

The Political Control and Governance of Independent Regulatory Agencies: Lessons for Independent Agencies in Taiwan

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Abstract

Independent regulatory agencies (IRAs) represent a key feature of modern regulatory governance. The rationale for establishing independent regulatory agencies is to ensure that decisions affecting key infrastructure and economic sectors are shielded from short-term political considerations and from specific private interests. However, there exists a dilemma between the pursuit of independence and the demand for accountability in the structural choice of IRAs. The main concern discussed in this paper is to assess how these institutions, once created, could be designed to foster independence without endangering accountability. Three aspects of the institutional design of IRAs are examined: their independence from elected officials, their relationship with regulatees, and their decision-making process. This calls for close attention to the institutional setting, with a view towards fostering high quality regulation. Lessons are also drawn from the recent experiences of OECD countries and Taiwan.

Key words: Independent Regulatory Agencies (IRAs), independence, accountability, regulatory failures

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