Does size matter? The impact of small parties in government

Eoin O’Malley
School of Law and Government
Dublin City University
eoin.omalley@dcu.ie

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Introduction

Parties are central to setting policy in parliamentary executives, but parties rarely feature in models of government. Descriptive models such as the prime ministerial model, cabinet government model, and bureaucratic model either ignore or say little about the impact of parties in government. One model that incorporates parties – ministerial government – suggests that the party controls the policies of those portfolios its ministers occupy. This model is derived from an overarching research theme – Party Government.

The basic premise of the (pure) Party Government model of government is that the executive is captured or controlled by well-organised political parties. In fact the actual relationship is more complex than that, not least because one sees that government, through the bureaucracy affects political parties’ preferences/ goals/ expectations – ministers ‘go native’, but also because parties are rarely unitary actors. Party Government is silent on the issue of coalition government and the nature of the relationship between parties within government. In parliamentary democracies coalition governments are common, and there will be cross-pressures within the executive as to what policies are chosen. Control of policy is central to questions in party government.

Policy power is sometimes thought to be a fixed resource, which, when shared between more actors will reduce each actor’s policy control. This may be naïve as there can be gains from trade, but there will inevitably be areas where the parties in government are in direct conflict. This means that in forming governments parties will wish to minimise such conflict. Limiting the number of actors needed to govern might limit the extent of policy concessions (Riker 1962). We might expect that for a large party maximising the difference in size between it and the coalition partner might also limit the concessions one need make. So the differing size of parties is an obvious factor one might consider in the distribution of policy power between parties in government, and party size can then be thought of as an explanatory variable, where size has an impact on policy influence. This frequently implicit assumption is an obvious corollary of Laver and Shepsle’s (1996) portfolio allocation (ministerial government) model. This model is linked to Gamson’s (1961) Law which hypothesises a link between the number of seats a party has in a coalition and the number of cabinet places it will hold.

The varying impact of differently-sized parties within coalition is also of interest to the party-government relationship because it can tell us something about how parties affect government policy and can help us identify more accurate models of government. There have been many such attempts (Elgie 1997). If small parties define the direction of the government then we might assume that parties in government use a decision making system based on equality of status. Alternatively it might be the case that small parties tend to be dominated or smothered by larger parties.
This article seeks to address what impact the size of political parties has on government and specifically whether party size is an important variable for understanding the distribution of policy-making power in government. This paper will first discuss the nature of small parties in parliamentary democracies and then look at their impact in government. It will develop hypotheses based on veto player theory (VPT) and bargaining theory of how small parties might affect government policy. It argues that if government parties are veto players (and we would expect them to be) and VPT were correct, small parties would ‘punch above their weight’, or size should not matter. Equally bargaining theory indicates that size should matter only to small degree, especially when the government has been formed. Rather it is asserted that other factors matter; the party’s ‘outside options’, patience, informational advantages among others. Using cross national data on government party size and a measure for the distribution of power within government I will test if comparative party size matters. This quantitative analysis will be supplemented and illustrated by case studies from Italy and Ireland outlining the process of negotiating inter-party conflict in government.

What are small parties and how are they different?

In any analysis of minor parties we need to have a clear idea what constitutes a small party. Any definitions will be somewhat arbitrary, but nevertheless it is important to have one. In an analysis of minor party success in plurality elections, Gerring (2005) simply chooses any party outside the two largest. Others stipulate a certain size (for Mair 1991 it is between 1 and 15 percent). But we can agree with Smith’s point that ‘smallness’ is, in fact, a systemic quality’ (1991: 25, emphasis in original). One must then take into account the relative size of the parties in their party system. A small party in the UK may not be a small party in Israel. One also needs to consider whether we measure size as a percentage of vote share or seat share. In terms of vote the UK Liberal Democrats would be a large party (22 percent in 2005) whereas its share of seats (9.6 percent in 2005) might make it a small party. One can treat size as an interval level variable, but one would ideally want to consider a measure of smallness which took into account the size of the larger parties in the system.

Parties, by their nature, are coalitions of interests. Large parties are coalitions of more diverse views and need mechanisms in place to prevent these divisions disrupting the stability or sound management of the party. At times new issues may arise challenging the cohesion of this coalition and could lead to splits in a party. Larger parties then may not seem ‘appropriate’ for certain issues, which could lead to questions as to the credibility of commitments to deliver relevant policies. In these situations new groups can emerge to fill any political vacuum. One might expect that new and small parties (and we can expect that there will be a positive if not strong correlation between age and size) will be able to respond more quickly to political opportunities. However
a small party’s flexibility in being able to respond to new challenges compared to larger, more sluggish parties will be offset by the probability that it will attract more demanding voters and members dissatisfied with the inaction of the larger parties. Therefore small parties may be more ideological and policy driven than larger parties who by their nature must tolerate compromise. Smaller parties may have emerged because a charismatic leader recognised a political opportunity. There could be an over-reliance on such leaders, who may demand policy flexibility and tight control over the organisation and this could cause tensions within a political organisation that has weaker links with its more ideological and demanding members. Small parties may also be less experienced in government and electoral politics. As such small parties may be ‘low valence’ and be forced to occupy more radical policy positions (Schofield and Sened 2006: 15) and there is a good chance that small parties will have policy specialisms.

Larger parties may have quasi-institutional links to societal groups such as churches, trade unions, employers’ organisations or even sporting organisations, which might offer a bedrock of support for parties, but which act as a constraint in their ability to react to new issues and advocate certain non-mainstream policies. Without these societal links, smaller parties may lack organisational and informational resources. Larger parties may have research units or connected think-tanks. These factors might make minor parties less robust to crises and shocks. But it should be noted, any of these characteristics are just possible correlates of size rather than a condition of ‘smallness’.

Might small parties control policy?

There are some good reasons why we might expect the answer to the research question to be that size matters. Representative democracy is based on a majority rule decision-making principle (Manin 1997: 189-92)– so size matters. In the first stage of the governmental cycle, we can see that minor parties are important. Excluding the largest party in a system, size is then inversely related to the probability of entering government (Warwick 1996). Smaller parties are more likely to enter government than many larger parties. This may not be surprising as the largest party in parliament is often charged with forming a government and the desire to maximise its policy and office rewards cause it to choose smaller partners who might be in a position to demand fewer concessions. According to Gamson’s Law the division of portfolios in government is proportional to the seat share of each of the governing parties (Warwick and Druckman 2006). But there is some bias towards smaller parties (Budge and Keman 1990).

In much of the work on coalition formation there is an attempt to explain this discrepancy from proportionality. This conventional analysis of the bargaining strength of differently-sized parties is problematic, because Gamson’s Law ‘focuses on the effects of seat shares [when] the theoretically relevant con-
cept is *shares of voting weights* (Snyder, Ting, and Ansolabehere 2005: 982, emphasis in original). That is, the bargaining strength of parties has more to do with their voting weights, or how pivotal they are to alternative coalition governments, than to their size in legislative seats. Pivotability is the where the actor’s input ‘turns a possible defeat into a success’ (Shapley and Shubik 1954: 787).\(^1\) It is related to size as it can be shown that larger parties can be part of more winning coalitions than smaller ones, so a large party is more likely to be pivotal than a smaller one, and according to measures of bargaining power based on seats, smaller parties will *never* be more pivotal than a larger party. But pivotability and hence bargaining weight is more than just size or seat shares. So as Strauss (2003: 20) points out ‘the game \([101; 100, 100, 1]\) has seat shares of approximately \([0.5, 0.5, 0.005]\), but the party with one seat has just as much power as the others. The minimum integer weights (along with any other reasonable index) predict the power share to be \([0.33, 0.33, 0.33]\).’ A real world example is Ireland in 1973 where the Labour Party, though the third largest party and occupying just 14 percent of the seats was according to Strauss’s minimum integer method, as ‘powerful’ as the largest party which controlled 47 percent of the seats.

Related to but distinct from pivotability is the idea of centrality. Parties do not form policy-blind minimal winning coalitions (MWCs) as Riker (1962) predicted. Parties will be concerned about the durability of any bargaining outcome and so may want to form policy-connected governments (Axelrod 1970) or policy-proximate governments (de Swaan 1973). Parties that are central in the policy space might be more likely to be part of governments formed and so would be more pivotal. However it is questionable whether we want, as Bolleyer (2007) does, to consider centrality separately as a predictor of bargaining weight or power. If we assume power is the ability to *effect* outcomes (Morriss 2002: ch. 5), we might assume that executive power is the ability of an executive actor to achieve some policy goal where it would not otherwise have been achieved in the absence of that actor. Then holding centrally-situated policy preferences makes one lucky rather than powerful – they would have happened anyway (Barry 1980).

As well as policy, the inclusion of institutional factors such as the *formatuer*, where one party or individual is given the task of forming a government (Baron and Ferejohn 1989) and the existence of pre-election agreements (Carroll and Cox 2007) have improved the explanatory power of coalition models and can further explain the divergence from pure proportionality. Other scholarship continues to focus on portfolio payoffs indicating that size (as opposed to bargaining weight) matters (Warwick and Druckman 2006). Another factor that is probably important is the idea of ‘fairness’ which experimental psychology has shown to be a more powerful driver of human behaviour in bargaining situations than rationality (Güth and van Damme 1998;\(^1\)

\(^1\) There are a number of different measures of voting power, but the differences are subtle and tend not to create greatly divergent results.
Roth 1995). Indeed the leader of one small party in an Irish coalition, when asked about why his party allowed a certain policy it was known to be against said, ‘it just wouldn’t have been fair. They were much bigger than we were - we had to concede on some issues’ (private interview). Existing accounts fail to take account of the fact that that decisions are taken in a multi-play environment, so fairness is likely to ‘rationally’ evolve as it is shown to do in experimental research (Nowak, Page, and Sigmund 2000).

As the discussion above illustrates, much of the theory-driven work on cabinet government has been on the lifecycle of cabinets, their birth, longevity and death. In thinking about the bargaining power of parties in coalitions one can, like Bolleyer (2007), differentiate between two stages; the government formation stage and the government decision-making stage. So we might see that a party able to extract concessions at the formation of the government may have different abilities in the ordinary daily negotiation that takes place in government. But very little work is on the lifestyle of the government, or how the cabinets operate during their existence. In 1990 Laver and Shepsle lamented ‘that discussions of government coalitions have concentrated almost exclusively on the fact that they are coalitions and more or less ignored the fact that they are also governments. Little attention has been devoted to what happens after a government has been formed’ (Laver and Shepsle 1990: 873 emphasis in original). Two decades later the same can be said. Of the chapters in a book on cabinets and coalition bargaining (Strøm, Müller, and Bergman 2008) only one of these was devoted to what happens during a coalition’s tenure.

There are good reasons for this. Where many are devoted to mathematically-based political analyses and quantitatively-testable hypotheses, the anarchic and secretive nature of cabinet government decision-making renders it beyond the reach of these methodologies. As a result it often gets ignored and much of the research uses a dependent variable that is of little interest unless it is a good proxy for policy power - cabinet seats. What happens within cabinet is at least as important as the fascinating study of explaining cabinet form and duration. It is just much more difficult to study. So we end up studying what we can measure rather than measuring what we should want to study.

Once in government Pedersen (1982) reports that ‘minor parties are often thought to be without any significant impact on government policy’. Fisher (1980: 610) felt that the vast majority of small parties would have no impact on government policy. But very little work has been devoted to party size and influence on government policy. Raso (2007) concentrated on the differences between supporting government from the outside and being a formal part of government. Bolleyer (2007) looks at the impact of centrality and pivotability on small party power in the two stages of government. Beyond these we see some focus on the impact of certain types of parties in government (Deschouwer 2008; Heinisch 2003; Rihoux and Rüdig 2006). Overall very little scholarship concentrates on size and power within government. But many of
the theories used to explain power in the formation stage can help us predict the policy making power of parties into and in government. These include veto player theory and bargaining theory.

**Veto Player Theory**
While the idea that vetoes matter has been known since at least Roman times, and was central to the design of the US Constitution, a formalised Veto Player Theory has only become current and popular in the last fifteen years (Tsebelis 1995). The main achievement of VPT is that it offers a theoretically coherent account of policy change. VPT is able to tell us whether an agreement between parties making a decision under a unanimity rule can take place. If both parties are necessary to an agreement, or essential to the coalition majority, then their respective size should not matter. When studying the formation of government it is obvious that all parties to a coalition have a veto and so can choose not to form the part of proposed government. As such they will also have a veto over what is included in the government programme and the allocation of ministries. In the real world we can see that party leaders often need to be consulted about appointments to government, which presumably allows them veto these (Dowding and Dumont 2009). When negotiating a programme for government, all parties to the agreement will have a veto and can withdraw at any time.

There are reasons to believe that the veto player approach might also be appropriate to studying coalition government in its day-to-day operation. The rule on collective responsibility indicates that cabinet government ultimately uses a unanimity rule – each member of the cabinet must give their implicit consent to each government decision.² Within government any party in a MWC can ultimately choose to leave that government on any issue, thus giving them at least a temporary veto if their leaving causes the government to fall. We might also think of the relevant minister and prime minister as veto players. Consider the assessment of Nigel Lawson, a former UK Chancellor of the Exchequer.

There is a large area of government where what might be called a mutual blackball system exists. By that I mean that if a Minister wishes to do something within his own field which the Prime Minister profoundly disapproves of, then the Prime Minister has a blackball which he or she can cast...he [or she] will effectively veto the idea...If the Prime Minister wants something done in a particular area, and the minister responsible disagrees with it, then it will not happen because [the minister] will effectively veto that idea: he has a blackball too’ (Lawson 1994: 444).

² There may be a good deal of variation in what needs to go to government for a collective decision or what decisions can be taken by a minister alone. Ultimately this is for the prime minister to decide, but politically s/he will consult with coalition colleagues.
But VPT theory is not without problems. Unlike in presidential systems few areas of parliamentary politics have formal veto players. Then it becomes difficult to identify veto players ex ante – too often we assert that an actor is a veto player if their behaviour accords with the theory or offer post hoc rationalisations for why another actor is not a veto player. How do we differentiate between influential actors and veto players? Possibly for this reason Tsebelis is very cautious in asserting what the non-institutional veto players exist in real life. But the difference between presidential and parliamentary systems is a matter of degree. Strøm (2000) is concerned that the veto of parties in parliamentary governments is not the same as that of a US president. Strøm may be right in saying that not all veto players are equal, but these come from their differing abilities to influence each other’s motives to veto, not their ability to veto. At a minimal level all veto players have the opportunity to veto; they are veto holders. Tsebelis (2002: 87) is therefore correct to reject Strøm’s objection that ‘partisan veto players have no demonstrable opportunity to exercise veto’ (Strøm 2000: 280). They have the opportunity but may not have the incentives to use the veto. A further problem is the assumption of VTP is that when the policy space is multi-dimensional, each dimension is equally weighted and that there are no side payments (Ganghof 2003: 8). In fact this is not the case and we can expect to see side payments whereby one party in government concedes on a policy that it might otherwise veto on condition that it achieves policy gains on another policy dimension that it values more. On highly salient areas a party will be less likely to agree to a proposal to move the policy further away from the party’s ideal point.

Notwithstanding these problems we can derive expectations about veto players and policy-making power of parties in the formation and coalition stages. These are unequivocal.

**Hypothesis 1.** If the coalition decision rule is based on mutual veto then party size should not matter.

If we see that governing coalitions use this type of rule, then it will be very important for parties proposing radical change to get agreement to that change in the formation stage, through portfolio allocation or government programme, as it may be otherwise difficult to avert a veto later on. Bringing down a government when it is operative might be regarded as more costly. There is another problem in applying VPT to government formation and government policy making stages in that while parties can veto agreements of governments they belong to, there is no requirement that a party cannot construct a new majority, i.e. form another government. This fact will have a major impact on what policies actually get chosen.

**Bargaining theory**

Veto player theory can tell us when an agreement can occur, i.e. where both parties benefit from a change in policy, then it might occur. But assuming the
two parties have different ideal points, then the agreed new policy could be at any point between their ideal points. Unlike VPT, bargaining theory can tell us about who might do better in distributing the surplus – i.e. the difference between ideal points, when both sides make an agreement. And it might explain what happens when we see veto players not vetoing when we would expect them to. As we saw above, seat numbers are important at the formation stage, but for policy conflict during the governing phase, will size matter?

This possibly depends on the prevailing decision rule in government – though the decision rule may vary according to the bargaining strength of the actors. If it is the case that ministers are policy dictators (and there is little evidence that this is the case (Laver and Shepsle 1994)) then size will matter, because a small party will control fewer portfolios. If cabinet is the main forum for decisions and voting takes place (again there is limited evidence that voting takes place (Nousiainen 1993; Thiébault 1993)) then size would obviously matter. In fact while a good deal of decision-making autonomy is probably ceded to ministers within bounds set by the coalition agreement, on politically controversial issues not covered by prior agreement will probably be referred to the prime minister and either sent to cabinet for discussion and consensus formation or negotiated between party leaders. Here we expect that unanimity is the decision rule. But if all parties are happy with a change, the position of the change will not be as obvious.

According to bargaining theory we can consider a number of factors when affording certain parties more or less bargaining power. Muthoo (1999) identifies the following as central to bargaining:

1. Patience – does one of the parties wish to reach an agreement more quickly than the other?
2. Risk of Breakdown – what are the likely outcomes of exogenous shocks?
3. Outside options – what other possible deals could any of the actors engage in, if they were not engaging in this one?
4. Inside options – what are the payoffs of the status quo?
5. Commitment tactics – is it possible to commit one’s self to not be in a position to concede in negotiations?
6. Asymmetric information – does one party have relevant information that the other side does not?

If bargaining theory is useful, how would we expect these factors to translate into coalition bargaining? We can see that these are linked. A party with positive ‘inside options’ will be less averse to the risks of breakdown in the negotiations and as such, may be more patient. A party’s patience in negotiations will probably be more important in the formation phase than in the government phase. It could be that party leaders nearing the end of their careers will be more anxious to reach an agreement as this could be their last chance at government. We might expect that those parties who have not been in office
for long periods of time will be more impatient, and as such will be more likely to concede than parties that have recently experienced office.

*Hypothesis 2.* Parties out of power for long periods will be more impatient, more willing to compromise, and hence less powerful

In any bargaining situation it is possible that some exogenous shock might lead to the breakdown in negotiations or breakdown of a government. The impact will depend on the nature of the shock, but while one could presume that some shocks might be essentially random, some are more likely than others and the parties are aware of this. As these shocks might be unique to particular bargaining processes it is difficult to formulate general hypotheses, but we can see as an example in Ireland when following the breakdown of a government, the Taoiseach (PM) and leader of the largest party, Fianna Fáil, resigned because he was considered to have suppressed information that would have been relevant to an ongoing political controversy. The other party in government, Labour, then started negotiations with a new Fianna Fáil leader, Bertie Ahern. Following two weeks of negotiations between Labour’s leader, Dick Spring and Ahern, Labour put a 36 point-plan on the table for negotiations and found ‘all of [the points] were accepted with alacrity by Fianna Fáil’ (Finlay 1997: 268). A day before the planned parliamentary vote for the new Taoiseach a newspaper article revealed that the information that Reynolds had suppressed had been known to Ahern as well. This led to the immediate collapse of the negotiations (Garry 1995). Ahern possibly knew that this information would emerge (though some argue that it was effectively already in the public domain) and this may be why he agreed to all of Labour’s demands. Labour’s aversion to re-entering government with FF – apparently Spring got ‘cold feet’ (Collins 2001: 299-301) - meant that it did not avail of its strong bargaining position. Ahern’s aversion to the risk of breakdown of negotiations was because he had fewer ‘outside options’ than Labour, which went on to form a different government.

Where a party has ‘outside options’ or alternatives to the agreement being negotiated that are potentially superior than the agreement, then that party should have an advantage in negotiations. In both the formation and coalition phases ‘outside options’ could be important. When negotiating the formation of a government if a party could form part of other feasible coalitions then it will have ‘outside options’ and will be in a stronger bargaining position.

*Hypothesis 3.* Pivotal parties (those that are capable of forming other coalitions) will have a stronger bargaining position

In the governing phase the existence of attractive outside options will be important. These relate to the prospects of forming a different government in the event of a breakdown with or without an election. So if a minor party has ‘outside options’ or what Lupia and Strøm (2008: 63, 65) call ‘walk-away
value’, then we will find that ‘size is not always power’. One may be able to profitably leave government if there is an obvious alternative government that can be formed or if its leaving will cause an election and the party’s opinion poll standings are such that it may do better by leaving than waiting.

_Hypothesis 4._ Parties with better than usual opinion poll ratings will have superior outside options and hence be more powerful in coalition bargaining.

Are there any reasons why small parties would systematically have poorer outside options? It can be shown that larger parties are more likely to be pivotal, but measures of pivotability do not take account of informal ‘rules’ or conventions, such as the improbability of the largest two parties agreeing to coalesce in many countries. This should reduce the pivotability of larger parties. In the event of an election we can see that smaller parties are no more likely to do worse than larger parties (Buelens and Hino 2008).

The ‘inside options’ of parties in government refer to the costs or benefits of the continuance of the negotiations. In the formation phase this will be the continuance of a care-taker government, something that does not normally last for very long (though see Belgium) and whose government’s powers might be severely circumscribed (though see Ireland), as such might not be relevant. In the coalition phase the ‘inside options’ are those costs or benefits of the existing government – this might be the office benefits of continuing in government, policy benefits in dimensions other than that being bargained for, or the benefits or costs derived from the status quo policy. So a party that is close to the status quo policy, or for whom a shift from the status quo will have fewer benefits will have advantages in the bargaining situation.

_Hypothesis 5._ Other things being equal policy parties that are close to the status quo policy will have advantages in the bargaining process.

Will size be an important determinant of closeness to the status quo? There are different types of small parties, some such as the German FDP are centrist, but many are more likely to be more radical. As such these parties may be weakened in the bargaining process. However another, countervailing, factor may have an impact. Some parties have decision-making structures which make it difficult to concede in a bargaining situation. These structures make the party ‘commit’ to a certain policy, and as the other parties in the negotiations will know this (or will be told) one might expect the other party to be more likely to concede. So for some parties (particularly on the Left) a party congress needs to sanction a government formation agreement. While small parties may be more likely to be policy-driven and democratic, it is not necessarily caused by of size and we can see many small parties (particularly on the Right) can rely on and cede control to a charismatic leader.
Hypothesis 6. Parties with more policy conscious supporters and more democratic policy making methods will have more bargaining power.

So for the Irish Labour Party in the 1980s this meant that its coalition partner, Fine Gael, tended to be lenient both at formation and coalitions stages (FitzGerald 1991: 426) as it was aware of the pressures on the moderate leader of the Labour Party from its more radical left wing and the need for Labour to sanction any deal by way of a special conference. By contrast in negotiations between Fianna Fáil and the Progressive Democrats in Ireland in 1989, the leader of Fianna Fáil is reported to have claimed to the leader of the PDs that he could not sell a certain deal to his party. The PD leader, having had been a member of Fianna Fáil, replied that he would not underestimate Haughey’s selling ability within Fianna Fáil (Collins 2005: 101).

We can see then that the symmetry of information might be important in bargaining. If only one of the sides in a bargaining situation knows something of relevance to the bargain, that party will have an advantage. In the formation stage this might be that, say, a party that has been in government knows that the public finances are in a parlous state and that it can agree to policy changes safe in the knowledge that no such policy could possibly be implemented. Or it could claim that there were legal problems with a policy proposed by an potential coalition partner. So we might expect that in countries with high levels of government secrecy, parties governing in a caretaker capacity will have an advantage over other parties. During the governing phase parties that control a portfolio will have greater access to information and can choose to suppress information or reveal selective information to cabinet. This should obviously favour larger parties as these will tend to control more portfolios.

Hypothesis 7. Parties with more portfolios in government should be at an advantage in coalition bargaining because these will control more information, except where mechanisms exist to share information.

However there are other reasons why control of a portfolio will be important. As well as being gate keepers and hence veto players for the policy area, ministers are sole agenda setters. So we would expect that in a negotiation where all parties agree to change from the status quo, the agenda setter will be able to propose a policy as close as possible to her ideal point (Romer and Rosenthal 1978).

For much of bargaining and veto player theory the size of parties qua size is not as relevant as one might intuitively expect. If size matters it may be because smallness is a correlate with other factors such as institutional weakness, reduced informational capabilities, and more radical policies. Rather we see that other factors, especially outside options or other choices available to
parties is central to government bargaining. Other factors which are less ame-
nable to generalisation exist that make certain bargains less probable. So dis-
trust or animosity between leaders are important because they may rule out
certain theoretically possible coalitions and this shifts bargaining power. In
Ireland Fianna Fáil’s tactic to eschew coalitions reduced its pivotability for
many years - though it dropped this tactic as soon as it hindered the ambi-
tions of the party leader. These outside options might not always be easily
translated into quantifiably testable hypotheses. It may be necessary to look
inside the governing process to uncover some of these issues relating to bar-
gaining at work. Below I look at some government bargaining situations and
see if this approach can help explain events in some case studies. First I quan-
titatively test whether size matters.

Data analysis
Only some of these hypotheses developed above are currently quantitatively
testable. This is mainly because there are many problems of measurement in
the party government research area. One of the most important variables, and
what is arguably the dependent variable, policy making power is virtually
impossible to measure with a fair degree of validity and reliability within a
country not to mind across countries. We are not even certain what the cases
are - are they individual governments? Arguably as bargaining strengths and
weaknesses change over time and across policy areas, we should probably
consider individual policy decisions. One might wish to disregard policy ar-
areas where there is no conflict, as although these might give a good idea of
how government works normally, these do not allow one to test for bargain-
ing strengths in situations where the actors are in dispute. Therefore studying
a random sample of cases would not be useful.

Here I am able to test the hypothesis that size does not matter by using data
from an expert survey on prime ministerial power (O’Malley 2007). These
data are problematic; they are estimates of power, which is obviously an enor-
mously difficult concept to operationalise; they are based on expert opinions
in an area even academic experts have little access; static over time and across
policy area. But they do seem to have some face validity and there is a fair de-
gree of variation.

VP theory predicts that additional parties in government will be associated
with a reduction in prime ministers’ freedom to control policy. It is a rela-
tively simple exercise to measure how many parties there are in government –
one can just count them - making testing this hypothesis uncomplicated.
When prime ministerial power is regressed on the number of parties the re-
sult is significant and in the expected direction. The results of this model in
Table 1 show the coefficient to be -.29, which indicates that each additional
party will reduce the policy influence of a prime minister by .29 on the prime
ministerial power scale.
However we might think the effect of the number of parties in government to be other than purely additive; that is, additional parties lead to a reduction of, or preservation of, existing levels of power. It is plausible to argue that the numerical increase in the number of parties in government is not as important as the relative increase. So the unit change from a single party government to a two party government may have more of an effect on the power of a prime minister than the change from five parties to six. The relationship will be non-linear. One can use the log of the number of parties to take account of this. With the logged number of parties the amount of variance explained increases to 15 percent, indicating that the unit change from one to two parties in government is more influential than a unit change in the number of parties from a higher base.

Table 1  Effect of the numbers of parties on PM’s policy influence

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<td>(t-value)</td>
<td>-</td>
<td>-</td>
<td>(-3.84)</td>
<td>(-0.03)</td>
</tr>
<tr>
<td>(adj.) R-sq.</td>
<td>.125</td>
<td>.15</td>
<td>0.098</td>
<td>0.14</td>
</tr>
<tr>
<td>N</td>
<td>137</td>
<td>137</td>
<td>137</td>
<td>137</td>
</tr>
</tbody>
</table>

The t-values are in parentheses, and their probabilities are indicated by asterisks; *=p<.05; ***=p<.001

If veto player theory is useful then the ‘size’ of the actor should not matter – one veto player’s right to veto is equal to another’s regardless of size. We can speculate that this may not be the case, rather that the relative sizes of parties in government also matter. If the coalition party size were a better explanatory variable than simply the number of parties, this would question the usefulness of the veto player concept, and suggest that methods to explain power (such as party size) would be better.

By looking at the ‘effective number of parties’ in government, calculated using the formula devised by Laakso and Taagepera (1979), one can test for the effect of size. This measure ‘tells us exactly how many parties there are…taking their relative sizes into account’ (Lijphart 1999: 68). If for instance there are two, equally large parties in government, the ‘effective number of parties in government’ is two. But if there are three parties in government with 45, 40 and 15 percent of the government parties’ parliamentary seats respectively, then the effective number of parties in government is 2.6. We can therefore test to see if the veto player is a good explanatory concept by com-

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3 Effective number of parties in government, $ENPG = \frac{1}{\sum s_i^2}$ where $s_i$ is the proportion of the government’s parliamentary seats held by the i-th party.
paring its explanatory power with that of the basic and logged number of parties to the effective number of parties in government. Using the effective number of parties in government still gives us a significant result, but the R-squared drops. As predicted, and contrary to intuitive expectations, the relative size of the parties in government explains less of the variation in the policy influence of a prime minister than the simple number of parties. There are others tests one would wish to carry out. At the time of writing I had not calculated pivot weights for all parties in the sample.

**Cases**

There are obvious problems with the quantitative analysis of the operation of cabinet government. Much of what is important in government happens behind closed doors, and the glimpses we get of the process. For this reason it can be argued that detailed and theoretically-informed cases might be more useful tests of theories than any attempt to quantify data that do not lend themselves to quantification. Indeed case study analyses and policy process tracing is increasingly recognised as important to theory development (George and Bennett 2005) as it allows one to examine causal explanations - ‘the mechanisms through which and the conditions under which that causal relationship holds’ (Shadish, Cook, and Campbell 2001: 9) - rather than just causal descriptions. Below I give analyses of a small number of instances of policy disputes using bargaining theory to interpret the behaviour and success of political actors.

**Berlusconi’s Second Government**

Few political and governmental systems are more sensitive to changes in party strength than Italy. For this reason the country has had more frequent changes in government than any other in western Europe. Italy’s fragmented party system is thought to favour those in smaller parties. According to Cotta and Verzichelli (Cotta and Verzichelli 2007: 109) ‘the strength and authority of the Prime Minister and of the cabinet, the internal relationship between the components of the latter, and the success of the government in carrying through its policies have been significantly affected by the changing characteristics of the party system.’ So relations within and between parties made the Italian prime minister one of the weakest in Europe. We see that small parties tend to emerge from the proportional electoral system there, and the polarised fragmentation has an impact on the power of the government. According to Kreppel (1997) parties in government act as veto players and act as a brake on legislation. The second Berlusconi government might be regarded as an exception to this. Though some argue against the exceptionalism of this government, they mainly did so by claiming that the government policies did not achieve their intended results, not that Berlusconi failed to achieve policy gains (Pasquino 2007; Raniolo 2006). In fact it can be argued that early on in his Government he made some remarkable policy victories in at least a number of areas: his economic policies were opposed by Alleanza Nazionale (AN)
yet went ahead. He changed the country’s foreign policy to an Atlanticist one against strong public and political opposition; he pushed through pet projects such as a high speed train line; he achieved a tax amnesty despite opposition from within his coalition and the bureaucracy.

While a number of arguments can be made for these achievements (see O’Malley and Cavatorta 2004) many of the arguments cannot explain why his ability to achieve policy gains reduced over the lifetime of the government or why they were markedly different to his first government. But if we look at the power relations between the parties in the cabinet especially in the early part of that government we can see why Berlusconi was seemingly so powerful. Normal Italian coalition politics involves regular reconstruction, often reflecting changing political circumstances. So a party that is doing well in the polls or which does not like the current prime minister might collapse the government and renegotiate a new government with the same parties but a reallocation of portfolios and new agreement on some policies. A number of factors made the situation in Berlusconi’s government very different. First was Berlusconi’s effective ownership of his Forza Italia (FI) party. This meant that the normal rules of intra-party politics did not apply. Any ‘Big Beasts’ in Forza could not have simply removed Berlusconi if he were seen as a blockage to continuing government by his coalition partners. Second, FI’s coalition partners had no other parties with which they could coalesce. Lega Nord had burnt its bridges with the left and AN was seen as beyond the pale for all other parties. So LN and AN needed FI to remain in government, and FI needed Berlusconi. LN and AN needed Berlusconi. Alternatively they could have brought down that government and caused an election – an unusual occurrence early in the parliamentary term in Italy, but surely a threat that Berlusconi would have to take seriously? Except that, third, the opinion poll ratings of these two parties were so poor at the time, that LN and AN had most to fear from an election, not FI. Thus Berlusconi’s coalition partners had no or poor outside options, leaving him free to push policies they might have otherwise vetoed. Here we see a case where the large party dominated in a system that small parties were often regarded as having inordinate power because special circumstances weakened the small parties bargaining positions.

Irish governments 1997-2007

Between 1997 and 2002 and then between 2002 and 2007 Ireland was governed by a coalition of Fianna Fáil (FF) and the Progressive Democrats (PDs). The first of those governments was a minority coalition depending on the loyal support of many independents who were from the Fianna Fail ‘gene-pool’, (often former FF party members who resigned on not been given the party’s nomination to stand as candidates in an election and then stood successfully as independent candidates). In the first government, 1997-2002, FF had 77 seats and the PDs, four. This is two seats short of a majority (assuming the chair of the house comes from the opposition). The government could also

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4 This section is in part based on confidential interviews with ministers in these governments.
depend on the support of three of the seven independents. In the second government FF and the PDs no longer needed the support of the independent members; the parties had 81 and eight seats respectively. Now five independents were of the FF gene-pool and still offered dependable support.

In Ireland one tends to see that small parties receive more cabinet seats that pure proportionality would allow. Furthermore, small parties get to choose portfolios in their area of interest. So in 2007 the Green Party gained two portfolios (13.3 percent), even though their seat numbers would have only allowed one (seven percent of government parties’ seats), and these portfolios were in the Environment and Energy, two key Green areas. In 2002 the PDs did very well. Having doubled its number of seats to an admittedly modest eight, it had increased its number of cabinet ministers to two, and was free to choose those ministries it wanted – although had it requested Finance it is unlikely that it would have been given.

If size mattered one might expect that the PDs would be a much more powerful force in the 2002 government rather than the 1997 one. In fact when it had just four seats in the Dáil (lower house of parliament) it was regarded by some commentators as having dictated economic policy in the first government (Collins 2005). Since its inception in 1985 the PDs had tried to fashion itself as a classic European liberal party. It emphasised the need to separate Church and State and was more conciliatory in relation to the Unionist position in Northern Ireland than Fianna Fáil. But it was in the area of economics that it stood out. It argued for a retrenchment of the state, and a restructuring of the tax system, mainly to force income and other taxes downward. It had seen many of its preferred policies adopted by a minority Fianna Fáil government, and the PDs were able to continue this in coalition with FF government between 1989 and 1992. But from 1997 and 2002 the average personal tax rate by most measures fell faster and further than in any other OECD country (OECD 2007). It should be noted that the minister for finance in this government was ideologically close to the PDs, but the Taoiseach, Bertie Ahern was a consensus politician who one famously described himself as one of the three true socialists in the Dáil. There had been some disquiet within Fianna Fáil about the direction the country was taking and specifically at some of the decisions on taxation such as tax individualisation – seen as a disincentive to marriage. The PDs also successfully resisted considerable flak in deregulating the taxi industry through a portfolio it controlled, despite some opposition from Fianna Fáil. The government’s re-election and the PDs’ increase in seats, if not votes, were seen as a vindication of these policies.

The PDs then re-entered government with Fianna Fáil expecting to have increased power over policy. In fact what happened over the following five years was that the PDs lost many of the battles at cabinet that they had grown used to winning, and the party’s ministers were forced to concentrate on their own departmental briefs where they had more freedom to set policy. Where it
won battles from 2002 it was only in its ability to prevent changes, so it was against the reintroduction of university fees, and successfully prevented this. The party was against and successfully vetoed the building of a national stadium, a favourite project of the Taoiseach. In other areas the PDs worked hard to lobby for policy changes. It was in favour of the building of a second terminal in Dublin Airport that was run by a private operator in competition to the state-owned airport company, and for the deregulation of city bus services to allow private operators compete with the state run bus services. The parties in government continued to debate these issues for a number of years, usually agreeing only to delay a decision, until in the middle of the government’s tenure when it became clear that the PDs lost these battles. The PDs did win some battles at cabinet, primarily in the introduction of private investment in public health provision, but this was an area that the PDs latterly held the portfolio.

So why did the PDs lose battles that it had grown accustomed to winning? The primary reason is probably that the PDs were no longer necessary for the government’s survival. Between 1997 and 2002, the PDs four seats were crucial to the government, had the party pulled out of government there was a likelihood that an election would have ensued, and given the issues surrounding payments to some former senior Fianna Fáil politicians it may not have been an election that Fianna Fáil could have expected to improve its position. The PDs on the other hand had some form in doing well by picking issues on which to pull out of government and could have chosen a policy principle to fight an election on. The party had some plausible outside options. In the second government the PDs were surplus to requirement in that Fianna Fáil was very close to an overall majority and with the already loyal ‘Fianna Fáil’ independents could have comfortably governed for the full term without the PDs. Where it conceded unpopular policies to the PDs it was in areas that, according to a Fianna Fáil minister, FF felt needed to be reformed, but where the party did not really want to act itself. Fianna Fáil was content with its ‘inside options’, governing with the PDs and retaining the status quo in a number of contested areas.

Conclusions
The cases presented above, coupled with the (admittedly limited) quantitative analysis point to the possibility that size is less relevant than one might intuitively expect. VP theory and bargaining theory, on the other hand, can offer plausible explanations for variation in policy-making power. The myriad factors that seem to be important require a somewhat detailed knowledge of each case, and relevant cases are not always obvious because policy conflict is not always in the open. The fact that we can treat cases as whole governments or specific policies also means the approach does not lend itself to easily testable and meaningful generalisations. But this approach is fruitful, not
just for the study of coalition governments, but can also be extended to power relations within single party governments.

What does it tell us about models of government? Many of these are descriptive models of who is involved in policy making. Some of the models, especially the policy network model highlighted by Rhodes (1997), merely identify the actors involved in most decisions. They rarely tell us why one outcome is chosen over another outcome, except to say it is the policy favoured by the prime minister or civil service, say. They do not offer a causal mechanism as to how policy is made. In fact they are highly stylised ideal types, none of which might be expected to operate in all scenarios. Bargaining theory tells us to expect that different approaches will be used in different policy areas and in different times. So we might see ministerial government where there is no conflict, but where there is conflict, different actors – the prime minister, the cabinet or other ministers – will influence policy where they have some bargaining position. As such attempts to identify predominant models might be mistaken.
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