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Democracy, Accountability, and Coalition Bargaining

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Author

Strom, Kaare

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CSD Center for the Study of Democracy

An Organized Research Unit
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It is an honor to be able to address you today in this lecture that bears the name of Stein Rokkan.¹ It is an honor because of all the pathbreaking work Rokkan did for European political science and indeed for political science worldwide. It is a special honor because this is the first time the European Consortium for Political Research (ECPR) has met in Rokkan's home country, albeit in the center of that country rather than the periphery that was so much of Rokkan's life and scholarship. I cannot say that I knew Rokkan personally. But it would have been impossible not to be acquainted with his scholarship. And in particular his spirit is very much alive in the institute that he built and with which I have had the pleasure of being affiliated on and off for the past dozen years.

Stein Rokkan's main concern was with the development of democratic mass politics in Europe. On this score, he found many lessons in the Norwegian experience. To Rokkan and to many other political scientists, a critical aspect of democracy was representation, the people's ability to select representatives from their own ranks who would faithfully stand up for their interests. Before the advent of mass democracy, during the stage Robert Dahl (1971) calls competitive oligarchy, parliaments did not always represent all the people. Granting all adult citizens the freedom and authority to select these representatives is a precondition for the more inclusive democracy we now often take for granted. And when well-defined groups with distinctive interests suddenly become enfranchised, as millions of European men and women did during the first half of this century, the election of representatives who shared their most salient characteristics was a dramatic advance.

But representation is only one aspect of democracy. The voter in democratic elections is a Janus-faced creature. On the one hand, he or she can use the power of the ballot box prospectively to select leaders on the basis of the future they promise. On the other hand, the voter can use this power retrospectively to reward or punish the officials or parties in office on the basis of their past performance. The latter choice is the mechanism that enforces political accountability. Political accountability is the topic I wish to address today. I begin by identifying a framework in which we can study democratic representation and accountability, namely the neo-institutional rational choice literature on delegation and agency. I suggest why I believe that the enforcement of accountability is becoming a more and more central democratic issue. I then go on to share some data from Norwegian election surveys that indicate that voters, at least in this country, are increasingly available to play the part that democratic accountability requires. Finally, I present evidence that political leaders in coalition bargaining anticipate and are

Kaare Strom is a professor in the Department of Political Science, University of California, San Diego and at the Department of Comparative Politics, University of Bergen.

constrained by this electoral accountability, sometimes with surprising results. There is even a silver lining to this part of my story, in the sense that coalition outcomes that may at first sight seem deviant or even pathological, may in fact play a perfectly normal part in the democratic process.

Democracy and Delegation

Representative democracy implies delegation of power, a phenomenon which has attracted a great deal of attention in the neo-institutional theory of the firm. In this sense, representative democracy is similar to the way in which we hire a lawyer to represent our interests in court, or shareholders decide to employ managers to make their investments multiply. Thus, a key characteristic economic and political organizations have in common is the delegation of authority from the individual or institutions in whom it was originally vested--the *principal*--to one or more *agents*. Delegation allows such organizations to specialize and to fulfill their tasks more effectively and efficiently.

But delegation has a down side--the risk that the agent may not faithfully execute the intentions of the principal. This may be because the agent typically has interests and incentives that differ from those of the principal. *Agency problems* therefore arise wherever there is *hidden action*, that is to say, where principals cannot fully observe the actions of their agents, or *hidden information*, where principals do not fully know the skills or preferences of their agents or the exact demands of the task at hand.

Agency relationships are highly relevant to representative democracy. In the twentieth century, European democracy has primarily meant parliamentary democracy, the hallmark of which is that constitutional authority is delegated through a single chain of command. Voters elect the members of a national parliament. Parliament delegates authority to a prime minister, who in turn selects a team of cabinet members with specialized tasks. Each minister in turn leaves implementation to a bureaucracy of civil servants. Only the legislative branch is directly elected by the people. All other agencies are thus responsible to the people through a single command structure. The resulting agency problems, and the ways the legislators seek to solve them, provide a coherent framework in which to examine the critical issues of parliamentary democracy.

Representative democracy is likely to involve both hidden information and hidden action. We cannot as voters always know all the actions that our elected representatives take, particularly behind closed doors. And we cannot be sure that our agents do not have private information that they might use to our disadvantage. This gives rise to two classic problems in delegation: *moral hazard* and *adverse selection*. Moral hazard means that representatives may be tempted not to exert themselves for their constituents, since there is no way to judge how faithfully they actually pursue their interests. Public outrage concerning low legislative attendance rates, political junkets, and bureaucratic waste no doubt reflects such concerns. Adverse selection would mean that representative politics attracted "all the wrong people," politicians motivated by their opportunities for personal gain rather than their qualifications to serve. Again, it is hardly difficult to identify such suspicions, and surveys show that they have recently become markedly more common, at least among Scandinavian voters.

Containing Agency Losses

The critical challenge of parliamentary democracy is therefore to minimize agency losses in each chain of the delegation scheme. The literature recognizes two general ways in which we can make representatives toe the line: *ex ante*, or before the fact, controls on the one hand, and *ex post*, after the fact, controls on the other (see Kiewiet and McCubbins 1991).

Screening on the basis on shared social characteristics is a time-honored way to minimize agency losses *ex ante*. Traditional group politics provided voters with a source of reliable information about their elected representatives: because they were members of the same well-defined groups, voters could trust that they knew what their representatives wanted and the skills they would bring to the task. In plural, class-divided, or pillarized societies, group identities were distinctive, and voters and their representatives shared certain tangible and well-defined interests. But traditional communities based on class, a shared faith, or local identities have been dramatically eroded in the latter half of the twentieth century. Even racial boundaries have become increasingly blurred, at least in some societies.

As group boundaries have become more fluid and less politically informative, voters can no longer effectively screen their representatives on these grounds. And they no longer seem to place the same trust in such mechanisms, most likely due to growing problems of hidden information. Consociational loyalties have long been withering away in societies such as the Netherlands, Austria, and Switzerland. The Norwegian Labor Party, which until the 1980s had never had a prime minister who had completed a secondary school education, today has an overwhelmingly middle-class leadership. And after the 1992 elections, the U.S. Democratic Party rightfully boasted that its cabinet and congressional delegation "looked more like America" than ever before. Only two years later, the American voters handed the same party the most devastating electoral defeat in more than a generation. Identity politics may be a hot topic on campus, but it is apparently of much less use to voters looking for faithful and effective representation.

Screening on the basis of previous office is another important form of *ex ante* control. Parliamentary candidates in mass membership parties have traditionally been subjected to careful screening, and they would typically be screened even more carefully before elevation to the executive branch. In Britain, politicians with progressive ambition traditionally served several stints in junior office before they got a cabinet appointment. Prime ministers commonly had prior experience in other major cabinet offices, such as the Home Office or the Exchequer. Since World War II, the average prime minister has had more than 20 years of previous parliamentary experience. Such screening on the basis of seniority clearly reduces hidden information. But it has its costs. It may bring to the top such risk-averse opportunists as Jim Hacker in *Yes, Minister*.

More critically, the candidates that emerge from such partisan screening may not be ones that the electorate favor. Recent years have witnessed surprisingly successful political challenges from political neophytes such as Ross Perot and Silvio Berlusconi. Bob Dole's two most successful competitors for the 1996 Republican presidential nomination are both men who have never previously held any political office. And indeed both major British parties, long bastions of seniority and partisan screening, have clearly downplayed these criteria in recent leadership selections.

My main point is simple. *Ex ante* screening has its limitations as a way to ensure democratic representation, and the trend in the advanced democracies seems to be running away from such mechanisms. Indeed, this is not surprising. The literature on delegation tells us that *ex*

post arrangements are often a preferred alternative. This is where electoral accountability enters the picture. Representatives, or at least ambitious ones in systems without overly restrictive term limits, know that they eventually have to face the voters. For cabinet members, electoral accountability is in large part established through political parties. Their fate is tied up with that of the backbenchers who support them. If the voters reject their party, they go down together.

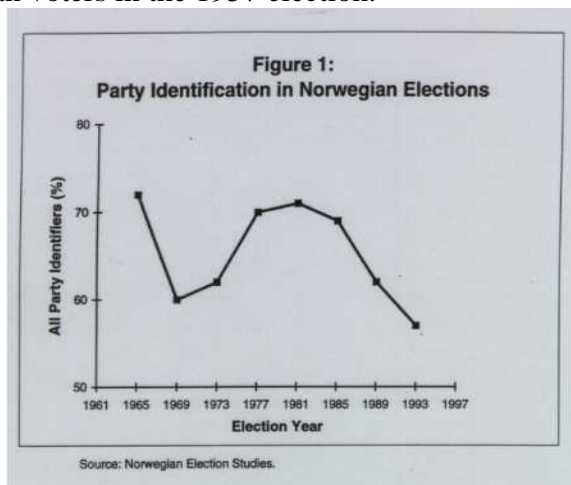
For electoral accountability to be an effective check on parties and their representatives, certain conditions must be in place. Voters must see party choice as discretionary, not as a statement of personal identity. Only if they are willing to vote against parties and candidates they previously supported, or at least abstain, can voters collectively hold their representatives accountable. Thus, accountability rests on potential electoral volatility. That is to say, voters need not actually switch parties with great regularity, but they must at least be willing to do so. Moreover, voters must be able and willing to engage in retrospective voting, to use the power of the ballot box to reward or punish politicians for their performance in office.

Does Electoral Accountability Work?

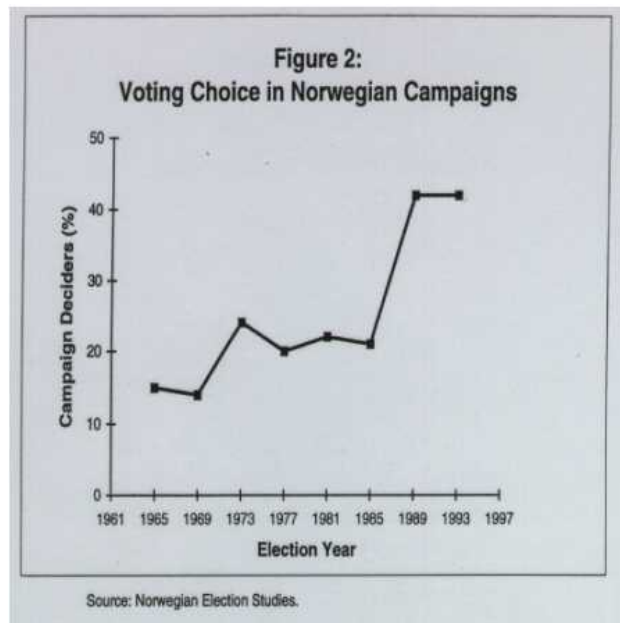
Is electoral accountability an effective check on politicians? Can the anticipated voice of the voters substitute for the decline of ex ante screening mechanisms in modern party politics? Surely this is a tall order, and electoral accountability is no guarantee that elected politicians toe the line. But evidence from a number of countries shows that at least some of the critical ingredients are in place and that just as surely as the effectiveness of screening is going down, the evidence of accountability is mounting.

Let me put before you some pertinent evidence from Norwegian elections surveys, not because Norway is uniquely interesting in this respect, but rather because I suspect it is rather typical, and because, thanks to Henry Valen and his collaborators, we have a long time series of excellent surveys (e.g., Valen 1981).

Let us first look at the strength of party identification among the voters. The stronger their party attachments, the less likely it is that voters would throw their electoral weights around in ways that would ensure electoral accountability. As Figure 1 demonstrates, the proportion of partisan identifiers among Norwegian voters has declined over recent decades.² The process became evident in the early 1970s. Although partisan identification rebounded in the early 1980s, it has recently declined to the lowest levels recorded since Valen and Katz's (1964) pioneering study of Norwegian voters in the 1957 election.

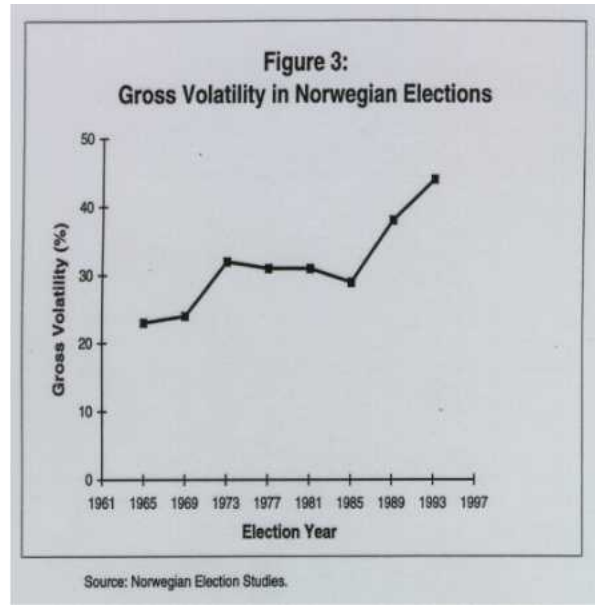


The timing of voting decisions offers a complementary piece of evidence on the availability of the Norwegian electorate for retrospective accountability. As Figure 2 shows, more and more voters in recent years postpone their decisions until the time of the electoral campaign, typically the last month or so before the parliamentary elections, which always take place in September. Note the dramatic upward shift in this proportion in the two most recent elections, in which 42 percent of the respondents reportedly have made up their minds only during the election campaign.



Finally, effective accountability should bear a relationship to the level of gross electoral volatility, that is to say, to the proportion of voters who switched parties, or switched between voting and non-voting, from one parliamentary election to the next. As mentioned above, actual volatility is no perfect measure of retrospective accountability voting, but potential volatility is a necessary condition. Figure 3 presents the percentage of the public that shifts preferences between adjacent elections. Electoral volatility in Norway has increased strongly since the 1960s. It jumped in the early 1970s, remained stable for a good decade, and has recently risen as high as 44 percent. For one party, the Progress Party, the proportions are even more extreme. No fewer than three-quarters of the party's 1989 voters had left by 1993, but at the same time new voters entered the party in sufficient numbers that only half the party's electorate in the more recent contest had been there four years previously.

These data do not prove that Norwegian voters consistently reward or punish their parties in ways that would guarantee the faithful implementation of policies that promote the interest of the electorate at large. They do, however, demonstrate that Norwegian voters are far more independent and fickle than ever before, facts that parties ignore only at their own peril.



Coalition Bargaining

Does accountability actually matter? Does the knowledge that voters may decide to "throw the rascals out" actually induce political parties and their representatives to behave differently from what they otherwise would? To provide a partial answer to this critical question, let me turn to coalition bargaining in parliamentary democracies, and specifically to the formation of minority governments, a phenomenon that might at first glance seem only tenuously related. A *minority government* is one that consists of representatives of parties that collectively control fewer than half the seats in parliament (or the legislative chambers endowed with the power to dismiss the cabinet). Such cabinets, the conventional view has told us, are "weak and exposed to the risk of parliamentary defeat, opportunistic, and lacking in the authority and support necessary to handle serious problems" (Johnson 1975: 87). Or, as one observer puts it, "every minority cabinet is an unwanted crisis symptom" (von Beyme 1970: 570). The formation of minority governments has been associated with political crises, cabinet instability, fragmented party systems, polarization, and profound cleavage conflict.

I would like to suggest that minority governments are a rational response of critical political parties to particular conditions that make it unattractive to enter a government coalition, and that the anticipated disfavor of the voters figures prominently among such conditions. In other words, the formation of minority cabinets reflects the anticipation of electoral accountability.

Let us first examine the incidence of minority governments across parliamentary democracies. The table here shows you that such cabinet were by no means exceptional in the 15 parliamentary democracies in this survey, which covers the years from 1945 to 1987. In fact, there were 125 minority governments in these countries out of a total of 356, or more than one in three. In eight countries, minority governments accounted for more than 40 percent of all governments, and in four countries, more than half of all cabinets. The most extreme case was Denmark, where only three out of 25 governments were *not* minority cabinets.

Yet even these figures may underrepresent the real frequency of minority governments. It stands to reasons that such cabinets will not form where one party alone controls a majority of

the parliamentary seats. Parties that can take office by themselves rarely decline that opportunity. If we confine our attention to minority situations, in which no party has a parliamentary majority, minority cabinets in seven different countries constitute 70 percent or more of all governments formed. And minority governments have become more common over time, at least over the first three decades after World War II. In the 1940s, they were fewer than 25 percent of all governments; by the 1970s they were more than 40 percent.

Explaining Minority Governments

How do we explain the high incidence of minority governments, of governments that would seemingly be susceptible to defeat at any time? First of all, though some minority governments are fleeting phenomena, short-lived caretaker governments with no legislative agenda, most are not. For example, the current Norwegian Brundtland administration has been in office since 1990, and has consistently been well short of a parliamentary majority. In fact, Norway has not had a majority government for more than a decade, and if I may say so, the country seems none the worse for it. Its minority status has not kept the current government from pushing major policy initiatives, such as EU membership, and even surviving the defeat of that initiative at the hands of Norwegian voters. The President of the Storting, Kirsti Kolle Grøndahl, pointed out that the Brundtland government is widely perceived to be one of the strongest Norway has had in a long time.

Most minority governments are not crisis symptoms; minority governments do not form in particular unstable or crisis-ridden societies. Compared to their natural alternative, majority coalitions of two or more parties, minority governments form in less fragmented and polarized party systems, and they do not seem to be solutions of last resort that emerge from particularly difficult and protracted bargaining episodes. Finally, the great majority are not simply majority governments in disguise: cabinets with an equally solid commitment from support parties that happen not to take portfolios in the cabinet. Instead, the typical minority cabinet is a single-party government, like the Norwegian Labor cabinet, which may have to look for legislative support from issue to issue on an ad hoc basis.

Clearly, minority governments are not pathological phenomena - they are not warnings of political doom and gloom. But how do we understand them? Classical coalition theory offers us little help, since it insists that governments be "winning," a criterion that seems to exclude minority governments, at least on a conventional reading (Riker 1962). Yet, recent scholarship in the rational choice tradition offers hope of more adequate explanations since it extends the theory in two areas which have long been saddled with patently unrealistic assumptions. These new developments, I believe, offer keys to our understanding of minority government, as well as a host of other peculiar features of party behavior in coalition and legislative bargaining.

One of these directions is institutional. Whereas traditional coalition theory was "institution-free", we are now beginning to understand how the rules of government formation, investiture, and termination, as well as parliamentary dissolution, affect the bargains that party leaders strike. Coalition formation may indeed be affected by a host of less obvious institutional factors, such as decision rules in parliament and the cabinet, or the jurisdictions of the cabinet portfolios themselves. I shall leave these factors aside, despite the fact that they have an obvious bearing on coalition bargaining, and the fact that their exploration constitutes one of the most exciting developments in the study of parliamentary democracies today.

The second new realization that helps us understand minority governments is that the game party leaders play is not acted out in splendid isolation from other parts of the democratic process. More specifically, elected representatives ultimately have to answer to the voters, and this electoral constraint affects all their behavior in office, including coalition bargaining. Just as classical coalition theory ignored institutions, it also assumed that party leaders did not anticipate the verdict of the voters when they bargained over cabinet portfolios. This second assumption is just as unrealistic as the first, and my own research shows that it has been a particularly consequential hindrance to our understanding of minority governments.

The critical decisions that result in the formation of minority governments are when parties elect not to broaden existing proto-coalitions by offering entry to others (if they are already in) or by choosing to pursue cabinet participation (if they are out). These are decisions that are difficult to understand if we assume, as coalition theory conventionally did, that parties are driven by a short-term motivation to maximize their share of power, here meaning executive office. But if we recognize the importance of the electoral connection, such decisions become a lot easier to understand. If parties care about their electoral futures, and if they anticipate that coalition participation may entail an anticipated electoral cost, then such decisions can much more easily be accounted for.

Indeed, the anecdotal evidence suggests that such calculations and anticipations are quite common among party leaders, and the figures presented below suggest that these expectations are well founded. As you can see, governments of all kinds tend to lose support at subsequent elections, and as you can see, majority governments can expect to lose more than minority governments. Indeed, majority coalitions are the most disaster-prone of all governments in electoral terms. This may be because the broader the coalition, the more explicit compromises its participants may have to make, and the more fragrantly they may have to renege on their promises to the voters.

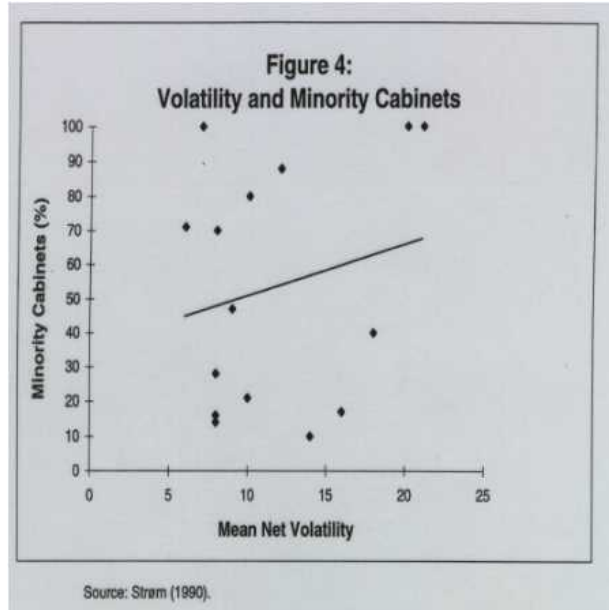
These results suggest at least one good reason that parties may forego participation in majority coalitions in favor of minority government: the electoral connection. The anticipation of electoral accountability is a powerful constraint on the leaders of political parties.

If this argument is correct, then we should expect to see a correlation between the severity of the electoral constraint and the incidence of minority governments. The greater the losses that parties might fear in future elections, and the greater the likely consequences of those losses for their later fortunes (for parties, I assume, do wish to be in office under favorable circumstances), the more common minority governments should be.

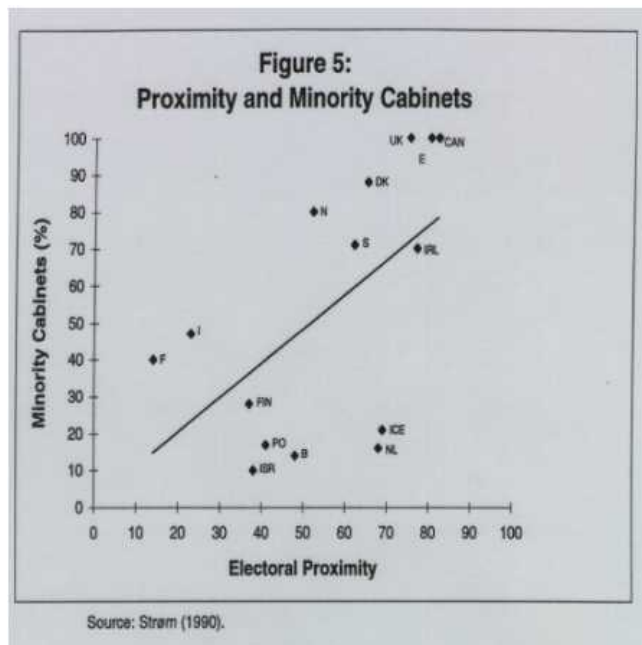
Let us therefore look at three aspects of the competitiveness or decisiveness of elections and the incidence of minority governments. The first indicator is overall electoral volatility (here I have data only on net volatility). Figure 4 is a scatterplot of average electoral volatility on the horizontal axis and the incidence of minority governments in minority situations, on the vertical axis in the fifteen countries in my study (Strøm 1990).³ As one can see, there is a tendency for high volatility and minority governments to go together, although the relationship at this level of aggregation is not overwhelmingly strong.

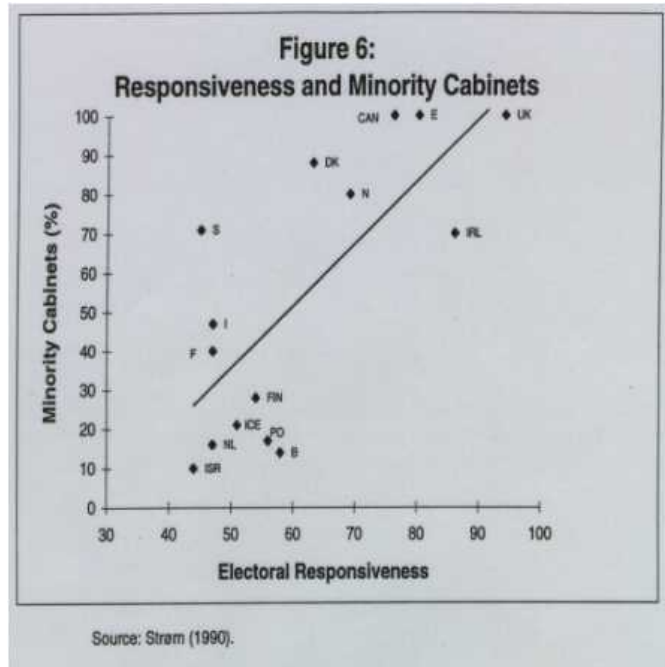
But parties may be deterred more by electoral costs if they anticipate that the upcoming elections are likely to be decisive for future office-holding, and if they expect there to be a strong relationship between winning elections and entering future governments (rather than a situation in which free-for-all bargaining determines the make-up of future governments). Figure 5 displays the relationship between electoral proximity (the proportion of new governments that are formed directly following elections) and minority governments. Figure 6 presents the

relationship between electoral responsiveness (the tendency for parties gaining in elections to be included in subsequent governments, rather than parties losing ground) and minority governments.



In both figures the incidence of minority governments is on the vertical axis, and the horizontal axes represent average levels of proximity and responsiveness, respectively. Both of these graphs display quite strong relationships between electoral decisiveness and minority government formation. Though these are surely not the only causes of minority government formation, there does appear to be a clear sense in which the strength of the electoral connection is related to the commonness of minority cabinets. The stronger the constraint of electoral accountability, the more common are minority governments.





Conclusion

Democracy is both a procedural arrangement and a lofty and challenging institutional project. My argument here has been that there are many ways of performing the difficult task of constraining the elected representatives of the people in such a way as democracy requires. We can understand these tasks with the help of the notions of screening and accountability, checks put in place before or after the fact. Both mechanisms are cornerstones of representative democracy. But the balance between them is shifting, perhaps in ways that we have not yet fully understood.

As students of politics, we have devoted a great deal of our attention to the representativeness of those we democratically empower, to the degree to which those whom we elect resemble and faithfully reflect our own identities, group memberships, and preferences. We have been concerned with such questions because they have been the concerns of the voters themselves. But more and more, I believe, voters are shifting their attention to matters of accountability. What matters is less who you are and what you promise, and more what you deliver. Accountability means looking for the bottom line. Although we may not welcome all aspects of this new politics of accountability, it does pervasively influence political behavior among those in whom authority has been placed.

If we wish to facilitate electoral accountability, we should give careful attention to institutional reform, particularly in such areas as electoral systems. A recent development in the US has been the imposition of term limits on representatives in many states. Though one may sympathize with the desire to remove some of advantages incumbents enjoy in that system, the cure of term limits, particularly in their more restrictive forms, may be worse than the disease, since their effect is to reduce electoral accountability. Similarly, I view with suspicion efforts in Norway to shift local elections to the time of national parliamentary elections and thus cut in half the frequency with which voters have an opportunity to judge their representatives. Perhaps

Norwegian parliamentarians should also consider a constitutional amendment to permit parliamentary dissolution before the end of the regular 4-year term.

Our understanding of coalition bargaining in parliamentary democracies was long based on the assumption that the electoral connection did not impinge on such processes. It was as if we believed that the leaders of political parties bargained with no concern for the repercussions of their behavior among the voters, with no eye toward future elections. Reality is different. Political leaders do anticipate the voice of the voters, and at times that induces them to behave in ways that would otherwise be difficult to understand. Decisions to stay out of cabinet coalitions, or to tolerate minority governments, are among those forms of behavior that we can only fully grasp when we understand how powerfully the electoral connection figures in the lives of elected representatives. There is no doubt that such concerns may complicate their lives. But it is the kind of complication that we as voters should applaud, and it is the most powerful way in which democracy itself is served.

Endnotes

1. Delivered as the Stein Rokkan Lecture at the 1996 Joint Sessions of Workshops of the European Consortium for Political Research, Oslo, April 1. I thank Ola Listhaug and Wolfgang C. Müller for helpful comments.
2. The data presented in Figures 1 through 3 are from Norwegian election surveys. I think Ola Listhaug for his help in compiling them.
3. A rigorous test would examine the relationship between competitiveness and cabinet formation in each bargaining situation, controlling for other relevant determinants of cabinet type. Strøm (1990) presents such tests. For simplicity of presentation, this article presents only bivariate relationships between aggregate levels of competitiveness and the incidence of minority government in each country.

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