BONDING, STRUCTURE AND THE STABILITY OF POLITICAL PARTIES: PARTY GOVERNMENT IN THE HOUSE

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September 20, 1993

ABSTRACT

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 paper, 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 is support on the floor of Caucus decisions for 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, extralegisaltive bonding mechanism.

1. INTRODUCTION

Why do political parties exist and persist in democratic societies? The existence question would seem to be one of a more general class of questions that includes "why are there business firms?", "why are there public bureaucracies?", "why are there armies?" 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).[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

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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 story goes something like the following. The two players are suspects in a burglary being interrogated separately. The interrogators offer each suspect the following 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. Battle of the Sexes, 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, while the woman wants to go to the opera. But neither wants to go alone to his or her preferred option. In both cases, 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, or a priest who makes the couple alternate between his preferred activities and hers or be damned to hell for all eternity, for example.

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 that 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" have 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 are rarely made by a process that looks like pure majority-rule on the floor. Instead, there are structures and procedures that constrain both the range of

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2. The spatial modelling literature has demonstrated that in a series of pairwise votes, any policy that garners majority support in a test against the status quo policy can itself be defeated in a subsequent pairing with at least one other policy, and so on. 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 instability result applies not just to majority rule but to all non-collegial decision rules (Schofield 1980; Cox 1984; Schwartz 1982). We shall speak in the text only of majority rule, however.

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, due to Riker (1980), is that institutions are not exogenous. They are endogenous -- i.e., a matter of social choice. In Riker's view, if different "structures" lead to different policy choices, then people will anticipate this; 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 non-majoritarian, so that majority-rule instability in the choice of structures is empirically irrelevant. The U.S. House of Representatives' standing rules, for example, stipulate that the standing rules of the House can be changed (once adopted by majority rule) only by unanimous consent, by more than 2/3 of its 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 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. It goes something like the following. 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 this 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

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3. The rules entrenching the standing rules actually induce only a bit more stability: 2/3-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.

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, 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 the one of the razor's edge cases necessary for a preference-induced

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5. This follows from the "Folk Theorem," which states, basically, that any strategy combination in a repeated game that provides better payoffs to players than would arise from repeatedly playing the equilibrium strategy for the single-shot game, is sustainable as an equilibrium. See, e.g. Rasmusen. In other words, basically any 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.

equilibrium, then even "small" transactions costs will be sufficient to preserve the status quo, because 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 which 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 paper, 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 and extra-legislative 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

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6. While the stabilizing properties of transactions costs are widely admitted, noone 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') as an exogenously posited, rather than endogenously derived, cost.

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 essay.

2. The Party Bond

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

It is best to start with the intra-legislative assets since these are clearer and are presupposed in the discussion of electoral assets. The "intra-legislative 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 that a member makes. Such an investment 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 captial nor
committee-specific seniority is readily transferable to other
uses should the member be expelled from the party, hence 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 his 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. For example, on most committees majority-party staff outnumber minority-party staff by at least 2 to 1 and sometimes by as much as 4 to 1. 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 his party's nomination at the next election. The local party hierarchy may have ties to the national organization which influence their 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 fully comparable 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 (post-universal suffrage) have been more stable than the shifting factions of pre-modern polities.

7. This line of influence is much clearer and stronger in a parliamentary system such as the U.K., 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).

3. 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 paritcular 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 unraveling.[8]

Majority parties in the U.S. Congress cannot compete with parliamentary parties in the strength of incentives they can marshall, 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

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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, and this time the defectors returned to the fold, and the measure was passed.

Committee; the required supportof 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 Acgriculture 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 his perch atop the Rules Committee).

What is the consequence of smashing or ignoring those impediments? 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 utlimate 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).

Th   The actual rules of the Democratic caucus are fairly close to stylized rule I. A long-standing rule of the Democratic Caucus (found, for example, in rule 7 in the 95th Caucus 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 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

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9. In at least one instance, the House did not follow its choice of presiding officer with an explicit adoption of rules. This was during the 51st House (1889-1891), 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 prior to 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, of course, members have not explicitly agreed to just what is "ordinary" and what is not. The Speaker of the 51st House, Rep. Thomas B. Reed (R-Maine) 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; and second, that partis majoris is absolute, i.e., that the majority is sovereign and can do anything it pleases, regardless of any precedent followed by prior 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 adoption of Rules Committee reports. Through this device, and through Reed's assumption of the authority to limit floor recognition to members deemed to have non-dilatory intentions, the majority Republican party caucus made it clear that it is the majority caucus that rules in the House.

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 2/3 vote in Caucus (Caucus Rule 1, 101st Congress).

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10. One recent example of the importance of binding Caucus votes concerns the demise of the once-powerful Joint Committee on Atomic Energy. Congress established the JCAE in 1946 as a joint House and Senate committee charged with overseeing the development and promotion of nuclear power. Prior to 1969 and the passage of the New Environmental Policy Act (NEPA), 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-nuke members of Congress populated the JCAE. However, opposition to nuclear power at the federal level became firmly entrenched in the regulatory process via NEPA and the 1971 Calvert Cliffs decision. Nuclear power advocates lost their privileged institutional position for good when, at the opening of the 95th Congress, a coalition of anti-proliferation and environmentalist Democrats was able to include the demise of the JCAE in the rules of the House, passed by a straight party vote. Since the dissolution of the JCAE, attempts to streamline the regulatory process have failed to generate any steam.

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 of successful log-rolling accrued 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 2/3 vote. What matters is its reputation for toughness, since it is continually playing something like Chicken with its own factions.

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11. An "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 could, 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 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 monpolist, 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.

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.
This would mean that structurally-induced policy equilibria in
one- or two-dimensional spaces would not be subject to the

"inherited" instability feared by Riker, although the same 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' threat of expulsion ever credible when it involves a pivotal defection?

4. 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.

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13. By "pivotal," we mean any group whose defection would strip the party of its majority.

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 are 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 then change the policy as they desire, 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 in the literature who argue 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 then 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 key features of House structure which 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 office as a leader of the organization 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 non-pivotal 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 non-pivotal 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 his 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. This suggests that only rebellions based on fairly homogeneous pre-existing groups -- e.g., 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 "automatically" expel the group but the caucus meets to consider whether the rules really apply (or, alternatively, 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, this would lower the probability of reelection of all loyalists, for the same reason that voting for the policy change would have. Thus, if caucus members are purely office-motivated, 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 causus rules draw a "line
in the sand," that clearly defines which types of behavior are in
and out of bounds. How this might work is suggested by some
recent work by Diermeier (1993). Simplifying greatly, Diermeier
argues 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 (see also Shepsle
and Weingast 1979). This argument applies generally to any
committee system--one set up by parties, as in _Legislative_

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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.

<u>Leviathan</u>, or one set up by non-partisan self-selection, as in other parts of the literature. To the extent that it is convincing, it suggests that the committee system-cum-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.

5. 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 gate-keeping 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 which 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 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; and because 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 policy.

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