



Bonding, Structure, and the Stability of Political Parties: Party Government in the House

Gary W. Cox; Mathew D. Mccubbins

Legislative Studies Quarterly, Vol. 19, No. 2. (May, 1994), pp. 215-231.

Stable URL:

<http://links.jstor.org/sici?sici=0362-9805%28199405%2919%3A2%3C215%3ABSATSO%3E2.0.CO%3B2-W>

Legislative Studies Quarterly is currently published by Comparative Legislative Research Center.

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/about/terms.html>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/journals/clrc.html>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

The JSTOR Archive is a trusted digital repository providing for long-term preservation and access to leading academic journals and scholarly literature from around the world. The Archive is supported by libraries, scholarly societies, publishers, and foundations. It is an initiative of JSTOR, a not-for-profit organization with a mission to help the scholarly community take advantage of advances in technology. For more information regarding JSTOR, please contact support@jstor.org.

GARY W. COX
MATHEW D. MCCUBBINS
University of California-San Diego

Bonding, Structure, and the Stability of Political Parties: Party Government in the House

The public policy benefits that parties deliver are allocated by democratic procedures that devolve ultimately to majority rule. Majority-rule decision making, however, does not lead to consistent policy choices; it is unstable. In this study, we argue that institutions—and thereby policy coalitions—can be stabilized by extra-legislative organization. The rules of the Democratic Caucus in the U.S. House of Representatives dictate that a requirement for continued membership, members must support Caucus decisions on the floor on a variety of key structural matters. Because membership in the majority party's caucus is valuable, it constitutes a bond, the posting of which stabilizes the structure of the House, and hence the policy decisions made in the House. We examine the rules of the House Democratic Caucus and find that they do in fact contain the essential elements of an effective, extralegislative bonding mechanism.

Why do political parties exist and persist in democratic societies? The existence question would seem to belong to a more general class that also includes the questions why business firms exist, why public bureaucracies exist, and why armies exist. One general answer is that all these organizations help solve collective dilemmas: they overcome bad incentives (such as those in the prisoner's dilemma) and strategic uncertainty (as in the battle of the sexes problem).¹ Firms can thus produce more widgets than can freely contracting agents transacting in the market, armies can produce more force than the sum of their parts, and so forth. Why not a similar story for political parties, one whereby they produce more public policy benefits than could their members acting atomistically?

The primary problem with applying this logic to political parties is that the public policy benefits parties deliver are ultimately allocated by the democratic procedures of the state. The generic procedures that legislatures use to make decisions, however, do not lead to consistent policy choices. They are unstable, in the parlance of social choice theory, as a series of instability theorems has

demonstrated.² These theorems make the persistence of parties seem problematic. They seem to predict ever-shifting majority coalitions, with each new majority coalition implementing a different policy.

The best-known rejoinder to the instability theorems, insofar as they apply to majority rule institutions such as legislatures, is embodied in the notion of a structure-induced equilibrium, first introduced in studies of the U.S. House of Representatives (Shepsle 1979; Shepsle and Weingast 1987). The basic idea is that House decisions on the floor are rarely made by a process that looks like pure majority rule. Instead, there are structures and procedures that constrain both the range of feasible alternatives and the order in which policy options are paired with each other. One such institutional structure is an array of committees endowed with the ability to veto legislation in their respective jurisdictions. Another is the right of a central authority, the speaker, to set the agenda. These structural departures from majority rule, it is argued, stabilize policy choice.

The most important criticism of the structure-induced equilibrium approach is that institutions are not exogenous (Riker 1980). They are endogenous—that is, a matter of social choice. In Riker's view, if different structures lead to different policy choices, then people will anticipate this difference in outcomes, and choice over structures will inherit the instability of choice over policies. Riker's critique has pushed the question in the literature back one step. Are equilibrium-inducing institutions themselves subject to majority-rule instability?

One might opine that the rules by which structures are chosen and modified are nonmajoritarian, so that majority-rule instability in the choice of structures is empirically irrelevant. The standing rules of the U.S. House of Representatives, for example, stipulate that the standing rules can be changed (once adopted by majority rule) only by unanimous consent, by more than two-thirds of the members voting to suspend the rules (and then a majority voting to amend the standing rules), or pursuant to a report from the Rules Committee. This is not majority rule, and it serves to entrench the standing rules and policy deals based on those rules.³

But can the House commit itself to obeying its own rules regulating how its rules are to change? Implicit in Riker's argument is the claim that they cannot. The constitution gives Congress full power to make its own rules. If a majority wished to change the rules entrenching the rules, they could (by majority rule) override any points of order and proceed to do just that.

How can one escape this trap? There appear to us to be three

main routes, not necessarily mutually exclusive or exhaustive.⁴ First, Shepsle (1986) notes that Riker's argument assumes a one-to-one and certain mapping of rules into policy. If the mapping is not one-to-one or not certain, then preferences over rules might not inherit the instability of preferences over policy. Perhaps rules, if entrenched, merely set up a repeated game. We know there will be multiple equilibria in such games, with widely differing equilibrium policy outcomes possible.⁵ Thus, before any particular set of rules has been chosen, there might be strategic uncertainty regarding which equilibrium will be chosen. The status quo rules, however, already have been chosen, and the equilibrium selection stage has already been passed. Thus the uncertainty attached to the status quo rules is substantially less than the uncertainty attached to alternative but as yet untried rules. To the extent that legislators are risk averse, then, the status quo rules will be favored.

A second way around Riker's dilemma might arise from transactions costs. If creating a winning coalition is costly, then already formed coalitions will be stabilized because potential defectors must pay a cost to assemble a new winning coalition—so the policy benefits gained by defection must exceed the coalition formation costs in order to be worth the effort.

We already know, from the work of Sloss (1973), that adding transactions costs to the basic spatial model can in principle produce structurally stable cores. For example, if the configuration of ideal points is close to one of the razor's edge cases necessary for a preference-induced equilibrium, then even small transactions costs will be sufficient to preserve the status quo. The small policy benefits that could be attained by overturning the status quo are not worth the costs of legislating (opportunity costs, negotiating costs, collective action costs).⁶

If one focuses on the negotiating and collective action costs of legislating, the point might be put this way: there is always a collective action problem that must be solved before the instability inherent in the structure of preferences can be manifested. If that collective action problem can be made more difficult by those preferring the status quo, then the costs of legislating may be particularly high—although this observation leads away from what are usually thought of as transactions costs.

In this study, we focus on a third way in which institutions might be stabilized, one in which stability is enforced by extra-legislative organization and bond posting. If a subset of legislators were all bonded by membership in a valuable extralegislative group,

such as a political party, and if the cost of giving up the bond were expected to exceed most realistically imaginable benefits from defection, then legislators' choices over structure (and hence policy) might therewith be stabilized.

Our thesis is that the rules of the Democratic Caucus in the House of Representatives dictate that all members of the caucus are bound, if they wish to retain their membership, to support caucus decisions in the House on a variety of key structural matters—such as the election of the speaker and the design and staffing of the committee system. To the extent that membership in the majority party's caucus is valuable, it constitutes a bond, the posting of which stabilizes key features of the structure of the House and hence key features of the policy decisions made in the House. This notion, and its implications for congressional structure and policy, are the primary topic of this article.

The Party Bond

There are two types of assets that members of Congress place in bond with their party colleagues: electoral benefits (i.e., things that directly help members win reelection) and intralegislative benefits (i.e., things that increase the value of the seat). We consider each type of asset.

We start with the intralegislative assets since these are clearer and are presupposed in the discussion of electoral assets. The intralegislative asset bond that a member posts consists of all party-specific investments that the member makes. One example is the investment of time on a committee, which endows the member with human capital—contacts, knowledge, lists of contributors—whose value would decline were the member transferred to another committee. It also endows the member with seniority on the committee. Were a member expelled from the Democratic Caucus, she would automatically lose her Democratic committee assignments, hence all accrued Democratic seniority on all committees. Neither committee-specific human capital nor committee-specific seniority is readily transferable to other uses should the member be expelled from the party and from party-contingent committee assignments.

Whether or not an expelled member suffers a net seniority loss or is unable to use all her committee-specific human capital depends, of course, on events subsequent to her expulsion. If the member becomes an independent, prospects for good committee assignments are rather poor, and the gross loss suffered upon forfeiture of the seniority bond and of the committee-specific human capital bond will

probably turn into a net loss as well. If the member can gain admittance to the other party's caucus, she may be able to secure positions on her old committees with seniority in the new party comparable to that in the old. In this case, her seniority and human capital bonds have still been forfeited but the other party has offered a compensating signing bonus. Even with a signing bonus, however, a departing member of the majority party will probably be worse off, unless his or her new party attains a majority.

Another bond that each member posts within the party is the sum total of uncollected party-contingent IOUs. If as a junior member I have worked harder than my current wages alone would justify, then perhaps as a senior member I will exercise disproportionate influence (cf. Becker and Stigler 1974). In the meantime, the prospect of a payoff that is contingent on continued good standing in the Democratic Caucus keeps me within the pale of the party. Alternatively, if I have cut a deal within the majority party that delivers a stream of benefits over several years, then fear of forfeiting this stream of benefits keeps me in line.

Another kind of intralegislative bond, one that pertains only to the majority party, is the sum total of all advantages of majority status. On most committees, for example, majority-party staff outnumber minority-party staff by at least two to one and sometimes by as much as four to one. Expulsion from the majority party carries with it loss of a variety of such perquisites. The minority party, even if it accepts a majority-party expellee as a member, cannot credibly offer to recreate these perquisites.

As regards electoral assets, the bond that a member posts is the expected electoral loss that she would suffer upon expulsion from the party caucus. Why would a member anticipate electoral losses upon expulsion? There are at least two reasons.

First, being expelled from the party caucus reduces the probability that the member will secure her party's nomination at the next election. The local party hierarchy may have ties to the national organization which influence its support for the expelled member. Contributors may find the legislator a poorer investment, if she has been stripped of her assignments with her original party and failed to find equivalent ones as an independent or with the other party. Potential intraparty challengers may seize upon expulsion as a primary election campaign issue.⁷

Second, if the member does lose the party label, her reelection prospects may be considerably lessened. Certainly this is true if she fails to secure the nomination of the other major party: the number of

members who win seats in Congress as independents has declined to virtually zero (Schlesinger 1985). But even if the member is in a position to switch between the major parties (and few are), the process is not a simple or riskless one. *Ex ante*, reelection under a new label has many more imponderables than reelection under the old label. Thus, the distribution of party orientation in the member's electoral district or the expected difficulty of running under a new label acts as an extra-legislative barrier to exit for potential defectors. It is a cost that any new majority cannot credibly promise to legislate away. We think this external stabilization due to the inertial behavior of voters and the associated value of the party label is an important reason why modern political parties (since the granting of universal suffrage) have been more stable than the shifting factions of premodern polities.

Posting the Bond

In parliamentary systems, a government's threat to resign if defeated on a vote of confidence (resignation often being followed by a dissolution of the legislature and new elections) is a powerful force for the stability of government-brokered logrolls. The sequence of events in parliament is such that the government can, in essence, publically commit to resignation before the vote. Would-be dissidents are thus forced to consider the merits of the government as a whole rather than the merits of the particular issue(s) at stake. The consequence of voting against the government, after it has been declared a matter of confidence, is not merely that an obnoxious bill or motion is defeated, but also that the government resigns and perhaps dissolves parliament; thus, the entire policy logroll that the government has pushed is at risk of breaking up.⁸

Majority parties in the U.S. Congress cannot compete with parliamentary parties in the strength of incentives they can marshal, but the logic of their design is in key respects the same. The key logrolls of a U.S. majority party are often protected by the judicious allocation of committee power (e.g., the dominance of organized labor on the Education and Labor Committee; the required support of the oil-depletion allowance for a Democratic assignment to Ways and Means; the dominance of the Interior Committee by westerners; and the dominance of the Agriculture Committee by members from agricultural districts). Would-be dissidents are thus often faced with structural impediments (as, for example, the Democratic Study Group was faced with Judge Smith's obstructionism from the Rules Committee).

What is the consequence of smashing or ignoring those imped-

iments? It is not merely that policy is changed on one issue in the desired direction. Instead, the entire policy equilibrium that the erstwhile structure supported is brought into question. The caucus rules recognize these wide policy ramifications by stipulating the ultimate sanction—expulsion—for members who fail to go along with caucus recommendations regarding key elements of House structure. At least, this is our interpretation of the Democratic Caucus rules.

It may help to make the point if we excerpt the relevant caucus rules in stylized form:

Caucus Rule I: Caucus members are obliged to vote with the majority of the caucus on specified House votes, including (a) the election of the speaker and the allocation of committee positions among majority party members; (b) the adoption of key House rules; and (c) appeals of the speaker's interpretations of House rules, insofar as they affect either (a) or (b). Key house rules are (i) those designating the powers of the various positions in (a), such as the speaker's agenda-setting powers, the agenda-setting powers of committee and subcommittee chairpersons, and the jurisdictions of the committees; and (ii) those specifying how House rules can be changed in the House (e.g., pursuant to a report from the majority-party dominated Rules Committee).

The actual rules of the Democratic Caucus are fairly close to our stylized Rule I. A long-standing rule of the Democratic Caucus (found, for example, in rule 7 in the 95th Congress and in rule 3B in the 101st) states, "With respect to voting in the House for Speaker and other officers of the House, for each committee chairman, and for membership of committees, a majority vote of those present and voting at a Democratic Caucus shall bind all Members of the Caucus." This rule tallies pretty closely to our Rule I(a).

There is no equally explicit commitment to the key standing rules of the House specified in our Rule I(b). But the vote on adoption of the House rules is taken immediately after election of a speaker and before committee assignments are handed out.⁹ At least on initial adoption there seem to be ample incentives for majority party members to support the rules proposed by their party, and empirically the majority party almost always does stick together on the bulk of the standing rules. We interpret the House standing rules to be part of the structure that Democratic Caucus members commit themselves to support by joining the caucus.

Similarly, there is no explicit declaration that caucus members choosing to override their own speaker's interpretation of, say, committee jurisdictions or powers would have done anything contrary to caucus rules. We believe, nonetheless, that such support is indeed expected of caucus members in good standing.¹⁰

Caucus Rule II: Failure to vote with the caucus majority on votes specified in Rule I leads to automatic expulsion from the caucus.

Until recently, Democratic Caucus rules specified that “any member of the Democratic Caucus of the House of Representatives failing to abide by the rules governing the same shall thereby automatically cease to be a member of the Caucus.” This is essentially our Rule II. In recent congresses, the expulsion clause has been changed; members can be expelled only by a two-thirds vote in caucus (Caucus Rule 1, 101st Congress).

Does this change matter?¹¹ We think the game that the caucus rules set up is not one in which stability is created as in standard structure-induced equilibrium arguments. Rather, the caucus as a corporate, indefinitely lived entity attempts to prevent cheating by establishing a reputation for toughness in punishment decisions generally (of which the decision to expel is the most severe). With such a reputation, potential defectors are deterred, and the future stream of benefits from successful log-rolling accrues to all in the party. Without such a reputation, the lines in the sand drawn by the caucus rules are worthless, and the caucus has little value in stabilizing House structures, hence little value in achieving structure-induced equilibria.¹² Thus, it does not really matter whether the caucus rules specify automatic expulsion or expulsion upon two-thirds vote. What matters is its reputation for toughness, since it is continually playing something like chicken with its own factions.

Caucus Rule III: Caucus Rules (in particular, Rules I, II, and III) can be changed only by a) majority vote in the Caucus upon recommendation from a committee appointed by the party leadership, or b) extraordinary procedure.

This is a rough paraphrase of the actual caucus rules. Under normal parliamentary procedure (adopted in the 101st Congress, for example, in Caucus Rule 8), the rules can be changed only by two-thirds vote or by a majority after advance notification. Caucus rules 45 and 46 then amend parliamentary rules, giving the Caucus Chair and Committee on Organization, Study and Review authority to propose amendments to the rules, which are then subject to approval by normal majority rule; in the 101st Congress, for example, previous notice is defined in Caucus Rule 45-B, which stipulates that a member proposing to amend the Caucus Rules must provide twenty copies of the proposed change.

Having reviewed the caucus rules, we can restate our point. By joining the majority party caucus, each member publicly promises to support key features of House organization and rules. If these caucus

rules were enforced exogenously, then House structure would be stabilized to some degree: constitutional change of the House rules could be effected only by a group comprising a majority of the caucus and a majority of the House. As a result, structurally-induced policy equilibria in one- or two-dimensional spaces would not be subject to the inherited instability feared by Riker, although that problem would loom for higher-dimensional spaces (Cox and McKelvey 1984; Tsebelis (1993). The majority party would be directly stabilized as a procedural coalition and indirectly stabilized as a policy coalition.

Of course, the majority party's caucus rules are not exogenously enforced. If they are obeyed, it must be because it is in the interests of legislators to obey them. Thus, even if the real caucus rules are reasonable facsimiles of our stylized ones, there still remains the question of enforcement. In particular, why is the majority caucus's threat of expulsion ever credible when it involves a pivotal defection?

Are the Rules Credible? Does the Caucus Blink?

Let us suppose that membership in the Democratic Caucus of the U.S. House really is valuable and that caucus rules specify that any member violating the structure of the House as set up by the majority party will be expelled. Will anyone believe that the rules will be enforced in the event of a pivotal defection? If not, then pivotal defections,¹³ which are the only ones that really matter, will not be deterred—and caucus rules will do little to entrench the House's structure.

To pose the question a bit more precisely, suppose that a pivotal minority in the majority party wants to move policy on a particular dimension to some new point but is prevented from doing so by an *ex ante* veto exercised by the members of some committee (in cahoots, let us say, with the majority party leadership, so that it is not simply a matter of discharging the committee). If the pivotal group makes common cause with the Republicans to circumvent whatever bits of structure need circumventing and to change the policy as it desires, the loyal members of the majority caucus are presented with a *fait accompli*. They can either expel the dissidents, thereby losing their majority, or gulp loudly, forgive, and forget. Why do not the dissidents feel confident that the caucus will choose the latter path?

An analogous question arises in parliamentary systems. Why do not pivotal dissidents call the prime minister's bluff, voting against the government on a matter of confidence? After all, they may calculate that after the vote the government will decide that continuing in

office is better than carrying out a painful threat. Indeed, there are those who argue in the literature against the importance of threats of resignation and dissolution, on the grounds that both are more painful for the frontbenchers issuing the threat than for the backbenchers receiving it.

One answer in both cases hinges on reputation. The government in a parliamentary system, if it publicly commits to resignation upon defeat, pays a substantial penalty if it changes its mind afterwards (even in systems where such changes of mind are not illegal). Similarly, the Democratic Caucus has made a very public commitment to expel (or discipline) members who fail to support the features of House structure that undergird the party's logrolling abilities. If it backs down easily, its credibility evaporates and its utility as an organization diminishes substantially. In particular, the value of holding a leadership position would diminish—suggesting that it is the current leadership, with an eye to the future value of their posts, who push for enforcement of caucus rules.

But one might reasonably ask how a reputation for toughness can be established against pivotal groups. In twentieth-century U.S. congressional history, there are no instances of pivotal groups being expelled, or even of pivotal groups leaving their party—as, say, the Hata-Ozawa group left the Japanese Liberal Democrats. So how can a reputation for toughness be established? We think the answer has to do with the full range of punishments that the party leadership can hand out. If nonpivotal groups are punished, possibly with sanctions less severe than expulsion, then members of a prospective dissident group will be concerned with the group's unity of purpose and pivotalness. Will some of them be punished? Will they present a united front against punishment of any of their number? Can a subset of them be bribed to stay with the party, leaving the others nonpivotal and vulnerable to punishment?

There are also the kinds of question that arise in any kind of rebellion. Is it safe for a member to communicate a desire to overthrow the House structure to another member of his party? The obvious strategy for the party leadership, upon hearing of such communication, is to punish the would-be rebellion organizer. It may be that only rebellions by fairly homogeneous pre-existing groups—for example, midwestern progressive Republicans—can get off the ground.

Another consideration that may enhance the credibility of the caucus as a protector of the procedural status quo has to do with the value of the party label in elections. Suppose a pivotal group within the majority party runs roughshod over those aspects of the House rules

that the caucus rules attempt to entrench. Suppose the caucus rules would automatically expel the group but the caucus meets to consider whether the rules really apply (or whether to reinstate the expelled members without prejudice). In such a case, the loyalist members of the caucus (assume either that they meet without the dissidents or constitute a sufficient majority of the caucus to do whatever they want) may fear the electoral consequences of reinstatement. For example, they may feel that reinstatement would constitute acquiescence to the policy change against which the loyalists voted. To the extent that the policy is electorally salient, reinstatement would lower the probability of reelection of all loyalists, for the same reason that voting for the policy change would have had that consequence. Thus, if caucus members are purely office-seekers, the loyalists will in fact have a credible threat; it will be in their own immediate electoral interests to vote against reinstatement (or to vote for expulsion). If caucus members also value policy intrinsically and value internal offices within the House and party, as we assume they do, the situation is much more complicated. But at least we can say that the reelection component of each loyalist member's motivation argues for expulsion.

Finally, it may be that the caucus rules are efficacious not so much because they are credibly enforced but rather because they serve an informational role. The caucus rules draw a line in the sand that clearly defines which types of behavior are in and which out of bounds. How this might work is suggested by some recent work by Diermeier (1993). Simply put, his argument is that a committee system is stabilized not because the House can credibly commit to give certain committees special privileges (e.g., closed rules on the floor) but because committee incentives to specialize—which specialization is assumed to reduce uncertainty for all legislators—would be destroyed were the floor ever not to defer to the committee's recommendations.¹⁴ Anticipating this destruction of incentives to specialize and valuing the reduction in uncertainty brought by specialization (all legislators are assumed risk averse), the floor honors its committees' recommendations. This argument applies generally to any committee system—one set up by parties, as in *Legislative Leviathan* (Cox and McCubbins 1993) or one set up by nonpartisan self-selection, as in other parts of the literature. To the extent that it is convincing, the argument suggests that the committee system and speaker that the majority party sets up will be stable.

In Congress, committees frequently have their handiwork amended, or even undone, on the floor. How can one tell which amendments are minor and which ought to trigger a specialization

strike by members of the offended committee? One answer is that the caucus pays its committees not directly in policy rents but instead in structural prerogatives. If all agents play within the rules of the game, then specialization continues apace, even if a committee occasionally miscalculates floor preferences and gets rolled. But if revolutionary or unconstitutional action is taken, then incentives to specialize are eroded because structural advantages—which can be parlayed into policy rents—are no longer credible.

Conclusion

The social choice literature shows that, under fairly broad circumstances, policy choices made under the method of majority decision are unstable. This means that, for any chosen policy, there exists at least one alternative that can command a majority when placed against the original policy in a pairwise vote. Shepsle (1979) and Shepsle and Weingast (1987) respond to this finding by showing that procedural rules and structures, by putting agenda control into the hands of specific members, can induce stable majority choices over policy alternatives.

Shepsle and Weingast (1987) and Weingast and Marshall (1988) have further argued that House members have created a decentralized agenda-control system in which committees with discrete jurisdictions make sophisticated policy offers to the whole House on policies in their respective jurisdictions. House committees are alleged to have both gatekeeping authority (they decide whether an alternative to the reversionary policy will be offered at all) and an ex post veto over changes to their proposals (thus insuring committee members that they cannot be made worse off than the reversionary policy by having made an initial proposal). House committees, the argument goes, then engage in a “you scratch my back, I’ll scratch yours” cooperative logroll to pass legislation that makes members of each committee better off than if they did not propose new policies.

In *Legislative Leviathan*, we argued that the majority party caucus adds another layer of structure and process onto the committee structure studied by Shepsle-Weingast and Weingast-Marshall. The majority party in the House achieves stable policy outcomes by binding its members to support a specific structure of agenda power represented by the speaker, the committee chairpersons, and the Rules Committee, a structure which then leads to committees choosing policies that, on average, benefit majority party members more than minority party members. We emphasized the role of the speaker in

controlling access to floor time for the outputs of the various committees (the speaker's veto over scheduling). We largely agreed that much agenda control is decentralized, as in the models of Shepsle-Weingast and Weingast-Marshall, but argued that the exercise of such decentralized agenda control was itself subject to regulatory efforts by the party leadership and ultimately to restructuring by the majority party's caucus.

If House rules were established exogeneously, then they would induce stable policy choices. The importance of structure would be transparent—and the influence of party members on outcomes would be obvious.

However, the rules are not determined exogenously. The Constitution merely requires the House to choose a presiding officer, stipulates that a majority of the membership constitutes a quorum for doing business, and provides that “each house shall determine the rules of its proceedings” (Article I, Section 5:2). In other words, the members make their own rules. Thus, as Riker has cautioned, referring to the policy consequences of structure merely pushes the instability problems of majority-rule voting back one step, from voting over policy options to voting over the rules that establish agenda power and hence condition policy outcomes. So how can one argue that structures induce equilibrium (more specifically, that House rules do)?

We argue that House rules are entrenched by majority party caucus rules. If the Democratic Caucus rules were to specify exactly what we stylized them as saying in Rules I, II, and III and if these rules were exogenously enforced, then the argument for stability would be almost a standard structure-induced equilibrium argument. The only new wrinkles would be the appeal to caucus rules as the stabilizing element in the story and the observation that only a kind of bicameral stability would be induced, similar to that discussed in Cox and McKelvey (1984), Hammond and Miller (1987), and Tsebelis (1993).

We think in fact the game is more complicated and more reliant on transactions costs to induce stability. That caucus members by their membership commit to support key features of House structure is fairly clear from an examination of the caucus rules. Pivotal minorities who seek to defect from the procedural equilibrium to which the party agrees before the Congress starts, presumably because they dislike the policy equilibrium thereby induced, are to some extent deterred by a threat that they will be expelled (or that the party will splinter). The threat is not entirely incredible because the caucus as a corporate actor has much to lose—its value as a forum within which long-term policy deals can be consummated—should it give in to

cheating by pivotal factions on structural issues. Moreover, individual legislators within the caucus also have much to lose—the policy at stake, other policies that would be susceptible to change were a precedent for circumventing structure established, and some portion of their electorally valuable reputation for fighting for certain policies.

The caucus rules may also be useful in clarifying the rules of reciprocity. It has often been claimed that legislators trade votes on policy and support for structure. It is hard to trade long-term support for specific policies, because there is always the question of what amendment constitutes a big change in support and what is small enough to be allowed. In contrast, if factions trade procedural support, the ultimate legislative consequences are less clear, but what constitutes a violation of the trade is made quite clear. Thus, formal models of reciprocity, such as Diermeier's, should perhaps focus on structure rather than on policy.

Gary W. Cox and Mathew D. McCubbins are Professors of Political Science, University of California-San Diego, La Jolla, California 92093.

NOTES

The authors thank Skip Lupia, Brian Sala, Thomas Schwartz, and Barry Weingast for helpful comments. The authors acknowledge the support of the National Science Foundation, grant number SES-8811022 and SES-9022882.

1. The standard prisoner's dilemma and battle of the sexes stories each involve two players, each choosing between two possible actions. The prisoner's dilemma goes something like the following story. The two players are suspects in a burglary being interrogated separately. The interrogators offer each suspect the same deal: turn state's witness against your partner, and you will go free. If neither confesses, both will be convicted of a lesser charge of trespassing. If both confess, however, both will be convicted of the more serious original charge. Thus, the dilemma: both players hope the other does not confess, but both have incentives to confess rather than keep quiet. Thus, by acting in their own best interests, both will confess and be punished for burglary. The battle of the sexes story, on the other hand, poses a coordination problem for a man and a woman trying to decide how to spend an evening together. The man most prefers to go to a ball game and the woman most prefers the opera, but neither wants to go alone to his or her preferred option. In both stories, the players would like to have a means of coordinating their individual choices to get a better outcome: a mafia boss promising to kill both burglars if either confesses, for example, or a priest who makes the couple alternate between his preferred activities and hers or be damned to hell for all eternity.

2. The spatial modelling literature has demonstrated that, in a series of pairwise votes, any policy garnering majority support in a test against the status quo policy can itself be defeated in a subsequent pairing with at least one other policy. Thus, there is no global winner among the range of possible policy choices, and hence no preference-induced policy stability (McKelvey 1976; Schofield 1984). In fact, this insta-

bility result applies not just to majority rule but to all noncollegial decision rules (Schofield 1980; Cox 1984; Schwartz 1982). We shall speak in the text only of majority rule, however.

3. The rules entrenching the standing rules actually induce only a bit more stability: the two-thirds-majority rule is stable in two dimensions but not in higher dimensional spaces. See Greenberg 1979; Schofield 1986.

4. A fourth route, which we do not take up in the text, argues the substantive point: that, in fact, House rules are not ultimately subject to *lex partis majoris*.

5. This follows from the folk theorem which states, basically, that any payoff in a repeated game is sustainable in equilibrium if it provides better payoffs to players than would arise from repeatedly playing the equilibrium strategy for the single-shot game. See, e.g., Rasmusen (1989). In other words, any (finitely) observable outcome can reflect equilibrium behavior in an infinitely repeated game. This result suggests that the real strategic problem facing players in repeated games, such as the prisoner's dilemma, is how to get coordination on better equilibrium strategy combinations.

6. While the stabilizing properties of transactions costs are widely admitted, no one is very satisfied with transactions costs as a general reason for stability. A frequent complaint is that they can explain anything: if one observes stability, claim the transactions costs were high; if one observes change, the costs must have been low. Without an independent measure of transactions costs case by case, how would one know? Another complaint is that transactions costs enter (in many models, not just Sloss's) as an exogenously posited, rather than endogenously derived, cost.

7. This line of influence is much clearer and stronger in a parliamentary system, of course. Expulsion from a British party's caucus leads with virtual certainty to deselection, and the prospects of joining the other party are not good. Nonetheless, several scholars have argued that members of Congress are extremely risk averse, so it might be inferred that the same line of influence exists in the U.S. (Mann 1978; Jacobson 1987).

8. In July 1993, Britain's Conservative prime minister, John Major, was abandoned by a group of his own backbenchers and thereby defeated on the floor in his attempt to get the House of Commons to ratify the Maastricht Treaty (the treaty for European union) in its then-current form. Major called the defectors' bluff, making the vote a matter of confidence; the defectors returned to the fold, and the measure was passed.

9. In at least one instance, the House did not follow its choice of presiding officer with an explicit adoption of rules. This was in the 51st Congress (1889–91), during which the notorious Reed Rules were first codified. Without an explicit set of standing rules, the House has traditionally operated under what is known as ordinary parliamentary procedure. Such is always the case before the election of a speaker. By tradition, the clerk who served the previous House acts as presiding officer until a constitutional quorum is established and the House elects a speaker. Ordinary parliamentary procedure is quite difficult to pin down, since members have not explicitly agreed to just what is ordinary and what is not. The speaker of the 51st House, Thomas B. Reed (R.-ME), interpreted ordinary parliamentary procedure to mean two things: first, that the presiding officer has broad authority to expedite business, including the right to refuse recognition to any member he deems to be pursuing dilatory tactics; second, that *partis majoris* is absolute—that is, that the majority is sovereign and can do anything it pleases, regardless of any precedent followed by earlier Houses. Employing these two principles of ordinary parliamentary practice, Reed inaugurated the modern era of special rules to govern the consideration of important bills, through simple majority adop-

tion of Rules Committee reports. Through this device and through Reed's assumption of the authority to limit floor recognition to members deemed to have nondilatory intentions, the majority Republican party caucus made it clear that the majority caucus rules in the House.

10. One recent example of the importance of binding caucus votes concerns the demise of the once-powerful Joint Committee on Atomic Energy. In 1946 Congress established this joint House and Senate committee and charged it with overseeing the development and promotion of nuclear power. Before the passage of the New Environmental Policy Act (NEPA) in 1969, the policy-making apparatus in the U.S. was biased in favor of promoting nuclear power. Environmentalists and prospective neighbors had few grounds on which to challenge proposed new plants; pro-nuclear-power members of Congress populated the joint committee. However, the NEPA and the 1971 Calvert Cliff decision firmly entrenched opposition to nuclear power in the federal regulatory process. Nuclear power advocates lost their privileged institutional position for good when, at the opening of the 95th Congress, a coalition of antiproliferation and environmentalist Democrats was able to include the demise of the joint committee in the rules of the House, passed by a straight party vote. Since the dissolution of the joint committee, attempts to streamline the regulatory process have failed to generate any steam.

11. Automatic expulsion grants tremendous power to the party leader, as the punishment is meted out automatically by the leadership and is not necessarily subject to an approval vote by the caucus itself. A member of the caucus may, of course, through conventional parliamentary procedures, challenge the expulsion decision by the leadership. If the challenge gains majority support, then the expulsion is rescinded. Requiring a two-thirds vote reduces this delegation of authority to the leadership. Whether or not this requirement makes expulsion more or less likely is another question.

12. The situation is similar to entry deterrence by a monopolist in an infinitely repeated game. And, like a monopolist, the caucus may have to incur short-term losses—such as the temporary loss of its majority status—in order to establish its reputation for toughness.

13. By *pivotal* we mean defection by any group that would strip the party of its majority.

14. The committee, in other words, plays a trigger strategy against the floor: it provides the benefits of specialization to all as long as the floor allows it policy rents (by deferring to its recommendations), but it refuses to specialize forevermore if the floor violates its expectations once.

REFERENCES

- Becker, Gary S., and George Stigler. 1974. "Law Enforcement, Malfeasance, and Compensation of Enforcers." *Journal of Legal Studies* 3:1–18.
- Cox, Gary W. 1984. "Non-Collegial Simple Games and the Nowhere Denseness of the Set of Preference Profiles Having a Core." *Social Choice and Welfare* 1:159–64.
- Cox, Gary W., and Mathew McCubbins. 1993. *Legislative Leviathan: Party Government in the House*. Berkeley: University of California Press.
- Cox, Gary W., and Richard D. McKelvey. 1984. "A Ham Sandwich Theorem for General Measures." *Social Choice and Welfare* 1:75–83.
- Diermeier, Daniel. 1993. "Legislative Institutions and Procedural Commitment." Prepared for the 1993 annual meeting of the American Political Science Association, Washington, DC.

- Greenberg, Joseph. 1979. "Consistent Majority Rules over Compact Sets of Alternatives." *Econometrica* 47:627–36.
- Hammond, Thomas H., and Gary J. Miller. 1987. "The Core of the Constitution." *American Political Science Review* 81:1155–74.
- Jacobson, Gary C. 1987. "Running Scared: Elections and Congressional Politics in the 1980s." In *Congress: Structure and Policy*, ed. Mathew D. McCubbins and Terry Sullivan. Cambridge: Cambridge University Press.
- Mann, Thomas E. 1978. *Unsafe at Any Margin: Interpreting Congressional Elections*. Washington, DC: American Enterprise Institute.
- McKelvey, Richard. 1976. "Intransitivities in Multidimensional Voting Models and Some Implications for Agenda Control." *Journal of Economic Theory* 12:472–82.
- Rasmusen, Eric. 1989. *Games and Information: An Introduction to Game Theory*. Cambridge, MA: Basil Blackwell.
- Riker, William. 1980. "Implications from the Disequilibrium of Majority Rule for the Study of Institutions." *American Political Science Review* 74:432–46.
- Schlesinger, Joseph. 1985. "The New American Political Party." *American Political Science Review* 79:1152–69.
- Schofield, Norman. 1980. "Generic Properties of Simple Bergson-Samuelson Welfare Functions." *Journal of Mathematical Economics* 7:175–92.
- Schofield, Norman. 1984. "Social Equilibrium and Cycles on Compact Sets." *Journal of Economic Theory* 33:59–71.
- Schofield, Norman. 1986. "Existence of a 'Structurally Stable' Equilibrium for a Non-Collegial Voting Rule." *Public Choice* 51:267–84.
- Schwartz, Thomas. 1982. "A Really General Impossibility Theorem." *Quality and Quantity* 16:493–505.
- Shepsle, Kenneth A. 1979. "Institutional Arrangements and Equilibrium in Multidimensional Voting Models." *American Journal of Political Science* 23:27–59.
- Shepsle, Kenneth A. 1986. "Institutional Equilibrium and Equilibrium Institutions." In *Political Science: The Science of Politics*, ed. Herbert F. Weisberg. New York: Agathon Press.
- Shepsle, Kenneth A., and Barry R. Weingast. 1987. "The Institutional Foundations of Committee Power." *American Political Science Review* 81:85–104.
- Sloss, Judith. 1973. "Stable Outcomes in Majority Voting Games." *Public Choice* 15:19–48.
- Tsebelis, George. 1993. "The Core, the Uncovered Set, and Conference Committees in Bicameral Legislatures." Prepared for the 1993 annual meeting of the American Political Science Association, Washington, DC.
- Weingast, Barry R. 1979. "A Rational Choice Perspective on Congressional Norms." *American Journal of Political Science* 32:245–62.
- Weingast, Barry R., and William Marshall. 1988. "The Industrial Organization of Congress." *Journal of Political Economy* 96:132–63.

LINKED CITATIONS

- Page 1 of 3 -



You have printed the following article:

Bonding, Structure, and the Stability of Political Parties: Party Government in the House

Gary W. Cox; Mathew D. Mccubbins

Legislative Studies Quarterly, Vol. 19, No. 2. (May, 1994), pp. 215-231.

Stable URL:

<http://links.jstor.org/sici?sici=0362-9805%28199405%2919%3A2%3C215%3ABSATSO%3E2.0.CO%3B2-W>

This article references the following linked citations. If you are trying to access articles from an off-campus location, you may be required to first logon via your library web site to access JSTOR. Please visit your library's website or contact a librarian to learn about options for remote access to JSTOR.

Notes

³ **Consistent Majority Rules over Compact Sets of Alternatives**

Joseph Greenberg

Econometrica, Vol. 47, No. 3. (May, 1979), pp. 627-636.

Stable URL:

<http://links.jstor.org/sici?sici=0012-9682%28197905%2947%3A3%3C627%3ACMROCS%3E2.0.CO%3B2-G>

References

Law Enforcement, Malfeasance, and Compensation of Enforcers

Gary S. Becker; George J. Stigler

The Journal of Legal Studies, Vol. 3, No. 1. (Jan., 1974), pp. 1-18.

Stable URL:

<http://links.jstor.org/sici?sici=0047-2530%28197401%293%3A1%3C1%3ALEMACO%3E2.0.CO%3B2-9>

Consistent Majority Rules over Compact Sets of Alternatives

Joseph Greenberg

Econometrica, Vol. 47, No. 3. (May, 1979), pp. 627-636.

Stable URL:

<http://links.jstor.org/sici?sici=0012-9682%28197905%2947%3A3%3C627%3ACMROCS%3E2.0.CO%3B2-G>

NOTE: The reference numbering from the original has been maintained in this citation list.

LINKED CITATIONS

- Page 2 of 3 -



The Core of the Constitution

Thomas H. Hammond; Gary J. Miller

The American Political Science Review, Vol. 81, No. 4. (Dec., 1987), pp. 1155-1174.

Stable URL:

<http://links.jstor.org/sici?sici=0003-0554%28198712%2981%3A4%3C1155%3ATCOTC%3E2.0.CO%3B2-B>

Implications from the Disequilibrium of Majority Rule for the Study of Institutions

William H. Riker

The American Political Science Review, Vol. 74, No. 2. (Jun., 1980), pp. 432-446.

Stable URL:

<http://links.jstor.org/sici?sici=0003-0554%28198006%2974%3A2%3C432%3AIFTDOM%3E2.0.CO%3B2-C>

The New American Political Party

Joseph A. Schlesinger

The American Political Science Review, Vol. 79, No. 4. (Dec., 1985), pp. 1152-1169.

Stable URL:

<http://links.jstor.org/sici?sici=0003-0554%28198512%2979%3A4%3C1152%3ATNAPP%3E2.0.CO%3B2-H>

Institutional Arrangements and Equilibrium in Multidimensional Voting Models

Kenneth A. Shepsle

American Journal of Political Science, Vol. 23, No. 1. (Feb., 1979), pp. 27-59.

Stable URL:

<http://links.jstor.org/sici?sici=0092-5853%28197902%2923%3A1%3C27%3AIAAEIM%3E2.0.CO%3B2-X>

The Institutional Foundations of Committee Power

Kenneth A. Shepsle; Barry R. Weingast

The American Political Science Review, Vol. 81, No. 1. (Mar., 1987), pp. 85-104.

Stable URL:

<http://links.jstor.org/sici?sici=0003-0554%28198703%2981%3A1%3C85%3ATIFOCP%3E2.0.CO%3B2-G>

A Rational Choice Perspective on Congressional Norms

Barry R. Weingast

American Journal of Political Science, Vol. 23, No. 2. (May, 1979), pp. 245-262.

Stable URL:

<http://links.jstor.org/sici?sici=0092-5853%28197905%2923%3A2%3C245%3AARCP%3E2.0.CO%3B2-Z>

NOTE: *The reference numbering from the original has been maintained in this citation list.*

LINKED CITATIONS

- Page 3 of 3 -



The Industrial Organization of Congress; or, Why Legislatures, Like Firms, Are Not Organized as Markets

Barry R. Weingast; William J. Marshall

The Journal of Political Economy, Vol. 96, No. 1. (Feb., 1988), pp. 132-163.

Stable URL:

<http://links.jstor.org/sici?sici=0022-3808%28198802%2996%3A1%3C132%3ATIOOCO%3E2.0.CO%3B2-S>