The Creation of Autonomous Agencies: an essay on its causes and consequences

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Research Questions

• For what reasons do the constitution-making legislators create autonomous agencies, independent of the structure of any of the three branches, outside of legislative or popular control?

• What would be the consequences of the creation of such entities?
Important Definitions

• **Autonomous agencies** are independent state institutions to which authority on certain themes has been delegated, and whose leaders are not directly elected by the people.

• **Veto players** are political actors capable of exercising veto power over certain issues.

• **Veto points** are the institutional mechanisms used by these actors to veto certain issues.
## Consensual x Majoritarian democracies

### Federative-Unitary Dimension

<table>
<thead>
<tr>
<th>Consensual</th>
<th>Majoritarian</th>
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<td>Federative decentralization</td>
<td>Unitary states</td>
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<tr>
<td>Bicameralism</td>
<td>Unicameralism</td>
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<tr>
<td>Constitutional rigidity</td>
<td>Less rigid constitutions</td>
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<tr>
<td>Greater judicial review power</td>
<td>Less power for judicial review;</td>
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<tr>
<td>Independent Central Bank</td>
<td>Central Banks linked to the Government</td>
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(Lijphart, 1999)
## Consensual x Majoritarian democracies

### Executive-Partisan Dimension

<table>
<thead>
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<th>Consensual</th>
<th>Majoritarian</th>
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<tr>
<td>Balanced relation between Executive and Legislative Branches</td>
<td>Dominance of the Executive over the Legislative</td>
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<td>Proportionality in electoral representation</td>
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<td>Pluralism of interest groups</td>
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<td>Larger number of parties represented in parliament</td>
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<td>Larger number of parties with control over legislative seats</td>
<td>Smaller group of parties with legislative seats</td>
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</tbody>
</table>

(Lijphart, 1999)
Causes of the creation of autonomous agencies

• **Heterogeneity of actors**
  
  • Consensual political systems have a high number of veto points and veto players;
  
  • With a greater number of interest groups capable of influencing decision-making, the same group won’t be hegemonic for long periods of time;
  
  • Dominant groups in the present are averse to risk, choosing to design consensual institutions to assert their interests;
  
  • Power-sharing institutions tend to be more resilient than power-concentrating institutions;
  
  • Pluralistic institutions stimulates the emergence of a number of actors with interest in its maintenance.
Causes of the creation of autonomous agencies

- Uncertainties about which groups will be decisive in the future
- Creation of more veto points and veto players
- High number of actors with interest in the maintenance of power-sharing institutions
- High number of political actors
- Consensual political systems
Causes of the creation of autonomous agencies

• Heterogeneity of actors

Proposition 1: Constitution-making processes permeated by heterogeneity of actors influence the creation of new actors and veto points.
Causes of the creation of autonomous agencies

• **Performance**
  
  • State actors are often seen as slow and bureaucratic due to a deterioration of the legitimacy of the State;
  
  • Functions that could not be delegated to the private sector would tend to be better performed by autonomous agencies, insulated from political disputes;
  
  • Additionally, autonomous institutions can function as mechanisms of state governance;
  
  • The delegation of power to actors with opposing ambitions is intended to encourage them to regulate one another, preventing them from taking advantage of the power delegated;
  
  • The creation of autonomous agencies would be related to a higher level of state governance and, consequently, a better performance of public policies.
Causes of the creation of autonomous agencies

• Performance

*Proposition 2*: The creation of autonomous agencies would seek to ensure the best performance of public policies constitutionally determined.
Consequences of the creation of autonomous agencies

• Public Policies Modification

• The creation of autonomous agencies increases the number of actors with veto power in the decision-making process, leading to higher transaction costs in order to reach the necessary consensus for the formulation or modification of policies;

• However, the greater number of actors would tend to widen political competition, pressing for the constant mutation of the policies according to the group that dominates the decision making at certain moments;

• What would define such results is not only the quantity of actors but their heterogeneity. That is, political actors with conflicting interests would induce change. Political actors with similar interests would generate stability.
Consequences of the creation of autonomous agencies

• Public Policies Modification

Creation of Autonomous Agencies

- Greater number of veto players
  - Higher transaction costs
    - Low modification level
- Higher levels of political competition
  - High modification level
Consequences of the creation of autonomous agencies

- **Public Policies Modification**
  - Political actors with conflicting interests would induce change, and political actors with similar interests would generate stability.
  - Veto players are created with the resolution of separating power and purpose.
Consequences of the creation of autonomous agencies

• Public Policies Modification

  Creation of Autonomous Agencies

  Greater number of veto players
    • Higher transaction costs
    • Low modification level

  Higher levels of political competition

  High modification level
Consequences of the creation of autonomous agencies

• Public Policies Modification

**Proposition 3**: A greater number of autonomous agencies leads to higher rates of constitutional amendment and public policies modification.
Consequences of the creation of autonomous agencies

• Expansion of Costs

  • Due to a greater number of actors capable of asserting their interests, public policies tend to serve private interests or the interests of specific groups;

  • The control system of the Legislature over autonomous agencies requires the attention of legislators only when there is a substantive problem;

  • Considering that individuals tend to be opportunistic and self-interested, the bureaucracy linked to autonomous agencies, far from democratic control, would tend to use the power delegated for its own benefit.
Consequences of the creation of autonomous agencies

• Expansion of Costs

- High number of veto players
- High political bargain
- Low level of democratic control
- Serve private interests
- Higher Costs
Consequences of the creation of autonomous agencies

• Expansion of Costs

**Proposition 4**: Autonomous agencies entail higher costs for the State.
Thank You!

Questions or contributions?

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