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 decisionmaking 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 and multiparty ones. 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?

Let me use an example to make my point clear: The European Union makes legislative decisions with the agreement of two or three actors (the Council, the European Parliament (EP), and most of the time the Commission). Each one of these actors decides with a different decisionmaking rule. The Council has recently (Nice Treaty 2001) adopted a triple majority: qualified majority of the weighted votes of its members; majority of the EU countries members; qualified majority of the population (62%). The EP decides by absolute majority (which as we will see is a de facto qualified majority). The Commission decides by simple majority. The Council is appointed by the Countries members, the EP elected by the peoples of Europe, and the
Commission appointed by the Countries members and approved by the EP. 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 the description of the party system, which is composed, of several ideologies and even more nationalities. The EU 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 be 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 consistent way. Consequential means that we will start our analysis from consequences and work backwards 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 if it is corroborated 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 from now on: 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 US) or by the political system (the different parties 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 of 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 by 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 (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

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¹ See Chapter 11
case the preferences are not well defined)\(^2\) or we will not know his exact location. For example, we will see (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 congress, 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.

**INSERT FIGURE I**

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 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). 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 provides a visual description of the causal links in the argument. Now I want to give a glimpse of the difference in the implications of my argument form the most prevalent arguments in the literature.

**INSERT FIGURE II**

Consider four countries: the UK, the US, Italy and Greece. They are not a random sample, they were selected to make the following point: If one considers existing theories in comparative politics, these countries group themselves in different ways. For proponents of

\(^2\) In Chapter 2 we will define the concept of “cyclical” preferences, and demonstrate that collective actors deciding under majority rule have such preferences.
analysis on the basis of different regimes (Linz (1994), Horowitz (1994)), the US 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 US and the UK are lumped together as two party systems, while Italy and Greece are multiparty ones (Duverger (1954), Sartori (1976)). Cultural approaches (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 UK as a majoritarian country, Italy and Greece as consensus, and places the US in the middle.³ In this book, Italy and the US are countries with many veto players, and as such they will have high policy stability, while Greece and the UK have a single veto player, and consequently they may⁴ have high policy instability. As a result of policy stability or lack of it, government instability will be high in Italy and low in the UK and Greece; and the role of the judiciary and bureaucrats much more important in the US and Italy than in the UK and Greece. Some of these expectations will be corroborated by the data analyses in this book. Figure II presents how existing classifications are cut across by the veto players’ theory. Neither regimes, nor party systems alone capture the characteristics that 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 captures best policy stability, and it is policy stability that affects a series of other policy and institutional characteristics.

³ The US has on the one hand two parties; on the other it is a federal system.
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 will explain the reasons for this difference in chapter one.
In the pages that follow I will examine both the causes and effects of policy stability. That is, 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 like government stability, bureaucracies and the judiciary.

**SUBSTANTIVE AND METHODOLOGICAL REASONS FOR VETO PLAYER ANALYSIS**

Why do I start from policies and not from any other possible point, like institutions, or political culture, or 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’ (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 proposed 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 backwards to discover how these policies defeated the alternatives. What were the preferences that led to these outcomes, and how certain preferences were selected over others by the political system?

But even if one focuses on policies, as the basis of the intellectual enterprise, focus on “policy stability,” that is, 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 indicates. Second, it is an essential variable in the literature. Political scientists are often interested in the decisiveness of a political system, in other words, 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: “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
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 (1993) pushes the argument one step further and attempts to design institutions that would produce such a credible commitment. He proposes "market preserving federalism," that is, 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 (2000, forthcoming) uses 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, like the UK. 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); whereas 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 to change the status quo is good when the status quo is undesirable (whether it is because a small minority controls the government as the French *ancien regime* or as in recent South Africa), or when an exogenous shock disturbs a desirable process (oil shock and growth in the seventies). Commitment to non-interference 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 we have information about the identity and preferences of the agenda setter, which will permit us to form 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.

\(^5\) As an example of my argument consider the following case to be developed in Chapter 8: A significant component of 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
Going back to the main variable in this book, policy stability: as we will see, it is defined by the size of the winset of the status quo. Why do I use this concept 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. 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.

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. For example, Rasch (2000) has identified countries that a formal rule specifies that a vote has to be taken on the floor of the parliament whether a proposal as modified by amendments is accepted. Even in cases where there is no such a 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 18 Western European countries in the 1981-91 period out of 541 bills a final vote had been taken 73% of the time (Doering http://www.uni-potsdam.de/wls_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 prefer over the status quo they can take steps to abort the whole voting procedure. So, from now on I will be using 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 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.
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 set aside, the importance of veto players can be found in the work of Madison and Montesquieu. For Montesquieu (1977: 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: 73-4). 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.”

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 (McCubbins, Noll, and Weingast (1987), (1989), Hammond and Knott (1996), etc.). 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 back I traced 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 (literally, BC): “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 to be 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 literature⁹: “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.” (Thucydides, Histories. Book II, 65. 8-10 emphasis added).

Finally, after finishing 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 results closer to the positions of the median, I

⁹ 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 will distinguish between this capacity and the more precise institutional feature of which veto player makes a proposal to whom.
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.”

It is probably the case that most of the ideas in this book are not original; some of them 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.

**ORGANIZATION OF THE BOOK**

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 don’t I enumerate the expectations generated by my approach and then go ahead and test for them? The answer to that question 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 range of issues, ranging from regime types (presidential or parliamentary), to

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10 Quotes in Mads Qvortrup (1999: 533).
interactions between government and parliament, to referendums, to federalism, to legislation, to budgets, to independence of bureaucrats and judges. And that 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 of the book 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 explain 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 will show that the best way of taking veto players into account is by considering not just their number, but their relative locations and demonstrate how exactly it 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. So, 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,” that is, 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 decision making in any political system regardless of whether it is presidential or parliamentary, whether it has unicameral or bicameral legislature, whether there are two or more than two parties, or whether these parties are strong or weak. There is a veto player configuration of each combination of these traditional comparative variables, and even more than that: veto player 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 of the book 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 even more it varies 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 non-democratic 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 player 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 in the relationship between government and parliament in parliamentary regimes. It explains why most of the time, the veto player configuration of a country is the parties that participate in a government coalition, instead of the parties participating in parliament (that is 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 player theory in order to draw implications about the consequences of these institutions on policymaking. Federalism usually is escorted by bicameralism (a second chamber representing the states and having veto 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 US as well as in the European Union).

Part III of the book 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 therefore two chapters are 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 these veto players have big
ideological distances from each other. 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 non-significant ones, while countries with many veto players produce few significant laws and many non-significant 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 expects the number of veto players to be correlated with higher deficits, because different veto players will require significant portions of the budget. In contrast, the veto players expectation is that more veto players lead to more inertia, and therefore countries with high levels of debt (Italy) will continue having high deficits while countries with low levels of debt (Switzerland) will continue having low levels of deficits. 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 of the book 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 examines the question of government stability. This chapter reexamines the claims in the literature that the party system (that is, features of the parliament) of a country affects government survival. By contrast, veto player 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, that is, single veto players while
multiparty systems produce coalition governments, that is, 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 judges 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 EU. The EU is unusual because it is neither a country nor an international organization and alters its constitution frequently (four times the last fifteen years). In addition, the institutional structure of the EU is quite complicated (Ross 1995), and does not fit existing classifications (it is neither presidential nor parliamentary, it has one chamber that decides with three different qualified majorities), on top of that it is quite frequently tricameral, the number of parties is extraordinary if one counts that they are defined by both nationality and ideology. As a result, the EU provides an overwhelming challenge for most existing theories. Even for the veto player theory the EU is a significant challenge: I had to extend the theory presented in Part I (like the discussion of “conditional agenda setting” and the calculation of a multicameral core) in order to study EU institutions. So, testing veto player predictions with EU data provides a powerful test of the theory.

In the conclusions 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 any level of detail necessary and is significantly more accurate than any of the traditional ones. 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 (Chapter 7), other times less (Chapter 10); sometimes it originates in single authored (Chapter 7), or co-authored (Chapter 8) work, while other times it is based on other researchers’ findings (Chapter 9). Finally, some of the time we will know the position of the agenda setter quite accurately and be able to make accurate predictions about the outcomes (Chapter 11), while other times we will ignore the identity of the agenda setter, so we will able 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.
FIGURE I
Effects of many Veto Players

Veto Players → Policy stability → Reduced importance of agenda setting → Government instability (Parliamentarism) → Regime instability (Presidentialism) → Bureaucratic independence (behavioral) → Judicial independence
FIGURE II

Differences in classifications between regimes, party systems, and veto players

Presidential regimes

2party systems

Multiparty systems

Parliamentary regimes

US

ITALY

UK

GRECE

Veto Players

Greece
PART I: VETO PLAYERS’ THEORY

This part explores the impact of different political institutions on policies. The reason that the book bases its analysis on policies is that one can think of a political system as the means for collective decisionmaking. Consequently, all the actors in a political system whether they are voters, representatives, or political parties care about policy outcomes either directly or indirectly, that is, either because they have preferences over outcomes or because other things they like (like reelection) depend on policy outcomes.

However policy outcomes are the result of two factors: the preferences of the actors involved and the prevailing institutions. Given that the identity of players and their preferences are variable, while institutions are more stable, policy outcomes will vary depending on who controls political power as well as where the status quo is. For the time being we will consider the status quo as given and discuss its location more in detail when it becomes necessary.

In this book we will focus on the more stable part of the interaction, and try to assess the outcomes focusing only on institutions, that is, with limited knowledge of the identity of the actors that produce them. We will make predictions about the consequences of the number of actors involved or their relative positions, without knowing exact numbers or locations. Given that we know little about the identities and choices of the actors involved, we will be able to make statements only about the rate of change, that is, how much different institutional settings permit the change of the status quo. There is one immediate consequence from this method of study. I will be able to identify the conditions where change of the status quo is difficult or impossible (policy stability is high), but I will not be able to predict actual change. When policy change is possible, whether it occurs or not will be a matter of the specific choices of the actors themselves. Even if change is possible, it may not occur. In other words, all the propositions that
follow provide necessary but not sufficient conditions to change the status quo. I will
demonstrate in the first chapter that the implications of this statement are far from trivial.

In this part I provide the rules according to which all political institutions (regime types,
parliaments, party systems, parties, etc) are translated into a series of veto players, that is, actors
whose agreement is required for a change of the status quo. The number and the location of veto
players affects policy stability, that is, how difficult it is to change the status quo. The sequence
that veto players make their decisions (that is, who makes proposals to whom) affects the
influence that these veto players have in the decision-making process. Whether these veto
players are individual or collective affects the way they make decisions about policies. If they are
individual (like a president, or a monolithic political party) they can easily decide on the basis of
their preferences. If they are collective (like a parliament or a weak political party) the location
of the outcome depends on the internal decisionmaking rule (unanimity, qualified or simple
majority), and who controls the agenda. So, traditional political institutions like regime types, or
number of chambers of parliament, or number, cohesion, and ideological positions of parties, or
decisionmaking rules of all these actors will be translated into some veto player constellation,
which in turn will determine the policy stability of a political system.

This approach determines the possibility of different institutional settings to provide
policy change but does not and cannot identify the direction of it. For the identification of the
direction of change the preferences of veto players are required, as well as the identity of the
agenda setter and the location of the status quo. In other words, institutions in this book will
resemble shells, and only when the occupants of these shells and the status quo are identified will
specific predictions of outcomes will be possible. However, as I will show there are important
results that can be drawn even if one ignores the specific choices of the different actors involved.
Such results cover as I have argued not only policy stability, but also a series of consequences of policy stability on other variables, like government or regime stability, the importance and independence of the judiciary, the role of bureaucracies etc.

This part is divided in two chapters. The first chapter analyses individual veto players, while the second focuses on collective veto players. The reason of the division is twofold. First, for didactic purposes, the division of the chapters facilitates a better understanding since the theory of individual veto players is simple, straightforward, and intuitive, while collective veto players introduce complications into the analysis (depending on the rules regulating their decisionmaking) and as I show approximations into the results. Second, the division is helpful because collective veto players as I will explain have particularly serious problems as agenda setters, since different majorities may prefer to make different proposals; a problem that I will address in detail in Chapter 2.