

2 Parliamentary Bills as Party Policy Signals

This study aims at solving the puzzle of why opposition parties and government backbenchers in parliamentary democracies introduce a considerable amount of bills even though these bills are almost never adopted. As discussed in the preceding chapter, previous explanations of bill introduction from the floor in parliamentary systems are theoretically underdeveloped and lack systematic empirical analysis of the motivations for bill introduction. The policy effects of such “policy proposals” are limited, as a closer look at the successfully adopted opposition bills has shown: They are usually only of minor importance and mainly bureaucratic in nature, or they undergo considerable amendments by the parliamentary majority before adoption. Consequently, the goal of influencing policy output directly, which is usually connected with bill introduction, can be excluded as a rational explanation for most parts of oppositional bill sponsorship. In terms of direct policy influence, these bills would be a waste of resources. The same is true for a large proportion of private members’ bills irrespective of the government status of their sponsors, as in most parliamentary democracies private members’ bills have a comparatively low success rate for MPs from government parties as well as for MPs from opposition parties. An individual level perspective of private members’ bill introduction will be taken in Chapter 4 of this study. In the present chapter, I will focus on party level explanations.

Instead of influencing policy directly, parliamentary bills might also be directed at the general public and might be the result of primarily vote-seeking rather than policy-seeking considerations. Winning votes in the next elections could be a first step toward gaining office and finally realizing the party’s policy agenda. In order to win votes, bills could serve as policy signals toward the voters. In this chapter, I develop a formal model of bill introduction in order to show that the introduction of oppositional bills can be explained rationally when one considers factors other than changing policy. I show that vote-seeking incentives can motivate an opposition party to use bill introduction as a signal of its policy position. The incentives of the parliamentary majority are not explicitly modeled here. Concerning bills handed out to the parliamentary majority by government, the incentives for bill introduction should resemble those of government. Concerning private members’ bills, or bills introduced by government parties indi-

vidually, it can be assumed that these bills have similar functions as oppositional bills.

The chapter is structured as follows: I will first review models of legislation and identify the difficulties of applying these models to the context of oppositional bill introduction in parliamentary democracies. Then I present a newly developed formal model of bill introduction as a simultaneous move game in which government and opposition decide strategically whether or not to signal their position on an issue by introducing a bill. Following the formal model, I give empirical evidence for the hypotheses derived. The final section of this chapter provides a conclusion.

2.1 Models of Legislation in Parliamentary Democracies

Oppositional bill introduction, and to some extent also more broadly parliamentary bill introduction, is a puzzle hardly dealt with in the literature. When opposition bills or private members' bills are discussed, the focus is often on formal rules instead of explanation (Mattson 1995), or the authors offer only ad hoc explanations, which are not really tested (compare, e.g., the various country chapters in Ismayr 2008a). In the conclusion to a special issue on comparing and classifying legislatures, Arter (2006: 466) makes the "broad observation" that "a significant proportion of private members' bills may be introduced with no serious intention of formulating and enacting new legislation or influencing government legislation. They are principally a means of profiling the legislator and/or his (usually opposition-based) party". A systematic treatment of incentives to introduce such bills is mostly missing in the context of European parliamentary democracies.⁴⁰

For the United States Congress, where executive bills are formally forbidden, a number of models of the legislative process have been developed. McCormick and Tollison (1981) model the demand for and supply of legislation in terms of an interest-group theory of government. Politicians are seen as brokers who establish an equilibrium on the market of legislation. Yet, opposition or backbenchers without the power to actually provide legislation do not play a role in this model. Likewise, Baron and Ferejohn (1989) have elaborated an influential model on bargaining in legislatures. However, their model does not lend itself to an application to the question of oppositional activities in parliamentary democracies since it fails to include disciplined parties and because the role of

⁴⁰ Exceptions are Bräuninger and Debus (2010) who analyze bipartisan bills, and Däubler (2011) who investigates reasons for parliamentary bill introduction of governing parties. A systematic analysis of opposition bills, however, is still missing.

the executive in legislation differs crucially. Neither do other approaches in the study of legislative activities in the US Congress offer substantial help for the questions to be answered here. For instance, the literature on gridlock and divided government (e.g. Krehbiel 1998, Alesina and Rosenthal 1995) is deeply rooted in the US context. The same is true for other approaches in the legislative studies literature, which focus, for example, on institutional specificities such as the committee structure (Shepsle and Weingast 1981). Many of these studies have inspired research also outside of the United States context, even though such models are often difficult to transfer. For my purposes, it is not the institutional context, but the concentration on the explanation of gridlock or specific policy outcomes rather than on policy input that makes them unsuitable.

The institutional differences between presidential and parliamentary systems often make the transfer of legislative models from one system to the other problematic. However, also between parliamentary systems there are large differences in the institutional setup and hence in the legislative game that political actors face. Several authors in the US context deal with the question of motivations for bill introduction from an individual level perspective. These approaches will be discussed in Chapter 4. Whereas such approaches are of little predictive power for a political system of, say, Germany with its restrictive rules on legislation, they can still help discover the incentives behind the introduction of private members' bills in other parliamentary democracies.

The models discussed above have in common that they assume that policy goals are attempted and can be reached, or at least that policy output can be influenced. The presidential system with its lack of disciplining measures of the executive on the legislature and vice versa, such as the dissolution of parliament or the vote of no confidence, provides a substantially different institutional setup than parliamentary democracies. In parliamentary democracies with disciplined majorities direct oppositional influence on policies is usually not the case. Here, it is only under "exceptional" circumstances that the opposition can influence policy goals directly (minority government, supermajority requirements for changes of the constitution, or majorities in the second chamber are the most important factors). These exceptional circumstances have been discussed by a large literature and also found their way into formal models (e.g. Bräuninger and König 1999, Tsebelis 2002, Ganghof and Bräuninger 2006).

A central feature in determining policy production in European parliamentary democracies is coalition formation. Models of coalition formation usually focus on the political processes directly after the elections and assume rather implicitly how government will enact the policies agreed upon by the coalition partners. Laver and Shepsle (1996) introduce the idea of ministerial discretion in their coalition formation model. Principal-agent-problems that can arise from

delegating power from the parliamentary parties to government are also subject to research. Martin and Vanberg (2005) deal with parliamentary scrutiny at the committee stage. Thies (2001) argues that junior ministers can take such control functions at an even earlier stage.

Such legislative models in parliamentary democracies have in common that they either focus exclusively on government or on the relationship between parliamentary majority and government. The standard day-to-day procedure of oppositional legislative activities in the first chamber has been largely neglected in the literature. In the remainder of this chapter, I will help close this gap and provide theoretical and empirical evidence for what motivates opposition parties to spend resources on a supposedly hopeless endeavor.

2.2 A Formal Model of Oppositional Bills as Policy Signals

The formal model of bill introduction constructed in the following represents the incentives of the central actors. It is intended to show formally that the puzzle of oppositional bill introduction dissolves when one focuses on the signaling of policy positions instead of on influence on policy output. Central empirical implications will be tested in the third part of this chapter.

The incentives of the actors can be represented as a simultaneous move game with complete but imperfect information. The players in the game are *government* and *opposition* acting as unitary actors. Government coalition C is composed of the two parties α and β whereas party γ forms the opposition. Party j ($j = \alpha, \beta, \gamma$) has the policy position p_{ij} on issue i ($i = 1, \dots, n$). While there is a multi-dimensional policy space, every issue i is assumed to be one-dimensional. Voters perceive the status quo sq on issue i , but they are unaware of each party's "true" policy position p_{ij} . Instead of observing the parties' policy positions directly, voters observe actual party activities from which they derive the positions. The activity modeled in this game is the parties' decision for one of the following actions: *introduce* legislation, or *refrain* from introducing legislation. By drafting a bill, parties commit a public signal of their policy position on the issue at hand. Figure 1 represents the game in extensive form.

Following Müller and Strøm (1999) I assume that parties want to reach certain goals: Parties want to maximize the votes they receive, they want to pursue certain policies, and/or they want to gain office. Sometimes these three goals are not compatible; sometimes they are conditional on each other. Influencing policy directly is difficult for opposition parties in most contexts in parliamentary democracies with a majority government. Therefore, opposition parties will rather

have to focus on winning votes in order to improve their chances to gain office and finally implement policies.

Voters are assumed to follow a spatial logic: They support the party with the position closest to their ideal point on issue i . Voters are assumed not to know the position of parties on an issue until the party signals its position by introducing a bill. Voters' actual voting decision is not explicitly modeled here, but the overall evaluation of the parties is assumed to be a positive function of support on the individual issues. For the moment, parties are treated as unitary actors who have policy preferences on each issue i . These positions are treated as exogenous to the model. They could either be some aggregate of the individual positions of party members or MPs, or, to keep things easy, the position of the party leader. Hence, in the model parties do not choose their positions on the different issues opportunistically in order to maximize their expected number of votes, but they stick to their exogenously given position.⁴¹ In order to win votes, however, it might be better not to openly pursue all policy goals a party agrees upon. Instead of changing its position in order to convince voters, a party can choose not to signal a position on a certain issue to the voters and instead focus on an issue on which it has a more popular position.⁴² If a party signals its position on issue i by introducing a bill, the voters perceive this position and take this information into account for their voting decision. If government does not introduce a bill on issue i , the voters will assume that the government is happy with the status quo, which it decides not to change ($p_C = p_\alpha = p_\beta = sq$)⁴³. Hence, in this case, the voters will perceive the status quo as the position of the government

⁴¹ In models of electoral competition in the Downsian tradition (Downs 1957), parties/MPs are assumed to follow an instrumental logic, adapting their policy positions in order to maximize votes. Models of legislative bargaining or coalition formation, on the contrary, typically assume that politicians attach some intrinsic value to policy. Such a behavior can be reasonably assumed if, for example, party members or long-term party supporters are alienated by suddenly shifting party positions. The same is true, if one presumes that party positions are some equilibrium position representing the aggregate of MPs' positions, which themselves represent constituency demands. The party position could, for instance, be represented by the median MP of the party who is elected party leader. In such a setting sudden shifts would meet the resistance of MPs whose constituency interests are in conflict with the new party position. More on the individual level perspective of bill introduction is discussed in Chapter 4. Benoit and Laver (2006) suggest reconciling the instrumental and the intrinsic logic of policy positions by distinguishing between "ideal" and "stated" policy positions. The logic of "stated" policy positions goes along perfectly with the idea of strategic signaling of policy positions developed below.

⁴² Compare Glazer and Lohmann (1999) for a similar argument of committing policy strategically from a government perspective.

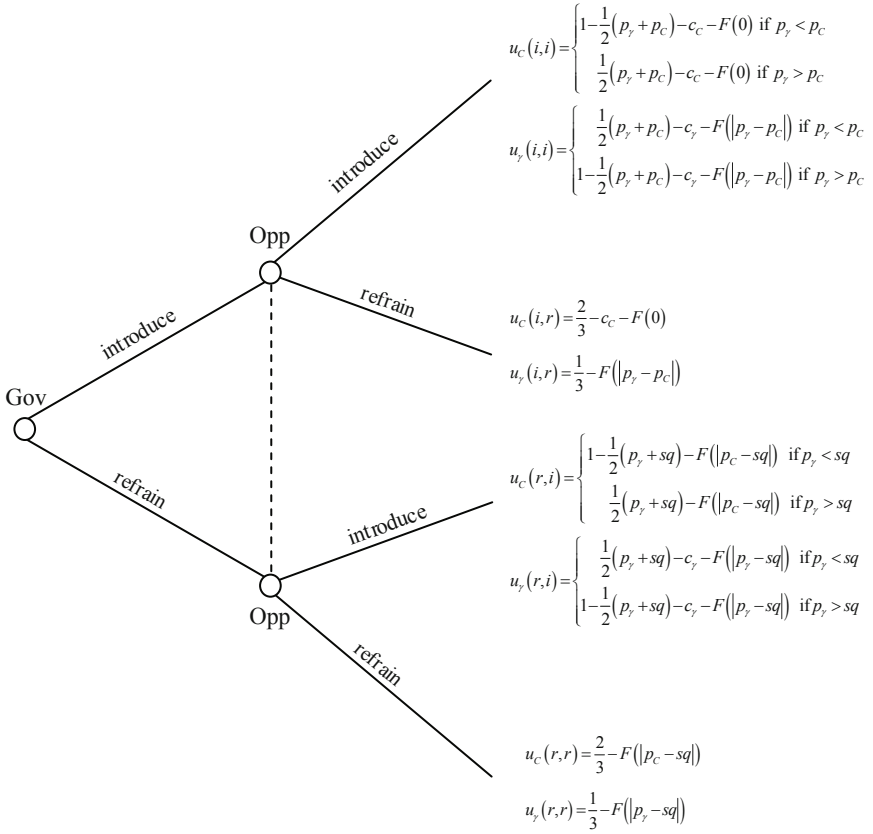
⁴³ Here and in the following, I omit the index i for the status quo and the actors' positions for reasons of readability. The index indicates that positions of parties and the status quo can differ over different issues.

parties on issue i . The same is true for the opposition party γ . If it does not reveal its true position on issue i by introducing a bill, the voters will assume that it supports the status quo ($p_\gamma = sq$). The situation differs if government introduces a bill and opposition does not. As the opposition refrains from signaling an alternative to the government's proposition which will alter the status quo, voters will assume that the opposition agrees with government on issue i ($p_\gamma = p_C$). Hence, voters will perceive the opposition's position to be identical with the position of the government bill, which will become the new status quo.

I assume that voters' ideal positions (p_v) are distributed uniformly over $[0,1]$. They support the party which is closest to their ideal point on issue i . If voters are indifferent between the positions of government and opposition on an issue, I assume that they will divide their support equally between all three parties. Voters are indifferent between the parties if their ideal position is located between the parties' positions or if the parties are perceived to hold the same ideal position. The latter scenario is the case if both government and opposition do not introduce a bill on an issue or if only government introduces a bill. I do not detail the voters' decision-making mechanism on which party to vote for on election day. The only assumption I make is that on average a party that finds support of a voter on issue i increases its chances of winning this voter's support at the voting booth. Hence, in order to win more voters than a competitor, a party has to engage in signaling policy positions distinct from its competitors. Only such a public controversy enables voters to make an informed choice. In such a setting, the coalition partners party α and party β cannot gain votes relative to each other on the field of legislation, at least as long as they act as an unitary actor in form of the government coalition C with a common position p_C , as assumed in the model.

The following pure strategies are available to government and opposition: *introduce* a bill or *refrain* from introducing a bill, $S_C = S_\gamma = \{\text{introduce, refrain}\}$. Party j 's preferences are represented by a utility function that is an additive function of (1) the voter support that an actor's signaled position on issue i can generate (v_j), of (2) the costs of drafting the bill ($c_j I$, where I takes the value 1 if a bill is introduced and 0 if no bill is introduced), and of (3) the policy benefits ($F(|p_j - \omega|)$, where $F(\cdot)$ is a monotonically increasing function) that the actor receives from the actual policy outcome ω : $u_j(s_C, s_\gamma) = v_j - c_j I - F(|p_j - \omega|)$.

Figure 1 A Model of Bill Introduction



The number of voters who prefer the position of opposition over that of government or vice versa depends on the perceived positions of the parties. The perceived positions are a consequence of the strategies chosen and hence depend on the actions of both actors. If both actors do nothing (r,r), or only government introduces a bill (i,r), the voter support splits evenly between the three parties, hence $v_\alpha = v_\beta = \frac{1}{2} v_C = v_\gamma = \frac{1}{3}$. In all other strategy combinations the share of voters who support the party depends on the relative positions of both government and opposition, as is reflected by the utilities presented in Figure 1.

The factor c stands for the costs associated with bill introduction. The index j implies that the costs of bill introduction can differ between government and opposition.⁴⁴ The costs of bill introduction could be relatively cheaper for government as it can rely on more resources and experience in the ministries for drafting the bills. On the other hand, oppositional bills only intended as policy signals might not be as cost intensive as a “serious” policy proposal.

The policy term of the utility function is a positive, definite function of distance between the parties’ ideal point and the policy outcome ω , which is either the status quo sq if the coalition C does not introduce a bill or the coalition position p_C if the coalition introduces a bill.⁴⁵ That is, the closer the actual outcome to the preferred policy, the higher a party’s utility. This term does not play a role in strategic considerations of the opposition party, because its decision whether to introduce a bill or not does not influence the policy outcome. Hence, the term is a constant over all actions for the opposition.

The following Nash equilibria in pure strategies can be derived using best response functions of the players. The action profile s^* is a Nash equilibrium if and only if every player’s action is a best response to the other player’s action.

The best response of coalition C , when the opposition party γ refrains from introducing a bill, is easily derived as it is independent of the relative positions of the two actors and the status quo:

$$u_C(i,r) > u_C(r,r) \quad \text{if} \quad c_C < F(|p_C - sq|) - F(0) \quad \text{I.}$$

That is, if opposition does not introduce a bill, it is worthwhile for government to initiate legislation on an issue as long as the costs of initiation are smaller than the policy loss from sticking with the status quo.

The other best responses are more complex, because they depend on the relative position of the status quo and/or the position of the other actor.

⁴⁴ As mentioned before, the index i has been omitted here, as for all other factors, for reasons of readability. However, also between issues there should be differences depending on the complexity of the issue and the expertise that is available within a party.

⁴⁵ In this model I assume that government bills always get adopted. Empirical evidence shows that this assumption reflects reality quite well: Government bills get adopted in the vast majority of cases. However, the legislation actually adopted does not necessarily reflect government’s preferred policy p_C . Supermajority requirements or a situation of divided government might necessitate policy compromise. Such situations will be discussed below.

The opposition's best response to governmental inactivity is introducing a bill if the following conditions hold:

$$u_{\gamma}(r, i) > u_{\gamma}(r, r) \quad \text{if} \quad \begin{cases} p_{\gamma} > \frac{2}{3} - sq + 2c_{\gamma} & \& p_{\gamma} < sq \\ p_{\gamma} < \frac{4}{3} - sq - 2c_{\gamma} & \& p_{\gamma} > sq \end{cases} \quad \text{II.}$$

If government introduces a bill, opposition's utility from also introducing is higher than from not introducing, given the following inequality holds true:

$$u_{\gamma}(i, i) > u_{\gamma}(i, r) \quad \text{if} \quad \begin{cases} p_{\gamma} > \frac{2}{3} - p_c + 2c_{\gamma} & \& p_{\gamma} < p_c \\ p_{\gamma} < \frac{4}{3} - p_c - 2c_{\gamma} & \& p_{\gamma} > p_c \end{cases} \quad \text{III.}$$

For the opposition the policy gains or losses do not alter the strategic considerations because they are the same no matter what action the opposition chooses. Higher costs of bill introduction make it less likely for opposition to introduce a bill.

The government's best response to the opposition's decision to introduce a bill is defined by the most complex pattern, as the status quo as well as the position that party γ signals have to be considered:

$$u_c(i, i) > u_c(r, i) \quad \text{if} \quad \begin{cases} p_c < sq + 2F(|p_c - sq|) - 2F(0) - 2c_c & \& p_{\gamma} < sq, p_c \\ p_c < 2 - 2p_{\gamma} - sq + 2F(|p_c - sq|) - 2F(0) - 2c_c & \& sq < p_{\gamma} < p_c \\ p_c > sq - 2F(|p_c - sq|) + 2F(0) + 2c_c & \& p_c, sq < p_{\gamma} \\ p_c > 2 - 2p_{\gamma} - sq - 2F(|p_c - sq|) + 2F(0) + 2c_c & \& p_c < p_{\gamma} < sq \end{cases} \quad \text{IV.}$$

In addition to the relative position of government, of the opposition, and of the status quo, also the costs of bill introduction, as well as the policy costs of not introducing a bill are important for the strategic decisions of government. It holds that government is less likely to introduce a bill if the costs of bill introduction exceed the policy costs of not introducing. Or, more generally, larger costs of bill introduction make bill introduction less likely, whereas a larger

distance between the status quo and the government's ideal point encourages legislative activities of government.

The game has Nash equilibria if the action of government is a best response to the action of opposition and vice versa, formally if $s_C^* = b(s_O^*)$ & $s_O^* = b(s_C^*)$.

There are five different possible scenarios: A Nash equilibrium in pure strategies in which (1) both introduce a bill, $s^*(i,i)$ (if III and VI hold simultaneously), where (2) only government introduces a bill, $s^*(i,r)$ (if I holds and III does not hold), where (3) only opposition introduces a bill, $s^*(r,i)$ (if II holds and IV does not hold), where (4) both actors refrain from introducing, $s^*(r,r)$ (if I and II do not hold), and finally, a scenario in which (5) there is no Nash equilibrium in pure strategies (if I and II, I and III, II and IV, or III and not IV hold, and at the same time none of the other combinations mentioned above holds).⁴⁶

Figure 2 shows the equilibrium strategies for all possible combinations of positions of government and opposition for different positions of the status quo.⁴⁷ For the depiction of the Nash equilibrium strategies, the cost factors c_C and c_O are set to be zero, or at least to be smaller than the policy benefits for government, which are supposed to be smaller than the loss of one vote ($0 \leq c_C < F(|p_C - sq|) - F(0) < |v_j' - v_j|$). Given these assumptions, government always has an incentive to legislate if opposition does nothing.⁴⁸ In all other cases, the strategic considerations are solely based on the vote-winning potential of bill introduction.

⁴⁶ If the game were modeled differently, actors could realize Pareto improvements over the status quo in some of these situations. Instead of having both actors decide simultaneously, one could allow the actors to make binding commitments to overcome coordination problems. In such a game government and opposition could make a binding commitment, and, for instance, introduce a bill together, in cases in which both would fare better from introducing a bill if the other one does not introduce a bill with a different position. To give a numerical example for such a situation: The coalition C agrees on the position $p_C = 0.2$, the opposition party has the position $p_O = 0.25$. The status quo lies at $sq = 1/3$. If the opposition does not introduce a bill, government has an incentive to introduce if the policy gains are greater than the costs of drafting a bill. If opposition introduces a bill, government prefers not to signal its position as a majority of voters likes the status quo better. Opposition has an incentive to introduce a bill only if government introduces a bill (as the majority of voters prefer its position over governments' position but not over the status quo), and if the benefits in votes outweigh the costs for drafting. The payoff structure leads to a situation where no Nash equilibrium in pure strategies exists. However, if both actors could agree on introducing a bill together with the position of government, they could both profit from policy gains, share the costs of bill introduction, and risk no punishment by the voters as these are not presented with a better alternative.

⁴⁷ Only the status quo positions 0, 0.25, 1/3, and 0.5 are presented. If the status quo is bigger than 0.5 the same logic applies, however, insofar as the results are mirror images of Figure 2.

⁴⁸ This explains why the scenario in which no one introduces a bill is not represented in this figure.

<http://www.springer.com/978-3-531-19611-4>

Parliaments and Legislative Activity

Motivations for Bill Introduction

Brunner, M.

2013, VII, 164 p. 13 illus., Softcover

ISBN: 978-3-531-19611-4