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Do Institutions Matter?

Government Capabilities in the United States and Abroad

R. KENT WEAVER and BERT A. ROCKMAN
editors

The Brookings Institution
Washington, D.C.
Those are hard to uproot, and if destroyed are not quickly replaced by the stroke of a pen or by a constitutional convention. Far more predictable and timely benefits can be achieved through the equivalent of urban renewal that stresses rehabilitation. Like houses, political systems can be substantially improved without discarding their basic structure.

American opportunities for selective and timely improvement lie elsewhere. The basis for particular changes lies in the increasing recognition of nonmilitary security needs. The imperatives of economic strength—competitiveness in industry and technology based on a capable workforce and sound macroeconomic policy—are coming to rival military matters in public debate. Nonmilitary threats to the environment and public health are assuming a high place on lists of widely shared concerns.

Thus the nation may become receptive to two sets of steps. The first is to bolster the resource claims of the nonmilitary sectors of the economy. Like Japan, the United States could adopt a national investment concept that makes the military only the second-order beneficiary or consumer of accomplishments pursued for civil reason. As a corollary, military institutions and problems would become of secondary importance and attractiveness to the best and the brightest civil servants, to those seeking government support, and to politicians. The result would be a redistribution within the national government of competence, budgets, and departmental political clout to more closely resemble the Japanese pattern. What bears emulating is not Japan’s form of government, but its priorities.

R. Kent Weaver and Bert A. Rockman

When and How Do Institutions Matter?

At the beginning of this book, we asked whether political institutions affect the capacity of government to function effectively. It is easy to answer this question in the affirmative, but this answer does not necessarily make political institutions the most important element affecting governing capacity. Ascertaining which institutions matter, and when and how they affect governmental performance, is a complex matter. Effective governance is multidimensional: it involves tasks as diverse as targeting resources efficiently, imposing losses on powerful organized groups, coordinating conflicting objectives, and managing deep societal cleavages.

The case study chapters suggest that most of the governance problems of the United States are shared by all industrial democracies, most of which have similar difficulties in addressing those problems. Very few countries succeed in targeting resources on behalf of an effective industrial policy, for example. Problems with balancing budgets are ubiquitous. All elected (and most unelected) governments are reluctant to impose losses on pensioners. Ethnic, racial, and linguistic conflict is all too common. Particular institutional arrangements do not cause these governance problems; they are inherent in complex societies and in democratic government. Groups inevitably want more from government than government is able to provide, and they want above all else to be protected from losing ground. Therefore policy failings in the United States should not be blamed exclusively, or perhaps even mainly, on the structure of American governmental institutions.

Nevertheless, some governments do perform at least some of these tasks better than others, and political institutions do affect government capabilities and policy outcomes. But the institutional influences on governmental capabilities are also complex. The distinction between parlia-
mentary systems and the U.S. system of checks and balances, which is often seen as a crucial influence on governmental effectiveness, captures only a small part of potential institutional influences on governmental capacity. Consequently, we have added two additional “tiers” of possible institutional effects on governing capabilities. The second tier includes such features as the electoral rules and norms leading to the formation of different types of governments (such as alternating single-party majorities, durable single-party dominance, or multiparty coalitions in parliamentary systems). The third tier includes other institutional forces, some stemming from constitutional architecture or tradition (federalism, bicameralism, and judicial review, for example) and others from institutional rules or political organization (such as forms of parliamentary voting and party discipline). Further, the third tier of explanation includes noninstitutional factors such as a society’s political culture and its structure of social and political divisions.

Some institutional influences are strong, direct, unidirectional, and consistent over time and across policy sectors. Most are subtle or indirect and are contingent in strength and direction upon the presence of other factors. In this chapter, we sort through these institutional influences on governmental effectiveness and attempt to arrive at some general conclusions about their scope and importance. We begin by outlining some very general conclusions about institutional effects on government capabilities. We also look at the effects of particular sets of institutional arrangements on specific government capabilities. These substantive conclusions set the stage for the final chapter, in which we examine the implications of these findings for the design of political institutions.

Overall Patterns Of Institutional Influence

Some firm conclusions can be reached about the overall influence of political institutions on government capabilities.

1. Although institutions affect governmental capabilities, their effects are contingent. Specific institutional arrangements are insufficient to guarantee a high or low level of a specific capability, but they may exacerbate failures of governance or help to make societies more manageable. Even where institutional arrangements do contribute to overall differences in specific capabilities, moreover, these effects usually are strongly mediated by other institutional and noninstitutional factors. Thus, instead of speaking of the sufficiency of certain institutional arrangements, it is more appro-

pricate to speak of opportunities they provide for strong capabilities when other conditions are present to facilitate those opportunities. For example, party government–style parliamentary systems are most likely to provide opportunities for policy innovation when the governing party has a strong majority and cohesive political leadership and faces weak electoral threats from a divided opposition. Similarly, one may speak of the risks of weak capabilities created by specific combinations of institutions and social and political conditions. For example, the risk that separation of powers will lead to unclear policy priorities and big budget deficits is likely to be greatest when there is divided partisan control of government and the public holds inconsistent preferences on taxing and spending.

2. Specific institutional arrangements often create both opportunities and risks for individual governmental capabilities. The effects of specific institutional arrangements on government capabilities and policy outcomes are rarely unidirectional. David Vogel’s chapter on environmental policy showed, for example, that single-party-dominant parliamentary systems may insulate politicians from at least some short-term political pressures, but politicians may use that insulation to exclude relatively diffuse interests or to respond to them. The tendency of party government systems to concentrate both power and accountability may give governments the resources they need to impose losses yet simultaneously make them more afraid to do so, as Pierson and Weaver’s review of Canadian pension policy suggests.

Because institutional opportunities and risks are contingent upon political and social conditions, they are subject to variation over time. Institutional characteristics that give party government regimes a high capability to impose losses in one set of conditions (a majority government in its first year in office) may lead to a weak capability under other conditions (minority government or a government facing election in the near future). Very crude estimates of the risks and opportunities associated with the U.S. system of checks and balances and with these parliamentary regime types are summarized in table 1. Each regime type is evaluated for the opportunities and risks for each capability. Both significant opportunities and risks are associated with most regime type–capability pairs.

3. Policymaking capabilities may also differ substantially across policy areas within a single political system. Such variations may occur either because somewhat different institutional arrangements have come into being in different policy areas (a topic to be discussed below as “countervailing mechanisms”) or because similar institutions operate differently across these areas. For example, the risk of policy instability in the U.S. system
Table 1. Capabilities of Regime Types

<table>
<thead>
<tr>
<th>Capability</th>
<th>Separation of powers</th>
<th>Coalition</th>
<th>Party government</th>
<th>Single-party-dominant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level of risk</td>
<td>Level of opportunity</td>
<td>Level of risk</td>
<td>Level of opportunity</td>
</tr>
<tr>
<td>Concentrated power better</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy innovation</td>
<td>-</td>
<td>+</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Loss imposition</td>
<td>-</td>
<td>*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority setting</td>
<td>-</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeting resources efficiently</td>
<td>-</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coordinating conflicting objectives</td>
<td>-</td>
<td>*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy implementation</td>
<td>-</td>
<td>*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No difference</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintaining international commitments</td>
<td>*</td>
<td>*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concentrated power worse</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Representing diffuse interests</td>
<td>-</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cleavage management</td>
<td>-</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy stability</td>
<td>-</td>
<td>+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Ratings are risks and opportunities associated with various regime types vis-à-vis mean of all regime types.

Scores:

- ++ Significantly higher than average opportunities.
- + Significant opportunities.
- * Minor or nonexistent opportunities or risks.
- - Significant risks.
- --- Significantly higher than average risks and limitations.
- x Unlikely regime type when policy challenge is significant.
- ? No data or unclear from data.
mation of governments distinguish the three main types of parliamentary systems: Westminster-style party government regimes, single-party-dominant systems, and systems in which coalition governments are the norm. These differences are visible first, and most notably, in the number of veto points (single-party majority governments in party government systems are likely to have fewest); second, in the cohesiveness of the leadership stratum (single-party majority governments in party government systems are likely to have the most cohesion); third, in the resistance of politicians to short-term political pressures (single-party-dominant governments are apt to be most resistant); fourth, in the stability of the leadership stratum over time (single-party-dominant governments tend to be most stable); and fifth, in the amount of access enjoyed by interest groups (single-party majority governments tend to grant less).

As a result, parliamentary institutions do not have a uniform effect on governing capabilities. Instead, the Westminster and single-party-dominant systems tend to concentrate power while coalitional systems tend to diffuse it, as does the U.S. separation-of-powers system. The U.S. separation-of-powers system tends to cluster closely with the coalitional parliamentary regime types in terms of its associated risks and opportunities, while party government and single-party-dominant systems also tend to cluster together on most capabilities (table 1). Systems within the two clusters are not identical in their decisionmaking attributes or in their government capabilities, as we will show when we discuss individual capabilities, but their effects tend to be in the same general direction.

The similarities in capabilities between the U.S. system and coalitional regimes should not be surprising, given that they tend to resemble each other and to differ from most party-government and single-party-dominant regimes in most of the second-tier decisionmaking attributes. Both the U.S. and coalitional systems are likely, for example, to have less elite cohesion than the other parliamentary regime types, and both are more likely to have significant continuity in elected policymaking elites after elections.

Of course, there also are important differences between coalitional systems and the U.S. separation-of-powers system that affect some capabilities. Because the U.S. system relies more upon multiple veto points rather than inclusion of minorities to limit majority rule, for example, it often discourages rather than encourages consensus-seeking behavior. This has implications most obviously for the ways that cleavages are managed, but also for other capabilities such as policy innovation.

6. Neither "parliamentarist" nor "presidentialist" arguments offer satisfactory explanations of capabilities. One of the simplest, and most common, ways of formulating institutional effects on governmental capabilities is to ask, Are parliamentary systems better? Parliamentarist arguments suggest that the U.S. system, unlike most parliamentary systems, poses a number of obstacles to effective government policymaking. Given a reasonably comparable set of challenges, therefore, parliamentary systems should exhibit stronger performance on most capabilities. Presidentialist arguments, on the other hand, suggest that few, if any, differences should be evident in the performance of parliamentary systems and the U.S. checks-and-balances system. The United States should be near the median level of governmental performance on most capabilities. The evidence in this volume suggests that the question "are parliamentary systems better" is too simplistic. It assumes that generalizations can be made about the capabilities of parliamentary systems across regime and government types. It assumes that the risks and opportunities associated with a particular set of political institutions will be the same regardless of different societal conditions (homogeneity versus heterogeneity of populations, for example). And it assumes that the set of desirable institutional capacities is the same in all countries. None of these assumptions is valid.

7. Divided party control of the legislative and executive branches of government in the United States exacerbates some problems of governance, especially the problem of setting priorities. Divided government affects several of the decisionmaking attributes outlined here and thus influences several capabilities. Divided government obviously lowers elite cohesion and increases the importance of the multiple veto points that inhere in the U.S. system. It also reinforces short-term electoral pressures for leaders of the executive and legislative branches of government to generate blame against the other. But the policy consequences of divided government are more complex than the inevitable stalemate portrayed by some critics of divided government.

The evidence in Allen Schick's chapter on how governments in Sweden, the Netherlands, and the United States have coped with the problem of reducing budget deficits strongly suggests that the combination of lower elite cohesion and multiple veto points characteristic of divided government presents formidable obstacles to setting clear priorities. Divided government may also increase incentives for Congress to micromanage policy in ways that make it difficult to implement programs effectively, because especially under these conditions Congress does not

trust the executive to do what legislative majorities prefer. With respect
to the capability of policy innovation, however, divided government
may lead either to stalemate or to a “bidding up” process. The latter can
produce significant innovation, as was the case with environmental leg-
islation in the Nixon administration and tax cuts in the first year of the
Reagan administration. Stalemate is more likely when the ideological
distance between the parties and leaders of the two branches is high,
interest group pressures conflict sharply with one another, and budget
scarcity makes policy conflict into a sustained zero-sum game. When
these conditions operate under unified government, their effects are likely
to be less sharp.

8. **There are direct trade-offs between some institutional capabilities.** In-
stitutional arrangements whose decision making attributes facilitate some
capabilities tend to inhibit others. For example, institutional arrange-
ments that promote capabilities for innovation in policymaking by lim-
iting veto points, such as party government parliamentary systems, also
are likely to create risks of policy instability for exactly this reason.
Institutional arrangements that increase elite cohesion tend to increase
governmental capacities to set and maintain priorities and to coordinate
conflicting objectives, but these arrangements are also likely to limit
capabilities to represent diffuse interests. And when elite cohesion is
 gained by narrowing the representativeness of government in a highly
divided society, the effects on cleavage management can be disastrous.

9. **Governments gain some room to work around basic institutional arrange-
ments by generating countervailing mechanisms.** In a number of the case
studies, policy outcomes seem to be strongly influenced by institutional
adaptations that directly counteract the limitations and risks associated
with basic institutional mechanisms. In the United States, legislative
power frequently is delegated to the executive (in the trade sector, for
example) and to independent regulatory commissions, giving them broad
corporate discretion so long as they do not offend legislative majorities.
In turn, politicians are shielded from local political pressures arising from
the distributive decisions these agencies make.

Westminster-style parliamentary systems, on the other hand, some-
times develop mechanisms to weaken centralized power. These may be
implicit, such as the use of broad consultations, or explicit, such as the
devolution of power to regions. Systems in which multiparty coalitions
are the norm also have developed mechanisms to counteract the potential
for exceptionally weak minority governments or deadlocked coalitions.
Perhaps the most important of these arrangements are inclusive corpo-
ratist and consociational links between government and interest groups
associated with the smaller North European democracies. Through for-
mal oversized coalitions, inclusive governments help implement these
arrangements.

While it is often difficult to know whether the countervailing me-
chanisms were the product of a conscious decision to strengthen specific
capabilities, we do observe in some of our case studies a strong tendency
for both parliamentary systems and the U.S. system of checks and bal-
ances to adjust at least marginally for perceived institutional weaknesses.
These adjustments may be sectoral or systemwide, and they may be
formal (statutory or imbedded in constitutions) or informal. They also
may be designed to deal with a set of problems or represent an ad hoc
response to an immediately pressing one. However, countervailing
mechanisms usually cannot completely eliminate strong institutional
limitations and risks.

**Institutional Influences on Specific Capabilities**

Because we have used a comparative case study approach to study the
relationship between institutions and governing capacity, we have very
few countries, and very few policy areas, on which to base generalizations
about specific capabilities. We know that specific institutional arrange-
ments may provide both opportunities and risks for any given capability,
but we cannot be certain that the exact balance between institutional
opportunities and risks that we observe in our intensive, yet necessarily
limited, set of case studies is representative of all countries and sectors
sharing those institutional arrangements. This, we conclude, provides
some limits around our confidence in the connections we draw between
institutional arrangements and specific government capabilities. Still, the
case studies provide us with sound evidence, allowing us to see how
policy influences are shaped by institutional and other factors. The in-
ferrances we draw from the evidence at hand are reasonable but not
irreversible.

**Types of Capabilities and Regimes**

The capabilities that we have focused on in this book can be charac-
terized by three very broad categories. The first are the steering func-
tions of government: policy innovation, resource targeting, loss imposi-
tion, priority setting, coordination of conflicting objectives, and policy im-
The ability of governments to decide and to steer a course of action seems to depend on their ability to generate sufficient authority. A second set of capabilities seems to coincide generally with the maintenance functions of government. The ability to stand by what has been done in the past, however, requires relatively little new decision-making energy. It does require generating strong inertial effects behind policies once made or at least discouraging radical disruption. These maintenance functions include sustaining policy stability and maintaining international commitments. A third set of capabilities might best be thought of as political, having to do with representing and reconciling diversity, managing conflict, and representing new interests. The capabilities of cleavage management and representation of diffuse interests seem to accord reasonably well with these political functions.

The effects of specific institutional arrangements, we have argued, are neither uniform or unidirectional. Those arrangements that concentrate power (single-party-dominant and party government parliamentary systems) tend to perform better at the steering tasks of government than at those that diffuse power. At the same time, the systems that concentrate power tend to do less well at other tasks. A more specific portrait of the relationship of institutional arrangements to particular capabilities is found in table 1. Following the format of the table, we first discuss capabilities for which opportunities appear to outweigh risks in systems that concentrate power. This is followed by one capability where few differences seem to flow from institutions. Finally, we look at those capabilities that are aided by institutions that check centralized power (the U.S. and coalitional systems).

Concentrated Power Is Better. The chapter by Feigensam, Samuels, and Weaver on energy policy draws a number of conclusions about institutional capacity for policy innovation. Not surprisingly, elite cohesion, autonomy of elites from short-term political pressures, and the absence of multiple veto points all provide important opportunities for innovation. The creation of the national energy program in Canada’s party government system is a classic illustration of this opportunity for comprehensive policy innovation—and also of the attendant risk of policy reversal when political forces shift. The analysis of energy policy paints a portrait of sufficient complexity that it transcends the straightforward notion of parliamentary institutions having greater innovative capacity than the U.S. system. It is possible, indeed for minority governments to provide important, albeit limited, opportunities for innovation, despite their susceptibility to short-term pressures and multiple veto points. For example, the short-term political vulnerability of Trudeau’s minority Liberal government in 1973 contributed to the creation of Petro-Canada. Similarly, the existence of multiple veto points in the U.S. system generates a lot of policy innovation, too, because the system induces policy entrepreneurship from disparate sources. The policy innovation produced in the U.S. system, however, tends to be at the piecemeal level of individual programs rather than comprehensive, sector-wide policies. Moreover, such innovation tends to resist imposing heavy concentrated costs. Finally, the innovative capacity of Japan and France in the energy sector has more to do with their industrial structure and their bureaucracy, respectively, than with the nature of their legislative-executive relationships. In short, parliamentary institutions do not always concentrate power, and political institutions that concentrate power are far from sufficient for producing policy innovation.

Several chapters in this volume address governmental capability to impose losses on powerful groups in society. In their chapter on pension cuts in Britain, Canada, and the United States, Pierson and Weaver argue that the absence of veto points in party government parliamentary institutions provides important opportunities for loss imposition, but that increased concentration of accountability in those systems weakens that advantage. The first effect is probably stronger on average, but other factors determine which effect dominates in any particular situation. Among these factors are whether existing policies allow losses to be imposed with low visibility and whether an election is close at hand or far away. Lessened visibility and greater distance from elections can have a dramatic effect on strengthening the capacity to impose losses regardless of the system. Allen Schick argues in his chapter on budget deficits, though, that coalitional parliamentary governments are likely to find it particularly difficult to impose losses.

Systems that check power—coalitional and separation-of-powers governments—pose important risks for setting priorities. Interbranch conflict in the United States may give rise either to “bidding up” or to stalemate during the bargaining process, and divided party control increases the risks that this will occur. Coalition governments in parliamentary systems at least offer a more centralized forum for resolving conflicts, but risks remain substantial that there will be either stalemate or a “lowest common denominator” approach to setting priorities, leading to policy drift. This is especially true in the period before elections, when elite autonomy from short-term political pressures is likely to be lowest. The generally higher elite cohesion and minimal veto points of

2. For a related critique of the notion that minority governments are likely to be paralyzed and incapable of innovation, see Kaare Strom, Minority Government and Majority Rule (Cambridge University Press, 1990).
governments in party government and single-party-dominant systems offer important opportunities for—but no guarantee of—a strong priority-setting capability.

Effective targeting of resources is one capability in which some parliamentary systems appear to have significant potential for superior capabilities. The potential is a limited and highly contingent one, however, and it entails substantial risks. Ellis Krauss and Jon Pierre argue that Japan's single-party-dominant parliamentary system provides a centralizing capability that makes a relatively effective industrial policy possible. But they argue that these institutions alone are insufficient, as Sweden's lack of success at industrial policy suggests. A political consensus on the idea of having an industrial policy at all is the key factor that has contributed to Japan's success in this policy area. The exclusion of labor representation from the governing coalition also played a role in Japan. The lesson indicated here is that while parliamentary institutions may be necessary for effective targeting, they are hardly sufficient to achieve that purpose. American institutions may make governmental elites reluctant to undertake interventions that they cannot manage effectively. But as Edward Kolodziej's chapter on nuclear policy suggests, where interventions are undertaken, the need to distribute benefits broadly is intense.

Coordination of conflicting objectives is among the most difficult of all capabilities. The chapter by Feigenbaum, Samuels, and Weaver supports the parliamentarian critique that the United States has difficulty coordinating objectives because it has no central mechanism for resolving such conflicts. The structure of the American political system gives politicians strong incentives to ignore or underplay trade-offs among goals, because when trade-offs are explicit and highly visible more groups are likely to become mobilized in an already complex bargaining environment. This poses the risk that groups will be able to prevent adoption of any policies that cause them to lose, causing stalemate. Systems that concentrate power by minimizing veto points and allowing relatively cohesive elites to monopolize power (notably party government systems and to a lesser extent single-party-dominant ones) run the opposite risk of maximizing the goals that matter most to the elites while giving short shrift to other goals.3

Concentration of power is also important for implementation of a government's objectives and programs once they have been decided upon. The most obvious obstacle to effective implementation is additional veto points in the implementation process, which are most likely to involve third-tier institutions such as subnational governments or courts. But first- and second-tier institutions affect implementation as well by leading to policies that are either more or less difficult to implement or more or less stable. If executive-legislative conflict and intralegalitative squabbles in separation-of-powers systems lead to either "bidding up" or "splitting the difference" in policy design, serious implementation problems could result. Policies also may be adopted without adequate funding. Party government systems, on the other hand, run the risk that policies developed and adopted without adequate consultation will run into similar implementation difficulties or that policies may be reversed before they can be implemented. Political arrangements (notably single-party-dominant systems and, to a lesser extent, coalitional ones) that feature both a high degree of elite stability and a well-established consultation process are likely to be most conducive to effective implementation of government policies.

The System Makes No Difference. There does not appear to be a clear institutional advantage for either parliamentary institutions or the U.S. system in maintaining international commitments, at least in trade. The general direction of policy pressures has been similar in all of the countries examined by Helen Milner, and all three countries—Britain, France, and the United States—have faced constraints from international policymaking regimes. In the trade sector, several forces have led to cross-national similarities in the level of special interest influence. Countervailing mechanisms have been employed in the United States. Delegation of authority to the president and to special agencies has undercut the ability of local and industry interests to dominate trade policy. Troubled industries in Britain and France, though, have found channels to exercise influence on governments despite the putatively greater insulation of these governments.

Concentrated Power is Worse. One capability for which the U.S. system and coalitional systems appear to create a significant opportunity is the representation of diffuse interests. However, as Vogel points out in his review of environmental policy in Japan, Britain, and the United States, this opportunity is far from uniform over time. When public opinion is highly mobilized, differences between parliamentary systems and the U.S. system tend to disappear. Under conditions of single-party majority government, parliamentary systems can be more responsive to diffuse interests because actions taken in those systems will not become entangled in interbranch wrangling. Such governments often choose not to be responsive, though, because they normally have weak incentives to consider the preferences of groups outside their own party constituencies. The multiple channels of access afforded to environmental

interest groups in the U.S. system make it more likely that their interests will be taken into account, while parliamentary systems with proportional representation electoral rules facilitate the direct entry of relatively diffuse interests (notably environmentalists and taxpayers) into the formation of political parties.

Management of political cleavages is one area in which separation of powers per se appears to have little effect on government capabilities. Separation of powers poses both significant risks and potential for improved outcomes. Separation of powers may allow groups that are excluded from executive power to hold power in the legislature, but such a system may also lead to stalemate between the legislature and the executive. Both decentralization of power in the legislature and bicameralism may enhance the role of intransigent legislative groups hostile to minority concerns, as the long odyssey of civil rights legislation in the United States shows. Overall, though, electoral laws that encourage or discourage representation of minority interests and elite responsiveness to minority concerns appear to be far more important than separation or fusion of legislative and executive powers in determining effectiveness in cleavage management. Electoral laws that turn plurality preferences into legislative majorities are likely to be especially disastrous in highly divided societies, as Richard Gunther and Anthony Mughan note.

Finally, several of the chapters suggest important conclusions about policy stability. The chapter on energy policy by Feigenbaum, Samuels, and Weaver, for instance, notes that the downside of party government systems' high innovative capacity is the risk of major policy reversals when control shifts between two parties with highly polarized views on an issue. This risk may be lowered, Kolfie's discussion of British nuclear policy suggests, if strong mechanisms are in place to protect party leaders from activists with more extreme views, there is consistent bureaucratic support for a particular policy direction, and party leaders are able to negotiate interparty agreements as binding long-term commitments. Yet there is no enforcement mechanism in party government systems to ensure that interparty commitments will not be broken, as illustrated by Margaret Thatcher's reforms of earnings-related pensions in Britain. The three other regime types pose somewhat less risk of policy instability, although for somewhat different reasons. The U.S. separation-of-powers system (because of its plethora of veto points) and coalitional and single-party-dominant systems (because of their high degree of elite stability) all have stronger inertial tendencies than do majority party governments.

Other studies confirm these findings on policy stability. Sven Steinmo's study of tax policy in Britain, Sweden, and the United States, for example, suggests that the U.S. system is likely to have greater policy stability than party government systems where there is alternation in office between two class-based parties, as in Britain. Another study of the same three countries similarly found that one of the essential conditions for the stability of housing policy in Sweden was that dominant political forces (the Social Democratic party) also were stable, allowing policy direction to be maintained.

Third-Tier Effects

This book principally compares the effects on government capabilities of the U.S. separation-of-powers system and several types of parliamentary regimes. Our attention, therefore, has been mainly on the effects of the first- and second-tier institutions. From the cases of policymaking examined in this book, however, it is evident that third-tier institutional variables, such as judicial review, federalism, and bicameralism, also shape governing capabilities, as do noninstitutional variables, such as policy inheritance. Because our cases were not selected to provide a systematic examination of third-tier variables, we will not attempt to provide a comprehensive review of their effects. These factors can nevertheless be seen to operate, as our general framework suggests, through the functional influence of attributes outlined above (see point number 4, page 449). They provide important risks and opportunities for governing capacity, but are rarely unambiguous in their effects.

Most of the lessons that we derived from analysis of presidential and parliamentary systems apply equally to third-tier factors, such as federalism. Like parliamentary systems, federalism is a generic label that masks a variety of institutional arrangements that create distinctive risks and opportunities for governing capabilities. Federal and provincial governments may have the authority to intervene in a policy area without permission from the other level of government. This tends to provide strong incentives for policy innovation as each level of government tries to control a policy jurisdiction before the other does. However, this type of federalism also runs the risk that different levels of government will impose conflicting programs, raising implementation costs and making the problem of coordinating objectives even more difficult. Alternatively, federalism may be structured to require the approval of all affected subnational governments and the federal government for any deviation

from the status quo. These arrangements, noted in the case of nuclear plant construction, add veto points and inhibit implementation.

Noninstitutional factors also raise risks and opportunities. Policy inheritances, as Pierson and Weaver's chapter on pension retrenchment shows, affect the number and effectiveness of veto points operating in a particular policy sector. Policy inheritances also help to determine who has access to policymaking. Perhaps, most obviously, intense societal cleavages are likely to undermine elite cohesion. Certainly, they are apt to decrease elite insulation from short-term constituency pressures. Alternatively, broad encompassing social organizations help generate elite cohesion and buffer elites from short-term pressures.

**Conclusions**

We set out in this book to ask how political institutions affect government capabilities. They do so, we conclude, in important but often complex ways. Although our findings confirm some conventional wisdom about the shortcomings of the U.S. system, they also provide important correctives to some of the received wisdom. The most important of these correctives concerns the contingency and frequent bidirectionality of institutional effects; these findings led us to reconceptualize advantages and disadvantages of institutions as risks and opportunities. Institutions that in one set of political conditions may provide risks for a given capability can provide important opportunities under other conditions. For example, concentrated power may lead both to elite insulation from interests outside the governing coalition and to expeditious response when their demands become politically compelling. This seems to be the story of Japanese responses to environmental pressures. A second needed corrective is the relative unimportance of first-tier (presidential versus parliamentary) institutional effects. The U.S. system does not stand out from all parliamentary systems in its pattern of capabilities, but rather tends to cluster with coalitional systems on many of those capabilities. A third needed corrective is suggested by our findings on loss imposition in the United States; the problem of the U.S. system is not so much that accountability is lacking, but rather that it is divided and targeted effectively at individual politicians, who have little institutional insulation from the blame-generating activities of political opponents. Finally, our findings suggest that divided government need not be (and is not) consistently stalemated. Both stalemate and "bidding up" of program initiatives may occur under divided government, even during the same presidency.

These findings have implications both for researchers and for political actors—especially proponents of political reform. In discussing the very real governance shortcomings of the United States, it is important to compare it with other advanced industrial democracies rather than with some theoretical ideal. It is also clear that effective governance does not consist of choosing a single "best" set of institutions valid for all countries. Instead, it requires matching political institutions to a set of problems that determine which capabilities are needed most and to political and social conditions (for example, strong or weak cleavages) in a country that determine whether particular institutional arrangements are likely to enhance or inhibit a specific capability. These potential opportunities, in turn, must be offset by risks posed for other capabilities that are presently being satisfactorily met but could be weakened in a blizzard of reforms that fail to take into account how various institutional arrangements affect different capabilities. The contingent nature of institutional reform has implications especially for practitioners who seek to change institutions or who are faced with building a new set of institutions when an old political order has collapsed. What, if anything, can we say to them, based on the findings of this volume? The final chapter speaks to these concerns.