

Formal Analysis: Delegation

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Week 7 Session 2

Delegation: motivation and basic setup

What are we talking about?

Do legislatures create agencies to make policy, or make it themselves?

Do statutes - contain detailed rules, or - tell agencies to produce detailed rules?

Examples from Huber & Shipan: Medicaid in Michigan

From 1996 legislation:

[The Department of Community Health] may develop a program for providing services to medical assistance recipients under a full-risk capitation arrangement The department shall consult with providers, medical assistance recipients, and other interested parties.

From 1997 legislation:

The department may encourage bids for multicounty regions through the use of preference points but shall not initially require a plan provider to submit a bid for a multicounty region.

Examples from Huber & Shipan: gender discrimination laws in France & Ireland

France & Ireland create new organization to implement gender discrimination law.

- ▶ In **France**, three sentences: 1) creates, 2) provides vague mandate, 3) assigns to Council of State remaining details.
- ▶ In **Ireland**, 6,000 words: very detailed, including who sits in on new Authority, how chosen, functions, how organized, what support staff, what reports it should create, how financed, etc.

Gehlbach chapter 5 on delegation: outline

- ▶ Delegate or not? [5.1: baseline model]
 - ▶ And what if the agency sometimes misses its policy goal? [5.4a: bureaucratic capacity]
 - ▶ And what if the agency sometimes doesn't observe the policy shock? [5.4b: bureaucratic capacity]
- ▶ Delegation with control mechanisms
 - ▶ Delegate within a policy interval [5.2: discretion limits] when imposing/enforcing discretion limits has costs [5.3: legislative capacity]
 - ▶ Delegate and impose costs for deviating [5.5: administrative procedures]
 - ▶ Delegate but then amend policy [5.6: legislative override (open rule)]
 - ▶ Delegate but then accept/reject policy [5.7: delegation to committees (closed rule)]

Concepts in the models

Drawing distinctions

Typical setup so far: actors propose, vote on/bargain over and implement policy x .

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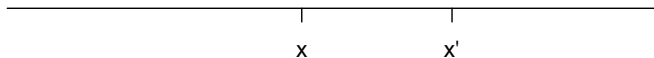
In delegation models, we have distinction between

- ▶ ideal outcome, e.g. x_L
- ▶ [in some cases: a law delegating authority within interval $[l, r]$ (upper limit of x in H&S)]
- ▶ policy chosen, p (y in Huber & Shipan 2002)
- ▶ the resulting outcome, $x = p + \omega$ ($y - \epsilon$ in H&S)

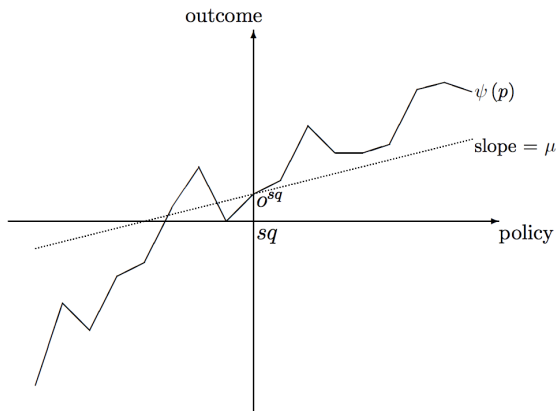
Distinction between policy and outcome

When is the policy chosen not the same thing as the outcome?

i.e. how can we make sense of model where e.g. policy x is chosen and the outcome is x' ?



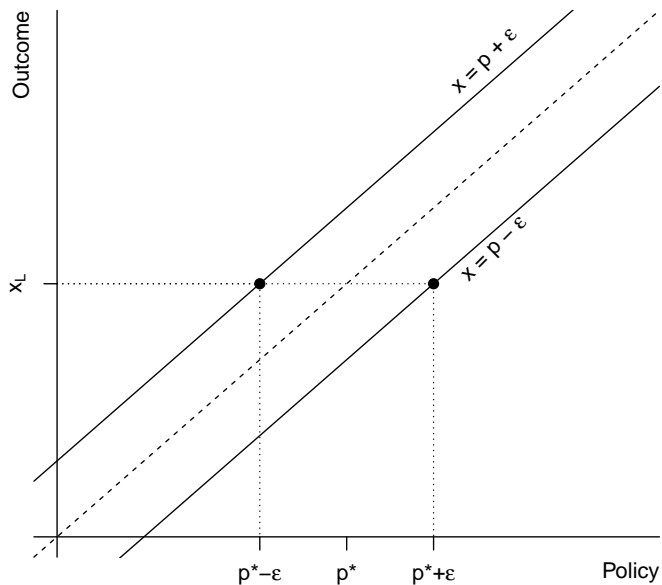
Distinction between policy and outcome (2)



Outcome x is related to policy p by function ψ . To obtain x^* , choose $\psi^{-1}(x^*)$.

From Steve Callander (2011), "Searching for Good Policies" (APSR, figure from WP version)

Distinction between policy and outcome (3)



Bureaucratic expertise?

Gehlbach assumes **perfect shock absorption**:

- ▶ $x = p + \omega, \omega \in \{-\epsilon, \epsilon\}$
- ▶ agency knows ω , legislator does not

Makes sense?

Using these models: Shipan & Huber

Model features

Delegation model:

- ▶ Legislature ideal point at 0, agency at x_B
- ▶ Binary shock, perfect shock absorption by agency
- ▶ Legislature chooses an (upper) delegation limit x (*discretion limits*), with cost (*legislative capacity*)
- ▶ Legislature may choose policy above that limit, but if caught (probability γ) must pay cost d (*administrative procedures*) and implement the legislature's ideal policy (given shock)

Described qualitatively in Chapter 4; formally solved in Appendix.

Predictions from model

- ▶ Legislature writes high-discretion laws when low policy conflict.
- ▶ More conflict → less discretion, especially if
 - ▶ high legislative capacity (low cost of imposing/enforcing discretion limits)
 - ▶ “nonstatutory factors” that encourage compliance (γ in model) less effective

From model to empirics

In analysis of European countries,

- ▶ **Policy conflict:** is it a minority government, coalition government, or single-party majority government?
- ▶ **Legislative capacity:**
 - ▶ average turnover in cabinet portfolios
 - ▶ time between govt formation and bill adoption
 - ▶ opposition influence score
 - ▶ MPs' salary premium
- ▶ **Nonstatutory factors:**
 - ▶ corporatism (*e.g. labor veto*)
 - ▶ federal system (*really a form of policy conflict*)
 - ▶ legal system (*common law requires more statutory detail*)

Some regression results

Table 7.4. *The Effect of Political Context on Laws in Parliamentary Systems*

Independent Variables	Dependent Variable: Standardized Page Length					
	(1)	(2)	(3)	(4)	(5)	(6)
Cabinet Turnover	-1.68 (0.671)	-1.43 (0.754)	-1.79 (0.645)	-1.71 (0.688)	-1.65 (0.675)	—
Elapsed Time	0.003 (0.002)	0.003 (0.002)	0.003 (0.002)	0.003 (0.002)	0.003 (0.002)	0.003 (0.002)
Minority Government	26.52 (5.56)	26.77 (5.57)	26.85 (5.54)	24.52 (12.74)	23.14 (14.68)	27.86 (10.79)
Coalition Government	13.91 (6.04)	13.64 (6.04)	13.44 (6.00)	14.27 (6.37)	13.49 (6.26)	12.17 (6.83)
Corporatism	-37.60 (12.51)	-33.69 (13.60)	-30.05 (13.03)	-38.43 (13.38)	-36.65 (13.00)	-21.83 (12.51)
Common Law	34.16 (12.51)	32.63 (12.60)	38.43 (12.31)	34.13 (12.51)	34.29 (12.43)	30.98 (14.49)
Federalism	17.74 (9.89)	15.15 (10.48)	16.18 (9.50)	18.08 (10.08)	17.22 (10.05)	12.89 (11.23)
Opposition Influence	—	-2.50 (3.58)	—	—	—	—
Salary Premium	—	—	6.01 (4.18)	—	—	—
Minority Government × Opposition Influence	—	—	—	0.520 (2.97)	—	—
Minority Government × Salary Premium	—	—	—	—	0.878 (3.53)	—
Minority Government × Cabinet Turnover	—	—	—	—	—	-0.141 (0.635)
Policy-specific dummy variables	Yes	Yes	Yes	Yes	Yes	Yes
Constant	75.48 (16.01)	81.25 (17.93)	54.90 (20.90)	75.86 (16.16)	75.18 (15.95)	44.89 (11.66)
N	4,102	4,102	4,102	4,102	4,102	4,102

Essay assignment

Essay assignment (from syllabus)

*For the **written assignment**, students are asked to present, solve, and discuss a model that is not in the assigned textbooks but that you find interesting. There are two options: you can find a model in someone else's research or you can write your own original model. In either case, your paper should present, solve, and discuss the model as if you were writing a section in Kydd's or Gehlbach's textbook: what are the findings and why do they hold? Evaluate how well the model achieves whatever you (or the original author) wanted it to achieve. What is interesting about the model? How does it relate to anything else we studied in the course? Can you think of an extension that would show something interesting? Submissions should be no more than four pages single-spaced.*

Due date: 2pm on 15 March, by email.