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Government Formation and Public Policy

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When we think about the ways in which research in political science has contributed in a very direct and policy-relevant way to our understanding of the world in which we live, it is clear that research into the making and breaking of governments goes to the heart of the political process. For most people for most practical purposes, politics is about choosing between governments. For many people who live in democratic societies, their most obvious form of political participation is to play some small part in the competition between rival politicians for control of their country's government.

Understanding the making and breaking of governments has been a core project for political scientists over the past three decades.¹ For the most part this has dealt with the making and breaking of governments in European "minority legislatures" in which no political party controls a majority of seats, since the making and breaking of single-party majority government has typically been seen as a less interesting problem to explain. (This will change, with an increasing interest within the profession in intraparty politics and a consequently increasing tendency to regard even single-party majority governments as coalitions of factions.)

Existing political science analyses of the making and breaking of governments can be divided into two traditions. The first tradition is essentially empirical in approach (e.g., Blondel and Muller-Rommell 1993; Browne and Dreijmanis 1982; Lijphart 1984; Pridham 1986; Strom 1985; Warwick 1994). The second tradition is characterized by *a priori* logical modeling. Like the game theory that underpinned them, early *a priori* models of government formation tended to be "institution free." Government formation was essentially modeled as the building of a legislative majority for an investiture vote (e.g., Axelrod 1970; Grofman 1982; McKelvey and Schofield 1986, 1987; Peleg 1981; Riker 1962; Schofield 1993). More recent models of

government formation have developed within the "new institutionalist" approach to political modeling in general and are grounded in noncooperative game theory. These cast the making and breaking of governments as a product of "local" institutional rules of the government formation process (e.g., Austen-Smith and Banks 1988, 1990; Baron 1991; Huber 1996; Laver and Shepsle 1996; Lupia and Strom 1995). For these models, the local institutional landscape within which government formation takes place provides features that structure the making and breaking of governments.

The core project of the empiricists has been to assemble a set of variables that combine to account as effectively as possible for the making and breaking of governments in the real world. The core project of the *a priori* theorists has been to model the government formation process in a way that broadens and deepens our understanding of this. The approach that is of most interest to a given analyst depends upon whether his or her primary concern is to explain the formation of a particular list of real world governments or to understand the process of government formation in a way that helps develop a feel for how this might work in counterfactual situations

So What?

Where has the 40 years of political science research since the publication of Riker's seminal work got us? The short answer is: "Quite a long way." This is not the place to rehearse in detail all of the findings of the many research projects that have investigated the making and breaking of governments. Nonetheless, a number of key results really have vastly increased our understanding of this crucial political process.

First, we now know quite clearly that coalition governments need not be weak and unstable--a popular misconception after World War II and the collapse of the Weimar Republic, not to mention the subsequent collapse of the French Fourth Republic and extreme cabinet instability

in immediate postwar Italy. Both empirical research and theoretical models have shown that coalition governments can be a stable equilibrium response to an election result in which no party wins an overall majority. This is especially good news since very few parties ever do win an overall majority in elections in Europe, given proportional electoral systems and the extreme rarity of any party winning a majority of the popular vote.²

Furthermore, we now know quite a lot about what makes some governments more stable than others, most recently seen in terms of the relative abilities of different types of governments to withstand political shocks. Various studies have documented the extent to which a government's life-expectancy is enhanced by controlling a legislative majority, reduced by fragmentation in the party system or ideological dissent among cabinet members, and also reduced simply as it stays in office longer and the opportunity costs of bringing it down decline relentlessly.³ Our ability to predict the relative durability of any new government that might form, with very obvious benefits to both foreign policy professionals and all who are interested in the international economy, has thus increased by leaps and bounds over the past 40 years.

Second, and in a related area, we now know quite clearly that "minority" governments--whose members do not themselves control a legislative majority--need not be weak and unstable. Forty years ago minority governments were essentially seen as deviant cases, the pathological result of failures in the government formation process. Since then, both empirical research and theoretical modeling have shown that minority governments may be a stable equilibrium response to a particular government formation situation.⁴ Furthermore, it has been shown that the parties making up minority governments often tend to be quite large and quite central in policy terms--indeed typically reflecting the views of the median voter. Thus, the traditional fear that minority governments somehow represented a type of democratic deficit has been dispelled. Forty years of research in political science has thus produced a complete transformation in our views of minority governments, a phenomenon of obvious significance for the policy community.

Third, 40 years of research have told us a lot about the role party policy plays in the making and breaking of governments. A primitive fear of coalition governments is that they are in some sense anti-democratic, since citizens vote for parties at election time, but parties are forced by coalition bargaining to modify their policies after the election if they want to get into office. Both empirical research and theoretical models have shown us, however, that the policy accommodations that result from coalition bargaining are almost invariably centripetal. Parties may indeed be forced to change the policies they support in order to get into office, but the beneficiary of the process is almost invariably the median voter (see, e.g., Laver and Shepsle; 1996; Schofield 1993). The results of coalition bargaining, therefore, can typically be shown to be policy shifts that make more voters more happy than they were before.

Specific models of government formation have also considerably refined our ability to predict the likely policy consequences of the different coalition cabinets that might form after any given election, once again with obvious benefits to policy and financial communities alike (e.g., Austen-Smith and Banks 1990; Baron 1991, Huber 1996; Laver and Shepsle 1996, Schofield

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1993.) It is only necessary to leaf through the financial press immediately after a new government has formed to see the intense and high-level interest in the policy implications of the making and breaking of governments, a matter on which the political science literature is worth taking very seriously

indeed.

Fourth, recent scholarship on government formation has told us much about the role institutions play in the making and breaking of governments. A range of institutional features has been investigated. These features include the role of formal investiture votes (Strom 1990); rules for choosing "formateurs"--the individuals charged with the job forming a government (Austen-Smith and Banks 1988; Baron 1991); the role of confidence and no-confidence procedures (Huber 1996); and the rules of cabinet governance, in particular the relationship between collective cabinet responsibility and individual ministerial responsibility for specified policy portfolios (Laver and Shepsle 1996).

What is quite clear from both empirical and theoretical work in this area is that both the formation and the durability of governments are heavily conditioned by the institutional environment. What might appear on the face of things to be small institutional changes can have big effects, while what might look like dramatic changes may have little practical effect. Once more, this work is of crucial interest to all engaged in institutional engineering, as well as those in the policy community who want to predict the effects of institutional reform.

Conclusion

There are many, many detailed findings that could have been reported here. Here, I have set out no more than some of the headlines from 40 years of political science research on the making and breaking of governments. While we all like to stress the importance of what we do, of course, these results do seem to me to be of quite fundamental importance to our understand-

ing of the political process. Of the many virtues that are claimed for democracy, one of the most important is that it forges a link between the views of citizens and the actions of governments. Traditional fears of coalition governments boiled down to the fear that coalitions in some way might weaken that link, generating less stable governments with policy packages that do not flow unequivocally from an election result. The political science analysis has shown these fears to be largely unfounded, and has vastly added to our ability to predict the formation and subsequent behavior of coalition governments.

Understanding the making and breaking of governments goes to the heart of our understanding of politics in general. It is not possible, I would argue, to make informed choices about public policy, or choices conditioned on likely outcomes of the policy process, without having a well-developed sense of which governments are likely to form, what they are likely to do if they do form, and how long they are likely to last. This is precisely the agenda of the well-developed political science research program on government formation.

Notes

1. For a recent review of this work, see Laver (1998).
2. For a review of the evidence on this, see Laver and Schofield (1990).

3. For a review of the evidence on this, see Warwick (1994). For an important recent contribution, see Diermeier and Stevenson (1999).
4. For a review of the evidence on this, see Strom (1990).

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