

Introduction

THIS BOOK IS ABOUT political institutions: how we think about them in a consistent way across countries; how they affect policies; and how they impact other important characteristics of a political system, like the stability of governments and the role of the judiciary and the bureaucracies. My goal is not to make a statement about which institutions are better, but to identify the dimensions along which decision making in different polities is different, and to study the effects of such differences.

Most of the literature on political institutions uses a single criterion to identify the main characteristics of a polity. For example, political regimes are divided into presidential and parliamentary, legislatures into unicameral and bicameral, electoral systems into plurality and proportional, parties into strong and weak, party systems into two-party and multiparty. The relationships among all these categories are underdeveloped. For example, how are we to compare the United States, a presidential bicameral regime with two weak parties, to Denmark, a parliamentary unicameral regime with many strong parties? What kinds of interactions do the combinations of different regimes, legislatures, parties, and party systems produce?

We see such interactions in the case of the European Union, which makes legislative decisions with the agreement of two or three actors (the Council of Ministers, the European Parliament, and, most of the time, the European Commission). Each of these actors decides with a different decisionmaking rule. Since the Nice Treaty of 2001, the Council of Ministers uses a triple majority to make decisions: a qualified majority of the weighted votes of its members; a majority of the E.U. members; and a qualified majority of the population (62 percent). The European Parliament decides by absolute majority (which, as we will see, is a *de facto* qualified majority). The European Commission decides by simple majority. The Council of Ministers is appointed by the member countries; the European Parliament is elected by the peoples of Europe; and the European Commission is appointed by the member countries and approved by the European Parliament. This political system is neither a presidential nor a parliamentary regime. It is sometimes unicameral, sometimes bicameral, and yet other times tricameral, and in addition one of its chambers decides with multiple qualified majority criteria. I will not even start a description of the party system, which is composed of several ideologies and even more nationalities. Thus the European Union is a blatant exception to all traditional classifications. In fact, it is described frequently in the relevant

literature as “*sui generis*”; yet European institutions can be very well and very accurately analyzed on the basis of the theory presented in this book.

This book will enable the reader to study and analyze political systems regardless of the level of their institutional complexity. And it will do that in a *consequential* as well as a *consistent* way. “Consequential” means that we will start our analysis from consequences and work backward to the institutions that produce them. “Consistent” means that the same arguments will be applied to different countries at different levels of analysis throughout this book. The goal is to provide a theory of institutional analysis, subject it to multiple tests, and, as a result, have a higher level of confidence by corroborating it in several different settings.

Veto Players, Policy Stability, and Consequences

In a nutshell, the basic argument of the book is the following: In order to change policies—or, as we will say henceforth, to change the (legislative) status quo—a certain number of individual or collective actors have to agree to the proposed change. I call such actors *veto players*. Veto players are specified in a country by the constitution (the president, the House, and the Senate in the United States) or by the political system (the different parties that are members of a government coalition in Western Europe). I call these two different types of veto players *institutional* and *partisan* veto players, respectively. I provide the rules to identify veto players in each political system. On the basis of these rules, every political system has a configuration of veto players (a certain number of veto players, with specific ideological distances among them, and a certain cohesion each). All these characteristics affect the set of outcomes that can replace the status quo (the *winset* of the status quo, as we will call the set of these points). The size of the winset of the status quo has specific consequences on policymaking: significant departures from the status quo are impossible when the winset is small—that is, when veto players are many—when they have significant ideological distances among them, and when they are internally cohesive. I will call this impossibility for significant departures from the status quo *policy stability*.

In addition, political institutions sequence veto players in specific ways in order to make policy decisions. The specific veto players that present “take it or leave it” proposals to the other veto players have significant control over the policies that replace the status quo. I call such veto players *agenda setters*. Agenda setters have to make proposals acceptable to the other veto players (otherwise, the proposals will be rejected and the status quo will be preserved). In fact, they will select among the feasible outcomes the one they prefer the most. As a consequence, agenda-setting powers are inversely related to policy

stability: The higher policy stability (meaning the smaller the set of outcomes that can replace the status quo), the smaller the role of agenda setting. In the limit case, where change from the status quo is impossible, it does not make any difference who controls the agenda.

If we know the preferences of veto players, the position of the status quo, and the identity of the agenda setter (the sequence of moves of the different actors), we can predict the outcome of the policymaking process quite well. This book will include such predictions and we will assess their accuracy.¹ However, most often the agenda setter will be a collective actor (in which case the preferences are not well defined)² or we will not know his exact location. For example, we will see (in Chapter 3) that in parliamentary systems the agenda setting is done by the government, but we do not know exactly how; similarly, in presidential systems the agenda setting is done by the legislature, but again we will not be able to identify the exact preferences of the conference committee that shapes the proposals. In all these cases, the only possible prediction can be based on policy stability, which does not require as much information to be defined.

Policy stability affects a series of structural characteristics of a political system. The difficulty a government encounters in its attempt to change the status quo may lead to its resignation and replacement in a parliamentary system. This means that policy stability will lead to government instability, as Figure I.1 indicates. Similarly, in a presidential system, the impossibility of the political system to resolve problems may lead to its replacement by a military regime (“regime instability” in Figure I.1). Finally, the impossibility of changing the legislative status quo may lead bureaucrats and judges to be more active and independent from the political system. I will provide theoretical arguments and empirical evidence for these claims in the chapters that follow. Figure I.1 provides a visual description of the causal links in the argument.

The implications of my argument as it differs from those most prevalent in the literature can be sketched in the following example. Consider four countries: the United Kingdom, the United States, Italy, and Greece. If one considers existing theories in comparative politics, these countries group themselves in different ways. For proponents of analysis on the basis of different regimes (Linz 1994; Horowitz 1996), the United States is the only presidential regime, while the other three countries are parliamentary. For proponents of more traditional analyses on the basis of party systems, the United States and the United Kingdom are lumped together as two-party systems, while Italy and Greece are multiparty ones (Duverger 1954; Sartori 1976). Cultural ap-

¹ See Chapter 11.

² In Chapter 2 I define the concept of “cyclical” preferences and demonstrate that collective actors deciding under majority rule have such preferences.

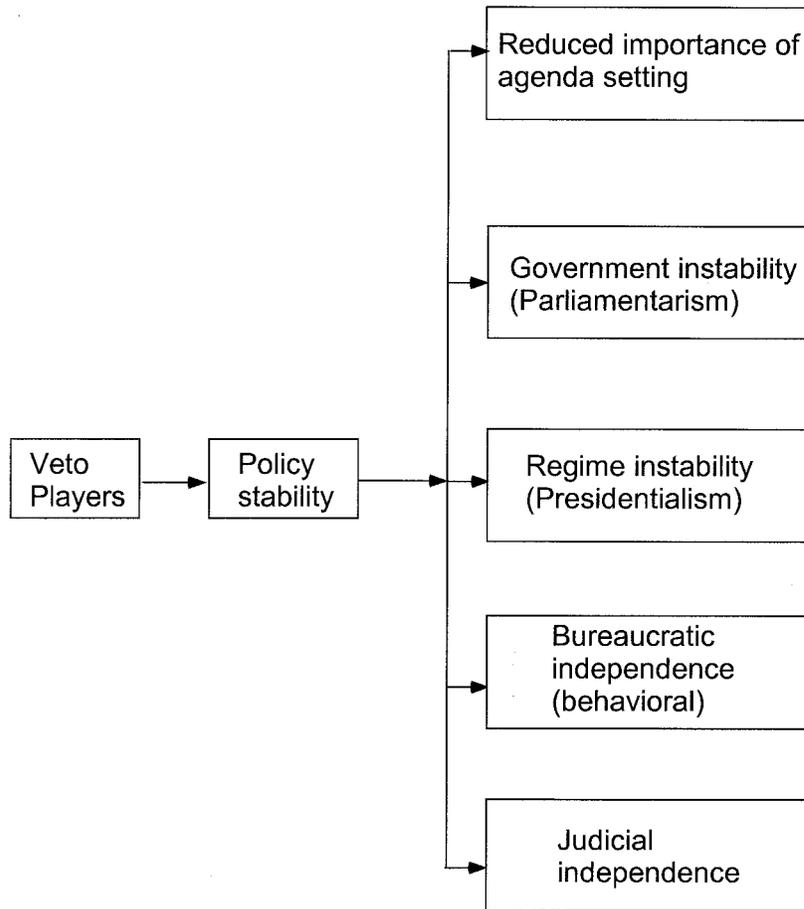


Figure I.1. Effects of many veto players.

proaches (Almond and Verba 1963) would also place the Anglo-Saxon systems together, in opposition to the continental European countries. Lijphart's (1999) consociationalism approach considers the United Kingdom a majoritarian country, Italy and Greece as consensus countries, and the United States as somewhere in the middle.³

In this book, Italy and the United States are countries with many veto players, and as such they will have high policy stability, while Greece and the United Kingdom have a single veto player, and consequently they may have

³ On the one hand, the United States has two parties; on the other, it is a federal system.

high policy instability.⁴ Note that Italy and the United States do not share any characteristic according to traditional classifications (neither regime type, nor party system, not to mention culture or consociationalism). Yet veto players theory expects similar characteristics in these two countries. As a result of policy stability or the lack of it, government instability will be high in Italy and low in the United Kingdom and Greece; and the role of the judiciary and bureaucrats much more important in the United States and Italy than in the United Kingdom and Greece. Some of these expectations will be corroborated by the data analyses in this book. Figure I.2 presents how existing classifications are cut across by the veto players theory. Neither regimes nor party systems alone captures the characteristics that the veto players theory does. In fact, the main argument in the book is that each configuration of traditional variables is mapped on one specific constellation of veto players, so it is possible that two countries are different in all traditional variables (regimes, party systems, electoral systems, type of legislature, kinds of parties) and still have the same or similar constellations of veto players. It is the constellation of veto players that best captures policy stability, and it is policy stability that affects a series of other policy and institutional characteristics.

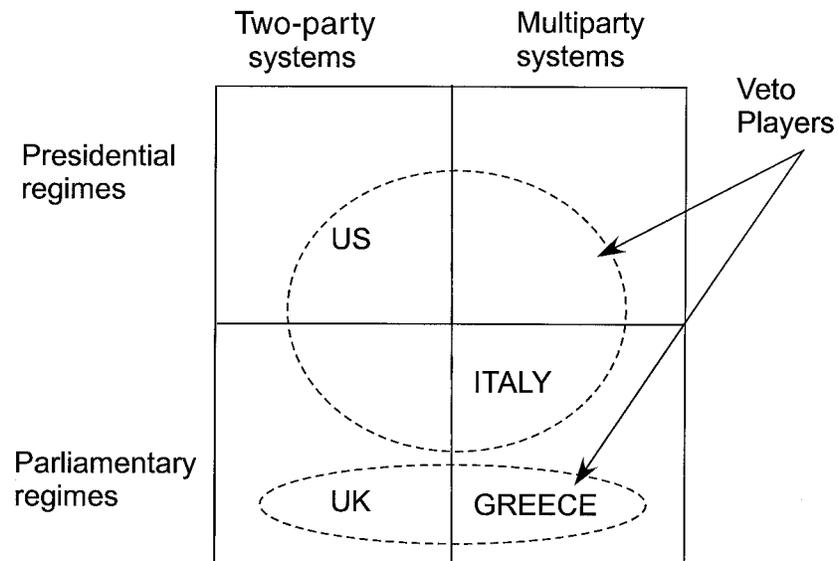


Figure I.2. Differences in classifications between regimes, party systems, and veto players.

⁴ Note the asymmetry in the expression: the countries with many veto players *will* have policy stability, while the ones with one veto player *may* have instability. I explain the reasons for this difference in Chapter 1.

In the pages that follow I examine both the causes and effects of policy stability. I will consider policy stability both as a dependent and an independent variable. I will identify the constellations of veto players that cause it, and consider its impact on other features such as government stability, bureaucracies, and the judiciary.

Substantive and Methodological Reasons for Veto Players Analysis

Why do I start from policies and not from other possible points, such as institutions, political culture, behavioral characteristics, or norms? Even if one starts from policies, why focus on policy stability instead of the direction of policy outcomes? Finally, an important methodological question: why do I use the winset of the status quo instead of the standard concept of equilibrium? And how does this replacement of equilibria by winset of the status quo affect my analysis?

I start my analysis from policymaking (or, more accurately, from legislation and legislating) because policies are the principal outcome of a political system. People participate in a political system in order to promote the outcomes (policies) that they prefer. As a result, policymaking is important for political actors (parties or individual representatives), whether these actors have direct preferences over policies (like De Swaan 1973 assumes) or whether they care simply about reelection (this is Downs's [1957] simplifying assumption), or whether they are ideologically motivated (to follow Bawn's [1999a] approach).

Political actors propose different policies and are selected on the basis of the policies that they recommend. Politicians or parties are replaced in office when the policies they propose lead to undesirable outcomes or when they do not apply the policies they promised before an election. Obviously, the above statements are simplifications, but the bottom line is that the political system generates policy preferences and assures that these preferences are implemented. I do not imply that other characteristics like cultures, ideologies, norms, or institutions are not legitimate objects for study per se. What I do claim is that we are better in tune with a political system if we start our study from the policies that are implemented, and then work backward to discover how these policies defeated the alternatives. What were the preferences that led to these outcomes, and how were certain preferences selected over others by the political system?

But even if one focuses on policies as the basis of the intellectual enterprise, why focus on "policy stability," the impossibility of significantly changing the status quo instead of being more ambitious and studying the direction of change? There are three reasons for my choice.

First, policy stability affects a series of other characteristics of a political system, including institutional features, as Figure I.1 indicates. Second, it is an essential variable in the literature. Political scientists are often interested in the decisiveness of a political system—its capacity to solve problems when they arise. For example, in a thoughtful analysis of the effects of political institutions, Weaver and Rockman (1993:6) distinguish between

ten different capabilities that all governments need to *set and maintain priorities* among the many conflicting demands made upon them so that they are not overwhelmed and bankrupted; to *target resources* where they are most effective; to *innovate* when old policies have failed; to *coordinate conflicting objectives* into a coherent whole; to be able to *impose* losses on powerful groups; to *represent diffuse, unorganized interests* in addition to concentrated, well organized ones; to *ensure effective implementation* of government policies once they have been decided upon; to *ensure policy stability* so that policies have time to work; to *make and maintain international commitments* in the realms of trade and national defense to ensure their long-term well-being; and, above all, to *manage political cleavages* to ensure that society does not degenerate into civil war.

While Weaver and Rockman are interested in the capabilities of governments, a great volume of economic literature starting with Kydland and Prescott (1977) is concerned with the credible commitment of the government *not* to interfere with the economy. Barry Weingast (1995) pushes the argument one step further and attempts to design institutions that would produce such a credible commitment. He proposes “market preserving federalism,” a system that combines checks and balances that prevent government interference in the economy, with economic competition among units to assure growth. In a similar vein, Witold Henisz (2000a, 2000b) uses a long time-series of data to find that growth rates and investment are higher when the political system cannot change the rules of the economic game.

Bruce Ackerman (2000) adopts an intermediate position in a thoughtful and thought-provoking article. He suggests that the optimal institutional configuration is not one with many veto players, like the American system, or with few, as in the United Kingdom. Instead, he advocates the intermediate case of a parliamentary system with a senate that cannot veto all the time, and with the possibility of referendums that are called by one government and performed by another in order to diffuse the power of the government to set the agenda.

In all these diverse bodies of literature, the flexibility or the stability of policy is considered an important variable. Some scholars consider flexibility a desirable feature (in order to resolve problems faster); others point out that frequent interventions may worsen the situation.

I take a more agnostic position with respect to policy stability. It is reasonable to assume that those who dislike the status quo will prefer a political system with the capacity to make changes quickly, while advocates of the

status quo will prefer a system that produces policy stability. It is not clear that a consensus exists (or is even possible) over whether a faster or slower pace of institutional response is desirable. Decisiveness in bringing about policy change is good when the status quo is undesirable (whether it is because a small minority controls the government, as with the French *ancien regime* or recent South Africa), or when an exogenous shock disturbs a desirable process (oil shock and growth in the 1970s). Commitment to noninterference may be preferable when the status quo is desirable (such as when civil rights are established), or if an exogenous shock is beneficial (such as an increase of the price of oil in an oil-producing economy). But regardless of whether policy stability is desirable or undesirable, the above literature indicates that it is important to study under what conditions it is obtained, which is a goal of this book.

The third reason to focus on policy stability instead of the direction of change is that my argument concentrates on institutions and their effects. While some researchers try to focus on the specific policy implications of certain institutions, I believe that specific outcomes are the result of both prevailing institutions *and* the preferences of the actors involved. In other words, institutions are like shells and the specific outcomes they produce depend upon the actors that occupy them.⁵

These are the three reasons I will use policy stability as my main variable. However, there will be times when information about the identity and preferences of the agenda setter is available, which will permit the formation of much more accurate expectations about policy outcomes. The reader will see in Chapter 11 that the institutional literature on the European Union has set and achieved such goals.

As for the main variable in this book, policy stability, we will see that it is defined by the size of the winset of the status quo.⁶ Why do I use this concept

⁵ As an example of my argument consider the following case, developed in Chapter 8: a significant component of the political economy literature argues that divided governments (which in my vocabulary means multiple veto players) cause budget deficits, or higher inflation. By contrast, my argument is that multiple veto players cause policy stability, that is, they produce high deficits if the country is accustomed to high deficits (Italy), but they produce low deficits if the country is familiar with low deficits (Switzerland or Germany).

⁶ The more appropriate expression would be “winset of the default outcome.” However, most of the time the default solution is the status quo. Rasch (2000) has identified countries where this provision is part of the formal rules. Even in cases where there is no such formal rule, votes comparing the status quo with the emerging alternative are taken on the floor of parliament. For example, in Herbert Doering’s study of eighteen Western European countries in the 1981–91 period, of 541 bills, a final vote against the status quo had been taken 73 percent of the time (Doering http://www.uni-potsdam.de/u/ls_vergleich/research). In all these cases the final outcome is by definition within the winset of the status quo. In the cases where a final vote comparing the alternative with the status quo is not taken, the default alternative is specified either by rules or by a vote in parliament. If a majority in parliament can anticipate an outcome that they do not

instead of the widely accepted notion of (Nash) equilibrium? The absence of equilibrium analysis is due to the fact that in multidimensional policy spaces equilibria rarely exist. In fact, while in a single dimension equilibria of voting models are guaranteed to exist, Plot (1967) has demonstrated that in multiple dimensions the conditions for the existence of equilibrium are extremely restrictive. McKelvey (1976) and Schofield (1977) followed up the study by demonstrating that in the absence of equilibrium any outcome is possible.

On the other hand, the winset of the status quo has the self-imposing quality that it is the intersection of restrictions that each participant imposes on the set of outcomes. No rational player given the choice would accept any outcome that he does not prefer over the status quo.⁷ In this sense my analysis is much more general than any other model (like bargaining, exclusive jurisdictions of ministers, or prime minister) that introduces a series of additional restrictions in order to produce a single equilibrium outcome.⁸

A Partial History of the Ideas in This Book

Some of the arguments in this book have already been made, even centuries ago. For example, terminology aside, the importance of veto players can be found in the work of Madison and Montesquieu. For Montesquieu (1777: 210–11), “The legislative body being composed of two parts, one checks the other, by the mutual privilege of refusing. . . . Sufficient it is for my purpose to observe that [liberty] is established by their laws.” For Madison the distinction between the two chambers becomes more operative when the two chambers have more differences. In such cases, “the improbability of sinister combinations will be in proportion to the dissimilarity of the two bodies” (Federalist No. 62). The relation between government longevity and veto players can be found in the work of A. Lawrence Lowell (1896: 73–74). He identified one “axiom in politics” as the fact that “the larger the number of discordant groups that form the majority the harder the task of pleasing them all, and the more feeble and unstable the position of the cabinet.”

prefer over the status quo, they can take steps to abort the whole voting procedure. Therefore, henceforth I use the expression “winset of the status quo” instead of “winset of the default alternative.”

⁷ Here I am excluding cases where a player receives specific payoffs to do so. For example, he may receive promises that in the future his preferences on another issue will be decisive. I do not argue that such cases are impossible, but I do argue that if they are included they make almost all possible outcomes acceptable on the basis of such a logroll, and make any systematic analysis impossible.

⁸ Huber and McCarty (2001) have produced a model with significantly different outcomes depending on whether the prime minister can introduce the question of confidence directly, or has to get the approval of the government first.

More recently, literature on “divided government” has presented arguments about multiple veto players and policy stability (Fiorina 1992; Hammond and Miller 1987). Literature on bureaucracies has connected legislative output and bureaucratic independence (e.g., McCubbins, Noll, and Weingast 1987, 1989; Hammond and Knott 1996). Literature on judicial independence has connected judicial decisions with the capacity of the legislative body to overrule them (Gely and Spiller 1990; Ferejohn and Weingast 1992a, 1992b; Cooter and Ginsburg 1996). McKelvey (1976) was the first to introduce the role of the agenda setter in multidimensional voting games and demonstrate that an agenda setter can have quasi-dictatorial powers.

The furthest I have traced back ideas contained in this book was to a statement about the importance of agenda setting versus veto power contained in Livy’s *History of Rome* (6.37), written over two thousand years ago: “The tribunes of the plebs were now objects of contempt since their power was shattering itself by their own veto. There could be no fair or just administration as long as the executive power was in the hands of the other party, while they had only the right of protesting by their veto; nor would the plebs ever have an equal share in the government till the executive authority was thrown open to them.”

As for the importance of competition for setting the agenda (a subject discussed in Chapter 3), I was reminded of a quote in Thucydides that may qualify as the first expression of Downsian ideas in the political science literature:

Pericles indeed, by his rank, ability, and known integrity, was enabled to exercise an independent control over the multitude—in short, to lead them instead of being led by them; for as he never sought power by improper means, he was never compelled to flatter them, but, on the contrary, enjoyed so high an estimation that he could afford to anger them by contradiction. Whenever he saw them unseasonably and insolently elated, he would with a word reduce them to alarm; on the other hand, if they fell victims to a panic, he could at once restore them to confidence. In short, *what was nominally a democracy became in his hands government by the first citizen.* With his successors it was different. *More on a level with one another, and each grasping at supremacy, they ended by committing even the conduct of state affairs to the whims of the multitude.*⁹

Finally, after I finished Chapter 5, where I argue that the possibility of referendums introduces an additional veto player (the “median voter”) and as a result referendums make the status quo more difficult to change and bring

⁹ Thucydides, *Histories*, Book II, 65.8–10; emphasis added. I thank Xenophon Yataganas for reminding me of the quote, as well as supplying the reference. Thucydides is here discussing the ability of a leader to persuade the people (like a president “setting the agenda”). In Chapter 3 I distinguish between this capacity and the more precise institutional feature of which veto player makes a proposal to whom.

results closer to the positions of the median, I discovered that this conclusion or a variation of it (depending on the meaning of the words) may be at least one century old. Albert Venn Dicey (1890: 507) said that the referendum “is at the same time democratic and conservative.”¹⁰

It is probably the case that most of the ideas in this book are not original; some have been proposed centuries, even millennia ago. The value lies in the synthesis of the argument. This means that my task in this book is to explain why the propositions that I present fit together, and then try to corroborate the expectations with actual tests, or references to the empirical analyses produced by other researchers. Because the propositions presented in this book are part of the overall picture, the confidence in or incredibility of any one of them should strengthen or undermine the confidence to all the others.

Overview

The book is organized deductively. I start from simple principles, draw their implications (Part I), and then apply them to more concrete and complicated settings (Part II). I test for the policy implications of the theory first (Part III), and then for the structural ones (Part IV). This organization may surprise comparativists who like inductive arguments. Indeed, readers will have to go through some simple models first before we enter into the analysis of more realistic situations and before empirical results.

Is this sequence necessary? Why do I not enumerate the expectations generated by my approach and then go ahead and test for them? The answer is that I have to convince the reader that the conclusions of this book are different sides of the same mental construct. This construct involves veto players and agenda setters. Knowing their locations, the decisionmaking rule of each one of them, and their interactions generates similar expectations across a number of issues, ranging from regime types (presidential or parliamentary) to interactions between government and parliament to referendums to federalism to legislation to budgets to independence of bureaucrats and judges. And the same principles of analysis can be applied not only to countries that we have studied and analyzed many times before, but also to cases where existing models do not fit (like the European Union). The reader would not appreciate the forest if focused on the trees of each chapter. And I hope that it is the description of the forest that may help some of the readers identify and analyze trees that I did not cover in this book.

Part I presents the veto players theory for both individual (Chapter 1) and collective (Chapter 2) veto players. In the first chapter, I define veto players, agenda setters, and policy stability, focusing on individual veto players. I ex-

¹⁰ Quoted in Mads Qvortrum (1999: 533).

plain why more veto players lead to higher levels of policy stability. In addition, I show that as distance among veto players becomes greater, policy stability increases and the role of agenda setting decreases. I also explain why all the propositions I present are sufficient but not necessary conditions for policy stability, that is, why many veto players with large ideological distances from each other will produce high policy stability, while few veto players may or may not produce policy instability. Finally, I demonstrate that the number of veto players is reduced if one of them is located “among” the others. I provide the conditions under which the addition of a veto player does not affect policy stability or policy outcomes. I call this condition the absorption rule and demonstrate its importance for the subsequent steps of the analysis. As a result of the absorption rule, a second chamber may have veto power but not affect policy outcomes, or an additional party in coalition government may have no policy consequences because its preferences are located among the preferences of the other coalition partners. One important implication of the absorption rule is that simply counting the number of veto players may be misleading, because a large proportion of them may be absorbed. I show that the best way of taking veto players into account is by considering not just their number, but their relative locations, and I demonstrate exactly how this can be done.

Chapter 2 generalizes the results when veto players are collective. Moving from individual to collective veto players focuses on the decisionmaking rule of a group: qualified majority or simple majority. Thus, Chapter 2 focuses on familiar decisionmaking rules. I explain that collective veto players in principle may generate serious problems for the analysis because they cannot necessarily decide on what they want. Their preferences are “intransitive,” such that different majorities may prefer alternative A to B, B to C, and C to A at the same time, which makes the collective veto player prefer A to B directly, but B to A indirectly (if C is introduced in the comparison). I find a realistic way to eliminate the problem and to calculate the outcomes of collective choice when the decisions of veto players are made by simple or by qualified majority.

As a result of these two theoretical chapters, one can form expectations about policy stability and about the results of legislative decisionmaking in any political system regardless of whether it is presidential or parliamentary, whether it has a unicameral or bicameral legislature, whether there are two or more parties, or whether these parties are strong or weak. There is a veto player configuration of each combination of these traditional comparative variables, and more: veto players analysis takes into account the positions and preferences of each one of these actors, so the accuracy of analysis and expectations increases as more accurate policy preferences are introduced in the data.

Part II applies these theoretical concepts and expectations to the body of comparative politics literature, and compares the expectations generated by the traditional literature to the propositions generated in the first part. The main argument in the second part is that traditional analyses and variables have their

impact on veto players, but this impact varies by specific institutional settings, and varies even more as a function of the preferences of the different veto players because of the absorption rule.

Chapter 3 compares different regime types and argues that the difference between democratic and nondemocratic regimes is the competitiveness of the agenda-setting process. As a result of political competition, politically successful elites approximate more the preferences of the median voter. Democratic regimes are classified into presidential and parliamentary; the veto players theory version of the difference is that the parliament controls the legislative agenda in presidential systems, while the government controls the agenda in parliamentary ones. This focus on agenda setting generates the opposite expectations from the traditional literature: it is the parliament that is powerful on legislative issues in presidential systems, and it is the government that controls power in parliamentary regimes.

Chapter 4 focuses further on the relationship between government and parliament in parliamentary regimes. It explains why most of the time the veto player configuration of a country is composed of the parties that participate in a government coalition, instead of the parties participating in parliament (the traditional party systems approach proposed by Duverger and Sartori). It also explains why “executive dominance,” a fundamental variable in Lijphart’s consociationalism analysis, can be understood as the institutional power attributed to the government to set the parliamentary agenda.

Chapter 5 focuses on referendums and explains why the inclusion of the possibility of a referendum increases the number of veto players in a country, and brings final outcomes closer to the median voter even if referendums do not occur. It also argues that the major differences among referendums revolve around the question of agenda control. This control is divided into two parts: who triggers the referendum, and who asks the question. An existing veto player may control both parts of the agenda-setting process and, in this case, his influence in legislation increases. Or, the referendum may be triggered not by a veto player, but the question may be asked by a veto player (popular veto) or not (popular initiative). Each one of these methods has different political consequences on the role of veto players and the median voter. For example, when the same player controls both dimensions of agenda setting (veto player referendum or popular initiative), the existing legislative veto players are eliminated.

Chapter 6 deals with federalism, bicameralism, and qualified majorities. Each one of these terms is translated into veto players theory in order to draw implications about the consequences of these institutions on policymaking. Federalism usually is accompanied by bicameralism (a second chamber representing the states and having veto power over important if not all pieces of legislation), or qualified majority decisionmaking. As a result, federalism increases the number of veto players, and therefore policy stability. I compare

the properties of bicameral decisionmaking with qualified majorities, as well as with the combination of the two (existing in the United States as well as in the European Union).

Part III focuses on the policy implications of the above analysis. One expects higher policy stability as a function of veto players after taking into account the absorption rule. The identification of policy stability is not a trivial matter; two chapters are therefore dedicated to this issue.

Chapter 7 focuses on significant departures from the status quo. I consider legislation on working time and working conditions in parliamentary democracies and find that significant legislation is introduced in countries with one or few veto players more frequently than it is introduced in countries with many veto players, particularly if there are great ideological distances between these veto players. This finding is contrasted with the overall number of laws in different countries; this number is positively correlated to the number of veto players. As a result, countries with few veto players produce several significant laws and few nonsignificant ones, while countries with many veto players produce few significant laws and many nonsignificant ones. The chapter ends with the expectation that such systematic differences lead to a different concept of “law” in different countries.

Chapter 8 examines macroeconomic outcomes. A wide range of economic literature posits that the number of veto players is correlated with higher deficits, because different veto players require significant portions of the budget. In contrast, according to the veto players theory, more veto players lead to more inertia, and therefore countries with high levels of debt (Italy) will continue to have high deficits while countries with low levels of debt (Switzerland) will continue to have low levels of deficit. Similarly, the composition of the budget will change more in countries with few veto players, while countries with many veto players will rely more on an automatic pilot.

Part IV examines the institutional consequences of policy stability. According to the theory, policy stability will lead to government instability for parliamentary systems, regime instability for presidential systems, and independence of judges and bureaucrats. The chapters in this part examine these claims.

Chapter 9 analyzes the question of government stability. This chapter reexamines the claims in the literature that a country’s party system (i.e., features of the parliament) affects government survival. By contrast, veto players theory claims that it is government characteristics that affect government survival. The two expectations are highly correlated because two-party systems produce single-party governments—single veto players—while multiparty systems produce coalition governments—multiple veto players. However, the correlation is not perfect. Multiparty systems may produce single-party majority governments as well as minority governments. As a result, the implications of the

two theories can be separated empirically, and recent work (mainly by Warwick) has shown that it is government characteristics that matter.

Chapter 10 establishes the reasons why policy stability affects the role of bureaucrats and the judiciary and examines the empirical evidence. While the arguments for judicial and bureaucratic independence from the legislative system are similar, there is more empirical evidence available on judges than on bureaucrats.

Chapter 11 applies all the analysis developed in the book to a new political system, the European Union. The European Union is unusual because it is neither a country nor an international organization and has altered its constitution frequently (four times in the last fifteen years). In addition, the institutional structure of the European Union is quite complicated (Ross 1995) and does not fit existing classifications (it is neither presidential nor parliamentary, and it has one chamber that decides with three different qualified majorities). On top of that, the legislature is quite frequently tricameral, and the number of parties is extraordinary if one counts that they are defined by both nationality and ideology. As a result, the European Union provides an overwhelming challenge for most existing theories. Even for the veto players theory, the European Union is a significant challenge: I had to extend the theory presented in Part I (such as the discussion of “conditional agenda setting” and the calculation of a multicameral core) in order to study E.U. institutions. Hence, testing veto player predictions with E.U. data provides a powerful test of the theory.

In the Conclusion I return to the distinguishing features of the book. The deductive mode of presentation permits the same simple principles to be combined in the analyses of complicated phenomena. The introduction of the new variables (veto players) maps the legislative process in whatever level of detail is necessary and is significantly more accurate than any of the traditional theories. As a result, the expectations can be formulated in a sharper way and tested more easily.

The empirical evidence presented covers a wide range of policies, processes, and countries. The data quality is sometimes very reliable (Chapters 7 and 8), other times less so (Chapter 10); sometimes it originates in single-author (Chapter 7) or co-authored (Chapter 8) work, while other times it is based on other researchers’ findings (Chapter 9). Finally, the position of the agenda setter is known quite accurately in some cases, enabling accurate predictions about the outcomes (Chapter 11), while at other times we will ignore the identity of the agenda setter in order to talk only about the policy stability of outcomes (Chapters 7 and 8). However, all this diversified evidence means that the theory under investigation is corroborated under a wide variety of conditions.