Bureaucratic Autonomy as A Political Asset

Jørgen Grønnegaard Christensen
Department of Political Science
University of Aarhus

DK-8000 Aarhus C, Denmark

E-mail jgc@ps.au.dk

Abstract

Contrary to widely held notions, the parliamentary democracies of Western Europe to a large extent exempt central government organizations from ministerial command and control. Taking off in bureaucratic theory, the paper discusses the complex nature of formal bureaucratic autonomy and proposes that a distinction be made between its structural, financial, and legal dimensions. The empirical relevance of this concept is demonstrated on the basis of data on Danish central government. It is shown that bureaucratic autonomy, depending on its precise form together with its embedding in a wider institutional and political context, constitutes a potential political asset to agency heads and to parties belonging to the opposition, to interest organizations, and possibly to the departmental minister.
Compared to the American separation of powers system, the parliamentary democracies of Western Europe regulate the interaction between the representative and executive branches of government in a simple and straightforward way. Departmental ministers, belonging to a fairly united cabinet and presupposing the support of a majority in Parliament, are in charge of ministerial departments. In this capacity their authority is only restricted in two ways: They have to keep within the legal confines of the law and the political constraints imposed by Parliament. But in a short and medium-term perspective, none of these constraints presents a real challenge. The legal constraints are quite wide and mostly allow considerable discretion, and as the government is supported by a majority, the political constraints are bearable.

The ministers provide political management and guidance for their departments. Civil servants, recruited on a merit basis, execute their minister’s commands; they are accountable to the minister who in turn is accountable to Parliament, and ultimately to the voters. In their capacity as departmental executives, ministers can revoke authority delegated to officers within the departmental hierarchy at any time; this even applies to specific cases involving individual citizens and private firms.

This simple system of democratic governance is epitomized in two ways. One form is the Westminster system with a strong cabinet government. The other form is Max Weber’s ideal type of bureaucracy. The principles on which the two systems rest may be quite different; yet they both create an image of clear, hierarchical lines of ministerial command and control and of administrative accountability to a political executive. When compared to American government with its high degree of fragmentation and array of veto points, the European and Westminster systems of government signal effectiveness, efficiency and formal rationality (Chubb and Peterson, 1989; Moe and Caldwell, 1994; Palmer, 1995).

A comparison of the American separation of powers system and European parliamentary systems may identify important differences in the ability of the two systems to generate radical changes in policy. However, and for the same reason, the question is also why political actors, all with a stake in policy, should concentrate so much executive power in the hands of governments and departmental ministers. Centralization of authority in the hands of departmental ministers confronts them with the risk that political benefits gained under one regime can be reversed as a new minister initiates a new administrative practice (Moe, 1990, 135-138; Horn, 1995, 16-19 and 97-111). This creates an incentive for political actors to limit ministerial authority over the administrative apparatus. Granting autonomy to administrative bodies is one important way of minimizing political uncertainties that threaten vested interests. Therefore, we should expect considerable deviations from the departmental hierarchy also in parliamentary democracies.

This paper pursues three goals. First, it demonstrates how European governments in important ways break with the principle of departmental ministers as political executives placed at the summit of a clear and unequivocal hierarchy. Second, the paper asks how bureaucratic autonomy works. The scholarly literature provides no clear answer. Rather it contributes to a certain confusion because so many and seemingly conflicting hypotheses are advanced. Thus, thirdly, the main thrust of the paper is to present bureaucratic autonomy as a multidimensional institution, followed by a discussion of how under certain political contingencies formal bureaucratic autonomy is a valuable political asset to specific political interests. This part includes an analysis of institutional differentiation within Danish central government.
A Comparative Perspective
In Western Europe, the breach with the principles of ministerial hierarchy takes several forms. Some are deeply rooted in the political and institutional history. Others are more recent as renewed attention was focused on institutional solutions that exempt policy implementation from unconstrained ministerial oversight. Finally, the prevalence of administrative bodies, endowed with a certain level of formal autonomy vis-à-vis their departmental ministers, is not confined to North Western Europe where (as in Scandinavia) strong local governments and (as in Germany) strong federal institutions prevail. They are also a familiar trait of the administrative organization in Britain and France, both countries reputed to have a tradition for centralized and unified governance.

Table 1 sets out a distinction between three different forms of bureaucratic autonomy. One form, straightforward and simple, takes the form of independent executive agencies. They are central administrative bodies with a monocratic organization and a staff belonging to the civil service, but by law they are charged with administering legislation within a particular policy area. The best example is the Swedish agencies (ämbetsverk), where the departmental minister does not have authority to interfere in individual cases (Lindbom, 1997). But a classical variant is found in other countries. In the 19th century, Norway saw the creation of a number of professional agencies that enjoyed considerable autonomy in the execution of their tasks (T. Christensen, 1997, 120-122). Similarly, in Denmark a prolonged strife over the independent status of The National Agency of Health began in the 19th century and continued up to modern times (Blomquist, 1993). The other form is not as well defined. It consists of administrative boards, state enterprises, and government corporations. The breach with the ministerial hierarchy involves both the granting of financial autonomy and the insertion of a board, on which socio-economic and/or local and regional interests are represented. The use of this form certainly varies from country to country, and it is more common in countries with strong corporatist institutions like the Nordic countries and Holland (Beck Jørgensen and Hansen, 1995; Kickert and Verhaak, 1995). In some cases, this variant even involves the delegation of administrative powers to corporatist bodies that are de facto integrated into private interest organizations, e.g. trade unions and farmers’ organizations (Christensen, 1993; Rothstein, 1996).

In federal Germany this is also a well tested form of organization. Bureaucratic autonomy was instituted during Bismarck’s reign as a means to contain Prussian dominance. However, both during the Weimar republic and after the creation of the German Federal Republic, this form of bureaucratic autonomy survived in the labor market and social insurance administration (Jacob, 1963, 36-43,79-84 and 161-172; Holtmann, 1997, 293 and 306-310). In Britain, Quangos, a heterogeneous body of quasi-non-governmental organizations, have commanded considerable weight within the public sector for decades, their common characteristic being that in one way or another they are placed outside the departmental hierarchy and thus removed from ministerial oversight (Hogwood, 1995). In the French public sector, quite comparable bodies traditionally perform a number of tasks within institutional frameworks that combine traits from public law and private law, thus giving them a certain formal autonomy not enjoyed by organizations integrated into the ministerial hierarchy (Dupuy and Thoenig, 1983, 29-30 and 197-199).

A basic principle of governance in West European public administration is the right of citizens and other juridical entities to lodge a complaint about an administrative decision with a higher level of authority within the administrative bureaucracy. Ultimately, this gives citizens the right to have their complaints considered by the departmental minister, unless the
law specifies otherwise. However, complaints are often directed away from ministers to independent boards of appeal. In Danish public administration, there are two classical types. One type is predominantly professional bodies where specialists deal with complaints about their fellow professionals. A more common type are boards of appeal which either consist of representatives for corporatist interests or combine corporatist representation with professional specialists. In both cases, the boards enjoy considerable discretion in deciding about the complaints brought to their attention, while the minister and his department are deprived of authority to interfere with the proceedings.

### Table 1. Bureaucratic autonomy in Western European central government

<table>
<thead>
<tr>
<th>Classical forms</th>
<th>Modern forms</th>
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<tr>
<td>Independent executive agencies</td>
<td>Swedish executive agencies&lt;br&gt;Danish and Norwegian professional agencies</td>
</tr>
<tr>
<td>Administrative boards and government corporations</td>
<td>British ‘Quangos’&lt;br&gt;German ‘Bundesanstalten’&lt;br&gt;Nationalized industries and state enterprises&lt;br&gt;Delegation to corporatist bodies in Denmark and Sweden</td>
</tr>
<tr>
<td>Extra-hierarchical channels of administrative appeal</td>
<td>Boards of appeal:&lt;br&gt;• professional&lt;br&gt;• corporatist</td>
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In spite of the controversy provoked by the widespread use of autonomous and quasi-autonomous forms of organization in Western European public administration, they have attracted attention in recent years. Characteristically, the revived interest in administrative organizations removed from the departmental hierarchy takes on forms that are in important ways similar to the classical forms described above. Yet, there is more to the distinction between classical and modern forms of autonomous administration than symbolic politics, which is also seen from table 1.

Although contested at home, the Swedish model has served as a source of inspiration to the British ‘next steps’ agencies, which, for their part, have been emulated in e.g. Holland. During the same period, privatization and/or corporatization of state enterprises together with EU regulations have pushed European governments in the same direction. New regulatory authorities that are separate from the provision of services have been established. They combine two conspicuous traits: A certain amount of autonomy combined with a narrow and specialized responsibility for the administrative regulation of a particular sector, e.g., telecommunications, power production and transmission, and rail and road transport. Britain, Denmark, Germany, Holland, and Sweden have all introduced this new type of regulatory authorities and, to varying degrees, granting them varying levels of autonomy (Andersen Management, 1996; Schneider, 1996, 42-44; Hogwood, 1997).

This development is closely related to the reorganization of state enterprises in most parts of Western Europe. These enterprises, ranging from nationalized industries to public utilities, sometimes operated in such a way that they closely resembled a central government agency or department; at other times they were organized in a quango-like manner. While some of them have been or are in the process of being privatized, other enterprises have been transformed into government-owned corporations organized ways that meet the regulative standards of corporate law. From 1975 to 1995, a net tripling of such government corporations and corporate look-alikes has taken place within Danish central government. During the same
period, several corporations and state enterprises were fully privatized (Christensen and Pallesen, 1997). The British hospital reform with its split between buyers and providers has similarly led to a reorganization of British hospitals into self-governing trusts. They operate in a quasi-market structure, led by their own board of directors and freed from many of the traditional constraints that regulated the former NHS-hospitals.

Over the years the existence of extra-hierarchical boards of appeal have been contested as instances of cumbersome red tape and corporatist bias. But here developments have taken place too, adding new features to the practice of bureaucratic autonomy. One such innovation is the reassertion of representative democracy as elected politicians are gaining representation on such boards of appeal and parliamentary oversight committees. One example from Denmark is the creation of a board that assesses complaints from patients about maltreatment in private medical practice as well as in public hospitals. This board represents an important deviation from the professional self-regulation which originally prevailed within the health services. Despite its name, The National Tax Court (Landsskatteretten) has a similar representative structure, a mix of professional, parliamentary, and corporatist representation. Other instances are the parliamentary oversight committees covering, e.g., the intelligence services and prisoners’ labor. Much in the same vein, during the past 25 years The Office the Auditor General of Denmark has changed, from departmental via quasi-autonomous agency status into an institution operating under parliamentary auspices, reporting to the Parliament’s Public Accounts Committee. In this way, the auditors have attained a formal status similar to that of the Ombudsman.

There are several common traits in the breaches with the principles of departmental governance and ministerial accountability described above. First, they are not marginal and parochial deviations from a general model of hierarchical governance. Second, formal autonomy is granted to public sector organizations irrespective of their tasks. Third, a feature shared by the instances given for the frequent deviations from the hierarchical model in Western Europe is political actors’ preoccupation with the control of the administrative execution of public policy and long-term protection of their own interests. This lends strong support to institutional theories that stress how bargaining between political actors determines the choice of institutions in public policy. But it also raises the question of the causes and consequences of choices that involve departures from ministerial leadership and accountability as well as hierarchical governance.

The Ambiguity of Bureaucratic Theory

Both classical and modern writings on bureaucracy have dealt extensively with the causes and consequences of bureaucratic autonomy. In so doing, bureaucratic theorists at least implicitly distinguish between the calculated consequences of institutional design and the unintended consequences of bureaucratic autonomy. Whether or not by intention, bureaucratic analysis has focused on three types of consequences. Table 2 presents a summary of some important, but rather different interpretations. However, two caveats are in order. First, these theoretical interpretations often represent complex chains of causes, intermediate effects and final consequences. Second, many writers on bureaucracy point out that the planned consequences of bureaucracy and bureaucratic autonomy also have unintended consequences, thus generating a trade-off between the planned (positive) effects of bureaucratic autonomy and its negative side-effects. Table 2 abstracts from these nuances, because the goal is not a discussion of the complex character of the effects of bureaucratic autonomy. It is, rather, to isolate the specific linkage of causes and consequences of bureaucratic autonomy so that they can be subjected to empirical analysis.
Table 2. Planned and unintended consequences of bureaucratic autonomy.

<table>
<thead>
<tr>
<th>Increased bureaucratic autonomy leads to:</th>
<th>Planned consequences</th>
<th>Unintended consequences</th>
</tr>
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</table>
| Bureaucratic accumulation of power        | ● Co-optation strategies  
   ● Solution to policy commitment problem | ● Bureaucracy exploits information asymmetries  
   ● Bureaucratic politics |
| Bureaucratic insulation from politics     | ● Rule of law presupposes predictability and certainty  
   ● Guaranteed property rights presuppose administrative predictability  
   ● Sound monetary policies presuppose professional autonomy for central bank executive | ● Unresponsiveness, unaccountability and resistance to change  
   ● Bureaucratic executives are autonomy maximizers |
| Changes in performance                    | ● Bureaucracy promotes effectiveness and efficiency  
   ● Most efficient organization in case of asset specificity and frequent transactions | ● Budget maximization  
   ● Slack maximization |

A traditional concern in bureaucratic theory is the accumulation of power by bureaucracy and thus the creation of a bureaucracy that acts autonomously. From some analytical perspectives, this is an intended consequence that must be considered in the design phase of the organization and its integration into the institutional network within which it is to operate. Selznick’s ascription of TVA’s original success to the leadership’s conscious application of a co-optation strategy is a prominent example of this way of reasoning (Selznick, 1949). Some modern writers on bureaucracy, however, also see a powerful bureaucracy as one way to solve the commitment problem in the implementation of public policy (Moe and Caldwell, 1994; Horn, 1995; Moe, 1997, 468-469). But to some of them, the accumulation of power by bureaucracy is a serious, unintended consequence. Max Weber was highly preoccupied with this issue in his political writings. He pointed out the information asymmetries involved when a professional bureaucracy was entrusted with the implementation of policies decided through parliamentary procedures and he consequently looked for institutional devices that could minimize the risk of democratic institutions being captured by a powerful and autonomous bureaucracy (Weber, 1918, 351-382; Weber, 1919, 517-520). Although less explicit in its basic assumptions, 1970s bureaucratic politics literature falls within the same category.

Another presumed consequence of bureaucratic autonomy is the separation of administration from politics. In a positive perspective, the separation of administration from politics is a primary object of a professional, merit-based bureaucracy. The reason is that the rule of law presupposes predictability and certainty that is best arrived at if policy implementation is entrusted to tenured civil servants who make their decisions by confronting the facts of individual cases with the general rules of the law. This was the quintessence of Weber’s recommendation for bureaucratic administration, in spite of its shortcomings. It is also an integral part of much analysis of public administration and its malfunctions in both the 3rd world and former communist countries (e.g., Geddes, 1994). A related perspective argues that property rights can only be guaranteed if policy administration is delegated to an autonomous and thus predictable bureaucracy (Spiller and Levy, 1996). Once more, some theorists point to possible negative side-effects that may ensue if public bureaucracy is insulated from democratic politics. It is a persistent theme in Michel Crozier’s analysis of French bureaucratic practices at both the organizational and the societal level. Unresponsiveness, unaccountability, and a strong bias against change are the serious defects of strong bureaucratic institutions (Crozier, 1963; Crozier, 1970). At the micro-level, other students of public bureaucracy see bureaucrats at very different levels as maximizers of autonomy; according to this literature they seem to
act that way because they thus gain degrees of freedom that could not be sustained if their work was subjected to tight political constraints, (Gruber, 1988; Wilson, 1989).

The literature also links bureaucratic autonomy to performance. This applies to both effectiveness and cost-efficiency. Weber, and with him Woodrow Wilson, envisioned a bureaucracy clearly separated from politics and operating on a strict formal platform of tenured, merit-based, specialized bureaucracy as the comparatively best instrument to secure effective policy execution in a way that simultaneously economizes on costs (Wilson, 1887; Weber, 1921, 561-563).\(^1\) In economic organization theory, Williamson sees hierarchical governance as the most efficient form of organization when assets are highly specific and transactions frequent. Some important tasks undertaken by public sector organizations have a character that renders a bureaucratic solution comparatively more cost-efficient than a market solution. He further argues that ‘out of respect for the long-term interests of the state bureaus that manage sovereign tasks will be given added degrees of insularity from the expedient interests of incumbent politicians to whom they report.’ Thus, comparative efficiency and political insularity are seen as going hand in hand in the solution of some governmental tasks (Williamson, 1997). Other parts of the literature emphasize the risk that public bureaucracy, operating outside the constraints of the market and subject to weak political controls will be less efficient. This negative side of the story is the risk of budget maximization and oversupply of services provided by public bureaus or, more realistically, the existence of considerable slack resulting from public sector organizations operating at costs higher than what may be technically feasible (Niskanen, 1971; Migué and Bélanger, 1974; Niskanen, 1975).

The literature reviewed above reveals the multifaceted character of the bureaucratic autonomy phenomenon. This, together with the complex nature of the theoretical arguments advanced, also presents some potentially severe drawbacks for empirical analysis of both the prevalence of bureaucratic autonomy and its consequences (Wintrobe, 1997). Especially, the deficient specification of the planned or unintended consequences discussed in the literature is worrying. It is entirely possible that the apparent contradictions and inconsistencies that are revealed when these very different threads are pulled together arise because few writers have bothered to specify neither the precise forms of bureaucratic autonomy nor the political and institutional context within which it is enacted. An important exception is the growing literature on central bank autonomy that has developed since the 1980s. These analyses are interesting for several reasons: 1) Central banks are responsible for managing very similar tasks between countries. 2) These central banks differ as to their institutional autonomy; due to their well-defined responsibilities it is relatively easy to develop indicators of institutions autonomy. 3) Finally, the control of monetary growth constitutes a fairly valid and simple performance indicator (Cukierman, 1992; Masciandaro and Spinelli, 1994).

Empirical analyses of central bank behavior provides some insights of relevance to the general analysis of bureaucratic autonomy and its consequences (Goodman, 1990-91; Kaltenthaler, 1997; Bernhard, 1998; Lohmann, 1998). First, they demonstrate the high extent to which central bank autonomy has been an issue of political concern. Determining the degree of autonomy enjoyed by central bank institutions has been a question of both retaining control of monetary policy and of cutting off one or another political actor from interfering in monetary policy. Second, these analyses have shown that the analysis of central bank autonomy has to be broadened from a narrow study of bank organization to a more comprehensive analysis of

\(^1\) In his different writings, Weber was quite ambiguous in his evaluation of bureaucracy. His analysis moved between very positive discussion of its instrumental rationality to dire predictions of its potential misuse by civil servants.
the institutional set-up within which the bank operates. Third, whatever the institutional constraints and degree of formal autonomy enjoyed by central banks, their management does not operate in a political vacuum. Depending on the strength of the institutional safeguards within which the banks operate, bankers have incentives to estimate the trade-off between accommodating political pressure from the incumbent government and threats to curb the bank’s formal autonomy. Fourth, empirical analysis emphasizes the importance of such factors as professional norms, peer pressure, and organizational mission. Although empirically less tractable, it is difficult to explain variation in central bankers’ behavior without including these socio-organizational factors. Fifth, central bank analysis has shown how formal autonomy, depending on political contingencies, may be a political asset to now the opposition, now organized interests, and now the incumbent government and its ministers.

The Dimensions of Formal Bureaucratic Autonomy

Without an operational concept of bureaucratic autonomy it is impossible empirically to establish its prevalence in different institutional systems and its consequences. An operationalization simultaneously acknowledges the insights of institutional analysis. It has demonstrated that no organizational structure, including hierarchy, is neutral, and that minor changes in the formal structures and procedures within organizations as well as between different organizations stack the deck differently for political and administrative actors (see, e.g., Knott and Miller, 1987; Hammond and Thomas, 1989; Kearns, 1994; Taylor, 1995; Hammond, 1996). Consequently, it is a reasonable expectation that political actors strive for institutional solutions that safeguard their policy goals when it comes to the administrative implementation of public policy. Varying degrees of formal bureaucratic autonomy are expected to figure prominently in their choice of strategies to further such goals.

In general terms, bureaucratic autonomy is defined as the formal exemption of an agency head from full political supervision by the departmental minister. The formalization criterion included in the definition implies that the exemption from ministerial oversight should be established through law, a legally binding parliamentary decision, or follow from the written prescriptions on budgetary procedures in government, whether these procedures are regulated by law or executive ordinance. The formal breach with the departmental hierarchy may happen in several ways, involving various aspects of the management and operation of an agency. It may also apply to just one particular aspect, or it may combines several, thus adding to institutional complexity. Here a distinction is made between three dimensions of formal bureaucratic autonomy:

1. Structural autonomy, i.e., the insertion of either an alternative or a competing level of political supervision.
2. Financial autonomy, i.e., the exemption of the agency from one or more of the budgetary constraints constituting the principal rules of the governmental budgetary system.
3. Legal autonomy, i.e., the authorization by law of the agency head to make decisions in his own capacity, thus forbidding ministerial intervention in his decisions as well as his consultation with the minister or the minister’s advisers on decisions that, according to the law, are delegated to him.

On any of the above dimensions, a breach with departmental hierarchy and ministerial supervision involves a set of specific decisions. Structural autonomy can thus only be determined by a specification of who appoints the alternative or competing supervisory body, and of who the incumbent(s) represent(s). Similarly, for financial and legal autonomy, the scope of formal autonomy is to be determined through a specification of the authority and
procedures delegated to the agency head. Finally, while it would be possible - and possibly convenient - to operationalize autonomy on any of these dimensions as a dichotomy, it is here conceived of as a continuous variable. This is the only way in which it is possible to grasp the rich empirical variation that is found in Western European public administration. Examples drawn from Danish central government will demonstrate this.

Table 3. Variations in formal bureaucratic autonomy along three dimensions

<table>
<thead>
<tr>
<th>Less autonomy</th>
<th>Structural autonomy</th>
<th>Financial autonomy</th>
<th>Legal autonomy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agency head reports to minister</td>
<td>General central government regulations apply</td>
<td>Legislation leaves no/little discretion to departmental minister; contains no authorization to issue general regulations</td>
</tr>
<tr>
<td></td>
<td>through unbroken departmental hierarchy</td>
<td></td>
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<tr>
<td></td>
<td>Minister appoints agency head</td>
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<tr>
<td></td>
<td>Agency head reports to the</td>
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<tr>
<td></td>
<td>minister after consultation with</td>
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<td></td>
<td>advisory board on which the</td>
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<td></td>
<td>majority are appointed by/selected</td>
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<tr>
<td></td>
<td>among non-governmental actors</td>
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<tr>
<td></td>
<td>Minister appoints agency head</td>
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<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td>Agency head reports to board of directors, on which the majority is appointed by the minister who can end term on a discretionary basis. Board appoints agency head</td>
<td>Agency financed through sales proceeds and fixed appropriation at central government budget.</td>
<td>Legislation authorizes agency head to decide individual cases that cannot be brought to the minister; the minister cut off from general and specific intervention in case-processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More autonomy</td>
<td>Agency head reports to board of directors on which the majority are appointed for fixed terms by non-governmental actors Board appoints agency head</td>
<td>Agency financed through sales proceeds; agency budget not part of central government budget.</td>
<td>Legislation authorizes agency to issue general regulations to fulfill policy goals defined by law</td>
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Table 3 on each of the above dimensions specifies a number of empirically relevant models. They range from full integration into the departmental hierarchy to full formal autonomy from ministerial supervision. To demonstrate their empirical relevance each of the three dimensions are discussed consecutively.

**Structural Autonomy**
In the ideal type governmental bureaucracy, the agency head reports to the minister through an unbroken departmental chain of command. This is the model that has received the most attention in discussions on the organization of Danish central government (Christensen, 1997). In practice, the model is often modified, in particular at the agency level. Provisions in the law require the appointment of a board, on which the majority of the members represent non-governmental actors. Whether they are appointed by latter or selected by the minister from a list of potential appointees varies a great deal. Such boards are found in very different policy areas. In a historical perspective, the model is old and stable. Among others the Ministry of Food, Agriculture and Fisheries, the Ministry of Business and Industry, the Ministry of Labor, and the Ministry of Education have quite a number of these advisory boards that have to be heard on the administrative implementation of policy. Typically, the boards are also granted a formal right to take up any policy issue that they want the minister to consider.

In a more radical variant, a board of directors is inserted into the hierarchy. The agency head no longer reports directly to the minister through the departmental hierarchy, but to this board. Although a majority of the members on the board are non-governmental actors, it is not clear whether they represent various interest groups or are appointed in a personal, maybe even
symbolic capacity. At least in formal terms, they are appointed by the minister, and it is in his powers to bring their mandate to an end at any time. With the corporatization of former state enterprises, the model has become more common. This applies to both formal corporations where the minister represents a majority of the shares at the general assembly, and to state enterprises that emulate the corporate structure. So, both the postal services and the state railways have been organized as ‘independent state enterprises’, and a number of subsidiaries of the reorganized railways have been organized as government corporations.

The position of the minister as political executive is most clearly weakened in the fourth model. Here the agency head reports to a board of directors on which the majority is appointed for fixed terms by non-governmental actors. As in the previous model, the board also appoints the agency head. The model is applied in very different policy areas. The Competition Agency does not report to the Minister of Business and Industry, but to the independent Board of Competition. The public radio and TV stations are organized this way, and so is the central bank, Danmarks Nationalbank, which has been endowed with a very special status and organization structure at the edge of central government (B. Christensen, 1985, 136-140). At even greater distance from the center of government, a number of boards exist to which certain powers are delegated; their typical task is to administer a public subsidy or alternatively the proceeds from a very specific, tax-like fee levied on certain economic activities. The boards are appointed by organizations that represent affected economic interests. Such bodies are found in the labor market and in the heavily regulated agricultural sector (Christensen, 1993). Characteristically, they play an important role in the national implementation of the common agricultural policy within the European community. Thus, the administration of the milk quotas, an important element in the EU’s regulation of the European dairy market in Denmark, has been delegated to Danish Dairies’ Milk Board (Danske Mejeriers Mælkeudvalg), and board members are appointed by the dairies’ organization (Mejeriforeningen). The unemployment funds, strongly affiliated with the trade unions, have a similar position within the administrative system.

Financial Autonomy

In a historical perspective, the baseline has moved in the direction of granting central government organizations more discretion in their financial management. The traditional governmental budget was a line item budget allowing agency heads and departmental ministers very little discretion in their administration of the annual appropriation allocated to each agency or institution. This changed from 1964, when the central government budgetary system went through a series of reforms that have introduced envelope budgeting for the entire central government (Christensen, 1982). Still, there were always exemptions from what was the baseline at a given point in time, allowing some governmental agencies more financial autonomy than the archetypical departmental agency.

State enterprise status has always implied more autonomy than the baseline defined by general central government regulations. The basis for giving agency heads increased financial autonomy was the fact that the state enterprise partly or fully raised its resources through sales proceeds. In its pre-1985 form, state enterprise status carried two implications: 1) The enterprise was exempted from restrictions on the management of its annual budget, and 2) the enterprise was allowed to spend more if sales proceeds increased, while retaining its full appropriation,

2 Regulations aiming at the equal representation of men and women on government boards and committees induces much creative thinking in departmental corridors when women representatives have to be appointed to any board, regardless of its policy field.
even if the proceeds fell below the estimate in the budget approved by Parliament. (Department of Economics and the Budget, 1972, 81-82; Public Accounts Committee, 1981). With the 1985 reform of the budgetary system, state enterprise status was redefined. While the first criterion was upheld, the second was changed. The estimated deficit or surplus was now fixed as a binding net figure; the agency head was committed to meet this financial goal at the end of the budgetary year. The implication was partly that costs and proceeds were allowed to fluctuate freely as long as the movements were parallel, partly that the estimated deficit or surplus changed to a binding policy goal rather than an unspecified goal (Department of Finance, 1985, 96-97 and 1996, 54-55).³ Both under the pre-1985 system and under the present system, the prices or fees that are paid for the services provided by these enterprises are set by Parliament. Typically, the legal provisions require the departmental minister to present his proposal for price changes to Parliament’s standing financial committee, which may happen during negotiations concerning next year’s budget or on the basis of a proposal submitted to the committee during the budgetary year.

Although they are not state enterprises, several private institutions that enjoy a legal status as self-owning independent bodies also finance their activities on a basis that places them in the same category as the post-1985 enterprises. As self-governing independent bodies, they operate on a non-profit basis. As is the case with private schools which cover more than 10 percent of primary school enrollment, they may have an income from fees; these schools receive a government subsidy regulated by law and the annual central government budget. Although fully financed by the government, vocational training schools, operating in a quasi-market, also fall within this category.

Some agencies have been totally removed from the central government budget. This applies to all enterprises with corporate status. Even in cases where the government is the sole shareholder, their budgets do not appear in the annual budget voted by Parliament. This also applies to the new type of corporate look-alikes, e.g., the postal services and the state railways.

Legal Autonomy

The ideal type bureaucracy, whose principal responsibility is to rule on specific cases on the basis of a juridical subsumption under a general legal rule, preferably in the form of an act, is virtually non-existent. Still, there are agencies responsible for the administration of very specific laws, e.g., The Ministry of Education agency responsible for the distribution of student scholarships. Qualification for these scholarships consist of a few, objective criteria defined by the law; most of the case processing of applications for support amounts to automated computing of the relevant data. In most cases, however, deciding specific cases involves a degree, probably a considerable degree, of administrative discretion.

Making allowances for even a little discretion, the problem of bureaucratic autonomy grows. However, this does not imply a departure from the principle of departmental governance with the minister in a position as the political executive. Rather, from a democratic perspective the minister acting as political executive in a Parliamentary system provides the link that generates political responsiveness and accountability. So, it is in accordance with the model that the law authorizes the minister to issue general regulations to fulfill the policy goals defined by the law. From the same perspective, an agency head enjoys a certain amount of legal autonomy as long as the minister has delegated such authority to him. This is the basis of the

³Technically, the system allows for marginal deviations from the net figure. This margin is defined for each state enterprise in the annual budget law. Still, over a few years the agency head must settle the accumulated deficits or savings.
Danish organizational model that splits central government departments up into two layers: a general department serving as secretariat to the minister, and one or more agencies responsible for the implementation of policy (Beck Jørgensen and Hansen, 1995; Christensen, 1997).

One deviation from the model establishes the agency as an independent authority with a status that comes close to the Swedish central government agencies (see above). Here the law authorizes the agency to decide individual cases in its own capacity. Consequently, these cases cannot be brought before the minister, and the minister cannot intervene in case processing, neither through general nor specific instructions. The central bank operates on this basis (B. Christensen, 1985, 34-110); in recent years a transfer of tasks from the government’s Departments of Economics and Finance has actually expanded the scope of its regulatory activities. The Competition Authority (the former Monopolies Agency) enjoys this independent status too. Following the deregulation of telecommunications, The Telecommunications Agency has been granted similar independence to decide specific regulator issues.

A more radical model expands the autonomy of the agency so that it may issue its own general regulations without prior consultation with or instructions from a departmental minister. The central bank and The Telecommunications Agency are in possession of such authority.

**Uni- and Multi-Dimensional Autonomy**

Above, formal bureaucratic autonomy was described as a multi-dimensional phenomenon. However, the implication is neither that deviations from the departmental hierarchy involve a concession of autonomy along all three dimensions, nor that deviations along one dimension are symmetric with deviations along one or another of the two other dimensions. Rather, real world organizational choices demonstrate that when it comes to organizational design, the policy makers involved command highly creative imaginations.

Table 4 gives some conspicuous examples of how these choices have been made in Danish central government. First, it shows how concession of either structural, financial, or legal autonomy is practiced. One of the most popular deviations from the departmental hierarchy is the insertion of an advisory board. These boards are quite frequently not combined with any of

<table>
<thead>
<tr>
<th>Table 4. The concession of formal autonomy to agencies in Danish central government.</th>
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<td>1. Structural autonomy</td>
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<tr>
<td>Insertion of advisory board into departmental hierarchy: Frequent, classic and modern</td>
</tr>
<tr>
<td>2. Financial autonomy</td>
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<tr>
<td>State enterprise status: Increased frequency in modern form</td>
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<tr>
<td>The Telecommunications Agency (established 1997)</td>
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<td>The National Health Agency (pre-1987)</td>
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<td>4. Structural and financial autonomy</td>
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<tr>
<td>Modern state enterprise: Increased frequency</td>
</tr>
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<td>5. Structural and legal autonomy</td>
</tr>
<tr>
<td>The Competition Board and The Competition Agency</td>
</tr>
<tr>
<td>The Court Administration Agency and its board of directors (set up 1998)</td>
</tr>
<tr>
<td>Boards of appeal: Very frequent to omnipresent</td>
</tr>
<tr>
<td>6. Financial and legal autonomy</td>
</tr>
<tr>
<td>No known example.</td>
</tr>
<tr>
<td>7. Structural, financial and legal autonomy</td>
</tr>
<tr>
<td>Central bank</td>
</tr>
<tr>
<td>Government corporations: Increased frequency</td>
</tr>
<tr>
<td>Corporate look-alikes: Increased frequency</td>
</tr>
<tr>
<td>Self Owning institutions: Classical</td>
</tr>
<tr>
<td>Corporatist bodies with delegated authority: Classical</td>
</tr>
</tbody>
</table>
the other possible modifications of the hierarchy. The only change is the creation of a formal body with responsibilities paralleling those of the agency and with an obligation for the agency head, alternatively the minister, to hear the board on important policy and/or administrative matters. Another deviation is the concession of financial autonomy to a state enterprise. Although a classical form of autonomy, its popularity increased dramatically after the 1985 reform of the budgetary system. Finally, legal autonomy was chosen as the principal basis for the administration of the recently deregulated telecommunications market. The National Board of Health, a classical professional organization, lost its ancient autonomous status after a series of conflicts in the 1980s.

Second, the dimensions of autonomy appear in nearly any combination. But agencies combining financial and legal autonomy have yet to appear in practice. Similarly, with one exception, there does not seem to be a clear historical trend in the pattern. The exception is an increased propensity to combine financial autonomy with structural autonomy into a modern form of state enterprises. This type of organization was exceptional before the late 1980s. It is found in a more complex form in the increasingly popular government corporations that combine structural and financial autonomy with enhanced legal autonomy. But here we also find classical instances of highly autonomous organizations that combine public authority and/or service provision with a measure of formal autonomy on any of the three dimensions. Self-governing institutions are a widespread form; corporatist bodies operating on the basis of delegation are another, although hardly visible, form as they operate in the shadow of corporatist institutions.

**Autonomy as A Political Asset**

The prevalence of organizations endowed with some degree of formal autonomy vis-à-vis the departmental minister indicates the vivid and ever present political interest in the formal aspects of administrative governance. The complex matrix that appears when varying degrees and dimensions of autonomy are combined further emphasizes the political importance of this institutional issue. However, this does not provide the basis for determining whether or not formal bureaucratic autonomy matters.

To do so requires an analysis of the broader political and institutional context within which administrative organizations operate. Four types of actors are relevant to such an analysis: 1) the minister and the government, 2) parties belonging to the opposition, 3) interest organizations, and 4) agency heads. However, in order to conduct such an analysis, the motives or preferences of these actors must also be considered (Mohr, 1982, 85-91 and 102-123; Hammond, 1996, 128-132). Here I assume that political actors maximize their political control of the administrative implementation of policy. This assumption allows them to pursue a wide range of goals, but does not question whether they do so to maximize their self-interest or other-regarding interests. Departmental ministers as well as MPs who represent parties belonging to the opposition, may thus pursue policy goals for either ideological reasons or because it suits their re-election and/or office holding goals. Similarly, whether elected or salaried officers of interest organizations pursue their members’ policy interests or their own power and career goals is not considered crucial. Finally, whether agency heads pursue a control maximizing strategy for, e.g., managerial convenience, to realize slack or budget maximizing goals, or to safeguard their commitment to a professional-bureaucratic ethic is irrelevant. These issues are more appropriately dealt with in an analysis of the behavioral effects of formal bureaucratic autonomy.
Assuming control maximization, political actors can be expected to engage themselves in a comparative evaluation of alternative institutional arrangements. The question is the consequences of deviations from the departmental hierarchy, and whether one or another solution is preferable to a conventional hierarchical solution to the implementation problem. This is a complex issue for two reasons: First, there are numerous alternative solutions to the problem. Second, the probable consequences for any given actor are characterized by considerable uncertainty; therefore, whether an actor prefers one or another solution is contingent upon the broader institutional and political context within which policy implementation is going to take place. Consequently, political actors must engage in a comparative analysis, asking themselves how various solutions will influence their own strategic position vis-à-vis other actors who might have conflicting interests and, under certain contingencies, might also be in a position to threaten their interests. For these reasons it is to be expected that the preferred choices of any given actor will vary according to the institutional and political contingencies, as they are rarely able to create an institutional solution that entirely leaves policy implementation to their exclusive control.

This involves two analytic steps, a general comparison of the institutional variants presented in table 3 followed by a discussion of the institutional and political contingencies that, for a given type of actor, may be expected to impact their choice. However, to simplify the analysis only three types of actors are included: The departmental minister, the agency head, and extra-departmental actors. This simplification is based on the assumption that the departmental minister’s goals coincide with those of the government to which he belongs, and similarly that the parties of the opposition and interest organizations can be grouped together. Of course, neither assumption catches the full complexity of the interests involved.

The general claim is that for all three types of political actors, a deviation from the departmental hierarchy may improve their strategic position when it comes to maximizing their control of policy implementation. This does not imply that a conventional hierarchical solution is without strategic value to them, but rather that institutional and political contingencies often induce them to prefer an alternative. In particular, this applies to agency heads and to extra-departmental interests, but certain forms of formal bureaucratic autonomy may even be attractive to the departmental minister, even if the implication is that he delegates part of his authority to an agency that, to some extent, will not be controlled by him. Tables 5a-c list the properties that might turn the numerous institutional variants presented in table 3 into political assets that may be used strategically by political actors to maximize their control of policy implementation.

**Structural Autonomy**

*Prima facie*, the hierarchical solution has considerable comparative advantages to departmental ministers. They gain formal access to unconstrained interference into agency business, as the agency head is subjected to full ministerial supervision. Still, a movement towards increasing degrees of formal autonomy may have comparative advantages. The insertion of an advisory board blurs the minister’s political accountability; it may also enhance the political commitment to present policies, which might be valuable to an incumbent minister who has initiated a particular policy.

Agency heads may value the advantages of direct access to the political executive. Over the years, much bureaucratic in-fighting has focused on agency heads’ formal right to report directly to the minister without going to the permanent secretary (Christensen, 1980, 87-97; Christensen, 1997). For agency heads there is a trade-off, however, between the advantages
conferred by ministerial access and those associated with a higher degree of structural autonomy. Although the insertion of an advisory board does not represent a radical and clear-cut breach in the departmental hierarchy, it is attractive to agency heads because a board has the potential of creating multiple principals; this parallels the American discussion of how a separation of powers system creates an opportunity for agency heads to maneuver between two or more political principals (Wood and Waterman, 1994; Hammond, 1996, 140-147). This potential is even greater in the case of a board of directors, the majority of whom represent extra-departmental interests and that have been authorized to appoint the agency head. This is the model applied in the increasingly popular government corporations where private investors have been give a stake.

Table 5a. Structural autonomy as a strategic asset

<table>
<thead>
<tr>
<th>Hierarchy</th>
<th>Minister</th>
<th>Agency head</th>
<th>Extra-departmental actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory board</td>
<td>Unconstrained interference</td>
<td>Blurs political accountability;</td>
<td>Blurs line of political accountability;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>enhances commitment to present</td>
<td>institutionalizes multiple principal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>policies</td>
<td>relationship</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Enhances commitment to present policies</td>
</tr>
<tr>
<td>Board of directors, appointed by</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>minister</td>
<td>Blurs line of political</td>
<td>Inserts shield between minister and</td>
<td>Problematic</td>
</tr>
<tr>
<td></td>
<td>accountability; inserts shield</td>
<td>agency head</td>
<td></td>
</tr>
<tr>
<td></td>
<td>against parliamentary</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>interference</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of directors, majority</td>
<td>Exempts policy from current</td>
<td>Institutionalizes alternative</td>
<td>Exempts policy from ministerial</td>
</tr>
<tr>
<td>extra-departmental, agency head</td>
<td>parliamentary interference</td>
<td>principals; exempts agency head</td>
<td>supervision. Substitutes a business</td>
</tr>
<tr>
<td>appointed by board</td>
<td></td>
<td>from ministerial supervision; frees</td>
<td>or corporatist politics code for a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>agency head from departmental</td>
<td>bureaucratic code.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>codes of conduct</td>
<td></td>
</tr>
</tbody>
</table>

In comparison, the position of the agency head is much less clear in the case of a board of directors that have decision-making powers but have been appointed by the minister. The model may provide a shield against political interference from the minister, but depending on the behavior of the board and the strategic skills of agency head, e.g. his ability to use a strategy of co-optation in his dealings with the board, it may also represent a serious drawback in term of autonomy because it allows the minister to interfere through the board while cutting off the agency head from ministerial access. This model is represented in government corporations and corporate look-alikes where the minister is the sole representative of owner interests.

To extra-departmental actors, the departmental hierarchy may also have certain strategic advantages. Comparatively, it provides clear lines of political accountability and guarantees that any case can be subjected to political bargaining with the minister and his department. The local government associations, for example, have consistently argued against the structural separation of an agency level from a ministerial department. They preferred a hierarchical solution to a “principals’ state”, in which decisions were made by bureaucrats without a democratic mandate. While they were successful in securing the reintegration of the agency responsible for land planning into the Ministry of the Environment, they have not been able to do away with the many boards that rule on complaints about decisions made by municipalities and counties (Christensen, 1991, 123-133).

Again, extra-departmental actors may take advantage of allowing an increased level of structural autonomy; an advisory board on which they or related interests are represented, enhances commitment to present policies, while a board of directors that is not controlled by the minister and that appoints the agency head not only exempts policy implementation from ministerial supervision, but also replaces a bureaucratic code of behavior with either a business or a corporatist politics code; the latter happened in the many boards controlled by business or labor market organizations, to which administrative authority has been delegated (Christensen,
Financial Autonomy

A hierarchy that allows the minister to interfere in financial details is attractive to a minister. This is especially the case when compared to the classical state enterprise with its variable budget. Only for a minister who pursued a budget or slack maximization strategy, e.g. to accommodate unions or to further his policy of expansion, might this system be of strategic value. By comparison, both the modern state enterprise and the government corporation offer advantages to the minister. Being committed to a binding medium term financial target, the modern state enterprise strengthens the minister’s executive position and protects him against encroachments on the department’s aggregate budget that might strain his dealings with other agencies within his departmental brief. In principle, this logic is even more relevant when it comes to the government corporation; its budget is exempt from the fiscal and procedural constraints that apply to the government budget. There is one drawback, however, as government corporations operate under another set of constraints defined by company law and the rules of accounting that apply to private business. Therefore, a government corporation that has run into financial difficulties represents a political liability to the minister that can be extremely difficult to manage, compared to the situation with a departmental budget or a state enterprise whose budget remains integrated in the general government budget. This was seen when the state owned producer of uniforms had to file for bankruptcy; it is also a prospect that threatens the Minister of transportation as the sole representative of owner interests in a government corporation that operates on the bus transportation market and a corporation jointly owned with municipal and county interests that is responsible for the construction of a Copenhagen metro, to be financed by the sales proceeds from an ambitious developers’ project (Greve, 1997; Office of the Auditor General, 1995; Act 477, 1992).

Table 5b. Financial autonomy as a political asset

<table>
<thead>
<tr>
<th>Departmental budget</th>
<th>Minister</th>
<th>Agency head</th>
<th>Extra-departmental actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct access to interference</td>
<td>Limited financial accountability</td>
<td>Any part of budget open to political discussion</td>
<td></td>
</tr>
<tr>
<td>None, unless minister pursues budget and slack maximization strategy</td>
<td>Ideal conditions for budget and slack maximization; frees agency head from formal constraints</td>
<td>Ideal for groups pursuing budget &amp; slack maximization strategies</td>
<td></td>
</tr>
<tr>
<td>Protects minister against agency encroachment on aggregate departmental budget</td>
<td>Provides agency head with managerial leverage vis-à-vis staff and medium level managers; frees agency head from formal constraints</td>
<td>Creates arena for intra-organizational bargaining</td>
<td></td>
</tr>
<tr>
<td>Corporation budget exempt from general fiscal and procedural constraints</td>
<td>Corporation budget exempt from general fiscal and procedural constraints; provides agency head with managerial leverage vis-à-vis staff and medium level managers</td>
<td>Creates arena for intra-organizational bargaining</td>
<td></td>
</tr>
</tbody>
</table>

The hierarchical model with a departmental budget leaves the agency head with few advantages, although it may limit his accountability as long as he respects the formal rules of the government budgetary system. Compared to this the three variants of autonomy presented in table 5b all have their attractions to the agency head. The classical state enterprise provides ideal opportunities for budget and slack maximization, while at the same time freing the agency head from formal constraints. Autonomy gained in this way, however, makes him an easy
victim of employee and union capture. As the modern state enterprise with its binding medium term targets internalizes the problem of financial targets to the agency, the increase in financial autonomy has provided the agency head with more managerial leverage in his dealings with both staff and intermediate managers. An additional attraction is that modern enterprise status has freed the management from many formal constraints that were applied to the classical enterprise. Both traits are even stronger in the state owned corporation, adding to its attraction for agency heads, given that they can survive on either market conditions or preferential conditions that minimize the risk of running into the legal constraints of company and accounts regulations. Since the 1970s, the latter has been the case for both DONG A/S, the government owned natural gas utility, and the regional gas utilities jointly owned by local governments.

To extra-departmental actors the value of financial autonomy as a political asset is ambiguous. A conventional departmental budget leaves all financial issues open to discussion with the minister, while both the modern state enterprise and the government corporation internalize allocative bargaining, making it difficult for outsiders to interfere. Actually, only the classical state enterprise offers a better solution, suited as it is to budget and slack maximization strategies. This is particularly so for staff representatives and their political affiliates as well as e.g. parties that support e.g. collective transportation.

**Legal Autonomy**

From a minister’s perspective, ideal type Weberian bureaucracy has few attractions because it is based on the assumption that policy implementation is a matter of applying rules. Thus, it forces the minister to concentrate his efforts on legislative changes as he is not in a position to exercise political discretion in policy implementation. Although this is hardly a realistic account, the minister’s position is greatly improved if the law delegates rule-making authority directly to him. In principle he has been endowed with a policy-making authority that under the Weberian ideal was the responsibility of Parliament. This, together with legislative rules that allow the minister ample discretion, seems to be the preferred model for any departmental minister. Still, a minister intent on protecting policy against parliamentary interference might be attracted to a model where implementation is delegated to an agency which (at least in this respect) is beyond his control. If the agency also assumes rule-making responsibility the minister loses interest, as he will most likely be unable to use it for his own political purposes.

**Table 5c. Legal autonomy as a political asset**

<table>
<thead>
<tr>
<th></th>
<th>Minister</th>
<th>Agency head</th>
<th>Extra-governmental actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weberian bureaucracy</td>
<td>None</td>
<td>Clear lines of legal and political accountability</td>
<td>Commitment to present policy and predictability of administrative decisions</td>
</tr>
<tr>
<td>Rule-making delegated to minister by law</td>
<td>Endows minister with policy-making authority</td>
<td>Provides an arena for bureaucratic politics and for bureaucratic drifting</td>
<td>Provides an arena for extra-parliamentary bargaining over operational policy</td>
</tr>
<tr>
<td>Implementation delegated to agency by law</td>
<td>Protects policy against parliamentary interference</td>
<td>Protects policy and agency against ministerial and parliamentary interference</td>
<td>Protects policy against ministerial interference</td>
</tr>
<tr>
<td>Rule-making and implementation delegated to agency by law</td>
<td>None</td>
<td>Protects policy and agency against ministerial and parliamentary interference; provides arena for agency mission development</td>
<td>Protects policy against ministerial interference; provides arena for extra-parliamentary and extra-departmental bargaining over operational policy</td>
</tr>
</tbody>
</table>

Although the clarity of the lines of legal and political accountability may be attractive to an agency head, they leave him little scope for maximizing his control of policy implementation
when compared to the alternatives. While the delegation of rule-making to the departmental minister strengthens his position, it also establishes and arena for bureaucratic politics and even for bureaucratic drifting, where the agency within the wide confines of the law gradually establishes a practice that is neither strongly marked by legislative intent nor does it leave the incumbent minister much room to maneuver. Still, for a an agency head legal autonomy based on legislative delegation directly to the agency sets up an effective defense against ministerial and departmental interference; in addition, an agency head with legal authority to make administrative decisions, and perhaps even to issue certain administrative rules without prior political authorization, has ample scope for developing a strong, long-term commitment to a specific mission for the agency.

Extra-departmental actors have a strong incentive to interest themselves in the possible gains that may ensue from deviations from the Weberian ideal-type bureaucracy. In its pure form it provides a strong commitment to present policy, while making administrative decisions predictable to its target groups (Horn, 1995, 95-97 and 106-111). The problem is its lack of realism that leads extra-departmental actors to ponder other ways of maximizing their influence on policy implementation. Here, any alternative in table 5c has its comparative advantages. Delegation of rule-making authority creates an arena for extra-parliamentary bargaining over policy, while delegation of authority to the agency both sets up a defense against ministerial interference and protects marginal actors from encroachments against present policy. This played a significant role, both for part of the opposition and the new operators on the Danish telecommunications’ market when the old monopoly was subjected to competition, as well as to the regulation by an independent agency for telecommunications.

**Political Contingencies of Autonomy in Parliamentary Democracy**

For political actors involved in negotiations about the implementation of a policy of their concern, their preferred institutional solution will involve a trade-off between the comparative advantages and disadvantages related to the alternatives in question (Bawn, 1997). Of course, their first preference will be a structure that gives them exclusive control of implementation, but in the real world this is rarely a realistic option. Therefore, they must consider the institutional and political contingencies that are prevalent in the specific situation and the policy in question. Only after a careful analysis of these institutional and political contingencies will it be possible to make a more precise prediction of whether a particular actor will prefer one or another form and degree of bureaucratic autonomy to the conventional departmental hierarchy. This analysis will also improve our ability to determine whether particular deviations from the hierarchical norm will actually influence administrative behavior and its consequences. Although an agency has been endowed with a certain level of formal autonomy, it is still possible that, given the contingencies produced by the wider institutional constraints together with the momentum of power, the agency head will adopt a strategy of accommodation (with the implication that the decisions he makes or authorizes do not differ from those produced under a conventional departmental hierarchy (Lohmann, 1998).

In a parliamentary democracy it is the responsibility of departmental ministers to propose a solution to the problem of administrative implementation when new legislation is enacted. What the eventual solution will be depends on the minister’s support in parliament (Is his party in the majority or not?) as well as his relations to extra-departmental actors with a stake in policy (Does he agree or disagree with them? Does he depend on their political support, or can he afford to ignore their demands?). However, as policy implementation takes place over a long period, neither the minister nor the parties in parliament, nor interest organizations and other affected interests can afford to leave out of account how legislation enacted now will be
administered in the future, when political contingencies may be entirely different. Thus, the actual choices of policy makers are expected to be the results of interaction between the policy preferences of political actors, their uncertainties as to the future distribution of power, and their parliamentary strength at the time when new legislation is enacted. Figure 1 depicts which institutional solutions to the implementation problem are expected as these contingencies vary.

**Figure 1. The contingencies of institutional choice in a parliamentary system.**

The departmental hierarchy is mainly to be expected in the case where the enacting minister expects to stay in office in the long term and commands a majority in Parliament. But even here delegation of authority to a more or less autonomous body may be an attractive political option if the minister is strongly affiliated with a dominant interest organization or coalition of interest organizations. In this situation the minister actually has an incentive to create a framework where for instance the interest organizations themselves administer policy, e.g. distribute subsidies or make regulatory decisions.4

In cases where the minister represents a minority government the institutions of administrative implementation are expected to be subject to political bargaining both in Parliament and in direct or indirect negotiations with interest organizations. During the ensuing bargaining all actors will see to it that the institutional framework maximizes the future protection of their interests. In cases of affiliation with the dominant interests a solution based on a combination of structural and financial and/or legal autonomy is to be expected. However, this solution does not provide much institutional protection to extra-departmental actors in opposition to the dominant interests. If a marginal external actor, e.g. an interest organization or a particular enterprise can enter into an alliance with one of the parties to the enacting coalition in Parliament, a solution based on legal autonomy can be expected.

4 This latter situation may even occur in a multi-party system if a broad and stable coalition of parties agree with the dominant interests organizations on a particular policy issue. The administration by Danish shipbuilding credits provides an illustrative example, see Coopers & Lybrand, 1996.
Most ministers are not in a position where they can expect to remain in power for a long period. One possibility is that a minister from an alternative majority will succeed him. In this case the parties of the enacting coalition have a joint incentive to set up an implementation framework that safeguards future administrative decisions against a successor’s political discretion. Again, dominant interests affiliated with the minister or other parties to the enacting coalition will opt for a combination of structural and/or financial and legal autonomy. But again, marginal actors who cannot expect to be represented on a board with advisory or decision-making authority will be most effectively protected if one of the parties to the coalition makes legal autonomy an unconditional demand.

A final contingency involves the situation in which the enacting minister expects his successor to be a member of minority government of one or more parties. As in the cases already discussed, the minister is again expected to consider his relations to extra-departmental actors for either policy or strategic reasons. If the minister and the enacting coalition is affiliated with dominant interest organizations, structural autonomy will be sufficient to guarantee that at minority successor will not be in a position to make decisions directed against them without prior negotiations in which they take part. Departmental hierarchy, however, remains a solution if the minister and the parties to the enacting coalition do not care about affected extra-departmental interests.

Conclusions

Most of the literature on central government organization establishes a connection between parliamentary democracy and the strict lines of ministerial authority and departmental hierarchy. The same literature contrasts this institutional pattern with the one found in the American separation of powers system, where the forms of administrative organization diverge and particular agencies often enjoy considerable autonomy vis-à-vis the executive. In recent years, however, increased attention has been paid to institutional set-ups that delegate formal authority to bodies that are to some extent formally removed from executive supervision and thus placed outside the departmental hierarchy. This movement can be observed in many countries, and it has also taken root in parliamentary systems, even in countries that normally have strong majority governments.

This observation raises two questions. One is why policy-makers, and in particular departmental ministers, should suddenly give up well-established institutions of governance. The other, more skeptic question is whether the conventional description of the prevailing administrative institutions in parliamentary democracies are empirically correct. If so, the recent interest in non-hierarchical governance fits into a broader historical pattern that raises the question: when do policy-makers choose institutions of administrative implementation based on ministerial supervision and departmental hierarchy, and when do they choose organizational solutions based on delegation to agencies that enjoy a certain level of formal autonomy vis-à-vis departmental ministers.

The classical literature does not offer a clear and consistent answer. However, rational theories of institutions have brought attention to formal institutions and their importance to political actors striving to protect their long-term interests, e.g. against a future departmental minister who might exploit his discretion against their policy interests. On this basis, the paper has developed a three-dimensional concept of formal bureaucratic autonomy and demonstrated its empirical relevance through an analysis of both historical and modern patterns of administrative governance in Danish central government. This analysis supports the contention that, first, bureaucratic autonomy is a well-established phenomenon also in parliamentary
systems and, second, that political actors pay a lot of attention to how to organize the framework for policy implementation.

This phenomenon is explained by showing that formal bureaucratic autonomy constitutes a potential political asset not only to political parties, interest organizations, and agency heads, but given the circumstances, even to ministers responsible for the enactment of new legislation. The complexity of the interests involved explains the strong empirical variation found in central government organization, but also raises the question whether it is possible with even minimal accuracy to predict which solutions will actually be chosen. Here the paper argues that by including the political contingencies in the analysis it is actually possible to predict when policy-makers will leave policy-implementation to a departmental minister supervising a departmental hierarchy, and when they will choose to delegate authority to one or another agency enjoying some form of formal authority.

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