

The Role of Agencies in Regulation

Presentation to IPA Governance Forum
23rd October 2009

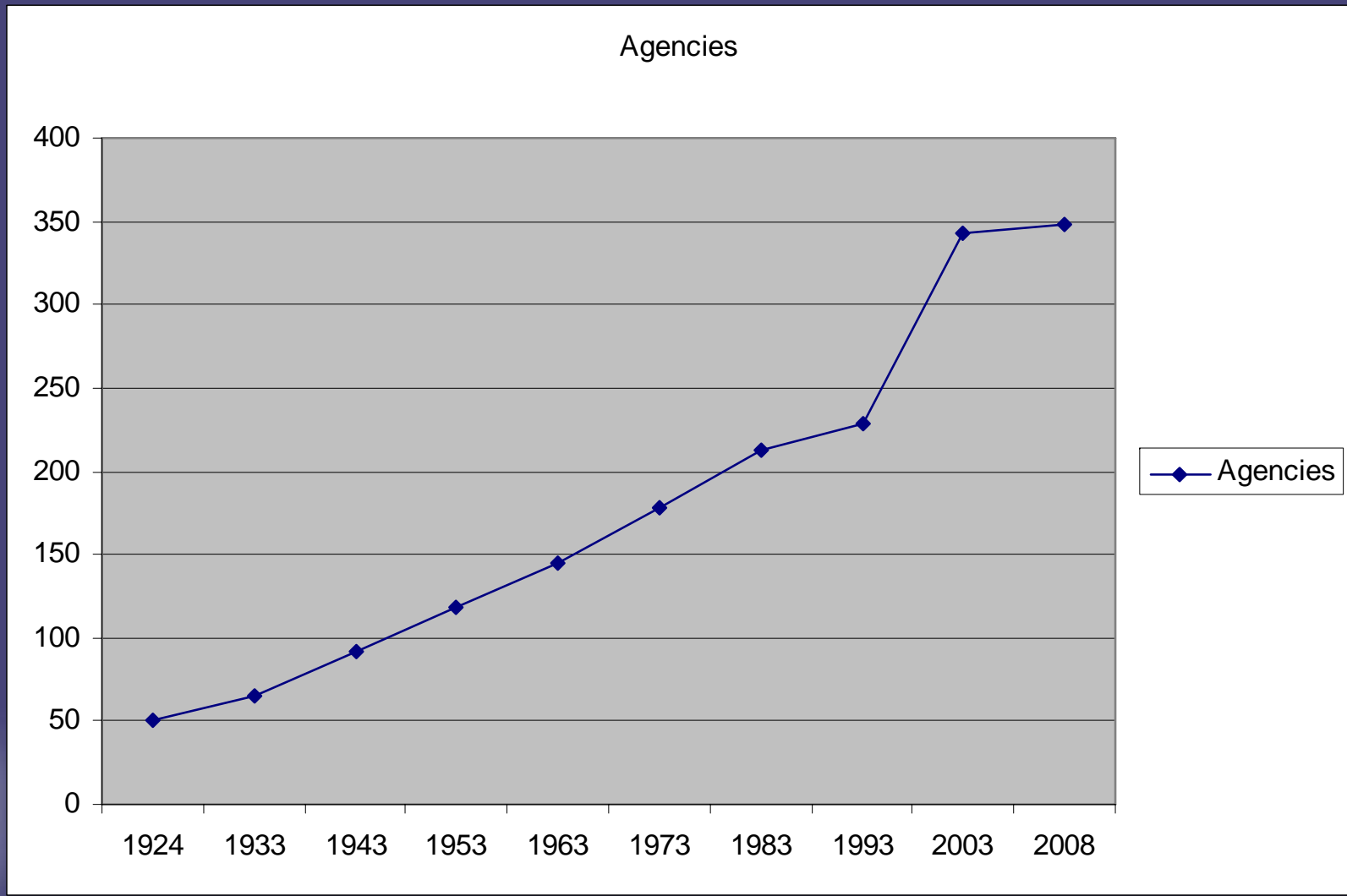
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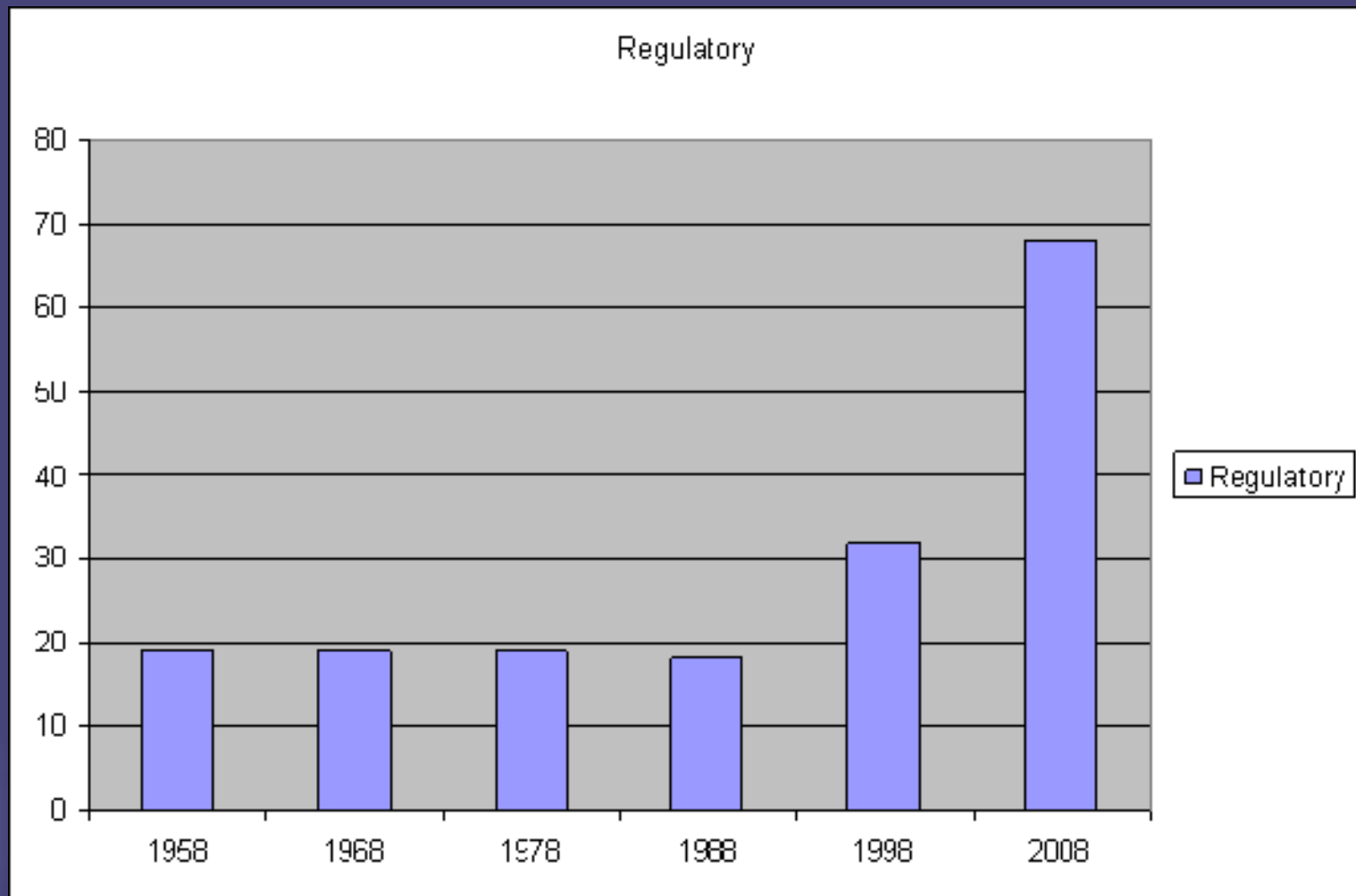


The Fashion for Agencies



Source UCD Gear Institute Mapping the Irish State Project

Growth in Regulatory Agencies



Source UCD Gear Institute Mapping the Irish State Project

What is Regulation?

**All forms of social control,
state and non-state, intended
and unintended**

**All state activity intended to
influence social and economic
behaviour**

**Sustained and focused control
by a public agency over the
activities valued by a community**

**A binding legal rule made
under delegated authority**

*increasing
specificity*



Regulatory Functions are widely diffused

- Government Departments – policy making and powers to give directions (and thus duty to monitor)
- Agencies
 - Sectoral - eg Comreg, CAR, Financial Regulator, CER
 - Cross-Economy – NERA, Competition Authority, NCA
- Local Government – Land-Use Planning
- Courts and Tribunals
 - Enforcement
 - Statutory Appeals
 - Judicial Review
- Self-Regulatory
 - Delegated powers – eg Law Society of Ireland
 - Implicit delegation -eg Advertising Standards Authority of Ireland Press Council and Ombudsman
- Supranational bodies
 - EU legislator – legislative policy
 - European Commission – oversight of implementation and coordination of regulator networks
- Regulated companies – compliance and enforcement internally and via supply chain contracts
- NGOs
 - Statutory powers – eg Consumers Association of Ireland
 - Implicit – eg environmental and human rights groups



The Agency Dilemma

- High expectations of Agencies, But
 - Too much power to be legitimate
 - Too little power to be effective



Why Delegate?



- Expertise
- Independence
- Commitment
- Blame shifting



Why Delegate? : Risks



RISKS

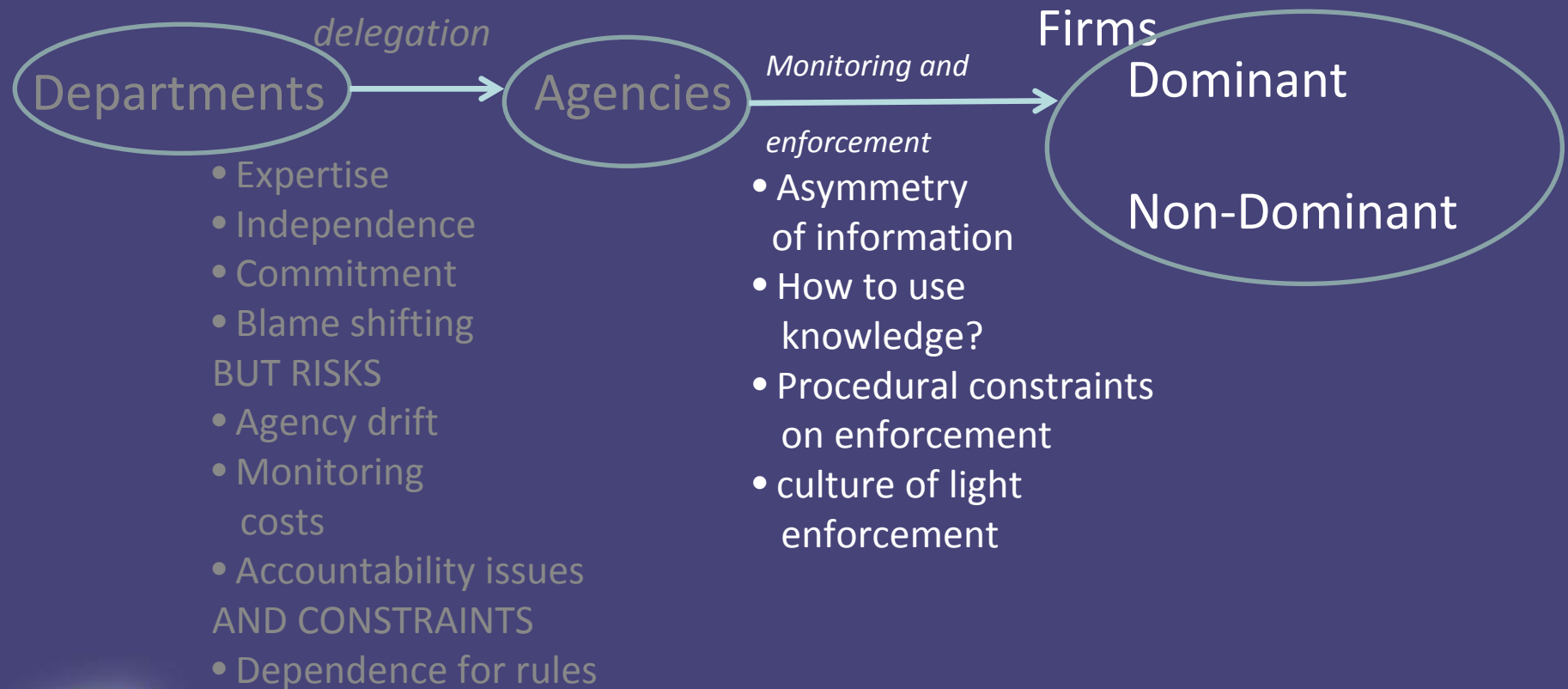
- Agency drift
- Monitoring costs
- Accountability issues

AND CONSTRAINTS

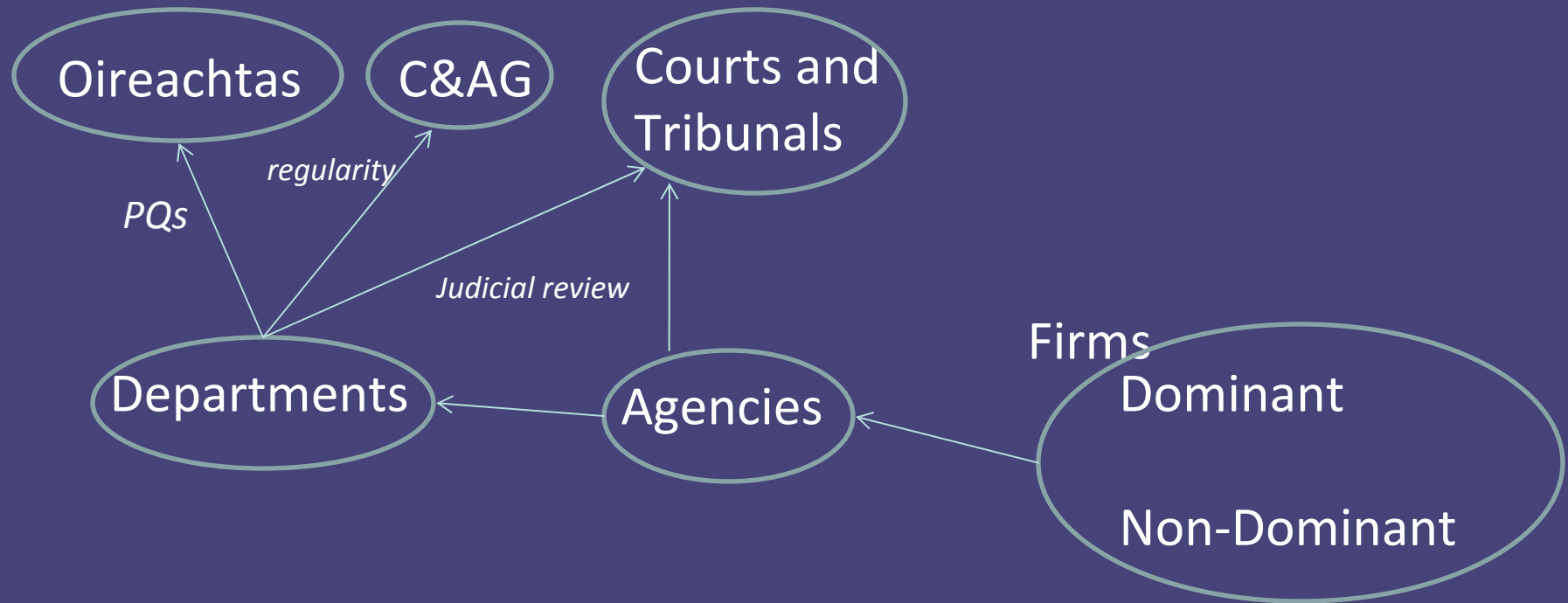
- Dependence for rules



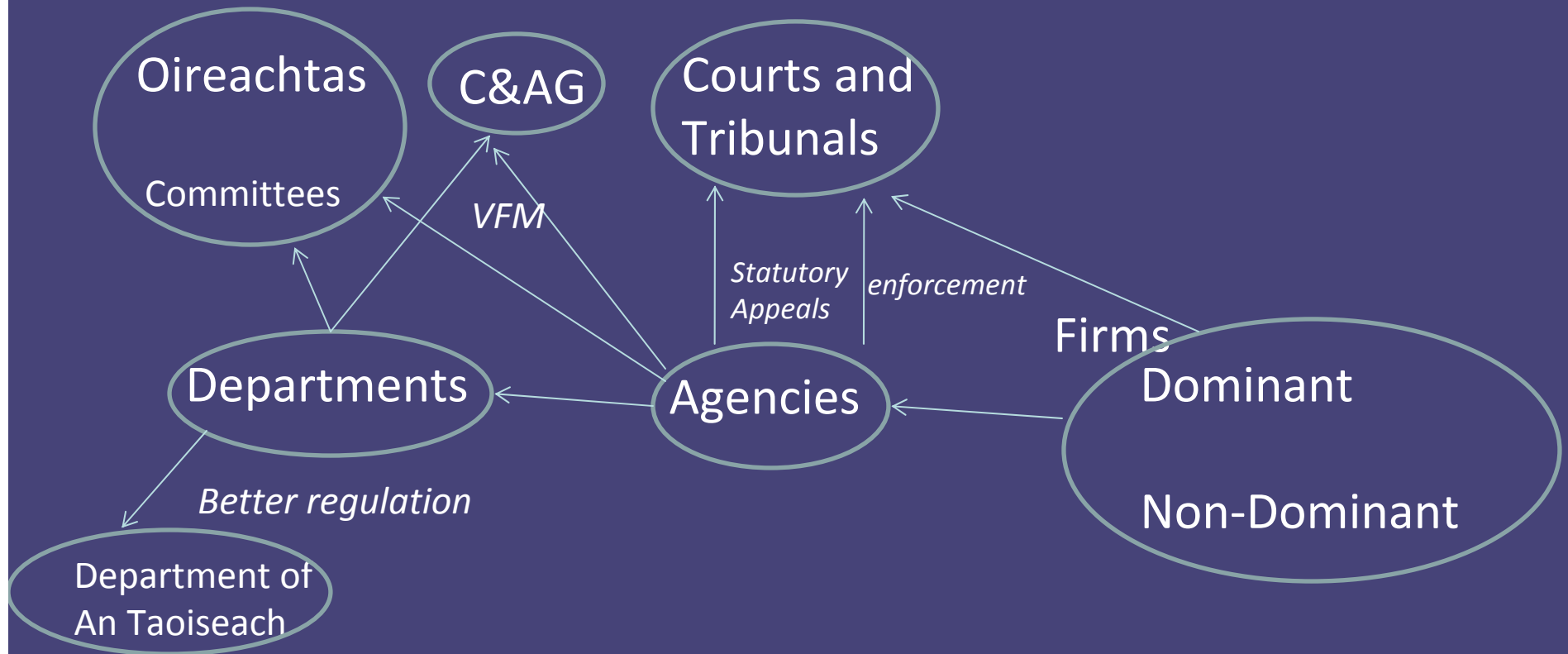
Delegation problems in Agency-Firm Relations



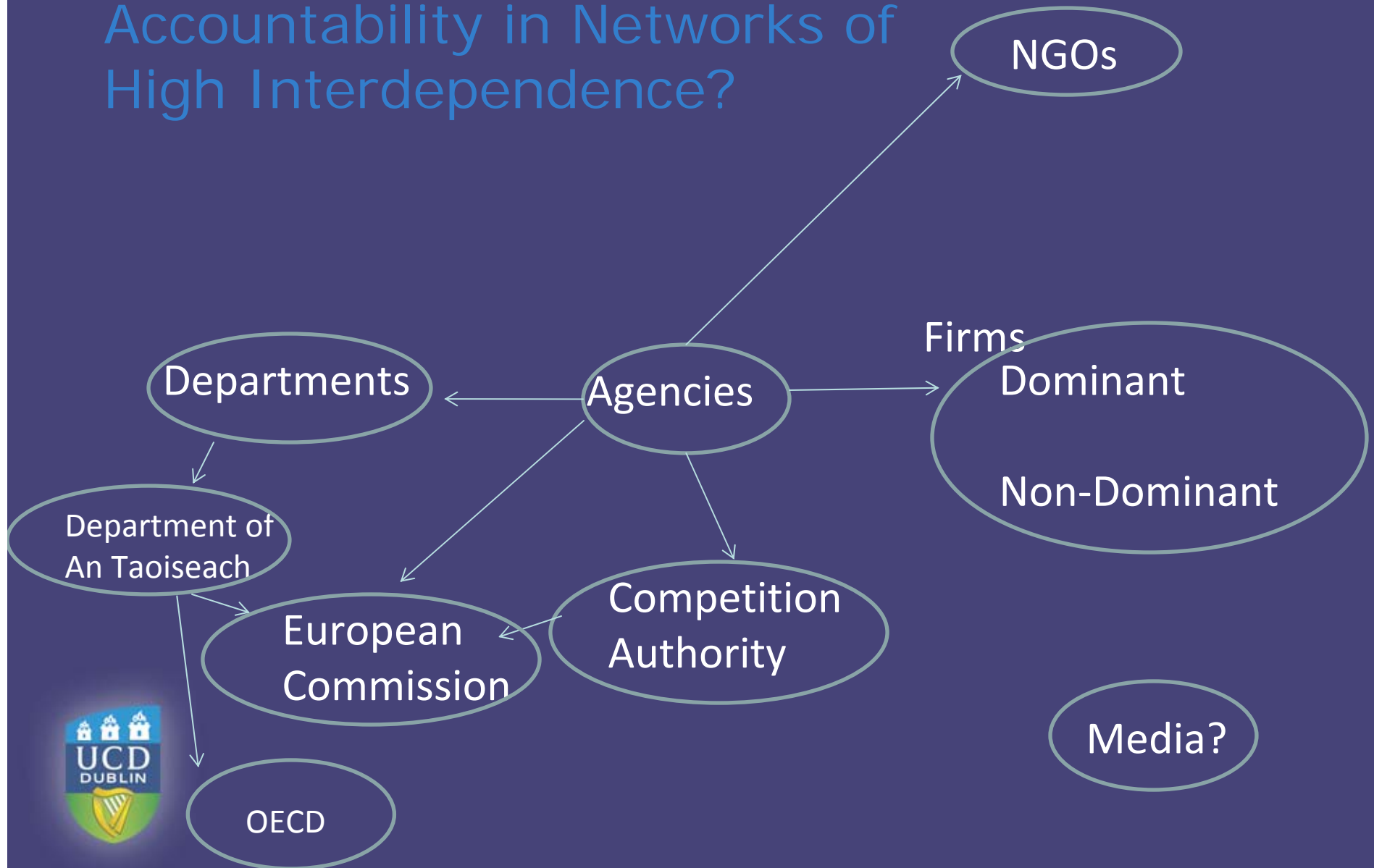
Accountability - Traditional Model



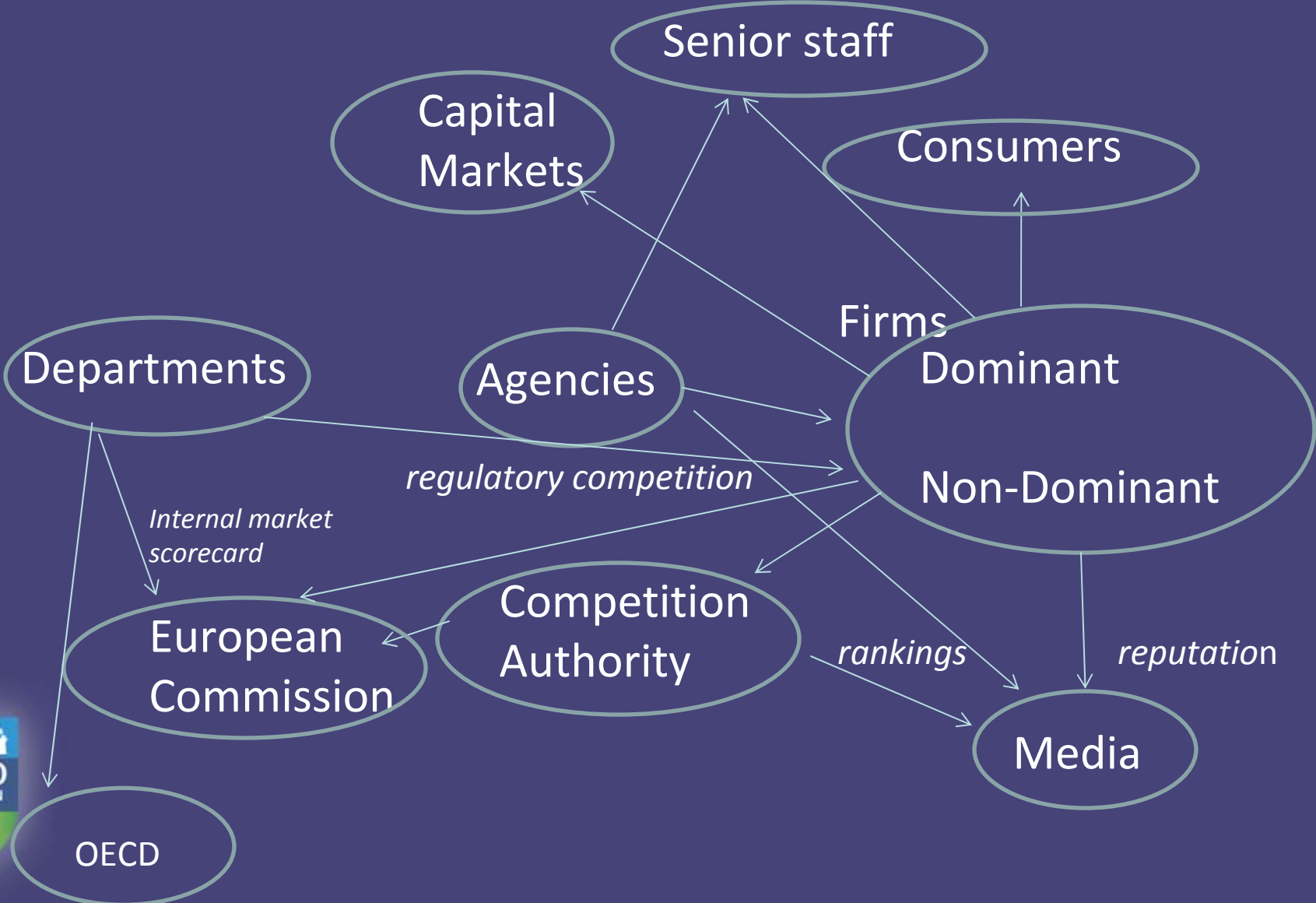
Accountability – Newer Model



The Government Statement: Accountability in Networks of High Interdependence?



Accountability in Markets: Where are the Weaknesses?



Towards a Stronger Narrative on Agencies, Regulation and Regulatory Accountability

- Emphasise limited capacities of agencies and interdependence with departments, firms, etc
- Accountability
 - Traditional
 - Newer
 - Networks
 - Markets
- Smart Regulation – exploits capacities of others and networks and markets alongside hierarchy

