

Book Review: Political Struggles and the Forging of Autonomous Government Agencies

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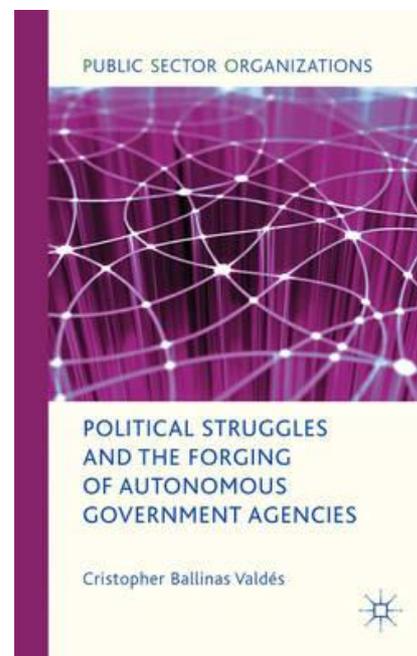
*The central argument of **Political Struggles and the Forging of Autonomous Government Agencies** is that the level of autonomy of government agencies is the outcome of struggles between opposing coalitions. **Cristopher Ballinas Valdés** aims to show how political struggles between politicians and bureaucrats often generate a muddle of agencies that lack coherence and are subject to different and conflicting levels of political control. A must-read for academics and reformers interested in Mexican economic institutions, writes **Julián Daniel López-Murcia**.*



Political Struggles and the Forging of Autonomous Government Agencies. Cristopher Ballinas Valdés. Palgrave Macmillan. June 2013.

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“Sacred cows no more” was the [title used by *The Economist*](#) to discuss the regulatory reform proposed by Mexican President Peña Nieto to deal with the unsatisfactory performance of the country’s telecoms markets, currently dominated by Carlos Slim – the world’s richest man – and Emilio Azcárraga, the boss of Televisa, a private television network. For *The Economist* there seems to be a clear path towards an optimal regulatory reform in Mexico, given that the creation of a new autonomous government agency with the powers to respond to the current market failures is also supported by the opposition parties. However, this book written by Cristopher Ballinas, Associate Professor of the ITAM (Mexico), clearly contends that this type of analysis – focused only on the reasons to create an autonomous agency, technical designs and the role of politicians – neglects the critical impact of the political struggles between bureaucratic and political actors on the configuration of these agencies.



Why is it that the structure and degree of autonomy in autonomous government agencies varies across issue areas and over time? Ballinas argues that this is because these agencies are not the result of systematic design, but of political struggles between bureaucratic and political actors, who try to shape them in their own interest. He also critiques formal-legal approaches to the concept of autonomy. In this way, the significant variation between the degrees of actual autonomy among these agencies could be explained through the examination of these interactions. To this end, Ballinas develops a model based on institutional economics, game theory and network bureaucratic analysis. Particularly, he sketches the amplified version of the game, and then breaks it into three of its relevant sub-games: non-creation of an agency, co-operative creation of an agency, and a non-co-operative creation of an agency. And he tests his hypothesis in three case studies in Mexico: the central bank, telecommunications and energy sectors.

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The recent telecommunications reform in Mexico immediately attracted my attention to Ballinas' work on this sector. Ballinas also points out that, theoretically, this is "by far the most interesting case". In the early 1990s, the decision to privatize Telmex, the government-owned telecommunications monopoly, as a vertically integrated firm maintained its market power. The company's control remained in Mexican hands and policymakers intentionally neglected the role of regulation in order to facilitate the emergence of a powerful Mexican business class with little competition. By the end of the 1990s, the configuration of the regulatory agency produced two groups inside the government that were in open conflict: the experienced public officials of the sector; and the reform team, which was backed by members of Congress and stakeholders. The former group understood that the best way to avoid the regulatory capture would be to set the agency under the supervision of the ministry, and the latter believed that the best option would be a decentralized organisation. The result was a combination of dissimilar institutional preferences "coming from two groups in conflict who changed or reinforced their positions and modified their strategies, resulting in a rather amorphous, nebulous design". The struggles between la Comisión Federal de Telecomunicaciones (COFETEL) and the ministry resulted in the failure to produce basic regulatory resolutions. Similarly, the difficult relationship between COFETEL and other incumbent bodies (such as the anti-trust commission) impeded agreement on several issues, which had to be finally decided by the courts. In such an environment, "Telmex enjoyed a long period without substantive competition and proper regulation".

Ballinas' model for testing the causal effect of bureaucrats' political action on the configuration of an autonomous government agency is an interesting theoretical contribution beyond the dominant approaches in this literature. From the traditional principal-agent perspective, as [Gilardi](#) states, the factors that determine the design of an agency are the government's interests in proving its credible commitment and getting blame avoidance regarding unpopular decisions, as well as in transferring complex issues ([Thatcher and Stone](#)). And as [McNollgast](#) explains, once these agencies are created, they are controlled through "police patrols" (constant monitoring), "fire alarms" activated by affected constituencies, and administrative procedures. From the notion of institutional isomorphism, the structures of these agencies are merely the product of different types of resembling processes (coercive, mimetic or normative). Alternatively, as [Thatcher](#) explains, some historical approaches have highlighted the relevance of domestic political conditions in the emergence of autonomous agencies. However, much of the variation in the degrees of autonomy of these agencies is left unexplained by these conventional approaches. In such an environment, the model developed by Ballinas is a significant contribution that helps to address this critical factor.

On the other hand, despite this innovative model, the book is still based on the hegemonic idea that the responsiveness of the regulation is directly associated with the agency's level of autonomy. Nonetheless, as authors like [Black](#) and [Scott](#) contend, this type of centralized understanding of regulation is distant from reality. In the regulatory space, diverse public and private actors share the regulatory authority ([Capitalism, Culture and Economic Regulation](#) by Hancher and Moran). Moreover, as Prosser explains in his book [The Regulatory Enterprise: Government, Regulation, and Legitimacy](#), the agencies' autonomy should not be the key principle of institutional design, because regulation is a collaborative enterprise between regulatory agencies and other government bodies in the regulatory space. Regulation is not an isolated crusade by the regulatory agency. In fact, an alternative interpretation of the Mexican telecommunications case is that this is not necessarily a problem of lack of agency's autonomy, but of limited communication and coordination between government bodies.

In sum, Ballinas' book is a must-read not only for academics and reformers interested in Mexican economic institutions (in fact, at this time, Mexico is also reforming its energy sector), but in any country with a strong bureaucracy. His model is not only relevant because of its explanatory value regarding the variation in the degrees of autonomy of the autonomous government agencies around the world, but as a good example of the cutting edge scholarship currently produced by Latin American scholars, to some extent, beyond the domestic application of the American and European theories on regulation. Still, the readers of this book should not forget that, as [Colin Scott](#) argues, a reform might not be focus on a single organization -the agency- but rather on the entire configuration of resources and relations within the regulatory space.

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