America as a model? A critical review of Laver and Shepsle's coalition model

América como modelo? Uma revisão crítica do modelo de coalizão de Laver e Shepsle

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It was our strong belief that there was nothing in principle distinctively American about such institutional models, despite the fact that in practice such models had been primarily applied to American institutions (Laver and Shepsle).

ABSTRACT

In the current paper, we critically review one of the most influential models of political coalition building framed in a rational-choice perspective, that is, the one developed by Laver and Shepsle in *Making and Breaking Governments*, where they departed from Rikers's (1967) size principle theory towards a policy-based portfolio allocation theory. We make the point that, despite the advances carried out by LS's theory, it remains hugely attached to assumptions that are strongly inspired by the American committee government and hardy could travel to other institutional setting like the parliamentary and cabinet systems.

Key words: Rational choice; Political coalitions; Laver and Shepsle.

RESUMO

No presente artigo, revisamos de forma crítica um dos mais influentes modelos sobre formação de coalizões políticas, formulado a partir da teoria da escolha racional, a saber, o modelo desenvolvido por Laver e Shepsle em *Making and Breaking Governments,* no qual os autores se distanciam do princípio do tamanho da coalizão proposto por Riker (1967) e caminham na direção de uma explicação sobre a alocação de gabinetes ministeriais fundamentada em orientações de *policy*. Argumentamos que, a despeito dos avanços trazidos pela teoria de Laver e Shepsle, essa teoria se acha claramente inspirada pelo contexto do governo de comitês dos EUA e, por isso, dificilmente se aplica a outros contextos institucionais como os que caracterizam os sistemas parlamentaristas e os regimes de gabinete.

Palavras-chave: Escolha racional; Coalizões políticas; Laver e Shepsle.

In the following review we carry out a critique of one of the most influential attempts to apply game-theoretical models in order to explain the process of coalition-building in parliamentary democracies, developed in the classical book "Making and Breaking Governments" (LAVER and SHEPSLE, 1996). Despite the undeniable advances brought by Laver and Shepsle's (LS) theory as far as previous formal models are concerned, we contend that their assumptions' main flaws are due to the fact that their theory is better suited for explaining the workings of North American government institutions. Put another way, LS's basic premise — ministerial autonomy and coalitions that cannot coalesce — seems to have in its background some traits of American government, traits that are very far from the features of European cabinet regimes the authors try to analyse. The first section of this review briefly presents some concepts that describe and oppose American and European institutions. The second section presents a brief review of LS's model. Finally, the third section asserts that the main criticism of LS's theory indirectly highlights the fact that the model does not fit European cabinet regimes.

1) GOVERNMENT AGAINST SUB-GOVERNMENTS: EUROPEAN CABINET REGIMES VERSUS AMERICAN PRESIDENTIAL SYSTEM.

In a kind of ideal-type comparison between European parliamentary systems and the American presidential system, Richard Rose (1980) identified the American political system as a myriad of sub-governments – that is, an ensemble of autonomous departments linked to their respective congressional committees, in sharp contrast to the centralised and unified European governments in the hands of the cabinet. Whereas in the former case, decisions would be taken autonomously by committees and departments, and government policies would amount to a by-product of the sum of those decisions, in the latter case government decisions would the result of the centralised and co-operative workings of the cabinet.

The fundamental trait of American government, in Rose's view, is that political power is divided among many dozens of sub-governments in Washington, whose tentacles extend throughout the federal system. The parts then are greater then the whole. As states Richard Rose:

> where sub-governments dominate, there can be no expression of the collective will of government. Major policies are likely to emerge gradually, as the unintended by-product of many separate decisions taken by interested parties comprising different sub-governments. Congress is the foundation of the politics of sub-government (ROSE, 1980, p. 294).

The American budget amounts to be a classical example of congressional or committee government, to the extent that the budget of the United States is not what the president recommends, but what congress enacts "is not so much what is collectively regarded the best for the nation as it is the by-product of many different decisions by sub-governments (op. cit., p. 295)".

It is worth stressing here that Richard Rose's view of US government, or more precisely, the collection of autonomous sub-governments, can hardly be considered some sort of European prejudice or misconception of American institutional framework. Indeed, Rose's picture is shared by important native political scientists like Morris Fiorina, who described the process of decision-making in the US in the following terms:

> for all practical purposes, policy is made and implemented within subsystems composed of congressional committees with jurisdiction over agencies with statutory responsibility for and clienteles affected by the policy. In their more extreme manifestations, sub-governments are called iron triangles (FIORINA, 1989, p.121).

It is worth briefly advancing here that LS's coalition model heavily relied not only on the assumptions of departmental autonomy described above, but more precisely on the idea of committee government furthered by authors like Fiorina.

It goes without saying that the opposite reality of American sub-governments, according do Rose's view, is found in the European cabinet systems, whose collegial nature implies not only centralisation and co-ordination, but also co-operation. In Rose's words, in European cabinets:

> government is a co-operative task. Politicians in a Cabinet system recognise and welcome this. Each minister is given a measure of trust by their colleagues and allowed to proceed with matters of immediate concern within the department. In turn, each minister trusts their colleagues to meet common political responsibilities. When disputes between colleagues arise, each is expected to fight the case staunchly. **But once the cabinet resolves the dispute, they are expected to co-operate with each other** (ROSE, 1980, p. 339).

Cabinet government is also collegial, which means in Rose's words that "a cabinet is a team, rather than a collection of politicians brought together for an all-star game". According to this author, each minister "wishes to think himself as already or potentially the team's most valuable player. But a collective interest in the team's victory makes each individual prepared to co-operate with team-mates (op. cit., p. 331)".

Notwithstanding the fact that both views of American committee government, on the one hand, and European cabinet government, on the other, have been revised in more recent years through analyses that highlight in the former case the existence of important collective institutions (COX AND MUCCBBINS, 1993) and in the latter case different workings and structures of cabinet systems (KING, 1994), one can take these two idealised views as useful ideal-types of the government structure on each side of the Atlantic. For our purposes, it is important to bear in mind such a division, since our main point in this review is to stress that LS's model of making and breaking of governments strongly relies on assumptions that in our view are clearly borrowed from the idea of the American committee government. Assumptions like ministerial discretion and autonomy and lack of co-operation thus do not easily fit the collegial nature of cabinet systems in Europe.

2- LAVER AND SHEPSELE MODEL OF COALITIONS AND CABINET GOVERNMENT.

It is hard to deny that in many aspects LS's model of coalition formation constitutes an important advance on previous formal models. On the one hand, while building a model driven by policy-based rather than by office-based preferences, LS broke ranks with Riker's (1967) size principle theory, which predicted nothing but minimum winning coalitions, a prediction that had a hard time explaining the many instances of minority governments and surplus majorities found in the real world. On the other hand, LS's portfolio allocation theory, even though policy-based, skipped the nonsense chaos theorem predicted by spatial voting games, a theorem meant to forecast for parliamentary arenas possessing multidimensional policy spaces and lacking a majority party, cycling of governments and non equilibria situations – facts that did not happen so frequently in the real world. Indeed, both a major concern and advance of LS's theory lies in the fact that, while the model is policy-oriented and game-theoretical, it is able to predict equilibria outcomes. In other words, it is capable of predicting government formation and stability.

Warwick (1999) has pointed out to this major concern of LS's model:

> the essence of the theory is to inhibit the theoretical expectation of governmental cycling by limiting the proposals that can be made to replace a government currently in power. *The limiting device is ingenious: Laver and Shepsele argue that any proposal to replace an incumbent government must advance a policy position defined by the way it allocates ministerial portfolios* (WARWICK, 1999, p.371).

Indeed, LS indirectly concede that this a major implication of their model: "there is only a finite number of governments that can be proposed, reflecting the number of different ways in which the fixed set of cabinet portfolios can be allocated between the fixed set of coalitionable parties" (LAVER and SHEPSLE, 1996, p. 34).

The defining role of portfolio allocation rests on the assumptions that (1) each dimension of the policy space is governed by a particular portfolio. If LS relaxed this first assumption, allowing for a ministry to have jurisdiction over more than one policy dimension, the baronial fiefdom assumption (DUNLEAVY and BASTOW, 2001) was not: indeed, a decisive feature of LS's model is the premise of complete jurisdictional autonomy and discretion on the part of ministries:

> the departmental structure of government decision-making is a vital part of our model of politics in parliamentary democracies. This implies that government decision making is broken into a series of component parts relating to particular policy areas...we assume that what follows is each minister possessing considerable discretion to act, in his or her own department, independently of other members of the cabinet; 2) the policy position proposed for each dimension, to be credible, must correspond with that of the party assigned the relevant portfolio (LAVER and SHEPSLE, 1996, p.32)

Coalitions build upon credible political positions, which in their turn are synonymous of portfolio allocations. Other policy positions than the lattice points, which mean different portfolio allocations, are not credible and cannot be the basis of a coalition. Herein lies a fundamental trait of LS's portfolio allocation model: **policy compromise among coalition parties is explicitly ruled out**. Here LS point out two major departures from earlier studies on coalition formation:

> …all coalition theories based on the assumption of policy-seeking politicians were imbedded in a spatial model that assumed that any point in the political space was a feasible basis around which a winning coalition could assemble. Our lattice is a major departure, emphasising as it does the fact that no policy agreements come into being, but each government comprises a set of cabinet ministers; […] nearly all game-theoretical approaches to the subject of government formation took a co-operative approach" (LAVER and SHEPSLE, 1996, pp. 112-113)

Indeed, in Dunleavy and Bastow's words, LS's model forecasts coalitions that cannot coalesce, where any point in the contract curve of parties' ideal points is not credible either as a starting point or for the development of a coalition.

So if the spatial restriction implied by LS's model was aimed at solving the chaos dilemma that characterised some spatial analyses on voting, their theory envisaged three types of equilibrium government (whereas the lattice points of Laver and Shepsle seem to heavily rely on the assumptions related to the American committee government, their equilibrium scenarios are strongly influenced by the idea of the median legislator). 1) Indeed, the first of these scenarios may be identified as an extension of the median voter theorem in multidimensional policy spaces. As Warwick (1999) stresses:

> a dimension-by-dimension (DDM) government is a government whose policies are those of the median legislator on all policy dimensions; in Laver and Shepsle's framework, this would mean that it includes all parties containing median legislators (median parties) and allocate to each the appropriate portfolio. **With the restrictions on credible alternatives stipulated by Laver and Shepsle, the odds increase that there will be no majority-preferred to a DDM government, or in technical parlance, that its winset will be empty. If so, it would be in equilibrium** (WARWICK, 1999, p. 370, , underline ours).

The restriction implied by the portfolio lattice points seems in fact decisive to equilibrium governments, even when a government is a DDM, since in many instances its **policy win-set** will not be empty; that is, a majority of legislators will prefer other policies than the ones furthered by the DDM government. Since in LS's model, those policies are not credible, they cannot be the origin of any government.

The two following scenarios of government equilibrium have at their core the idea of "strong party". As summarized by Warwick (1999, p. 370):

> A strong party is a party that is in a position to veto any credible alternative to a government in which it takes all key portfolios. This may be because there are no such alternatives, in which case we have a very strong party (VSP) or because all alternatives include a strong party itself. The latter situation defines a merely strong party (MSP).

Whereas the strong party is median in all policy dimensions, the merely strong party is median in at least a single policy dimension. Whereas very strong parties have empty win-sets, there is no preferred party or coalition alternative, and merely strong parties have no empty win-sets. But since they take part in all preferred options, they are able to veto those alternatives and remain in the status quo position.

It is worth stressing a final point about LS's model. All equilibrium scenarios imply a centripetal pattern of government formation. Strong parties must have ideal points that are

central in some sense. Indeed, each type of strong party has the intention of implementing some public policy position that is central in some sense.

3 – CRITIQUES OF LS'S MODEL

As we anticipated in the first section of this essay, underlying LS's model of making and breaking governments is a ministerial government view on European parliamentary regimes. The assumption of ministerial autonomy strongly opposes the conception of cabinet regimes as collegial bodies. LS did in fact transpose common assumptions on the workings of the American Congress to the context of the European parliamentary regime. LS's ministerial government is a clear translation to European countries of the idea of committee government. Indeed, since their model strongly depends on the assumption of total ministerial discretion over policy dimensions and non co-operation, it remains clearly attached to the idea of committee government that seems highly unsuited to the rationale of the European cabinet system. It is our next argument that the most recent critiques (DUNLEAVY and BASTOW, 2001) of LS's model are in fact making this point from an empirical view.

Dunleavy highlights, as we said, one of the main traits of LS's approach: coalitions cannot coalesce; that is, parties cannot reach any agreement along the contract curves that link their ideal points.

> Earlier (pluralist and public choice) approaches to coalition deals focused on assessing how the parties would reach agreement on the contract curve between their optimal positions, the straight line between AA and BB, a finely adjustable set of outcomes which was assumed to be accessible by both the parties. But instead the LS model insists that because of inescapable departmentalism only the two lattice point positions BA or AB can be obtained by collaboration between the parties — ensuring that a simple either/or choice lies at the centre of every coalition negotiation between any two parties (DUNLEAVY and BASTOW, 2001, p. 6).

Whereas the "inescapable departmentalism" alluded to by Dunleavy has as one of its theoretical aims the depiction of a policy space that avoids the chaos theorem, from an empirical viewpoint it is a picture directly drawn from American committee government, or US's sub-governments in the words of both Morris Fiorina and Richard Rose. Dunleavy seems to recognise this fact, while referring to the budgetary process:

> In fact, the baronial fiefdom model seems much more appropriate for the United States: here OMB's controls are offset by agencies' ability to cultivate direct relations with Congress. In a European context, comparatively strong or very strong finance ministries are present in every country and make a huge difference to how budgeting processes are modelled, typically operating in close conjunction with prime ministerial power (DUNLEAVY and BASTOW, 2001, p.11).

Dunleavy in the subsequent pages goes on to make many empirical critiques of LS's ministerial jurisdictional autonomy, critiques that seem to signal the collegial and co-operative nature of the European cabinet systems. While referring to two consociational (LIJPHART, 2000) cabinet systems, those of the Netherlands and Belgium, which the literature depicts as systems based on co-operation and negotiation, Dunleavy calls attention to the collegial nature of those governments (obviously in sharp contrast to the decentralized nature of the committee government): "Some post-election talks are quite speedy, but in other countries (like the Netherlands) talks of up to three months duration are quite common". The typical outcome of these negotiations is a formal coalition pact, negotiated line-by-line just like a major party manifesto, and covering the full range of government policies, insofar as they can be foreseen, together with rule of the game or norms of behaviour for resolving disputes (TIMMERMANS AND ANDEWEG, 2000, p. 385). In Belgium the pact carries with it a 'moral sense of obligation' — *pacta sunt servanda* — that binds those stakeholders taking part in negotiations Dunleavy and Bastow (2001) go on to mention the fact that LS's model does not mention coalitional pacts, which in practice strongly challenges the idea of ministerial discretion:

> LS again make no mention of coalition pacts, and do not discuss how their presence would impact upon the exercise of ministerial discretion. It seems beyond question that the point of detailed pacts is to achieve a certain degree of joint decision-making by the coalition parties across-the-board, so that a partner party which does not hold a particular ministerial office is not thereby denied all influence or say in that policy area, usually benefiting the smaller parties. Mitchell assesses the coalition agreement in Ireland as 'a rock solid insurance policy, outside the logic of cabinet arithmetic and portfolio distribution, that can be periodically summoned to protect the junior partner's vital interests' (DUNLEAVY and BASTOW, op. cit., p. 17).

These and other elements of criticism of LS's model seem to highlight the inadequacy of transposing the model of committee governments to explain the workings of parliamentary systems. Dunleavy's modified version of LS's model employing the possibility of modeling a contract line after portfolio allocations have been set up and parties moving from the portfolio

allocation positions towards more convergent positions, seems to be an attempt at reconciliation between the polar assumptions arising from models of committee government on the one hand, and of cabinet systems on the other.

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