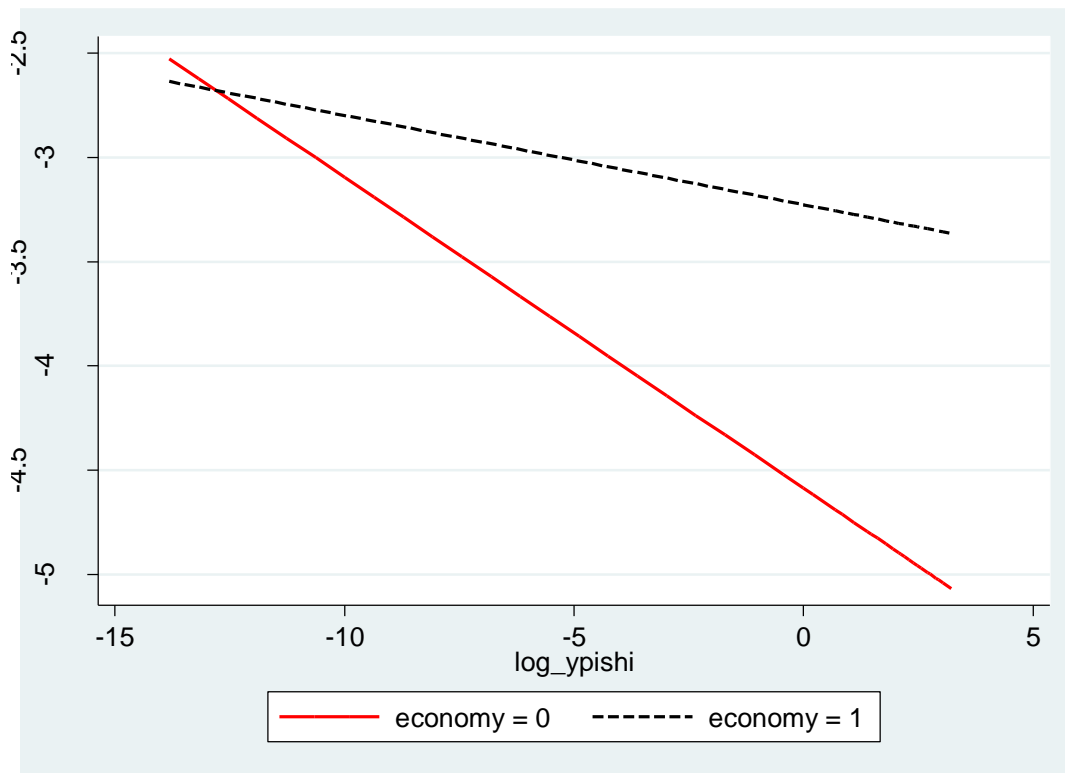
**Table 1. The descriptive statistics of key variables**

<b>Variable</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>Min</b>	<b>Max</b>
Agency termination	1,759	0.086	0.280	0	1
Annual directives (log)	1,759	-10.443	6.111	-13.816	3.219
Small leading team	1,759	0.148	0.355	0	1
Head turnover	1,759	0.102	0.303	0	1
Size (log)	1,759	5.909	1.151	2.303	8.561
Age	1,759	6.087	5.430	0	22
NPC approval	1,759	0.816	0.387	0	1
Ministry-level	1,759	0.807	0.395	0	1
Economic function	1,759	0.534	0.499	0	1
Government surplus	1,724	-6.007	26.854	-90.308	28.490
Year 1954	1,759	0.059	0.236	0	1
Year 1959	1,759	0.042	0.200	0	1
Year 1965	1,759	0.046	0.210	0	1
Year 1975	1,759	0.031	0.173	0	1

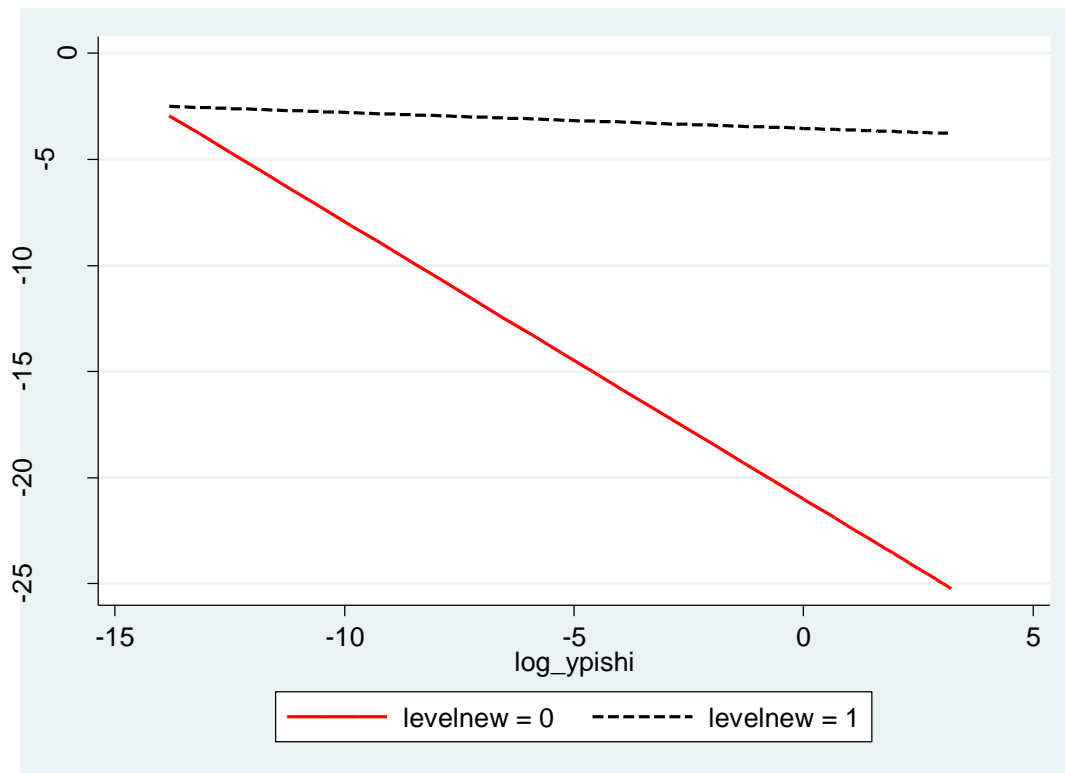
**Table 2. The random-effects logit model estimates**

Model	(1)	(2)	(3)	(4)
Interaction variable		Function	Level	Size
Written directives	0.919*** (0.0234)	0.861*** (0.0327)	0.270*** (0.0153)	0.663*** (0.0978)
Interaction term		1.112** (0.0580)	3.430*** (0.222)	1.053** (0.0243)
Small leading team	0.710 (0.239)	0.714 (0.244)	0.727 (0.259)	0.717 (0.246)
Head turnover	0.102*** (0.0672)	0.0977*** (0.0624)	0.105*** (0.0780)	0.0982*** (0.0623)
Size (log)	0.800* (0.0925)	0.803* (0.100)	0.807* (0.0953)	1.515 (0.492)
Age	1.160** (0.0828)	1.183** (0.0774)	1.138* (0.0756)	1.169** (0.0724)
NPC approval	1.054 (0.306)	1.095 (0.323)	1.020 (0.334)	1.121 (0.332)
Ministry-level	1.717* (0.545)	1.817* (0.602)	38587676.0*** (31595811.9)	1.818* (0.593)
Economic function	1.011 (0.273)	3.898* (2.959)	0.990 (0.252)	1.060 (0.298)
Government surplus	1.013** (0.00601)	1.013** (0.00630)	1.013** (0.00585)	1.013** (0.00611)
Year 1954	16.62*** (8.741)	18.94*** (9.647)	15.34*** (6.714)	17.45*** (8.239)
Year 1959	12.11*** (10.09)	12.92*** (10.76)	10.98*** (7.501)	12.89*** (10.53)
Year 1965	0.418 (0.261)	0.415 (0.261)	0.411 (0.253)	0.415 (0.260)
Year 1975	1.121 (0.684)	1.151 (0.713)	1.140 (0.666)	1.120 (0.694)
<i>N</i>	1724	1724	1724	1724
Log likelihood	-430.65	-428.75	-429.53	-428.29

Note: The dependent variable is agency termination. The odds ratio is reported, and robust standard errors are in parentheses. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

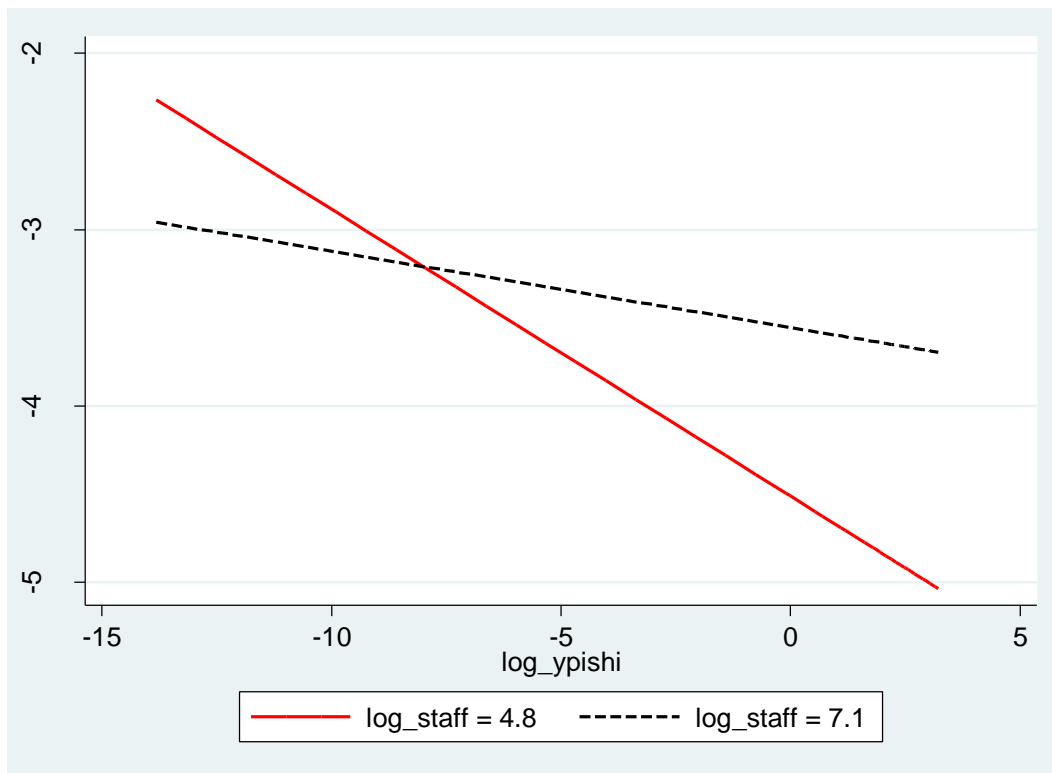


**Figure 2. The marginal effects of annual written directives (log) on the probability of agency termination by agency level**



**Figure 3. The marginal effects of annual written directives (log) on the probability of agency termination by agency level**





**Figure 4. The marginal effects of annual written directives (log) on the probability of agency termination by agency size**

**Appendix Table A1. Summary of the variables**

<b>Variable</b>	<b>Description</b>	<b>Source</b>
<i>Dependent variable</i>		
Agency termination	Dummy variable, 1 for agency termination and 0 for survival.	OIRSC (1993)
<i>Independent variable</i>		
Annual directives	The number of written directives issued to each agency per year.	LROCPC (2013)
<i>Control variables</i>		
Small leading team	Dummy variable, 1 for members of the small leading team for institutional change, otherwise 0.	OIRSC (1993)
Head turnover	The rate of turnover of agency heads before termination, and head turnover witnessed were coded 1, otherwise 0.	ODCCCPC (2000)
Size ( <i>bianzhi</i> )	The number of <i>bianzhi</i> issued to each agency per year.	ODCCCPC (2000)
Age	The number of years since the establishment of the agency	OIRSC (1993)
NPC approval	Dummy variable, 1 for agencies established via NPC approval, otherwise 0.	CAG (2000)
Ministry-level	Dummy variable, 1 for ministry-level agencies and 0 for sub-ministry-level agencies.	CAG (2000)
Economic function	Dummy variable, 1 for economic agencies, otherwise 0.	OIRSC (1993)
Government surplus	Measured by budgetary revenue minus budgetary spending using 1950 constant RMB Yuan.	NBS (1999)

Note: CAG, NBS, ODCCCPC, and OIRSC refer to Chinese Academy of Governance, National Bureau of Statistics of China, Organization Department of the Central Committee of CPC, and Office of Institutional Reform of State Council, respectively.