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Explaining the formal autonomy of public sector agencies in Colombia and Venezuela

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Abstract

In this thesis we aim to study and explain the formal autonomy of public sector agencies in Colombia from 1990 to 2011 and in Venezuela from 2000 to 2011. Using 'mapping of public organizations' as data collection technique, we studied the landscape of agencies and their main characteristics in Colombia and Venezuela every five years.

The basic argument, on which this study is built upon, is that due to the common administrative traditions, public sector reform paths, and external pressures of Colombia and Venezuela, these two countries will have similar patterns of agencies' formal autonomy. However, as in 2000 Venezuela experienced a major government policy change towards socialism, we also attempt to explore how this policy change is represented in agencies' formal autonomy. Therefore, we use the Colombian case to explore the agencies' formal autonomy since the moment in which the major public sector reform started in Latin America: early 1990's, and we use Venezuela for comparison with Colombia because its change of policy since the year 2000.

The analysis is conducted in two parts. First we present a descriptive section which explores the general trends of agencies' formal autonomy in Colombia and Venezuela. Particularly, we look at the distribution of agencies according to their formal autonomy and the relation between formal autonomy on the one hand and agencies' primary task and policy sectors on the other hand.

The second section of the analysis seeks to give an explanation to the findings of the descriptive section. For that purpose, three main theoretical perspectives are used: sociological institutionalism, historical institutionalism, and rational choice institutionalism. The latter is divided in an agency level rational choice perspective and a country level rational choice perspective. To conduct the explanatory analysis we used binary logistic regression as data analysis technique.

The results of the analysis show that the patterns of formal autonomy in Colombia and Venezuela differed both before and after the government policy change of the latter. This indicates that administrative traditions and external pressures cannot account for the levels of agencies' encountered in Colombia and Venezuela. We found that agency level factors such as the primary task that the agencies perform and the policy sector in which agencies are located is related with their level of formal autonomy. However, the results indicate that these relations do not follow the predictions that were made based on the different theoretical perspectives.

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1) Introduction

During the last three decades we have experienced a more or less global tendency to liberalization and deregulation of markets (Simmons & Zachary, 2004) and to the reduction of the size and role of the state (Pollitt & Bouckaert, 2011). These tendencies were partially embodied by the establishment of disaggregated bodies named agencies or Quangos (Flinders & Smith 1999; Pollitt & Talbot 2004) to perform the formally centrally organized government tasks (Verhoest et al. 2010). There was a shift from direct government provision of public goods to an indirect manner throughout agencies with certain level of autonomy.

One of the crucial elements of creation of agencies which have been highlighted by scholars (Christensen & Laegreid, 2006; Verhoest et al., 2010, 2012) is the rearrangement of the relation between the central government, embodied by ministers and parent departments and the agencies, as a consequence of delegation of tasks. Agencies obtain a certain level of autonomy which locates them outside the traditional control and direction from ministries and departments, at least partially.

One of the main drivers that have fostered the creation of agencies around the world has been the propagation of New Public Management ideas by international organizations such as the OECD, IMF and the World Bank (Zurbruggen, 2011; Pollitt & Bouckaert, 2011). The basic idea was that the establishment of (semi-)autonomous agencies plus the introduction of performance-based control will make government function more effectively (Hood, 1991). This, in turn, was based on the idea that a separation between policy design and policy implementation will lead to a better functioning government (Verhoest, Van Thiel, Bouckaert & Laegreid, 2012).

A second driver towards agencification has been globalization, in particular the spread of economic neo-liberal ideas, which led to the deregulations of markets and policy sectors and to the change of the role and scope of government (Simmons & Zachary, 2004). A result of this change has been that states have re-regulated markets throughout autonomous regulatory agencies (Gilardi F., 2005; Coen & H eritier, 2005), which regulate and oversee the behavior of actors in the different markets.

Regardless of the common drivers towards creation of autonomous agencies research has shown that the design of agencies and their level of autonomy are affected and shaped by different factors such as political administrative traditions (Pollitt et al. 2004; Bianculli et al., 2012; Coen & H eritier, 2005), internal political negotiations and constraints (Yesilkagit, 2004; Howell & Lewis, 2002), by policy sector dynamics (Jordana & Levi-Faur, 2005; Van Thiel, 2006) and by task specificities (Verhoest et al. 2010).

This thesis aims to study the level of formal autonomy of public agencies in two Latin American countries: Colombia and Venezuela. We attempt to study how formal agency autonomy is affected by the country-specific political administrative dynamics, and by policy sector and task characteristics in Colombia and Venezuela.

This research is relevant because so far the focus of agency research has rarely gone beyond OECD member countries. There have been some studies about agencies in Latin American countries; however they have been focused mainly on regulatory agencies and on the 1990's as period of study (Levi-Faur, 2005; Jordana & Levi-Faur, 2005, 2006; Gutierrez, 2003; Andres, 2007 ;and Zurbriggen, 2011). This research not only includes regulatory agencies but a wider categorization of agencies which are located in different policy sectors and perform different tasks. Furthermore, this paper also covers not only the 1990's but the recent administrative developments of Colombia and Venezuela, in terms of formal autonomy.

We have chosen these two countries because they have similar administrative traditions. Moreover, as we will outline further below (see chapter 4) both countries followed a similar reform path during the 1990's (Jaimes, 1996; Garcia, 2008) but they have had opposite policies during the last decade. Venezuela has shifted back to a model of state service delivery, economic planning and restriction (Brewer-Carías, 2012), whereas Colombia has proceeded on a similar path like the one in the 1990's while making efforts to improve the quality and reduce the cost of the public sector (Younes, 2012). In practice both countries have modified their state structure and particularly their agency landscape.

Therefore, because of the historical communalities of Colombia and Venezuela as well as the recent changes between the two countries, we have chosen to study both countries. More specifically we study Colombia as base point from 1990 to 2011 and for comparative purposes we include Venezuela in our study, but only for the period from 2000 to 2011. The reason for doing this, is that we used Colombia to explore the agencies' formal autonomy since the moment in which the major public sector reform started in Latin America, the early 1990's and we use Venezuela for comparison because its change of policy since 2000. Therefore, the year 2000, represents the reference point of the comparative analysis since in that year the change of policy in Venezuela was not yet materialized. Thus, we are able to assess the evolution of Venezuela from before the change of policy and compared to the evolution in Colombia.

This research attempts to provide new insights to agencies' autonomy research by studying the effects of different country-, sector- and tasks-related factors with respect to the formal autonomy of agencies in countries which have not been subject of study in agency research.

To conduct this study we have tested three theoretical perspectives that traditionally have been used in agencies research: sociological institutionalism, historical institutionalism, and rational choice institutionalism. Therefore, this research also juxtaposes different theoretical approaches against each other and tests their relevance in the context of Colombia and Venezuela.

During the process of conducting this research we also studied the trends and explanations for creation of agencies in Colombia and Venezuela (agencification). However, that part of the research has not been included in this document for two reasons: first that section still needs further development, and second we aimed to maintain the complexity of the analysis and of this master thesis report to a manageable level.

1.1) Research questions

This thesis will be guided by two main research questions. The first one has a descriptive aim and focuses on what has happened in terms of agency formal autonomy in Colombia and Venezuela. Thus the first research question is: What have been the trends in formal autonomy of public sector agencies from 1990 to 2011 in Colombia and from 2000 to 2011 in Venezuela?

Particularly, we have looked the evolution of formal autonomy of agencies across different tasks and across policy sectors. Thus, we looked at the patterns of formal autonomy in agencies with similar tasks compared with agencies with other primary tasks and agencies within one policy sector compared with agencies in other policy sectors. Therefore, for the first descriptive research question two sub research questions are formulated:

- What have been the trends in formal autonomy of public sector agencies across different tasks from 1990 to 2011 in Colombia and from 2000 to 2011 in Venezuela (considering every five years)? and
- What have been the trends in formal autonomy of public sector agencies across different policy sectors from 1990 to 2011 in Colombia and from 2000 to 2011 in Venezuela (considering every five years)?

The second research question refers to the abovementioned theoretical perspectives that will be used in this research, and has the aim of giving an explanation to the finding of the descriptive research question and to the differences encountered in the levels of formal autonomy: What theoretical factors referring to different schools of institutionalism can explain the level of formal autonomy of agencies in Colombia and Venezuela?

To provide such explanations we have relied on different institutional theoretical approaches namely: historical institutionalism, sociological institutionalism and rational choice institutionalism, approaches which have been used in agency autonomy research. We have operationalized those theories through factors that are related with the task agencies perform, the policy sector in which they are located and the context of the country. Therefore we have formulated two sub research questions:

- To what extent is the formal autonomy of public sector agencies in Colombia and Venezuela in different time periods affected by task-, sector- and country-related factors?
- Which theoretical frameworks have relatively most explanatory power to explain the formal autonomy of public sector agencies in Colombia and Venezuela: historical institutionalism approach, sociological institutionalism, or rational choice institutionalism?

2) Theoretical explanations for agencies' formal autonomy

In this section we elaborate different perspectives that have been used in literature to explain agencies' formal autonomy in order to define punctual hypotheses to be tested in this thesis. Christensen, Lægreid and Wise (2002) argue from a transformative approach meaning that the way in which public sector reforms are implemented is affected by the historical-institutional context (administrative tradition) and the environmental characteristics (external pressures) of a country, as well as by the instrumental-structural features of the task, sector and country at hand. By doing this they refer to the three theoretical frameworks we use in this research, being historical and sociological institutionalism, as well as rational choice institutionalism.

The three theoretical perspectives which will be used in this research have a major difference in relation with the logic to which they respond. Scholars in political sciences have made a distinction between the logic of appropriateness and logic of consequentiality to explain how institutions act and change (Hall & Taylor, 1996). The former logic makes reference to how organizations act not to pursuing their goals but to obtain legitimacy. They do this by acting according to values and common practices which may have historical roots (March & Olsen, 1996). The first two theoretical perspectives (sociological and historical institutionalism) fit under this logic.

The logic of consequentiality corresponds to the third theoretical perspective used in this thesis (rational choice institutionalism theory). Under this perspective organizations (or individuals) act not to comply with normative values but rather by following particular goals in an instrumental fashion. Under this logic organizational and individual behavior is based on means-ends calculations in order to reach goals and preferences (Ostrom, 1991).

When applying these theoretical perspectives to Colombia and Venezuela we argue that since the two countries have similar historical context, reform paths and environmental context, it is possible to expect from both the sociological institutionalism and historical institutionalism perspective, that the patterns of formal autonomy in Colombia and Venezuela will be similar. From the rational choice perspective, on the other hand, it is possible to expect that the level of formal autonomy of agencies in Colombia and Venezuela depended on country level and agency level characteristics which may be different from Colombia and Venezuela.

Therefore, we have used the expectation for similarities based on the sociological institutionalism theory and the historical institutionalism theory as a starting point and then we use the rational choice theory to explain the specificities encountered in Colombia and Venezuela.

In the remaining of this section we explain the theoretical perspectives in detail and present the hypotheses derived from them.

2.1) starting point: Sociological institutionalism and historical institutionalism

2.1.1) Sociological institutionalism and isomorphistic pressures for similarity

According to the sociological institutionalism, institutions in their search for legitimacy will tend to comply with the external ideas or “rational myths” regarding how they should act, be organized and perform, even if they do not necessarily agree with them (Meyer & Rowan, 1977). Therefore, organizations that are exposed to similar external pressures will tend to adopt similar measures and, thus, they will resemble each other. This process is called isomorphism between organizations.

DiMaggio and Powell distinguish between three forms of isomorphism: coercive, mimetic and, normative. Coercive isomorphism refers to the external pressures imposed over an organization (and in this case also a country) to comply with particular standards. These pressures can be formal or informal and can come from organizations that are located above or superior to the organization under study (or from which countries like Colombia and Venezuela are dependent).

Mimetic isomorphism has as its major explanation the uncertainty that organizations encounter regarding technology, goals or how to cope with a given situation. As a response to this uncertainty, organizations will try to copy models that are perceived as successful or that have good reputation.

Normative isomorphism refers to the tendency towards similarities produced by common practices, knowledge and values that arise in certain fields and among the professionals within these fields. This causes organizations to adopt norms, practices or organizational structures that are common in the field even if these are not imposed.

Scholars have linked some of the most extensively used explanations for agency autonomy with sociological institutionalism theory and, particularly with the concept of isomorphism, (Meyer & Rowan, 1977, DiMaggio & Powell, 1983), being the spread of the New Public Management and neo-liberal ideas (Levi-Faur, 2005; Gilardi F. , 2005;; Pollitt, et al, 2001).

In this sense, from the sociological institutional approach it is argued that the pressures from the environment are the main reasons to explain the level of formal autonomy of agencies. In the case of the countries studied in this thesis (Colombia and Venezuela) the main source of such influence, besides the normative pressures arising from NPM and neo-liberal regulatory governance doctrines, are international organizations like the World Bank and the International Monetary Fund on the one hand and the influence of donors on the other hand. We discuss these pressures in the next paragraphs.

Inspired on set of New Public Management Ideas some scholars have characterized the ideal type of agency which has the following four characteristics (Troso 1994; Massey 1995; Laking 2002). A first characteristic is structural disaggregation which is related with the idea of having single purpose with service delivery focus organizations. The second characteristic is managerial freedom or autonomy which is the capacity given to an agency to act independently from the parent

ministry as a manner to increase efficiency and be able to make agencies' managers responsible for their decisions (Hood, 1991). The third characteristic is the emphasis in result control which implies a relaxation of input controls -which allow agencies to avoid unnecessary cumbersome regulations which affect efficiency- and a shift to output goals and targets which can be define in contractual term (Kettl, 2000). The last characteristic is the 'policy-operations'-split (Boston et al. 1996; Schick 2002), the basic idea is to divide the policy formulation function, which is consider a political activity, from the policy operation and implementation which is an administrative task. The former should be implemented by democratically elected officials and the latter by autonomous agencies. According to the New Public Management doctrine these four agency characteristics will provide the best public service delivery (Verhoest et al., 2010)

Regardless of the worldwide spread of New Public Management Ideas in the recent times there has been a 'new' trend in public sector reform which has been labeled post-New Public Management (Christensen , 2012) which to some extent has been a response to the fragmentation and loss of political control generated by the NPM-style of government. The post-NPM measures are mainly based on enhancing coordination between public organizations both at the horizontal and vertical level. The focus is on establishment of common targets; enhanced central control, networks and collaboration, as well as reintegration and control of agencies and state owned enterprises (Christensen and Læg Reid 2007). Thus, in the recent times the international discourse regarding agencies has changed and it could be expected that in the same manner the pressures experienced by both the countries in this research (Venezuela and Colombia) have also changed in a quasi-identical way.

The neo-liberal regulatory governance was mainly embodied, in Latin America in general and in Venezuela and Colombia in particular, by the set of recommendations made by the United States government, the International Monetary Fund and the World Bank that was labeled 'Washington Consensus' (Williamson , 2004). The set of ten measures propagated by Washington were mainly focused on tax and budgetary discipline, liberalization and privatization. The type of arguments used were, for instance, that privatization improves the quality of the services and their efficiency; deregulation of markets reduces inefficient costs by enhancing an easy entry and exit of markets; fiscal and macroeconomic discipline assures the stability of countries and reduces inflation; as well as that international investments will enhance economic grow and reduce unemployment (Williamson, 2004). Therefore, the liberalization of markets and the creation of independent regulatory agencies which were designed to regulate these liberalized markets started in this period.

The role of international organizations, like the World Bank and the IMF, and of donors in stimulating state reforms and the adoption of NPM, post- NPM and neo-liberal regulatory governance measures (including the creation of autonomous agencies), in exchange to conditional loans and development aid has being highly documented in the case of Latin American countries (Talbot, 2004; McCourt, 2008; Zurbruggen, 2011; Brouchoud, 2009; Nef, 2005). Such loans and aid were granted conditionally; forcing Latin American countries to privatize liberalize and implement NPM-like public sector reforms.

Based on the former it is possible to expect that Colombia and Venezuela have experienced similar international normative and coercive pressures over time for different reasons. First, both countries were subjected to direct influence from the International Monetary fund, the World Bank and the United States government facing similar pressures to adopt neoliberal and New Public Management measures. Furthermore, Colombia and Venezuela had during the 1980's and 1990's continuously cooperative relations with those organizations. Second, both countries (as we will explain below) had similar processes during the 1980's and 1990's in terms of debt crises and financial crises which made them seek for international loans from international organizations and donors forcing them to implement certain policies and austerity measures. Finally, until recent times both countries had a similar foreign policy in terms of membership to international organizations and cooperation scenarios.

2.1.2) Historical institutionalism and the relevance of similar administrative traditions and reform paths

The historical institutionalism perspective is intrinsically related with the idea that political - administrative traditions are a determinant for public administration choices. Many scholars (Knill, 2001; Vogel, 1986; Pollitt & Bouckaert, 2011) have stressed that the historical and cultural contexts are critical to shape the manner in which public sector reforms are adopted in different countries.

Historical Institutionalism draws on the idea that the previous actions and decisions that have been taken in the past will influence and limit the decisions that will be taken in the future (Peters, 2000; Colin Hay & Wincott, 1998). This means, that in our case the different paths taken by countries will determine the way in which they will cope with agencification.

There are three main concepts can be extracted here: path dependency, sequences, and conjunctures (Pierson & Skocpol, 2002). Path dependency is a process of reinforcement or feedback that increases the likeliness of a particular path to keep happening in the future. Theorists of historical institutionalism talk about increasing returns over time versus the high cost of change. This means that the possibility of obtaining benefit after taking one path increases over time because the cost of changing becomes larger. Thus, because of path dependency the possibility of altering the path decreases over time. Therefore, the events that occur at early stages can modify the trend or path easily whereas the same is very unlikely in later stages of the path.

The second concept 'sequences' is explained by Hay and Wincott (1998) in the following terms "the order in which things happen affects how they happen; the trajectory of change up to a certain point itself constrains the trajectory after that point; and the strategic choices made at a particular moment eliminate whole range of possibilities from later choices while serving as the very condition of existence of the others" (Hay & Wincott, 1998, p. 955). This basically means that the order in which things happen favors a particular outcome over other possibilities and eliminates those alternative possibilities from happening.

Conjunctures or critical junctures are the particular joint occurrence of different causal effects in a particular moment and under a particular context. This concept refers to how historical institutionalism mainly accounts for changes on the paths. As mentioned above, events at the early stage of the conjuncture are more likely to influence the process than in later moments.

Thus in this perspective, the formal level of autonomy of agencies that Colombia and Venezuela have chosen is affected by the past administrative history and culture (Verhoest et al. 2010; Christensen & Lægreid, 2001; Yesilkagit & Christensen, 2009). Pollitt et al. (2005) make this argument also very strongly. They developed a theory of autonomy and control of agencies referring to the influence of politico-administrative culture as well as of tasks, called the task specific path dependency theory (TSPD).

Colombia and Venezuela as mentioned in the introduction have a similar administrative tradition. Furthermore as it will be explained later the administrative history of these two countries is very similar and at some moments in time even common. Therefore from this perspective it is possible to expect that both Colombia and Venezuela will take similar decisions and paths regarding the formal level of autonomy given to agencies.

Based on both the sociological institutionalism and the historical institutionalism perspectives the first hypothesis of this research is:

H1: According to the sociological institutionalism and the historical institutionalism perspectives agencies in Colombia and Venezuela will have similar levels of formal autonomy.

The justifications for this hypothesis are going to be further developed in the fourth part of this thesis which explains the particular historical context of Colombia and Venezuela, the characteristics of its administrative tradition, the reform paths that they have taken and the external pressures to which they have been exposed.

2.2) Rational choice institutionalism

As mentioned before, the rational choice perspective is used in this research to address the specificities of formal autonomy of agencies in Colombia and Venezuela. This theoretical perspective has being widely used to explain agencies formal autonomy.

The explanations that researchers have given for agencies' formal autonomy based on rational choice institutionalism theory can be located at two different levels namely, factors at the agency-level and factors on the country -level (Verhoest et al. 2010). The agency - level factors related to rational choice institutional theory are linked to characteristics such as task and policy sector.

The country-level rational choice institutionalism on the other hand locates its explanation in the political dynamics and polity features of the involved country. For instance, Thatcher and Stone Sweet (2002) stress that delegation is often used by politicians to reduce information asymmetries, overcome commitment problems, enhance the rule making and avoid the blame in

controversial problems. We will now discuss the agency level rational choice perspective first, and afterwards discuss the country level rational choice framework.

2.2.1) rational choice explanations at the agency level

Within the agency-level rational choice perspective is it possible to find explanations based on the two competing logics that have been highlighted in the process of delegation (Horn 1995; Yesilkagit 2004): The logic of agency problem and the logic of commitment problem.

The agency problem is derived from the principal agent theory (Pratt and Zeckhauser 1991) which has its roots in economic transaction cost theory (Williamson, 1981) which stresses the difficulties in transaction and contractual relations between principals and agents. These difficulties are related with the asymmetry of information of the latter over the former and the tendency of agencies to use that information to pursue their own interest. Based on the agency problem perspective Verhoest et al. (2010) highlight the fact that tasks are more efficiently delegated and can be granted with higher levels of autonomy when: the results are easy to measure, when objectives are easy to define (Jensen and Meckling 1976; Wilson 1989), the activities are homogenous (Wilson 1989; Ter Bogt 1998), and when there is low level of asset-specific investments to be made (Williamson 1985; Van Thiel 2001).

Normally these different aspects are strongly correlated with each other: tasks which are easy measurable will have objectives which are easy to define, rather homogeneous activities and less asset-specific investments involved. In the remainder of this work, we focus on task measurability as crucial aspect. Thus, it is more likely to find high levels of formal autonomy when task are easily quantified. On the contrary, this perspective suggests that delegation is less likely to occur when the tasks are not so easily to measure and monitor.

Based on the former the second hypothesis of this master thesis is:

H2: Agencies that have tasks which are easy to measure have higher levels of formal autonomy compared with agencies that have task that are not easy to measure.

An additional element that has being highlighted as part of the agency problem and which affects the formal autonomy of agencies is the political salience of certain tasks (Pollitt, 2004; Krause, 2003) Political salience is high when the execution of the tasks involves regular contacts with large set of users and a large impact upon a large amount of citizens or organizations. These types of tasks are likely to be more intensively controlled by the principals and, then, less formal autonomy will be granted to them. Normally, agencies with high political salient tasks are predominantly located in welfare and social -related policy sectors (Pollitt 2005; Verhoest et al. 2010). Agencies with high political salience are perceived as potentially influencing citizen's support and voting behavior and hence involve more high risks for politicians in terms of re-election. Thus, politicians prefer to keep close control over them.

Hence the third hypothesis of this research is framed as follows:

H3: Agencies located in welfare and social sectors have lower levels of formal autonomy, compared to agencies that are located in less political salient sectors.

As an alternative to the agency logic, the logic of commitment problem at the agency level rational choice has been used as an explanation for the creation of regulatory agencies and for their level of independence (Gilardi , 2005; Jordana & Sancho, 2004; Thatcher, 2005). The argument is related with the rise of regulatory capitalism as a consequence of market liberalization in economic sectors (Coen & H  ritier, 2005). Many scholars (Christensen & Laegreid, 2006 ;H  ritier, 2005; Gilardi, 2002) have pointed out that governments, in order to attract investors to newly liberalized markets governments, need to prove credible commitment and time consistency towards the new rules of the game. This is normally done by the creation of an independent regulatory agency, to which a great deal of autonomy is given, and which are (at least to some extent) insulated from political interference in their regulatory decision making.

Based on the logic of commitment problem two hypotheses can be formulated

H4: Agencies with regulation as primary task will have higher levels of formal autonomy, compared to agencies with other primary tasks.

Since deregulation of markets occurs more in economic policy sectors than in other sectors, the second hypothesis is

H5: Agencies in economic policy sector sectors will have higher levels of formal autonomy, compared to agencies located in other policy sectors.

2.2.2) rational choice explanations at the country level

The country-level perspective of rational choice institutionalism which is used in this paper is based on delegation theory (Moe, 1995; Horn 1995). This delegation theory focuses mainly in the internal politics of a country to explain the agencies levels of formal autonomy.

Based on delegation theory, Yesilkagit and Christensen (2009) argue that the creation of agencies and the particular characteristics of these agencies depend on two elements: policy conflict and political uncertainty. The former concept highlights the idea that the structure of the agencies reflects the particular political struggles and compromises that were on place at the moment of the agency creation. The argument suggests that in democracies it is not likely that the governing party takes all decisions on its own. Hence, opposition parties will try to influence agencies design (Riker, 1986). Even more, opposition parties will try to keep some influence over agencies after there are created. Therefore, we can expect that in moments of high political constrains founding legislation that creates agencies will create agencies with low level of formal autonomy, as a result of the efforts of opposition parties to keep control over government agencies.

Researchers have related policy conflict with the amount of independent veto player in a political system and with their preference (Yesilkagit & Christensen, 2009 ;Jordana & Levi-Faur, 2005; Gilardi , 2002; Van Thiel, 2004). Veto players are understood as those actors that have the capacity

to block policy change and can be located in the legislative branch (opposition parties), in the judiciary branch (judges who revise government decision) and on the executive branch (prime ministry, ministries, or ombudsman). This research follows this relation.

Policy conflict and particularly veto players have been also related with high level of formal autonomy of regulatory agencies, particularly of central banks. Some scholars (Keefer and Stasavage 2002, 2003; Moser 1999) have argued that veto player and its capacity to block policy changes are a precondition for delegation. They suggest that the delegation to central banks only can be credible if it can be assured that it will not be reversed in the future. In this perspective then, policy conflict will be related with high of formal autonomy.

For this thesis, since our scope goes beyond delegation to central banks, and based on the significant amount of studies that support the negative relation between policy uncertainty and formal autonomy we formulate the following hypothesis:

H6: In countries with relatively higher levels of policy conflict agencies will have less formal autonomy, compared to countries in which the policy conflict is relatively lower.

Political uncertainty makes references to the uncertainty that politicians experience as a result of the political struggles. This theory assumes that if politicians experience large levels of political uncertainty they will try to insulate the agencies that are created under their mandate from changes made by the successive cabinets which may have different political composition and preferences (Gilardi, 2005). Therefore delegation to autonomous bodies is a manner to protect policies from the possible changes in government coalitions and policies preferences in future (Shepsle, 1992; Moe, 1995). Based on the political uncertainty approach the following hypothesis is formulated

H7: In Countries with relatively higher levels of political uncertainty agencies will have more formal autonomy compared to countries where the political uncertainty is relatively lower.

3) Methodology

3.1) Data collection

As data collection technique for this research we have used mapping of public sector organization in a similar manner than has being done in the Irish State Administration data based (Hardiman, MacCarthaigh, & Scott, 2013). Using as main sources the annual budget brake down of Colombia and Venezuela we have a mapping for every five years. We code the landscape and characteristics of agencies in Colombia and Venezuela. This was done for the years 1990, 1995, 2000, 2005 and 2011 for Colombia and for the years 2000, 2005 and 2011 for Venezuela. The main reason for having more observation points for Colombia than for Venezuela is, as mentioned in the introduction, that Colombia was taken as the base point and Venezuela was taken in for comparison purposes. The comparative element is inspired by the changes in policies that Venezuela has experienced since 2000. We choose 2011 instead of 2010 as the final observation point because 2011 was the last year for which we found data for both countries and we tried to come as close as possible to the present time.

The data was collected every five years, which means that they may be some dynamics within the five year that are not covered by this research. We assume that by comparing the last year with the first year of each period it is possible to observe the general trends in agencies' formal autonomy. The data was not collected for every year because of the time consuming nature of the mapping process. This is especially the case for Colombia and Venezuela since these two countries do not produce a systematic yearbook of public organizations with the required information. Therefore it was necessary to complement the data collection process with online research and by looking to the agencies' creation legal instrument.

The data for Venezuela was available on line in the website of the central budget office (<http://www.ocepre.gov.ve/>) for the three observation points (2000, 2005, 2011); however, in the case of Colombia to obtain the data from the 1990 to 2000 it was necessary to travel to this country and to do the data collection in the library of the Finance Ministry of Colombia which provided us with a physical copy of the required break down budgets, for consultation. The data from 2000 to 2011 for Colombia was obtained online in the website of the finance ministry (<http://www.minhacienda.gov.co/MinHacienda1/haciendapublica/presupuesto/programacion/ley/resolucion/2000>)

The mapping was done only for national level agencies. Agencies that only have regional presence and activities were not included. Additionally universities and public hospitals were not included either. This was done mainly to avoid the potential bias to the analysis that these types of organization could create because they refer to a large number and tend to have the same characteristics.

At the end of the mapping process we coded for Colombia 89 agencies for 1990, 104 agencies for 1995, 99 agencies for 2000, 86 for 2005 and 85 for 2011. In the case of Venezuela, we coded 82 agencies in 2000, 119 agencies in 2005 and, 111 agencies in 2011.

The features that were mapped for each one of the agencies in the selected years are: type, task, policy sector, type of governance structure and budget. However for the purpose of this research we only take into account type, task and policy sector because the other characteristics (budget and governing structure) were not available for all the agencies.

To map the type of agencies in a standardized manner we are going to draw on the classification made by Rob Laking in the OECD Journal of Budgeting (2005) and the COBRA network (Verhoest et al. 2012). Agencies, then, can be classified in three categories: departmental agencies, public law administrations, and private law bodies, which can be further subdivided in state companies and public foundations (Verhoest. et al., 2012). Due to the extensive amount of private law bodies encountered we only included agencies which function under public law: departmental agencies and public law agencies.

Departmental agencies, also called type 1 agencies in this study, are those that are part of ministries, do not have separate legal identity but have separated internal governance. Public Law agencies, also called type 2 agencies in this study, are agencies created by law and have legal identity, which is vested in public law. Their governance is separated from the ministries and can have a governing board (Laking, 2005). The type of agency will be used as a measure of formal autonomy in this study (see further below).

To classify the different tasks we draw on the classification used by Verhoest et al. (2010), which is in turn based on the Comparative Public organizations COBRA database (<http://www.publicmanagement-cobra.org/>). They distinguish between five types of tasks: (1) regulation, scrutiny and inspection; (2) Policy formulation; General public service delivery; (4) others ways to exercise public authority and (5) category is 'business and industrial services'

This classification, however, is a simplified version of the task classification used by the COST research group in current trends in public sector organizations (http://www.cost.eu/domains_actions/isch/Actions/IS0601), and the classification used by the Irish state structure data base (<http://www.isad.ie/>). Table 1 presents the comparative task classification.

In the mapping process we code the primary task of agencies but also their secondary and tertiary task if they had it. However, for the purpose of the analysis we only used the principal task of the agency which defines the main purpose of the agency. Therefore, we do not account for the different possibilities of combination of tasks.

Table 1 comparison of classification of task.

COBRA	COST/ISAD
1) Policy formulation	Policy formation and advice to ministers
2) Regulation	Regulation, scrutiny and supervision
	Quality evaluation, certification, and accreditation
	Registration, licenses and permits
3) Exercising other kinds of Public Authority	Payment of subsidies, financial transfer
	Collection of taxes, contributions and fines
	Arbitration
4) General Public Services	Direct service delivery to citizens
	Information provision to citizens
	Research training and education
	Maintenance
	Support service to other public organizations
5) Business and Industrial Services	Commercial industries
	Contracting developing service specifications or capital projects for tendering

The policy sector component will be classified according to the United Nations Classification of the functions of the Government (COFOG) (<http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4>). They distinguish between 10 different types of sectors: general public services, defence, public order and safety, economic affairs, environmental protection, housing and community amenities, health, recreation culture and religion, education, and social protection. However, to simplify the analysis we have reduced the 10 policy sectors in three: welfare and social policy sector, economic policy sector and other policy sectors (Verhoest et al. 2010). Table 2 shows the compared classifications.

Table 2 comparison of classification of policy sectors

Simplified Policy Sector	Detailed Policy Sector
welfare and social policy sector	Housing and community amenities
	Health
	Recreation, culture and religion
	Education
	Social protection
Economic policy sector	Economic affairs
Other policy sectors	General public services
	Defence
	Public order and safety
	Environmental protection

3.2) Data Analysis

The data analysis is going to be done in two phases according to the two research questions and sub research questions that guide this analysis. To answer the first descriptive research question and its two sub research questions, we presented several graphs that show the overall tendencies of agencies in terms of formal autonomy.

Formal autonomy of agencies is operationalized based on the two types of agencies included in the mapping. The type of agencies is used as a measurement for agency formal autonomy to the extent that it represents their formal distance from central government. Verhoest et al. (2004) distinguish between six dimensions of autonomy: Managerial, policy, structural, financial, legal and interventional. The proxy used in this research is part of the legal dimension of autonomy. Legal Autonomy refers to the legal protection that agencies have from parent ministries altering their decision making competences. In the case of a departmental agency since they do not have legal personalities ministries can modify and intervene them rather easy because they do not need a law or parliamentary consent to do to it. Whereas, in the case of public law agencies, governments, in order make changes to an agency do need congress or parliamentary actions. Therefore altering public law agencies is more difficult. Hence departmental agencies (type 1) have less formal autonomy than public law agencies (type 2). In several studies formal autonomy as measured by type of agency has been used as a proxy of actual or *de facto* autonomy, but the relationship is not fully straightforward. Several researchers have shown convincingly that *de facto* autonomy may be different within the same type of agencies, and may differ from formal autonomy (see e.g. Verhoest et al. 2004; Maggetti 2012). Therefore in our study we only focus on formal autonomy and do not pretend to say something conclusively about *de facto* autonomy of agencies in the two countries under study.

Then, to answer the descriptive question and the descriptive sub research question we present several graphs that present the evolution of the overall composition of agencies in terms of the relation of formal autonomy of agencies with their task (sub research question 1), and the relation of formal autonomy of agencies (type 1 and 2) with their policy sector (sub research question 2). These graphs present data for all the observation moments for Colombia (1990, 1995, 2000, 2005, and 2011) and in the case of Venezuela for three observation moments (2000, 2005, and 2011).

As it was mentioned in the introduction the reference point for the comparative analysis is the year 2000, in which the reforms in Venezuela were not fully, materialized. Therefore, we expected to see similar levels of formal autonomy in the year 2000 for Colombia and Venezuela which will allow us assess the changes produced by the changes in government policies in Venezuela.

In order to answer the second explanatory question and its sub research questions, and test the different hypotheses we conducted binary logistic regressions analyses. We choose for this statistical technique because it is the most appropriated when the dependent variable is a binary categorical variable as in our case (type 1 agencies, type 2 agencies) and the independent variables are categorical variables as well (Field, 2005). In order to conduct this analysis properly, we tested for multicollinearity of the independent variables by using the collinearity diagnostic of SPSS. This

test proved that there is not multicollinearity in the variables included in any of the models presented in this report. Additionally, we test for heteroscedasticity (which means that the errors of the observations are not independent and hence it is possible that there are clusters or subgroups in the data) by the Breusch-Pagan test which showed that there is not heteroscedasticity in the models used. Furthermore, we ran the models using robust standard errors, which is normally done to correct for heteroscedasticity problems.

The operationalization of the theories was made by applying indicators which have been used and validated in previous research (Yesilkagit & Christensen, 2009; Verhoest et al. et al. 2010; Jordana & Levi-Faur, 2005).

The dependent variable for the analysis is the level of formal autonomy of agencies. This was operationalized by the agency type with a dummy variable which takes the value of 0 for departmental agencies and 1 for public law agencies.

The historical institutionalism and sociological institutionalism theories are operationalized by using a country dummy variable, which takes the value of 1 for Colombia and the value of 0 for Venezuela. The reason to operationalize these two theories in this manner is that the hypotheses drawn from the historical and sociological institutionalism theories predicts that formal autonomy of agencies in Colombia and Venezuela will be similar. Thus, this variable allows us to test the extent to which there is a significant country effect that accounts for the distribution of agencies' formal autonomy. If there is such a country effect, this will mean that country characteristics matter significantly and then it will falsify the hypothesis based on the historical institutionalism and sociological institutionalism perspectives.

The agency-level factors which are related to the rational choice institutionalism are operationalized in the following way. For the agency problem hypotheses we created a dummy variable which takes the value of 1 for agencies with 'general public services' as primary task and a value of 0 for agencies with one of the other four tasks (policy formulation, regulation, other kinds of exercising public authority and business and industrial services). The reason for doing this is that from the different tasks 'general public services' is the one which presents a higher measurability (Verhoest et al. 2010; Laegreid et al. 2006; Verhoest, Rubecksen, & Humphreys, 2006; Rubecksen, 2004; Falke & Verhoest, 2006). Additionally, the agency problem is also operationalized by creating a dummy variable with the value of 1 for agencies in welfare and social policy sector and 0 for agencies in the other two sectors (economic policy sector and other policy sectors). This is done following the political salience argument explained above (Pollitt, 2004; Krause, 2003). We did not include business and industrial services as a highly measurable task because after the mapping procedure a very limited amount of cases fell in that category.

The commitment logic is operationalized with two dummy variables. The first one takes the value of 1 for agencies that have regulation as primary task and 0 for those agencies with other primary tasks (policy formulation, other kinds of exercising public authority, general public services and business and industrial services). The second dummy variable takes the value of 1 for agencies in economic sectors and 0 for agencies in the other two sectors (welfare and social policy sector, and

other policy sectors). These variables aim to prove whether the level of formal autonomy of agencies is related to having a regulatory tasks and being in economic sectors (Gilardi F. , 2008).

The country-level rational choice hypotheses are operationalized as follows: For the policy conflict hypothesis we use the political constrain index (POLCON) (Henisz, 2000) which gives a measure of how easy a policy can be changed in one country. It measures the extent to which a change in preference of one actor may cause a policy change (Henisz, 2000). This index looks at the number of veto players in a particular country and the preferences of those veto players in a particular moment of time. Veto player are understood as those actors that have the capacity to block policy change and can be located in the legislative branch (opposition parties), in the judiciary branch (judges who revise government decision) and on the executive branch (prime ministry, ministries, or ombudsman).

To measure political uncertainty we used as a proxy the relation between government and congress, expressed in the ratio between the number of seats held by the three largest government parties and the total number of seats in the congress. We use this measure since Colombia and Venezuela are both presidential systems the risk of cabinet turnover -which is the measure commonly used to measure this variable (Yesilkagit & Christensen, 2009)- is not directly applicable. Therefore, we have chosen a measure which shows, to some extent, the level of political stability that a government has. The ratio was calculated by dividing the seat hold by the three largest parties by the total number of sets of the parliament. The result them, provides values that go from 0 to 1. This means that high values (close to 1) are associated with large share of government parties (low policy uncertainty) and small values (close to 0) are related with small share of government parties (high political uncertainty).

It is expected that the effects of these two variables will materialize after a particular time period because public sector reforms and policies implementations normally does not occurs overnight. Therefore, we do not use the POLCON index value or the value of the ratio between the number of seats hold by the three largest government parties and the total number of seats in the congress, of the same year of the observation point. Instead we take the average of the values of the previous five years. Thus, by doing this we expect to capture the overall effect of the policy conflict and political uncertainty variables.

Since the country level rational choice hypotheses propose a comparison between the policy conflict and political uncertainty of the countries, after computing the two country level rational choice variables, we then recoded them in two dummy variables¹ which allow us to compare the relatively values of the POLCON index and the relative values ratio between the number of seats hold by the three largest government parties and the total number of seats in the congress between Colombia and Venezuela in concordance with the expectation of hypotheses 6 and 7. The first variable was labeled 'country with relatively higher POLCON' and takes the value of 1 for the country that has relatively higher value in the POLCON index and 0 for the country that has the

¹ the original values of the variables are presented in annexe 1

relatively lower value in the POLCON index. The second dummy variable which refers to the ratio between the number of seats hold by the three largest government parties and the total number of seats in the congress was labeled 'country with relatively lower ratio'. This was done in this way because the low values of the ratio between the number of seats hold by the three largest government parties and the total number of seats in the congress, represent high political uncertainty. Thus, the variable takes the value of 1 for the country that has relatively lower ratio (high political uncertainty) value and 0 for the country that has relatively higher ratio value (high political uncertainty).

Table 3 summarizes the operationalization of the theories.

Table 3 operationalization of theories

Perspective	Variable		
Rational choice	Agency level	Agency Problem	Dummy variable: 1 for general public services as primary tasks; 0 for the other primary tasks as primary task (Policy formulation, regulation, other kinds of exercising public authority, and business and industrial services)
			Dummy variable: 1 for social policy sector; 0 for the other sectors (economic and others)
		Commitment Problem	Dummy variable: 1 for regulation as primary task; 0 for the other primary tasks (policy formulation, other kinds of exercising public authority, general public services and business and industrial services)
			Dummy variable: 1 for economic sector; 0 for the other sectors (welfare and social, and others)
	Country level	Dummy variable country with relatively higher POLCON Index (1 for the country with relatively higher values and 0 for the country with relatively lower values) (political constrain database)	
		Dummy variable country with relatively lower ratio (1 for the country with relatively lower values and 0 for the country with relatively higher values) (political institutions database)	
Historical institutionalism and sociological institutionalism	country dummy (0 for Venezuela; 1 for Colombia) variable		

The binominal logistic regression analyses were conducted to test the rational choice hypotheses regarding agency level and the historical intuitionism and sociological intuitionism hypothesis. The analysis was done separately for each observation point. Therefore, the regressions were conducted in Colombia for the data of 1990, 1995, 2000, 2005 and 2011 and comparatively (including data for both countries) for 2000, 2005 and 2011. Thus in the analyses we first explain the agencies' formal autonomy separately for each observation point and then we compare the encountered results of each year with the other years.

The inclusion of the country dummy variable was only done for the comparative analysis. The aim of including that variable was not only to test the historical and sociological institutionalism hypothesis. The aim was also to control for country effects as well as to assess its statistical significance and the plausible explanatory power of the country level rational choice variables.

As the results will show the country dummy variable did show to be highly statistically significant for the three observation points 2000, 2005 and 2011. Therefore, a part of the explanation for the differences encountered between Colombia and Venezuela is located at the country level rather than at the agency level.

The variables used at rational choice country level (POLCON Index and the ratio between total parliament seats and the seats held by the three largest government parties) are linked to the country and not to the agencies, and only have one value per each year. This means that in the comparative analysis for each observation point there is only two values for each rational choice country level variables. As a consequence it was not possible to include the rational choice country level variables in the same model with the country dummy variable, because the three variables only have 2 values (one for Colombia and one for Venezuela). Hence including them would generate serious problems of multicollinearity and the model would fail to yield robust results. Furthermore, for the same reason it was not possible to include the two rational choice country level variables at the same time and in the same model either.

Therefore to test these hypotheses related to the country-level rational choice perspective, we run two binary logistic regression models separately for each observation point without the country dummy variable. In the first model only one of the rational choice country level variables (dummy variable 'country with relatively higher POLCON') was included. In the second model only the other variable ('country with relatively lower ratio between the number of seats held by the three largest government parties and the total number of parliament seats') was included. By doing this we were able to test the effect of the country level rational choice variables and avoid multicollinearity problems in the models.

3.3 Case selection

The country selection for this research was made in a manner that allows us to compare two countries with similar administrative traditions, political systems and administrative histories which have taken different paths during the last decade.

Colombia and Venezuela are two cases which are particularly relevant for this research for different reasons: first, they both have a similar administrative tradition and historically they have taken relatively similar paths in terms of state structure, political system and public sector reform. Thus it can be expected from a historical institutional perspective that Colombia and Venezuela will choose similar patterns in terms of agencies' formal autonomy. Second, these two countries also were exposed to similar international pressures from the IMF, World Bank and the United States Government, to adopt neo-liberal and new public management reforms. Thus, it can be expected that Colombia and Venezuela experience a process of isomorphism and adopted, similar formal autonomy patterns with respect to agencies. Finally, since Venezuela took a radical policy change since the year 2000 and as we have seen it has been reflected in terms of public sector reform, it is very interesting to see how that is reflected in formal autonomy of agencies and to what extent it has produced radical changes in comparison with Colombia despite the communalities that have been highlighted.

4) Characterization of Colombia and Venezuela

The aim of this section is to elaborate in the particular characteristics of Colombia and Venezuela and to explain more in detail their administrative tradition, their reform paths and their international contexts. This is done in order to provide more insight about the case selected for this research on the one hand and to provide deeper argumentations for hypothesis 1. We attempt in to present the background of the case selection and what has happened in terms of reforms in the two countries, in order to provide evidence to prove that Colombia and Venezuela have similar administrative traditions and that they had very similar public reform paths until the late 1990's, the moment in which dramatic differences started to arise

4.1) main characteristics

Colombia and Venezuela are located in the Andean region in South America; they are neighboring countries that share a large border of 2.219 kilometers. From the two countries Colombia is slightly bigger (2.129.748 vs. 916.445 square kilometers) and more populated (47.121.089 vs. 28.946.101 inhabitants) however, these two countries still can be considered as medium-sized countries. A large part of the economies of both Colombia and Venezuela is based on the extraction of natural (Venezuela to a larger extent than Colombia resources and agriculture and industrial services (Colombia to a larger extent). Colombia and Venezuela have a very active trade flow being Venezuela the second largest economic partner of Colombia and vice versa.

In terms of their political systems Colombia and Venezuela have been direct presidential systems since their independence. Both countries have had relatively stable regimes compared with other Latin American countries and they have had continuous competitive elections since the late 1970's.

4.2) Administrative tradition

Administrative traditions are defined by Peters & Painter (2010 p. 6) in the following terms "An administrative tradition is a more or less enduring pattern in the style and substance of public administration in a particular country or group of countries. Traditions 'live' both through the thoughts and actions of contemporary actors and also through the 'dead hand' of inherited structures that constrain them in varying degrees"

Colombia and Venezuela have a strongly interrelated public administration tradition and history for at least three reasons. First they were both subjected to the Spanish colonization and were part of the same colonial region called 'Virreynato de la Nueva Granada' for more than one century. Second, after the independence they were parts of the same country during 12 year (1819-1831) along with Ecuador. Finally, after the division of the countries both Venezuela and Colombia adopted an administrative system which tried to copy the Napoleonic state (Peters & Painter, 2010 p. 23).

Their administrative tradition is defined by the Spanish Colonization in Latin America, which was mainly focused especially in the extraction of resources like gold (Mendez, 1999 p. 13). Then, the

administrative system was imposed as a way to control the increasing power of the colonizers who were rewarded by the Spanish King with land. This administrative system was very hierarchical and based in regulations and written law, combined with a non-egalitarian way of delivering policies. The King personally favored and benefited some persons or groups (Nef, 2005).

After the colony Colombia and Venezuela started a common process of creating a national state. To some extent, the difficult relations between the center and local powers were the main reason why the mentioned union between Venezuela, Colombia and Ecuador in the early XIX did not succeed. Local powers, in Ecuador and Venezuela wanted more decision making power as well as decentralization from the central government in Colombia. The latter was not willing to do so due to mistrust towards the former.

After the division both countries adopted a Napoleonic administrative system, which in essence is legalistic, rigid and with an independent civil service (Peters & Painter, 2010). The combination of the Napoleonic tradition with the administrative context of Latin America evolved in a paradoxical administrative system which is very legalistic and apparently strong on the surface but it is fragmented on the inside (Peters 2001).

4.3) Consolidation of the administrative model

The administrative apparatus of both Colombia and Venezuela experienced during the period from late 1950's to the late 1980's the most important period of growth and consolidation. This period was driven by two main factors: first, the economic model that was implemented called imports substitution (Franco, 1996) and second, the political pacts that were made by political elites to assure political stability and continuity of the economic model (Jaimes, 1996).

The economic model of substitution of imports was mainly embodied in a combination of restrictions to imports and an interventionist of government in economy and social policies which was aimed towards industrialization and development (Sarmiento, 1994; Quintin, 1996). This caused many state companies and organizations to be created in this period as natural monopolies. Also, there were many state aids and subsidies to newly established private sector (Sarmiento, 1994; Ochoa, 1995).

The increase of public organizations and public industries generated in the two countries a growth in the size of the state and the number of public employees. This growth was mediated by the two major parties in both countries: the Conservative and Liberal party in Colombia and the Democratic Allianz and COPEI in Venezuela. Thus, the political parties became the link between the population and bureaucracy which in turn grew according to political considerations (Uribe, 1986, Ochoa, 1996).

The main reason of the crucial role of the political parties in both Colombia and Venezuela is the political pacts made at the end of the 1950's (1958 for both countries) named Frente Nacional (National Front) in Colombia and Pacto de Punto Fijo en Venezuela (Fixed point Pact). These political pacts assured the political support and stability to the economic model in both Colombia

and Venezuela (Lopez et al., 1989; Bejarano, 1993). Moreover, in the case of Colombia, the pact was intended to end a period of violence between supporters of the different political parties.

The main characteristics of this period of time for both countries were bureaucratization centralization, protectionism, and populism (Jaimes, 1996). The size of the state grew in this period significantly. Many public entities were created mainly in the economic sector (state companies) and in the social sectors, as a manner to respond to social pressures especially in terms of housing, and social security (Ochoa, 1996; Sarmiento, 1994). The centralization of the model was characterized by establishment of central planning organizations. (Jaimes, 1996). The protectionist aspect of the model was expressed by the economic protection and subsidies to the newly consolidated private sector (Ochoa, 1996) and by the direct intervention of the state in economic sectors and in the production of goods and services (Quintin, 1996). Finally the populist feature of the model was embodied by the role of political parties in appointing local authorities and in mediating in the allocation of public services and subsidies. Thus, the provision of public services and subsidies was to some extent conditioned to the citizen's support to political parties (Rey, 1991; Díaz, 1991)

4.4) Crises of the administrative model

In the decade of the 1980's the economic and political model of both countries started to present problems mainly caused by the financial crises that Latin America experienced during that period. Governments were not able to maintain the level of social expenditure (de la Cruz, 1992). This, however, affected Venezuela to a lesser extent due to the constant revenues from petroleum. The incapacity of the state to keep the model running sparked claims about the necessity of having a more efficient state and a reduction of the public expenditure (Tohá & Solari, 1997).

This decline of the economic model coincided with the rise of global trend towards neo-liberalism and New Public Management. These trends influenced Latin American Countries mainly throughout the Washington Consensus policy recommendations towards liberalization and deregulation of markets and the multilateral financial institutions, in particular the World Bank and the International Monetary Fund (IMF) (Zurbruggen, 2011; Ramirez-Brouchoud, 2009). In the particular case of Colombia, this country did not experience a strong direct influence of the IMF, compared to other Latin American Countries, because it did not have a large debt crisis. However, many of the reforms implemented in Colombia in Colombia were in the same line than the reform proposed by the IMF. Furthermore, the reforms that started in the 1990's also followed the guidance of the World Bank in terms of state reform (González, 2008) and of the Washington Consensus in terms of economic liberalization (Williamson, 2004).

Additionally in the case of Colombia and to a lesser extent in Venezuela new political forces started to arise claiming for political participation. The State was suffering from a crisis of legitimacy due to its incapacity to deal with narco-traffic as well as the violence and the terrorism that it caused (Restrepo, 2003).

4.5) Reforms during the 1990's

Economically both Venezuela and Colombia adopted a neo-liberal economic model at the end of the 1980's, in 1989 and 1990 respectively. This mainly meant privatization, deregulation of markets as well as fiscal and taxes reforms (Sarmiento, 1994; Jaimes, 1996).

In terms of State reform and New Public Management ideas in both Venezuela and Colombia many reforms were discussed and implemented to different extent. The overall topics of the reforms were: simplification of state structures, disaggregation of organizations (agencies), contracting out, measurement performance, shifting to output focus, decentralization, enhancing accountability, and focus in best practices (Garcia, 2008).

In terms of state reform for Colombia issued a new constitution in 1991 which modified the state structure. Several organizations were suppressed, reformed or created. The new constitution gave room to the creation of several autonomous entities; also it gave autonomy to organizations that previously did not have it. (Ibañez Najar, 2002). In 1986 the landscape of central public organizations was composed of 112 public organizations which further were expanded to 232 in 1991 (Ibañez, 2002).

The new constitution delegated the capacity to reform the public sector to the president during 18 months (which ended in 1992). Thus during that time the president of Colombia was able to create, eliminate, merged and restructured public organization by presidential decrees. To do this the government created a commission to modernize the State. The commission aimed to make a more efficient state and to adopt private sector practice and a new public sector organization (Gaviria, 1993). The outcome of this reform was that from the 232 organization 78 were affected: 19 were suppressed, 43 were reformed, seven were transformed and seven more were created.

Due to the rapid increase of organizations during the first half of the 1990's in 1996 the Colombian government was granted again with legal powers to reorganize the structure of the executive branch of government. The main argument for this reform was to rationalize the public expenditure. For this aim again an especial commission was created. Nevertheless, these reforms were rather limited, and only 20 entities were affected. In 1998, there were in Colombia 210 non-departmental organizations at the national level including state owned companies and public foundations. In the same year there was a new attempt to reform the number of organizations and their structure, by creating a new frame law for the public sector, however it was not fully implemented (Younes, 2012).

In 1999 Colombia suffered economic crises which led to the need for the first time in its history (as we saw before this did not happened during the financial crisis of the end of the 1980's) of appealing to the IMF, which suggested several cutbacks. These cutbacks affect several sectors specially the money transfers from the national government to the local governments (Young, 2006)

In the case of Venezuela during the 1990's there were similar reforms than in Colombia. In 1991 a government decree was issued in order to simplify the administrative procedures. This was intended to reform the public sector and simplify its procedures to make it more efficient (Lara et al., 1991). Similarly than in Colombia, in Venezuela a presidential commission for the State reform was active during the entire decade and was in charge of impulse the reforms. The main outcome of this reform was a reduction in the number of state employees and a reorganization of the state architecture. Overall the basic ideas of the Venezuelans' reforms during the 1990's were to reduce the public expenditure, privatize state companies, and to introduce management techniques.

The reforms in Venezuela had a similar emphasis than in the case of Colombia. First, both countries during the 1990's liberalized markets and privatized public companies (Sarmiento, 1994; Jaimes, 1996). Second, in Colombia and Venezuela there were several attempts to introduce managerial techniques and output based performance measures (Garcia, 2008). Third, one of main efforts of both countries was to reduce the public sector expenditure throughout reduction of estate employees and decentralization of functions to the regional levels (CLAD, 1994a, 1994b). Four, there was a restructuration of public organization landscape many organization were created, eliminated, merged or split (Jaimes, 1996). Finally there was a tendency towards desagregation of organizations (Garcia, 2008)

4.6) Reforms during the 2000's

In Colombia in 2002 a new government took office and started reforms that sought to reduce the number of organizations. A program aimed to renew the Public Administration was launched. The main goal the reform was to reduce public expenditure as well as to rationalize and renovate the public administration (Younes, 2012). Hence, it was aimed to reduce the size of the government to what was strictly necessary to fulfill its obligations. During the eight years that the president Alvaro Uribe was in office, 44 public organizations were eliminated, 7 were merged, 40 were reformed and 14 new ones were created.

In the case of Venezuela, as we have mentioned since 1999 when Hugo Chavez took office, there was a shift in policies towards the left. This meant also a change of policy regarding state reform. There are three major changes that can be highlighted in relation to Venezuela's recent trends of state reform: An exponential increase of the number of ministries, the creation of new types of organization, and the general centralization of the public administration in terms of reducing autonomy of subnational governments and decentralized organizations. (Brewer-Carías, 2012).

Regarding the first element, the number of 14 ministries that existed in Venezuela in 1999 expanded to 27 in 2006 and 29 in 2012 (Alvarado, 2006). Partially, the reason for this to happened was that since 2000 the law that organized ministries in Venezuela, delegated the function of create, eliminate, and merge ministries to the president. This increase has not been pursued through any particular reform program but rather according to the overall state enlargement government policy.

The second element makes reference to the creation since 2008 (the year in which a new public administration framework law was issued) of new types of public organizations called “misiones” which do not refer to a fixed particular pre-defined type of public sector organization. Such a ‘misiones’ may take rather ad hoc forms, being usually the form of a state foundation. However they can also take the form of presidential commissions, or even public companies. This organizational type functions outside the public sector and such organizations are usually created to carry out presidential programs (Brewer-Carías , 2011).

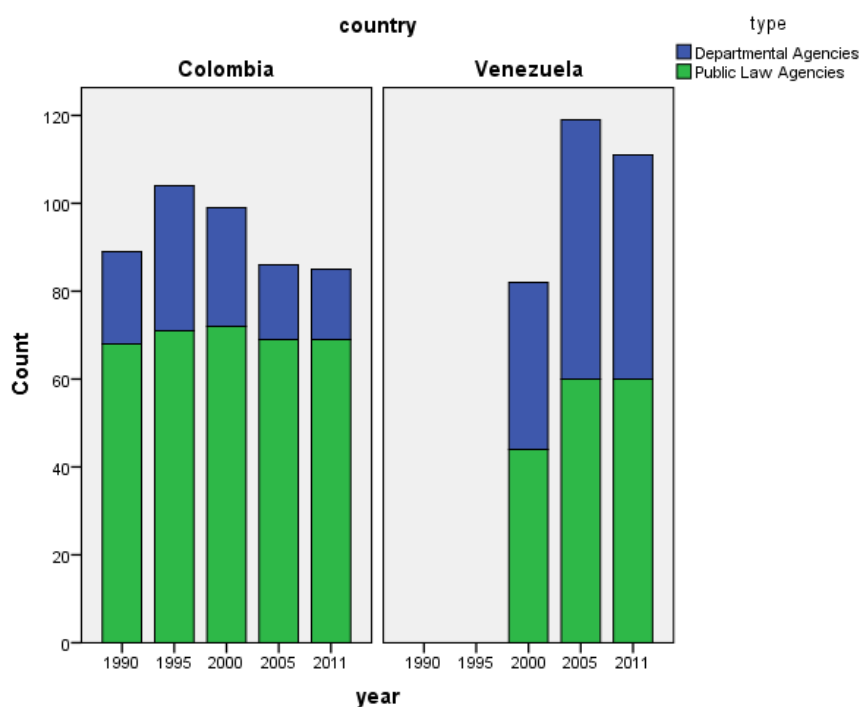
The third element of the recent trends in Venezuelan public administration is the centralization of the public administration. This process started in 2007 with the establishment of the National Planning Commission, to which all the decentralized organizations both at national and the local level were subordinated. This commission was created to reduce the autonomy of public organizations, to generate a centralized policy towards government function and to reorganize and transform the state companies (Brewer-Carías, 2012). As we would see in the next section this centralization process is reflected on the reduction in the total number of agencies for the 2011 observation. However, as we will see it seems that the reduction affected more departmental agencies than public law agencies.

5) Describing trends in formal autonomy of agencies in Colombia and Venezuela

In this section we present graphically the major trends in terms of agencies' formal autonomy in Colombia and Venezuela in the time span which we study in this research. Graph 1 presents the overall evolution in the total number of agencies and the composition according to type: departmental agencies (type 1) and public law agencies (type 2). Graph 2 presents the trends in terms of the relation between types of agencies and tasks. Finally, graph 3 presents the evolution of the relation between type of agencies and policy sectors.

The analysis of the graphs is done in the following manner: first, we comment the overall trends in the case of Colombia. Then we highlight remarkable specificities, and at the final stage we compare the finding of Colombia with Venezuela, in the same way.

Graph 1 Total number of agencies and type of agencies (Analysis period for Colombia: 1990-2011; for Venezuela 2000-2011)²



In this graph for the case of Colombia, as a general characteristic, there have been a significant larger number of public law agencies (type 2) than departmental agencies (Type 1 Agencies). The

² The total number of agencies presented in this graph is lower than number of non-departmental agencies presented when we explained the trends of state reform in Colombia during the 1990's and 2000's. The main reason for that is that in this graph we only present that total number of type 1 and 2 agencies, whereas in the numbers presented in section 4.5 included public companies and state foundations.

number of public law agencies has remained rather stable with a small increase in the second half of the 1990's which was reversed in the first half of the 2000's. Departmental agencies on the other hand experienced a significant increase from 1999 to 1995. They move from 21 to 33 agencies which was followed by a minor decrease from 1995 to 2000 and then a significant decrease during the 2000's ending in 16 departmental agencies. Overall, for Colombia, both type 1 and type 2 agencies experienced an absolute increase during the 1990's and a decrease during the 2000's.

Comparatively in term of total number of agencies it is possible to see how for the first year (2000) Colombia had more agencies than Venezuela, being 99 to 83 respectively. However in 2005 the relation was inverted, with Venezuela having an overall larger number of agencies 120, compared to 86 in Colombia. In 2011 Colombia had remained rather stable with 85 agencies whereas Venezuela had experienced a decrease to 112 agencies.

Thus if we compare the 2000 and 2005 observation points agencies grew in Venezuela and decreased in Colombia. However, when the 2005 and 2011 observation points are compared the results show that Colombia remained almost the same and Venezuela experienced a minor fall in the number of agencies.

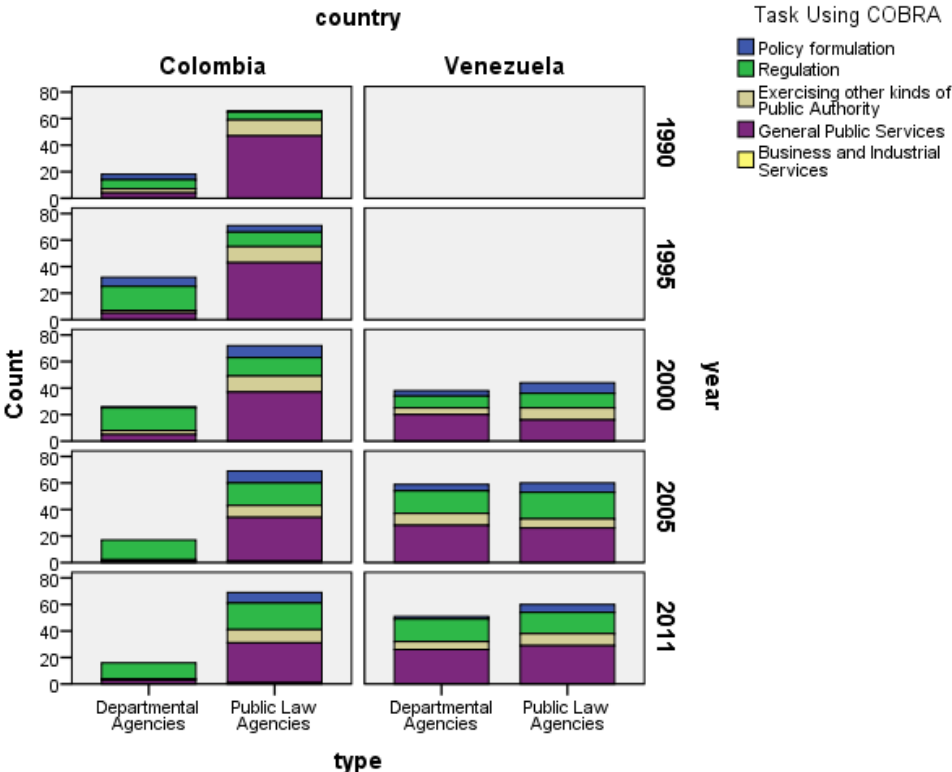
With respect to agencies' type Venezuela presents for all the years a significant larger number of departmental agencies in comparison with Colombia. However both countries have a bigger number of public law agencies than departmental agencies (however, for Venezuela in 2005 the relation was 59 departmental agencies and 61 public law agencies). The variation between the two types of agencies in the two countries is somehow similar to the extent that for both countries the variation of departmental agencies is larger than the variation of public law agencies. This is consistent with the fact that departmental agencies are easier to create, change or eliminate because it is not necessary to have a parliamentary law but only a governmental decision

In graph 2 we can analyze the evolution of the relation between type of agencies and task in Colombia and Venezuela. In the case of Colombia the main element is that for every observation point it is possible to observe that in the case of departmental agencies the task with larger share is regulation and for public law agencies the task with largest share is general public services.

In the particular case of public law agencies, the composition of task shows that even though for every year there is a majority of agencies with general public services as task, we can also observe a tendency towards a reduction in the number of agencies having general public services as primary task, and that the other primary tasks, especially regulation, and policy formulation increasing their participation. The task 'other kinds of exercising public authority' also shows a reduction.

In the case of departmental agencies, it is interesting in graph 2 that the task regulation grows in every observation point. Leading to a composition of departmental agencies in which almost all agencies have regulation as it primary task in the years 2005 and 2011.

Graph 2 Evolution of the relation between types of agencies and agencies' primary tasks. (Analysis period for Colombia: 1990-2011; for Venezuela 2000-2011)



Comparatively, in the case of Venezuela, unlike Colombia, departmental agencies and public law agencies do not differ significantly in their task. In Colombia the agencies encountered in the two different types show to have different task, in the case of Venezuela since the observation point of 2005 the landscape of agencies shows that both types of agencies have a very similar distribution of tasks. Additionally, as a general trend, In Venezuela for both types of agencies there is an important increase in agencies having regulatory and general public services tasks from 2000 to 2005.

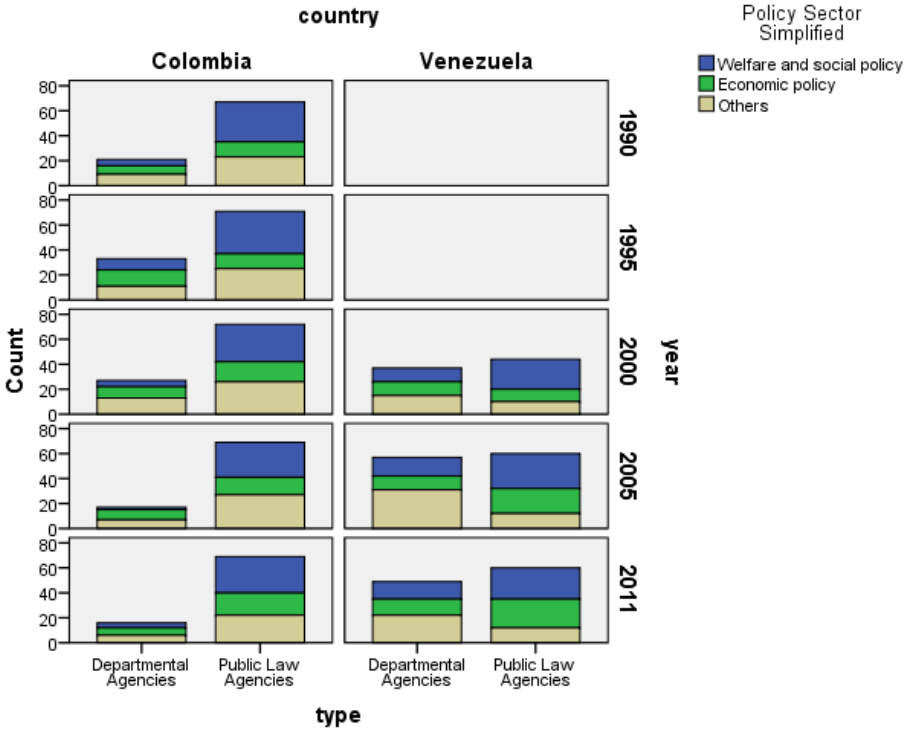
In the case of public law agencies for 2011 there is a reduction in the number of departmental agencies with policy formulation and other kinds of exercising public authority as their primary task. In the case of departmental agencies, for 2000 the majority of departmental agencies had as its most important task general public services (which marks a difference with Colombia) and to a lesser extent, regulation.

Graph 3 presents the evolution of the composition of departmental agencies and public law agencies according to their policy sector. In terms of trends in the case of Colombia there has been an increase in agencies in both the economic policy sector and the welfare and social policy sector

from 1990 to 1995, which was followed by a decrease of departmental agencies active in those two policy sectors for the year 2000. In 2005 the number of departmental agencies in the welfare and social policy sector and the other policy sectors group had an important reduction whereas the number of departmental agencies active in the economy policy sector remained stable. For 2011 there was a reduction in departmental agencies in the economy policy sector and other policy sectors, and an increase in the welfare and social policy sector.

Regarding public law agencies in 1990 and 1995 a rather similar distribution of policy sectors can be observed. The composition in order of importance is the welfare and social policy sector, other policy sectors and then the economic policy sector. Then from 2000 onwards we observe an increase in the economic policy sector. Hence, public law agencies in Colombia throughout the period of analysis were mainly active in both the welfare and social policy sector and in the other policy sectors, although the number active in regulation has increased substantially.

Graph 3 evolution of the relation between type of agencies and Policy Sector (analysis period for Colombia: 1990-2011; for Venezuela 2000-2011)



In the case of departmental agencies it is possible to see that for all observation point welfare and social policy sector agencies had the smaller participation. In 1990 and 2000 others policies sectors were larger than economic policy sector agencies and in 1995, 2005 and 2011 economy policy sector agencies were the largest group.

In the case of Venezuela there are two clear tendencies in this graph: first, there is an important increase of economic policy agencies among the public law agencies' group, which is similar to what we can observe in Colombia, albeit to a larger extent. Second there is an important increase of the group of departmental agencies active in the other policy sectors, which relates to an increase in general public services agencies (core government) and an increase in defense agencies. This second tendency is contrary to what we can see in the case of Colombia where there is a reduction of 'other policy sectors' in the departmental agencies' group. Finally, for both countries the welfare policy agencies are more present in the public law agencies than in the departmental agencies.

5.1) Summary

In this first descriptive section we have explore the general patterns of agencies' autonomy in Colombia and Venezuela. This was done by looking at the overall composition of agencies according to type: departmental agencies (type1) and public law agencies (type2), and the trends in the relations between type of agencies and the task they perform and between type of agencies and the policy sector in which they are located.

The main findings of this section were: In terms of types of agencies that in Colombia agencies, are granted with higher levels of formal autonomy than in Venezuela. This shows that apparently the situation in the year 2000 was already different for Colombia and Venezuela in terms of agencies' formal autonomy. This contradicts the initial expectation of this research in which we expected that at the starting point of the comparison, Colombia and Venezuela had similar patterns of agencies' formal autonomy.

Regarding the relation between task and formal autonomy we found that for both countries an important amount of agencies with regulation as primary tasks are found in the departmental agencies group, which means that they are given less formal autonomy. In the same way, for both countries agencies with the general public services task are found in a large number in the public law agencies group which means that they are given high levels of formal autonomy. However, in the case of Venezuela we also found that there is not a clear difference between the task of the agencies located in the in the departmental agencies group and in the public law agencies group.

Wirth respect to the relation between agencies' formal autonomy and policy sectors we found that for both countries agencies located in the welfare and social policy sector and in the economic policy sector have a larger participation in the public law agencies group than in the departmental agencies. Additionally, the graph showed that there is the larger number of agencies in the group 'other policy sectors' in Venezuela than in Colombia. This is a reflection of the

differences between the two countries in the amount of agencies in the general public services policy area³, which relate to the core classic government functions.

These initial findings provide us with an initial picture of the patterns of agencies' formal autonomy in Colombia and in Venezuela. Furthermore, they routed our attention towards certain important questions that need to be addressed: are the general evolutions of agencies' formal autonomy significant? To what extent the different task and policy sectors account for the difference in levels' of formal autonomy? Is there a significant relation between agencies with regulations as primary task and low levels of formal autonomy? Are agencies with general public sector as primary task significantly granted with higher levels of formal autonomy? Is there a significant relation between agencies located in the welfare and social sector and the economic sector with high levels of formal autonomy?

In the next section we aim to provide a formal answer to these interrogations.

³ executive, legislative and judiciary organs, foreign relations, general research, public debt transactions, and transfer between government levels)

6) Explaining the formal autonomy of public sector agencies in Colombia and Venezuela

6.1) Agency level rational choice explanations

In this section we present first the results of the binary logistic regression used to test the agency level rational choice hypotheses, and the historical institutionalism and sociological institutionalism hypothesis regarding the level of formal autonomy of agencies in Colombia and Venezuela. Secondly, we present the results of the country level rational choice analysis.

The analysis was made first only for Colombia and then comparatively. This was done because, as stated before, in the case of Colombia we aim to explain agencies' formal autonomy during the complete period in which the major public sector reforms took place and we incorporate Venezuela in the analysis because of the radical change of policy experienced since the early 2000's.

6.1.1) Results of the binary logistic regressions for Colombia

Table 4 presents the results of binary logistic regression for Colombia. As we mentioned the aim of this model is to explain the formal autonomy of agencies. Hence, the dependent variable is a dummy variable that compares the types of agencies: departmental agencies (type 1 – value 0) and Public Law Agencies (type 2 – value 1). Therefore, the dependent variable of this model compares the existence of type 2 agencies which are granted higher levels of autonomy compared to type 1 agencies which have less formal autonomy. The independent variables included in the analysis are a dummy variable that takes the value of 1 for welfare and social policy sector and 0 for other policy sectors, a dummy variable that takes the value of 1 for economic policy sector and 0 for other policy sectors, a dummy variable that takes the value of 1 for general public sector task and 0 for other primary task and a dummy variable that takes the value of 1 for regulatory task and 0 for other primary task.

The aim of this analysis is to test the agency level rational choice hypotheses. Particularly, regarding the agency logic problem we test the expected higher levels of formal autonomy of agencies with general public services task compared to other primary task (H2) and the expected lower levels of formal autonomy of agencies located in the welfare and social policy sector compared with other policy sectors (H3). Regarding the commitment logic problem we test here the expected higher levels of formal autonomy of agencies with regulatory task compared with other primary tasks (H4) and of agencies located in the economic policy sectors compared with other policy sectors (H5).

We report for this analysis the significance of the overall model, the size, direction and significance of each independent variable, the robust standard errors and two options of pseudo R2. Regarding the latter we did not find a generalized opinion about which measure is better (Field, 2005; Kvalseth, 1985; Mittlbock & Schemper, 1996; Press & Wilson, 1978). It is important to point out that unlike linear regression the pseudo R2 should not be interpreted as a percentage but merely as an indicator of the goodness of fit of the model.

Table 4 result of the agency level binominal logistic regression for Colombia

Variables	Model 1990***		Model 1995***		Model 2000***	
Naegelkerke R2	0,319		0.338		0.273	
Cox & Snell R2	0.217		0.241		0.189	
	B	SE	B	SE	B	SE
Welfare and Social Sector	1.0041	0.7670	0.4308	0.6225	1.0633*	0.6662
Economic Sector	-0.2756	0.6294	-0.9061	0.6621	0.02663	0.5741
General Public Services	2.1644**	0.7210	1.6602**	0.6621	0.62354	0.7035
Regulation	-0.3569	0.7134	-0.9403*	0.5780	-1.5339**	0.6162
Variables	Model 2005***		Model 2011**			
Naegelkerke R2	0.463				0.219	
Cox & Snell R2	0.292				0.136	
	B	SE	B	SE		
Welfare and Social Sector	1.4303	0.9369	0.5501	0.8084		
Economic Sector	-0.5898	0.7455	0.1211	0.6995		
General Public Services	0.51180	1.4895	-0.5931	1.2363		
Regulation	-2.887**	1.1400	-2.353**	1.0936		

*p<0.1; ** p<0.05; ***p<0.01

The results in table 3 show that for each observation point the model is highly significant. The variable which presents the more constant effect is the dummy variable ‘regulation’ which remains significant throughout all the models, except for the 1990 model, with a constant negative effect. This goes against the commitment logic hypothesis. Particularly it rejects hypothesis 4 which predicted that agencies with regulatory task will have a higher level of formal autonomy compared to agencies with other primary tasks.

In the 1990 and 1995 model the dummy variable ‘general public service’ shows significance with a positive effect. The positive effect of this variable supports the agency logic in the sense that principals will grant more formal autonomy to agencies which have tasks that are easily measurable because principals can control such agencies more easily than agencies with other primary tasks (H2). Thus as was expected, agencies with a general public service task were more likely to be organized as type 2 (public law agencies) than type 1 (departmental agencies) compared with agencies that perform other primary tasks. This particularly supports hypothesis 2 for the models of 1990 and 1995.

In the 2000 model, the dummy variable ‘welfare and social policy sector’ showed a significant positive effect. The positive effect of this variable rejects the agency logic hypothesis, particularly hypothesis 3 which predicted that in welfare and social policy sector, which are generally more politically salient, there was supposed to be more type 1 agencies than type 2, compared to other policy sectors. The results show that it is more likely to see type 2 agencies, which indicates more formal autonomy- in social sectors than type 1 agencies.

The Nagelkerke and the Cox & Snell R square of all the models presents medium values which is especially high for the 1990, 1995 and 2005 models which indicate that agency level variables - and in particular the negative effect of the dummy variable 'regulation' - have explanatory power. It is interesting to see how the largest Nagelkerke R square as well as Cox and Snell R square coincides with the periods in which there were largest changes in the overall picture of agencies namely: 1990 to 1995 and 2000 to 2005. Then the findings of this model suggest that the negative relation between regulatory task and type of agencies has been important throughout the reform programs.

In sum, these results show that the commitment logic hypothesis which states that agencies with primarily regulatory tasks will have higher levels of formal autonomy (being type 2 agencies) compared to agencies with other primary tasks, is rejected throughout almost the complete time span except in the initial observation point (1990). Moreover, the models present mixed evidence regarding the agency problem logic particularly in the 1990 and 1995 models (support for hypothesis 2) and 2000 model (rejection of hypothesis 3).

The findings of this model suggest that in the case of Colombia regulatory agencies are not necessarily granted with higher levels of formal autonomy (at least not by being created with independent public law status) which might indicate that the Colombian government does not act according to the logic of commitment when defining formal autonomy of agencies.

6.1.2) Results of the binary logistic regressions across the two countries

Table 5 presents the results for the logistic regression on the joint sample of agencies in Colombia and Venezuela for the two different points in time, for which we did a comparison between the two countries. The dependent variables are the same than in the analysis only for Colombia, comparing public law agencies (type 2 – value 1) with departmental agencies (type 1 – value 0). In these models the dummy country variable was included to control for the possible country effects and to test hypothesis 1, which predicts similarities in Colombia and Venezuela.

Table 5 results of the agency- level binary logistic regression Colombia and Venezuela

Variables	Model 2000***		Model 2005***		Model 2011**	
Nagelkerke R square	0,169		0.237		0.231	
Cox & Snell	0,124		0.176		0.160	
	B	SE	B	SE	B	SE
Welfare and Social Sector	1.0599**	0.4082	1.3178***	0.3774	0.9049**	0.4031
Economic Sector	0.2346	0.4127	0.9269**	0.4271	1.2229**	0.4526
General Public Services	-0.2425	0.4076	-0.0005	0.3685	-0.4123	0.4332
Regulation	-1.0384	0.4720	-0.7676*	0.4287	-1.4537**	0.4829
Country	1.067 **	0.3425	1.5937***	0.3428	1.5507***	0.3766

*p<0.1; ** p<0.05; ***p<0.01

This table shows that the agency level rational choice variables are relevant to explain the formal autonomy of agencies in the two-country dataset. This is shown by the high significance of the three models and by the relatively high Nagelkerke R square and Cox & Snells's R square.

In the 2000 model besides the country dummy variable the dummy variable 'welfare and social policy sector' was found significant with a positive effect. In the 2005 and 2011 models three variables related to the agency level rational choice perspective prove to be significant namely: the dummy variable 'regulation' (with a constant negative effect), the dummy variable 'welfare and social policy sector' and the dummy variable 'economic policy sector' (with a positive effect). This means that both in Colombia and Venezuela after controlling for country effect regulatory agencies are more likely to have low levels of formal autonomy (model 2005, and 2011) whereas agencies in the economic policy sector (models 2005 and 2011) and the welfare and social policy sector (models 2000, 2005 and 2011) are more likely to have high levels of formal autonomy.

These results present a mixed picture. First they contradict the commitment logic particularly hypothesis 4 as there is evidence that regulatory agencies tend to be *less* type 2 agencies (more formal autonomy) than type 1 agencies (less formal autonomy) thus, hypothesis 4 is rejected. However, there is support for the other commitment logic hypothesis, hypothesis 5, which predicts to observe more type 2 agencies in economic policy sectors compared to type 1 agencies. The positive effect of the dummy variable 'welfare and social policy sector' contradicts one of the agency logic hypotheses, particularly hypothesis 3, which predicted to observe more type 1 agencies in the welfare and social policy sector.

The high significance of the country dummy variable contradicts hypothesis 1 to the extent that the expectation of finding similar levels of formal autonomy of agencies in Colombia and Venezuela is rejected. However, the significance of three of the four variables of the model (the dummy variable 'regulation', the dummy variable 'welfare and social policy sector' and the dummy variable 'economic policy sectors') suggest that there are some similarities between Colombia and Venezuela. In both countries agencies with regulatory task are less likely have high levels of formal autonomy and agencies located in welfare and social policy sector and agencies located in the economic policy sector are more likely to have high levels of formal autonomy.

In sum, this model does not lend support for the agency problem logic, presents mixed support to the commitment problem logic, and shows that there is a highly significant country effect. The positive sign of the county dummy variable means, according to how it was coded (1 for Colombia, and 0 for Venezuela) that it is more likely to find agencies with higher levels of formal autonomy in Colombia than in Venezuela.

The high significance of the country dummy variable suggests that there may be important country level variables which may account for the type of agencies. These variables will be assessed in the next section. Before presenting the results of the second phase of the analysis, table 6 summaries the findings of the agency level analyses and the rational choice economic perspective.

Table 6 summary of the binary logistic regression findings

		Hypotheses	Model 1990	Model 1995	Model 2000	Model 2005	Model 2011
Colombia	Agency problem Logic	H2: More type 2 agencies with easy to measure task	Y	Y	N	N	N
		H3 More type 1 agencies in welfare and social sectors	N	N	R	N	N
	Credible commitment logic	H4: More type 2 agencies with regulatory task	N	R	R	R	R
		H5: More type 2 in economic sectors	N	N	N	N	N
Combined	Agency problem Logic	H2: More type 2 agencies with easy to measure task	NA	NA	N	N	N
		H3 More type 1 agencies in welfare and social sectors	NA	NA	R	R	R
	Credible commitment logic	H4: More type 2 agencies with regulatory task	NA	NA	N	R	R
		H5: More type 2 in economic sectors	NA	NA	N	Y	Y
	Historical institutionalism/ Sociological Institutionalism	H1: Similar levels of formal autonomy	NA	NA	R	R	R

Y: Support, N: no support, R: Rejected, NA: Not applicable

6.2) Country level rational choice explanations

In this section we present the results of the binary logistic regressions including the country level rational choice variables. As we mentioned in the theoretical part the hypotheses formulated here are based on delegation theory and have been operationalized by using a dummy variable for ‘country with relatively higher POLCON’ (proxy for policy conflict) and a dummy variable for the ‘country with relatively lower ratio between the seats held by the three largest government parties and the total number of seats in the congress’ (proxy for political uncertainty).

The analysis was run independently for each observation point. Table 7 presents the results for the comparative model which included the dummy variable ‘country with relatively higher POLCON’ and Table 8 presents the results for the model which included the dummy variable ‘country with relatively lower ratio between the seats held by the three largest government parties and the total number of seats in the congress’.

This analysis was conducted solely comparatively since we intended to assess the significance of the country-level rational choice variables to explain the differences in patterns of formal

autonomy between Colombia and Venezuela. Particularly we test if relatively higher levels of policy conflict in one of the two countries are associated with agencies with less formal autonomy compared with the other country with relatively lower policy conflict (H6). Similarly we want to assess whether relatively higher levels of political uncertainty in one of both countries are related with more formal autonomy compared with the other country with relatively lower political uncertainty (H7).

As mentioned in the methodological section the dummy variable ‘country with relatively lower ratio between the seats held by the three largest government parties and the total number of seats in the congress’ is based on the result of the division between the seat held by the three largest government parties and the total seats in the congress. This means that the higher values are associated with low share of government parties (high policy uncertainty) and small values are related with high share of government parties (low political uncertainty).

It is important to note, that since we are not able to include the two country level rational choice variables (the dummy variable ‘country with relatively higher POLCON’, and the dummy variable ‘country with relatively lower ratio’) in one single binary logistic regression (due to the multicollinearity problem explained in the methodologically part) we do not account for the interaction effect that these variables might have. Furthermore, the fact that the coefficients of the two variables are relatively similar to the ones presented for the country dummy variable in the previous section does not mean that they account fully for the country effect we observed in table 5.

Table 7 results of the country- level binary logistic regression Colombia and Venezuela with Dummy variable ‘country with relatively higher POLCON’.

Variables	Model 2000***		Model 2005***		Model 2011**	
Negelkerke R square	0,169		0,237		0,221	
Cox & Snell	0,124		0,173		0,160	
	B	SE	B	SE	B	SE
Welfare and Social Sector	1.0599**	0.4082	1.3178***	0.3774	0.9049**	0.4031
Economic Sector	0.2346	0.4127	0.9269**	0.4271	1.2229**	0.4526
General Public Services	-0.2425	0.4076	-0.0005	0.3685	-0.4123	0.4332
Regulation	-1.0384	0.4720	-0.7676*	0.4287	-1.4537**	0.4829
Country with higher POLCON	-1.0672 **	0.3425	- 1.593 ***	0.3428	1.5507 ***	0.3766

*p<0.1; ** p<0.05; ***p<0.01

The results of table 7 show that the dummy variable ‘country with relatively higher POLCON’ is significant throughout the three models, though it presents mixed results. In the 2000 and 2005 models this variable has a negative effect which indicates that when policy conflict is relatively lower in a country agencies are more likely to have higher levels of formal autonomy compared with countries where the policy conflict is relatively higher. This supports hypothesis 6 which predicts that in countries with relatively higher levels of policy conflict agencies will have less formal autonomy, compared to countries in which the policy conflict is relatively lower. The 2011

model, however, presents positive values for the dummy variable 'country with higher POLCON', which in turn rejects hypothesis 6.

Table 8 results of the country- level binary logistic regression Colombia and Venezuela with a dummy variable 'country with relatively lower ratio between the seats held by the three largest government parties and the total number of seats in the congress'

Variables	Model 2000***		Model 2005***		Model 2011**	
Negelkerke R square	0,169		0.237		0,221	
Cox & Snell	0,124		0,173		0.160	
	B	SE	B	SE	B	SE
Welfare Social Sector	1.0599**	0.4082	1.3178***	0.3774	0.9049**	0.4031
Economic Sector	0.2346	0.4127	0.9269**	0.4271	1.2229**	0.4526
General Public Services	-0.2425	0.4076	-0.0005	0.3685	-0.4123	0.4332
Regulation	-1.0384	0.4720	-0.7676*	0.4287	-1.4537**	0.4829
Dummy country with lower ratio	-1.0672 **	0.3425	1.5937 ***	0.3428	1.5507 ***	0.3766

*p<0.1; ** p<0.05; ***p<0.01

The results of table 8 show that the variable dummy variable 'country with relatively lower ratio between the seats held by the three largest government parties and the total number of seats in the congress' is significant for the three models. Similarly with table 7 this table presents mixed results. For the 2000 model the variable presents a negative effect, which indicates that in countries with lower political uncertainty agencies will have higher levels of formal autonomy than in countries where the political uncertainty is higher. This rejects hypothesis 7 which predicted that in countries with relatively higher levels of political uncertainty agencies will have more formal autonomy compared to countries where the political uncertainty is relatively lower.

Models 2005 and 2011 on the other hand present a positive effect for the dummy variable 'country with relatively lower ratio between the seats held by the three largest government parties and the total number of seats'. Hence for 2005 and 2011, in countries where the political uncertainty is higher it is possible to find agencies with more formal autonomy than in countries where the political uncertainty is lower. These results in turn support hypothesis 7.

To conclude this section of the analysis table 9 presents the summary of the country level rational choice findings.

Table 9 Summary of the findings regarding the country level rational choice hypotheses

Hypotheses		2000 Model	2005 Model	2011 model
Combined model	H6: In countries with relatively higher levels of policy conflict agencies will have less formal autonomy, compared to countries in which the policy conflict is relatively lower.	Y	Y	R
	H7: In Countries with relatively higher levels of political uncertainty agencies will have more formal autonomy compared to countries where the political uncertainty is relatively lower.	R	Y	y

Y: Support, N: no support, R: Rejected

7) Discussion and conclusions

In this research we aimed to study and explain agencies' formal autonomy in Colombia and in Venezuela. We first presented the descriptive findings based on the mapping process. We showed the distribution of type of agencies (type 1: departmental agencies, type 2: public law agencies) for each country and the relation between type of agencies and the different task they perform as well as the policy sectors in which they are located.

The results of the descriptive part generated some important questions that were addressed in the explanatory section of this thesis. To explain the findings of the descriptive section we used three main theoretical perspectives: sociological institutionalism, historical institutionalism and rational choice. We extracted seven hypotheses from those theoretical frameworks which were tested using binary logistic regression.

In this section, we summarize and discuss the main finding of this research. Furthermore we present the limitations of the finding and suggest further research.

The descriptive findings of this research showed that there are more agencies with high levels of formal autonomy in Colombia than in Venezuela. This is the case for the complete comparative time span. We also found that in both countries agencies which have regulation as their primary tasks tend to have a larger participation in the departmental agencies group (type 1: lower levels of formal autonomy) than in the public law agencies group (type 2: high levels of formal autonomy). On the contrary, we found that agencies with general public services as primary task were more present in the public law agencies group and hence having a higher level of formal autonomy. For the case of Venezuela, however, graph 2 showed that for the 2005 and 2011 observation there was not a clear relation between agencies' type and agencies' task.

Finally, the descriptive results showed that both for Colombia and for Venezuela the welfare and social policy sector tend to have a larger participation of public law agencies in its composition than departmental agencies. The findings also showed that in the case of Venezuela the policy sector labeled 'others' tend to be composed more by departmental agencies than in the case of Colombia, where the opposite relation is visible.

For the explanatory analysis we proposed seven hypotheses which can be clustered according to the theoretical perspective from which they were extracted: sociological institutionalism and historical institutionalism (hypothesis 1), agency level rational choice (hypotheses 2 to 5) and country level rational choice (hypotheses 6 and 7). The analysis was built on the assumption that due to the similar administrative traditions (historical institutionalism) and similar external pressures (sociological institutionalism) of Colombia and Venezuela, these two countries present similar patterns of agencies' formal autonomy. We tested factors (rational choice) at the agency level (agency problem and commitment problem) and at the country level (policy conflict and political uncertainty) which could account for the variations in agencies' formal autonomy.

The results of the binary logistic regressions can be group in three different patterns of results (tables 6 and 9):

- Constant pattern: hypotheses that show a constant result (supported, no support, or rejected) in all the different year models and, thus, their effect can be fully accepted.
- Dual pattern: hypotheses of which the extent of support present two distinctive patterns (e.g. hypotheses that are supported during the first two year models and not supported or rejected in the following year models). These changes of patterns may potentially be linked to policy changes.
- Inconstant pattern: Hypotheses of which the extent of support fluctuates among the different year models without any particular pattern (e.g. hypothesis which are rejected in the first year model, supported in the second year model and not significant in the third). Their relevance is difficult to assess. Table 7 summarizes the explanatory findings of this thesis according to the three clusters of results.

When comparing the patterns presented in table 7 with the initial theoretical framework proposed to explain agencies' formal autonomy the following conclusions can be formulated: First the hypothesis, based on sociological institutionalism theory and historical institutionalism theory, about similar levels of agencies' formal autonomy between Colombia and Venezuela was completely rejected. This means that similar administrative traditions and international pressures are not enough to account for agencies' formal autonomy. Furthermore, we found that even in the first year of comparison (2000), before president's Chavez reforms in Venezuela were materialized, we found significant differences between Colombia and Venezuela.

Regarding agency level rational choice we found that neither for Colombian nor for Venezuela there is evidence that, regarding regulation, governments act according to the logic of commitment when defining formal autonomy of agencies. There is no support for the hypothesis that suggested that agencies with regulation as primary task are granted with higher levels of formal autonomy compared to agencies with other primary tasks. Furthermore the results showed that it is more likely to find that agencies with regulation as primary task have lower levels of formal autonomy. This, particularly for the case of Colombia, contradicts one of the main findings that has been highlighted by regulatory capitalism research (Coen & Héritier, 2005; Jordana & Lavi-Faur, 2006; Gilardi, 2008) which states that after liberalization of markets governments need to create agencies with high levels of formal autonomy to assure credible commitment and policy time consistency to investors. The combined model, however, presented some support for the commitment logic, in particular, regarding the expectation that agencies located in the economic policy sector have higher levels of formal autonomy than agencies in other policy sectors.

Table 7 Summary of the thesis' explanatory findings

Hypotheses	Model	Pattern	Interpretation
H1: Similar levels of formal autonomy in Colombia and Venezuela	Combined	Constant (rejected)	- For all the years the patterns of formal autonomy of Colombia and Venezuela differs, even if we control for agency task and policy sector. Furthermore, for each observation point it is more likely to find higher levels of formal autonomy in Colombia than in Venezuela
H2: More formal autonomy in agencies with easy to measure task	Colombia	Dual (supported in 1990, 1995, no supported in 2000, 2005, 2011)	- The overall reduction of the total number of agencies that we observed since the year 2000 (graph 1) (due to the reforms of 1997 and 2002), affected more public law agencies with general public service as main task (graph 2).
	Combined	Constant (not supported)	- No evidence that, from 2000 to 2011, in Colombia and Venezuela agencies with easy to measure tasks had higher levels of formal autonomy.
H3 Less formal autonomy in agencies located in welfare and social sectors	Colombia	Inconstant (not supported in 1990 and 1995, rejected in 2000, not supported in 2005 and 2011)	- The reliability of the significant effect that this hypothesis presented in model 2000 is difficult to assess
	Combined	Constant (rejected)	- The pattern showed by graph 3 (both in Colombia and Venezuela agencies located in the welfare and social policy sector have more formal autonomy) is supported - There is constant significant increase of public law agencies in the welfare and social policy sector in Venezuela (graph 3)
H4: More formal autonomy in agencies with regulatory task	Colombia	Dual (not supported in 1990, rejected in 1995, 2000, 2005, 2001)	- Agencies with regulation as primary task were created mainly after 1990's due to the economic liberalization, thus, they were not significant in 1990 - The pattern showed by graph 2 (less formal autonomy of agencies with regulation as main task) is supported
	Combined	Dual (not supported in 2000, rejected in 2005 and 2011)	- There was an increase in Venezuela of agencies with regulation as primary task in the departmental agencies group since 2005 - There was Increase in the share of agencies with regulation as primary task in Colombia since 2005 - In Venezuela under Chavez many regulatory agencies are created to control and intervene in the economy. Thus it is logic that these agencies are closer to the oversight of ministries
H5: More formal autonomy in agencies located in economic sectors	Colombia	Constant (not supported)	- No evidence that, from 1990 to 2011, in Colombia agencies located in the economic policy sector had higher levels of formal autonomy.
	Combined	Dual (not supported in 2000, supported in 2005 and 2011)	- in Venezuela: increase of public law agencies in the economic policy sector since 2005 - In Colombia increase of public law agencies in the economic policy sector in 2011 - H5: is only supported in the combined model which may indicate that the result are triggered by Venezuela
H6: Less formal autonomy in countries with higher levels of policy conflict	Combined	Dual (supported in 2000 and 2005, rejected in 2011)	- The dual patterns of these variables are difficult to interpret because these variables unlike the agency level rational choice variables precede public sector reforms rather than being a consequence of it. Therefore, dual patterns cannot be attributed to policy changes or to changes in the agency landscape.
H7: More formal autonomy of agencies in Countries with higher levels of political uncertainty	Combined	Dual (rejected in 2000, supported in 2005 and 2011)	

The agency logic only seems to be partially relevant to define agencies' formal autonomy in Colombia during the first half of the 1990's. Since the year 2000 onwards neither for Colombia nor for the combined model, there is support for the agency logic. This again goes against what has been found by scholars who study agencies' formal autonomy. Particularly, it contradicts, in 2000, 2005 and 2011, for both Colombia and Venezuela the suggested relation between measurability of task and formal autonomy (Wilson 1989; Ter Bogt 1998; Williamson 1985; Van Thiel 2001) as well as the idea that high political salience is related with low level of formal autonomy (Pollitt, 2004; Krause, 2003). Furthermore, the expected relation between high political salience and low levels of formal autonomy was rejected throughout the combined model.

As mentioned in table 7, the relevance of the country levels rational choice findings (H6, and H7) is difficult to interpret. Therefore, we limited our conclusion to say that there are some indications that support the idea that policy conflict and political uncertainty are relevant to explain the differences in agencies' formal autonomy, but their effect does not seem to be constant over time.

7.1) Limitations of this research

The findings of this research have some limitations that are important to be highlighted: The fact that the data collection was done only every five year implies that there may be many dynamics in between the years of measurement that are not covered by the research or that may even contradict its findings. Furthermore, we excluded from the mapping types of private law legal identities, like state companies and public foundations which are also part of the agencies spectrum (Verhoest et al. 2012). Thus there is a part of the picture which corresponds to the agencies with the highest levels of formal autonomy which is not covered in this study.

The operationalization of the independent variables is still modest in its refinement, to the extent that we only use a limited number of variables to operationalize the theories and we do not include alternative indicators which will increase the validity of the analysis. Additionally, regarding the dependent variable it is important to emphasize that the mapping of public organizations is a process in which constantly decisions have to be made. In many cases it was not self-evident whether an agency should belong to one category of the other. Nevertheless, we tried to be consistent and systematic with the decisions taken.

Additionally, our analysis presents the picture of Colombia and Venezuela every five years in terms of agencies' formal autonomy but it does not account for the creation, elimination and changes in agencies. Therefore, the dynamic aspect of the phenomenon is not covered in this research.

Furthermore, the results presented cannot be taken as causal relation since we are cannot be sure about other possible variables which affect agencies' formal autonomy and which are not covered in our models. Furthermore, it is also possible that some other factors outside our models affect at the same time both dependent variable (agencies' formal autonomy) and the independent variables. Therefore, the results here only can be safely understood as associations or correlations.

Finally, an important limitation of this research is that we only focus on formal autonomy, measured by legal type of agencies. Some scholars (Verhoest et al. 2004; Maggetti, 2007; Thatcher, 2005) have shown that formal autonomy not necessarily equals to actual or *de facto* autonomy and that there are many interactions between political and social actors that constrain or enhance the level of actual autonomy of agencies. Hence, it is possible that some agencies are granted with high levels of formal autonomy but in practice they experience difficulties to exercise their autonomy, and *vice versa*.

7.2) Future research

For future research we intent to extend the database in order to improve the scope and relevance of the conclusions. Foremost, the database needs to be expanded vertically to include data for each year of the time span and horizontally to include other type of agencies such as state companies and public foundations. Furthermore, the aim is to include also the core public organizations such as ministries and departments.

Additionally, the dataset also needs to be able to trace the structural changes in public organizations (creation, elimination, merger, split etc.). The Norwegian State Database and the Mapping the Irish State database for example contains both static and dynamic information about change events. Similar datasets for both countries in our analysis would allow us not only to account for the static features of public organizations, as it was done in this research, but also account for the dynamic elements of them.

8) Bibliography

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Annex 1 average value of the variables: POLCON index and the ratio between the number of seats held by the three largest government parties and the total number of seats in the congress, for the different observation point

Time period	Country	Average value POLCON	Average value ratio parliament seats
1995-1990	Colombia	0,4288	0,75527
	Venezuela	0,188	0,27587
2000-2004	Colombia	0,2256	0,33291
	Venezuela	0,37575	0,57426
2005-2011	Colombia	0,30158	0,50774
	Venezuela	0,28445	0,87445