

# **Issue-Specific Conflict and Presidential Demand for Politically Exposed Agencies**

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## **Abstract**

Much recent research on the politics of agency design focuses on the institutional structures that presidents and members of Congress establish as they compete for influence over the federal bureaucracy. But limiting congressional influence over administrative behavior is not always the primary concern of presidents. Institutional designs that expose agencies to congressional influence, or that in effect insulate agencies from presidential influence, also may help presidents deal with the political and policy uncertainty associated with conflict-ridden policy issues. Using an augmented version of David E. Lewis's dataset on U.S. federal agencies established between 1946 and 1997, I show that measures of issue-specific political conflict help explain presidents' establishment of agencies that are organizationally distant from the Executive Office of the President, outside of existing bureaucratic structures, or run by boards or commissions— designs that existing research treats as evidence of Congress's desire to insulate agencies from presidential influence. Specifically, heightened levels of issue-specific conflict are associated with a greater likelihood of observing these three agency designs, although this relationship declines over time.

## **Introduction**

Positive theories of agency design generally rest on the notion that political principals, such as members of Congress and the president, design administrative institutions in a way that helps them realize their policy goals. Much recent scholarship, for example, suggests that legislative coalitions design agencies to insulate policy bargains from presidential influence, and that presidents design agencies to enhance their own control, thereby undermining the influence of members of Congress. In other words, according to much existing scholarship, some political principals see others as a potential source of administrative bias, and bureaucratic structure results from principals' efforts to avoid such bias.

These theories have led to significant empirical insights, and this analysis builds from the foundation that positive theorists have laid. However, scholars who apply these theories often assume that presidents are primarily concerned about the threat of congressional influence on administrative behavior and that executive actors always prefer greater levels of policymaking discretion. My contention is that presidents may demand agency designs that expose policy administrators to congressional influence and perhaps weaken presidents' control over policy if those designs attenuate sufficiently their uncertainty about policy design and implementation. Put differently, under certain circumstances, presidents may demand agency designs that ostensibly undermine presidential control over policy.

I make the case that the political conflict that characterizes particular policy issues is a source of policy uncertainty (uncertainty about which policy goals to pursue and how to realize

them)<sup>2</sup> and political uncertainty (uncertainty about how political actors will influence administrative behavior in the future) that presidents and department secretaries might seek to attenuate by establishing agencies that ostensibly are insulated from presidential control. I test this proposition using an augmented version of David E. Lewis's (2003b) dataset on the establishment and design of executive agencies from 1946 to 1997. The results reveal that presidents, and to some extent their appointees, are more likely to establish agencies that are decentralized, governed by boards or commissions, and located outside of existing bureaucratic structures, if those agencies' missions place them in conflict-ridden policy domains.

These results are significant for a number of reasons. First, they suggest that theories of bureaucratic structure that focus on competition between legislative and executive actors over the control of administrative behavior neglect factors that may align to some degree the preferences of political principals in both branches. Historically, it appears that presidents have demanded institutional structures that ostensibly impeded their control over policy, raising questions about studies that treat these designs as evidence of legislators' insulation of policy. Second, the results suggest that executive-branch actors at times may demand lower levels of discretion—a proposition that has received little attention in the recent delegation literature. Finally, the results reveal that measures of conflict outperform other measures of issue-specific politics on which scholars typically focus, such as variables that indicate whether an agency deals with domestic or foreign policy matters, as well as variables that indicate whether or not an agency is involved with market regulation.

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<sup>2</sup> My definition of policy uncertainty is broader than is typically found in the literature. While most scholars define policy uncertainty as uncertainty about how policy choices translate to policy outcomes, my definition also includes uncertainty about the appropriate policy outcomes to pursue.

## Political Uncertainty and Agency Design

The notion of administrative bias is important in models of delegation. Political principals in need of administrative capacity typically take into consideration the policy goals of potential administrators when deciding to whom to delegate policy authority, and they may take various measures to guide the actions of administrators with whom they potentially disagree. Indeed, it is rare that, in the course of developing legislation, policymakers do not express at least some concern about who will implement programs and how they will do it. Consequently, in their attempts to explain the bureaucratic structures and administrative procedures that Congress and the president establish, scholars often have focused on these principals' concerns about administrative bias (see Huber & Shipan 2007; Lewis 2003a).<sup>3</sup>

The centrality of administrative bias in much recent delegation theory has led scholars to consider the impact of principals' uncertainty about administrative policy preferences. Scholars have termed uncertainty about administrative agents' policy preferences *political uncertainty* (e.g., see Bendor & Meirowitz 2004)<sup>4</sup>—although some distinguish between uncertainty about administrative preferences and uncertainty due to “implementation error” (Huber & McCarty 2004). Theoretical work focused on political uncertainty typically concludes that risk-averse political principals limit the discretion of administrative agents as political uncertainty increases

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<sup>3</sup> There are theories of delegation and bureaucratic design that do not focus on political principals' desire to realize their policy goals. For example, a classic theory in political science is that political principals delegate in order to avoid blame.

<sup>4</sup> Note that this definition differs somewhat from Terry Moe's (1993, 359), which focuses on the uncertainty that political actors have about the permanency of their political bargains. However, the definition I provide is functionally similar.

(e.g., Bendor & Meirowtiz 2004; but see de Figueiredo 2002). And some scholarship makes the case that the administrative procedures and institutional structures that principals employ to limit agent discretion are tailored to address particular sources of political uncertainty (e.g., Horn 1995; McCubbins, Noll, & Weingast 1987 & 1989; Moe 1991; Potoski 1999; Volden 2002; Wood & Bohte 2004).

### **Policy Uncertainty and Agency Design**

While concern about administrative bias is an important consideration in the politics of bureaucratic structure, the need for policy expertise is perhaps the most fundamental argument for the delegation of policymaking authority (Bendor & Meirowitz 2004). In terms of institutional design, the need for all kinds of policy-relevant information serves as a rationale for decentralized policymaking in a wide array of theories of policymaking and governance in the social sciences. For example, transaction-cost theories of public organization link demand for policy-relevant information to institutional designs that provide administrative independence (e.g., see Heckathorn & Maser 1987, which also links group conflict to demand for such expertise). Such insights have been incorporated into theories of bureaucracy that are more explicitly based in political science (e.g., Horn 1995; McCubbins, Noll, and Weingast 1989; Moe 1991) and public administration (e.g., see Weimer 2006). Indeed, in an analysis motivated by such theorizing, Andrew Rudalevige (2002, 103) finds that the responsibility for developing presidential programs is more decentralized when issue “complexity” is heightened.

Like Rudalevige, scholars who focus on political principals’ need for policy expertise typically focus on these principals’ *policy uncertainty*—typically defined as uncertainty about how policy choices map onto policy outcomes (see Huber & Shipan 2007). However, political

principals also may be uncertain about what policy outcomes they should pursue in the first place. Their policy uncertainty may be so great that it may be more appropriately called ambiguity, as actors may lack the information and conceptual structure to define a problem and policy alternatives (Jones 2001, 147; also see Chun & Rainey 2005; Feldman 1993, 282-283). For example, presidents may know that they want to implement bargains between competing interest groups, but they will not know what the appropriate bargain should be if they are uncertain about the preferences of these groups on a given issue. Or, perhaps they know what the bargain should be but do not know how to reach that bargain in an efficient and politically viable manner. Whether policy uncertainty is due to political principals' lack of political information (e.g., information about the policy preferences of key constituencies) or a lack of technical information (typically of the scientific variety), existing scholarship suggests that the delegation of policymaking authority should increase in the face of policy uncertainty, holding constant the policy preferences of administrators (Bendor & Meirowitz 2004; Huber & Shipan 2007).

### **Issue-Specific Conflict and Uncertainty**

The preferences of political actors are more variable or distant from one another's in some policy domains than they are in others, which makes the benefits of cooperation vary across policy issues. Specifically, when preferences are further apart the benefits of cooperation are lower. Put differently, the greater the distance between group preferences, the greater the conflict should be.<sup>5</sup> As a result, agencies that operate in different policy domains may be exposed to different levels of political conflict (Wilson 1989, 75-83). Because policy

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<sup>5</sup> This definition of conflict is largely consistent with recent research on interest group politics (e.g., see Holyoke 2009).

administrators tend to be responsive to the political actors who operate in their policy domains or “subsystems”—including interest groups, members of congressional committees with oversight responsibilities, and presidential appointees—those that operate in policy domains characterized by more variable policy preferences are subjected to and contribute to more political and policy volatility than administrators who operate in less contentious political environments (see Lavertu n.d.). From the perspective of presidents who seek to control agency behavior, for example, conflict should exacerbate principal-agent problems by contributing to uncertainty about administrative behavior—or, at least, by increasing the likelihood that political principals in the executive branch anticipate that administrative agents will implement policy outcomes that diverge from the outcomes they prefer.

Issue-specific conflict also may contribute to policy uncertainty by making it difficult for political principals to determine what their policy goals should be or how to achieve them. For example, administrative environments with multiple potentially competing interests make political actors uncertain about which interests will seek to influence administrative outcomes, which outcomes they will pursue, and how effective they will be. Indeed, policy issues characterized by group conflict may be those in which policymakers are most in need of policy-relevant expertise. For example, regulatory issues, which pit interest groups against one another and therefore are thought to involve high levels of conflict (Leone 1986; Lowi 1964) are those for which administrators are most in need of information that groups supply (Horn 1995, 43).

Although research reveals that legislative coalitions restrict executive discretion in the face of conflict-induced uncertainty about policy implementation (see Lavertu n.d.), research does not address systematically how presidents use agency design to address the political and policy uncertainty associated with conflict-ridden policy issues.

## Presidents, Uncertainty, and Agency Design

A number of institutional structures and administrative procedures that delegation scholars classify as insulating or discretion-limiting may help presidents and their appointees cope with the uncertainty that conflict generates. Specifically, those that enable presidents and their appointees to incorporate constituent preferences into policy more efficiently, and those that help them direct the behavior of administrative agents, should help resolve the two sources of uncertainty on which this study focuses: uncertainty about administrative behavior (political uncertainty) and uncertainty about which policy goals to pursue and how to pursue them (policy uncertainty). In this analysis, I focus on three such agency designs from David Lewis's (2003a) study of executive insulation: board or commission governance, independence from existing bureaucratic structures, and organizational distance from the Executive Office of the President (EOP).<sup>6</sup>

As David E. Lewis (2003a), Craig Volden (2002), and B. Dan Wood and John Bohte (2004) argue, legislative bodies may establish agencies with these three characteristics to insulate policy from a president or governor, or from future political principals. Yet, there are a number of additional reasons that political actors, including presidents, might want to create such ostensibly insulated agencies (e.g., see Meier & Bohte 2007, 23-24, 88). For example, existing studies on agency insulation tend to overlook that instituting governance boards or commissions and locating agencies outside of existing bureaucratic structures (so that they have a more direct line to the president) may help principals in the executive branch deal with the risk of

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<sup>6</sup> I do not consider special qualification for agency administrators and fixed terms for appointees because these features do not have obvious benefits in terms of reducing the sources of political uncertainty that are the focus of this study.

administrative bias, as doing so enables them to have more influence over the policy preferences of policy administrators;<sup>7</sup> and that all three structures should help principals in the executive branch deal with the policy uncertainty associated with conflict-ridden policy issues by facilitating a link between particular interest groups and the agencies whose policies affect them.

There are a number of anecdotal examples of presidents establishing or seeking to establish agencies that are independent, run by boards or commissions, and organizationally distant from the Executive Office of the President, in order to assist policymaking having to do with conflict-ridden macroeconomic and labor issues, for instance. President Ford established the Collective Bargaining Committee in Construction, which enfranchised labor, management, and cabinet-level administrators, for the very purpose of mediating conflict between labor and the construction industry at the local level (see Ford 1975). And the Federal Labor Relations Council and its successor, the Federal Labor Relations Authority, were created for similar reasons. The latter, which President Carter essentially established via a reorganization plan, was created in large part to further insulate the council from cabinet agencies and to enfranchise representatives of labor (see Carter 1978). Moreover, although many of the agencies that presidents establish in order to help them fulfill their wartime responsibilities are centralized, those dealing with conflict-ridden economic or labor issues, such as President Woodrow Wilson's National War Labor Board and its successors, President Franklin Roosevelt's National War Labor Board and President Harry Truman's Wage Stabilization Board, often were

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<sup>7</sup> Lewis (2003a, 48) acknowledges this, but the insight is not incorporated into his analysis.

established with insulating structures in order to mediate conflict between key interest groups (e.g., see Roosevelt 1942, Truman 1945).<sup>8</sup>

### **Issue-Specific Conflict and the Rationalization of Bureaucracy**

There is an additional but related reason that conflict should lead presidents and their appointees to establish agencies outside of existing bureaucratic structures. As Terry Moe (1993, 359-362) points out, legislative coalitions have an incentive to insulate political bargains in the face of group conflict and political uncertainty. Indeed, as Lavertu (n.d.) reveals, legislative coalitions tend to limit executive discretion in laws dealing with conflict-ridden policy issues. According to Moe (1993, 366), such legislative behavior results in bureaucratic structures that impede the president's ability to govern effectively. The cumbersome bureaucratic structures that are more likely to exist in conflict-ridden policy domains are problematic for the president because they present the risk of administrative bias, whether that bias is a result of the biased preferences of agency personnel or from the inability of agency personnel to realize the policy outcomes that the president prefers.

Agencies established outside of the existing bureaucratic hierarchy often are created to rationalize bureaucracy to meet new priorities or to better administer existing policy initiatives. This appears to have been President Nixon's motivation, for example, when he established the Environmental Protection Agency outside of existing bureaucratic structures, which he believed would have fragmented environmental regulation (Marcus 1980, 267, in Wilson 1980).

President Franklin Roosevelt established agencies outside of existing structures to change the

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<sup>8</sup> Some also observe that such administrative structures are more likely in regulatory policy areas. This is something I consider later in the analysis.

manner in which policies are administered (Seidman & Gilmour 1986). And David Lewis (2003b) describes President Clinton's and cabinet secretaries' desire to rationalize operations in the Department of the Interior (p. 92) and the Department of Energy (p. 135) through the creation of new agencies—although they resisted legislative efforts to do so in the latter case for fear of losing control over agency policymaking. The president's desire to rationalize the bureaucracy (Moe 1993, 366), therefore, is another reason that one should expect a positive relationship between issue-specific conflict and the establishment of agencies outside of existing bureaucratic structures.

## **Theory**

In summary, my argument is the following. Political conflict may make presidents uncertain about what policy goals they should pursue and may generate concerns on the part of presidents about administrative bias during policy implementation. Policy uncertainty arises because the multitude of policy preferences represented in conflict-ridden policy domains makes the appropriate policy compromise difficult to anticipate. Further concerns about the risk of administrative bias (i.e., political uncertainty) arise because administrative behavior in conflict-ridden policy domains may be difficult to predict, or simply because the greater range of potential policy preferences in such policy domains makes it more likely that presidents will perceive agency administrators to be biased.

Consistent with transaction cost theories of organization, I posit that agency designs that enable executive actors to incorporate the preferences of political actors into policy more effectively and efficiently, and those that enable presidents and their appointees to mitigate their principal-agent problems in the executive branch, should help presidents reduce the policy and

political uncertainty associated with conflict-ridden policy issues. I contend that the three designs that are the focus of this study—designs that generally expose agencies to political influences from outside of the executive branch and that often are seen as insulating policy from presidential influence—provide such benefits.

I contend that presidential demand for the agency designs that are the focus of this study may be discerned by examining regularities in the establishment of agencies created by executive action. One might argue that many agencies created by executive action should reflect congressional preferences to some extent, as they typically result from some implicit or explicit delegation of authority in law and Congress has considerable influence over bureaucratic structure as a result of its control over appropriations. However, as Moe (1993) points out and Lewis (2003a, 104) confirms, the bargaining power and strategic advantages of presidents can be significant, and presidents are likely to design agencies just as they wish when opposing majorities in Congress are weak or when the country is experiencing an economic or political crisis (e.g., war). These agencies may be altered or eliminated shortly after a president has created them; but this study is concerned with understanding executive preferences in agency design, so the ultimate survival or policymaking significance of these agencies is not particularly relevant.

## **Hypotheses**

Establishing an agency with a board or commission structure impedes presidential control by introducing more actors with decision-making authority (Lewis 2003a, 46) and by making agency decision-making more transparent and subject to scrutiny. But doing so also enables presidents and their appointees to enfranchise particular interests, creating a mechanism for

generating policy compromises between conflicting interests (i.e., reducing policy uncertainty) and for influencing policy implementation more directly (i.e., reducing political uncertainty about policy implementation). Thus,

**H1:** The probability that presidents and department secretaries establish an agency with a board or commission structure increases as issue-specific conflict increases.

Establishing an agency outside of existing bureaucratic structures, thereby removing the layers of bureaucracy between the Executive Office of the President and the implementing agency, exposes that agency to greater scrutiny from members of Congress and therefore may impede presidential influence (Lewis 2003a). However, doing so also mitigates the risk of administrative bias associated with issue-specific conflict (i.e., reduces political uncertainty) and reduces goal ambiguity by strengthening the link between an agency and particular interest groups (i.e. reduces policy uncertainty), as they no longer must compete with the other interests and policy priorities associated with existing agencies. Thus,

**H2:** The probability that presidents and department secretaries establish an agency outside of existing bureaucratic structures increases as issue-specific conflict increases.

Establishing an agency that is organizationally distant from the Executive Office of the President may exacerbate presidential control (Lewis 2003a, 45); but doing so also may permit a more efficient and legitimate resolution of conflict, thereby mitigating the problem of goal ambiguity (i.e., doing so may reduce policy uncertainty). Thus,

**H3:** The probability that presidents and department secretaries establish an agency that is distant from the Executive Office of the President increases as political conflict increases.

The statistical analysis below tests these hypotheses and explores the significance of group conflict as a predictor of these institutional designs for all agencies created by executive action between 1946 and 1997.

## Data

To test the hypotheses I augmented David Lewis's (2003b) agency dataset. (Variable descriptions appear in Table 1.) Lewis collected data on 438 federal agencies established by legislative and executive action between 1946 and 1997, which more or less comprises the universe of federal agencies created during that period (Lewis 2003a, 40-41). Among other things, he identified whether an agency was established by statute, the president, or a department secretary; identified whether or not, at the time it was established, an agency was governed by a board or commission, resided outside of the existing bureaucratic structure, required that administrators have particular qualifications, or required that appointees serve fixed terms; and, finally, identified an agency's organizational distance from the Executive Office of the President.

[Insert Table 1 about here.]

This study focuses on the 256 agencies<sup>9</sup> established by executive action (to discern *presidential* preferences) and three of the organizational forms that Lewis identifies. The statistical models I estimated employed fewer than 256 observations, however. Two of the three

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<sup>9</sup> This number is greater than the one he reports in *Presidents and the Politics of Agency Design* because Lewis identified a number of agencies that were created by executive action after the book's publication.

organizational forms are identified for only 253 agencies; missing establishment dates precluded the coding of political data for four of those 253 agencies; and I could not identify the agency mission for two of those 249 agencies—making the observation count as low as 247 for some models.

### *Dependent Variables*

The analysis in this paper focuses on an agency’s governance structure, independence from existing agencies, and distance from the Executive Office of the President, due to these features’ potential for reducing policy and political uncertainty. The indicator variables *commission* and *outside*<sup>10</sup> capture whether or not an agency is governed by a board or commission and whether or not an agency is established outside of existing bureaucratic structures; and the ordinal variable *distance* captures whether the agency is in the Executive Office of the President (1), in a cabinet department (2), independent from the cabinet (3), or independent with a commission structure (4). Counts of the institutional types appear in Table 2.

The categorical variable *exposure* is an index I created by summing *commission*, *outside*, and a dichotomous version of *distance*, which takes on a value of 1 if an agency is independent (i.e., if *distance* equals 3 or 4) and 0 otherwise (i.e., if *distance* equals 1 or 2). I named this variable *exposure* because all three designs arguably expose agencies to political influences from outside of the executive branch—particularly congressional influence—in comparison to

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<sup>10</sup> Lewis (2003a) refers to these as “independent” agencies. I use the term “outside,” as these agencies are not necessarily independent in the traditional sense, such as independent regulatory commissions. A new executive department, for example, would be coded as having been established outside of existing bureaucratic structures.

agencies established within existing and centralized bureaucratic structures. Although Lewis (2003a, 89-91) considers agencies with these designs “insulated,” that term is a bit misleading in this case. As I mention above, because the agencies are themselves established by the president or department secretaries, they may in fact enhance presidential influence over policy by redirecting administrative priorities and influencing governance, even if these designs insulate agencies from presidential influence in terms of day-to-day decision-making.

[Insert Table 2 about here.]

### *Control Variables*

The control variables also come from David Lewis’s data sets (2003b, 2004b). The variable *secretary* indicates whether or not an agency is established by a department secretary. Empirically, the focus of this study is on both presidents and department secretaries’ establishment of agencies with particular insulating structures, but the theory in this paper focuses primarily on presidential incentives and assumes that, generally, presidential appointees share presidents’ organizational goals. However, the political incentives and organizational preferences of political appointees may diverge from those of presidents (e.g., see Bertelli 2007). For example, perhaps department secretaries are more concerned about keeping control over programs and are less likely than presidents to establish agencies with insulating designs. At the very least, secretaries simply do not have the authority to establish some types of agencies. Indeed, they never establish agencies in the Executive Office of the President, for example. The variable *secretary* is meant to capture such differences.

The measure of inter-branch preference divergence I employ, *divided*, indicates whether or not a party other than the president's enjoyed a majority in either house of Congress when an

agency was established. The measure is coarse, but it yields virtually identical results to more nuanced measures, such as the proportion of seats in Congress that are held by members of the party opposite that of the president's. This variable is important because, as I state above, the current literature on agency design tends to focus on inter-branch politics and presidents' concerns about the influence that Congress exerts over administrative behavior.

Scholars also have documented presidents' increasing efforts to exert control over the bureaucracy (Moe 1993; but see Rudalevige 2002), as well as the accumulation over time of constrained and insulated agencies (Lewis 2004a). I employ the variable *trend*, which increases by one for every year of the study, in order to capture such changes in the politics of agency design.

Finally, I employ two variables that control for issue-specific politics that existing scholarship takes into consideration—controls that are particularly important in view of this study's emphasis on issue-specific politics as a determinant of executive preferences about agency design. The variable *foreign policy* captures whether or not an agency's mission deals with foreign affairs or military matters, as opposed to domestic policy. The well known "two presidencies" thesis is based on the notion that the politics of foreign and domestic policy differ substantially. Specifically, it appears that presidents are more likely to secure their preferred agency designs when an agency deals with foreign policy matters (Canes-Wrone, Howell, and Lewis 2008).<sup>11</sup> In addition, some research suggests that different interest-group politics between the two policy domains explains some of the structural differences between agencies concerned with domestic and foreign policy matters (e.g., Zegart 1999, 22-27).

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<sup>11</sup> Although Canes-Wrone, Howell, and Lewis's (2008) statistical results suggest such an effect when government is divided, it is unclear what the overall effect is due to the inclusion of an interaction term.

The second variable meant to control for issue-specific politics, *regulatory agency*, identifies whether or not an agency is involved in regulation (see Lewis 2004a, 391) and comes from Lewis (2004b). This variable is important for a couple of reasons. First, like *foreign policy*, it is one of the few issue-specific factors that scholars consider with respect to agency design. Second, some might claim that executive actors establish the designs that are the focus of this study in policy domains that involve market regulation because administrators in such domains are dependent on interest groups for technical information (Horn 1995, 43). If this is the case, then measures of conflict may simply capture the heightened level of conflict in regulatory matters, which produce clear winners and losers (Leone 1986; Lowi 1964).

### ***Conflict Variables***

The variables *conflict (committee)*, *non-constituent policy*, *conflict (reps)*, and *conflict (officials)*, are meant to capture levels of conflict by policy issue. In order to create these variables, I first identified the functions of all agencies in Lewis's dataset and coded them according to Frank R. Baumgartner and Bryan D. Jones's (2006) *Policy Agendas* coding scheme. I then used these policy categories to link perceived levels of conflict to each agency. I describe all four measures in greater detail in Table 1 and Table 3.

[Insert Table 3 about here.]

I estimated values of *conflict (committee)* informally using the perceived levels of conflict surrounding congressional committees reported in Deering and Smith (1997, 95) and Epstein and O'Halloran (1999, 209; which is based on Smith & Deering 1990). The second measure of conflict, *non-constituent policy*, is meant to serve as a validity check, as it is an estimate of the distributive concerns that motivate members of Congress. Committees populated

by legislators focused on delivering benefits to constituents typically involve lower levels of conflict than committees populated by legislators concerned with prestige or policy (Deering & Smith 1997, 75). I estimated values of *non-constituent policy* informally using Deering & Smith (1997, 64 & 80), which is based in part on Bullock (1976). Finally, *conflict (reps)* and *conflict (officials)* come directly from Salisbury, Heinz, Laumann, and Nelson (1987, 1222). They are the levels of conflict associated with agricultural, energy, health, and labor policy reported by interest group representatives and government officials, respectively.

### *Note on Conflict Variables*

In this paper I make the case that issue-specific conflict is an important determinant of agency design. Unfortunately, good measures of conflict are scarce and the rough measures I employ in this study appear to be the best available. Although more precise measures would be preferable, the measures used in this study should be unbiased and not too problematic.

One reason for the imprecision of the conflict measures is that I created two of the variables informally based on my interpretation of rankings presented in existing work. Another reason for their coarseness is that they assign a single value to each policy area. In other words, the statistical tests assume that conflict has been constant within policy areas and congressional committees from 1947 to 1997. This may be problematic because one could argue that the politics associated with particular policy issues has changed significantly during that period; and, similarly, the conflict variables created with respect to congressional committees probably do not capture changes in committee jurisdictions over time (see King 1997). Finally, another source of imprecision is the process of assigning the policy categories to agencies, as well as the process of linking those categories to measures of conflict, as it required me to make some judgment calls.

These potential limitations should not be too problematic for a number of reasons. First, I took steps to make sure that there was no systematic bias in how I created the variables. For example, I assigned policy categories to agencies before I linked the agencies to the design data, and I assigned values to *conflict (committee)* and *non-constituent policy* in a way that should be transparent and intuitive. (The values I assigned to each policy category appear in Table 3 to make my coding as transparent as possible.) Second, I employ multiple measures of perceived group conflict, including a variable that does not measure conflict directly but that should be correlated with group conflict (*non-constituent committee*). Third, two of the variables are not created with reference to committee-based conflict but are created using the perceptions of entirely different political actors. Fourth, the variables to a large extent capture the relative levels of conflict between policy issues, which should be more stable over time than absolute levels of conflict. Fifth, because the error in the conflict variables should not be systematic, the imprecision should not bias the results. Instead, the error should bias the regression coefficients downward and therefore understate their substantive significance. In other words, the findings that this analysis generates may be conservative.

## **Methods and Results**

Tables 4 and 5 present the results of statistical models that test the three hypotheses. Table 4 presents the results of probit models that estimate the relationship between measures of issue-specific conflict and the probability that presidents or department secretaries establish an agency with a board or commission structure (columns 1 and 2) and the probability that they locate an agency outside of existing bureaucratic structures (columns 3 and 4). Table 5 presents the results of ordered probit models that estimate the relationship between measures of issue-

specific conflict and the organizational distance of an agency that a president or department secretary establishes. The dependent variable is *distance* and captures whether the agency is in the Executive Office of the President (1), in a cabinet department (2), independent from the cabinet (3), or independent with a commission structure (4). I included the controls I discuss above and report robust standard errors. Finally, in part because of space constraints, and partly because of estimating difficulties that result from some observations being completely determined, the results in Table 4 and Table 5 include only the measures of conflict that are available for all policy areas.

[Insert Table 4 and Table 5 about here.]

The results generally support the notion that political conflict makes presidents and their appointees more inclined to adopt the three agency designs, and these results hold whether or not control variables are included in the models. That said, the models meant to explain the organizational distance of an agency yield relatively weak results. They explain very little variance in agency location, and, as shown in column 1 of Table 5, the coefficient for *conflict (committee)* does not approach statistical significance. In an effort to understand this weak result, I estimated separate models for agencies created by presidents and those created by department secretaries—and I omitted the *regulatory agency* and *foreign policy* variables to avoid a number of observations being completely determined. As columns 3 and 4 of Table 5 indicate, it appears that although presidents behave as I hypothesize, department secretaries behave in the opposite way. Specifically, the models limited to agencies established by department secretaries indicate that a new agency's organizational distance is inversely related to issue-specific conflict—a result that is significant at  $p=0.05$  for a one-tailed test and one that clearly contradicts hypothesis 3 with respect to department secretaries.

Generally, however, although department secretaries may be less likely than presidents to establish agencies with these structures,<sup>12</sup> the results support the notion that presidents and department secretaries are more likely to establish agencies that are exposed to congressional influence when an agency mission places it in a policy domain characterized by relatively high levels of political conflict.

Although these two measures of conflict on average are positively related to the establishment of the three agency designs, the impact of issue-specific conflict may not be consistent from 1946-1997 (even if conflict across policy issues indeed is consistent across the years of the study, as the conflict variables assume). If presidents have grown increasingly concerned with inter-branch politics, for example, then perhaps the explanatory power of issue-specific conflict dissipates over the years of the dataset. Whatever the reason, the positive relationship between measures of conflict and the presence of the three designs indeed disappears over the years. In Figure 1 I present the results of ordered probit models that estimate the relationship between conflict and the agency exposure index based on the presence of the three designs. I estimated the interaction between conflict and *trend* (labeled “year” in the graphs) using an ordered probit model that includes all predictors that appear in tables 4 and 5. Because interaction effects for models with limited dependent variables are difficult to interpret using standard regression coefficients, I graph the impact of moving from the mean of a conflict

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<sup>12</sup> In the case of organizational distance it appears that secretaries are more likely to establish organizationally distant agencies. One contributing factor is that a department secretary cannot establish an agency in the Executive Office of the President, which is the reason that the model limited to department secretaries estimated only two cut points.

variable to one standard deviation above that mean on the expected value of exposure, which takes the values 0, 1, 2, or 3.

[Insert Figure 1 about here.]

The importance of conflict as an explanatory variable remains in spite of its declining significance, however, as all four measures do a relatively good job of explaining the presence of the three agency designs. In order to more easily present the results for all four measures of conflict, and to get a sense for the substantive significance of these measures of issue-specific politics, in Table 6 I present the results of Ordinary Least Squares models estimated using standardized variables (that have a mean of zero and a standard deviation of one) and using *exposure* as a dependent variable. Table 6 reveals that all four measures of conflict yield results that are statistically significant at  $p=0.05$  for a one-tailed test. Specifically, the results show that a one standard-deviation increase in each of this study's four measures of conflict is associated with an increase in the insulation index that is between 0.09 and 0.21 of a standard deviation.

[Insert Table 6 about here.]

It is important to note, however, that OLS regression is an inappropriate statistical model given the distribution and categorical nature of *exposure*. The results reported in Figure 1 are the more accurate ones for the two main measures of conflict. I report the results of OLS models in Table 6 because the other two measures of conflict had too few observations to estimate models using MLE, and including results for all four measures in one table helps me summarize and compare the results. Also note that the results reported in columns 4 and 5 are for models estimated with a subset of observations, so the coefficients are not directly comparable with those in the first three columns.

### *Additional Results*

The traditional measures of issue-specific politics—*foreign policy* and *regulatory policy*—generally do not yield statistically significant results. Because *foreign policy* is negatively correlated with *conflict (committee)* (with a point biserial correlation coefficient of -0.37) and *regulatory policy* is positively correlated with the same measure of conflict (with a point biserial correlation coefficient of 0.17), I estimated models that omit these variables to see if doing so affects the results. The coefficients for all four measures of conflict remain virtually unchanged when these variables are removed, however, and they yield results similar to those for *conflict (committee)* reported in column 1 of Table 6. In other words, the results indicate that measures of conflict do a better job than traditional measures of issue-specific politics in explaining the president and department secretaries' propensities to employ the agency structures on which this study focuses.

It also is worth summarizing the results of the controls *trend* and *divided*. First, in most models the variable *trend*, a variable that increases by one for every year of the study, is associated with less agency insulation. These results may reflect the purported increase in presidential influence and presidents' desire to centralize the executive branch (e.g., see Moe 1993), for example. Second, it appears that *divided* generally has no systematic effect on agency exposure. I also estimated the models using a variable that captures the seat share of the party opposite of the president's, and the results are similar. In fact, using the "seat share" measure typically results in a stronger relationship between measures of conflict and the establishment of political exposed agencies. Finally, I estimated models that interact *divided* and *trend* and that interact *divided* and measures of issue-specific conflict, in case the effect of divided government

is contingent. None of the results from these models approaches statistical significance, however.

## **Conclusion**

In this paper I make the case that presidents (and their department secretaries) establish particular agency designs due to their concerns about issue-specific politics, and not necessarily their desire to compete with Congress over control of the federal bureaucracy. Specifically, I hypothesize that the political and policy uncertainty associated with conflict-ridden policy issues should lead presidents to establish agencies that are organizationally distant from the Executive Office of the President, outside of existing bureaucratic structures, or run by boards or commissions—agency designs that expose policy administrators to congressional influence. Using an augmented version of David E. Lewis’s dataset on U.S. federal agencies established between 1946 and 1997, I confirm that measures of political conflict are generally good predictors for the existence of these agency designs, although department secretaries do not behave as I hypothesized when it comes to establishing organizationally distant agencies.

The results suggest that theories of agency design that focus on competition between a president and Congress over the control of the federal bureaucracy neglect factors that may have aligned to some degree the preferences of political principals in both branches. The agency designs that are the focus of this study, for example, are better explained by measures of issue-specific conflict than they are by measures of inter-branch conflict—although it appears that the measures of issue-specific conflict lose their explanatory power over the years of the data. More generally, existing studies that consider legislative bodies’ establishment of agencies with these

designs as evidence of insulation fail to consider executives' demand for such designs, as presidents and governors often have a say even when such agencies are established by statute.

This study also points out that presidents at times may demand lower levels of discretion or control over policy administration—a proposition that has received little attention in the delegation literature. The results reveal that presidents are more likely to establish decentralized agencies—agencies that are distant from the Executive Office of the President—if agency missions place them in conflict-ridden policy domains. That said, this analysis takes only a modest first step in exploring this phenomenon. Studies exploring executive actors' demand for policymaking discretion are lacking (Krause 2003) and it would be worthwhile for scholars to research this topic in greater depth.

Finally, the results reveal that measures of conflict outperform other measures of issue-specific politics that scholars typically focus on—specifically, variables that indicate whether an agency deals with domestic or foreign policy matters, and variables that indicate whether or not an agency is involved with market regulation. Existing research suggests that differences in levels of group conflict account in part for the differences between the politics of foreign and domestic policy, as well as differences between regulatory and non-regulatory policy domains; and correlations between measures of conflict and the variables *foreign policy* and *regulatory agency* to some extent confirm these suggested differences. However, including the indicators *foreign policy* and *regulatory agency* in this study's statistical models seldom yields statistically significant results and has virtually no effect on the impact of the conflict variables. Differences between domestic and foreign policy, and between regulatory and non-regulatory policy, likely drive levels of political conflict (Lowi 1964); but, in this case, even very rough measures of

issue-specific conflict are far more helpful in explaining agency design—perhaps because they better capture variation in terms of the benefits of interest group cooperation.

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| <b>Variable</b>               | <b>Description</b>  |
|-------------------------------|---|
| <b>commission</b>             | Whether (1) or not (0) an agency is headed by a board or commission. Measure comes from Lewis (2003b).  |
| <b>outside</b>                | Whether (1) or not (0) an agency was established outside of existing bureaucratic structures. Such agencies have no layer of bureaucracy above them and therefore have a more direct line to the president (Lewis 2003a, 46). Measure comes from Lewis (2003b).   |
| <b>distance</b>               | Agencies are coded according to their distance from the president. According to the Lewis (2003b) codebook: "Agencies in the Executive Office of the President (EOP) are coded with a 1. Agencies located in the cabinet are coded with a 2. Independent agencies are their component administrations, bureaus, and offices are coded with a 3. Agencies that are independent commissions or part of independent commissions are coded with a 4. Government corporations or agencies located in the legislative or judicial branch are coded with a 5." |
| <b>exposure</b>               | An index created by tallying how many of the three exposing designs an agency has. In order to create this index, <i>distance</i> was dichotomized so that agencies within the EOP or a cabinet department are coded 0 and independent agencies are coded 1.  |
| <b>divided government</b>     | Whether (1) or not (0) a party other than the president's enjoyed a majority in either house of Congress when an agency was established. Measure come from Lewis (2003b).   |
| <b>conflict (committee)</b>   | The level of conflict – from low (1) to high (5) -- that House and Senate committee members and staff report for the policy areas with which their committees deal. I estimated the scale informally by using data from Deering and Smith (1997) and the Smith & Deering (1990) measure that appears in Epstein and O'Halloran (1999).  |
| <b>non-constituent policy</b> | Whether House and Senate committees tend to be populated by legislators interested in bringing benefits to constituents (0), by legislators interested in prestige or policy (1), or a little of both (.5). Constituent committees typically involve lowers levels of conflict. I made the estimates informally using Deering & Smith (1997).   |
| <b>conflict (reps)</b>        | The percentage of interest group representatives surveyed that perceive a high level of conflict in their particular policy domains (agriculture, energy, health, and labor) minus the percentage of those who perceive a low level of conflict. The measure comes from Salisbury, Heinz, Laumann, and Nelson (1987)  |
| <b>conflict (officials)</b>   | The percentage of government officials surveyed that perceive a high level of interest group conflict in their particular policy domains (agriculture, energy, health, and labor) minus the percentage of those who perceive a low level of conflict. The measure comes from Salisbury, Heinz, Laumann, and Nelson (1987)   |
| <b>secretary</b>              | Whether or not an agency was established by a department secretary. The measure comes from Lewis (2003b).   |
| <b>regulatory agency</b>      | Whether or not an agency is involved in regulation. Measure comes from Lewis (2004b).   |
| <b>foreign policy</b>         | According to the Lewis (2003b) codebook: "All agencies dealing with defense, foreign affairs, and international development are coded with a 1. All other agencies are coded with a 0."   |
| <b>trend</b>                  | The year from 1 through 52 (corresponding to 1946 through 1997) in which an agency was established.   |

| <b>Table 2. Counts of agencies established by executive action</b> |                    |                 |                         |                         |
|--|--------------------|-----------------|-------------------------|-------------------------|
| <b>Distance</b>  | Commission<br>only | Outside<br>only | Commission<br>& Outside | <b>All<br/>Agencies</b> |
| Executive Office of the President                                  | 6                  | 0               | 1                       | <b>27</b>               |
| Cabinet Agencies   | 5                  | 1               | 1                       | <b>170</b>              |
| Independent Agencies   | 8                  | 11              | 5                       | <b>48</b>               |
| Independent Commissions  | 0                  | 0               | 7                       | <b>11</b>               |
| <b>Total</b>   | 19                 | 12              | 14                      | <b>256</b>              |

**Table 3. Values assigned to conflict variables by policy area**

| Policy Area  | conflict (committee)                                    |     | non-constituent policy                 |     | conflict (reps)                               | conflict (officials)                           |
|--|---|-----|--|-----|---|--|
| Baumgartner & Jones (2006) policy areas            | Conflict perceived by House members and committee staff |     | Motivation of House and Senate members |     | Perception of conflict by interest group reps | Perception of conflict by government officials |
| Space, Science, Technology, and Communications     | Low   | 1.0 | Constituency                           | 0.0 |   |  |
| Agriculture  | Low/Medium  | 2.0 | Constituency                           | 0.0 | 49  | 6  |
| Defense  | Medium/Low  | 2.0 | Policy/Constituency                    | 0.5 |   |  |
| Public Lands and Water Management                  | Medium  | 3.0 | Constituency                           | 0.0 |   |  |
| Transportation                                     | Medium  | 3.0 | Constituency                           | 0.0 |   |  |
| Government Operations                              | Medium  | 3.0 | Policy                                 | 1.0 |   |  |
| Housing and Community Development                  | Medium  | 3.0 | Policy                                 | 1.0 |   |  |
| International Affairs and Foreign Aid              | Medium  | 3.0 | Policy                                 | 1.0 |   |  |
| Environment  | Medium/High   | 4.0 | Policy/Constituency                    | 0.5 |   |  |
| Banking, Finance, and Domestic Commerce            | Medium/High   | 4.0 | Policy/Constituency                    | 0.5 |   |  |
| Foreign Trade                                      | Medium/High   | 4.0 | Policy/Constituency                    | 0.5 |   |  |
| Health   | High  | 5.0 | Policy/Constituency                    | 0.5 | 44  | 45   |
| Labor, Employment, and Immigration                 | High  | 5.0 | Policy                                 | 1.0 | 70  | 69   |
| Energy   | High  | 5.0 | Policy/Constituency                    | 0.5 | 70  | 88   |
| Law, Crime, and Family Issues                      | High  | 5.0 | Policy                                 | 1.0 |   |  |
| Education  | High  | 5.0 | Policy                                 | 1.0 |   |  |
| Macroeconomics                                     | High  | 5.0 | Policy                                 | 1.0 |   |  |
| Social Welfare                                     | High  | 5.0 | Policy                                 | 1.0 |   |  |
| Civil Rights, Minority Issues, and Civil Liberties | High  | 5.0 | Policy                                 | 1.0 |   |  |

**Table 4. Conflict and executive actors' establishment of agencies governed by board or commission and located outside of existing bureaucratic structures**

These are the results of probit models that estimate the relationship between measures of issue-specific conflict and the probability that presidents or their appointees establish an agency with a board or commission structure (columns 1 and 2) and the probability that they locate an agency outside of existing bureaucratic structures (columns 3 and 4). Robust standard errors are in parentheses below the regression coefficients. Significance levels are based on two-tailed tests: \*\*\*p<0.001; \*\*p<0.01; \*p<0.05; ^p<0.10

|                               | <b>commission</b>  |                    | <b>outside</b>     |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
|                               | <b>(1)</b>         | <b>(2)</b>         | <b>(3)</b>         | <b>(4)</b>         |
| <i>Conflict Measures</i>      |                    |                    |                    |                    |
| <b>conflict (committee)</b>   | 0.26 **<br>(0.10)  |                    | 0.30 **<br>(0.10)  |                    |
| <b>non-constituent policy</b> |                    | 0.95 **<br>(0.31)  |                    | 0.93*<br>(0.38)    |
| <i>Controls</i>               |                    |                    |                    |                    |
| <b>secretary</b>              | -1.19***<br>(0.24) | -1.14***<br>(0.25) | -1.36***<br>(0.28) | -1.22***<br>(0.30) |
| <b>divided</b>                | 0.54*<br>(0.27)    | 0.51^<br>(0.27)    | -0.52<br>(0.33)    | -0.55^<br>(0.32)   |
| <b>foreign policy</b>         | -0.38<br>(0.32)    | -0.58^<br>(0.32)   | 0.24<br>(0.33)     | 0.03<br>(0.31)     |
| <b>regulatory agency</b>      | -0.03<br>(0.42)    | 0.11<br>(0.43)     | 0.16<br>(0.45)     | -0.41<br>(0.45)    |
| <b>trend</b>                  | -0.04***<br>(0.01) | -0.04***<br>(0.01) | -0.02*<br>(0.01)   | -0.03**<br>(0.01)  |
| <b>constant</b>               | -0.78<br>(0.42)    | -0.48<br>(0.31)    | -1.17**<br>(0.43)  | -0.71*<br>(0.35)   |
| N                             | 247                | 247                | 247                | 247                |
| Wald statistic                | 50.17***           | 43.13***           | 42.19***           | 32.70***           |
| Pseudo R-squared              | 0.26               | 0.27               | 0.29               | 0.29               |

**Table 5. Conflict and executive actors' establishment of organizationally distant agencies**

These are the results of ordered probit models that estimate the relationship between measures of issue-specific conflict and the organizational distance of an agency that a president or department secretary establishes. The dependent variable is *distance* and captures whether the agency is in the EOP (1), in a cabinet department (2), independent from the cabinet (3), or independent with a commission structure (4). The results in columns 1 and 2 are from models estimated using data on agencies established by presidents and department secretaries; the results in column 3 are from models focused on agencies established by presidents only; and the results in column 4 are from models focused on agencies established by department secretaries only. Robust standard errors are in parentheses below the regression coefficients. Significance levels are based on two-tailed tests: \*\*\*p<0.001; \*\*p<0.01; \*p<0.05; ^p<0.10

|                               | All Agencies    |                  | President       | Secretary        |
|-------------------------------|-----------------|------------------|-----------------|------------------|
|                               | (1)             | (2)              | (3)             | (4)              |
| <i>Conflict Measures</i>      |                 |                  |                 |                  |
| <b>conflict (committee)</b>   | 0.02<br>(0.07)  |                  | 0.21*<br>(0.09) | -0.19^<br>(0.10) |
| <b>non-constituent policy</b> |                 | 0.57**<br>(0.19) |                 |                  |
| <i>Controls</i>               |                 |                  |                 |                  |
| <b>secretary</b>              | 0.27<br>(0.19)  | 0.36*<br>(0.18)  |                 |                  |
| <b>divided</b>                | -0.14<br>(0.16) | -0.18<br>(0.16)  | -0.05<br>(0.26) | -0.54*<br>(0.25) |
| <b>foreign policy</b>         | -0.22<br>(0.19) | -0.21<br>(0.18)  |                 |                  |
| <b>regulatory agency</b>      | 0.15<br>(0.28)  | 0.15<br>(0.30)   |                 |                  |
| <b>trend</b>                  | -0.01<br>(0.01) | -0.01<br>(0.01)  | -0.01<br>(0.01) | 0.00<br>(0.01)   |
| <i>cut1</i>                   | -1.25<br>(0.33) | -1.00<br>(0.25)  | 0.00<br>(0.37)  | 0.12<br>(0.38)   |
| <i>cut2</i>                   | 0.76<br>(0.32)  | 1.07<br>(0.25)   | 0.79<br>(0.38)  | 1.10<br>(0.43)   |
| <i>cut3</i>                   | 1.73<br>(0.34)  | 2.05<br>(0.30)   | 1.97<br>(0.45)  |                  |
| N                             | 250             | 250              | 82              | 168              |
| Wald statistic                | 7.44            | 19.34**          | 8.31*           | 8.36*            |
| Pseudo R-squared              | 0.01            | 0.03             | 0.03            | 0.05             |

**Table 6. Conflict and executive actors' establishment of politically exposed agencies**

These are the results of Ordinary Least Squares models used to estimate the relationship between issue-specific measures of conflict and the agency exposure index (*exposure*) based on the three insulating designs that are the focus of this study. All variables are standardized to have a mean of zero and a standard deviation of one, which is why variable names are preceded with a "z". OLS is inappropriate in view of the distribution and categorical nature of the dependent variable; but it permits the estimation of models for the conflict variables limited to 59 observations, which could not be estimated using Maximum Likelihood Estimation. In addition, including the results for the models with 247 observations permits a rough comparison of the standardized coefficients within each column and across columns with identical observation counts. Robust standard errors are in parentheses below the regression coefficients. Significance levels are based on two-tailed tests: \*\*\*p<0.001; \*\*p<0.01; \*p<0.05; ^p<0.10

|                                  | (1)                | (2)                | (3)                | (4)              | (5)              |
|----------------------------------|--------------------|--------------------|--------------------|------------------|------------------|
| <b>Conflict Measures</b>         |                    |                    |                    |                  |                  |
| <b>z[conflict (committee)]</b>   | 0.10*<br>(0.05)    | 0.09^<br>(0.05)    |                    |                  |                  |
| <b>z[non-constituent policy]</b> |                    |                    | 0.19***<br>(0.04)  |                  |                  |
| <b>z[conflict (reps)]</b>        |                    |                    |                    | 0.21*<br>(0.08)  |                  |
| <b>z[conflict (officials)]</b>   |                    |                    |                    |                  | 0.12^<br>(0.06)  |
| <b>Controls</b>                  |                    |                    |                    |                  |                  |
| <b>z[secretary]</b>              | -0.29***<br>(0.06) | -0.29***<br>(0.06) | -0.26***<br>(0.06) | -0.27<br>(0.18)  | -0.29<br>(0.20)  |
| <b>z[divided]</b>                | 0.01<br>(0.05)     | 0.01<br>(0.05)     | 0.00<br>(0.04)     | 0.03<br>(0.06)   | 0.03<br>(0.07)   |
| <b>z[foreign policy]</b>         |                    | -0.03<br>(0.05)    | -0.04<br>(0.05)    | -0.20^<br>(0.10) | -0.18^<br>(0.10) |
| <b>z[regulatory agency]</b>      |                    | 0.01<br>(0.05)     | 0.01<br>(0.06)     | -0.07<br>(0.05)  | -0.03<br>(0.04)  |
| <b>z[trend]</b>                  | -0.14**<br>(0.05)  | -0.14**<br>(0.05)  | -0.15**<br>(0.05)  | -0.11<br>(0.09)  | -0.15<br>(0.09)  |
| <b>constant</b>                  | -0.15*<br>(0.06)   | -0.15*<br>(0.06)   | -0.17**<br>(0.06)  | -0.31<br>(0.21)  | -0.30<br>(0.23)  |
| N                                | 247                | 247                | 247                | 59               | 59               |
| F statistic                      | 9.22***            | 6.37**             | 9.71***            | 1.54             | 1.27             |
| R-squared                        | 0.19               | 0.19               | 0.24               | 0.33             | 0.27             |

**Figure 1. The impact of issue-specific conflict on agency exposure over time.**

The graphs below illustrate the marginal impact of issue-specific conflict on the use of exposing agency designs over time. The dependent variable is *exposure*, an index created by summing *commission*, *outside*, and a dichotomous version of *distance*. I estimated the interaction between measures of conflict and *trend* (labeled “year” below) using an ordered probit model that includes all predictors that appear in tables 4 and 5. Because interaction effects for models with limited dependent variables are difficult to interpret using standard regression coefficients, I graph the impact of moving from the mean of a conflict variable to one standard deviation above that mean on the expected value of *exposure*, which takes on the values 0, 1, 2, or 3. The dotted lines demarcate 95% confidence bands.

