Efficient Parliaments:
How Parties and Rules Shape Legislative Predictability

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Warsaw 2009
Graphic designer:
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Report developed under the Better Government Programme for Ernst & Young Polska spółka z ograniczoną odpowiedzialnością sp. k.

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Acknowledgments

The financial support for this research from the Ernst & Young Better Government programme is gratefully acknowledged. The authors would also like to thank Krisztina Jager, Irena Bacija and Hendrik Bohm who have provided invaluable support with collecting data, checking facts and conducting interviews. The authors are solely responsible for any errors in the paper.
Policy predictability is decisive for economic prosperity and yet it is lacking in some states in Central Europe. According to the EBRD-World Bank business survey, unpredictable policy reversals are a major problem in Poland, Romania and Bulgaria. In other states, in particular Estonia, Hungary and Slovenia, policy unpredictability is less of a problem.

Why are public policies more stable and predictable in some countries than in others? Such variation may, of course, be due to many factors, not least electoral volatility, bureaucratic inefficiency and the political opportunism of the elected officials. This report, however, focuses on an often overlooked factor – the way in which legislative institutions deal with the inherent instability of majority rule.

Efficient parliaments rely on two types of institutions to maintain policy predictability. The first is political party. Parties ensure predictability because they formulate, implement and preserve joint policies. In doing so, they mitigate the key conditions that lead to chaotic decision-making: dispersed proposal power and heterogeneous preferences. The other is parliamentary procedure. Not all parliaments benefit from programmatically consistent and disciplined parties and coalitions. In such systems, institutional constraints (proposal, scheduling, germaneness, sequencing and voting rules) can compensate for party and coalition weakness.

France and Germany offer good illustrations of how parties and rules can combine to ensure policy predictability. The French parliament, which experienced extreme instability under the IV Republic due to weak parties and liberal rules, was reorganized in the late 1950s by delegating agenda-setting powers to the government and restricting the amendment powers of individual MPs. In contrast, Germany has always benefited from programmatic and highly disciplined political parties and, hence, policy predictability was ensured despite liberal legislative rules.

The report analyses parliaments in three Central European countries: Hungary, Poland and Slovenia, and shows that the conditions most conducive to policy predictability exist in Hungary and Slovenia. Parliaments in these countries combine restrictive rules, modelled on the French parliament, with moderate party cohesion and unity. In contrast, policy unpredictability is likely to be highest in Poland. Polish parties and coalitions tend to have low programmatic consistency and high factiousness. At the same time, the Polish parliament operates under liberal legislative rules, which are modelled on the German parliament.
This introductory section shows that, although policy predictability is decisive for economic prosperity, some states in Central Europe are less successful than others in ensuring stable and predictable policies. In exploring possible explanations for this variation, the report argues that one needs to focus on an often overlooked factor - the way in which legislative institutions deal with the inherent instability of majority decision-making.

Policy predictability in EU10

The predictability of the regulatory framework is generally considered to be critical for economic development. Comparative research has shown that a strong negative relationship exists between policy volatility on the one hand and economic growth and direct foreign investment on the other. Economies stand to gain from improving the predictability of regulations. World Bank research has demonstrated that enhancing predictability can increase the probability of new investment by over 30 per cent. Lowering policy uncertainty has also been found to stimulate innovation and entrepreneurship.

As desirable as it may be, policy predictability is lacking in some of the Central European economies. Figure 1 shows how the business perception of unpredictability varied in ten new EU member states between 1999 and 2005. The scores reflect assessments of whether unpredictability was considered a problem using a four-point scale. In some countries, notably Slovenia, Hungary and Estonia, unpredictability consistently remained low. In others – mainly Poland, Bulgaria and Romania – it tended to be much higher.

Figure 1: Economic policy unpredictability in EU10: business perceptions in 1999, 2002 and 2005.

Source: average scores from EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS), 1 - unpredictability is not a problem, 4 - unpredictability is a major problem.

Why do some states ensure higher policy predictability than others? One explanation is that policy predictability is the corollary of electoral volatility. If elections occur frequently and tend to result in a wholesale replacement of governing parties, then uncertainty regarding the future content of public policies is likely to be considerable. This is because newly-elected administrations will be likely to modify existing
legislation to impose their own priorities and reverse the decisions made by their predecessors. Another explanation for varying levels of policy predictability may be that some governments are not good at keeping their policy promises.\(^6\) Policy predictability is likely to be low if parties break electoral pledges and governing coalitions contravene pre-agreed policy agreements. Such unreliability may, in turn, be caused by managerial or bureaucratic inefficiency (e.g. poor policy planning or preparation) or sheer political opportunism. Finally, variation in policy predictability may be related to participation in regional integration. The certainty regarding future policies is likely to fall when membership negotiations are opened with international organizations such as the European Union.\(^5\)

Without disregarding the relevance of these explanations, this report focuses on a frequently overlooked factor – the way in which legislative institutions deal with the inherent instability of majority decision-making. The rest of this section explains why majority decision-making may produce unstable and unpredictable outcomes. Section 2 discusses the ways in which parliaments and other majoritarian institutions may ensure predictability.

Parliaments and majority rule

In democratic states, the adoption of important policies requires the approval of the legislature. In passing legislation, all parliaments apply some form of the majoritarian principle. Majority rule not only offers an efficient method to reach a common decision, but also produces outcomes that are considered legitimate. In fact, for some democratic theorists, majority rule is inextricably linked to the very idea of democracy.\(^6\) Although relatively efficient and legitimate, majority decision-making faces a central problem: it often does not produce a stable outcome.

It was a French politician and mathematician, Marquis de Condorcet, who at the end of the 18th Century discovered that majority voting may yield unstable or cycling outcomes. His famous Condorcet paradox states that there are situations, where no voting option exists that beats all other options in a pair-wise comparison - creating a potentially endless cycle of votes. Building on such early insights, social choice theory has demonstrated that instability is an inherent element in majority decision-making. American Nobel prize-winner, Kenneth Arrow showed in the 1950s that any collective decision-making rule that satisfies the minimum conditions of fairness and rationality cannot at the same time produce stable decisions.\(^7\)

These insights were generalized by Richard McKelvey who formulated what came to be known as the Chaos Theorem.\(^8\) McKelvey has shown that, if there are many decision-makers whose preferences are heterogeneous, while the issues voted on are multi-dimensional, majority rule alone may not produce a stable and coherent outcome. For any decision there is at least one other that can be offered for a vote and that can defeat the previous decision. In brief, there can be decisional chaos.

Majority rule can produce stable outcomes only under restrictive assumptions about the structure of individual preferences and the complexity of the issue space. If individuals are assumed to have single-peaked preferences and decision-making occurs in a uni-dimensional policy space, the median voter’s preferred option provides the equilibrium.\(^9\) In multidimensional spaces, the conditions under which a stable outcome exists are more difficult to achieve. Majority decision-making produces a stable choice only if preferences are distributed in a radially symmetric fashion.\(^10\)

This is bad news for legislatures. Majority rule provides the cornerstone of parliamentary decision-making. Legislative assemblies consist of many members representing different
political views, interests and regions. Each of them typically has the power to propose bills and amendments to bills proposed by other members. Such decisions are not only taken in more than one dimension, not least because many bills cover multiple policy issues or are of a distributive nature. In brief, if preference-induced policy stability is hard to achieve, parliaments provide an ideal arena for chaotic and unpredictable decision-making. Indeed, theorists have argued that, unless constraints exist, chaos is a permanent companion of democratic assemblies. As William Riker explained,

‘We cannot know much about the future at all, whether it is likely to be palatable or unpalatable, and in that sense our future is subject to the tricks and accidents of the way in which questions are posed and alternatives are offered and eliminated’ (Riker 1980: 443).

Unpredictable decision-making is indeed a feature of many real-life parliaments, particularly in new democracies (see the child premium saga).

**How can predictability be ensured?**

Social choice research shows that modern parliaments develop institutional solutions to counteract the inherent instability of majority decision-making. Two institutions are of critical importance for stabilizing majoritarian decision-making: political parties and legislative procedures. The next section of this report reviews the conditions under which parties and rules ensure policy predictability.

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**Chaos in distributive politics**

Three MPs negotiate the division of a spending budget on energy subsidies of €1,000. Every MP has a most preferred option. A wants to increase subsidies for coal, B thinks renewable energies should be supported and C deems new nuclear power plants the best energy policy. The triangle below represents the possible budget distributions.

Imagine that A, B and C agree first on an equal sharing of the budget (334; 333; 333). This choice is, however, unstable. A recognizes that he would be better off if he strikes a deal only with B dividing the cake equally between the two (500; 500; 0). B agrees, as he can now spend €167 more on nuclear power. But this result isn't stable, either. C, left with empty hands so far, is now ready to offer a generous split to B (0; 700; 300) which adds another €200 to B's preferred alternative. It is clear from the triangle that no stable and predictable result appears possible even though only three MPs have to decide over three different options. Majority rule doesn't produce a final answer.
Following the parliamentary elections in September 2005, the Polish parliament lacked a clear governing majority. Despite pre-election declarations, the two largest parties – Civil Platform (PO) and Law and Justice (PiS) – failed to enter into a coalition, and PiS formed a minority government under Prime Minister Kazimierz Marcinkiewicz. As well as PiS and PO, four other party groups won seats in parliament: The League of Polish Families (LPR), Polish People’s Party (PSL), Self-Defence (SO), and Democratic Left Alliance (SLD).

In mid-November 2005, one of the then opposition parties, LPR, submitted a bill amending the family benefits law, under which a one-off child premium of PLN 1,000 would be awarded to all parents of newly-born children. The premium had hitherto been a means-tested benefit for parents with income levels below a certain threshold. In effect, the LPR proposed a new benefit available to everyone; one that would exist alongside the means-tested benefit. The finance minister opposed the bill on budgetary grounds, but the PiS party was in favour. PO moved to reject the bill at the first reading, but the motion was rejected by the other five parties. The floor also decided not to refer the bill to a committee reading, but to hold the second reading in a plenary session. Amendments proposed from the floor were referred for consideration to the social policy and family and women’s rights committees. The floor decided against referring the bill and the amendments to the public finance committee.

In early December 2005, the government submitted an alternative amendment bill, which proposed to increase the existing means-tested premium from PLN 500 to PLN 1,000. The first reading was held at a joint meeting of the social policy and family and women’s rights committees – the same two committees that had considered the LPR-initiated bill. The government bill was rushed through the committee first reading and plenary second reading, and, on 16 December, was put to a final vote together with the LPR-initiated bill in the final - third - plenary reading. The government bill was voted on first and was passed almost unanimously. As a result, the family benefits law was changed by increasing the means-tested premium to PLN 1,000. The parliament immediately proceeded to vote on the LPR-sponsored bill. That law passed, too. This time, the SLD and one in three PO members voted to reject it; other parties – including PiS - voted in favour. In effect, as well as increasing the means-tested premium, the family benefits law now provided for an additional premium of PLN 1,000 for all parents. The government was faced with a fait accompli and had to find additional resources in the budget bills, which was already being read by the finance committee.

Key points

- The predictability of the regulatory framework is considered to be critical for investment and economic growth.

- The EBRD-World Bank Business Environment and Enterprise Performance Survey shows that some states in Central Europe find it difficult to ensure predictable economic policies.

- Policy unpredictability can be related to many different factors. This report focuses on an often overlooked factor – the way in which legislative institutions deal with the inherent instability of majority decision-making.

- Although majoritarian decision-making is an efficient and legitimate method of reaching group decisions, it often fails to yield stable results. Cycling majorities could produce chaotic and unpredictable ever-changing policies.

- Majority decision-making produces stable and predictable outcomes if actors hold single-peaked preferences and the decision involves only one dimension. In multi-dimensional spaces, stability is ensured only if preferences are distributed in a radially symmetric fashion. Such conditions may, however, occur infrequently.

- The instability problem can be solved by institutions. In modern parliaments predictability is ensured by party organization and legislative rules.
This section discusses two key institutional factors that shape the predictability of parliamentary decision-making: political parties and legislative rules.

**Parties as stabilizers**

Conventional wisdom in comparative politics states that parties and party coalitions facilitate policy predictability. This is for at least two reasons. First, parties or coalitions of parties tend to agree joint policies, thereby condensing the preferences of individual members into a single position. This mitigates the key conditions that typically lead to chaotic decision-making: dispersed proposal power and heterogeneous preferences. Parties and coalitions use their proposal powers collectively to implement the joint legislative program. Hence, instead of numerous individual proposals, parliament votes only on proposals made by parties, not individual MPs.

Secondly, when a party or a party coalition commands a majority, it can implement the agreed policies. If new issues requiring policy change emerge in the middle of the legislative term, party members and coalitions work jointly to formulate a new policy to be implemented. Once an agreed policy is in place, majority parties and coalitions act as veto players – they reject proposals from the opposition to change the status quo policy unless, of course, a good case can be made to reopen the debate on a given issue.

The extent to which parties and coalitions of parties reinforce policy predictability depends on whether they enter into policy contracts and whether they stay united once an agreed policy has been implemented.

**Policy programme**

To act as effective stabilizers, majority parties must aggregate the different preferences of their members into a common policy compromise. These programs (published in electoral manifestos) function as the reference point for the party’s electoral campaign and the party’s actions in parliament; however, manifestos are incomplete contracts and parties must, therefore, develop ways and means by which to formulate policy details that are in tune with the overall party line. As unforeseen issues arise during the legislative term, there may also be a need for parties to develop new policies.

One party rarely wins an absolute majority of all legislative seats and so there may be a need to build alliances with other parties in order to pursue a joint policy program. Such alliances can be constructed either in the form of a governmental majority coalition or a law-making coalition based on an opposition agreement. In the former case, parties conclude comprehensive policy contracts and enter government to implement them. In the latter case, the minority party in the government concludes separate policy-specific agreements with selected opposition
parties.\textsuperscript{16} In both cases, coalitions hold enough seats in parliament to implement their joint programmes.

\textit{Party and coalition unity}

A policy program is a necessary, but not a sufficient, condition for policy predictability. If predictability is to be achieved, parties and party coalitions must be able to safeguard their preferred policies against change. To achieve this, they must ensure that members of the party or coalition refrain from pursuing goals other than those agreed in the party or coalition program.\textsuperscript{17} The more frequently MPs or parties deviate from the agreed line, the less reliable is the policy program as benchmark for legislative predictability. Parties and coalitions must also ensure that they act in a united way when faced with proposals by the opposition to change the status quo policy.

To achieve unity, parties and coalitions develop mechanisms to gate-keep proposals coming from their members. In this context, it is common for parliamentary party groups (PPG) to scrutinize legislative proposals – bills and amendments – and hold regular consultations with government ministers. Such consultations are facilitated if PPGs are organized into sectoral working groups. Similarly, party coalitions set up mechanisms for gate-keeping proposals. Such mechanisms take the form of regular coalition summits or other coalition management meetings at a working level.

Party unity is also ensured through a system of ‘carrots and sticks’ that leaders can bring to bear on their members. It is generally assumed that the extent to which such incentives are successful is related to the characteristics of the electoral system. Discipline tends to be higher in systems where party leaders control candidate nomination procedures and where voters can only choose between different “closed” party lists. Open list systems, however, where votes can be given to individual party candidates, put a strain on party unity as they set incentives for MPs to occasionally defect from the party line.\textsuperscript{18}

Whether coalitions remain united depends on how their members are disposed to inter-party cooperation. Parties with a collaborative attitude value benefits from coalition survival higher than any gains from collusion with the opposition; parties with a competitive outlook are prepared to risk the life of the coalition by joining forces with the opposition to reopen prior agreements. The position that a party adopts is, in a large part, contingent on how divided the coalition is in programmatic terms.

\begin{table}[h]
\centering
\begin{tabular}{|l|}
\hline
\textbf{Parties as stabilizers} \\
\hline
1 Parties and coalitions of parties facilitate policy predictability because they aggregate preferences and act as gatekeepers. \\
\hline
2 To act as effective stabilizers, parties and party coalitions should enter into comprehensive policy contracts. \\
\hline
1 Parties and coalitions must also act in a united way once their preferred policies are in place. \\
\hline
\end{tabular}
\end{table}

\textit{Rules as stabilizers}

As desirable as policy contracts and unity may be for policy predictability, some political systems (not least new democracies) may not benefit from such institutional features. Is policy unpredictability inevitable under such conditions? Not necessarily. To some extent, party and coalition weakness can be compensated for by legislative rules.\textsuperscript{19} Five types of rules are of particular importance: proposal, scheduling, germaneness, sequencing and voting rules.
Proposal rules

Proposal rules determine who can propose bills to parliament and under what conditions. The crucial issue is whether such rights are dispersed among many sponsors or are concentrated in the hands of a few legislative or executive actors. Even if parties and coalitions are weak, the degree of policy predictability may be reinforced if the rules provide for the concentration of proposal rights. Such concentration is typically achieved by limiting the proposal rights of individual MPs and imposing constraints on the rights to propose certain types of bills; in particular, ‘money’ bills. Such constraints on proposal rights contribute to higher predictability by limiting the number of proposals that a parliament can consider at any time, regardless of party and coalition characteristics.

Scheduling rules

Scheduling rules determine how proposals are selected for discussions in the plenary and committee meetings. The important issue is whether all bills are scheduled for deliberation or if only a selection of bills is debated. Legislative predictability will be reinforced under weak parties and coalitions, if majority party leaders or the government can make a selection of bills that are debated in parliament. Under such conditions, the majority parties or government can ensure that bills that are likely to split the party or a coalition are never put to a vote.

Germaneness rules

Germaneness rules determine which proposals for changes can be made when a bill is processed in parliament. The critical issue is whether any changes can be proposed, or if there are constraints in this regard. Policy predictability is likely to be higher even under weak parties and coalitions if legislative rules provide for restrictive constraints on what amendments can be offered at each stage of the legislative process or if the government or party leaders can select which amendments are put to a vote. Two types of rules are of particular importance here. First, it is important that proposals for changes must relate to the substance of the original proposal. Second, predictability increases if there are content restrictions on the scope of allowable proposals that can be offered on the floor once a bill emerges from the committees.

Sequencing rules

Policy predictability will also depend on the rules that determine (i) how to sequence the deliberation of bills that are similar or cover the same issue, and (ii) provide for ‘grace’ periods during which identical or similar bills cannot be proposed. Such rules contribute to predictability by limiting the number of proposals that any parliament faces at any point in time.

Voting rules

Finally, policy predictability may be reinforced under undisciplined parties and coalitions through special voting rules. One such rule is the right of the government to link a vote in parliament with a vote of confidence. By increasing the cost of an unfavourable change to the policy status quo, the prime minister or government minister is able to impose discipline as if by default. If faced with a choice of voting for the agreed policy or for the new elections, MPs and coalition members would be inclined to tread carefully before making any decision. The vote of confidence procedure does not have to be invoked often to be effective. The mere existence of the rule is sufficient to create significant anticipatory effects among recalcitrant MPs.
Rules as stabilizers

1. The weakness of parties and coalitions can be compensated for by legislative rules.

2. Five types of rule are of particular importance: proposal, scheduling, germaneness, sequencing and voting rules.

3. Policy predictability is enhanced under concentrated proposal rights, restrictive scheduling, germaneness and sequencing rules, and where votes of confidence can be attached to voting on a bill.

How parties and rules interact

Party political factors interact with legislative rules to determine the degree of legislative stability and predictability. The latter can be high or low depending on how these two variables combine (Fig. 1). The predictability of legislation is likely to be lowest if parties or coalitions do not enter into comprehensive policy contracts, do not maintain unity, and where the legislative rules provide for dispersed proposal rights, few scheduling constraints, liberal germaneness and sequencing rights and no possibility to attach a vote of confidence to voting on a bill. Under such a configuration, the adverse impact of party political factors on legislative predictability will not be mitigated by legislative rules.

The outlook for predictability should improve where weak parties and coalitions operate in an institutional environment characterized by numerous institutional constraints. Under such conditions, the rules will partly compensate for partisan problems. Policy predictability will also be reinforced if the parties and coalitions are programmatic and remain united. In such circumstances, parties will be successful in using partisan controls to enforce stability. Finally, a combination of strong party and coalition cohesion and unity on the one hand, and availability of procedural constraints on the other, is likely to result in the highest degree of predictability.

Figure 2. Impact of party political and procedural factors on policy predictability

<table>
<thead>
<tr>
<th>Weak parties</th>
<th>Strong parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited procedural constraints</td>
<td>Low predictability</td>
</tr>
<tr>
<td>Extensive procedural constraints</td>
<td>Moderate to high predictability</td>
</tr>
</tbody>
</table>

Source: own compilation

Key points

Legislative predictability is shaped by the characteristics of parties and coalitions on the one hand and by legislative rules on the other.

Legislative predictability is facilitated if parties and coalitions enter into policy contracts and remain united.

Legislative rules can compensate for party and coalition weaknesses. This is particularly the case under concentrated proposal rights, restrictive scheduling, germaneness and sequencing rules, and where votes of confidence can be attached to voting on a bill.

Party political factors interact with legislative rules to determine the degree of legislative stability.
Section 3
Parties and rules in Hungary, Poland and Slovenia

This section assesses the extent to which parties and legislative rules in Hungarian, Polish and Slovenian parliaments can ensure policy predictability by mitigating the inherent instability of majority rule.

Parties and coalitions

Coalitions provide the dominant form of government in Hungary, Poland and Slovenia (see Table 1 and Annex 1). As many as 15 out of 18 governments in the three countries were formed by more than one party between 1998 and 2008. In Hungary and Poland, coalitions have typically comprised two to three parties; in Slovenia, three and four-party coalitions were the norm. Minority governments were rare in Hungary and Slovenia, but common in Poland where such administrations accounted for one in two cabinets and were in office for almost one third of the decade.

Table 1: Types of government in Hungary, Poland and Slovenia (1998 - 2008)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Governments</th>
<th>Coalitions</th>
<th>Single-Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>5</td>
<td>4 (4)</td>
<td>1 (0)</td>
</tr>
<tr>
<td>Poland</td>
<td>8</td>
<td>6 (4)</td>
<td>2 (0)</td>
</tr>
<tr>
<td>Slovenia</td>
<td>5</td>
<td>5 (5)</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: own compilation number of majority governments in parentheses.

Policy programmes

The extent to which political parties developed coherent policy programmes varied among the three countries. The two parties that dominated the Hungarian political arena - Fidesz and MSZP - emerged as moderately to highly programmatic. Fidesz evolved into a highly united centre-right party that combined national conservatism with a left-leaning economic stance. The main successor party - MSZP - transformed itself into a liberal centre-left party, but continued to be divided by factions and hence had less coherence than Fidesz. The other Hungarian parties, in particular FKGP and MDF, were less programatically coherent. The FKGP split in 2001 and did not enter parliament in 2002.

The Slovenian parties exhibited moderate programmatic coherence. In 1996-2004, the party arena was dominated by the Liberal Democracy of Slovenia (LDS), a liberal centre-left party whose leader, Janez Drnovsek, was prime minister between 1992 and 2002 (with a one-year break in 2000). The right of centre parties showed less ideological cohesion and party splits, and transformations were more frequent. It was only since 2000 that the Social Democratic Party of Slovenia (SDS) consolidated its position as the major conservative party in Slovenia.

The parties that formed the Polish governments had low programmatic coherence. This was most evident in the case of the two parties...
that won the largest share of seats in the two parliaments between 1998 and 2005 – the Democratic Left Alliance (SLD) and the Solidarity Electoral Action (AWS). The SLD – a descendant of the Polish Communist Party – emerged as a programmatically heterogeneous organization, marrying socialists with technocrats and market liberals. The AWS – a coalition of many post-dissident parties clustered around the Solidarity Trade Union – remained a diverse amalgam of left-wing populists, Christian democrats and liberals.

**Coalition agreements**

Since coalitions provided the predominant form of government in all of the three countries, the extent to which parties conclude detailed policy contracts is paramount for policy predictability. The Slovenian coalitions concluded most comprehensive policy agreements. The centre-left cabinet formed by LDS, ZLSD, SLS and DeSUS in 2000 signed a policy-oriented contract of 100 pages. The centre-right coalition of SDS, Nsi, SLS and DeSUS, established in 2004, concluded a detailed 78-page policy agreement. Negotiations leading to coalition agreements took between approximately 40 to 100 days.

The Polish coalitions typically concluded some form of policy contract at the start of the government; however, such contracts varied in length and focus. Some were brief texts that outlined the key policy goals. The contracts signed by the SLD-UP-PSL and PO-PSL coalitions are good illustrations; containing only four and two pages, respectively. Others were more substantive. The AWS-UW coalition signed a policy-oriented document of 25 pages and the PiS-LPR-Samoobrona cabinet concluded an 85-page agreement (of which 57 pages contained a list of specific bills). Minority governments rarely entered into structured support agreements with the opposition. The only formalized agreement was signed by PiS, LPR and Samoobrona in 2006, but failed to stabilize parliamentary politics.

Coalition agreements were perhaps least substantial in Hungary. In 1998, Fidesz signed separate agreements with each of the other two coalition parties, both of which amounted to about ten pages. The MSZP-SZDSZ coalition signed a brief two-page coalition contract in 2002, and a four-page agreement in 2006. That said, Hungarian coalitions tended to conclude more substantial agreements during the legislative term. For example, the MSZP-SZDSZ coalition signed a 26 page addendum to its coalition agreement in mid 2007.

**PPG gate-keeping**

The extent to which parliamentary party groups (PPGs) act as gate-keepers with regard to legislative proposals varied among the three countries. In Poland, the PPG leaderships possessed limited levers to ensure the coherence of party positions on bills and amendments across committees, subcommittees and the floor. As a result, individual MPs enjoyed substantial freedom in formulating proposals and lobbying for specific policy interests. It was only with regard to a few of the most important issues that the PPGs could agree and pursue a consistent policy stance.

The PPG role as gatekeeper was higher in the other two countries. In Hungary, PPGs were organized into working groups that consisted of all members sitting on a given parliamentary committee. The working groups coordinated the PPG position on all bills and amendments. Governing party PPGs engaged in regular coordination meetings with government ministries. The strong coordination within PPGs, and between PPGs and government limited the discretion that individual MPs had in making legislative proposals.

There was evidence of strong coordination of positions within PPGs in the Slovenian parliament. The PPGs met regularly before committee and plenary sessions to agree a common stance on bills and amendments.
Members of committees from the governing parties held regular consultations with representatives of the relevant ministries. MPs cleared their initiatives with the leadership of the PPGs before they were submitted to parliament. For example, it was unusual for MPs to propose amendments during committee meetings, which had not been agreed at PPG meetings.

**Coalition management**

In all three states, coalitions set up mechanisms for policy bargaining and coordination. Such practices were perhaps best developed in Slovenia, where coalition parties set up sophisticated mechanisms for formulating common policy positions. All government bills were normally negotiated and agreed at meetings of the leaders of all coalition parties. The government-level machinery for coalition management was mirrored at parliament level where the largest coalition party took the lead on the coordination of the passage of government bills. This mechanism played a particularly important role when some coalition party members wanted to unpick agreements made at government level.

The Hungarian coalitions also set up a fairly elaborate system of coalition management. The Fidesz-MDF-FKGP coalition benefited from regular meetings between the prime minister and the leaders of the two other parties; informal cabinet meetings, often held outside Budapest; and regular meetings between the minister heading the Prime Minister’s Office (PMO) and the leaders of coalition PPGs. Under the MSZP-SZDSZ coalition, regular meetings were held between the prime minister and the SZDSZ party leader, which were also attended by other key party and parliamentary leaders. These meetings were complemented by coordination between political state secretaries at the PMO.

In Poland, coalition parties developed some mechanisms for policy bargaining and coordination. The parties in government provided for regular or ad hoc meetings of their leaders and, at times, set up joint working groups. It was also common practice for coalition parties to share senior posts at the top of each ministry - if the minister came from one party, the deputy minister would come from the other coalition partner.

**Party unity**

The incentives for party unity, which originate within the electoral system, varied among the three countries. Poland had a candidate-centred PR-open list electoral system. Voters cast a single vote for a single candidate from a party list in 41 districts. Within each district, parties were allocated the number of seats in proportion to their total vote share. These seats were then allocated within the party list to the candidates who received the most votes. Hence, in order to enter, the parliamentary candidates had to compete with their party colleagues for individual votes - a competition that set incentives for occasional breaks in party unity.

Hungary’s moderately candidate-centred electoral system consists of two tiers. One hundred and seventy-six MPs are elected by absolute majority directly in constituencies. Two hundred and ten mandates are allocated to party lists in accordance with the principle of proportional representation. Hence, there are two types of MP in the Hungarian parliament. Whereas MPs from the list can be expected to focus on party-centred activities only, directly-elected MPs have to invest some energy in catering to local interests in order to get re-elected. If the preferences of local electorates and national party leaders conflict, occasional breaks in party unity can occur.

With similarities to Poland, the electoral system in Slovenia is candidate-centred. The country is divided into eight electoral districts that send 11 MPs to parliament. Citizens cast a single vote for one candidate on a party list.
Although these votes are pooled for every party to determine the overall share of seats, the number of votes received by individual candidates influences who receives the mandate. This creates competition between members of the same party for individual votes and can put a strain on party unity.

**Coalition cooperation**

The coalitions adopted varying positions vis-à-vis inter-party cooperation. Slovenian coalition parties typically adopted competitive attitudes towards one another. This was largely due to the ‘grand coalition’ nature of most of the governments. As Figure 3 demonstrates, all – except the short-lived SDS-SLS-SKD cabinet, were divided by major ideological differences. Such competitive attitudes become particularly apparent towards the end of the parliamentary term when coalitions tended to split or become less united; vying with each other to obtain the best possible position before the next round of post-electoral coalition bargaining.

Similarly, competitive attitudes were evident in all of the Polish coalition cabinets.

The parties vied with each other to establish their identities in the electoral market, and in doing so, desired to differentiate themselves from others. The leaders had thus a penchant for stressing the ideal points in their policies; seeking to form ties with their natural voter constituencies. The parties were also characterized by high ideological conflicts (see Figure 3). The AWS-UW coalition married the UW’s liberals with the AWS’s Christian democrats and conservative nationalists. The SLD-PSL-UP cabinet was a coalition of social democrats with a Christian-peasant party. The PiS-LPR-Samoobrona cabinet combined economic socialists, conservative nationalists and populist peasant-party.

In contrast to Poland and Slovenia, Hungarian coalition partners generally adopted cooperative attitudes. This was facilitated by the emergence of two fairly stable electoral blocks led by Fidesz on the centre-right and by MSZP on the centre-left. The parties in each of the blocks intended to form a coalition after the next elections and strongly preferred coalition survival to any gains from collusion with the opposition. The cooperative nature of

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**Figure 3. Ideological distance between coalition party positions on the left-right political spectrum**

Hungarian coalitions was further reinforced by relatively small ideological differences within the coalitions.

**Summary**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>The extent to which political parties developed coherent policy programmes ranged from moderate to high in Hungary and Slovenia to low in Poland.</td>
</tr>
<tr>
<td>2</td>
<td>Detailed policy contracts by party coalitions were common in Slovenia, but less frequent in Hungary and Poland.</td>
</tr>
<tr>
<td>3</td>
<td>PPGs acted as important gatekeepers in Hungary and Slovenia, but less so in Poland.</td>
</tr>
<tr>
<td>4</td>
<td>Mechanisms for managing coalitions are common in all three countries, but best developed in Slovenia.</td>
</tr>
<tr>
<td>5</td>
<td>Incentives for party loyalty are medium in all three countries.</td>
</tr>
<tr>
<td>6</td>
<td>Party attitudes are competitive in Poland and Slovenia, but cooperative in Hungary.</td>
</tr>
</tbody>
</table>

**Legislative rules**

The preceding subsection has demonstrated that the party conditions in Hungary and Slovenia are highly conducive to policy predictability. In both countries, parties developed coherent policy programs, PPGs set up a system of working groups, and coalitions created mechanisms for policy bargaining and coordination. In contrast, parties and coalitions in Poland were less well-placed to provide policy predictability. This subsection examines the configuration of legislative rules to assess if they can reinforce policy predictability.

**Proposal rules**

Proposal rights vary slightly in the three national parliaments discussed in this report. The parliamentary rules in Poland provide for dispersed agenda-setting powers. The number of potential bill sponsors is high - bills can be initiated by the president, government, senate, committees, MPs and citizens. Deputy bills must be supported by at least 15 MPs before they can be submitted to parliament. The government has monopoly of legislative initiative only with regard to budget, public debt and state guarantee bills. All other bills, including ‘money’ bills (tax and spending legislation) may be submitted by non-executive actors.

The Hungarian legislative procedures give agenda-setting powers to four types of bill sponsor: the government, MPs, the president and committees. Individual MPs are allowed to propose bills. The government has monopoly of legislative initiative only with regard to the budget, final accounts and bills that ratify international treaties. All other bills, including ‘money’ bills, may be submitted by non-governmental actors.

In Slovenia, the legislative rules entrust the power to initiate legislation to four types of sponsor: the government, MPs, the National Council (upper chamber) and 5,000 citizens. Individual MPs have the right to propose bills. The government enjoys monopoly of legislative initiative only with regard to the budget. All other bills, including money bills, may be submitted by non-governmental actors.

**Scheduling rules**

The scheduling rules range from relatively liberal in Poland to restrictive in Hungary and Slovenia. In Poland, all bills submitted to parliament - regardless of who proposes them - must be referred to a first reading in the plenary session or a committee. The speaker, who is a senior member of one of the
majority parties, may reject a bill if the formal requirements regarding the explanatory notes have not been complied with; however, this rule is rarely applied strictly. This said, the speaker has some delaying powers. He may delay the first reading of the bill by referring it for consultations with social actors and by soliciting the opinion of the parliamentary legal services regarding its compliance with EU law and the constitution; however, once all such avenues have been explored, the speaker has no other option but to refer the bill to a first reading.

In Polish committees, the agenda is determined by the presidium of the committee (the chair and deputy chairs) and is voted on the committee floor. While the presidium decides by a majority vote — and the governing parties hold a majority of its members — the agenda is generally prepared by consensus and non-governmental bills are scheduled for discussion. It is only in special circumstances that private members’ bills are blocked or delayed. If a private member’s bill is delayed for too long, one quarter of the committee members can call an extraordinary committee meeting to discuss the issue.

Access to plenary time in the Polish parliament is guarded by the speaker, who determines the agenda. The opposition can ask the speaker to place a bill on the agenda, and if the speaker refuses, the matter must be put to a plenary vote within six months. In formal terms, the government parties could block all opposition bills from reaching plenary discussion. In practice, however, Polish speakers tend to schedule most non-governmental bills for plenary deliberation. Only in special circumstances is scheduling delayed for long periods or blocked. This is because there is a convention in parliament that, while the majority can vote opposition bills down, discussions on such bills should be allowed.

The scheduling rules in Hungary provide a privileged position for the majority parties. The governing majority exercises tight control over which bills are deliberated on by parliament. This is because the speaker must send each private member’s bill to a designated committee, which decides by majority vote whether or not it should be placed on the order book of the parliament. A bill that does not receive the support of the committee is terminated, though party fraction leaders may — up to six times a session — ask for a plenary vote on the issue. Government bills or bills initiated by committees or the president are not subject to this filtering procedure.

Hungarian committees discuss a bill before a general debate and, again, once amendments are considered. The decision to place a bill on the committee agenda is made by the chair, but it is also subject to a vote on the committee floor. Although some committees are chaired by the opposition, the chairs do not have the power to block government bills or schedule non-government bills, since the majority in the committee can always revise the agenda. In practice, the scheduling decision at committee level is guided by the House Committee’s indicative decision on when a bill should be ready for the plenary. It is important to remember that the bills considered at this stage are either government (president or committee) bills or private members’ bills that have passed an initial majority vote to be placed on the order book.

In Hungary, the plenary agenda is proposed by the House Committee (HC) and approved by the floor. The HC decides by consensus. If there is no consensus in the HC, the Speaker proposes the agenda and the floor votes on it. The governing parties can keep opposition bills off the agenda by simply not scheduling them for the plenary session or — if the opposition insists — by taking a vote in the plenary. This, however, occurs rarely at this stage, since bills that the government does not like are typically blocked during the initial committee vote. The loyalty of the speaker is kept in check by the floor vote. If he or she were to schedule in
favour of the opposition in the case of conflict, the majority can still overturn her decision by a vote in the plenary session. Government or one fifth of the members can propose revisions to the plenary agenda. A government representative is present at the HC meeting and holds an advance meeting with the speaker and governing party faction leaders.

The configuration of agenda-setting rules in Slovenia is equally restrictive, in particular following the parliamentary reform in 2002. This said, majority parties exercise their gate-keeping powers at a later stage than in Hungary. There is a general understanding that all bills that are introduced should be scheduled for first reading, regardless of whether they are government or opposition bills. Once a bill is tabled, at least 10 MPs can request that a first reading be held in the plenary session. Otherwise, the speaker assigns bills to committees thereby initiating the second reading.

The decision on the agenda of a plenary week is made by the Council (faction leaders and speakers) when deciding on the so-called monthly time schedule - a list of all bills to be worked on by committees in preparation of the plenary week. The speaker then prepares the plenary agenda based on the time schedule and the status of bills. The Council makes decisions by a majority vote - it is enough for faction leaders representing more than 50% MPs to agree for the decision to pass. Each opposition party may request that one bill from its bills be placed on the time schedule - this is a minority protection, but this means that at an extreme one opposition party can only have 5-6 bills voted in the plenary in any six-monthly session. There is a floor vote on the agenda and changes can be proposed but additions to the agenda can be proposed only in exceptional circumstances.

**Germaneness rules**

The germaneness rules range from liberal in Poland to restrictive in Hungary and Slovenia. The Polish parliaments enjoy far-reaching amendment rights. Although the substantive scope of amendments has been restricted by several Constitutional Tribunal judgements, parliament continues to exercise a large degree of discretion with regard to the depth of any amendments, in particular, during the first reading at committee level. It is only in the second reading that the powers to propose amendments are constrained - they can be offered only by groups of at least 15 deputies, the chairpersons of parliamentary clubs or the representatives of an alliance, if it represents at least 15 deputies. Finally, the scope of amendment bills can be freely extended to cover other legislation than that mentioned in the original bill.

In Slovenia, there are fairly stringent substantive constraints on the amendment process. Amendments in the form of new articles can only be proposed if they are compatible with the goal or objectives of the bill. At the second reading, amendments can be proposed only to the articles previously amended in the committee. In effect, if the committee has not amended a bill, no amendments can be proposed from the floor. There are also numerical constraints - amendments in the second reading can be proposed only by a PPG, ten MPs or the government if it is not the sponsor of the bill. Finally, in the case of bills that amend existing law, only changes to the amendments proposed in the bill may be tabled.

The amendment process in Hungary is subject to numerous restrictive rules. In general, amendments to amendment bills can only refer to those articles that were supposed to be amended by the bill. Not all amendments proposed in the committees are subject to a vote in the plenary session. The plenary votes only on those amendments that were supported by at least one third of committee members. Amendments that the government agrees on are voted on together. At the second reading (the so-called debate in detail) only
amendments to the proposed amendments can be proposed.

**Sequencing rules**

Explicit sequencing rules exist in the Hungarian and Slovenian parliaments, but not in the Polish parliament. In Hungary, there is a clear hierarchy of bills. President’s bills have priority over government bills, which, in turn, enjoy priority over committee and MP bills. If bills relating to similar issues are submitted to parliament, the proposals of sponsors placed higher up in this hierarchy have precedence.

The Slovenian parliament maintains restrictive sequencing rules. If two or more bills are submitted to cover a similar issue, the proceedings on the one submitted earlier must be completed before work can start on the other bills. If there are more than two similar bills and one of these has been initiated by the government, then the government bill always comes second unless of course it was submitted first.

In contrast, there are no sequencing rules in the Polish parliament. If bills relating to similar issues are submitted to parliament, they are processed concurrently. Governmental bills do not enjoy priority. There is a tradition of joint deliberation on bills that relate to similar issues. This means that non-governmental bills are often processed together with bills initiated by the government. It is common for similar bills to be merged into a single bill.

**Voting rules**

Linking votes of confidence to parliamentary votes is possible in the Hungarian and Slovenian parliaments, but not in Poland. In Hungary, the government can turn any vote in parliament into a vote of confidence. In Slovenia, the government can attach a vote of confidence only to a final vote on a bill. In Poland, although the prime minister can request a vote of confidence, the procedure cannot be linked to voting on a bill.

### Summary

1. The proposal rights vary slightly in the three national parliaments. In Poland, numerical constraints are imposed on the right of individual MPs to propose legislation.

2. The scheduling rules range from liberal in Poland to restrictive in Hungary an Slovenia.

3. Germaneness and sequencing rights are liberal in the Polish parliament, and constrained in the Hungarian and Slovenian parliament.

4. Linking votes of confidence to parliamentary votes is possible in the Hungarian and Slovenian parliaments, but not in Poland.

### Comparative assessment

The empirical examination of the characteristics of the political parties and coalitions, on the one hand, and the configuration of legislative rules, on the other, shows that the conditions for high policy predictability are most favourable in Hungary and Slovenia (see Figure 4). In both countries, decision-making in parliaments is likely to be predictable because of robust majoritarian coalitions. Parties tend to be programmatically coherent and limit the discretion of individual members in coming up with policy initiatives (see Table 2). At the same time, the parliamentary procedures provide for numerous rules that help parties to behave purposefully and in a united way.

In contrast, the conditions for high policy predictability are least favourable in Poland. Polish parties and coalitions tend to be internally incoherent, allow their members a lot of discretion in initiating policy proposals,
only sporadically enter into comprehensive policy contracts, and their members have numerous incentives to pursue individual policy goals. Such party and coalition weakness is not compensated for by the configuration of the legislative rules. The parliamentary procedures provide for dispersed proposal rights, liberal scheduling, germaneness and sequencing rules, and do not allow votes of confidence to be linked to voting on a bill. Under such conditions, the problems of the majority-rule instability are likely to become apparent in the form of repeated legislative amendments.

It is interesting to note that the above assessment is confirmed by data on the business perception of policy predictability. Between 1999 and 2005, firms in Hungary and Slovenia generally ranked the predictability of the regulatory environment higher than did their counterparts in Poland. Such variation may, at least in part, be due to the extent to which parties and rules resolve the instability of majority rule.

![Figure 4. Positioning of countries](image)

**Table 2. Summary assessment of how party and procedural factors affect policy predictability**

<table>
<thead>
<tr>
<th></th>
<th>POLAND</th>
<th>HUNGARY</th>
<th>SLOVENIA</th>
</tr>
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<tbody>
<tr>
<td><strong>Parties and Coalitions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Party programs</td>
<td>-</td>
<td>-/+</td>
<td>-/+</td>
</tr>
<tr>
<td>Coalition contracts</td>
<td>-/+</td>
<td>-/+</td>
<td>+</td>
</tr>
<tr>
<td>PPG gate-keeping</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Coalition management</td>
<td>-/+</td>
<td>-/+</td>
<td>+</td>
</tr>
<tr>
<td>Incentives for party unity</td>
<td>-/+</td>
<td>-/+</td>
<td>-/+</td>
</tr>
<tr>
<td>Coalition cooperation</td>
<td>-</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td><strong>Rules</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constraints on MP proposal rights</td>
<td>+</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Constraints on money bills</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Scheduling constraints</td>
<td>-/+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Germaneness constraints</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Sequencing constraints</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Confidence attached to bill votes</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

Source: own compilation
This section reviews the French National Assembly and the German Bundestag in order to illustrate the different ways in which both parliaments address the problem of majority rule instability. Whereas Germany shows how coalitions that comprised strong well-organised parties can induce policy predictability, France exemplifies the potential of centralized legislative rules to compensate for the lack of party and coalition unity.

France

**Parties and coalitions**

Under the IVth Republic, French parties failed to coordinate the behaviour of their MPs through comprehensive policy programs. The party system was exceptionally fragmented and the parties focused on local or sectoral concerns; neglecting political issues of national importance. Only following a constitutional reform in the late 1950s did they start to slowly but steadily increase their strength. Today, French parties are well-equipped to function as stabilizers of legislative politics. They campaign on the basis of comprehensive electoral policy manifestos. Similar to German PPGs they allow for specialisation in parliament as they devised a working group structure for the coordination of the work on policy details.

In the last 20 years, France has had eleven different governments. Between 1988 and 1993, the Socialist Party had to form a minority government and did not form a coalition. After this episode, France developed a relatively stable pattern of majority coalitions. Parties of the left and right often campaigned together as the electoral system sets incentives for pre-electoral alliances. Written coalition agreements are rather short or non-existent, but the so-called government declaration acts as an important source of legislation. French coalitions deploy different coalition management instruments. Most importantly, regular meetings of the prime minister and coalition party leaders ensure relatively high coalition unity.

Today, Prime Minister Francois Fillon heads a single-party UMP government that controls an absolute majority of seats. The UMP emerged from the fusion of six different middle-right parties.

**Table 3: French governments 1982-2008**

<table>
<thead>
<tr>
<th>Dates</th>
<th>Prime Minister</th>
<th>Parties</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-1993</td>
<td>three PS- nominated PMs</td>
<td>PS, MRG</td>
<td>Minority</td>
</tr>
<tr>
<td>1993-1995</td>
<td>E. Balladur</td>
<td>RPR, UDF</td>
<td>Minority</td>
</tr>
<tr>
<td>1995-1997</td>
<td>A. Juppé</td>
<td>RPR, UDF</td>
<td>Minority</td>
</tr>
<tr>
<td>1997-2002</td>
<td>L. Jospin</td>
<td>Gauche</td>
<td>Minority</td>
</tr>
<tr>
<td>2002-2005</td>
<td>J-P. Raffarin</td>
<td>UMP, nouv. UDF</td>
<td>Minority</td>
</tr>
<tr>
<td>2005-2007</td>
<td>D. de Villepin</td>
<td>UMP, nouv. UDF</td>
<td>Minority</td>
</tr>
<tr>
<td>2007-now</td>
<td>F. Fillon</td>
<td>UMP</td>
<td>absolute Majority</td>
</tr>
</tbody>
</table>

Source: own compilation
There are, however, some institutional factors that still put a strain on party cohesion and unity. First, the French political system features a strong president – currently personified by Mr. Sarkozy. Especially during the so-called cohabitation – when the president belongs to a party that forms the opposition in parliament – he can put competing pressures on MPs and encourage dissent.

Second, France’s electoral system is candidate-centred. All 577 members of the National Assembly are elected directly from local districts. Although the national party leadership has a considerable influence on candidate nomination, this electoral system emphasizes a direct link between a local electorate and a MP. In case of diverging preferences between local voters and the national party leadership a MP may break unity in order to regain its seat.

**Legislative rules**

Legislative rules in France constitute procedural constraints to instability, which are unmatched by other parliaments. The National Assembly even outranks the House of Commons.

Proposal rules in the National Assembly are relatively liberal. Bills can be introduced by the government and individual MPs or senators; however, the government enjoys a monopoly on introducing the state budget and money bills. Furthermore, scheduling rules strongly centralize the parliamentary agenda. Article 48 of the Constitution stipulates that government motions and all motions that the government accepts enjoy absolute priority on the agenda. Opposition parties and even individual MPs are certainly allowed to introduce bills; however, the French government is effectively empowered to block any of these proposals from consideration.

As an additional safeguard, the powerful speaker of the Assembly can check on the admissibility of bills and amendments. Acting most often in the interest of the majority party he blocks opposition bills that could split the coalition. In brief, the government has all the means to rid the flow of legislative proposals from destabilizing elements.

Germaneness rules provide for even stronger centralization. Although any MP may table amendments, the government controls different instruments to neutralize individual rights. Three rules stand out in the prevention of cycling majorities. First, the introducing of amendments that reduce or increase state budget revenues are forbidden. On this basis, an average of 368 amendments are blocked every year.

Second, equipped with the so-called ‘package vote,’ the government can cut off parliamentary debate at any time and demand an immediate final vote on a motion. This vote bloqué then only entails items that were introduced or accepted by the government. Other proposals are not considered. Accordingly, MPs can only accept or reject the policy package, but cannot offer potentially destabilizing alternative proposals or changes. Most importantly, the government can use this device to save its supporting MPs from embarrassing votes on opposition amendments, which could test their loyalty.

Third, the so-called guillotine grants the government an even stronger weapon during the amendment stage of bills. By invoking this procedure, the government attaches its survival to the passage of a certain bill. If nobody successfully introduces a motion of censure within a specific time limit, the bill is adopted without having to pass an actual vote. In this case, MPs do not only have to take a position on the bill itself, but also on the survival of the government. Even if MPs are opposed to the bill’s content, they will think twice about whether to censure the government. The dissolving of Parliament, which inevitably follows a censure, places their political career and the electoral prospects of their party at risk. Between 1967 and 2002, the guillotine...
has been invoked 62 times – mostly related to very important matters or financial bills, which are considered as particularly cycling-prone. No government ever lost such a vote.

Both the package vote and guillotine are the most important means of centralizing legislative politics in the hands of the government. Students of French politics consider these two instruments as having “stabilizing effects when the government’s majority is divided or numerically weak.”41 This fact has been most forcefully illustrated by the minority government between 1988 and 1993, which relied extensively on centralized legislative rules. This concurs with our notion that rules can be a substitute for party weakness.

Interestingly, these centralized rules have been implemented as a result of the historical failure of parties as stabilizers of parliamentary decision-making in the III and IV French Republic. At that time, the National Assembly was characterised by a fragmented party system without any party unity. This party weakness was complemented by decentralized legislative rules. The Assembly’s agenda was largely set in a bottom up process by individual MPs and committees. The government – enjoying no formal agenda rights – often had to resort to procedural tricks to persuade the assembly to put its bills on the agenda.42 Without strong parties and centralised rules, the stage was set for decades of unpredictable legislative politics. Decision-making was largely based on unstable ad-hoc coalitions, and policy volatility was high. The government often failed to get its bills through parliament and regularly resigned in frustration. The IV Republic saw 26 different cabinets in only 14 years! This legislative instability left the republic unfit to respond to the great problems of its time.

After the stalemate and instability culminated in a threatening crisis in the late 1950s, General de Gaulle took steps to reform the system. In collaboration with his minister for constitutional affairs, Debré, he implemented a version of the so-called “rationalized parliamentarism” following the model of the House of Commons.

As mentioned earlier, French parties improved their strength considerably over the last decades. Hence, the importance of centralized rules for legislative stability decreased accordingly. For students familiar with the complex interaction of party strength and rules, it comes, therefore, as no surprise that the most recent parliamentary reform has relaxed the centralized control of the French government over parliament. As long as united parties and coalitions stabilize parliamentary politics, legislative predictability will remain high in the Palais Bourbon.

### France: rules as stabilizers

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>1</strong></td>
<td>French parties have for a long time been exceptionally weak. In combination with decentralised rules, this created high legislative instability.</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>“Rationalized parliamentarism” – the centralization of legislative rules in the hands of the government – was implemented to substitute for party weakness. The vote bloqué and the guillotine are among the most important stabilizers of legislative politics in France.</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>As party and coalition unity improved, parliamentary reform relaxed the government’s control over parliament without endangering predictability.</td>
</tr>
</tbody>
</table>
Germany

Parties and coalitions

The German Bundestag is the paradigmatic case of a Fraktionenparlament, where parliamentary work is organized around strong and united party groups. German parties exhibit all those features that ensure the predictability of legislative decision-making. All five major parties compete for votes on the basis of comprehensive programs. In parliament, party groups are well-equipped to translate these programs into specific legislative proposals. All PPGs have devised a sophisticated structure of working groups that mirror the jurisdiction of Bundestag committees and federal departments. There, supported by additional staff, policy experts carry out the work on policy details. Often in close collaboration with ministerial bureaucrats they prepare legislative bills and amendments. Regular meetings of party whips and the heads of the working groups ensure sufficient intra-party coordination of these proposals.43

Germany's parties are among the most united party groups in the world.44 Except on special issues, such as abortion, where MPs are allowed to vote in accordance with their consciences, parties vote as unitary actors. This unity stems from a strong internal party solidarity. Moreover, party leaders control access to attractive posts in parliament and government. For instance, committee members and chairs are appointed and can be removed by their parties. The most prominent disciplining device is the chancellor’s ability to attach a vote of confidence to a bill and induce unity the hard way.45

Electoral rules in Germany are seen as conducive to unity. Candidate nomination procedures are organized at a sub-national level, with little control by national leaders; however, toeing the party line appears to be a crucial precondition for receiving a safe position on the party list. For known mavericks, the doors to the Reichstag often remain closed. Although half of all Bundestag members are elected directly in districts, the electoral system emphasizes collective representation by parties. As a representative figure without significant legislative competencies he largely remains outside party competition.

Germany has a long tradition of coalition governments46, which could invite instability; however, aside from the political actors’ considerable experience with this form of government, several factors make coalitions a guarantor of legislative stability. Before the election of the Chancellor, future coalition partners negotiate on common policy projects and agree on a coalition agreement. These agreements are – although not formally – binding as they are both publicly available and approved by party conventions. With an average word count of 32,000, coalition agreements have developed into a comprehensive and concrete list of legislative projects for a full parliamentary period.

Table 4: German governments 1982-2008

<table>
<thead>
<tr>
<th>Dates</th>
<th>Prime Minister</th>
<th>Parties</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-1998</td>
<td>H. Kohl</td>
<td>CDU/CSU, FDP</td>
<td>Majority</td>
</tr>
<tr>
<td>1998-2005</td>
<td>G. Schröder</td>
<td>SPD, Greens</td>
<td>Majority</td>
</tr>
<tr>
<td>2005-now</td>
<td>A. Merkel</td>
<td>CDU/CSU, SPD</td>
<td>Majority</td>
</tr>
</tbody>
</table>

Source: own compilation

Germany is currently governed by a comparatively heterogeneous grand coalition of CDU/CSU and SPD under Chancellor Angela Merkel. Their ideological distance on the left-right political spectrum is 5.2 points (maximum 20); however, this heterogeneity is not the norm. Between 1982 and 2005, party competition revolved around two competing homogeneous blocs (CDU/CSU, FDP versus SPD, Greens). The ideological range between parties in the long-lived coalition of CDU/CSU and FDP (under Helmut Kohl) and in the coalition of SPD and Greens (under Gerhard Schröder) was tiny, standing at 0.2 and.
1.3 points, respectively.\textsuperscript{47} Both blocs often campaigned together before the national vote, as the electoral system sets incentives for the formation of pre-electoral coalitions.

The current grand coalition illustrates that coalition management instruments can provide for stable policy-making even under ideological heterogeneity. Coalition leaders hold regular meetings where they coordinate their positions and try to hammer out compromises on contentious issues. When necessary, they set up working groups that consist of policy experts who prepare bills in line with the coalition agreement. At special conclave meetings of the entire cabinet, held every two years, both parties take stock of their work and update the coalition agreement.

This long-learnt art of “informal settlement” ensures high internal coalition unity.\textsuperscript{48} Projects outside the coalition agreement are not pursued; ad-hoc voting with the opposition is excluded and has not occurred in the recent decades. The last split of a party coalition occurred more than 25 years ago in 1982, when the Free Democrats switched to the CDU/CSU. In sum, party coalitions are sufficiently united to ensure stability.

\textbf{Legislative rules}

In contrast to the considerable unity of parties and coalitions, procedural constraints to instability are rather limited in Germany. Proposal power is granted to the government, the second chamber (Bundesrat), party groups or a minimum number of five per cent of all MPs. This considerably reduces individual action during the initiation of bills. In some legislative areas, special provisions strengthen the power of the government. It enjoys a monopoly over the submission of budget bills. Furthermore, money bills introduced by other actors – that increase or decrease public spending – are ultimately subject to governmental approval. This rule had been implemented in the 1960s when parts of the government and the opposition joined to pass a bill that increased public spending. It is not exercised today, as coalition unity has increased considerably.

The scheduling rules of the German Bundestag grant some power to every PPG present in the Bundestag. The decision on which bills are considered is taken at a meeting of PPG managers consensually and is formally approved by the Council of Elders – a steering body comprising high-ranking party figures. This allocates legislative time to PPGs in proportion to their share of seats. Although this agreement could be overturned by a majority vote in parliament, an array of minority rights ensures that any item has to be debated on no later than three weeks after its introduction.

Similar rules apply to committee deliberations. Although the majority could delay the consideration of opposition bills, a minority of one third of MPs can demand a report no later than ten weeks after its referral to the committee. Hence, leaders of the coalition cannot close the gates on bills that will test party and coalition unity. In fact, every week some opposition parties put items on the agenda that the government coalition is at pains to take a public position on.

The weakness of procedural constraints is most pronounced during the amending of bills.\textsuperscript{49} At the second reading of a bill, every individual MP can table amendments – including amendments to budget bills. Only during the third reading is this right exclusively concentrated in party groups. During the amendment stage, the government enjoys virtually no prerogatives. It cannot even propose amendments, but has to channel them through their supporting PPGs. Furthermore, it has no possibility to reject amendments or to protect its bills by a closed rule similar to the French package vote.\textsuperscript{50}

In this regard, the Bundestag is illustrative of the interplay of party unity and rules in ensuring predictability. Proposal rules enable the opposition to test party unity, but due to party and coalition strength, government PPGs always pass this test. The same applies to rules...
governing change proposals to bills. Even though individual MPs are allowed to table amendments - which could destabilize law-making - they never actually do it. This is because they anticipate that their motions will have little prospect of success. More importantly, they try first to integrate their policy proposals into the parties’ general program. Thus, party and coalition strength eliminates the potential for the instability that is inherent in weak to moderately centralized rules, and ensures stability in the German Bundestag.

Key points

In France, legislative rules are strongly centralized and ensure a high level of legislative stability.

In Germany, legislative stability is achieved by cohesive and united parties and coalitions.

Both cases illustrate that centralized rules and party strength can substitute for one another. In Germany, party strength compensates for liberal legislative rules. In France, centralized rules compensate for the lack of party strength (which, however, increased recently leading to procedural reform).

Institutional designers can learn from France and Germany that parliamentary rules should be framed in accordance with the level of party strength.

Table 5. Summary assessment of how party and procedural factors affect policy predictability

<table>
<thead>
<tr>
<th></th>
<th>FRANCE</th>
<th>GERMANY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parties and Coalitions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Party programs</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Coalition contracts</td>
<td>+/-</td>
<td>+</td>
</tr>
<tr>
<td>PPG gate-keeping</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Coalition management</td>
<td>+/-</td>
<td>+</td>
</tr>
<tr>
<td>Incentives for party unity</td>
<td>+/-</td>
<td>+</td>
</tr>
<tr>
<td>Coalition cooperation</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td><strong>Rules</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constraints on MP proposal rights</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Constraints on money bills</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Scheduling constraints</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Germaneness constraints</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Sequencing constraints</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Confidence attached to bill votes</td>
<td>+</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: own compilation
Section 5
Conclusions

This report has argued that policy predictability is important for citizens and businesses. In doing so, it has emphasized the role of policy-related risk and uncertainty in determining investment decisions made by enterprises and individuals. Many political economists show that, because most investments are irreversible, expected business gains must be discounted by the value of waiting for more information about the future, and the latter increases when policy environments are perceived as volatile. Indeed, comparative research generally finds a positive correlation between policy predictability and economic growth and direct foreign investment.

As desirable as high predictability may be, the report shows that some states in Central Europe are more successful than others in achieving it. In some countries, notably Slovenia, Hungary and Estonia, predictability consistently remains high. In others – mainly Poland, Bulgaria and Romania – it tends to be much lower. Such differences may have many causes, not least electoral volatility, bureaucratic inefficiency and political opportunism.

This report has focused on yet another cause of policy unpredictability – the inherent instability of majority rule. It has argued that all legislative institutions (which normally make the important policy decisions) face a central problem. If legislators have heterogeneous preferences and decide on issues that are multidimensional, then majority rule does not produce a stable outcome – there will always be some solution that can be offered for a vote and that can defeat the existing policy. Hence, democratic parliaments must organize to prevent such chaotic decision-making.

Efficient parliaments rely on two institutional features to maintain policy stability and predictability. The first is political party. Parties ensure predictability because they formulate, implement and preserve joint policies. In doing so, they mitigate the key condition that leads to chaotic decision-making: dispersed proposal power and heterogeneous preferences. The other solution is provided by parliamentary procedure. Not all parliaments benefit from programmatically consistent and disciplined parties and coalitions. In such systems, institutional constraints (proposal, scheduling, germaneness, sequencing and voting rules) can compensate for party and coalition weakness.

France and Germany offer good illustrations of how parties and rules can combine to ensure policy predictability. Under the IV Republic, the French parliament experienced a period of extreme instability as policies were made by ad hoc coalitions. This was due to party weakness and liberal legislative rules. It was only after parliamentary organization had been ‘rationalized’ in the late 1950s that the predictability of French politics improved. A key element of these reforms was to delegate agenda-setting powers to the government and to restrict the amendment powers of individual MPs.
In contrast, Germany always benefited from programmatic and highly disciplined political parties. Germany also had a long tradition of coalition governments, and the parliamentary elections were typically contested by two large blocks of parties. Under such conditions, the incentives for the introduction of extensive institutional constraints were limited. In effect, the German parliament has adopted fairly liberal rules on how bills are proposed, scheduled, and amended. Policy predictability is, however, ensured by party and coalition unity.

The French and German lessons offer interesting lessons for the study of the new democratic parliaments in Central Europe. This report shows that, of the three parliaments studied here, the Hungarian and Slovene legislatures have followed the French example of introducing numerous restrictive rules to counteract the party and coalition weakness that was evident in the early days of transition. Most notably, the Hungarian parliament introduced the scheduling rule that required all MP bills to be subjected to a preliminary vote in a committee, whereas the Slovene parliament delegated the power to decide the plenary agenda to the majority party leaders. In both parliaments, far-reaching constraints on allowable amendments at the committee and plenary stages were also put into place. The institutionalization of these rules was conducive to achieving policy predictability, even if the parties and coalitions were weak. With time, parties consolidated in both Hungary and Slovenia and fairly restrictive procedural rules now co-exist with moderate party and coalition unity (as they also do in France).

In contrast, the Polish parliament did not follow the French model, but rather embraced a German-style configuration of legislative rules. Hence, the Polish parliamentary standing orders provide for limited agenda-setting constraints and give MPs and committees far-reaching amendment rights. Polish rules are perhaps even more liberal than the German procedures. They do not allow votes of confidence to be linked to votes on bills, and they place a lower numerical threshold for MP initiatives (requiring a minimum of 15 MPs to sponsor a bill, compared with 31 MPs in Germany, or 3% of all MPs as compared with 5%). Unlike Germany, however, Poland does not benefit from strong parties and coalitions. On the contrary, as shown in Section 3, Polish parties and coalitions tended to have low programmatic consistency and high fractiousness. The combination of liberal rules and weak parties has thus created conditions that are highly conducive to policy unpredictability.

These findings offer an interesting lesson for institutional designers in Central Europe and beyond. The key insight from the present analysis is that, to establish efficient parliaments, the configuration of newly-established procedural rules must be compatible with the characteristics of the party system. German-type liberal legislative rules cannot stabilize parliamentary policy-making in all contexts, in particular, if the party system is not well consolidated. French-style restrictive legislative rules may not be necessary if strong parties and programmatic coalitions are the norm. The appropriateness of institutional choice may vary over time. As parties stabilize and coalitions become more programmatic, some of the restrictive rules may become redundant. If the party system becomes destabilized, the need for more institutional constraints may re-emerge.
Section 5  Conclusion

Key points

Efficient parliaments rely on a combination of party majorities and legislative rules to maintain policy stability and predictability.

Under the IV Republic, the French parliament experienced a period of extreme instability and the introduction of extensive restrictive rules became necessary. In contrast, Germany always benefited from programmatic and disciplined parties and hence maintained liberal legislative rules.

The Hungarian and Slovene legislatures have followed the French example of introducing numerous restrictive rules to counteract party and coalition weakness. In contrast, the Polish parliament embraced German-style legislative rules, despite having non-programmatic and undisciplined parties and coalitions.

The key lesson for institutional designers is that, if policy predictability is to be ensured, parliamentary organization should be compatible with the characteristics of the party system.
Endnotes

20 It is, of course, legitimate to ask why coalition would not be expected to split on the scheduling votes. One possible answer is that agenda votes are taken by party leaders in closed meetings, which minimizes the
electoral costs of policy decisions. Another possibility is that the agenda decision is made by the government as it is the case in France.


Annex

Data on governments in Hungary, Poland and Slovenia, 1998-2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Dates</th>
<th>Prime Minister</th>
<th>Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>1997-2000</td>
<td>J. Buzek</td>
<td>AWS, UW</td>
</tr>
<tr>
<td></td>
<td>2000-2001</td>
<td>J. Buzek</td>
<td>AWS</td>
</tr>
<tr>
<td></td>
<td>2001-2003</td>
<td>L. Miller</td>
<td>SLD, UP, PSL</td>
</tr>
<tr>
<td></td>
<td>2003-2004</td>
<td>L. Miller</td>
<td>SLD, UP</td>
</tr>
<tr>
<td></td>
<td>2004-2005</td>
<td>M. Belka</td>
<td>SLD, UP</td>
</tr>
<tr>
<td></td>
<td>2005-2006</td>
<td>K. Marcinkiewicz</td>
<td>PIS</td>
</tr>
<tr>
<td></td>
<td>2006-2007</td>
<td>J. Kaczynski</td>
<td>PIS, LPR, Samoobrona</td>
</tr>
<tr>
<td></td>
<td>2007-now</td>
<td>D. Tusk</td>
<td>PO, PSL</td>
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<tr>
<td></td>
<td>2002-2004</td>
<td>P. Medgyessy</td>
<td>MSZP-SZDSZ</td>
</tr>
<tr>
<td></td>
<td>2002-2006</td>
<td>F. Gyurcsany</td>
<td>MSZP-SZDSZ</td>
</tr>
<tr>
<td></td>
<td>2006-2008</td>
<td>F. Gyurcsany</td>
<td>MSZP-SZDSZ</td>
</tr>
<tr>
<td></td>
<td>2008-now</td>
<td>F. Gyurcsany</td>
<td>MSZP</td>
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<tr>
<td>Slovenia</td>
<td>1997-2000</td>
<td>J. Drnovsek</td>
<td>LDS, SLS, DeSUS</td>
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<tr>
<td></td>
<td>2000</td>
<td>A. Bujak</td>
<td>SDS, SLS, SKD</td>
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<tr>
<td></td>
<td>2000-2002</td>
<td>J. Drnovsek</td>
<td>LDS, ZLSD, SLS-SKD, DeSUS</td>
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<td></td>
<td>2002-2004</td>
<td>T. Rop</td>
<td>LDS, ZLSD, SLS, DeSUS</td>
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<tr>
<td></td>
<td>2004-2008</td>
<td>J. Jansa</td>
<td>SDS, Nsi, SLS, DeSUS</td>
</tr>
</tbody>
</table>
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