



# ***Institutional autonomy and democratic government***

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## **Abstract**

Over the last three decades many public sector reforms have aimed at giving administrative agencies and non-majoritarian institutions more autonomy from majority-based institutions and common sets of rules. The detachment-from-politics trend has implications for the public sector's core principles of organization and governance and for the role of the territorial state in society, and this essay asks how we can make sense of New Public Management (NPM) inspired autonomy reforms.

First, an institutional framework is presented as a supplement to the frames currently most popular. Then, competing conceptions of "autonomy" are discussed and it is argued that current reforms propagate a selective conception of autonomy that hides as much as it reveals. In the following parts the analytical framework is applied to two different institutional settings: "the bureaucracy" and the public university. Finally, two hypotheses are presented regarding the shifting balance between autonomous agencies and non-majority institutions and democratic government.

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## Autonomy reforms

Over the last three decades many public sector reforms have aimed at giving administrative agencies more independence from majority-based institutions and common sets of rules. Agencification implies that administrative entities are placed at arm's-length of direct intervention from political authorities. There is structural devolution (vertical specialization), more single-purpose organizations and horizontal specialization, and separation of the state's roles as owner, administrator, regulator, purchaser, and provider (Pollitt 2003, Pollitt et al. 2004, Christensen and Lægreid 2001, 2006a, 2007a).

Agencification has come together with institutional detachment from democratic government and politics. There has been a development from 'Old Public Administration' to 'New Public Management' (Dunleavy and Hood 1994) and also from government intervention to a regulatory state (Majone 1996, Gilardi 2008). Non-majoritarian institutions, not directly accountable to voters and elected representatives, are given more autonomy, and it is argued that the single most important dimension along which institutions vary is their degree of independence from the political process (Majone 1998: 25).

The detachment-from-politics trend has implications for the public sector's core principles of organization and governance and for the role of the territorial state in society, and this essay asks how we can make sense of New Public Management (NPM) inspired autonomy reforms. What does the term mean and how are claims for more autonomy explained and justified? How useful is 'autonomy' for analytical purposes, and is autonomy an appropriate aspiration for modern democracies? Why is it difficult to find a state of equilibrium between institutional autonomy and democratic government and through what processes do institutions, democratic governments included, achieve or lose autonomy or primacy?

First, an institutional framework is presented as a supplement to the frames currently most popular. Then, competing conceptions of 'autonomy' are discussed and it is argued that current reforms propagate a selective conception of autonomy. In the following parts the analytical framework is applied to two different institutional settings: 'the bureaucracy' and the public university. Finally, two hypotheses are presented regarding the shifting balance between autonomous agencies and non-majority institutions and democratic government.

## Frames of interpretation

Attempts to make sense of autonomy reforms are dominated by two frames, both using a functionalist-instrumental language of modernization to explain and justify reform. The scope and direction of change are seen as endeavors to improve performance. Organizational forms are assessed according to their expected substantive results and how 'practical' and 'suitable' they are.

Change is *society-driven* or *government-driven*. The first assumes priority for societal dynamics and argues that autonomy reforms are dictated by an increasingly complex and dynamic society. Autonomy is a necessary consequence of economic and technological globalization, long-distance migration, demographic and cultural change. The second maintains that reforms result from deliberate political delegation. The logic of democratic government assumes priority for the electoral system, political contestation and political representatives and autonomy involves a distinct mode of ruling. Institutions and actors are given autonomy in order to promote the common interest, as interpreted by government and legislature. Agencies are not fully independent. Their status is defined in public law. The ministry can alter their budgets and main goals, and delegated autonomy can be recalled, for agencies as well as non-majoritarian institutions.

The paper adds a third frame, giving priority to the organizing role of institutions. The conception of institutional change as a technical-functional improvement is seen as a hypothesis and supplemented by a conceptualization of reform as part of an inter-institutional struggle for power and primacy. Organizing always means selection. Each organizational form mobilizes a certain bias, and different institutional settings facilitate and deny access to different actors, issues, arguments, conflicts, and resources (Schattschneider 1960, Cohen, March and Olsen 1972). Reforms affect the relative importance of different institutions, the likelihood that issues and conflicts will be dealt with inside or outside the political system, and substantive outcomes.

Autonomization and detachment from politics, therefore, raise questions about how societies can and should be governed, the role of formally organized political institutions, and how institutional boundaries are to be drawn and redrawn. Involved are democracy's value and interest-basis, normative standards of good governance, and division of power – including the power of the state, the power over the state, and the constraints within which different institutions and groups are expected to operate. In effect, contemporary democracies face some old questions: How should authority and power be allocated, exercised and controlled? According to what

normative standards is legitimate power to be defined? What institutional arrangements are appropriate for serving legitimate power?

Within this frame, autonomy reforms are part of the historical development of democratic government. Autonomy results not from a single process of environmental necessity or strategic choice. Rather, change is an *artifact* of several (often) loosely coupled path-dependent processes of institutional differentiation and interaction, and struggles for institutional primacy are usually open-ended. Over hundreds of years new institutions have split off from older ones and developed their own identities and autonomy, validated by society at large: Democratic politics, public administration, law, civil society, market economy, religion, science, art, and the family. Institutional autonomy implies acting in accordance with fairly stable principles, and leaders as well as non-leaders are supposed to be governed by rules of appropriate behavior for specific roles and situations. However, what is appropriate behavior and procedural rationality in one institutional sphere are inappropriate in others (March and Olsen 1989, 2006a,b) and inter-institutional tension is a source of political disorder and order. Because institutions are seen as interdependent and co-evolving, the question of the analytical value of 'autonomy' also arises.

Historically, it has remained an open question under what conditions administrative processes can be insulated from external influences (Bendix 1977: 155), and the claim that current reform patterns are complex, changing, and not easily understood (Roness et al. 2008) resemble the older observation that it is not easy to find the reasons behind each case of administrative reform (Forvaltningskomiteen 1958: 25, 35). There have been periods of inter-institutional stability. There have also been periods when existing orders are challenged and upset, with attempts of emancipation, encroachment, and defense of institutional identity and self-image. Institutionalization, de-institutionalization, and re-institutionalization take place as old institutional identities and borders are challenged and new ones are established, creating new forms of integration and separation and generating new power and status relationships and forms of dominance and accountability.<sup>1</sup>

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<sup>1</sup> Institutionalization is both a process and a property of organizational arrangements.

Institutionalization as a process implies that an organizational identity is developed and legitimacy in a culture is built. There is increasing clarity, agreement and formalization of: (a) behavioral rules, including allocation of formal authority; (b) how rules are to be described, explained and justified; and (c) what legitimate resources are in different settings and who should control common resources. As a corollary, *de-institutionalization* implies that existing rules and practices, descriptions, explanations and justifications, and resources and powers are becoming contested and possibly discontinued. There is increasing uncertainty, disorientation, and conflict. New actors are mobilized. Outcomes are more uncertain, and it

In some contexts and historical periods democratic politics and government are seen to have a legitimate ordering function, determining the relations between society's basic institutions. In other contexts and periods there is reduced trust in, and flight from, democratic politics and government and the importance of other institutions and actors is emphasized. Current autonomy reforms exemplify the latter pattern and a selective conception of autonomy.

## Conceptions of autonomy

The demand for autonomy for administrative agencies and non-majoritarian institutions has been embraced by many. There is, however, no agreement about the precise meaning and desirable scope of autonomy. Neither is there agreement about the processes through which, and the conditions under which, autonomy is gained, maintained or lost, or upon which normative and organizational principles' internal governance should be based.

*Auto nomos*, referring to the Ancient Greek city state implies self-governing and the right to organize one's internal affairs and give the law to oneself without external interference. Much later the term was linked to the European territorial state. The meaning of the term has, however, been modified by several historical developments, raising issues about autonomy for whom, from whom, in what respects, how, and why?

- *Individualization* refers to the rise of the claim that the (moral and reflexive) individual person has rights independent of government.
- *Institutional differentiation and functional specialization* involve claims for the right of institutions to function according to their own normative and organizational principles and behavioral logics, and a similar right for specific groups (estates, corporations, guilds, professions).
- *Internationalization and the emergence of the European Union* imply making states, institutions and individuals accountable to international and European communities, regimes, and law.

'Autonomy' as self-governance and not being subject to the external influence of any person, institution, state or supranational entity then applies to several units and raises questions about what the relations between competing conceptions of autonomy are, and whether different types of collective self-governance enhance or prohibit other types of collective and individual

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is necessary to use more incentives or coercion to make people follow prescribed rules. *Re-institutionalization* implies either retrogression or a transformation from one order into another, constituted on different normative and organizational principles (Olsen 2008b).

autonomy. We are interested in de-facto, and not solely legal, autonomy and therefore in both the absence of external interference and the actual capability of an agency or institution to exploit available spaces in which to maneuver.

In eras of transition, shared vocabularies, accounts, and normative standards are called into question. Frames of mind change as actors test out ideas about whom they and others are and can become; how common affairs are and can be organized and governed; how specific institutions are to be run and by whom; and how institutions can be made to fit together in a democratic order. It then becomes evident that the meaning of concepts such as 'autonomy' is not an inherent property; it changes over time as part of the processes of interaction and reconceptualization (March and Olsen 1976, 1995, March 1981, Ball, Farr and Hanson 1989). Change also unfolds at the behavioral and organizational level, but not always positively correlated with change in intentions, visions and myths.

### **Selective autonomy**

The stylized argument of NPM-inspired autonomy reforms is that increasingly complex, dynamic and competitive societies require more flexibility and professional management. Existing forms of public-sector organization and government are hierarchical, rule-bound and excessively rigid. They hamper performance, adaptability and competitiveness. Therefore, government and formal-legal rules and procedures that are binding for the public sector as a whole should have a less prominent role and detailed regulations and micro-managing should in particular be avoided. Otherwise competitive selection will make public administration outdated and increasingly irrelevant.<sup>2</sup>

Because market competition in the public sector is less than perfect and environments are not completely deterministic, there are constraints to be handled and opportunities to be exploited, and the mantra of autonomy reforms is 'let the managers manage' or 'make the managers manage'. Success

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<sup>2</sup> While I use a stylized model, most reforms involve a mix of ideas and all are not NPM-inspired. I have taken part in three Norwegian governmental commissions on autonomy reform. In one, *A Better Organized State* (NOU 1989: 5), there were tensions between advocates of hierarchical organization, bargaining arrangements, and market competition. The second, on the administration of courts of law (*The Courts of Law in Society*, NOU 1999: 13), focused on formal-legal autonomy from the Ministry of Justice. However, it was initiated by representatives from the courts, chaired by the President of the Supreme Court, and had few elements of NPM thinking. The third, (*Academic Freedom. Individual Rights and Institutional Management Needs*, NOU 2006: 19) also had modest elements of NPM. Its mandate emphasized formal-legal aspects of autonomy, but a conclusion was that limited resources, more than legal rules, represented a threat to academic autonomy and freedom.

is perceived as depending on entrepreneurship's ability to secure learning, adaptation, flexibility and innovation, which in turn requires managerial discretion over how an agency or institution organizes its activities. Discretion has to be delegated to professional managers and executive boards.

The public sector is primarily about providing services, managing resources efficiently, and securing a return on public investment. Focus is on substantive results, meeting performance targets and improving scorecards, and the rhetoric of autonomy coincided with the reporting duties of an 'audit society' (Power 1994). Because all actors are self-interested, sophisticated managerial control systems, quantified performance indicators, control staffs, and external evaluations are required. Professional management assumes control over those providing services as well as autonomy from government, and authority based on professional knowledge is subordinated to managerial authority based upon formal position.

NPM reforms promote a generic model across the public sector, based upon a vision of the private commercial enterprise in competitive markets, populated by rational individual managers and consumers, mastering the world through calculation, and governed by economic incentives more than by law. Other institutions have auxiliary functions – to serve the economy and help markets function better (OECD 1991, World Bank 2002). Democratic politics is not a 'master sphere' in the Aristotelian meaning of having authority to establish institutions, protect their identity and proper role, and draw institutional boundaries.

Autonomy reforms usually claim that public administration must adapt to 'society's needs', understood as market forces, customers' and stakeholders' preferences. It is claimed that there is a tension between general rules and bureaucratic organization (emphasizing coherence, consistency, continuity and predictability) and the flexibility requirements of economic, technological and social modernization, and reforms give primacy to innovation and change. They give less attention to the value of continuity and the need to buffer over-adaptation to short-term fluctuations and 'the follies of the day' (March and Olsen 1989, Olsen 2008b).

In contrast, the logic of an independent regulator (an important part of NPM reforms) requires insulation from rent-seeking, special interest groups and corporatist arrangements that may capture agencies and create costs and inefficiencies, and from short-term swings in public opinion and alleged myopic elected representatives who only focus on the next election. The regulatory logic gives priority to 'rules rather than discretion' in order to create credible commitments, consistency and efficiency and requires

autonomy from both political and market actors (Kydland and Prescott 1977, Majone 2001). For example, an independent central bank as the guardian of a non-inflationary monetary policy is assumed to produce more efficient macroeconomic outcomes, and regulatory agencies are supposed to implement, monitor and enforce rules on the basis of professional (economic) knowledge. Expertise and sector/institution-specific rules are instruments for correcting market failures. Predictable public rules make private flexibility possible.

Autonomy reforms then propagate a selective, and not always consistent, conception of 'autonomy'. Reforms reflect the triumph of (a) market-management ideology and a shift towards doctrines of economic laissez-faire, government non-interference, and 'governance without government' (Rhodes 1996, Pierre and Peters 2000). In an era when the *Zeitgeist* is anti-political and prescribes the self-regulating market as society's key institution, main-stream autonomy reforms celebrate individualism and internationalism, voluntary exchange, competition, and managers and consumers governed by laws of supply and demand, prices, incentives, private contracts, and economic knowledge, within a framework of a regulatory state, constitutionalism and separation of powers. Reformers are skeptical to a strong, intervening state, general rules, Weberian bureaucracy, (some types of) professional self-governance, and corporatist arrangements -- a reform package more alien to Continental Europe and Scandinavia than to the United States.

Arguably, NPM reforms use 'autonomy' for a transfer from one set of external dependencies (political, legal, bureaucratic) to another (markets, managers, 'stakeholders', external evaluators), rather than a development towards independence from all external influence, and at least in some contexts this conception hides more than it reveals. Because there is no common metric for summarizing across all relevant dimensions, the multidimensional and contested character of 'autonomy' and 'accountability' (Roness et al. 2008, Schillemans 2008) makes it problematic to draw conclusions about change in the scope of autonomy beyond a single relationship (e.g. central authority and agency), matter (e.g. budgets, personnel, policy), or instrument (e.g. legal rules, economic incentives). Therefore, the term may be less fruitful as an analytical tool for understanding the dynamics of contemporary democracies than as a vehicle for political purposes; and 'autonomy' is possibly seen as a useful term *because* it carries positive overtones and at the same time is ambiguous and leaves room for alternative interpretations.

The next two parts pursue the idea that reforms are expressions of an inter-institutional struggle for power and primacy, and not solely a quest for better performance. Two favorite targets of autonomy reforms are addressed: 'the

bureaucracy' and Humboldt's vision of the University - old European institutions with Prussian roots. We attend to the diagnoses and recipes of reformers, characteristics of the institutions intervened in, and the results achieved.

## **Bureaucracy and democracy**

*Prügelknabe* number one for NPM autonomy reforms is 'the bureaucracy'. Reforms question well-established understandings of what public administration is for and how it should be organized and governed. Compared to the 1960s, celebrating the intervening welfare state as the planner of society and 'mixed economy' as an alternative to market economy (for example in Scandinavia) reforms also challenge the role of representative government and law. They open up public administration towards markets and society and provide a new test of the power of the political center and the territorial state as the dominant actor and structure. However, why do highly criticized bureaucratic forms often survive in practice, and why do reforms steadily create demands for new reforms?

## **Weberian bureaucracy**

For many reformers 'bureaucracy' means hierarchy and rules, an overly large and intervening public sector, or simply everything that is wrong with the public sector. 'Bureaucracy' is used as a political rather than an analytical concept, and at the rhetorical level 'bureaucracy' has few defenders (Olsen 2008a).

Nevertheless, public administration, as a core part of the modern European state has for some time been organized as a Weberian bureaucracy, signifying an institution with a *raison d'être* of its own, based upon a clear distinction between the public and private sectors (Weber 1978). Bureaucracy then is a composite organizational form founded on three competing principles:

- *Hierarchical* authority based on formal position, the electoral mandate given by citizens at the ballot box, and expressed through representative government.
- *Rule-based* authority embedded in constitutions, Rechtsstaat principles, and laws authored by the legislature and interpreted by the courts.
- *Expert* authority based on professional, impartial and non-partisan knowledge, and principles of enlightened government.

Bureaucrats are expected to be loyal to elected leaders, but not a tool for executing arbitrary commands. In applying the law to individual cases, public administration is to be legally insulated from day-to-day interference by

elected leaders, political parties, organized interests, and individual citizens. Bureaucrats are supposed to be the servants and guardians of legal and professional rules, to illuminate all aspects of public policies, and be insensitive to immediate political and economic expediency. Yet the bureaucracy is embedded in a larger societal order and system of expectations. The legislature/executive, the courts, and the University are gatekeepers who regulate relations between public administration and the public (Olsen 2008a).

## Democratic order

What is usually called 'democracy' is a form of ordered rule involving an institutional sphere with the task of *governing* a territory and population. Political institutions have some autonomy from other spheres of society, absorptive and adaptive capabilities, and internal differentiation and coordination of offices and roles with specified authority and responsibility (Huntington 1968). Democracy is based on the logic of equality and a decisive role of the common people. It is a system of rights, as well as an instrument for attaining pre-established goals and a framework for developing and transmitting democratic beliefs (Dahl 1998).

On the other hand, democracies have not inherited a coherent set of principles and institutions defining good governance and administration, but elements from different traditions, and balancing autonomy and democratic control are closely related to the question: In a world of competing rationalities, conceptions of truth and rivaling justices, which rationality and whose justice will prevail (MacIntyre 1988)? Democratic compromises and struggles have historically been encoded into configurations of partly autonomous institutions based upon competing normative and organizational principles and with separate origins, histories and dynamics.

In this perspective authority and power founded on competitive elections and numbers is not a totally dominant democratic value. Rather, it is balanced against institutionalized individual and minority rights that prescribe limits of public intervention and citizens' obedience. Neither can it be assumed that a single center is capable of reforming the public sector at will so that autonomy is solely a question of political delegation and accountability. While a society-driven perspective underestimates political power, a government-driven perspective overestimates the power of reformers, and both underestimate the autonomy of law. Representative governments are neither omnipotent nor impotent and numerical strength has had shifting significance in administrative history. Variations in political power and administrative autonomy have been related to the level of conflict in society (Jacobsen 1964), and it has been difficult to legitimately delegate decisions to agencies and non-

majoritarian institutions when issues are contested and mandates, goals, rules and procedures are not specified in some detail (Majone 1998).

In contrast with bureaucratic organization, autonomy reforms give priority to results rather than procedures, managerial discretion rather than rule-bound behavior, and a weakening of the formal-legal affiliation to central authorities also stands in contrast with the traditional legal control, with courts of law defending individuals against abuse of discretionary administrative power.<sup>3</sup> However, the principle of rule of law (and not of men/managers) and due process have historically been an emancipatory force constraining arbitrary discretion. The instrumental view of law as externally imposed discipline, dominant in autonomy reforms, has been supplemented with a theory of law as *justice* - rules with a defensible normative content, defining appropriate behavior, generating pressure for compliance, and possibly changing identities and collective understandings (Berman 1983, Habermas, 1998). Recent autonomy reforms have also come together with an international rule explosion (Ahrne and Brunsson 2004), a rights revolution (Sunstein 1990), and a global expansion of judicial power (Tate and Vallinder 1995).

Law, as a method for governing human cooperation and conflict resolution, has developed into a partly autonomous sphere with a distinctive identity, internal order and history. Since the ancient Greeks it has been debated in what respects law is autonomous and to what extent law is integrated into other institutional spheres (Foxhall and Lewis 1996), as well as the possibility that the rule of law may be corrupted by economic, class, religious and political interests and by the judiciary (Habermas 1996: 172). Currently, the interaction between legal and political institutions is, for example, crucial to an understanding of the transformation of Europe. While market freedoms and competition law have gained an overriding constitutional status in the European Union, the EU is constituted and integrated through partly autonomous legal processes. In the literature, understanding the law as an epiphenomenon of political will, economic and social forces, or in terms of judicial autonomy (law as governed exclusively by legal doctrines and techniques of interpretation), are perceived to be naive and uncompromising understandings. Rather, the dynamics of law is analyzed as part of larger inter-institutional processes (Joerges 1996, Armstrong 1998, Sand 2008).

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<sup>3</sup> The shifting and conditional character of administrative and institutional autonomy is illustrated by the contrast between the current mantra "let the managers manage" and the criticism of public administration 30 years ago. Then the need to restore the rule of law and legal enforcement capacity was emphasized, against the tendency to delegate powers to administrative agencies without clearly defined legal standards of implementation (Lowi 1979).

## Uncertain outcomes

While public administration has been encroached on by an alien institutional logic and conception of how it works and should work, an institutional perspective predicts that well-entrenched bureaucratic institutions are not easy prey for societal forces or deliberate reform efforts. It is also an empirical question whether administrative agencies and non-majoritarian institutions have achieved more de-facto autonomy, and with what effects; or whether there is more market, societal and political control. Reforms include elements of centralization, contracts and monitoring as well as decentralization, managerialism and autonomy. There is not necessarily a loss of democratic power and elected leaders may even have tightened the grip on public administration. Reform trajectories and outcomes have varied across countries, institutional spheres and policy sectors (Christensen and Lægheid 2006b, 2007a).

Autonomy reforms have contributed to increased attention to the results achieved by the public sector. Functional superiority and efficiency gains are, however, difficult to prove (Christensen, Lægheid and Stigen 2006). There is also weak evidence regarding the claims of improved ability to learn, adapt and compete, how autonomy is exploited in practice, and the conditions under which different institutional arrangements work as intended are not well specified. While 'autonomy' is often interpreted in legal terms, formal-legal affiliation to central authorities usually involves broad categories that allow huge variations in interpretations and practice. Formal agency status 'is a highly uncertain predictor of steering relationships', and it is necessary to go beyond reform rhetoric and the legal status and formal powers of government and agencies to understand how their relations work in practice (Pollitt 2003, Christensen and Lægheid 2007b: 513). Practice also deviates from regulatory rhetoric in competition policy, with its prescription of autonomy from political and market actors (OECD 1997, 2002a,b). Signals from different sources are taken into account, including a parent ministry and those who are regulated, and there are hybrid forms affected by traditions and practices in specific countries (Christensen and Lægheid 2007b, 2008). In Norway, for example, central authorities have a right and obligation of instruction and organization, but there is a long tradition for using the right with care and reason, in order to find the 'right' balance (Forvaltningskomiteen 1958, NOU 1999: 13).

It has, however, been difficult to find a stable equilibrium between democratic control and institutional independence (Egeberg 2006b, Lægheid, Verhoest and Jann 2008). A study of Norwegian hospital reform shows that balancing political control and health enterprise autonomy is precarious. Reform goals

were to enhance coordination and efficient resource utilization, and hospitals changed from being public administration entities to health enterprises. Formal decentralization gave subordinate bodies more discretion, but also new performance management and reporting systems. Elected politicians were replaced by professional experts on executive boards. Nevertheless, many aspects were not regulated by the formal framework of the reform and the balancing of autonomy and control was subject to continuous interpretation and adjustment. There were collisions between NPM reform ideology and a Norwegian tradition of governmental intervention and control. Within a zone of indifference managers could operate freely. Politicians, however, did not abdicate and they were in particular activated in sensitive issues, with popular protest against redistributive policies. In practice, NPM principles were added to, rather than replaced, existing arrangements. An effort was made to integrate performance management into an existing trust-based culture. Yet, as national, regional and local politicians were mobilized as a lobby against health enterprises, the state became a less cohesive and consistent owner and actor (Lægreid, Opedal and Stigen 2005, Christensen, Lægreid and Stigen 2006).

Autonomy reforms have also generated countervailing forces and a renewed tension between agency discretion, initiative, and flexibility and political accountability and control. OECD and others call attention to how one may ensure political coordination, policy consistency, a coherent public service, guarantee accountability, and protect the public interest when highly political questions are left to autonomous experts in autonomous agencies (OECD 2002b). A new generation of post-NPM studies is concerned with central political capacity and coordination and how public administration can be made more responsive to elected leaders (Christensen and Lægreid 2006a, 2007a), as well as how giving priority to economy and efficiency may undermine traditional public service values and bureaucratic virtues such as due process, fairness, impartiality, honesty, equity, predictability, continuity, and democratic control (Pollitt 2003).

Again, we are reminded that 'state' is a historically delimited term that has been reinterpreted as part of major transformations throughout time (Bendix 1968: 9), and so are 'bureaucracy', 'law', 'democracy' and 'market'. From time to time there is transition to a new order, as institutions are reconceptualized, gain and lose legitimacy, and become more closed or open to external influences; and it is possible that European institutions are now entering a stage with new internal and external divisions of authority, power and accountabilities. There is a transformation of the political executive (Thatcher and Stone Sweet 2002, Egeberg 2006a, Curtin and Egeberg 2008) and a new multi-level and multi-centered polity is emerging in the interplay between the

internal dynamics of each institution and international, European, national, and local processes (Olsen 2007a).

A speculation is that it is difficult to find a stable equilibrium between institutional autonomy and democratic government not only because reforms are contested, but also because the structural and dynamic features of existing institutional arrangements are not well understood by reformers who assume societal determinism or deliberate political design. Reformers misinterpret the administrative/political/legal order they intervene in and defy a European heritage that prescribes a role for the state as the guardian of institutional and individual autonomy, and not a threat.

This speculation is pursued further by attending to European-level university reforms. The principle of enlightened government and theories of bureaucracy and democracy give impartial expertise, merit-based authority and academic freedom an important role. Nevertheless, another *Prügelknabe* of autonomy reforms is the Humboldt vision of the University. These reforms have generated opposition and raised questions whether 'autonomy' is an appropriate concept and aspirations in a world of increasing interdependencies and interaction.

### **An appropriate concept and aspiration?**

In its diagnosis and recipe for university reform the EU Commission operates closely to the stylized NPM reform model. A standard vocabulary, organizational scripts and models of governance inspired by business management and economics are imported in order to reform one of Europe's oldest institutions.

#### **Anti-humboldt**

The diagnosis is well known. The Commission argues that European universities do not deliver. They are outperformed in global competition, partly due to the 'Humboldt-model' and ivory-tower thinking. They operate in a fast-changing environment, but they are isolated from society, overregulated and underfinanced. Universities are inherently conservative institutions, defending their privileges, while being unresponsive to economic and social needs. Now, they are to be measured in terms of productivity and competitive performance. They must generate income and contribute more to Europe's economic competitiveness and development. Higher education and research are private consumer goods more than a public good. Faculty members are

service providers and students are consumers (for references, Maassen and Olsen 2007).

An important part of the recipe, summarized in the Lisbon Declaration (April 2007), is that 'for universities, the adaptability and flexibility required to respond to a changing society relies above all on increased autonomy and adequate funding'. In several documents it is repeated that universities will not become innovative and responsive to change unless they are emancipated from over-regulation. In return universities should accept full accountability to society at large for their results. The emerging 'knowledge economy' requires university autonomy, competition and diversity, external quality assurance, accountability, and sustainable partnerships with the broader community, industry, and other stakeholders. Greater autonomy and complexity, in turn, require flexibility in organization, professional management, improved internal management systems and cost control. Public authorities should not be less responsible for universities, but their relations to universities should change (Commission 2005, 2006).

Claims for autonomy, then, are not based upon a vision of the University as an academic institution with long historic roots and an identity of its own. When the Commission argues that change should take into account the university's peculiarities, the language is vague and overwhelmed by the dominant market-management perspective and criticism of the Humboldt legacy.

### Competing voices

There are competing diagnoses and recipes defending the Humboldt vision. The University is a unique self-governing institution with a core academic mission and mandate, not a profit-seeking enterprise, and it must be morally and intellectual independent of both political authority and economic power (e.g. Magna Charta Universitatum 1988, Council of Europe 2006). The University's identity and ethos is based on free inquiry and truth-finding for its own sake. Autonomous, disinterested, critical and enlightened scholars in pursuit of knowledge are following the logics of reason and empirical evidence, decoupled from immediate political and economic utility, religious and moral concerns, received wisdom and traditions.

Organizationally the community of scholars is characterized by a loose linkage between the constituting units of the University and a relatively weak center, collegiate leadership, elected leaders, organization by discipline, and research-based instruction. Activities take place within the wider context of an international community of scholars based on competitive merit and peer review and self-discipline. Universities are seen as playing a vital role in the

development of the European humanist tradition and civilizing processes, and the intrinsic value of academic freedom and autonomy is part of a cultural commitment. The state shall not intervene and prevent others from interfering in academic affairs. Historically universities have mostly proved capable of simultaneously answering external and internal demands in the pursuit of free and universal knowledge. Within this perspective, the Council of Europe talks about readjustment rather than radical reform.

### An appropriate concept or ambition?

The problem is where and how the limits of institutional autonomy and individual freedom are to be drawn, and university reforms illustrate that it is important to distinguish between legitimate and illegitimate, desired and undesired external interventions. Many academics, for example in Norway, mobilized against reforms prescribing a looser formal-legal affiliation to the state – a reform interpreted as reduced state commitment to universities.

It is, however, also argued that the idea of total university autonomy from external influence is problematic. For example, during the Bergen 2005 meeting of the Bologna process, it was asked whether ‘autonomy’ is an appropriate concept or ambition considering the central role higher education institutions have in present-day societies where mass education is a public responsibility resting with governments and large investments are involved. It was claimed that universities have to be accountable to society and that autonomy has to be a question of degrees and conditions, not absolutes (Ullenius 2005). The European Council also warns the University against isolation and not reacting to society’s changing needs. Academic freedom and autonomy should remain a subject of continued and open dialogue between the academic world and society at large, and with the advent of the knowledge society, a new contract has to be reached between university and society.

University autonomy may be a necessary, but insufficient, condition for excellence. In practice, universities, like all institutions, appear in exemplary and perverted versions. They are more or less governed by the constitutive principles of the ideal academic institution. The relationships between the individual scholar, a specific university, and the international scientific community vary. The latter can play a more or less central role in disciplining scholars and universities. Autonomy for a specific university can be a precondition for, but also a threat to, individual academic freedom. The central leadership of universities and individual managers can achieve a stronger position while the individual researcher and teacher are afforded less autonomy. External intervention can follow because a university does not live

up to academic standards, but protects its self-interest and privileges. Or intervention can be based on competing criteria of success, for example contributions to economic development.

### More autonomy, or less?

Are universities gaining or losing de-facto autonomy? The European Commission, referring to the University's formal-legal affiliation to political authorities, claims that universities have become increasingly autonomous in many European countries over the last few years (Commission 2005). Others see reforms as challenging the University's institutional identity, the international scientific community as a self-regulating system, and research and higher education as a specific policy sector. The University has become a less distinct institution, partly characterized by institutional confusion and the search for a legitimate place within the social order; it is less clear who will be the guardians of the University as an academic institution (Maassen and Olsen 2007).

The University is exposed to many and contradictory expectations, and as its perceived societal relevance has increased and higher education has expanded, the institution has become accountable to more external actors. There are shifting calls for relevance, which parts of society shall the University serve and in what ways; competing ideas about how universities should be organized and governed and who shall run them; and struggles over what it takes to deserve the name 'university' and what the term should signify in the future. In summary, the external environment invites a complex mix of independence and control, not easily captured by the term 'autonomy'.

The University has also become more 'managerial'. While autonomy in some respects has increased at the university level, there has been a shift of power from academic personnel to the administrative apparatus, funding, and controlling agencies. The University has evolved from a loosely knit community of scholars to a formal organization attempting to formulate common goals with increasingly higher aspirations for planning and coordination, more differentiated and formalized organizational structures, and an increase in administrative staff (March and Olsen 1976, Maassen and Olsen 2007).

Does this make the University more liable to identity-changing interventions? Historically there have been cycles of separation and integration as the boundaries between the University and political, administrative, military, economic, religious, ethnic and social institutions and groups have been opened or closed. The outcome of current reform efforts are, nevertheless,

difficult to predict because they unfold in interaction between the internal dynamics of the University and science and European, national, regional, and local levels of governance, and in the disguise of economic, industrial, innovation, and regional policies, as well as higher education, research, and university policies.

It is possible that the more loosely coupled a university is horizontally (functionally between schools, disciplines, departments, individual professors), the easier to change one part without serious consequences for the rest, and the more likely that specific units will be exposed to demands for change. Reforms that increase the specialization and decentralization of authority within individual universities will reduce the degree of integration and generate centrifugal forces that differentiate between disciplines and sub-disciplines with demands for their teaching and research and strong support in society and less fortunate sub-units, making the latter more vulnerable to change.

The outcome will not depend solely on formal organization, but also on whether there are shared norms of *Universitas* as a community of the learned that may hold a (formally) loosely coupled university together and make it difficult to eliminate or reorganize specific sub-units. Therefore, rhetoric that de-emphasizes *Universitas* as a 'whole', arguing that a 'university' does not need to encompass the entire spectrum of disciplines, facilitates reforms which aim to eliminate or change individual units. The more the common academic culture is weakened, the easier to implement change.

Vertical integration, stronger hierarchical authority and administrative staffs provide increasing capacity for reform. Budget cuts and exposure to competition for short-term and specified funds have changed universities, and the more costly and resource-dependent the research is, the more exposed it is to external influence. The more earmarked the budgets are, the less autonomy, but also the less internal conflict, there will be. The more lump-sum budgets there are, the more autonomy, but also the more likely that there will be internal distributional conflicts and power-struggles over reforms.

Reliable performance data are scarce, and there is a discrepancy between rhetoric and practice. 'Humboldt', like 'bureaucracy' and 'NPM', is a stylized vision with strong symbolic meaning that historically and currently captures only part of a reality characterized by huge variations and dynamics (Nybom 2007, Olsen 2008a). Current reform rhetoric and its opponents talk at the level of principles for or against markets and pricing systems, political-administrative hierarchy, internal-representative democracy and bargaining arrangements, and scientific autonomy. In practice such principles are usually

recombined and rebalanced, rather than allowing one principle to completely replace all others. The challenge facing universities is: 'What university and academics for what society' (Olsen 2008c). That is, what should be left to the discretion of partly autonomous institutions? What should be a common responsibility subject to collective decision-making at different levels of government? What should be commercialized and made subject to market competition and pricing systems? What balance should be struck between political, legal, academic, professional, and commercial values and interests? A key question for universities is whether generic, business-inspired, or university-specific models of organization, leadership and governance will prevail.

## **Uncertain mandates**

This essay has questioned the analytical value of the conception of 'autonomy' used by NPM reformers and the apolitical dynamics of change that is assumed. At issue is: what kind of institutions and actors for what kind of polity and society, and shifting mixes of institutional autonomy and democratic control have been interpreted as artifacts of partly de-coupled inter-institutional processes involving the struggle for power and primacy among interdependent and co-evolving institutions. The problem of finding a stable equilibrium between autonomous agencies and non-majority institutions and democratic government has been related to the contested nature of reforms and the understanding reformers have of the institutions they intervene in.

In situations where success-criteria and power-distributions are contested and the performance of different institutions are not well documented, a hypothesis is that demands for more autonomy from external influence depend less on the scope of actual interference than upon what interventions are perceived as illegitimate. Citizens in legitimate political orders internalize the notion that certain external interventions are morally right and should be obeyed. The more reformers are seen to have a legitimate ordering function, and as pursuing appropriate goals in accordance with appropriate procedures, the more likely that reforms will be acknowledged as 'self-given'; the less likely that interventions are perceived as unwanted external intrusion, and the less struggle for being shielded from external influence. Likewise, the more agencies and non-majoritarian institutions (including autonomous, self-regulating markets, science, judiciaries, bureaucracies and experts) are seen to function according to predictable and socially validated principles, rules and interests, the less likely that there will be demands for reduced autonomy.

Another hypothesis is that (part of) the dynamics of change is rooted in tensions among competing institutionalized conceptions of 'autonomy'. In a democracy the key role is the citizen, not the elected representative, and to the extent modern democracies continue to advance *individual* autonomy and creativity, democracy will be an unfinished project. In fairly homogeneous polities citizens may be relatively willing to empower a political center, but even they are unlikely to delegate total authority and power to a single institution or group of decision-makers. Therefore, all actors accountable to citizens have an uncertain mandate. Citizens' confidence or distrust in institutions and actors change, and it will always be uncertain what authority and power elected politicians, bureaucrats, judges, diplomats, military officers, scientists, experts, capitalists, business managers, representatives of organized interests, and the institutions they inhabit, will have.

To the extent that modern democracies continue to advance *institutional differentiation and functional specialization* and make use of autonomous administrative agencies and non-majoritarian institutions, there will be dynamics of change generated by tensions, collisions and co-evolution among institutions constituted on competing normative and organizational principles. Institutionalization of legitimate debate and opposition is an important source of innovation and change in modern democracies, and because many institutions have in-built competing principles, intra-institutional tension will also generate change.

To the extent modern democracies expand *European and international cooperation and integration*, there will be increasing interaction between states, institutions, agencies and individuals across national borders. Actors will be more exposed to competing problem-definitions, solutions and traditions. There will be a more intensified search for 'best practice' and consistency, and dynamics of change will be generated by tensions between levels of governance and national traditions. In a multi-level and multi-centered polity such as the European Union, the meaning and desirability of 'the political center' will be contested.

It is a tall order to understand the politics of such interacting dynamics and the factors driving the emergence, maintenance and erosion of confidence in institutions and actors. In particular, there is a need to understand the conditions under which public administration and non-majoritarian institutions will be able to adapt to changing governmental policies and societal conditions without losing their institutional identities and claims to autonomy and individual freedom.

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