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GOVERNMENT STATUS AND LEGISLATIVE BEHAVIOUR

Partisan Veto Players in Australia, Denmark,
Finland and Germany

Steffen Ganghof and Thomas Bräuninger

ABSTRACT

In parliamentary systems, parties compete for votes and offices in the electoral arena, but in many systems they also cooperate in the legislative arena. This article examines the question of how the government status of parties affects their legislative behaviour. We develop a simple spatial model that includes parties' positional goals (vote, office, etc.) to formalize the notion of accommodating legislative behaviour. The model implies that government parties are most accommodating while opposition parties are least accommodating. The hypothesis is evaluated by comparing two pairs of similar political systems: Danish and Finnish coalition governments, as well as German and Australian bicameralism. The case studies support the main hypothesis that government status systematically affects parties' level of accommodation. We discuss the implications for two seminal approaches in comparative institutional analysis advanced by Lijphart (1999b) and Tsebelis (2002).

KEY WORDS ■ bicameralism ■ minority government ■ multiparty government ■ party goals ■ spatial model

Introduction

Does the government status of legislative parties systematically affect their legislative behaviour? Are opposition parties less 'accommodating' than the parties that form the coalition government? Many country studies suggest this is indeed the case, at least with respect to popular policies. Opposition parties potentially supporting a government proposal may be reluctant to

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collaborate with the government because they find it difficult to claim credit for policy change (e.g. Huber, 1999). Thus, 'agreement may be thwarted by the pressure to compete . . .' (Scharpf, 1997: 192). Goodin states this conjecture very forcefully by contrasting parliamentary majority coalitions to US-style divided government:

True, parliamentary parties may face a formally analogous task in hammering out the legislative agenda for a coalition government. But where there is a formal coalition, collective agency has been created, and all parties to it will be judged at least in part by its successes or failures. Where, as in the United States, there is merely coalition-like governing, there is no collective agency and no shared responsibility. Even if in formal terms there were a core of policy compromises which would be Pareto-superior from the point of view both of a Democratic president and a Republican Congress, in terms of the larger re-election game it may be more in the interests of each to eschew compromise and try to lay the blame for consequent policy failures on the other.

(Goodin, 1996: 33, emphasis in original)

In this article, we explore this *government status hypothesis* for parliamentary democracies, both theoretically and empirically. We thereby aim to contribute to the broader literature on the comparative analysis of institutions. Among the important approaches in this literature that may be informed by a deeper understanding of the role of parties' government status in legislative politics are veto player theory (Tsebelis, 2002) and Lijphart's (1999b) two-dimensional mapping of democracies. As Tsebelis's theory is based on a spatial model with purely policy-seeking actors, some of its results may change if 'positional' goals (vote, office, etc.) are taken into account. And since Lijphart (1999b: 5) has explicitly drawn on Goodin's conjecture as a theoretical rationale behind his two empirical dimensions (see also Birchfield and Crepaz, 1998), a better understanding of this conjecture is desirable.

The following section introduces a spatial model in which both policy and positional considerations of parties play a role. The main implication of the model is that the potential for policy change tends to be smaller when opposition parties participate in policy-making. In the subsequent section, we undertake an initial qualitative evaluation of this government status hypothesis by performing comparisons of legislative politics in two pairs of political systems: Denmark and Finland and Germany and Australia. In both pairs, the countries resemble each other in many crucial aspects, but often differ in the allocation of government status among the typical members of legislative coalitions. The case comparisons support our main hypothesis: actors that are members of a legislative coalition tend to be more accommodating if they are not in direct opposition to the government. The final section discusses our results and draws out implications for the approaches of Lijphart (1999b) and Tsebelis (2002).

Government Status in a Simple Spatial Model

Let us start with standard spatial model assumptions. First, any individual actor has a most preferred policy in a one-dimensional or multidimensional space of all policies that are on the agenda. Second, preferences are assumed to be symmetric and single-peaked around this ideal point, so that for any two policies the preferred one is closer to the ideal point. All actors are concerned about is to move the status quo as close as possible to their own ideal point. Given these assumptions, a non-empty set of all policies that can beat the status quo indicates the possibility of policy change. As far as political actors are actually vote-seeking, electoral gains are supposed to increase monotonically in the distance between ideal point and status quo replacement.

Tsebelis (2002) highlights three major implications that follow from the policy-seeking assumption: first, leaving internal cohesion aside, the only variable that, given some status quo policy, determines the legislative behaviour of a collective actor is its ideal point in the policy space.¹ Second, since an actor only cares about policy gains it always accepts even very small gains as long as those exceed the decision or transaction costs – and if its agenda-setting power does not allow it to extract larger gains. This implies that if the agenda-setter is located in the centre of a multidimensional policy space, it will typically not have to make concessions at all (Tsebelis, 2002: 97–99). Therefore, minority governments, especially one-party governments, are treated empirically like majority governments. Finally, since any actor cares only about policy gains, it never accepts policy losses, i.e. a policy moving the status quo away from its ideal point. As a result, Tsebelis counts all members of oversized coalitions as veto players: if the win-set of the status quo is non-empty, the coalition parties will only accept alternatives in the win-set; and if it is empty, then the coalition will not form or dissolve.

In order to relax the policy-seeking assumption, we distinguish policy change from formal change. *Policy change* refers to the content of politics: an increase in expenditure or the raising of a tax, etc. In terms of the policy space, policy change means any change of the status quo policy. In contrast, *formal change* refers to the form or instruments of policy and becomes visible as the product of legislative or government activity: a new governmental regulation, the modification of an existing law, or the passing of a parliamentary resolution. From the voters' point of view, formal change signifies that issues on the public agenda are being tackled whether or not this involves actual policy change.² This distinction allows us to introduce a specific notion of responsibility for policy outputs into the standard spatial model.³ If claiming responsibility for tackling issues on the public agenda promises to reward electoral gains, actors will be keen or reluctant to pass bills and get the issue off the agenda, depending on their roles in the legislative game. In this case, political actors care not only about policy change

but also about formal change. We therefore add a ‘positional’ component to the standard policy-based utility function of political actors (Laver and Schofield, 1990: 36–61; Strøm, 1990). Specifically, we assume that formal change is associated with a variable positional loss (or gain if positive) that reflects the varying expectation of actors regarding the consequences of a collective decision for their future vote-share as well as their future access to government offices, agenda-setting power, etc.⁴

Formally, we define utility functions u_i on the alternatives for both formal and policy change rather than the policies themselves. Such alternatives are represented by a triple (d, x_0, x) , where d denotes the decision ($d = 1$) or non-decision ($d = 0$), and x_0 and x are the status quo and its replacement in the (multidimensional) policy space X :

$$u_i(d, x_0, x) = -\|x - x_i\| + \|x_0 - x_i\| + d(\sigma_i\|x_0 - x_i\| - \gamma_i\|x - x_i\|)$$

where the parameters $\sigma_i > 0$ and $\gamma_i \geq 0$ weigh the positional losses or gains that actors are rewarded with when making a decision. The first two summands in the utility function refer to the standard spatial model, the third is the positional utility that actors receive only if they make a decision and induce formal change.

The positional utility component consists of two parts. The first reflects the expected gains derived from claiming credit for policy change. We assume that these gains are *ceteris paribus* lower for status quo locations that are close to its ideal point. Consequently, $\sigma_i\|x_0 - x_i\|$ is increasing as $\|x_0 - x_i\|$ is increasing. The source of σ_i is not necessarily restricted to electoral expectations, but may also reflect the benefits parties receive from becoming and staying part of governing coalitions, e.g. government offices, patronage resources or agenda-setting power. Since the stability of governing coalitions depends on its ability to agree on policy change (Tsebelis, 2002), parties that value the above-mentioned benefits are eager to achieve policy change and attach positive positional utility to it. The second assumption we make is that positional utility is highest at the actor’s ideal point, but decreases as the status quo replacement departs because it then becomes increasingly difficult to sell the policy reform as a success to (potential) voters. Thus $-\gamma_i\|x - x_i\|$ is decreasing in $\|x - x_i\|$, where γ_i measures an actor’s sensitivity for policy sacrifices (cf. Huber, 1996).

To see the implications of the two parameters, it is useful to compare the resulting preferred-to-sets of the status quo, i.e. the set of policies an actor prefers to the status quo in the conventional and the modified model. For the first case, we know that x is preferred to the status quo if $\|x - x_i\| < \|x_0 - x_i\|$, whereas in the second case it must hold that:

$$\|x - x_i\| < \frac{1 + d\sigma_i}{1 + d\gamma_i} \|x_0 - x_i\|.$$

If a bill is passed ($d = 1$), the differences between the two models is expressed by the term:

$$\rho_i = \frac{1 + \sigma_i}{1 + d\gamma_i} .$$

The ratio ρ_i summarizes the effects of actors' positional goals on their legislative behaviour. If actors' eagerness to achieve policy change outweighs their sensitivity to policy sacrifices, $\rho_i > 1$ and the preferred-to-set increases. In the opposite case $\rho_i < 1$ the preferred-to-set decreases. If the two are balanced, $\rho_i = 1$ and actors behave like pure policy-seekers, as in the standard model.

Another way to think about ρ_i is this (Ganghof, 2003: 16–17): in the standard model, actors only care about increasing their policy gain by substituting the status quo with some replacement z . Thus, their policy gain is $u_i(z) - u_i(x_0)$. In the extended model, actors also care about how much of their total policy ambition, given by $u_i(x_i) - u_i(x_0)$, they continue to sacrifice. This policy sacrifice is given by $u_i(x_i) - u_i(z)$. It can be shown that ρ_i represents the actor's *sacrifice ratio*, i.e. the maximal policy sacrifice the actor is willing to make relative to its policy ambition.⁵ Thus ρ_i is a measure for how 'accommodating' actors are in the legislative arena. The higher ρ_i , the easier it is to get the actor's consent on a change of the status quo, everything else being equal.

The next step then is to form expectations about the effect of parties' government status on their sacrifice ratio. We distinguish three types of parties: *government parties* govern alone or are part of the government coalition, *opposition parties* are not in government and can become part of a future government, *neutral parties* are not in government and are very unlikely to become part of a future government. An example of the last-mentioned case are minor parties in the Australian Senate which are not represented in the House of Representatives and are therefore no opposition party in the narrow sense of the term.

So what about the size of σ_i , γ_i and ρ_i for the three types of parties? As to σ_i , representing the eagerness to achieve policy change, the important difference is between government parties (g) on the one hand, and neutral (n) and opposition parties (o) on the other. Voters regard most governments as being primarily responsible for 'getting things done', so that governing parties associate policy change with positive positional utility. Hence, we can expect $\sigma_g > \sigma_o, \sigma_n$. For γ_i , the sensitivity to policy sacrifice, the important difference is between government and neutral parties on the one hand, and opposition parties on the other. Opposition parties, but not neutral parties, have an incentive to deny the government policy successes. As opposition parties find it more difficult to claim responsibility for policy change, they will only make deals with the government if the outcome sends a clear signal to voters that the party actually made a difference. Hence, opposition

parties will generally be sensitive to policy sacrifices. They will not simply help the government to pass its own programme, but try to extract significant concessions. As a result, we expect $\gamma_o > \gamma_g, \gamma_n$.

As to the sacrifice ratio this implies that government parties can be assumed to be the most accommodating, opposition parties the least accommodating, and neutral parties somewhere in between ($\rho_g > \rho_n > \rho_o$). Note that we do not assume that neutral actors behave as in the standard model ($\rho_i = 1$) or that the preferred-to-sets of government or opposition parties are larger or smaller than in the standard model. In fact, all three types may be fairly sensitive to policy sacrifices in order not to discourage their constituents. What we do claim, however, is that there is a clear and significant difference in the accommodating behaviour of government, opposition and neutral parties.

These differences do not, of course, translate directly into differences between sizes of the win-set in different constellations of legislative actors. Whether or not an actor's sacrifice ratio makes a difference to the size of the win-set is conditional upon other variables, most notably actors' ideal points in the policy space. However, we can state the effect of actors' sacrifice ratios on the size of the win-set in the same way as veto player theory states the effect of actors' congruence (i.e. the distance between their ideal points): if one player's sacrifice ratio increases, the win-set of the status quo is likely to increase and it will never decrease; conversely, a decreasing sacrifice ratio tends to decrease the size of the win-set but will never increase it.

To illustrate these points, consider Figure 1, which shows two veto players, a one-party government G and an additional oppositional player O , in a unidimensional policy space. G has a sacrifice ratio of 1 (as in the standard model), while O has one of 0.5. Hence, O is non-accommodating and needs a certain minimum policy gain to accept a change of the status quo. Comparing the win-sets of the status quo for the standard and the modified model reveals that the existence of an oppositional veto player may reduce the win-set to the empty set (because O 's preferred-to-set is reduced). In Figure 1, the status quo x_0 is to the right of both government and opposition, so that in the standard model policy change is always possible. In the modified model, the win-set is empty because the preferred-to-set of the oppositional veto player $P_O(x_0)$ extends to $(x_0 + x_O)/2$, only, and does not intersect with the preferred-to-set $P_G(x_0)$ of the purely policy-seeking government. If $P_O(x_0)$ did extend beyond $2x_0 - x_G$ but not to x_G , the win-set would be non-empty and policy change would require G to compensate O for its positional losses. In contrast to standard spatial theory, therefore, our model implies that even actors benefiting from a government proposal in policy terms can have a credible threat to veto the proposal and thereby force the agenda-setting government to make concessions.

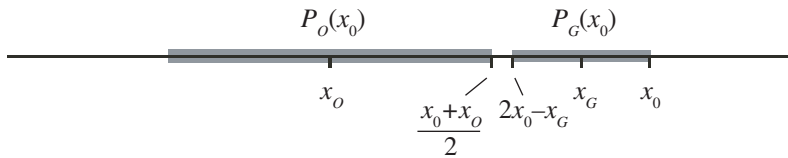


Figure 1. Effect of positional utility on potential for policy change

We can summarize the discussion in terms of two hypotheses:

Hypothesis 1: Everything else being equal, the size of the win-set tends to decrease, and never increases, as the government status of a legislative party changes from governmental to neutral or oppositional, or from neutral to oppositional.

Hypothesis 2: Everything else being equal, the size of concessions to a party that is part of a legislative coalition increases as its status changes from governmental to neutral or oppositional, or from neutral to oppositional.

In the next section, we confront these hypotheses with evidence from two case comparisons: between coalition governments in unicameral Denmark and Finland, and bicameral systems in Germany and Australia.⁶

Evaluating the Government Status Hypothesis

Although Denmark and Finland, as well as Germany and Australia, are similar in terms of several crucial institutional features, they differ in the allocation of government status among typical members of legislative coalitions (Table 1).⁷ Denmark’s frequent minority governments imply that at least one opposition party is generally included within the legislative coalition, while in Finland government coalitions are typically oversized.⁸ In the Australian bicameral system, the government often seeks the support of a neutral party in the Senate, while in Germany the government frequently needs the support of the major opposition party (in the Bundestag, the federal diet) to get its legislation through the second chamber, the Bundesrat.

Our case comparisons focus on socio-economic policy-making and use an expert survey conducted by Laver and Hunt (1992) to identify the ideological orientations of political parties on the ‘tax vs. spending’ dimension.⁹ The time period under consideration is from about 1980 to about 1999. The pragmatic reason is that the Laver and Hunt expert survey was conducted in 1989, and since policy positions are subject to change over time we hesitate to extend the study too far into the future or into the past. Another reason is that the systematic effect of government status should become more visible as stark ideological divisions between ‘socialist’ and ‘bourgeois’ parties become less important, which is what happened from the 1980s on.

Table 1. Government status and type of legislature

<i>Government status of members of typical legislative coalition</i>	<i>Legislature</i>	
	<i>Unicameral</i>	<i>Bicameral</i>
Government or neutral parties only	Finland	Australia
Also opposition parties	Denmark	Germany

Comparison I: Denmark and Finland

Denmark

Figure 2a shows the ideological orientation of Danish parties. The three major parties are Social Democrats (SD), Conservatives (KF) and Liberals (V). From 1982 onwards all governments were coalitions with minority status, except from January 1993 to February 1994. None of these coalitions included both Social Democrats and Conservatives or Liberals, so the ideological range of governments was moderate with a maximum range of 5.6 on the 20-point scale.

If all parties were pure policy-seekers, even minority coalitions could be expected not to grant significant concessions to opposition parties because they can choose their support party. What governments need, of course, is

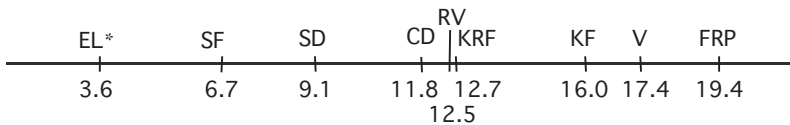


Figure 2a. Left-right placement of Danish parties on economic policy dimension

EL = Unity List – Red–Green Alliance, SF = Socialist Party, SD = Social Democrat, RV = Social Liberals, CD = Centre Democrats, KRF = Christian People’s, KF = Conservatives, V = Liberal, FRP = Progress Party; *Left–right score for Communist Party which is one of the predecessors of EL.

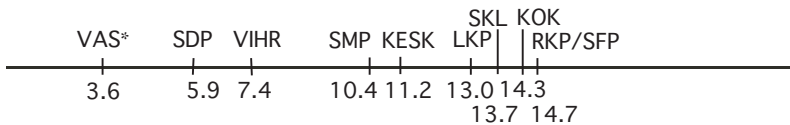


Figure 2b. Left-right placement of Finnish parties on economic policy dimension

VAS = Left-Wing Alliance, VIHR = Green League, SDP = Social Democratic Party, LKP = Liberal People’s Party, RKP/SFP = Swedish People’s Party, KESK = Centre Party, SMP = Rural Party, KOK = National Coalition, SKL = Christian Union (since 2001 Christian Democrats [KD]). *Left–right score for Democratic Alternative, which is one of the predecessors of VAS.

agenda-setting power. Danish governments possess an important instrument in this regard: the power to make the last amendment (Heller, 2001a: 791; Tsebelis, 2002: 98–9). If opposition parties are non-accommodating, however, even minority governments with agenda-setting power can be forced to make significant concessions.

In Denmark, this became most obvious during the five bourgeois governments under Prime Minister Poul Schlüter between 1982 and 1993 (Damgaard, 1992). In addition to KF and V, the first three coalitions included the Christian People's Party (KRF) and Centre Democrats (CD), while the fourth included the Social Liberals (RV). Their main problem was that the only potential support party on the right was the extreme anti-tax Progress Party (FRP). This party had a large policy ambition (i.e. an ideal point far away from the status quo) and it was non-accommodating. Hence, although many government proposals were clearly better for the FRP than the high-tax status quo, the potential policy gain was not enough to justify making deals with the government. This led to the fall of the first Schlüter cabinet after only 16 months: toward the end of 1983, the government initially seemed to have the support on its budget bill of both Social Liberals and the Progress Party, but the latter eventually pulled out of the agreement, thus causing government defeat and new elections.

Social Democrats, as major contenders for government, were also non-accommodating. Before the 1980s, an informal norm of Danish parliamentarism had worked against non-accommodation: at least on budget bills, 'responsible' parties were expected eventually to support the proposal, whether they liked it or not (Damgaard, 1992: 36). In the 1980s, however, the Social Democrats started to undermine this norm and used the budget to challenge and potentially embarrass the government.

The 1984 election strengthened the bourgeois parties so that the second Schlüter government could rely exclusively on the support of the Social Liberals. While this made for more stable and predictable policy-making, the non-accommodating behaviour of the Progress Party still reduced the government's flexibility in choosing a support party. Partly as a result, the Schlüter governments were often defeated by an 'alternative majority' in parliament. While the centrist Social Liberals were probably more accommodating than either the Progress Party or the Social Democrats, they were of course unwilling to accept large policy sacrifices or even absolute policy losses. Hence, they voted with the 'socialist' opposition on a number of issues. From 1982 to 1988, for example, the Schlüter governments lost 8 percent of the final votes in parliament (Damgaard, 1992).

After the election in 1987, the government again needed either the Social Democrats or the Progress Party to pass a bill. Since Social Democrats were located to the left of all government parties and the Progress Party to their right, any government proposal to change the status quo in that policy area should have received, according to the standard spatial model (in one dimension), the forthright support of exactly one of them. Actually, the

government often had to make significant concessions. In the negotiations for the 1988 budget, for instance, the government was unable to get support from the Progress Party and ended up making ‘excessive’ concessions to the Social Democrats (Green-Pedersen, 2001: 60). After 1988 the government could get the support of the Progress Party (including budget bills), but this support was neither completely reliable nor inexpensive in policy terms. Getting the Social Democrats was not much easier, however, such that on many major reform projects ‘the results were meager indeed’ (Green-Pedersen, 2001: 61). Important areas of economic policy were characterized by stability rather than by change.

Finland

Figure 2b shows the positioning of major Finnish parties in the period under consideration. In contrast to Denmark, Finland has a fairly long tradition of cross-bloc coalitions, mainly built around Social Democrats (SDP) and the Centre Party (KESK). Other major parties are the National Coalition (KOK) located to the centre-right of the socio-economic policy space and the Left-Wing Alliance (VAS) in the leftmost position of the party system. From the early 1970s to 1987, all coalitions included SDP, KESK and the Swedish People’s Party (Finnish: RKP/Swedish: SFP), at times supported by the left-wing predecessor party of VAS or the Liberal People’s Party (LKP). After 1987 all coalitions included both KOK and RKP/SFP. From 1987 to 1991, these two parties formed a coalition with the SDP, originally supported by the Rural Party (SMP). From 1991 to 1995, they formed a coalition with KESK and initially also with the Christian Union (SKL, since 2001 Christian Democrats, KD). After 1995, Finland was governed by the heterogeneous five-party ‘Rainbow Coalition’, comprising VAS, SDP, Greens (VIHR), KOK and RKP/SFP. The ideological range of governments in the 1980s and 1990s was larger than in Denmark, varying between 3.5 and 11.1.

Based on the standard spatial model, one would expect the more heterogeneous Finnish coalitions to be characterized by a greater likelihood of policy gridlock and, as a result, greater government instability. This, however, was not the case. After 1977, governments formally resigned only after presidential or parliamentary elections, and only occasionally did they lose a (surplus) coalition party (Nousiainen, 2000). We contend that one reason for this finding is that coalition parties, due to their government status, tend to be neutral or even accommodating. First, virtually all parties can cooperate with each other as part of the governing coalition and are keen on doing so. The electoral consequences of being a coalition party are either considered unpredictable or reinforce the attractiveness of government participation (Nousiainen, 2000: 293). Second, after supermajoritarian rules in parliament had been abolished in the early 1990s, small flank parties in oversized coalitions became ‘real’ surplus parties that were not necessary

to ensure legislation. Even though these parties knew that their blocking potential was limited, they participated in government, apparently expecting significant positional gains from doing so. In combination, these two characteristics of recent Finnish politics go a long way towards explaining why ideologically heterogeneous coalitions do not lead to frequent deadlock or high government instability. In Nousiainen’s terms, party leaders’ ‘area of tolerance’ in the bargaining process is broad and coalition bargaining is characterized by high ‘policy elasticity’ (Nousiainen, 2000: 288, 293). The extended spatial model presented above helps us understand this characterization.

The importance of positional considerations of parties can best be exemplified by the left flank parties of the Rainbow Coalition, VAS and VIHR (Jungar, 2002). Prime Minister Paavo Lipponen (SDP) formed the coalition with both parties explicitly to reduce the blocking power of each of them and to ensure that no party would be able to require more than it was entitled to with respect to its electoral strength. VAS and VIHR preferred government participation because they were keen on getting government offices and considered the prospects of winning votes in opposition as dim. Owing to these expected positional gains, they were willing – both at the time of coalition bargaining and afterwards – to make large policy sacrifices. As one Green politician put it: ‘The [government] programme is in many respects a catastrophe, but power is not often offered – when it is, one has to grab it’ (cited in Jungar, 2002: 74).

Comparison 2: Germany and Australia

Germany

Figure 3a shows the positioning of German parties with respect to the socio-economic policy dimension. The Green Party (G) and Social Democrats (SPD) are located to the left of the centre, Christian Democrats (CDU/CSU) and Liberals (FDP) to its right. Notably, the FDP has the rightmost position on ‘tax vs. public spending’ issues. In the time period under consideration, the party system was characterized by a two-bloc logic first established by the FDP, which formed a coalition with SPD (1969–82) and the CDU/CSU (1982–98). Later the consolidation of the Greens created a real two-bloc

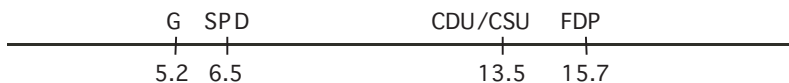


Figure 3a. Left–right placement of German parties on economic policy dimension

G = Green Party, SPD = Social Democratic Party, FDP = Free Democratic Party, CDU = Christian Democratic Union, CSU = Christian Social Union (score for CDU only).

system, with the post-communist PDS being ostracized by the other parties. In 1998, an SPD–Green government took office.

The German Bundesrat is a veto player on all ‘mandatory’ legislation, i.e. legislation that affects the interests and administration of the constituent states (Bräuninger and König, 1999). Its importance as an institutional veto player became most visible in 1969, when the SPD–FDP government faced a second chamber in which state governments led by the federal opposition party had a majority. As a result, the Bundesrat became highly ‘politicized’ (Sturm, 2001: 176). The CDU/CSU now used the Bundesrat ‘aggressively’ in order to ‘thwart the agenda’ of the government (Silvia, 1999: 176–7). Most experts considered the increased level of conflict to be partly the result of opposition parties’ vote-seeking incentives (Lehmbruch, 2000). This view is also apparent in a proposal made by Wilhelm Hennis, a prominent German political scientist, stating that grand coalitions should be installed in all the Länder. This was to ‘remove party politics from the Bundesrat’ and ‘force the major competitors in the political system to co-operate’ (Sturm, 2001: 177).

The formation of the CDU/CSU–FDP coalition in 1982 brought the two chambers back into political alignment for several years, thus facilitating policy change. The positions of the CDU-led state governments were often derived from their own economic and budgetary situation and thus *not* necessarily in line with that of the federal coalition (König, 2001). In such situations, policy change was facilitated by state governments’ positional interests in helping the federal government to pursue its policy agenda – and to strengthen the party label.

The period of political alignment between the two chambers ended in 1991, when the CDU/CSU–FDP-led state governments lost their majority in the Bundesrat. After October 1994, oppositional governments alone had a blocking majority.¹⁰ In the latter period, ‘[t]he SPD proved no less hesitant than the Christian Democrats were in the 1970s and early 1980s to exploit the new majorities in the Bundesrat and the mediation committee to their full extent’ (Silvia, 1999: 178). Social Democrats used the mediation committee to significantly modify government legislation and killed a number of important bills altogether, above all the government’s tax reform bill, arguably its major economic policy project. With respect to this bill, it seemed most obvious to observers that the Bundesrat rejection could not only have been due to the policy preferences of the Bundesrat majority, but also to its vote-seeking incentives (Zohlhörer, 1999).

After an SPD–Green government took office at the end of 1998, there was a short period of unified government. Already in April 1999, however, the government once more lost its majority in the Bundesrat. The result was that government and Bundesrat majority were unable to agree on several reform projects despite fairly similar policy preferences. One example of this is the government’s pension reform, which – like its major tax reform – could only be passed because some of the ‘mixed’ state governments could

be won over with side payments (Merkel, 2003). The latter result is not untypical. In fact, for observers like Scharpf (1997: 194, n. 17) the fact that the ‘federal government is sometimes able to buy off party-political opposition by offering concessions to some state interests’ is one main reason why German-style divided government does not lead to complete deadlock on major policy issues.

Australia

Figure 3b shows the left–right placement of the four most important Australian parties in the period under consideration. In the House of Representatives, two blocs face each other: with the Labor Party (ALP), on the one hand, and Liberal (LPA) and National Party (NPA), two very close allies referred to as the ‘Coalition’, on the other. From 1983 to 1996, Australia was governed by the ALP, afterwards by the Coalition. In the Senate, which is an institutional veto player on all bills, the three major parties also controlled most seats, but neither of the two blocs had a majority of its own because a number of minor parties and independents also gained representation. The most important of these minor parties, the Australian Democrats (AD), is included in Laver and Hunt’s expert study.

The best-known instance in which clearly non-accommodating behaviour of the Senate majority led to complete deadlock occurred before the period under consideration: in 1975, the Senate deliberately provoked the dismissal of the ALP Prime Minister Gough Whitlam by refusing to pass the government’s appropriations bills. This example provides excellent support for our hypothesis because the opposition parties proper, i.e. the Liberal and the National Party, had a blocking majority in the Senate. If this were always so, the Senate would tend to be a non-accommodating veto player (cf. Sharman, 1999: 354).

The crucial players in the Senate, however, are frequently minor parties, especially the Australian Democrats. This is not obvious in Figure 3b. When ALP governments adopted neoliberal policies in the 1980s and early 1990s, the ideologically closest support party in the Senate might often have been the Liberals. However, both opposition parties frequently behaved in a non-accommodating fashion, which often established the Australian Democrats as the crucial support party. Yet this party, as well as the other neutral minor parties and independents, had no reason to block the government’s agenda.

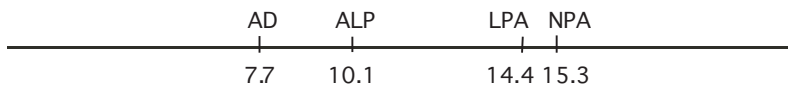


Figure 3b. Left–right placement of Australian parties on economic policy dimension

AD = Australian Democrats, ALP = Australian Labor Party, LPA = Liberal Party, NPA = National Party of Australia.

These parties virtually had no chance of gaining representation in the House of Representatives (which is elected under the Alternative Vote System). Therefore, they did not compete for government office and could not hope to implement their most preferred policies after the next election. Their main purpose as Senate parties was to review and modify the policies of the incumbent government. In fact, the 'Westminster' norms underlying the Australian constitution even tend to turn minor parties into accommodating actors. While many voters welcome minor parties as a moderating force in Australian politics (Bean and Wattenberg, 1998; Goot, 1999), they also view the government as having the mandate to govern. Because minor parties are well aware of this, they have no incentive to block government legislation for electoral reasons (Bach, 2003: 362; Young, 1999: 17).

This was clearly evident in the 1980s, when minor parties' main goal was to 'keep the bastards [of the government] honest' (Warhurst, 1997). Rather than pursuing their own policy agenda, they mainly acted as agents of accountability and review. In the 1990s, minor parties became more active in the sense that they started to claim particular mandates of their own (based on their election pledges), but their actual legislative behaviour remained accommodating. The 1993 budget bill, for instance, is considered the prime example for increased minor party 'activism' vis-à-vis the Labor government. Young (1999) shows, however, that minor parties mainly challenged the budget on procedural issues related to the chamber's review function. With respect to the actual policy issues concerned, they restricted themselves to marginal improvements of the government's proposal. Although they criticized the government's twin goals of deficit reduction and income tax cuts, they nevertheless accepted these goals as 'immovable parameters within which any policy alternatives the minor parties might suggest would have to fit' (Young, 1999: 22). Another example is the introduction of a Goods and Services Tax (GST), one of the core economic policy projects of the Coalition government. In 1998, when the government called early elections in order to ask the voters for an explicit electoral mandate for introducing a GST, the Australian Democrats clearly expressed their opposition to the government's reform agenda. Once the government had won the election and pursued GST reform, however, the Democrats' leadership adopted an accommodating stance and once more bargained for minor improvements at the margins, most notably the exemption of basic food, a somewhat more generous compensation package for the disadvantaged, and lower income tax cuts for the well-off (Eccleston, 2002: Ch. 7).

Conclusion and Discussion

In this article, we have explored the conjecture that formal responsibility and accountability for political change make a difference for parties' legislative behaviour and, hence, policy output. We performed two comparisons of

policy-making in similar political systems, which differ, however, in the allocation of government status among the members of typical legislative coalitions. The case comparisons certainly do not provide decisive tests of the government status hypothesis. Yet they do support our argument: Finnish coalition parties' positional goals of becoming, or staying, part of the governing coalition tended to make them accommodating, while the positional incentives of opposition parties in Denmark contributed to policy deadlock, 'alternative majorities' and governments granting significant concessions to oppositional support parties. Similarly, experts of German bicameralism associate 'oppositional' Bundesrat majorities with non-accommodating behaviour, while neutral parties in the Australian Senate are generally fairly accommodating. In this final section, we discuss some implications of these findings for the approaches of Lijphart (1999b) and Tsebelis (2002).

While our analysis lends support to Goodin's conjecture, it shows that his theoretical distinction between joint and divided responsibility is not perfectly congruent with Lijphart's two empirical dimensions of democracy. Lijphart (1999b: 5) draws on Goodin and argues that policy-making interactions along the executive-party dimension are characterized by 'collective agency and shared responsibility', while those along the federal-unitary dimension are not. We believe there is no such congruence. When minority governments bargain with opposition parties about their policy agenda, no collective agency in Goodin's sense is established. It is governing parties and not opposition parties that have the main responsibility for policy changes. Empirically, however, Lijphart assumes that frequent minority governments make countries more 'consensual' on the executives-parties dimension, not the federal-unitary dimension (Lijphart, 1999b: Ch. 6).

This does not imply that Lijphart's distinction cannot be justified theoretically, but that Goodin's conjecture alone is insufficient for this purpose. This insight is important because it leads us to inquire further into the mechanisms behind observed behavioural patterns. If support parties of minority governments also face incentives to reject potential compromises for 'positional' reasons while their observed behaviour seems to be more 'consensual' than what we observe in cases of divided government in bicameral or presidential systems, this points towards countervailing mechanisms that favour consensual behaviour. McGann (2004: 73), for instance, suggests that in countries like Denmark, Norway or Sweden, where minority governments and a tradition of consensual policy-making (e.g. in committee work) exist within the context of formal majority rule, it may actually be this majority rule-context that prevents intransigence of legislative parties. Since cycling majorities are possible, parties may have an incentive to compromise rather than to be excluded from the legislative majority coalition. By contrast, if they cannot be excluded because they control an institutional veto point, their incentive to compromise may be reduced (cf. Goodin, 1996).

A deeper probing of the various mechanisms behind aggregate behaviour patterns seems also desirable with respect to constitutional engineering. For

example, based on Lijphart's (1999b) analysis, one could argue in favour of Proportional Representation (PR) in the Australian House of Representatives, since this makes for 'gentler and kinder' democracy (cf. Lijphart, 1999a). From the theoretical perspective developed in this article, however, switching to PR for House elections – without concomitant Senate reform – may under some conditions increase the risk of deadlock because minor parties in the Senate are turned into opposition parties proper.

Tsebelis (2002) uses the standard spatial theory framework to derive pragmatic rules for counting veto players in empirical research. Our analysis throws doubt on some of these rules. Most importantly, while minority governments may not, strictly speaking, face a veto player, i.e. *one particular* party whose consent is necessary for policy change, we believe that parliament should not be disregarded as an institutional veto point. A government with agenda-setting power can pick its preferred policy within the win-set, but owing to opposition parties' electoral considerations this win-set may shrink and/or shift towards support parties.

A more difficult question is whether we can distinguish between different *types* of veto players based on actors' government status (cf. Birchfield and Crepaz, 1998). On the one hand, such a distinction might provide for a more precise and time-variant measurement of institutional structures. In the Australian example, the Senate may be seen as a stronger veto point when controlled by the opposition of Liberal and National Parties and a weaker one when controlled by minor parties. On the other hand, it remains unclear whether the size and robustness of the effect of government status justifies such a differentiation. In addition, there are other aspects in which veto players differ but which are difficult to model in quantitative analyses. For example, we noted above that while the Bundesrat majority in Germany is frequently controlled by the federal opposition parties, this control is often a fairly weak one because of the lack of voting discipline. It is thus not obvious whether the Bundesrat should be coded as a strong or a weak veto player in a quantitative analysis.

As this discussion shows, much work remains to be done in analysing the interaction of different causal mechanisms and in putting the measurement of institutional structures of modern democracies on a consistent theoretical basis. The legislative effects of differences in government status should be an important aspect of this work.

Notes

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- 1 Collective actors' cohesion and discipline is, of course, a crucial issue in discussing the empirical adequacy of theoretical approaches like Tsebelis's veto player theory (e.g. Wiberg, 2002). In what follows, we assume 'unitary' actors in order to put the analytical focus onto the role of parties' positional considerations.
- 2 Formal change usually involves policy change and vice versa. We focus on this case of *substantive politics*. However, our analytical distinction highlights the possibilities that policy change may also be due to *exogenous shocks* alone and that formal change may be merely *symbolic*. The absence of any type of change implies *stability*.
- 3 For a different way of modelling parties' positional goals, see Heller (2001b).
- 4 In a slightly different framework, actors' positional expectations may depend on their voting behaviour rather than on whether or not the status quo is changed (Huber, 1996).

$$5 \quad \frac{|U_i(x_i) - U_i(z_i)|}{|U_i(x_i) - U_i(x_0)|} = \frac{\|x_i - (x_i + \frac{1 + \sigma_i}{1 + \gamma_i} (x_0 - x_i))\|}{\|x_0 - x_i\|} = \rho_i.$$

- 6 As our two hypotheses show, we make no attempt to estimate actors' sacrifice ratios. This would of course be very difficult, but not more so than estimating spatial preferences. In fact, if we had precise data on the actual *policy* preferences, sacrifice ratios could be inferred from the difference between actors' policy ideal points and their voting behaviour. On the problems of measuring policy preferences, see Ganghof (2003).
- 7 Before the recent completion of constitutional reform, the Finnish constitution could be described as semi-presidential. Nevertheless, in this article we ignore the Finnish president for three reasons: his formal legislative power was always severely restricted; even in the period up to 1987 the *actual* presidential incursions into the domestic-policy process were limited and exceptional; and after 1987 the president's role in domestic policy-making diminished further.
- 8 One reason for the frequent occurrence of oversized coalitions was that until 1992 constitutional rules allowed one-third of all MPs to postpone the final adoption of an ordinary law for two to four years.
- 9 Expert surveys of course come with methodological problems, e.g. small response numbers (the Laver–Hunt figures for Belgium are based on 10 responses), or respondent answers potentially biased by individual political views. Yet, the Laver–Hunt positions come close to those found using different methods, and there is also no indication of a systematic bias in the data on party positions on the socio-economic dimension (Laver and Hunt, 1992: 130).
- 10 As a general rule, 'mixed governments' of federal government and opposition parties abstain when they cannot agree on a Bundesrat vote. However, the support of mixed governments seems more likely to be 'bought' by the federal government.

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