Understanding Democratic Inclusiveness
A Reinterpretation of Lijphart's *Patterns of Democracy*

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Abstract: This article contributes to the comparative study of democratic inclusiveness by reinterpreting some of Arend Lijphart's *Patterns of Democracy*. Three main arguments are advanced. First, Lijphart's claim that executive inclusiveness follows rather directly from a high effective number of parties is based on incoherent and invalid measurement. Second, executive inclusiveness is best explained in terms of the interaction of a high effective number of parties and strong legislative veto points. This implies that executive inclusiveness cannot be a definitional component of either of Lijphart's two dimensions of democracy. The interaction effect also supports the assumption that inclusive coalitions are costly to build and maintain. Third, parties have incentives to economize on the costs of inclusiveness by avoiding strong legislative veto points. I argue that these incentives are greater in parliamentary than in presidential systems and show that Lijphart's data reveal this difference. Hence the parliamentarism-presidentialism contrast plays a greater and somewhat different role for democratic types than Lijphart acknowledges; and his favourite version of consensus democracy, characterized by a parliamentary system and a high degree of executive inclusiveness, is unlikely to be a behavioural-institutional equilibrium.

INTRODUCTION

Arend Lijphart's path-breaking *Patterns of Democracy* distinguishes between majoritarian

and consensus democracies.[1] One seminal idea behind this distinction is that countries differ

in the inclusiveness of their democratic process. Lijphart measures countries' democratic

inclusiveness along two empirical dimensions, the executives-parties and the federal-unitary

dimension, each consisting of five variables. The executives-parties dimension includes an

indicator for the inclusiveness of cabinets, which Lijphart considers to be "conceptually close

to the essence" of the majoritarian-consensus contrast.[2] I offer a reinterpretation of some of

Lijphart's empirical patterns in the hope of advancing our understanding of democratic

inclusiveness. Three interrelated arguments are developed in turn.

First, Lijphart claims that cabinet inclusiveness follows rather directly from a high

effective number of parties and that it is the empirical core of the executives-parties

dimension.[3] I argue that these claims are based on incoherent and invalid measurement, which

leads to a misinterpretation of the executives-parties dimension. I suggest that executive

inclusiveness cannot be coherently included into this dimension at all (section 2).

Second, Lijphart advances the important conjecture that powerful legislative veto points

are conducive to executive inclusiveness. I agree and argue that because such veto points are

part of his federal-unitary dimension, executive inclusiveness is not a definitional component

of one of his two dimensions but a causal consequence of their interaction. I provide evidence

for this claim using Lijphart's original data set.[4] Moreover, whilst Lijphart largely neglects the

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[1] Arend Lijphart, *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries* (New
Haven: Yale University Press, 1999).

[2] Lijphart, *Patterns of Democracy*, 245.

[3] Lijphart, *Patterns of Democracy*, 181.

[4] See Lijphart, *Patterns of Democracy*; Arend Lijphart, 'Detailed Data used in Patterns of Democracy' (no date),
unpublished manuscript, University of California at San Diego.

costs of inclusive coalitions, I argue that the costliness of building and maintaining ideologically heterogeneous coalitions explains why party systems and veto points have an interactive effect on executive inclusiveness (section 3).

Finally, since inclusive coalitions are costly and legislative veto points are conducive to forming such coalitions, parties have incentives to economize on costs by avoiding strong legislative veto points. I argue that these incentives are greater in parliamentary than in presidential systems and that Lijphart's data reveal this difference. This implies that the form of government is of greater and somewhat different importance to a country's democratic type than Lijphart suggests and that his favourite version of consensus democracy, characterized by a parliamentary system and a high degree of executive inclusiveness, is unlikely to be a behavioural-institutional equilibrium (section 4).

CONCEPTS AND MEASURES OF DEMOCRATIC INCLUSIVENESS

A basic problem in conceptualizing and measuring democratic inclusiveness

Before I can develop my critique of Lijphart's measurement of cabinet inclusiveness, we first have to understand a basic problem in the conceptualization and measurement of democratic inclusiveness. Let us start by defining a democratic process as maximally inclusive if all relevant groups have a say in it. "Having a say" is less than having a veto but more than simply having one's interests taken into account. It means that groups themselves have resources to further their interests, the most important resources being votes, seats and cabinet portfolios.

In representative democracies inclusiveness can be subdivided into three main components corresponding to three main stages of a democratic process: (1) the inclusiveness of the electoral process, (2) the inclusiveness of cabinets and (3) the inclusiveness of legislative coalitions. Inclusiveness at the electoral stage and the legislative stage is necessary

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for overall democratic inclusiveness. If a group is not represented in the assembly at all, it has no resources to influence the formation of portfolio and legislative coalitions. Neither does it have a say, if it is represented in the assembly but completely excluded from the legislative coalition writing and passing the law. In contrast, inclusiveness at the cabinet stage is neither a necessary nor a sufficient condition for democratic inclusiveness. It is not necessary because the inclusiveness of legislative coalitions can compensate for a lack of executive inclusiveness. For instance, a minority government controlling 30 percent of the seats in parliament is very exclusive at the executive stage, but it must build at least minimal winning coalitions in the legislature in order to change the status quo. Executive inclusiveness is also not sufficient for overall democratic inclusiveness because members of executive coalitions may be excluded from the legislative coalition. An important case in point is Switzerland, where a voting coalition of the four permanent cabinet parties is the exception rather than the rule.[5]

These observations suggest that the best stand-alone indicator of democratic inclusiveness, proposed by Jack Nagel, is *popular legislative support*, i.e. the combined vote share of legislative coalitions.[6] Since it measures the inclusiveness of *legislative* coalitions in terms of *votes*, it combines information on the two crucial stages of the democratic process. Unfortunately, putting this measure to work in comparative studies is difficult. A core problem is the distinction between routine/technical and important/politicized legislation. Since the former is passed with rather broad majorities in virtually all advanced democracies,

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[5] See André Bächtiger, Daniel Schwarz and Georg Lutz, 'Parliamentary Practices in Presidential Systems? A Swiss Perspective on Governance in a Separation of Powers Framework' (2006), paper presented at the Joint Sessions of the ECPR, Nicosia, Cyprus, 25-30 April 2006, 13-4.

[6] See Jack H. Nagel, 'Expanding the Spectrum of Democracies: Reflections on Proportional Representation in New Zealand', in Markus M. L. Crepaz, Thomas A. Koelble and David Wilsford, eds, *Democracy and Institutions: The Life and Work of Arend Lijphart* (Ann Arbor, MI: University of Michigan Press, 2000), 121.

adequate measurement would have to focus on the latter. No comparable data on popular legislative support currently exist.

Lijphart's approach to democratic inclusiveness

A crucial feature of Lijphart's *conceptual* approach to democratic inclusiveness is that he focuses strongly on the executive stage but neglects the legislative stage. Lijphart conceptualizes democratic types in terms of two latent meta-principles, a consensus and a majoritarian principle. Two of the indicators derived from the consensus principle measure the inclusiveness at the electoral stage: the disproportionality of the electoral system and the effective number of parliamentary parties.[7] A third indicator is meant to capture the inclusiveness at the cabinet stage, where "the consensus principle is to let all or most of the important parties share executive power in a broad coalition".[8] Lijphart states that this inclusiveness at the cabinet level is the "first and most important characteristic of consensus democracy".[9]

I do not wish to criticize Lijphart's conceptual focus on executive inclusiveness as such. One could argue, e.g., that being included in the executive gives parties a *greater* say on policy than merely being included in the legislative coalition. Moreover, the study of executive inclusiveness is certainly interesting in its own right. The problem, however, is that Lijphart implicitly acknowledges the crucial importance of the final legislative stage for overall democratic inclusiveness and therefore selectively includes aspects of legislative inclusiveness into his measure of cabinet types.

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[7] Rein Taagepera, 'Arend Lijphart's Dimensions of Democracy: Logical Connections and Institutional Design', *Political Studies*, 51 (2003), 1-19, 8.

[8] Lijphart, *Patterns of Democracy*, 34.

[9] Arend Lijphart, 'Back to Democratic Basics: Who Really Practices Majority Rule?' in Axel Hadenius, ed *Democracy's Victory and Crisis* (Cambridge: Cambridge University Press, 1997), 144.

Note first that Lijphart rejects the arguably best indicator of executive inclusiveness: *popular cabinet support*, i.e., cabinet parties' combined vote share.[10] He admits that this indicator is "simple and straightforward" and "directly and closely linked to the basic conceptual distinction" between majoritarian and consensus democracies. He rejects it because he thinks it makes minority cabinets in multiparty systems appear too exclusive.[11] But they simply *are* exclusive *at the executive stage*. The rejection is thus based on the implicit and selective consideration of legislative inclusiveness.

To find a different indicator Lijphart distinguishes exclusive (majoritarian) from inclusive (consensual) cabinet types and uses the frequency with which exclusive cabinets are built as an indicator of cabinet exclusiveness. He relies on the standard classification of five cabinet types: minimal winning one-party cabinets (MW_1), minimal winning multiparty cabinets (MW_m), one-party minority cabinets (m_1), multiparty minority cabinets (m_m) and oversized cabinets (OS).[12] If we let "<" stand for "less consensual than" and "=" for "as consensual as", Lijphart's indicator is based on the following ranking:[13]

(1) $MW_1 < MW_m = m_1 < m_m = OS$

Thus Lijphart distinguishes three groups of cabinets: exclusive, inclusive and in-between. This ranking is translated into numerical values by computing the percentage of the three exclusive cabinets in all cabinets for the period from 1945 to 1996, but giving MW_1 twice the

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[10] Nagel, 'Expanding the Spectrum of Democracies'.

[11] Lijphart, 'Back to Democratic Basics', 157.

[12] We use the abbreviations suggested by Taagepera. See Rein Taagepera, 'Implications of the Effective Number of Parties for Cabinet Formation', *Party Politics*, 8 (2002), 227-36.

[13] Lijphart, *Patterns of Democracy*, 91.

weight of MW_m and m_1.[14] Lijphart calls this indicator the frequency of minimal winning and one-party governments (*MW/OP*). Based on this indicator he develops one of his crucial empirical claims: that a representative (inclusive) party system tends to translate rather directly into inclusive cabinets.[15] This claim is based on the fact that *MW/OP* is highly correlated with the effective number of parties (*N*). In his sample of 36 established democracies, *N* accounts for roughly three-fourth of the cross-sectional variation in *MW/OP*.[16] Moreover, *MW/OP* is empirically the central and most important of the five variables constituting the executives-parties dimension.[17]

The problem with *MW/OP* is that ranking (1) cannot be derived from any coherent concept of executive inclusiveness. With respect to their seat share, minority cabinets are clearly exclusive, oversized cabinets are inclusive and minimal winning cabinets are in-between. Lijphart might object that the number of cabinet parties also matters because multiple parties negotiate as equals, whereas intra-party groups negotiate in the shadow of hierarchy. Yet even if this number is also taken into account, ranking (1) does not follow: one-party minority governments are still the most exclusive cabinet type and minimal winning coalitions are still more inclusive than minority coalitions.

To get to ranking (1), therefore, Lijphart must again implicitly shift his conceptual focus onto legislative inclusiveness, but only for minority governments. Ranking (1) assumes that one-party minority cabinets tend to build minimal winning coalitions in the legislature and multiparty minority cabinets tend to build oversized legislative coalitions.[18] This selective

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[14] Lijphart adjusts for the length of cabinets.

[15] Lijphart, *Patterns of Democracy*, 181.

[16] Lijphart, *Patterns of Democracy*, 112. Note that all empirical results in this paper are based on average values for the period from 1945 to 1996.

[17] Lijphart, *Patterns of Democracy*, 245. See also Taagepera, 'Arend Lijphart's Dimensions of Democracy', 3.

[18] Lijphart, *Patterns of Democracy*, 91.

conceptual shift shows in other ways as well: minimal winning coalitions that pass some arbitrary threshold of legislative cabinet support (80 percent) are coded as oversized coalitions,[19] and in one and only one case, Japan, clear-cut majority cabinets are recoded as minority cabinets based on the qualitative inference that the governing party usually tried to build more inclusive legislative coalitions.[20] Hence Lijphart's indicator is conceptually incoherent: some cases and cabinet types are ranked according to their executive inclusiveness, others according their (partly assumed) legislative inclusiveness.

What, then, does Lijphart's indicator *MW/OP* measure? An analysis by Taagepera is instructive.[21] It shows that N imposes logical constraints on the feasibility of one-party majority cabinets: if N is below 2, one party must have more than 50 percent of the seats, so this cabinet type must be possible. If N is above 4, this type is logically impossible.[22] Since Lijphart mistakenly treats this cabinet type as being the most exclusive, the logical analysis suggests that his indicator is a complicated proxy for N itself.[23] As Taagepera states, it "supplies a way to *visualize* the *meaning* of the effective number of parties".[24]

But this means that the correlation between the two indicators tells us little about the *causal* relationship between party systems and executive inclusiveness. In fact, while N is highly correlated with the frequency of oversized cabinets as the most inclusive cabinet type (Pearson's r = .67), it is even more highly correlated with the frequency of one-party minority

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[19] Lijphart, *Patterns of Democracy*, 106-7.

[20] Lijphart, *Patterns of Democracy*, 108.

[21] Taagepera, 'Implications of the Effective Number of Parties'.

[22] Given the constraint of a one-party majority, the value for N is greatest when the majority is the smallest possible (50% plus one seat) and the number of minority parties is large. As this number approaches infinity, and the seat share of the minority parties approaches zero, N approaches 4.

[23] Of course, a simpler proxy, directly derived from Taagepera's logical analysis, would be the frequency of one-party majority cabinets.

[24] Taagepera, 'Implications of the Effective Number of Parties', 234-5, emphasis added.

governments as the most exclusive type (r = .84). A high *N* alone is thus clearly insufficient to make executive inclusiveness very likely. All it does is make majority governments of only one party impossible. Yet this information is already contained in *N* itself. Hence Lijphart's incoherent indicator does not add new systematic information to the executives-parties dimension.

This insight is important because a parallel argument can be made with respect to this dimension's fourth important variable: the indicator *cabinet duration* has nothing to do with the theoretical concept *cabinet dominance*,[25] but it is highly correlated with *N*, at least in parliamentary democracies.[26] This suggests that Lijphart's executives-parties dimension is typically misunderstood, as it does not contain the information on executives it is supposed to contain.[27] Instead, the attempt to include aspects of the cabinet into the executives-parties dimension in effect leads to a repeated measurement of *N*.

How to measure executive inclusiveness with Lijphart's data?

Two implications follow from this critique of Lijphart's indicator. First, if we cannot ignore the inclusiveness at the legislative stage, it must also be included into the conceptual discussion of democratic types and its empirical measurement must be consistent. Second, if we do want to study executive inclusiveness independently of legislative inclusiveness, our measures should consistently focus on the executive stage. In what follows, I want to explore the *causes* of inclusiveness at this stage based on Lijphart's data set. The question thus is: How are we to measure executive inclusiveness based on these data?

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[25] George Tsebelis, *Veto Players. How Political Institutions Work* (Princeton, NJ: Princeton University Press, 2002), 110.

[26] Taagepera, 'Arend Lijphart's Dimensions of Democracy', 5-6.

[27] The fifth variable of the executives-parties dimension, interest group pluralism, clearly stands apart from the other four measures. See Taagepera, 'Arend Lijphart's Dimensions of Democracy', 7.

I contend that the best, albeit imperfect, measure is the *frequency of oversized cabinets.* Only this cabinet type is consistent with Lijphart's consensus principle "to let all or most of the important parties share executive power".[28] The main problem of this measure is that oversized cabinets can be rather narrow in terms of their seat and vote share. But this problem cannot be solved with Lijphart's data, which only contain information on cabinet types rather than cabinet support. The next section shows that if we focus on oversized cabinets, executive inclusiveness is best explained by the *interaction* of a high effective number of parties and the existence of at least one powerful legislative veto point.

THE CAUSES AND COSTS OF EXECUTIVE INCLUSIVENESS

The previous section argued that Lijphart's indicator of cabinet types does not measure executive inclusiveness and thus does not add systematic information to the executives-parties dimension. In this section I argue that executive inclusiveness *should* be excluded from this dimension because it is not only influenced by the party system but also by powerful legislative veto points. And since veto points such as strong second chambers are part of Lijphart's federal-unitary dimension, it follows that executive inclusiveness cannot be definitional component of one of his two dimensions but is a causal consequence of both.[29] I present evidence for this conclusion on the basis of Lijphart's original data.

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[28] Lijphart, *Patterns of Democracy*, 34.

[29] For this conceptual argument see Steffen Ganghof, 'Normative Modelle, institutionelle Typen und beobachtbare Verhaltensmuster. Ein Vorschlag zum Vergleich parlamentarischer Demokratien', *Politische Vierteljahresschrift*, 46 (2005), 406–31.

Theory

In the theoretical and qualitative part of his study, Lijphart suggests that institutional veto power of minorities is conducive to oversized cabinets.[30] This important idea has come to be known as the "Lijphart-Sjölin conjecture" in coalition research.[31] I specify this conjecture by postulating a causal interaction between the effective number of parties and legislative veto points.[32] Moreover, I argue that the interaction effect and its component parts can be explained in terms of the costliness of building and maintaining inclusive coalitions. This analytical focus on the costs of inclusiveness is important because it also provides an explanation for the causal relevance of the effective number of parties. I start with this explanation and then move on to the importance of veto points and the interaction effect.

In *Patterns of Democracy* Lijphart does not discuss causal mechanisms that could explain the hypothesized correlation between N and executive inclusiveness.[33] Rather, he seems to derive this hypothesis from his foundational idea that countries follow one of two latent meta-principles, a majoritarian or a consensus principle, and that the latter implies both a high number of parties and inclusive cabinets. I contend that it is the costliness of very inclusive coalitions that explains why N is positively associated with the frequency of oversized cabinets. Two types of costs seem most important. First, the higher N, the easier it will be for

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[30] Lijphart, *Patterns of Democracy*, 102-3.

[31] Craig Volden and Clifford J. Carrubba, 'The Formation of Oversized Coalitions in Parliamentary Democracies', *American Journal of Political Science*, 48 (2004), 521-37, 525. Note that the literature on coalitions typically uses a narrow understanding of this conjecture focused on second chambers.

[32] Interactive effects of party systems and veto points are also visible in other outcomes of democratic politics such as voter turnout and policy outputs. See Mark N. Franklin, 'The Dynamics of Electoral Participation', in Lawrence LeDuc, Richard G. Niemi and Pippa Norris, eds, *Comparing Democracies 2* (Thousand Oaks: Sage Publications, 2002); Steffen Ganghof, 'The Political Economy of High Income Taxation: Capital Taxation, Path Dependence and Political Institutions in Denmark', *Comparative Political Studies*, 40 (2007), 1059-84, 1076-80.

[33] Lijphart, *Patterns of Democracy*, 112-13.

potential minimal winning coalitions to include a small surplus party that cannot demand many portfolios and does not add much or anything to the ideological heterogeneity of the coalition. This is most obvious in the limiting case of a legislature in which each party consists of one legislator: the difference between a minimal winning and an oversized cabinet can then be only one legislator, so that the marginal costs of forming an oversized coalition in terms of portfolio allocation and ideological heterogeneity tend to be low.[34]

Second, when *N* is small, oversized cabinets tend to reduce democratic opposition and the saliency of elections. In the case of a pure two-party system, an oversized cabinet equals an all-party cartel, which would likely be associated with significant costs such as intra-party factionalization, public discontent and low turnout. The Colombian two-party cartel during the "Frente National" government (1958 to 1974) seems to be an instructive example. Despite the initial success in pacifying the country, the cartel proved to be "unsustainable", partly because the "left did not have access to a democratic channel for participating in the political process, weakening the legitimacy of the Frente National and resulting in high rates of abstention."[35] In contrast, a high effective number of parties allows for the combination of an oversized coalition and significant opposition in parliament.

The costliness of inclusive coalitions also explains the relevance of veto points. If institutional constraints make it more likely that parties build inclusive cabinets, these parties must have reason to avoid such cabinets without the constraints. In the absence of veto points

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[34] For evidence that the number of parties in and the ideological heterogeneity of a potential coalition reduce its likelihood, see Lanny W. Martin and Randolph T. Stevenson, 'Government Formation in Parliamentary Democracies', *American Journal of Political Science*, 45 (2001), 33-50.

[35] Mauricio Cárdenas, Roberto Junguito and Mónica Pachón, 'Political Institutions and Policy Outcomes in Colombia: The Effects of the 1991 Constitution', in Ernesto Stein, Mariano Tommasi, Carlos Scartascini and Pablo Spiller, eds, *Policymaking in Latin America. How Politics Shapes Policies* (Cambridge: Harvard University Press, 2008), 204.

parties often choose less inclusive coalitions in order to reduce costs. Yet if veto points *require* inclusive coalitions in order to change the legislative status quo, parties have no alternative. They only have the choice between building the more inclusive coalition earlier, at the executive stage, or later at the legislative stage. Including as many veto players as possible into the cabinet may have the benefit of making these players more accommodating.[36]

Since the causal effects of the effective number of parties and veto points are both based on parties' cost-benefit calculus, we can expect them to interact. Oversized cabinets are most likely when veto points require oversized legislative coalitions *and* when a high effective number of parties reduces the costs of building and maintaining oversized coalitions. This interactive specifications of the Lijphart-Sjölin conjecture contrasts with the additive understanding of it that is prevalent in the literature.[37] I submit the following proposition:

> *Proposition 1*. The effective number of parties and significant legislative veto points have an interactive positive effect on the frequency of oversized cabinets, everything else being equal.

Empirical analysis

I evaluate proposition 1 with a dummy variable (*VETO*) that takes the value of 1 if a country has at least one powerful legislative veto point and 0 otherwise. It is important to include all potentially relevant types of legislative veto points. The coalition literature focuses only on second chambers and Lijphart's more comprehensive study also neglects many types of legislative veto points, most notably unicameral minority vetoes, presidential vetoes with

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[36] See Steffen Ganghof and Thomas Bräuninger, 'Government Status and Legislative Behaviour. Partisan Veto Players in Australia, Denmark, Finland and Germany', *Party Politics*, 12 (2006), 521-39.

[37] Volden and Carrubba, 'The Formation of Oversized Coalitions in Parliamentary Democracies', 529.

supermajoritarian veto override, and referendum vetoes. His omission of Finland's unicameral minority veto is particularly noteworthy because Lijphart uses this case to develop the Lijphart-Sjölin conjecture.[38] Prior to 1992 the Finnish constitution had given one-third of the members of its unicameral parliament a legislative veto. While technically only a suspensive veto, Lijphart emphasizes that laws could, in part, be deferred until after the next election.[39] This made the veto comparable to an absolute veto, especially with respect to cabinet formation. I include the following veto points:

- *Strong bicameralism*: Australia, Germany, Switzerland and the US are counted as strongly bicameral based on Lijphart.[40]

- *Supermajority decision rules in at least one "strong" chamber*: Such rules are very rare, but exist in the US (Senate filibuster) and used to exist in Colombia (1958-74) as well as in Finland (prior to 1992) as explained above.[41]

- *Presidential veto*: Colombia, Costa Rica, and the US are counted as having strong presidential veto rights in ordinary (non-financial) legislation, i.e. vetoes that can

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[38] Lijphart, *Patterns of Democracy*, 103.

[39] Lijphart, *Patterns of Democracy*, 103.

[40] Lijphart, *Patterns of Democracy*, 212.

[41] See John M. Carey, Octavio Amorim Neto and Matthew Soberg Shugart, 'Appendix: Outlines of Constitutional Powers in Latin America', in Scott Mainwaring and Matthew Soberg Shugart, eds, *Presidentialism and Democracy in Latin America* (Cambridge: Cambridge University Press, 1999); Björn E. Rasch, 'Parliamentary Floor Voting Procedures and Agenda Setting in Europe', *Legislative Studies Quarterly*, XXV (2000), 3-23; Torbjörn Bergmann, Wolfgang C. Müller, Kaare Strom and Magnus Blomgren, 'Democratic Delegation and Accountability: Cross-national Patterns', in Kaare Strom, Wolfgang C. Müller and Torbjörn Bergmann, eds, *Delegation and Accountability in Parliamentary Democracies* Oxford University Press, 2003), 114-6.

only be overridden by supermajorities.[42] In Colombia, the override requirement was abolished in 1991, but at the same time the second chamber became strong.[43]

- *Referendum vetoes*: Certain forms of referenda allow voters to veto parliamentary decisions. However, only in Switzerland is voters' veto power sufficiently strong to be counted as a legislative veto point.[44]

The seven cases with at least one significant veto point fortunately also have very different party systems: Australia, Costa Rica and the United States have few parties, Switzerland and Finland have many parties, and Colombia and Germany are in between. This enables us to investigate proposition 1.

[Table 1 about here]

Table 1 presents the results of cross-section regressions, using average values for the period from 1945 to 1996.[45] Model 1 shows that 44 percent of the frequency in oversized

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[42] See David J. Samuels and Matthew Soberg Shugart, 'Presidentialism, Elections and Representation', *Journal of Theoretical Politics*, 15 (2003), 33-60. See also Bergmann, Müller, Strom and Blomgren, 'Democratic Delegation and Accountability: Cross-national Patterns', 114-6.

[43] Lijphart, *Patterns of Democracy*, 212.

[44] For an institutional survey of direct democracy in all of Lijphart's democracies, see Sabine Jung, *Die Logik direkter Demokratie* (Wiesbaden: Westdeutscher Verlag, 2001).

[45] The method of estimation is ordinary least squares (OLS). This is not without problems because the dependent variable is bounded between 0 and 100. OLS is nevertheless chosen for three reasons. First, the goal here is to compare the results with those reported by Lijphart, who also uses OLS. Second, the focus here is not on precisely estimating the quantities of a well-understood causal structure, but to make an essentially qualitative inference about this structure itself. Third, a better-suited quasi-maximum likelihood estimator (QLME) is also problematic due to the small sample size, but the results of this estimator corroborate the causal structure postulated here and can be obtained from the author. On the QLME estimator see Leslie E. Papke and Jeffrey M.

cabinets can be accounted for by the effective number of parties alone. Model 2 introduces the veto point dummy and an interaction term, which increases the explained variance to 53 percent. Two cases have a large effect on the fit of the model. One is Austria, all of whose "oversized cabinets" in the data set are in fact minimal winning but have been reclassified by Lijphart due to their high share of seats in the legislature.[46] The other country is Mauritius – an unusual case that is also a clear outlier in the correlation between *N* and Lijphart's indicator of cabinet types (*MW/OP*).[47] The fairly high share of oversized cabinets in this country seems to result mainly from pre-electoral coalition-building in response to a highly disproportional electoral system.[48] If these two cases are dropped, explained variance jumps to 74 percent, as shown in the final column.

[Figure 1 about here]

To explore the interaction effect in more detail, it is prudent to use the results for the entire sample. *N* has a statistically significant positive effect for both values of *VETO*. However, in the absence of a powerful veto point one additional effective party increases the frequency of oversized cabinets by 11.5 percentage points, whereas a powerful veto point increases this effect to 27.3 percentage points (11.5 + 15.8). To interpret the effect of *VETO*, a marginal effects plot is useful (Figure 1). When *N* is around 2, the effect of a strong legislative veto point is indistinguishable from zero and statistically insignificant. As *N* increases,

Wooldridge, 'Econometric methods for fractional response variables with an application to 401(k) plan participation rates', *Journal of Applied Econometrics*, 11 (1996), 619-32.

[46] Lijphart, *Patterns of Democracy*, 106, Fn. 6.

[47] Lijphart, *Patterns of Democracy*, 112-3.

[48] Henry Srebrnik, ''Full of Sound and Fury': Three Decades of Parliamentary Politics in Mauritius', *Journal of Southern African Studies*, 28 (2002), 277-89, 279.

however, so does the positive effect of *VETO*, reaching statistical significance when *N* is around 3.5 or greater.

Qualitative evidence also corroborates the interaction effect. The two countries combining strong legislative veto points with a high effective number of parties are Finland (until 1992) and Switzerland. Country experts agree that powerful veto points were a crucial contributing cause of very frequent oversized cabinets in both countries.[49] Finland also contrasts nicely with other Nordic cases which share many of Finland's political and institutional features but are set apart by the absence of a significant veto point and a high frequency of minority rather than oversized cabinets.[50] Australia represents the combination of few parties and a powerful veto point, the Senate, in which the government typically lacks a majority. Contrary to what additive specifications of the Lijphart-Sjölin conjecture would lead one to expect, parties in the House of Representatives do not form oversized cabinets in order to absorb the Senate as an institutional veto player. Instead, they build flexible legislative coalitions in the Senate, often relying on minor parties not represented in the House.[51]

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[49] On Finland, see Jaakko Nousiainen, 'Finland. The Consolidation of Parliamentary Governance', in Wolfgang C. Müller and Kaare Strøm, eds, *Coalition Governments in Western Europe* (Oxford: Oxford University Press, 2000). On Switzerland, see Wolf Linder, *Swiss Democracy - Possible Solutions to Conflict in Multicultural Societies* (London: Macmillan, 2002).

[50] See David Arter, *Democracy in Scandinavia. Consensual, Majoritarian or Mixed?* (Manchester/New York: Manchester University Press, 2006), 86-108, 258-75.

[51] See Stanley Bach, *Platypus and Parliament: the Australian Senate in Theory and Practice* (Canberra: Department of the Senate, 2003); Ganghof and Bräuninger, 'Government Status and Legislative Behaviour', 533-4.

INCLUSIVE EQUILIBRIA?

The previous section treats legislative veto points as exogenous. The empirical results support the assumption that inclusive coalitions tend to be costly. Yet this costliness assumption has a further testable implication: If legislative veto points are constraints that require parties to build costly coalitions, we can expect that rational parties avoid veto points from the start or try to weaken them as their experience accumulates. In this section I argue that this expectation is borne out by Lijphart's data once we recognize the form of government as a crucial contextual factor.

Theory

To develop the argument, the relationship between electoral and party systems provides a helpful analogy. Josep Colomer conceptualizes this relationship as a behavioural-institutional equilibrium. Parties do not only change their behaviour in response to constraining electoral institutions, they also try to change the very institutions that constrain them. Behavioural changes include the merging of parties or the formation of pre-electoral coalitions, whereas institutional changes mean electoral reform. The mutual adjustment of institutions and behaviour leads to two polar equilibria: in one a two-party system and a pluralitarian or majoritarian electoral system are mutually stabilizing, the other is characterized by a multi-party system and proportional representation. A crucial thesis of Colomer is that the first equilibrium is more fragile so that the long-run trend in democracies is towards the second.[52] In other words, the removal of institutional constraints may in the long run be more important than the costly behavioural adjustment to these constraints.

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[52] Josep M. Colomer, 'It's Parties That Choose Electoral Systems (or, Duverger's Laws Upside Down)', *Political Studies*, 53 (2005), 1-21.

I suggest that we can apply the idea of a behavioural-institutional equilibrium not only to electoral and party systems but to democratic types in general. To develop such a perspective, the first and crucial step is to apply it to the mutual relationship between legislative institutions and coalition-building. Just as parties often have incentives to remove institutional constraints on their pre-electoral behaviour, they may also have incentives to remove institutional constraints on their post-electoral behaviour, i.e., to avoid, weaken or abolish veto points. The strength of these incentives depends on the extent to which legislative veto points do indeed imply the requirement of inclusive coalitions. I submit that a crucial contextual factor in this regard is the form of government.

Powerful legislative veto points are likely to be a more severe constraint on coalition-building in parliamentary systems, for two reasons. First, the most important decision rule in a parliamentary democracy is the one applied to the vote of non-confidence procedure. The easiest way to induce inclusive cabinets would therefore be to give a minority a veto over the cabinet. Yet since inclusive cabinets are costly, and since cabinet instability is a major problem in parliamentary democracies, the vote of non-confidence procedure is everywhere based on majority rule. But this implies that a minority veto in ordinary legislation creates severe tension: it either turns into a de facto veto over the cabinet, leading to cabinet instability, or it creates a sort of democratic deficit, as a cabinet having a clear popular mandate and enjoying assembly confidence may see its legislative program blocked by a legislative minority.

Second, the disunity of parties and coalitions tends to be greater in presidential systems, and this disunity can be a different mechanism to reduce the inclusiveness and hence the costliness of legislative coalition-building. It allows for inter-party and inter-branch coalitions

of like-minded legislators, whilst excluding less like-minded legislators in all parties.[53] A certain degree of party disunity may be an important part of the behavioural-institutional equilibrium in presidential democracies with significant legislative veto points.

With respect to Lijphart's sample, two main implications follow. One, parliamentary systems were less likely to have powerful legislative veto points, because constitutional designers had either avoided them from the start or weakened them prior to 1945, the starting year of Lijphart's period of investigation. Two, if a parliamentary democracy did have a powerful institutional veto point, a strong reform stimulus was likely and more likely than in presidential systems. These two implications can be combined as follows:

> *Proposition 2*. Parliamentary systems are less likely to have legislative veto points that give veto power to minorities. If they do have them, the resulting reform stimulus will be greater than in presidential systems, everything else being equal.

Empirical analysis

Proposition 2 is also corroborated by Lijphart's data. Consider first the distribution of veto points. Of 36 cases only five were presidential,[54] but four of them (80 percent) had at least

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[53] See Scott Mainwaring and Matthew Soberg Shugart, 'Conclusion: Presidentialism and the Party System', in Scott Mainwaring and Matthew Soberg Shugart, eds, *Presidentialism and Democracy in Latin America* (New York, NY: Cambridge University Press, 1997), 418-21; Tsebelis, *Veto Players*, 84-5.

[54] I focus on the most important difference between parliamentary and presidential systems, i.e., whether or not governments can be removed by the assembly for political reasons. Switzerland is treated as a presidential system because the cabinet cannot be removed. It is a very special case, however, because the collegial, multi-member cabinet is elected by the assembly.

one strong legislative veto point and three of them had more than one.[55] In contrast, of the 31 parliamentary systems only three (roughly 10 percent) had a strong veto point throughout most of the period under consideration: Australia, Finland and Germany. Moreover, the Australian Senate does not usually work like a minority veto. Since both chambers are directly elected and electoral rules are more proportional for the Senate, majority cabinets in the House that lack a Senate majority can usually rely on minimal winning coalitions in the Senate to pass legislation.[56] These minimal winning coalitions "absorb" the House as a veto player, so that the institutional requirements for legislative inclusiveness are typically not different from those in unicameral proportional representation systems with legislative majority rule.[57]

Second, all cases for which Lijphart reports a reduction in the formal power of the second chamber during the period under consideration are parliamentary: New Zealand (1950), Denmark (1953), Sweden (1970) and Iceland (1991) abolished their second chambers, and Belgium reduced the veto power of its second chamber in 1993.[58] In contrast, the only case for which he reports an increase in the strength of the second chamber is presidential Colombia, which moves from medium-strength to strong second chamber in 1991. To be sure,

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[55] Note that a powerful veto point is not a *definitional* feature of a presidential system. The presidential veto can in some countries be overridden by simple or absolute majorities in the assembly.

[56] There were brief periods in which the major opposition party or parties in the House had a majority in the Senate. The best-known instance of this situation is the constitutional crisis of 1975: the Senate provoked the dismissal of the Labor Prime Minister by refusing to pass the government's appropriations bills. See Bach, *Platypus and Parliament*, 83-119; Ganghof and Bräuninger, 'Government Status and Legislative Behaviour', 533.

[57] These arguments do not contradict the classification of the Australian Senate as a strong legislative veto point in the regression analysis above. The Senate is a strong veto point with respect to portfolio coalitions in the House. Extremely inclusive cabinets would have to be formed to absorb the Senate as a veto player.

[58] Lijphart, *Patterns of Democracy*, 212-3, n. 5.

all of the parliamentary cases of institutional reform had not been, according to Lijphart, in the "strong" bicameralisms category prior to the reforms.[59] The clear trend is nevertheless noteworthy, especially since Denmark, Sweden and Belgium had been among the rare parliamentary democracies in which the cabinet also depended on the confidence of the second chamber. The costliness of the second chambers' veto power contributed to the institutional reforms in these countries.[60]

The third observation concerns the only two parliamentary cases in which legislative veto points often functioned like a minority veto: Finland and Germany. Since Lijphart neglects the Finnish veto in his quantitative measurement of democracies, he does also not comment on the fact that Finland abolished it in 1992. This is unfortunate because Finland is an excellent example for the idea of a behavioural-institutional equilibrium in post-electoral coalition-building. Although parties had responded to the veto by forming broader cabinets, they eventually decided, in broad agreement, to abolish the veto and thus be free to build less inclusive executive and legislative coalitions if necessary. Their explicit goal was to end "extreme consensual parliamentarism".[61] A few years after Lijphart's study was published, in 2003, Germany also embarked on a constitutional reform whose most important aim was to reduce the share of legislation on which the second chamber has absolute veto power.[62] The outcome of the reform disappointed many observers, but the problem was not disagreement between the parliamentary parties: all of them preferred weaker veto rights for the second

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[59] Lijphart, *Patterns of Democracy*, 212.

[60] David Arter, 'One Ting Too Many: The Shift to Unicameralism in Denmark', in Lawrence D. Longley and David M. Olson, eds, *Two into One. The Politics and Processes of National Legislative Cameral Change* (Boulder; Oxford: Westview Press, 1991); Björn von Sydow, 'Sweden's Road to a Unicameral Parliament', in Lawrence D. Longley and David M. Olson, eds, *Two into One. The Politics and Processes of National Legislative Cameral Change* (Boulder; Summertown: Westview Press, 1991).

[61] Jan Sundberg, 'Finland', *European Journal of Political Research*, 24 (1993), 419-23, 421.

[62] See Arthur Gunlicks, 'German Federalism Reform: Part One', *German Law Journal*, 8 (2007), 111-31, 117-9.

chamber. It was rather the technical difficulty of dividing powers between federal and states levels and the veto power of a sub-set of states. The parties in parliament did not choose to commit themselves to inclusive coalitions, but the complexity and constitutional rigidity of German federalism traps all of them in a situation they dislike.[63]

In sum, these findings corroborate proposition 2 and the idea that inclusive coalitions are costly. They also suggest that the parliamentarism-presidentialism contrast plays a greater and somewhat different role for democratic types than Lijphart acknowledges. He neglects the contrast in conceptualizing his two models of democracy, but ends his study with the suggestion that a parliamentary system is "of crucial importance" to consensus democracy.[64] In contrast, the equilibrium perspective sketched here suggests that the form of government is an integral part of a particular equilibrium of inclusiveness and that a cabinet dependent on assembly confidence makes it more difficult to sustain an equilibrium with a significant legislative veto point. Finland's constitutional reform exemplifies this difficulty. Conversely, the unique non-parliamentary form of government in Switzerland seems much more central to this country's behavioural-institutional equilibrium than Lijphart admits. On the one hand, the collegial executive elected by the assembly creates greater incentives to respond to powerful legislative veto points by forming oversized cabinets than in pure presidential systems with one-person executives.[65] On the other hand, the executive's fixed term eliminates the problem of cabinet instability and allows for some democratic opposition from within the

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[63] See Fritz W. Scharpf, 'The joint-decision trap: lessons from German federalism and European Integration', *Public Administration*, 66 (1988), 239-78; Anthony J. McGann, 'The Tyranny of the Supermajority. How Majority Rule Protects Minorities', *Journal of Theoretical Politics*, 16 (2004), 52-77.

[64] Lijphart, *Patterns of Democracy*, 303.

[65] On coalition-building incentives in presidential systems, see Octavio Amorim Neto, 'The Presidential Calculus: Executive Policy Making and Cabinet Formation in the Americas', *Comparative Political Studies*, 39 (2006), 415-40; Jose Antonio Cheibub, *Presidentialism, Parliamentarism, and Democracy* (New York: Cambridge University Press, 2007), 49-67.

broad portfolio coalition in the form of coalition and party disunity. Legislative coalitions can be formed on an issue-by-issue basis and legislative inclusiveness is often significantly lower than executive inclusiveness.

Much work remains to be done to work out a consistent equilibrium perspective on democratic inclusiveness. The findings presented here suggest that this would be a worthwhile project.

TABLE 1 *Explaining the frequency of oversized coalitions*

	Model 1	Model 2	
N	15.04***	11.47***	12.84***
	[2.82]	[2.89]	[2.09]
VETO		-39.58*	-31.69*
		[22.60]	[16.28]
N x VETO		15.77**	14.41***
		[6.43]	[4.62]
Intercept	-27.77***	-19.12*	-27.01***
	[9.50]	[9.59]	[7.03]
Observations	36	36	34†
adj. R^2	0.44	0.53	0.74

† Austria and Mauritius excluded.

Notes: Ordinary least squares estimation. Standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.
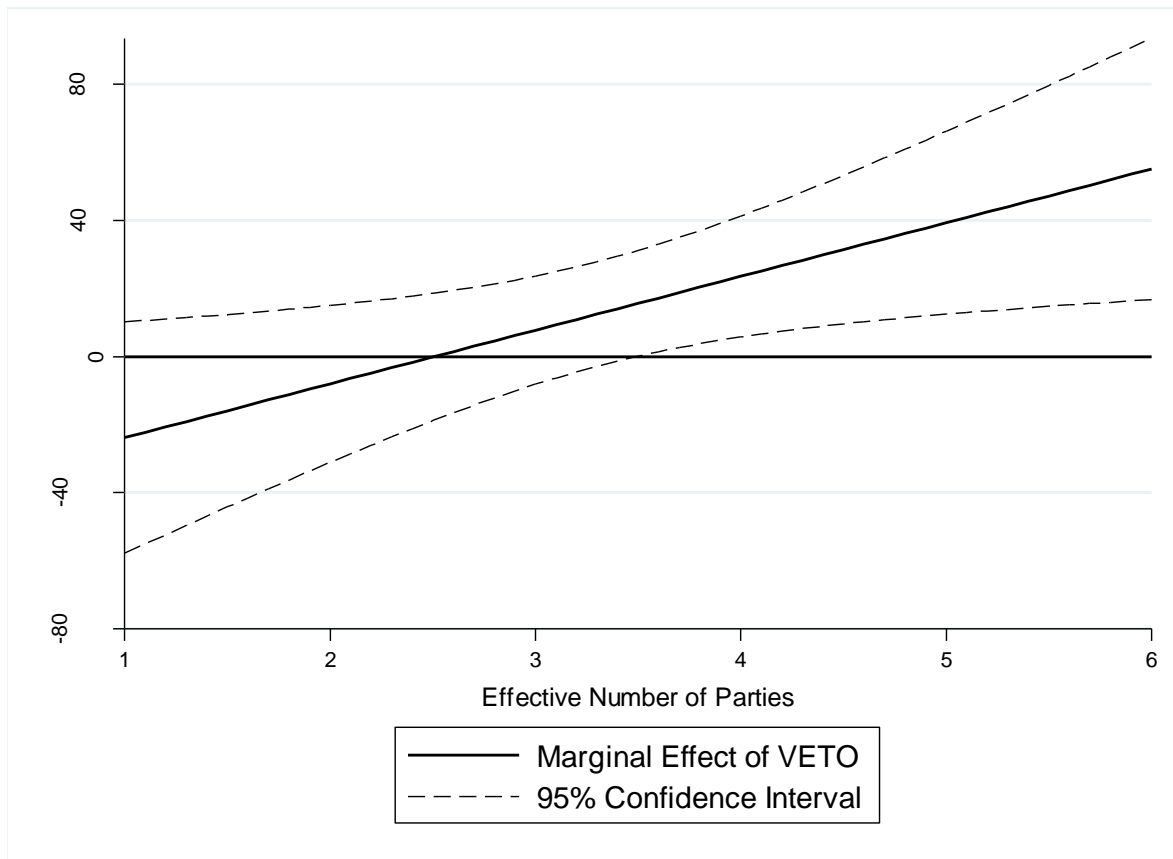
Sources: See text.

Figure 1 The marginal effect of VETO on the frequency of oversized coalitions