

When Veto Players Do Not Agree

or

Why Democratizing the EU Might Not Be a Good Thing

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Abstract:

Why political actors, under situations of divided government, often fail to agree on policy changes that they all are ideologically fond of? We attempt to provide an explanation for the variation in the emergence of these socially undesirable outcomes across systems with separation of powers. We show analytically that when separation of purpose between the branches of government is absent, veto players might develop an incentive to block Pareto-improving reforms. We illustrate our argument with examples of policy gridlocks in contemporary democracies and historical experiences. Finally, we derive implications for the constitutional design of the European Union. We conclude that, given the absence of separation of purpose in European politics, the EU is ill-equipped to engage in efficient democratic decision-making with separation of powers.

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“The Roman history records many instances of mischiefs to the republic from the dissensions between the Consuls, and between the military Tribunes, who were at times substituted for the Consuls. But it gives us no specimens of any peculiar advantages derived to the state from the circumstance of the plurality of those magistrates”

Hamilton, *Federalist Papers*, n. 70.

“In republican government, the legislative authority necessarily predominates. The remedy for this inconveniency is to divide the legislature into different branches; and to render them, by different modes of election and different principles of action, as little connected with each other as the nature of their common functions and their common dependence on the society will admit”

Madison and Hamilton, *Federalist Papers*, n. 51

1. Introduction.

In spite of the huge literature on the desirability of different type of political regimes, we still lack a normative guideline about what the ideal institutional arrangement or constitution¹ is for a liberal democracy. The perhaps most prominent theory in political science dealing with the effects of political institutions on policy outcomes -veto players' theory- explicitly avoids any sort of normative judgement about the different institutional configurations it analyzes. The conventional view seems to be that the desirability of a certain type of constitution depends on the objectives one has in mind: some kind of institutional arrangements produce stable and perhaps more credible policies, while others tend to facilitate change and policy adaptation. As long as the *Founding Fathers* of a regime rarely have a clear preference for stability versus flexibility (or vice versa) over all policy areas and circumstances, there is no such thing as an ideal 'constitution'. Put differently, constitutional politics are trapped into a fundamental trade-off: the more consensual we want policies to be, the smaller the range of available policies is. And insofar we

¹ We will use these two terms interchangeably.

cannot identify strictly Pareto-superior policies given that trade-off, it is difficult to make normative judgements about constitutions.

However, often times we observe that socially efficient policies -that is, policies that would be in principle favoured by all relevant political actors- are extremely difficult to undertake in some systems with divided government²: As we will discuss later, opposition parties in the current Mexican Congress seem to have developed a tendency to reject reforms in a systematic fashion -often *regardless* of the actual content of these reforms. Similarly, observers of contemporary German parliamentary politics have witnessed in the last two years how a Christian Democratic-dominated high chamber blocked for months a tax-reform bill proposed by chancellor Schroeder even though the CDU ideologically liked the reform – perhaps even more than the Social-Democratic government that launched it. These are examples in which divided government leads to undesired over-stability, that is, a persistence of the status quo even if, in principle, all the relevant political actors could agree on a better policy than the status quo.

We contend that the cause of this malaise –endemic in some political systems- can be traced back to institutional and political factors. In divided government settings, we identify two elements inhibiting veto players’ ability to reach mutually beneficial policy changes: the existence of residuals and voters’ imperfect accountability. Residuals refer to the fact that policy agreements are not fully enforceable, and inevitably alter the distribution of power among the veto players. For instance, an agreement in a presidential system between Congress and the president to create a new executive agency cannot completely foresee the use that the president will make of that agency once put into place. To this margin of autonomy in the implementation process that remains for a veto player after the agreement -that can also be interpreted as intrinsic benefits of being in office-we call *residual*. The concept comes from the work of Miller and Hammond (1994;10) who, following the impossibility result of the Groves theorem (1985), state that, in order to make an efficient provision of public goods, the executive will “inevitably be left with a

² There are different ways to operationalize the concept of socially inefficiency in this context. One way is to look at how far are policies from the preferences of the median voter, as in Colomer (2002). In the discussion of our model, we use the concept of Pareto-efficiency and consider a policy A to be Pareto-efficient respect to policy B if all the relevant political actors’ policy preferences are closer to policy A than policy B. According to Tsebelis’ veto players’ theory, that implies the existence of a *winset*. In our Pareto-efficiency calculations, therefore, we only look at ideological positions of veto players, disregarding additional institutional elements that enter in a veto player’s payoff.

‘residual’ profit”. This residual involves the political resources obtained by the executive because of the implementation of a given policy: campaign contributions of the contractor that will implement the policy, access to the media to explain the implementation process, political appointments at the top of the newly created agency, among others. A veto player that cannot capture that residual as is unable at the same time to impede the other veto player to do so would be reluctant to agree to policy reforms. Under some circumstances, this may even cause this veto player not to agree to policy reforms closer to its ideal policy than the status quo. It is in this sense that we link the existence of residuals in policy agreements to institutionally-induced Pareto inefficiencies.

The other element causing these social inefficient outcomes is the presence of imperfect mechanisms of electoral accountability on the part of the voters. If voters reward and punish politicians according to the classic retrospective accountability model (Key, 1966), but cannot perfectly assign responsibility to different layers of government when policy outcomes are the product of more than one political representative, then these representatives may develop an interest in blocking reforms favoured by voters because that may harm their electoral prospects. It may seem that this problem is common to all constitutions in which agreements need the approval of different and sometimes confronted political groups. We will show however that this is not the case. Politics with more than one veto player can avoid this disease by *separating the purpose* of them, thereby differentiating the electoral prospects of the different veto players so they will not engage in strategic behaviour that might lead to inefficient outcomes. If separation of powers coexists however with no separation of purposes –because citizens cannot differentiate responsibilities between veto players–, some of these veto players might develop a tendency to block socially beneficial reforms, as in the Mexican or German cases we have just referred to. This idea of separation of purpose, original to Madison and central in *The Federalist’s* discussion of separation of powers, has remained largely overlooked by modern analysts of institutions, and we believe it is essential to understand the different performance of political systems with divided government.

By identifying how the interplay between constitutional features and political variables might lead to social inefficiencies, we are in a better position to make normative statements about the desirability of institutional arrangements. To be sure, these statements are narrow in nature. We do not claim to have discovered the

philosopher's stone that allows us to design of the optimal constitution. Rather, our modest aim consists *only* in identifying why *under some conditions*, some constitutions might produce *bad* results, and how can we make these arrangements improve, so that all actors living under those systems could be better-off.

We contend that our theoretical contribution can be particularly useful to study institutional change in the European Union, a polity in the making in which some of the potential problems that we associate with the functioning of separation of powers might arise as a consequence of the so-called 'democratization' of European institutions. *Given the political context in which the EU operates*, an increasing involvement of the EU on issues that voters care about and along with a strengthening of the stylized system of separation of powers between the European Parliament and the Council of Ministers might lead to the emergence of these inefficiencies we are concerned with. Several pieces of evidence contribute to our worries: i) Europeans have a hard time distinguishing among electoral arenas; ii) the behaviour of people's representatives (both in the European Parliament and in the Council of Ministers) seems to be increasingly determined by party affiliation, and iii) the cumbersome decision-making procedures enshrined in the Treaties impedes citizens to hold the European institutions accountable. In our model, this lack of separation of purpose implies that policy gridlock and lack of decisiveness will increase in those politically sensitive issues addressed by the EU. We do not claim that democratizing the European Union is necessarily a bad thing. We want to highlight, however, that democratic divided government requires some conditions to work efficiently –and those conditions seem to be lacking in the EU case. As a result, one should take with a grain of salt the shared belief that democratizing the EU by giving more powers to the European Parliament and translate the conventional federal model to the European level is an undisputable 'good thing'.

The paper is structured as follows. We start by situating our contribution in the existing literature on the design of political institutions, and highlighting some of the empirical problems that this literature has failed to address. In the next section we elaborate our argument by developing a simple formal model. In section four we examine some contemporary and historical cases to illustrate the usefulness of that. Finally, we apply our argument to constitutional design in the European Union. A final section summarizing our main points concludes.

2. When veto players do not agree.

Everyday we find on the press examples of seemingly *good* (Pareto-efficient) decisions that are constantly blocked in certain political systems. President Fox of Mexico, for example, has been unable to pass any of his four main legislative initiatives –on fiscal, labor, energy and public administration policies- because he was only backed by PAN legislators who did not have a majority in Congress. Neither the left-wing PRD nor the centrist PRI gave support to the president’s party (PAN) to pass several policies that, at the eyes of any external observer, were arguably ideologically preferred by all parties to the status quo. The example of tax reform is illustrative. Mexican tax revenues are amongst the smallest of OECD countries (only a 11.5% of GDP), and the lack of capacity of the central government to increase these resources was a shared concern for all parties (if anything, even more important for those in the opposition, ideologically to the left of the right-wing PAN). Fox launched a proposal aimed to raise this revenue by \$9,000 millions a year. Having to choose between keeping revenues at the socially undesirable low level and increasing public revenues by that amount, a majority of 251 vs. 234 in the Mexican *Cámara de Diputados* opted for the former. Why did opposition Congressmen vote against reforms that were close to their ideological preferences (and reforms that they would have even proposed were they in government? Former foreign minister Jorge Castañeda (2004) provides the answer:

“[PRI leader Madrazo blocked reforms] because that was its electoral interest, and its electoral interest consists only of negative things: impede the others to move. And he has done that with different allies, thanks to the fact that the PRI is the biggest minority in Congress. With parties like this, there is nothing you can do.”

These problems of political actors being unable to reach mutually beneficial agreements under situations of divided government are not restricted to new democracies. ‘Electoral negative things’ also seem to lie at the core of recent parliamentary conflicts in Germany. In recent times, the red-green coalition governing Germany since 1998 has faced a Bundesrat dominated by the opposition Christian-Democrats. In order to stimulate economic growth, the government introduced a tax reform bill designed to lower taxes. Although the bill was ideologically preferred to

the status quo by the Christian-Democrats (Merkel, 2003), it failed to gain their support when voted in the Bundesrat. As in the Mexican case, 'negative electoral incentives were behind the CDU's opposition to that particular bill. As Merkel (2003:11) puts it,

"the opposition will not vote in favour of a government reform, since it would strengthen the power and performance of the government" (Merkel, 2003; 11).

It would appear that these problems can always emerge whenever there is a situation of "divided government", that is, situations in which a number of actors (veto players) with different interests have to agree to implement reforms. However, some systems with divided government seem to be more immune to these problems. There are polities in which the existence of different majorities in different branches of government does not imply that these veto players cannot reach an agreement when they both prefer it to the status quo. This is the case of the United States, where it is difficult to find cases in which Congress has voted against President's policies that they did not like in principle. Negotiation between Congress and the president almost always end up in agreement, and most if all not policy gridlock can be attributed to sheer divergence in preferences between the veto players.

Also, in many one-party governments or coalition governments (common to many parliamentary countries), we do not observe these kind of problems. While in the former the incumbent party who proposes a reform does not need the agreement of any other party, in the latter the agreement of other coalition partners is needed, and, provided they prefer it to the status quo, it is easily obtained. In these systems, whenever there is an area of ideological agreement between the relevant political actors (veto players), policies are adopted.

In sum, there are polities, such as the US or most coalition governments in Europe, where political actors seem to be more prone to reach agreements on Pareto efficient decisions, and there are polities, such as Germany in the period 2000-2004 and contemporary Mexico, where political actors seem more reluctant to agree. Now we review how mainstream political science approaches to the effects of the institutions fail to give a convincing answer to this puzzle.

Comparative political scientists have explored the effects of institutional arrangements on the polities' ability to make Pareto efficient decisions. The most

obvious place to start that analysis is looking at the legal definition of the polity as presidential or parliamentary regime. There are two defining characteristics of parliamentary regimes: the government can be removed from office by a non-confidence vote by the legislature and the government has stronger agenda-setting prerogatives than a presidential executive. For several comparative political scientists, these two features create a legislative cohesion in parliamentary regimes that makes agreements to change policy easier (Shugart and Carey, 1992; Huber, 1996, Persson and Tabellini, 2003). However, as the example of the failed tax reform in Germany teaches us, some parliamentary regimes do not enjoy that legislative cohesion. Moreover, within presidential countries, we find cases of more legislative cohesion, such as the US, and less legislative cohesion, such as Mexico.

For that reason, the fundamental difference among political regimes may be, in words of Laver and Shepsle (1996), the degree to which the regimes are divided in practice rather than whether they are presidential or parliamentary in constitutional theory. What we should analyze is thus whether both branches of government –the legislature and the executive- are dominated by the same political party or not. Recently, this idea has been extended by Tsebelis (1995) using the concept of veto players. Veto players are those political actors whose agreement is needed in order to approve a policy change within a polity. In his extended account of veto players' theory, Tsebelis (2002) argues that the configuration of veto players –number of veto players, their distances and internal coherence- in a country should become the basis of an institutional approach to comparative politics. Tsebelis claims to be able to predict the capacity for policy change and the extent of the change in function of the given configuration of veto players within a polity. In this paper we are only interested in one of the features of the configuration of veto players: the number of veto players, because it is the most relevant of the characteristics and the one which is subject to more rigorous empirical test in comparative literature. Tsebelis' main hypothesis is that the higher the number of veto players within a political system, the lower the probability of policy change. The reason is straightforward: if there is only one veto player, the number of policies preferred to the status quo are all those points in the policy space that range from the status quo to the veto player's ideal point. However, if we add relevant veto players in the same policy space, the *winset* –the set of all possible points that are preferred by all political actors to the status quo-

becomes smaller. As the number of veto players increases, the polity will show more policy stability and it will enjoy less ability to pass reforms³.

We contend that Tsebelis' veto players theory –and especially the hypothesis over the number of veto players- is necessary to understand how political institutions work, but it is not always sufficient. Tsebelis accurately predicts that settings with multiple veto players will enjoy less reform capacity than settings with only one veto player. However, Tsebelis' theory is not useful to explain the observed differences in the ability to implement policy reform *within* multiple veto players settings (i.e. low capacity in Germany or Mexican versus high capacity in US). This simple version of veto players theory cannot account for the incapacity of some systems to reach agreements within the ideological winset of the actors involved. Strom (2000) believes that veto players theory should include the “opportunities” and “motives” behind veto players' behavior, but does not offer clear theoretical guidelines to classify these opportunities and motives.

Building on Tsebelis's distinction between partisan and institutional veto players, Merkel (2003) claims to be able to develop testable hypothesis over the different dispositions of veto players to reach agreements. According to Merkel, the German examples show how difficult it is to treat partisan and institutional veto players equally, such as Tsebelis does. They have different motives:

“If an institutional veto player such as the second chamber is not absorbed, it will follow the overriding rational motive of damaging the reputation of the incumbent government. There is a strong electoral motive for the opposition to use its institutional veto power to block the reform bills of the government as long as it does not lose its own credibility” (Merkel, 2003: 22).

In Merkel's account, the CDU-controlled *Bundesrat* would be a paradigmatic example of an institutional veto player that adopts this role of a “competitive veto player”. On the contrary, partisan veto players within a governing coalition follow the logic of iterated games –they know that they will meet again for other policy proposals- and they can be called “cooperative veto players”. They are interested in

³ The second crucial hypothesis derived from Tsebelis' veto players argument is that the size of the winset will also depend on the heterogeneity of preferences among the different veto players (Tsebelis, 2002)

maintaining the government incumbency, so they rationally tend to exhibit more cooperation and less competition.

We agree with Merkel in that the existence of a *winset* is not enough to predict when an agreement among veto players is going to be reached. But we believe his explanation has two fundamental problems: one theoretical, and one empirical. First, it is not clear why partisan veto players follow the logic of iterated games and institutional veto players do not. A Christian-Democratic *Bundesrat* does not disappear every time a bill has been put up to vote. Social-Democrats in government are engaged in a reiterated game with the *Bundesrat* just as they are with their coalition partners, the Greens. There is thus no basis to argue that concerns over future interactions play a role on their one to explain predisposition to agreement. Perhaps more importantly, his explanation cannot account why some institutional veto players seem to be less conducive to policy gridlock than what he assumes. Democratic leaders in the US Congress –an institutional veto player- are much more prone to agreement with a Republican president than their German Christian-Democratic counterparts with a Social-Democratic chancellor. It seems obviously wrong therefore to believe, as Merkel does, that all institutional veto players are competitive and all partisan veto players are cooperative.

In short, we still do not know why, in divided government settings, veto players are able to reach agreements within their ideological *winset* in some systems and not in others. We try to provide to account for these differences in the next section.

3. Our argument: Residuals, Imperfect Electoral Accountability and Separation of Purpose.

We attempt to demonstrate that ideology-oriented veto players, given some realistic constraints on the nature of policies and the behaviour of voters, might be unable to agree on policies that they ideologically prefer to the status quo, leading to these socially suboptimal outcomes that we observe. We start by discussing this assumption of office-blind politicians, then we discuss the two main arguments behind our model, and then we illustrate by means of a very simplistic formalization

how these arguments can explain the systematic differences in performance of different forms of divided government.

3.1. Preferences of politicians

One easy way to explain non-cooperative behaviour of some veto players is to assume a double nature of politicians' preferences. That is Merkel's preferred explanation for the CDU's reluctance to approve a tax bill that they liked. Whenever veto players are more policy-seekers, they will cooperate; but if, as the German Christian-Democrats, they are office-seekers and all they want is to remove the current incumbent from office, they will block reforms coming from a Social-Democrat government. Although that we believe it is reasonable to include electoral incentives in the veto players' calculations, Merkel's explanation for different behaviour is ad hoc, and remains ultimately unexplained why some actors become policy- or office-seekers. In our opinion, we gain little by saying, for instance, that the reason why the Mexican PRI is less compromising than the US Democrats is just the different character of their preferences. We believe that a realistic representation of politicians' incentives should account for both policy- and office-oriented interest because parties both like a certain type of policies to be implemented *and* enjoy being in office. Nevertheless, we do not see policy-seeking interest as substitutes for office-seeking preferences depending on the issue we want to explain. We include both types of preferences within actors' payoffs in order to comprehend how they interact. In principle, our political actors mainly care about is policies, just as in Tsebelis' simple depiction of how veto players operate; however, they are also concerned by the appropriation of the "residual" that the executive veto player obtains. This allows us to focus more clearly on the normative issue: if political actors only care about being in office, it is more difficult to demonstrate the existence of potential Pareto-improvements (in the German example, the CDU would not suffer from the maintenance of the status-quo). But note also that this assumption only makes the problem we try to answer even more puzzling: if veto players are mainly concerned about policy outcomes, why do they sometimes reject proposals that bring policies closer to their ideological preferences?

We will try to show that, *even if* we politicians are basically policy-seekers, sometimes it is rational for them not to approve policies that are closer to their preferences (ideal point) than the status quo. We contend that the reason for the fact

that, *under certain circumstances*, politicians will prefer a more distant status quo than a closer policy proposal lies on how these circumstances affect timing considerations: Rejecting a more preferred policy at present can be a way to obtain the most preferred policy at long term. The concrete purpose of our model is describe those *circumstances* in a systematic and non-ad hoc way.

3.2. *Veto players' considerations*

Spatial models such as Tsebelis' only have into account one explanatory variable to understand polities' ability to reform (besides the number of veto players, as mentioned before): the policy space, which may have either one or several dimensions. We argue that two more considerations enter in the veto players' calculations –and those considerations help us develop a model with more prediction power over the reform capacity of different polities. First, veto players are aware that contracts (agreements) with other veto players have consequences beyond the explicit content of the agreement itself. Generally, executive veto players obtain higher payoffs than legislative veto players because governments obtain more from the “residual” of policies. This puts an extra cost for those veto players that have to consent to policy changes initiated by the executive: they might prefer to block the policy today, wait until they become the executive, and implement then that policy *and* grasp these residual benefits. The second consideration originates from the existence of imperfect mechanisms of electoral accountability on the part of voters. When voters cannot distinguish between veto players' different responsibilities at the time they cast their ballots, some veto players might prefer to block reforms and expect to win in the next election –and implement their most preferred policy, and not having to compromise with a veto player with different preferences.

The effect of these two considerations in the veto players' calculations crucially depends on the existence of separation of purpose between different veto players. The more veto players compete with one another in the same electoral arena (the *less* separation of purpose there is), the more weight will be given to these considerations by these veto players, and the more likely is that Pareto-inefficiencies, in the form of inability of agreement on mutually beneficial policies, emerge.

3.2.1. *Residuals and imperfect electoral accountability*

The concept of residual, borrowed from Miller and Hammond (1994), refers to the existence of benefits that veto players accrue individually by virtue of the mere existence of an agreement. Generally, governments have a stake in the approval of new programs because they generate residuals for them: once the program is in place, they can use it for their own benefit. For instance, the creation of an executive agency as a consequence of an agreement between the government and the legislature gives the government a new tool to exert power (the agency) –a tool that the legislature cannot control *ex ante*. In this case, the nature of a policy gives an agreement between the executive and the legislature gives the former a “residual” benefit that the latter lacks⁴. Knowing that a policy agreement generates residuals for the executive, the legislature will be more reluctant to consent to proposals coming from the other veto player.

Second, we must bear in mind that voters cannot perfectly assign responsibility to different layers of government when policy outcomes are the product of more than one political actor. Looking back at the German case, if the SPD and the CDU agree in a fiscal reform, but voters can only reward (or punish) one of the two veto players, who are they going to choose? If we accept that there is a more visible veto player than the other (the one who normally initiates the policy implements it) policy implementation. If, as the literature on retrospective economic voting suggests (Key 1966, Lewis-Beck 1988), citizens decide their vote looking at economic outcomes, a similar problem emerges whenever they face divided government: which of the veto players will get the blame or the reward? If they hold responsible one of the veto players for actions that are decided by the two, and the two are competing in the same electoral arena, then one of the veto player might develop an incentive to block reforms favoured by the public. That is what we believe has taken place in the German case: the CDU didn’t like the SPD to be rewarded by the public for a tax reform that was widely perceived as beneficial for the economy –so they decided to block it. As will become clearer with the formal model, even if the CDU is mainly

⁴ In the spatial setting that we will use later, the existence of asymmetrically distributed residuals (that is, benefiting more one veto player than the other) implies an automatic narrowing of the *winset* around the ideal point of the benefited veto player. In the extreme, if the residuals produced by an agreement provide enough leverage to one veto player so that it can totally alter the actual content of the policy after the agreement has been signed, then the only choice that other veto players have is between the ideal policy of the other veto player and the status quo, regardless of what the proposal of this other veto player is.

concerned with policies, they might still preferred to block reforms that they preferred to the status quo.

These are the two considerations that enter in the veto players' calculations when deciding whether to compromise with the other veto player to move policy from the status quo to a mutually beneficial agreement. The existence of residuals in certain policies might restrict the actual range of feasible policies on which they can agree upon, and the fact that these agreements might affect future electoral results can also frustrate socially beneficial accords, as we will see.

3.2.2. *Separation of purpose*

As the quotes included at the beginning of the paper show, the first modern theorizers of separation of powers, the framers of the US Constitution, were well aware of the problems that separation of powers could entail for democratic governance. Very wisely, and against common interpretations of their ideas, they strongly advised against making political actors decide on the same issues. When talking about the different branches of the legislature, Madison and Hamilton argued that they ought to be rendered,

“by different modes of election and different principles of action, as little connected with each other as the nature of their common functions and their common dependence on the society will admit”. (Madison and Hamilton, *Federalist Papers*, n. 51)

Their solution was therefore to accompany separation of powers with separation of purpose. Make every power's actors and fates independent of one another, and no one will have and incentive to block socially beneficial reforms. Haggard and McCubbins (2001) use this Madisonian concept in a similar fashion. They define separation of purpose as the independence of each veto player's payoffs from the others. However, both Haggard and McCubbins nor Cox and McCubbins (2001) fail to provide useful guidelines to operationalize the concept. They consider separation of purpose has a mixture of very different elements: the existence of a separation of “electoral fates” among political actors –which resembles our interpretation- but also the presence of multiple parties in a society or even the extent of different purposes within a society. The use of such a broad definition leads to these authors to establish ad hoc distinctions between “unity of purpose” and “separation of purpose” depending on the

issue analyzed. For example, the faster privatization process in Czech Republic as compared with Poland is explained by a more “unity of purpose” among Czech political parties compared to the “separation of purpose” existing in the Polish society.

We propose a slightly different conceptualization of separation of purpose in the context of contemporary political systems that we believe is closer to the Federalists’ original idea. In modern mass democracies, separation of purpose of democratically elected branches of government implies that the electorate should judge these different branches based on different things. If voters cannot differentiate among electoral arenas (because voters vote mainly along partisan lines, and the same parties compete in all elections, or because the policy-making process is so complex that it is difficult for voters to assign responsibilities to different branches of government), then separation of purpose is diminished. To be sure, separation of purpose is a continuum variable that ranges from countries where election outcomes at different levels of government are determined by the same variables, to countries where voters’ behavior is totally conditional on what it has at stake in each particular election. Along the lines of the composite index developed by Samuels and Shuggart (2003), it is possible to identify a series of variables affecting the level of separation of purpose there is between the different branches of government.

Table 1. *The determinants of separation of purpose.*

	High Separation of Purpose	Low Separation of Purpose
Elections	Elections are centered around candidates: First-past-the-post electoral systems	Elections are centered around parties: party-lists and (typically) PR systems
	Non-concurrent elections	Concurrent elections
Parties	Weak and undisciplined parties	Strong and disciplined parties
	Parties do not have unconditional supporters	Parties can often rely on large numbers of core supporters
Division of powers	Clear division of powers	Overlapping of jurisdictions between different powers
	Voters share a common understanding on what should each branch of government “deliver”	Voters ask for the same things in all kind of elections

Although in this paper we limit the empirical evidence to descriptive accounts, we consider that further quantitative analysis of our theory should rely on that composite variable.

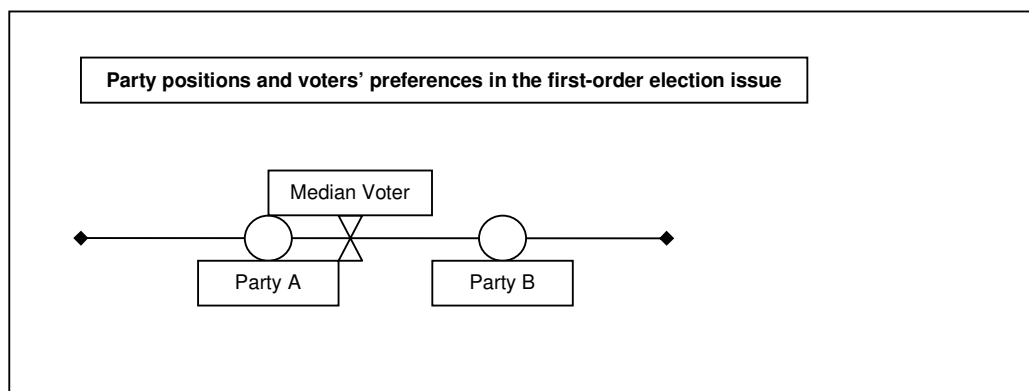
3.3. The model.

We represent voters' and parties' preferences in a one-dimensional policy space. Parties care about selecting their own preferred policies, and about being in office, as long as they can extract a *residual*⁵. Parties propose policies, and the party offering a platform closer to the median voter, wins the office in each election⁶.

Since we want to analyze the dynamics under divided government, there are two types of elections: first-order elections (to borrow Reif and Schmitt's (1980) terminology) select the *dominant* or more visible veto player. Second-order elections select another majority: a *secondary* veto player. In a presidential unicameral system, one can think of presidential elections as the former, and legislative elections as the latter.

There are two parties competing in each of these elections. The two parties stand for different policies, and voters vote for the party closest to their preferences. The party closest to the median voter in the dimension of that election gets elected, as shown in figure 1.

Figure 1.



⁵ A simple way to understand this is to think of the residual as the possibility of choosing their preferred policy in other issues or dimensions.

⁶ We don't model party behaviour in this first stage –we just borrow from Alesina and Rosenthal (1993) the idea that policy-oriented and imperfect information on the location of the median voter prevents total convergence around the median voter to occur.

To illustrate the effects of what we called imperfect electoral accountability, voters do not always know perfectly what the party preferences are. They use the following simple yet realistic rule: use the observed policy to assign a preference to the party in office, and use the proposed platform by the opposition party to assign it a policy preference.

The two ‘governments’ that arise with these two elections have independent jurisdiction over a certain range of issues, and overlapping jurisdiction over others. If voters derive the incumbent’s preferences using information on those issues in which that incumbent has total control of policy, no problem arises: In each of the two arenas, the median voter will decide what policies are implemented.

Problems arise, however, when voters cannot distinguish among different arenas of electoral competition (there is no separation of purpose). In that case, voters do not evaluate incumbents based on the policies they implement in the issue on which they have total control, and separation of powers might produce socially undesirable outcomes by inhibiting mutually beneficial cooperation between the different branches of government. Let us see why.

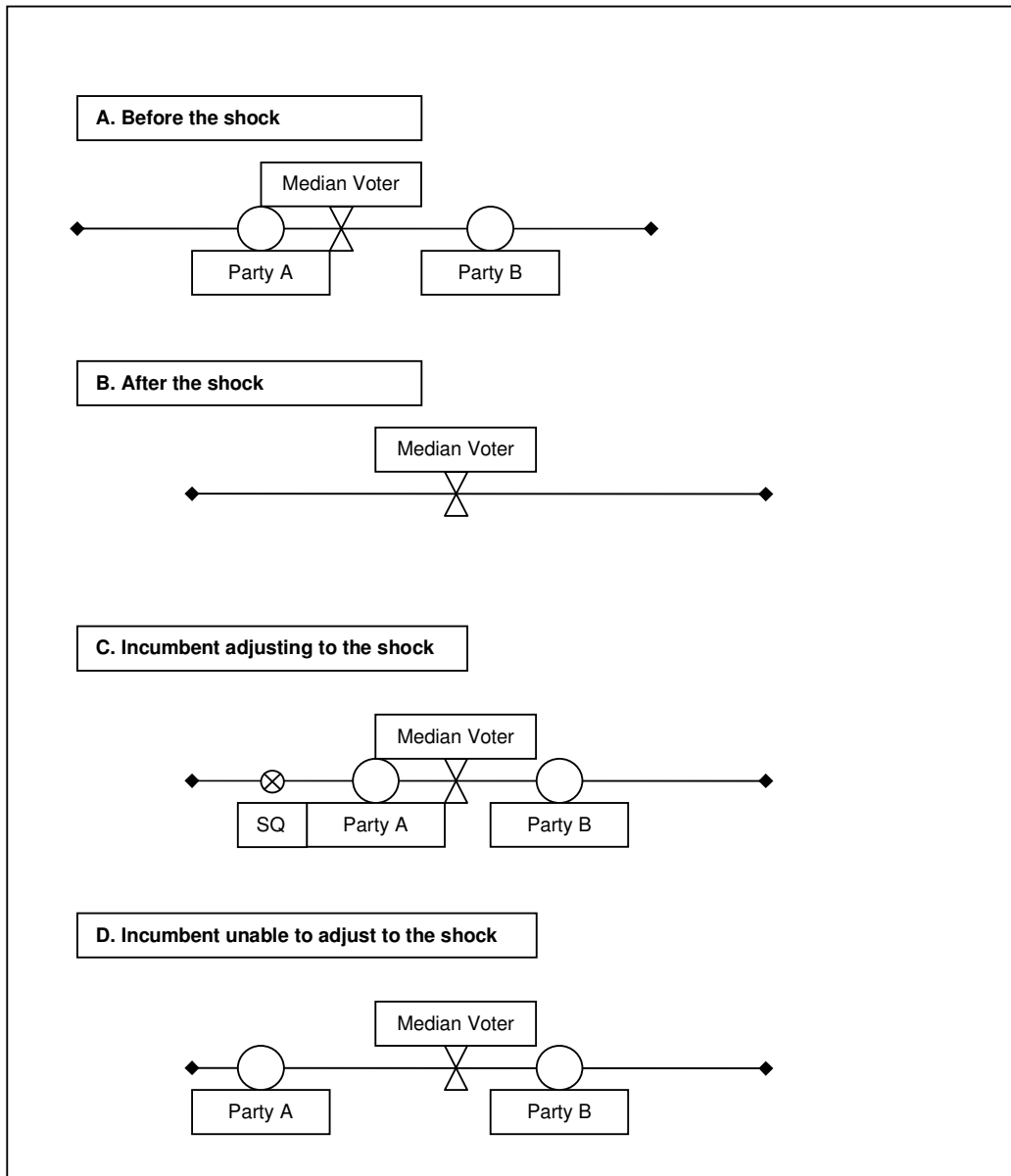
Imagine for a second a situation of separation of powers, as the one depicted in figure one: the party that has won in the first-order election has lost in the second-order one (that is, party B controls, say, the legislature even if has lost the presidential election). Assume that a shock takes place after the election, and voters’ preferences shift towards the preferences of party B, as in figure 2.B.

Party preferences also move as a consequence to the shock (figure 2.C)⁷. If the incumbent changes policies accordingly in those areas under her control, the median voters would keep enjoying the best policy amongst those offered. However, under separation of powers and overlapping jurisdictions, voters may deduct party A’s new preferences based not on the policies that A can pursue on her own, but on policies that A has to agree with party B⁸. Although in principle party B ideologically prefers the new policy of party A to the status quo (see figure 2.B), knowing that voters will derive party A’s new preferences based on this new agreement, party B develops an incentive to block that agreement.

⁷ Even if party preferences were unaffected by the shock, the fact that the incumbent wants to win future elections to secure future policies close to her ideal point would force her to move policy in the direction of the median voter –so the results show in figure 2.C would still hold.

⁸ This can happen for the reasons discussed in the previous section (see Table 1)

Figure 2



Let's see what happens if party B blocks A's proposal to change policy. In this area of shared responsibility, the outcome would be the status quo (a socially inefficient one, far off the preferences of all relevant players and the median voter) until the next election. In the next first-order election, voters face the scenario depicted in figure 4.D. They compare the position of party B and the party A, and B wins the next election and can impose its preferred policy.

Under those circumstances, it is not difficult to see why B might prefer to oppose a (socially beneficial) agreement with the incumbent today in exchange for a secure victory in the future that would allow him to impose his most favoured policy. Formally, B will block the agreement whenever the following inequality holds:

$$-(P_P - P_S)^2 - \delta(P_P - P_S)^2 \leq -(SQ - P_S)^2 - \alpha(\delta(SQ - P_S)^2) + (1 - \alpha)\delta(0 + \rho) \quad (1)$$

where P refer to policies (points in the policy space), the subscripts indicate whether the policy is the (P)roposed one, or the (S)econdary veto player's ideal point, δ is a discount factor (if $\delta < 1$ the present is more valuable than the future, and the opposite if $\delta > 1$), ρ is the value of the residual, and α ($0 < \alpha < 1$) measures the effect of policies in areas of shared responsibility on electoral outcomes (high if $\alpha = 0$, low if $\alpha = 1$). In more substantive terms, α indicates how much separation of purpose it exists between the different branches of government.

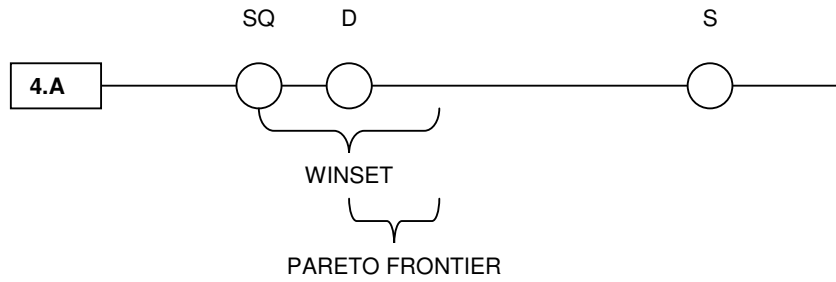
Knowing the *secondary* veto player's constraint, the *dominant* veto player will propose the closest to its ideal point that satisfies (1) (so that the *secondary* veto player will not veto it), and provided that the reform's payoff is better than the status quo today and its consequences for the future period:

$$\rho(1 - \delta) - (P_P - P_D)^2 - \delta(P_P - P_D)^2 \geq \rho - (SQ - P_D)^2 + \alpha(\delta(-(P_D - SQ)^2 + \rho)) - (1 - \alpha)\delta(P_D - P_S)^2$$

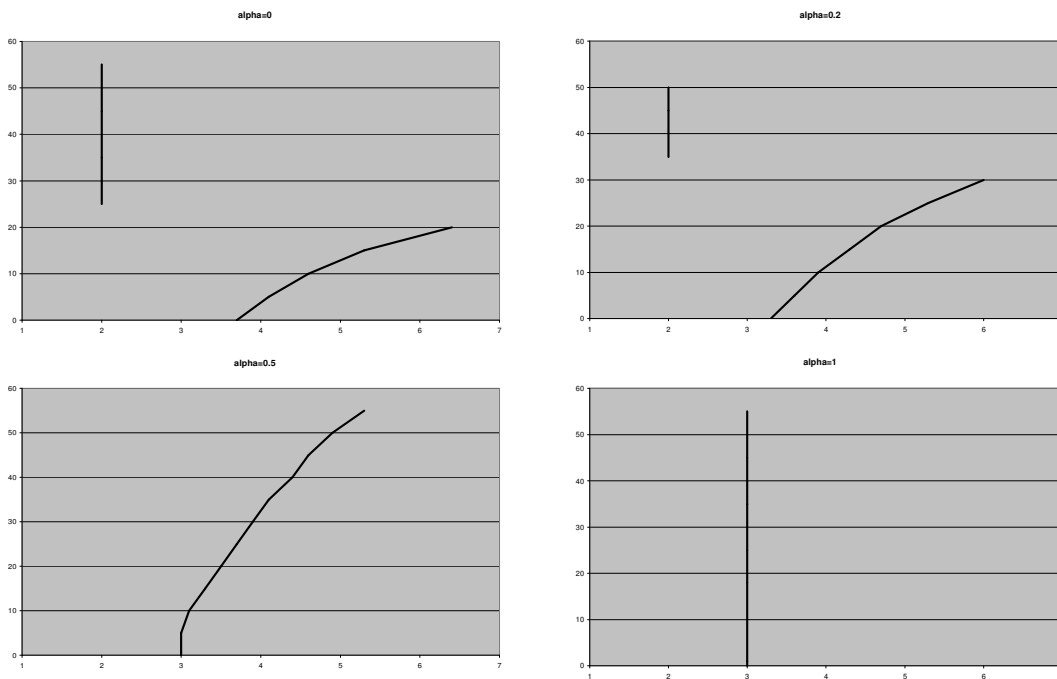
where the subscript (D) refers to (D)ominant veto player.

To see how the introduction of separation of purpose (and lack thereof) affects the availability of socially beneficial policies and the concessions that the dominant veto players has to make to the secondary one, figures 4.B through 4.E graph the equilibrium policy (that is, the policy closest to the dominant veto player's ideal point that satisfied the two inequalities, if there is one, or the status quo if there is no policy agreement. In these simulations, we use the following set up: The status quo is located in point 2, the dominant veto player in 3, the secondary in 7, so the winset in absence of residual and electoral considerations would go from 2 to 4, as shown in 4.A.

Figure 4.A. *The basic set-up for the simulations*



Figures 4.B-4.E. *Equilibrium policies as a function of α and ρ*

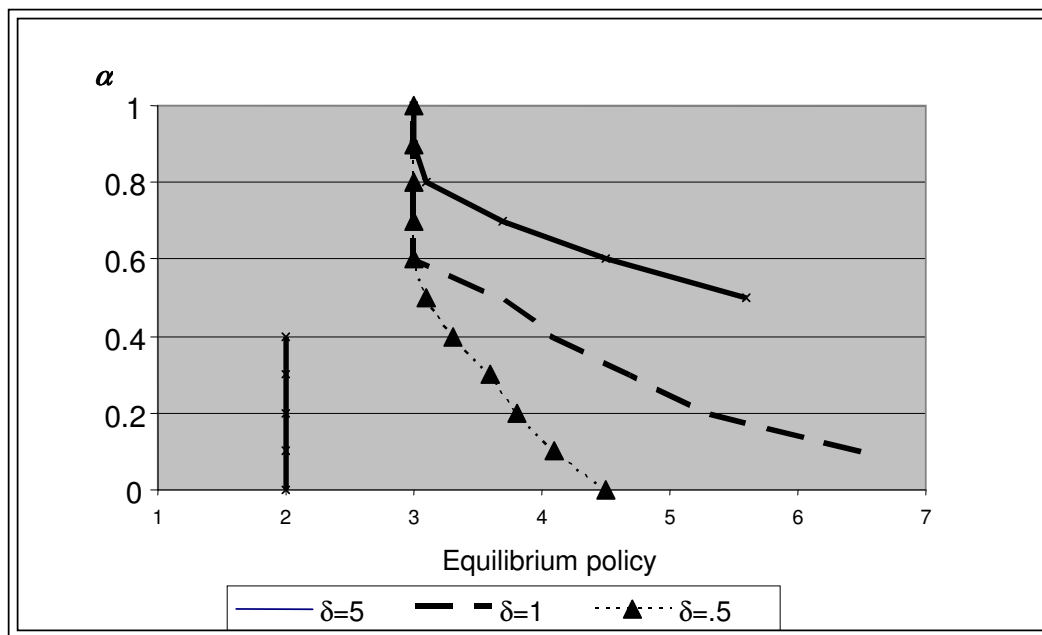


These four graphs represent the equilibrium policies (represented in the horizontal axis), as a function of the ρ parameter (the residual), represented in the vertical axis, and the separation of purpose (α), which varies from 0 in the northwest graph, to 0.2 in the north-east, 0.5 in the southwest and total separation of purpose ($\alpha=1$) in the southeast. It can be easily seen that, for sufficiently large values of ρ (the residual), lack of separation of purposes impedes veto players to reach agreements within their original *winset* (the socially undesirable status quo is sometimes the equilibrium policy in the two upper graphs). As separation of purpose increases, however, mutual beneficial agreements are more easily reached. It is also worth noting that when

residuals coexist with intermediate levels of separation of purpose, the model shows that the secondary veto player manages to approximate the dominant veto player's proposal to its ideal point, a concession that the latter is willing to make in order to avoid being removed from office.

It is also worth exploring the effect of δ , the weight that veto players put on the future, on the policy outcome. Figure 5 analyzes this, simulating again the equilibrium policy by different values of α and δ (fixing $\rho=30$). As before, it is clear that when separation of purpose is low, the policy moves away from the original *winset*, leading sometimes to the Pareto-inefficient maintenance of the status quo. The effect of the weight of the future is also interesting: when veto players put a high value in the present ($\delta=0.5$), policy outcomes within the winset are easily obtained. However, as the future becomes more important ($\delta=1$ or, especially, when $\delta=5$) -for instance, in the run-up to an election- suboptimal outcomes emerge more easily.

Figure 5. *Equilibrium policy as a function of α and δ*



To sum up, when separation of purpose is low, actors put more weight on the future, and there are residuals that parties obtain from being in office, separation of powers does not function efficiently. Sometimes, it might produce not necessarily undesirable outcomes, as a deterioration of the agenda power of the *dominant* veto

player that translates in policy outcomes closer to the *secondary* veto player. More worrisome is that often times it will lead to no outcome at all even if mutually beneficial policies exist at the ideological level. There are two reasons to consider these problems as a deadweight cost society. First, on the basis of the original model, when after a shock the status quo remains in place, adjustment to the preferences of the voters is postponed to the next election. Second, and more importantly, the way the political system adjusts to the shock according to the model is by eliminating separation of powers altogether –and there are many reasons to believe why that is a bad thing.

4. Some empirical illustrations.

In sections 2 and 3 we have mentioned some quite well known examples of both systems with separation of powers and separation of purpose (US) and systems with separation of powers but without separation of purpose (Germany and Mexico). In this section we are offering a brief description of other empirical examples that fit our theory in a less obvious way. We will try to explain, in the first place, the political stagnation of modern Poland and Hungary with the light of our theoretical model. In the second place, we will depict some examples of legislative deadlock within one-party government systems produced by temporary separations of powers and purpose.

4.1. The political stagnation of Modern Poland and Hungary

According to Ertman (1997), one of the paradoxes in the study of political institutions in Modern Europe is the disparity in performance among some political systems theoretically very similar: Britain, Poland and Hungary. The three countries enjoyed, especially since 14th and 15th centuries, what Ertman qualifies as *Constitutional Monarchies* and what Finer (1997) defines as *Limited Monarchies* or *Crowned Nobiliar Republics*. Contrary to the Absolutist Monarchies that surrounded them, in the three countries there was a *de facto* separation of powers between monarchs who mainly exerted executive functions and parliaments which primarily task was legislation.

However, the legislative productivity of the three countries was very different; while England-UK was able to enact laws that allowed it to become a world power, Poland and Hungary showed several notorious legislative deadlocks. In the case of

Hungary, rulers faced lots of difficulties to pass their policy proposals. It was famous the visit of Queen Maria Theresa to the Hungarian Diet with tears in her eyes to try to raise funds against the Prussian invasion of Silesia (Finer 1997). But it was more dramatic for Hungarians the posterior failure of Joseph II in trying to pass a law to increase the number of royal officials in order to face the Turkish threat in 1787. For Ertman (1997), the political history of modern Hungary is a history of non-cooperation of the country nobility with the different monarchs. In Poland, the national *Sejm* –composed of an Upper House with 140 members and a Lower House where thousands of *Szalachta* or minor noblemen could theoretically attend- blocked important kings' political initiatives. The political stagnation is argued by historians to be one of the causes of the decline of Poland which moved from being the richest Eastern Europe country in the 16th century to be one of the poorest two centuries afterwards.

There are not convincing explanations of why British political system had a greater policy reform capacity than its Polish and Hungarian counterparts. In the first place, it can be alleged that their departure societies were very asymmetric. However, in spite of existing notable differences, it can not be argued that England was clearly ahead Poland and Hungary in economic, social and cultural indicators during the 15th century. For instance, Poland experienced during the so-called Polish Renaissance an economic and cultural expansion that lead the 8-million country –the second largest in Europe- to become one of the wealthiest in the continent. In the second place, it has been argued that both Poland and Hungary enjoyed too much parliamentarism with too much limited monarchs. To illustrate the excessive parliamentarism that experienced modern Poland, Finer (1997) uses the following comparison: “*there are weedkillers which operate by making plants overgrow their strength, whereupon they perish*”. According to Ertman (1997), polish “*nobility saw itself as the collective owners of the state and the king merely as their chosen manager*”. However, this description fits any current parliamentary regime: the parliament acts as collective owner and the government is the manager of the state. There were no more significant legislative or executive prerogatives in modern Poland and Hungary than in modern Britain or in current Westminster parliamentary regimes.

In the light of our theory the cause of Polish and Hungarian political deadlocks does not lie in the increasing powers of the parliament but in the absence of a true separation of purpose between political branches. The British monarch and the British

parliament were selected, using Madison words, *by different modes of election, little connected with each other*. MPs were elected by restrictive elections and monarchy was hereditary, and, therefore, neither one branch nor the other was interested in occupying the other's incumbency. In presence of a *winset*, the most possible outcome was the policy change from the status quo to a Pareto efficient point, because the parameter α of the model was near one.

On the contrary, for the Hungarian and Polish cases, separation of purpose (α) between the executive and legislature was much lower⁹. The reason is that monarchs and members of parliament in Hungary and Poland did not have different modes of election -they were actually closely connected. Since 1439 in Hungary and since 1572 in Poland, both countries adopted a system of elective monarchies. The Hungarian Diet and the Polish *Sejm* had the power to decide the incumbent of their executive branch. The elective principle of monarchs is clearly more democratic than inheritance rules and, while the majority of MPs who have voted for the monarch remained stable, it would appear that Pareto efficient decisions could be adopted without problems. In those cases, we could talk of a situation of one-veto player, similar to current Westminster democracies where the Prime Minister is elected by the Parliament. For instance, the elected and very popular Hungarian kings Jan Corvinus and his son obtained important support of Hungarian Diet to modernize the state apparatus, especially the army. However, and contrary to what happens in Westminster regimes, the monarchs did not automatically changed with changes in the composition of parliaments, but remained in their offices usually for life.

Obviously, it is not easy to detect the existence of a change in the majority controlling the parliament when there was an absence of structured parties both in Poland and Hungary. However, it seems reasonable to think that minorities that opposed a monarch during the election process could achieve a further control of parliament. These opposing groups could have acted in a similar way to the Mexican PRI or the German CDU cases analyzed above: rejecting Pareto efficient policies proposed by the monarch. It could be rational for them trying to damage the

⁹ In the case of Poland, moreover, there was an extreme version of the separation of powers called the *liberum veto*. On the basis that all nobles were equal, it was enacted that all members of parliament would have the right to veto any legislative proposal. *Liberum veto* contributed decisively to the political deadlock of Poland because the increasing number of veto players made very unlikely a winset to emerge. However, *liberum veto* explains neither the case of Hungary nor why in Poland –as in Hungary- there were members of parliament who seemed to vote against policy proposals which were Pareto efficient for them and that they would have enacted in case they were part of the executive.

reputation of the executive: first, to gain control among other MPs showing them that their candidate to the throne would have been a better manager; and second, in some cases, in order to overthrow the monarch. It is not difficult to understand the political stagnation of modern Poland and Hungary if we imagine what would happen if current parliamentary regimes decided that their Prime Minister should remain in office for life irrespective of which party control the parliament.

4.2. Temporary political stagnation in one-veto player systems.

Many parliamentary regimes experience what Tsebelis calls one-veto player situations most of the time. It is the case of Britain, where, because of the electoral majority rule, the government has been supported almost exclusively by one party in Parliament. It is also the case of Spain which since the restoration of democracy in 1977 has enjoyed one party governments backed by one-party majorities in the legislature –except for the period 1993-2000. Both Britain and Spain would score 1 in Tsebelis' index of “number of veto players”, because the same party controls the majority in the legislature and the government. Nevertheless, in both countries there have been temporary introductions of separation of powers and, because of distinct reasons, for some concrete policy proposals, the consent of more than one party has been necessary. In those situations, opposition parties, normally in minority in the legislature, become all of a sudden veto players. It is easy to see why the behavior of these new ‘unexpected’ veto players is non-cooperative: because they are the opposition, they have an incentive in damaging the reputation of government so that they increase their chances to become the next incumbents after the elections. In our language, those temporary situations of separation of powers are not accompanied with separation of purpose: the parameter α of our model would be near zero. Rejection of Pareto-efficient proposals by these new veto players is more than likely under those circumstances. We shall describe now two significant episodes of non-cooperative behavior on the part of *secondary* veto players: the opposition of the Spanish conservative party *Alianza Popular* (AP) to Spain's permanence in NATO in 1986 and the position of British Tories in the debate on University tuition fees in January 2004.

Contrary to what socialists defended in their 1982 political campaign, the newly elected PSOE government considered Spain should not withdraw from NATO

membership and, in order to legitimize the decision, decided to hold a referendum on March 12, 1986. PSOE enjoyed a clear absolute majority in parliament –in daily politics, it was the only veto player. However, for the concrete issue of the NATO referendum, the opposition party AP had a word. We cannot argue AP become a full veto player, because, although there is no consensus in veto players’ theory on how to deal with referendums -as Tsebelis himself recognizes- the most logical is considering that the new veto player entering in a referendum is the median voter. In any case, it seems obvious that the AP could exert some influence in the result of the referendum, thanks to the fact that Socialist voters were believed to be divided, if not overwhelmingly opposed to NATO membership. By affecting the nature of the median voter in the referendum, AP could influence the outcome of the referendum – and it could have been seen as a *partial* veto player. As our model would predict in a situation of separation of powers without separation of purpose, AP had good reasons to oppose to policies, even if they liked them in principle. There is no doubt that engaging in NATO was a policy highly desired by AP –actually, it actively backed it before the PSOE was in office. But, at the time of the referendum AP betrayed its own political preferences and decided not to support the ‘yes’ campaign.

Blair’s recent proposal to reform university tuition fees produced a hard internal debate within Labour MPs during 2003. The leftist wing of the Labour Party opposed the proposal because they considered it was a centre-right policy. Due to the internal rebellion of more than one hundred MPs, for the first time since 1997, a Labour government enjoying a comfortable majority in Parliament was expecting a defeat of a key policy proposal. If we analyze this situation under the perspective of veto players’ theory, we can argue that the government, in order to pass the bill, should get the support of one of the following veto players: leftist rebels –for whom the policy proposed was at a further distance of their ideal point than the status quo and, therefore, they rejected it- and the conservatives –for whom the policy proposed was closer to their ideal point than the status quo. *The Economist*, in an especial issue on university funding, warned Tories they should not betray their policy convictions just for damaging the reputation of a Labour government that would probably need Tory support to pass the bill. Nevertheless, although they surely read *The Economist*, Tories preferred to vote against a policy proposal that they would have enacted had they been in government, putting in risk the approval of the final bill in the House of Commons.

5. Democratizing the European Union under this new perspective

The model that we have used to analyze political described in section 3 has also direct applicability for institutional design. Now that we are devising a new constitutional structure for the European Union in which separation of powers will apparently have a privileged role, it might be pertinent what our ideas have to say about the conditions under which divided government might produce socially undesirable outcomes.

In the conventional view, the European Union is a *sui generis* polity –that is, it is neither a mere intergovernmental organization, nor a unified state. What really matters for our purposes, however, is that some relevant policies in Europe involve some sort of supranational decision-making, and that the way this decision-making process works is through a certain type of divided government (there are more than one veto player). A persistent proposal of how the EU decision-making process should look like¹⁰ is the following (we abstract from the details and avoid enter into subtleties to highlight our argument): To be effective and democratic, EU decision-making should assimilate the one in a federal system: one institution should represent the interests of states (the Council of Ministers) and another the interest of the European citizens (the European Parliament), and these two institutions are the only legislative powers (“The European Parliament shall, jointly with the Council of Ministers, enact legislation”, article 19.1 of the Convention’s *Draft Treaty Establishing a Constitution for Europe*). This reform would require a transfer of power to the today rather weak European Parliament, thereby helping solve the so-called democratic deficit that European institutions suffer: by strengthening the most democratic of the European institutions (the only that it is directly elected by Europeans) vis-à-vis the representatives of national governments, the European Union, so the argument goes, would become more democratic.

We have argued that separation of powers requires separation of purpose to work efficiently –otherwise, divided government has a propensity to produce policy gridlock and socially undesirable outcomes –problems, by the way, European reformist are very concerned with. If the EU is moving towards a standard system of separation of powers, it makes a lot of sense to ask ourselves about the level

¹⁰ See Berglöf et al. (2003) for a good summary and a positive analysis of possible institutional reforms for the EU.

separation of purpose we believe it would exist in a federalizing Europe. Let's see where the European Union fits in the classification sketched in Table 1.

Elections. Are European voters capable of separating out arenas of electoral competition? European voters have been experiencing direct elections to the European Parliament since 1979. Have they expressed specific concerns or patterns of electoral behaviour in this type of elections? The overwhelming answer of the literature on elections to the European Parliament is no (Reif and Schmitt, 1980; Reif 1997; Marsh, 1998). European elections are always depicted as 'second-order elections' in which voters' choices are determined by the same things that affect voters' choices in first-order elections: national politics. That is a bad start. Since we know that if voters don't differentiate their vote among the different levels of government, conflicting veto players might start thinking in blocking beneficial proposals with the hope that voters would punish their rival for failing to reach agreements.

Parties. Are European parties acting as blocks able to operate and coordinate their activities in different branches of government? The worrisome answer is yes. Hix (2001), Noury (2002) and Noury and Roland (2002) arrive at the same striking yet robust conclusion: members of the European Parliament vote predominantly along party lines, not country of origin, and party cohesiveness is very high and increasing. Partisan influences can also be detected in the Council of Ministers (Mattila, 2004). This is a bad signal, too. Parties that coordinate veto players' behaviour in different arenas are contradictory with the very idea of separation of purpose. The more powerful these partisan tendencies are, the less efficient will be policy-making by divided government.

Division of powers. Are responsibilities between different EU institutions visibly differentiated so that citizens can link policies and issues to veto players? Not at all. The EU policy-making process is (in)famous for its cumbersome legislative procedures, overlapping jurisdictions among institutions and lack of clear responsibility for policy outcomes. And the new 265-pages long Draft Constitution doesn't appear to put an end to this problem. If citizens cannot attribute outcomes to the different governments making decisions, separation of purpose is inherently impossible.

All this indicates that the EU operates in a context where separation of purpose is extremely difficult, if not outright impossible. In the light of our argument, transforming the EU into a federal system with divided government in which the European Parliament gains more power as a democratic representative of the European people might have cause more problems than what have been foreseen. The question is how the EU has managed to work relatively well so far if it already has some of these federalizing features?

The answer, we believe, lies in the limited engagement of European institutions in issues of high electoral salience (Moravcsik, 2002). The European Union has not yet made decisions on national tax policy, pensions, educational systems, or moral issues. Members of the European Parliament have not (yet?) developed an incentive to block reforms coming from political adversaries simply because the European public could not care less whether those reforms were passed or not. If, as Moravcsik contends, the decisions that the EU makes are highly technical and keep being so, then maybe our concerns need not be particularly relevant. But as long as the EU takes steps in the direction of making decisions on highly public and controversial issues, then the problems for democratic policy-making that we have pointed out will become starker. For although the EU has a federalizing institutional structure just as other system with separation of powers, it lacks what Hamilton and Madison regarded two centuries ago as its necessary complement: separation of purpose. The EU faces thus a dilemma: it can keep being effective by restricting its policies to those with a high technical content and limited political salience; or it can try to engage in full-fledge democratic policy-making under divided government, for which it is dangerously ill-equipped.

6. Conclusions

In this paper we have undertaken the first steps to build a theoretical model to explain why some policies that are favored by all relevant political actors are not adopted systematically in certain polities. We agree with the formalization of the concept of *separation of powers* by Tsebelis and others veto players' theories: the larger the number of veto players -or the more separation of powers- the less ability to mover policies away from the status quo. Systems with several veto players have more *potential* for political stagnation. Nevertheless, we contend that in order to

understand the *actual* systematic political stagnation of some polities, we also need to formalize the concept of *separation of purpose*. When the purposes are not separated or, in other words, when the electoral prospects of the different veto players are linked, it might become rational for “non-dominant” veto players to engage in strategic blocking of policy proposals that they would enact were they incumbents. We have illustrated our preliminary theoretical model with examples of political gridlocks from contemporary democracies and from historical polities. Finally, we have debated the implications of the model for the constitutional design of the EU.

We political scientists –probably to justify our failure to elicit normative guidelines for institutional building- love trade-offs. In our trade off top-list we can always find the one between “decisiveness” (the political system’s capacity to move the status quo towards a more preferred policy) and “resoluteness” (the political system’s capacity to credibly commit to a long-term implementation of newly approved policies). At the extreme, we seem to face an unavoidable choice between rather undesirable characteristics. The most decisive system would be one with only one person deciding -a tyranny. The most resolute system would be unanimity rule, any existing law would be unchangeable and the polity would be utterly unable to respond to new challenges and demands –the perfect recipe for catastrophe.

Nevertheless, when we move to real-world situations, it seems that this trade-off needs to be qualified. There are situations in which the lack of agreement *is* a problem and anyone in the system could have been better-off had the system worked differently. We contend that decisiveness does not always depend exclusively on the number of actors whose agreement is needed to change a policy. The ability of a political system to move policies from the status quo to the Pareto-efficient *winsset* is a function of the separation of powers –understood here as the number of veto players- but also a function of the *separation of purpose* among those actors involved in the decision-making process. When the separated powers share a purpose, as in the German and Mexican cases analyzed before, or as we fear in the system the EU is evolving into, polities might enjoy high resoluteness, but this will come at the expense not only of loss of decisiveness, but of sheer inability to implement reforms that everybody likes. On the contrary, when separation of powers is accompanied by separation of purpose, as the Federalists recommended more than two centuries ago, resoluteness will not lead to socially undesirable outcomes. Given the particular political reality surrounding the European Union, pundits, Eurocrats, members of

future conventions and, above all, citizens, should be well aware of this when discussing the political and institutional future of the continent.

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