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Political Disagreement and Delegation in a Multi-Level Governance Setting

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Abstract (max 150 words)

A large share of delegation models takes into account the effect of political disagreement when explaining delegation. Yet, delegation models make sharply contrasting predictions on how political disagreement translates into the level of discretion delegated to agencies. Moreover, empirical findings are contradictory. The current paper addresses this puzzle by disentangling mechanisms driving the effect of political disagreement on delegation. Furthermore, we distinguish conditions interacting with the effect of political disagreement on discretion. We apply the conditions to the research context of the present paper: economic restructuring in the

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UK under New Labour, which took place in a multi-level governance setting. We derive hypotheses on the effect of political disagreement on discretion and explore our theoretical predictions with the use of a novel dataset on economic restructuring in the UK under New Labour (Bennett and Payne 2000). Our analysis show that political disagreement leads to lower levels of discretion delegated.

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1. Introduction

The delegation of powers is a fundamental aspect of contemporary policy-making and has been studied in many different contexts: in international relations, in state-centric national and local systems of policy-making, and in the European Union. Delegation refers to the process whereby a decision maker transfers her authority to implement a policy, to an independent public or private agency (Elgie 2006; Thatcher and Stone Sweet 2002; Thomson and Torenvlied 2010). The logic of delegating powers to an agency is that an agency has specific competences, skills, information, or simply time that the decision maker often lacks (Kiser 1999; Strom 2000). Thus, it could be fruitful for decision makers to delegate a large share of their authority to the agency, provided the agency does not drift too far from the intended policy. Decision makers do so by assigning some level of discretion to a policy, thus leaving room for the agency to decide by itself on how to specifically implement the policy. Alternatively, decision makers can choose to delegate only a small level of discretionary authority, by detailing very specific procedures by which the policy has to be delivered (Epstein and O'Halloran 1999; Huber and Shipan 2002).

In the delegation literature wide agreement exists that political disagreement affects the amount of discretion granted to agencies (Bendor and Meirowitz 2004;

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Epstein and O'Halloran 1996; 1999; Franchino, 2004; Hammond and Knott 1996; Huber and Lupia 2001; Huber and Shipan 2000; Torenvlied 2000). *Political disagreement* is reflected by the extent to which principals disagree about the most preferred policy outcome. The effect of political disagreement on discretion is widely studied in delegation models (Bendor and Meirowitz 2004; Epstein and O'Halloran 1996; 1999; Franchino, 2004; Hammond and Knott 1996; Huber and Lupia 2001; Huber and Shipan 2000; Torenvlied 2000).

Yet, it is still an unsettled question in delegation models, how political disagreement translates into the level of discretion delegated to agencies. Some delegation models predict a positive effect of political disagreement on discretion (Epstein and O'Halloran 1996, 1999; Ferejohn and Shipan 1990; Huber and Shipan 2002; Torenvlied 2000), whereas others predict a negative effect (Bendor and Meirowitz 2004; Ferejohn and Weingast 1992; May 2003).

Empirical studies also show opposing findings (Epstein and O'Halloran 1996, 1999; Huber and Shipan 2002; Torenvlied 2000). Whereas some studies find a positive effect of political disagreement on discretion (Epstein and O'Halloran 1999; Huber and Shipan 2002), others find a negative effect (Epstein and O'Halloran 1996; Huber and Shipan 2002), and some studies find no significant effect at all (Torenvlied 2000). We are thus presented with a puzzle.

The present research contributes to disentangling this *disagreement-discretion puzzle*. Our contributions are theoretical as well as empirical. Theoretically, we contribute in two different ways. First, we specify underlying mechanisms that could explain the effect of political disagreement on the level of discretion delegated. This leads us to distinguish three different mechanisms: (1) the compromise mechanism, (2) the agency selection mechanism and (3) the coalition support mechanism. The

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compromise mechanism predicts a positive effect of political disagreement on discretion. The agency selection mechanism and coalition support mechanism predict a negative effect of political disagreement on discretion. Second, we specify the conditions triggering the mechanisms driving a positive effect and the conditions leading to a negative effect of political disagreement on discretion. Four main conditions are derived. Firstly, we predict that the involvement of decision makers in implementation increases the likelihood of non-compliance and thereby decreases the level of discretion granted to agencies. Secondly, we predict that the capacity of the decision makers is important in assigning the level of discretion under political disagreement. We expect that when the capacity of decision makers is high, the level of discretion granted under political disagreement is lower. Thirdly, we predict that the salience of a policy is important in explaining the effect of political disagreement on discretion. We predict that when the salience of a policy is higher, the discretion granted to agencies is lower. Fourthly, we expect that the decision rule is an important condition. A highly contested decision taken under majority rule, will lead to low levels of discretion, whereas a highly contested decision taken under unanimity rule does not lead to low levels of discretion.

Empirically, we contribute to the knowledge of the effect of political disagreement on discretion in the following way. We apply our theoretical findings to the economic restructuring in the United Kingdom. In 1997, New Labor came into power and placed a stronger emphasis on social objectives as well as the imperative for local and regional economic development (Bennett and Payne 2000). This resulted in a major revision of the existing economic policies. Four major policies can be distinguished: Local Learning and Skills Councils (LLSC) the Small Business Service (SBS), the Regional Development Agencies (RDA) and the New Deal (ND). The

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LLSC are sub-regional bodies to contract for the supply of training and vocational education. The SBS constituted a network of local outlets providing information, advice, help with government grants, and a referral service to other public and private sector suppliers. The focus of the RDA was as business-led agencies concerned with physical economic development, workforce skills, physical infrastructure, higher education and regional economic needs (Bennett and Payne, 2000: 70). The ND involves specific training and job-placement programmes for the unemployed, and a reform of the welfare benefits system, the tax system, and the way in which education and training is financed, accredited and quality assured (Bennett and Payne, 2000: 105).

Decision making on the economic restructuring took place in a multi-level governance setting. It is interesting to study delegation in this setting, as delegation in multi-level governance is characterized by non-hierarchical exchanges between institutions at the transnational, national, regional and local levels (Hix 1998; Hooghe 1996; Jachtenfuchs 1995; Marks 1993, 392; Smith 1997). This leads to horizontal patterns of delegation, whereby actors involved in decision making are also involved in implementation. The non-hierarchical exchanges implies that delegation becomes more complex, as decision making and delegation is dispersed across multiple centers of authority (Hooghe and Marks 2003; Thatcher 2002). This in contrast to classical vertical delegation patterns, whereby a clear distinction exists between decision makers and implementation agencies. Yet, delegation in multi-level governance is largely understudied in the delegation field. Most studies of delegation focus on these vertical delegation patterns in formalized institutions. The present paper will study delegation in the more complex, horizontal patterns of delegation in the context of multi-level governance.

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We specify our hypotheses on the effect of political disagreement on discretion, by applying the four conditions to the multi-level context of economic restructuring in the UK. We derive the hypothesis that in the present research context, we expect a negative effect of political disagreement on discretion. Furthermore, we expect that the salience of an issue negatively affects discretion.

We explore our hypotheses with the use of an existing comprehensive data-set of local and regional economic development policy in the United Kingdom under New Labour (Bennett and Payne 2000) complemented with an additional data collection. The dataset addresses all four areas of economic restructuring: RDA, ND, LLSC, and SBS. Decision making about 43 policy issues within these four policy areas is included in the analysis. On average, 26 actors were included in the negotiations for each policy issue. These actors are the ‘principals’ in the delegation model, but can also include implementation agencies, given the multi-level nature of the negotiations. The dataset contains precise information about the policy preferences of all actors involved in the negotiations. For each issue we measured the levels of political disagreement of the negotiations while taking into account the relative power of each actor. In addition, we collected additional data in order to measure the level of discretion per issue.

2. Theory

Political Disagreement and Discretion: Mechanisms and Conditions

Principals often delegate the implementation of policies to agencies. When delegating, principals will give agencies some room for interpretation and authority in implementing the policy. The level of discretion of the policy reflects this room for interpretation. In particular, the level of discretion delegated to an agency is expressed

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in the content and description of the policy outcome (Epstein and O`Halloran 1996; Franchino 2004; Huber and Shipan 2002). The level of discretion is higher when criteria for meeting standards and guidelines are vague, and when authority for restricting ??? exceptions is low (Balla 1999; Bawn 1997; McCubbins 1985; McCubbins, Noll, and Weingast 1989; Moe 1989; Torenvlied 2000).

Research has shown that political disagreement plays a pivotal role in processes of regulatory design (Bendor and Meirowitz 2004; Epstein and O`Halloran 1996; 1999; Franchino, 2004; Hammond and Knott 1996; Huber and Lupia 2001; Huber and Shipan 2000; Torenvlied 2000). A large share of policy decisions is not reached in harmony but under political disagreement. In the United States, periods of divided government exist in which the House and Senate are dominated by different decision makers. In Western-European parliamentary systems with proportional representation, coalition governments are formed between decision makers with often highly diverging preferences.

Delegation models make sharply contrasting predictions on how political disagreement translates into the level of discretion delegated to agencies. There are delegation models predicting a positive effect (Epstein and O`Halloran 1996, 1999; Ferejohn and Shipan 1990; Huber and Shipan 2002; Torenvlied 2000) and delegation models predicting a negative effect of political disagreement on discretion (Bendor and Meirowitz 2004; Ferejohn and Weingast 1992; May 2003). Furthermore, the empirical findings are contradictory (Epstein and O`Halloran 1996, 1999; Huber and Shipan 2002; Torenvlied 2000).

In the present paper we aim to resolve this puzzle by disentangling the mechanisms driving the effect of political disagreement on discretion and by specifying the conditions triggering the different mechanisms.

Compromise

The first mechanism driving the effect of political disagreement on discretion is the *compromise* mechanism. The compromise mechanism predicts that political disagreement positively affects discretion. A strictly prescribed policy requires the existence of a shared vision between decision makers. Obviously, for decision-makers it is quite difficult to decide on a strict policy when they have diverging policy preferences (e.g. Epstein and O'Halloran 1996, 1999; Ferejohn and Shipan 1990; Huber and Shipan 2002; Torenvlied 2000). As it becomes more difficult to agree on a strict policy, principals have stronger incentives to reduce transaction costs by compromising (Bendor and Meirowitz 2004; Hill and Brazier 1991; Horn 1995; Horn and Shepsle 1989; McCubbins 1985; McCubbins and Page 1987). As a result policies lack coherence, are vague or display goal ambiguity leaving room for manoeuvre and thus display high levels of discretion (Bendor and Meirowitz 2004; Ferejohn and Weingast 1992; Hill and Hupe 2002; May 1993, 2003; McCarthy 2007; Thomson and Torenvlied 2010). Thus, the compromise mechanism suggests that more discretionary authority is delegated because defining a strict policy is harder and more costly under political disagreement.

A crucial condition for the compromise mechanism to occur is that the legislature has limited capacity. We expect that when the legislature has enough capacity to write detailed policy (and thereby delegating less discretionary authority), the compromise mechanism will not hold. The reason is that the extra costs of writing a detailed policy under political disagreement will not lead to more discretion granted, as the capacity of the legislature is high enough to cover these extra costs. Empirical studies underline this prediction. John Huber and Charles Shipan (2002) show that

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under divided government more discretion is granted to agencies than under unified government (Huber and Shipan 2002: 218). However, they also show that divided government produced more policy details, when states have a sufficient level of capacity to write specific policies. Without such capacity, divided government indeed tends to result in more discretion granted to agencies (Huber and Shipan 2002; 217 - 218).

Yet, a crucial aspect that is often overlooked in the literature is the willingness of the legislature to invest this capacity. We assume that the willingness to invest the capacity highly depends on the salience of the issue. The reason is that the benefits of compliant implementation are higher for highly salient policy issues. *Ceteris paribus*, benefits are more likely to outweigh the costs for limiting discretion. We assume that the legislature is more likely to yield its capacity to write detailed policies, when an issue is more salient. In line with the argumentation for the capacity condition, we expect that for high salient issues, there is less recourse to the compromise mechanism. Thus, we expect that political disagreement tend to result in less discretion granted to an agency, as the capacity and issue salience of an issue are high.

Agency Selection

The second mechanism behind the effect of political disagreement on discretion is the *agency selection* mechanism. The agency selection mechanism predicts a negative effect of political disagreement on discretion granted to agencies and builds on the classic ally principle. The idea is that when principals have divergent preferences it is harder to find an agency backed by some winning coalition. As a result, it is more likely that the policy preferences of the agency will differ from the policy outcome as decided by the principals. According to the classic ally principle, decision makers will

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delegate less discretion to agencies who do not share the same policy objectives, as an agency is assumed to strive to implement the policy close to their preferred policy position (Bawn 1997; Bendor and Meirowitz 2004; Epstein and O'Halloran 1999; McCubbins, Noll and Weingast 1989). Thus, political disagreement increases the threat of non-compliance as it is harder to find an agency with similar policy preferences and therefore less discretion will be granted to agencies (e.g. May 2003; O'Toole 2000; Torenvlied 2000).

A crucial condition for the agency selection mechanism is a lack of agencies who share similar policy objectives as the policy decision. The assumption is that this is more likely when the level of political disagreement is higher. The absence of an implementation agency sharing similar policy objectives is even more likely when the decision makers are also involved in implementation. We expect that when actors manage to reach a decision, some actors will still hold diverging policy objectives. Under the condition that actors may be conceived of as decision makers and implementing agencies, these diverging policy objectives are not only an indicator of political disagreement, but are also an indicator of the conflict between decision makers and agencies (Thomson and Torenvlied 2010). Furthermore, the ally principle, states that all else equal, decision makers will delegate more discretion to agencies who share the same policy objectives (e.g. Bawn 1997; Bendor and Meirowitz 2004; Epstein and O'Halloran 1999; McCubbins, Noll and Weingast 1989). Thus, we expect that less discretion is delegated, when actors who are involved in decision making as well as in implementation have diverging preferences.

Empirical studies seem to underline this. In particular, David Epstein and Sharyn O'Halloran (1996) show that conflict between congress and the president results in the delegation of less authority. Moreover, Epstein and O'Halloran (1999)

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report that conflict between committees and the floor leads to higher levels of discretion. In the U.S. Congress, the oversight committees are closely involved in implementation, whereas the president is not. In addition, studies of delegation in the European Union show remarkable differences between the delegation of power to the commission and delegating powers to member states (Franchino 1999; Thomson and Torenvlied ff). In EU policy making, member states are directly involved in the implementation of directives, and the commission monitors progress in implementation. These empirical studies seem to underline that when actors are involved in decision making as well as in implementation; the effect of political disagreement on discretion seems to be negative. Thus, we state that the (institutional) function of political actors in decision making and their involvement in policy implementation is a condition that strengthens the agency selection mechanism.

Coalition Support

A third mechanism, the *coalition support mechanism*, predicts that political disagreement increases the probability of non-compliance. This mechanism is described in the classic work of Matthew McCubbins, Robert Noll and Barry Weingast (1989). They state that when principals have conflicting preferences, agencies are faced with ‘multiple principals’ who prefer different policy outcomes. The result is that some principals may favor non-compliance, while other principals may disapprove of non-compliance. Agencies with a policy preference that differs from the policy outcome could benefit from such a lack of commitment among principals in order to pursue their own preference when implementing the policy. Consequently, the principals who favor the original policy outcome will have a strong incentive to ‘keep tabs’ on the implementation process. Because of the threat of

support for non-compliance, they will grant less discretionary authority to agencies (McCubbins, Noll, and Weingast 1989).

A crucial condition for the coalition support mechanism is the decision rule applied. The coalition support mechanism occurs when political actors have diverging preferences on decisions taken with the majority rule. Under unanimity rule, the disagreement among principals after the decision taken is rather low. Consequently the threat of non-compliance is less apparent, as agencies can hardly benefit from disagreement among principles in order to pursue their own preference when implementing the policy. Moreover, empirical findings provide evidence for including the decision rule as a crucial condition for the effect of political disagreement on discretion. In particular, Fabio Franchino (1999) and Robert Thomson and René Torenvlied (2010) show that for EU decision making under majority rule, higher levels of conflict lead to low levels of discretion. On the other hand, political disagreement on decisions taken under unanimity rule leads to high levels of discretion. We thus state that the decision rule is a crucial factor in predicting the effect of political disagreement on discretion.

All in all, we can distinguish four conditions that affect the size and direction of the effect of political disagreement on delegated discretionary authorities. Firstly, when decision makers are *involved* in implementation, it becomes more likely that political disagreement leads to lower levels of discretion, because of the high probability of non-compliance. Secondly, the *capacity* of decision-makers to specify detailed policies is important. If this capacity is high, we expect a negative effect of political disagreement on discretion. Thirdly, when an issue is highly *salient* we expect a negative effect of political disagreement on discretion. Fourthly, the *decision rule*

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interacts with the effect of political disagreement on discretion. Under majority voting we expect the effect to be negative, while under unanimity voting the effect will be positive.

On the basis of these four conditions we distinguished, we can now derive hypotheses for the effect of political disagreement on discretion for the multi-level context of local and regional economic development in the United Kingdom. We do so by applying the conditions to the research context of the present paper.

3. Hypotheses

Institutional Conditions Applied to the Economic Restructuring in the UK

In this section we specify hypotheses on the effect of political disagreement on discretion in the present research context. We derive hypotheses by applying the four conditions to the context of economic restructuring in the UK. We first specify the actors involved. Subsequently, we focus on the capacity of decision makers and the salience of each issue. Finally, we specify the decision rule applied in the multi-level governance setting of decision making.

Decision making on the four policy areas of economic restructuring in the UK took place in a multi-level governance setting. Different actors from the national, regional and local level were involved in policy making. The actors were responsible for the decision making as well as the implementation of these decisions at the different levels. Figure 1 gives an overview of the different policy areas under study and presents a simplification of the complex web of central departments and other agencies at national, regional and local levels involved in the decision making and implementation of these four economic development policy initiatives under study in the present research.

[figure 1 about here]

At the *central* government level the responsibility for economic development lay with three main departments. Moreover, given the multifaceted nature of local and regional economic development, the policy process drew the involvement of numerous other government departments also, including the Treasury, the Home Office and the Department of Social Security. At the UK *regional* level, there were three agencies for economic development. These included the Government Office of the Regions, the newly established Regional Development Agencies, the Regional Chambers, and the Government Office of the Regions. *Local* government in the UK, comprising locally elected representatives and appointed officials, also played a key role in leading and supporting policy initiatives towards local economic development (Bennett and Payne 2000). Alongside various business and economic agents, a range of social and public agents, were involved in the decision making and implementation for the various policy initiatives under study.

The capacity for the economic restructuring was high. The vast majority of actors involved in the negotiations and implementation of the economic restructuring were well resourced, at an organisational level, in terms of financial and administrative expertise (Payne and Bennett 2003).

The salience of the economic restructuring was generally high. The economic restructuring was seen as the flagship of New Labour and thus many resources were invested in deciding on and implementing the different economic policies. Yet, some variation existed with respect to the different issues. Some issues were of higher salience than others. And also between actors variation existed with regard to the salience they attached to each issue.

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The decision rule during the economic restructuring is a majority rule. In general, about 26 policy actors had to decide on the policy outcome, whereby more than fifty percent of these decision makers had to agree ?policy-proposals before they were accepted (Payne and Bennett 2003).

Three conditions are constant across the issues, namely the institutional function of the actors, the capacity of the actors, and the decision rule applied. A condition that is unstable across the issues and across the actors is the issue salience. According to the stable conditions in the present research context, we thus expect that the policy design mechanism will be less apparent, whereas the coalition support mechanism and the agency selection mechanism will drive the effect of political disagreement on discretion. When the salience of an issue is higher, we expect this to suppress the policy design mechanism. We can now specify the following hypotheses for the research context of the present paper:

H1: In the research context of economic restructuring in the UK, political disagreement negatively affects the level of discretion granted to agencies.

H2: In the research context of economic restructuring in the UK, the negative effect of political disagreement on discretion is stronger, the higher the salience.

4. Data and design

We explore the hypotheses with the use of an existing dataset on social and economic restructuring in the UK under New Labor (Bennett and Payne 2000) complemented

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with an additional data collection. The existing dataset includes specific information about 43 negotiated policy issues. For each of the policy issues, the dataset contains information about the policy preferences, the salience and the power of each actor involved in decision making. The level of discretion is constructed by performing an additional data collection. We collected additional policy and governmental documents on each of the 43 policy issues. The extra documents were combined with the existing data to perform a content analysis in order to measure the level of discretion for each issue.

Method of data collection

The method of data collection as used by Bennett and Payne (2000) can be best described as a combination between qualitative and quantitative methods of data collection. This unique method for data collection is based on an approach that has its roots in comparative studies of national policy-making (Laumann and Knoke 1987) and was further developed by Bruce Bueno de Mesquita (1999). It combines the strengths of qualitative data collection with quantitative analysis. Recent applications of this approach can be found in international relations (Bueno de Mesquita 1999), local policy-making (Torenvlied 2000), studies in European policy-making (Stokman and Thomson 2004; Zimmer et al. 2005; Thomson et al. 2006) and European policy implementation (Torenvlied 2007).

The following steps are performed by Bennett and Payne (2000) to collect information on the policy issues. Firstly, interviews with experts and key negotiators were used to define the policy issues and the range of possible positions and outcomes. The interview process was also supplemented by use of existing literature, parliamentary debates, and parliamentary committee proceedings, press coverage and

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other documentary sources. Subsequently, more exact information about each agent is gathered via more than 60 interviews with key individuals and organizations involved, including ministers and senior civil servants. In addition, a check was carried out on the definition of the key issues and the relative power positions of themselves and other key agents. This allowed a process of triangulation of each agent's individual assessments of themselves and others. For the *key negotiators* a check was made on the relative power of all agents. The key negotiators in most cases were senior civil servants in the government department responsible for the chief financial resources under negotiation.

The additional data on the level of discretion is collected with the use of policy documents and governmental documents. Some of these documents were also used by Bennett and Payne (2000) in the existing dataset, but for most policy issues more documents were needed in order to have a complete overview of the policy description. The additional documents were collected using governmental debates, policy documents and formal governmental documents. Furthermore, intensive contact with different governmental departments concerned with economic restructuring should minimize the chance that some documents are overlooked.

Measurement of the dependent variable: discretion

The dependent variable of the present study is the discretionary authority delegated to implementation agencies. The method we use to measure discretion is closest to the work of David Epstein and Sharon O'Halloran (1999) and the work of Fabio Franchino (2004) and Robert Thomson et al. (2007) who define discretion on the basis of a content analysis of selected provisions. We performed a more direct content analysis based on the theoretical concept. The theoretical concept of discretion states

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that the level of discretion is higher when the description of the policy is vague and thereby leaves room for interpretation. Moreover, discretion is high when criteria for meeting standards and guidelines are vague, and when authority for exceptions is low (Balla 1999; Bawn 1997; McCubbins 1985; McCubbins, Noll, and Weingast 1989; Moe 1989; Torenvlied 2000). We scored each policy issue on the basis of four theoretical defined characteristics of discretion (Balla 1999; Bawn 1997; McCubbins 1985; McCubbins, Noll, and Weingast 1989; Moe 1989; Torenvlied 2000). Scholars showed that discretion is lower, when (i) the description of the policy is strict and leaves no room for interpretation; (ii) strict guidelines are specified; (iii) criteria for meeting standards are specified; (iv) authority for exceptions to the policy rules is low. We coded the text of all policy documents using selected search terms. For each criteria, a policy issue could score zero or one point. With a zero indicating that the criteria is not met, and one point if the criteria is met. Subsequently, we simply made a sum, resulting in a score between zero and four. Finally we rescaled the discretion by adding one to the final discretion score, resulting in a score between one and five. See also table 1 for a detailed description of the coding.

Measurement of political disagreement and salience

The level of political disagreement was compiled with the use of data derived from the existing dataset on social and economic restructuring in the UK under New Labour (Bennett and Payne 2000). In order to compile a measure for the political disagreement on each issue, we used the data on the policy positions of each actor. Policy issues were hereby viewed as issue continua or scales. Each of the issue continua is defined as a one-dimensional ordering of alternative courses of action, and each actor (parties and agencies) who has an interest in the issue can be placed on a

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point on the continuum to represent the course of action (position) it favors. Points on the scale that lie further away from an actor's position are evaluated less favorably by that actor. The two extreme positions on each issue continuum represent the most extreme positions considered in the negotiations in city council. Subsequently, the measure of political disagreement was computed as the weighted standard deviation of most preferred outcomes of the decision makers. The weights are the capabilities of each political actor, as a simple indicator of the relative impact of each actor in negotiations.

In addition to the main independent variable –political disagreement- we included the salience of each policy issue. For each actor, the salience was derived from a priority list of policy issues. Differences in salience attached to policy issues aim to reflect relative differences in priority set by the decision makers. These relative differences were rescaled between zero (actor attaches no salience to the policy issue) to 100 (actors attaches extremely high salience to the policy issue). For each issue we calculated the average salience of all actors. We thereby have a measure of issue salience. In addition, to control for high variation between the salience each actor attaches to a specific issue, we compiled a measure that includes salience as an actor characteristic. We thereby include the salience in the measure of political disagreement, by weighting the position of an actor by the salience the actor attaches to the issue.

Control variables

We control for the number of decision makers included in the analysis. We expect that as more decision makers are involved in decision making, it becomes harder to agree on a specific policy. We thereby expect that the compromise mechanism will be

strengthened. We thus expect that the number of decision makers positively affects the level of discretion granted to agencies.

In addition, we control for the type of issue. We thereby differentiate between (i) content issues and (ii) boundary issues. We expect that for content issues the level of discretion is lower, as this type of issue consists of decisions taken about the substance and composition of the policy. The discretion in the boundary issues is expected to be higher, as they serve as a sort of baseline and general decision, rather than a detailed step-by-step description.

Table 2 presents the descriptive statistics of the main variables as well as for the control variables.

[Table 2 about here]

We precede our analysis in two steps. The first step in our analysis is to investigate the overall effect of political disagreement on delegated discretionary authorities. The second step is to explore the interaction effect with salience. We will do so with the use of the actor specific salience and the issue specific salience.

5. Results

The level of discretion granted to agencies is expected to be explained by the level of political disagreement among decision makers (hypothesis 1) and by the interaction of this political disagreement with the level of salience (hypothesis 2). We explore our hypotheses with the use of two models. The first model includes the main independent variable, political disagreement. Furthermore, the control variables, number of

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decision makers and type of issue are included in the model. In the second model, we add the interaction effect of political disagreement and issue salience.

Table 3 presents the results of the regression analysis with discretion as the dependent variable. The first column of table 3 displays the results of the first model. The results of the second model are displayed in the second column.

[Table 3 about here]

First, we explore hypothesis 1, predicting that for higher levels of political disagreement less discretionary authority is delegated to agencies in the context of regional restructuring in the UK. The effect of political disagreement on discretion is taken into account in model 1 and in model 2. Model 1 estimates the results of the analysis on the effect of political disagreement on discretion controlled for the type of decision and number of decision makers. In model 2, the effect of salience is added to the model. The first column of table 3 shows a negative and significant estimate for the effect of political disagreement on discretion. In model 2, the effect of political disagreement on discretion is also negative and significant. The coefficient of political disagreement in model 1 indicates that a one-point increase in political disagreement (range between 12 and 56) corresponds with a 0.04 decrease in discretion (range between 1 and 5). Model 2 shows a coefficient of $-.08$, indicating a relatively stronger effect of political disagreement on discretion when the effect of salience is included in the model. These results support hypothesis 1 and indicate that in the present research context of economic restructuring in the UK in multi-level governance setting, political disagreement indeed leads to lower levels of discretionary authority delegated to agencies.

Hypothesis 2 predicts that the effect of political disagreement is stronger when the salience is higher. Model 2 estimates the results of the analysis on the interaction

effect of political disagreement and salience on discretion, controlled for the type of decision and number of decision makers. Table 2 shows that the effect of issue salience is negative, but not significant. Furthermore, the interaction effect is positive, but also not significant. In addition, we analyzed the effect of salience when a different measurement of salience is taken into account. This analysis repeats the non significant results on the interaction effect of political disagreement and salience as shown by model 2. Thus, the results of the analyses do not support hypothesis 2. In the research context of economic restructuring in the UK, the effect of political disagreement on discretion is not strengthened by the salience.

In addition, table 3 shows the estimates for the effects of the control variables: type of issue and number of decision makers. Table 3 shows that in both models, the type of issue does not have a significant effect on the level of discretionary authority delegated to agencies. The number of decision makers also does not have a significant effect on discretion.

The explained variance of both models is relatively high, especially when taking into account the number of variables with a significant effect on discretion. The adjusted R^2 shows that twenty percent of the variation in discretion can be explained by the model.

6. Conclusion and Discussion

This paper addressed the effect of political disagreement on delegated discretionary authorities in the context of decision making on economic restructuring in the multi-level governance setting in the UK. The main aim of this paper was to address the political disagreement-discretion puzzle, and disentangle mechanisms and conditions

that could partly explain the highly contradictory theoretical and empirical findings on the direction of the effect of political disagreement on discretion.

The main conclusion of the present paper is that we can partly explain the political disagreement-discretion puzzle by taking into account the institutional context of decision making and implementation. We thereby take a different point of view than the classic idea of the more standard models of delegation that explains the effect of political disagreement on delegation disregarding the institutional context (following e.g. Bendor and Meirowitz 2004; Calvert et al. 1989; Weingast 1984). Though, other scholars do highlight the importance of the context. Huber and Shipan (2002) already pointed at the vital role of the institutional context in explaining regulatory designs. Yet, in the current paper, we elaborated in detail the crucial conditions within the institutional context. This enabled us to apply the conditions to a specific context, and derive more plausible hypotheses on the direction of the effect of political disagreement on discretion.

We theoretically defined three main mechanisms driving the effect of political disagreement on discretion: the compromise mechanism, the agency selection mechanism and the coalition support mechanism. Furthermore, for each of the mechanisms, we specified conditions triggering the mechanism and leading to a positive or negative effect of political disagreement. Four conditions were disentangled: (1) the institutional function of decision makers; (2) the capacity of decision makers; (3) the salience of an issue; (4) the decision rule applied. We showed that these conditions can explain why in some institutional context political disagreement will lead to lower levels of discretionary authority delegated, whereas in other contexts this effect will be positive.

Secondly, we showed that for the context of decision making on economic restructuring in the multi-level governance setting in the UK, political disagreement would lead to lower levels of discretion. First, as decision makers were also involved in implementation, we predicted that the threat of non compliance was higher and thereby that the discretion delegated would be lower (following the agency selection mechanism). This context characteristic is typical for multi-level governance, whereby decision makers are often involved in implementation and agencies are involved in decision making. Second, the capacity of the decision makers was high, and thus even though the costs of defining a strict policy under political disagreement is high (following the compromise mechanism) the decision makers have enough capacity to write detailed policy. Third, decisions were taken under majority rule and thus disagreement among principals after the decision taken is rather high resulting in a high threat of non-compliance (following the coalition support mechanism). The analysis showed indeed a significant negative effect of political disagreement on the level of discretion. Moreover, the model showed that political disagreement is an important variable in explaining discretion, with a relatively high level of explained variation of discretion.

Thirdly, we predicted that the level of salience decision makers attach to an issue strengthens the effect of political disagreement on discretion. We expected that besides the capacity of the legislature, the willingness to invest this capacity is crucial. We assume that the legislature is more likely to yield its capacity to write detailed policies, when an issue is more salient. Our analyses do not support this theoretical prediction. We did not find a significant interacting effect of salience on the effect of political disagreement on discretion. A possible explanation of this non-significant effect could be the high capacity of the decision makers. It can be hypothesized that

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when capacity is scarce, the salience of an issue defines whether decision makers will use the capacity to specify detailed policies. Yet, when capacity is high, decision makers are not forced to choose on which issue to use the capacity, and thus the effect of salience might diminish.

There are several directions for future research. First, this study was restricted to one context of decision making. We theoretically defined four conditions interacting with the effect of political disagreement on discretion. Yet, the empirical exploration of these hypotheses was restricted to one decision making context and thus did not enable us to explore variation in these conditions across different contexts. Research is needed to check the robustness of our theoretical predictions across different contexts.

Additional research is also needed to control for the robustness of the effect of political disagreement on discretion. Empirical analysis on large scale data is needed to control for other factors that could explain the level of discretion. For example, future research should include the level of ex post controls and the complexity of an issue. As our dataset is restricted to 43 policy issues, we were restricted with respect to the number of variables we could include in the model. As a result, our analyses should be seen as an exploration of the theoretical findings, rather than a hard test of results.

Furthermore, more research is needed on the measure of discretion. The delegation literature lacks a general accepted measure of discretion that is applicable across different policy areas. Most popular measures are applicable to laws and provisions (e.g. Huber and Shipan 2002; Epstein and O`Halloran 1999), rather than to policy descriptions or decisions. This paper made a first attempt to compile a measure

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of discretion that is more based on theoretical grounds and is applicable also to more informal policy descriptions.

Finally, it would be interesting to check whether the mechanisms and conditions as applied to the public sector, are robust for delegation in private organizations. Complex power systems and divergent goals of actors are common sense in delegation patterns in private organizations. Moreover, in private organizations, delegation also takes place in different contextual conditions of decision making. It would be useful to check whether the four conditions as specified in the present paper are applicable to private organizations.

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FIGURE 1

Source: Figure 1 is reproduced from the original publication by Robert. J. Bennett and Diane Payne “Local and Regional Economic Development: Renegotiating Power under Labour” (2000: 19), Ashgate Publishing Ltd.: England. The TECs, which were superseded by the LLSCs in a transition period from April 2000-2001 are shown with dotted lines.

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TABLE 1 Level of Discretion per Policy Issue

ND					TEC					RDA					SBS								
issue	p	g	m	a	Discretion	issue	p	g	m	a	Discretion	issue	p	g	m	a	Discretion	issue	p	g	m	a	Discretion
1	0	0	0	1	2	1	1	1	1	1	5	1	1	0	0	0	2	1	1	0	0	1	3
2	0	1	1	1	4	2	0	1	0	0	2	2	1	0	1	0	3	2	1	1	1	0	4
3	0	0	0	0	1	3	1	0	0	1	3	3	0	0	0	0	1	3	1	1	1	1	5
4	1	0	1	1	4	4	0	1	1	0	3	4	0	0	0	0	1	4	1	1	0	1	4
5	1	0	0	1	3	5	0	0	0	0	1	5	0	0	0	0	1	5	1	0	1	1	4
						6	1	0	0	0	2	6	1	0	1	0	3	6	0	0	0	1	2
						7	1	1	0	0	3	7	1	1	1	1	5	7	1	1	0	1	4
						8	1	0	0	0	2	8	1	0	0	0	2						
						9	1	0	0	1	3	9	1	0	0	1	3						
						10	1	0	0	1	3	10	0	0	0	1	2						
						11	1	1	0	1	4	11	1	0	0	0	2						
						12	0	0	1	1	3	12	1	0	0	0	2						
												13	0	0	0	0	1						
												14	1	1	0	0	3						
												15	1	1	0	0	3						
												16	0	0	0	0	1						
												17	1	0	0	1	3						
												18	1	0	0	0	2						

Note: Discretion scores of policy issues on four indicators: (p) policy description strict, no room for interpretation (=0); (g) guidelines specified (=0); (m) meeting standards specified (=0); (a) authority for exceptions is low (=0). Code terms: vast numbers/percentages/budget versus a lot of/around/minimize; stepwise descriptions versus overall final goal; forcing terms versus guiding terms; exceptions specified versus no exceptions are permitted. Discretion is measured as: 1 + score on item (p) + score on item (g) + score on item (m) + score on item (a) = discretion

TABLE 2 Descriptive Statistics for the Main Variables in the Analysis

	N	Mean	Minimum	Maximum	Standard Deviation
<i>Dependent Variable</i>					
Discretion	42	2.9	1	5	.2
<i>Independent Variables</i>					
Political disagreement	42	33.1	12.1	56.1	9.1
Issue salience	42	29.3	9.6	50.1	10.2
<i>Control Variables</i>					
Type of issue	42	0.3	0	1	.5
Number of decision makers	42	26.2	16	31	6.2

TABLE 3 Regression Analysis (Unstandardized Coefficients, Standard Error between Parentheses. Dependent Variable: Discretion. N = 42)

	Model 1	Model 2¹
Intercept	5.2 (.9)***	6.3 (1.4)***
Political disagreement	-.04 (.02)**	-.08(.03)**
Issue salience		-1.1(.8)
<i>Interactions</i>		
Political disagreement * Issue		.04(.02)
<i>Controls</i>		
Type of issue	.2 (.4)	.3(.4)
Number of decision makers	-.04(.3)	-.04(.04)
R2 (adjusted)	.21	.17

*** $p < .01$; ** $p < .05$; * $p < .1$

¹ A separate analysis was performed to check for the effect of salience, when taking into account variation in the level of salience each actor assigns to a specific issue. The analyses reproduced the results of model 2 and did not show a significant effect of salience.