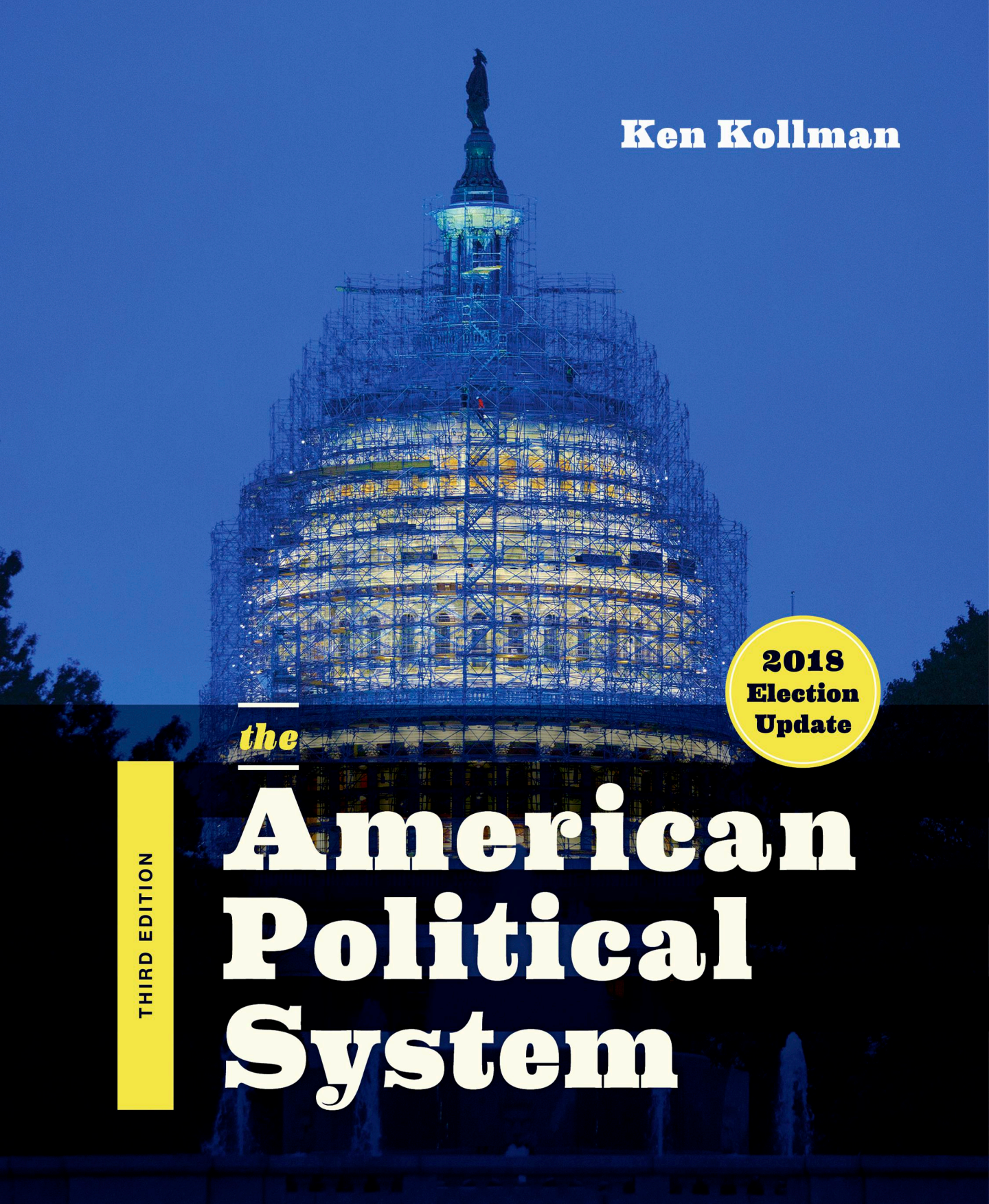
Ken Kollman
2018 Election Update
the
American Political System
THIRD EDITION

Third Edition

THE AMERICAN POLITICAL SYSTEM

2018 Election Update

Ken Kollman
University of Michigan

W. W. Norton & Company
New York ▪ London

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Printed in Canada

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Cover image: Bloomberg / Getty Images

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Composition: Westchester Publishing Services
Manufacturing: TC-Transcontinental Printing

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Library of Congress Cataloging-in-Publication Data

Names: Kollman, Ken, 1966- author.
Title: The American political system. Election update / Ken Kollman, University of Michigan.
Description: Third Edition. | New York: W. W. Norton & Company, Inc., [2019] | Includes bibliographical references and index.
Identifiers: LCCN 2018057915 | **ISBN 9780393675283** (paperback)
Subjects: LCSH: United States—Politics and government—Textbooks.
Classification: LCC JK276 .K66 2019 | DDC 320.473—dc23 LC record available at https://lccn.loc.gov/2018057915

W. W. Norton & Company, Inc., 500 Fifth Avenue, New York, NY 10110

wwnorton.com

W. W. Norton & Company Ltd., 15 Carlisle Street, London W1D 3BS

1 2 3 4 5 6 7 8 9 0

This book is dedicated to my many wonderful colleagues and students at the University of Michigan.

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PREFACE

Donald Trump's presidency has ushered in a new era in American politics. Many students were heavily invested emotionally and intellectually in the 2016 and 2018 elections, and there is and will continue to be a wide range of reactions to the Trump presidency.

A common impression used to be that students entering colleges and universities today did not care about politics and were uninformed. In fact, for many students the 2016 and 2018 elections mean a new sense of urgency to become informed and active. Even before they arrive at college, students are awash in details about politics, public opinion, and international events. They regularly encounter information or opinions about the political world, whether online; through traditional media, personal conversations, and public speeches; or within their clubs and other associations. And in recent years, they have witnessed repeated attacks on the quality of information they were getting from media sources. What are they to believe? The information from the typical media sources? Or those attacking the credibility of those typical sources?

Students thus face a confusing information environment about politics. Consider the conflicting—and often negative and misleading—messages about the American political system that are broadcast widely and likely to reach the typical student in the United States. Even giving brief attention to the news or other political programming might lead a person to believe some subset of the following: Politicians are venal and corrupt. Lobbyists are venal and corrupt. Congress cannot get anything done. The government meddles too much in the economy and/or in people's lives. The federal government cannot close a military base, reform a bureaucracy, or coordinate relief efforts effectively. The government does not promote jobs effectively enough. No politician wanting to keep his or her job would ever want to raise taxes. Americans' taxes are outrageously high. The Social Security program is going broke. The government spends too much beyond its budget. Political parties get in the way of effective compromise. The Supreme Court is out of touch with public opinion. Interest groups essentially bribe politicians.

Students may try to make sense of the American political system, but understanding can be elusive. The challenge of getting an accurate, coherent picture of American politics is exacerbated by the enormity of the American political system. The bombardment of information about a broad range of topics across different institutions and levels of government may give the impression of incoherence or disorder. The political system can look chaotic, random, and complex, making useful understanding nearly impossible.

Students entering introductory courses often lack a coherent intellectual framework and a set of logical concepts for making sense of political information. I wrote this book to provide such a framework, and this third edition sharpens the original framework even more. My goal is to deliver a clear introduction to the core facts about American government and an intellectual toolkit to navigate the extraordinarily complex political system in the United States. I want my students to be able to take that toolkit with them after the course, and I hope readers of this book will too. The tools in this book can help students understand the political issues and information they encounter throughout their lives—in the news as well as in their own experiences.

Analytical Tools for Understanding American Politics

This textbook conveys the core theoretical insights and analytical tools from modern political science and applies them to the American political system. Political science is a diverse discipline, so this textbook focuses on three core insights:

1. People face recurrent collective dilemmas and principal-agent problems.
2. Political institutions, including those in the United States, are intended to solve collective dilemmas and principal-agent problems.
3. The specific details of those institutions affect how costs and benefits are allocated in society. In other words, institutional details matter for who gets what in society.

After learning about this core and studying various kinds of collective dilemmas and principal-agent problems, students can make better sense of the major topics in American politics. For example, as they learn about Congress in Chapter 5, they can consider the institutional features of Congress—including the use of primary elections and legislative action such as agenda control by the Rules Committee in the House—with a keen eye toward how those features are intended to (but do not always) successfully solve social dilemmas. Students learn the consequences of having specific institutions in place in Congress, such as which states will benefit when the filibuster is used on spending bills. They can make sense of why members of Congress

are typically reelected even when a large majority of Americans are unhappy with Congress as a whole. Or how internal congressional politics affects bargaining between the two chambers and between Congress and the president. In every chapter, the analytical tools from Chapter 1 are used to provide insight into the topic at hand.

A Problem-Oriented Approach

Each chapter starts with a puzzle, illustrated through a story about American politics, then uses the concepts and information in the chapter to help "solve" it. Chapter 1, for example, uses the story of the ongoing budget battles between Democratic and Republican party leaders, and asks how the two parties can consistently fail to solve long-term problems. Most Americans complain simultaneously about high deficits, their tax burdens, and not enough government spending on programs like education and infrastructure. At first the situation does not appear to make sense. If deficits are caused by the government spending more than it collects in taxes, then increased spending and lower taxes will increase the deficit. So it seems illogical that majorities support both maintaining current levels of spending and retaining existing tax rates, instead of raising more revenue from taxes. Only by further exploring the issue using concepts such as free riding, public goods, and collective dilemmas does the budget conflict (and the public's reaction) begin to make sense.

These types of puzzles motivate not only what follows in the chapters but also the priorities of political science researchers. The book reflects some of the best contemporary scholarship with rich citations, reference lists, and carefully annotated sources for the charts and tables. Students will find the information accessible, accurate, and clearly specified.

Insights through Comparison

To gain insights into how specific institutional details matter, each chapter includes an "In Comparison" section that describes features of the American system as they compare to those in other countries. Students will read about research findings on the consequences of having different institutions and social circumstances in other countries. For example, a section in Chapter 4 explores how France and the United States differ over the interpretation of the separation of church and state. A section in Chapter 13 looks at the differences between simple plurality and proportional electoral systems, and the research connecting those institutional details to certain political and policy outcomes. Sections in other chapters provide data and analysis comparing the United States to other countries on political participation, party systems,

public opinion, and constitutional design. While instructors often do not have time to cover comparative material, the comparisons made in this textbook will help students understand the American system better by highlighting the impact of certain kinds of institutions.

Pedagogical Features

This textbook uses innovative pedagogy to help students grasp important concepts and master basic factual material. In each chapter, the following features reinforce the information in the chapter text.

NEW Data Exploration features in every chapter analyze a key piece of contemporary data that connects to the chapter's big ideas and help to answer the chapter puzzle. Here are some examples:

- How does public opinion about civil liberties and privacy change in reaction to domestic terrorist attacks? (Chapter 4: Civil Rights and Liberties)
- Do Republican presidents delegate authority to different agencies than Democratic presidents? (Chapter 6: The Presidency)
- Does the government listen more to wealthy people than to middle-class and poor people? (Chapter 9: Public Opinion)

Expanded and reconceived Interests, Institutions, and Outcomes features in every chapter provide students with real-world examples of how institutions work on collective dilemmas to foster specific outcomes. These can serve as models for students' own analysis or as prompts for classroom discussion. Here are some examples:

- How do state and federal policy around marijuana use differ? (Chapter 3: Federalism)
- Why does the budget of the Defense Department contain some strange expenditures, such as research on beef jerky? (Chapter 7: The Bureaucracy)
- Why should Iowa and New Hampshire have the early presidential election caucuses and primaries? (Chapter 13: Elections and Campaigns)

Know the Facts boxes give the nuts and bolts of American government without cluttering the text with excessive details on features that are relatively straightforward. Using clear tables and outlines, these boxes cover basic factual information that every student taking an American government course should know.

Historical Path boxes highlight important events in history that students should be familiar with, helping them to put these events in historical context and see long-term trends.

A rich art program includes tables and figures that are an integral part of each chapter, carefully chosen photos that illustrate key points, and marginal definitions of key terms.

New in the Third Edition

In preparing this third edition (election update), I was attentive to the feedback I received from professors who have used the textbook in their courses and from students in my own course. The new Data Exploration sections respond to a concern among faculty that students are reluctant to read or study charts and tables of data. The sections are straightforward in their exposition, but they also challenge students to make sense of data presentations. Likewise, as discussed earlier, the Interests, Institutions, and Outcomes feature offers additional material for students to consider in applying core concepts from the book, while new opening stories and contemporary examples keep the text fresh and compelling. As an example, Chapter 3 (Federalism) opens with a story about states' attempts (as in Arizona) to adopt immigration laws that may be at odds with federal policy. It poses the puzzle of why, in general, centralization has prevailed in conflicts between the national government and the states.

All chapters have new citations with contemporary scholarship, refreshed "Further Reading" lists, and updated data for charts and tables whenever possible. Finally, professors and students asked for more examples of contemporary real-world events that illustrate the concepts in the book. The Interests, Institutions, and Outcomes feature and the puzzle examples based on real-world events provide plenty of material for lectures, discussions, test questions, and topics for papers.

Support Materials for Students and Instructors

This textbook is accompanied by an extensive set of resources developed specifically for instructors and students to use with *The American Political System*.

Coursepacks Available at no cost to professors or students, Norton coursepacks for online or hybrid courses are available in a variety of formats, including Canvas, Desire2Learn, Moodle, and all versions of Blackboard. Content includes review material, chapter quizzes, Data Exploration exercises, and video exercises.

Instructor's Resource Disc

- *PowerPoints:* Written by Kimberly Rice (Western Illinois University), these PowerPoint slides feature concise text slides, helpful notes and suggestions for instructors, all the figures and photos from the text, and researcher videos.

- *Researcher Videos:* Prominent political scientists talk about key concepts in the text.
- *Art Files:* All figures, tables, and photos are available in JPEG and PowerPoint formats.

Instructor's Manual Written by Donald Gooch (Stephen F. Austin State University), the Instructor's Manual includes chapter outlines, lecture ideas, teaching suggestions, in-class activities based on the researcher videos and suggested web activities, supplementary readings, and in-class and homework assignments.

Test Bank Written by Elizabeth Coggins (Colorado College), the Test Bank includes multiple-choice, true/false, and essay questions for every chapter, all labeled for question type, difficulty, and concept. Available in the following formats: PDF, RTF, LMSes like BlackBoard, Canvas, and Moodle, as well as ExamView Assessment Suite.

Ebook An affordable and convenient alternative, Norton ebooks retain the content and design of the print book and allow students to highlight and take notes with ease, print chapters as needed, and search the text for references. Norton ebooks are available online and as downloadable PDFs.

Acknowledgments

I am grateful for the comments, suggestions, and constructive criticisms provided by the following reviewers at various stages of this book's development:

Scott Adler, *University of Colorado Boulder*

Scott Ainsworth, *University of Georgia*

John Anderson, *University of Nebraska at Kearney*

Tama Andrews, *University of New Hampshire*

John Aughenbaugh, *Virginia Commonwealth University*

Julia Azari, *Marquette University*

Paul Bellinger, *Stephen F. Austin State University*

Michael Berkman, *Pennsylvania State University*

Robert Boatright, *Clark University*

Frederick Boehmke, *University of Iowa*

Walt Borges, *University of North Texas at Dallas*

Michael Brown, *Emerson College*

Brian Brox, *Tulane University*

Justin Buchler, *Case Western Reserve University*

Graham Bullock, *Davidson College*

Peter Burns, *Loyola University New Orleans*
Michael Burton, *Ohio University*
Jamie Carson, *University of Georgia*
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Beth Leech, *Rutgers University*
Jan Leighley, *University of Arizona*
Renan Levine, *University of Toronto, Scarborough*
Christine Lipsmeyer, *Texas A&M University*
Daniel Lipson, *SUNY New Paltz*
James Lutz, *Indiana University–Purdue University Fort Wayne*
Jason MacDonald, *West Virginia University*
Ellie Malone, *United States Naval Academy*
Tom Martin, *Eastern Kentucky University*
Andrea Mayer, *Georgetown University*
Corrine McConnaughy, *The Ohio State University*
Ian McDonald, *Duke University*
Amy McKay, *Georgia State University*
Seth C. McKee, *Texas Tech University*
Will Miller, *Southeast Missouri State University*
William Mishler, *University of Arizona*
Jamie Monogan, *University of Georgia*
Joanna Mosser, *Drake University*

Ken Mulligan, *Southern Illinois University*
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Pamela Schaal, *Ball State University*
Scot Schraufnagel, *Northern Illinois University*
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Barry Tadlock, *Ohio University*
Terri Towner, *Oakland University*
Sarah Treul, *University of North Carolina at Chapel Hill*
Jessica Trounstine, *University of California, Merced*
Joseph Ura, *Texas A&M University*
Abby Van Horn, *North Central College*

Renee Van Vechten, *University of Redlands*
Justin Vaughn, *Boise State University*
Greg Vonnahme, *University of Missouri–Kansas City*
Charles Walcott, *Virginia Tech*
Timothy Werner, *University of Texas at Austin*
Kenneth C. Williams, *Michigan State University*
Stephen Wirls, *Rhodes College*
Patrick Wohlfarth, *University of Maryland, College Park*
Frederick Wood, *Coastal Carolina University*
Gina Woodall, *Arizona State University*

Thanks are also due to the following people for helping to put the first edition of the book together: Daniel Magleby, Sang-Jung Han, David Cottrell, Molly Reynolds, Semra Koknar, Sarah Neuman, Michael Robbins, Phil Clark, Nick Marcus, Hannah Bozian, Sarah Danserau, Josh Deyoung, Emma Rew, Peter Gutsche, Zachary Goldsmith, Charles Doriean, Jennifer Miller-Gonzales, Paul Poast, and Tim Ryan. Paul Gargaro was especially helpful in the initial drafting of chapters. The second edition was put together with the help of David Cottrell, Phil Schermer, Richard Anderson, and Erica Mirabitur.

In creating this third edition, I received substantial assistance from Erica Mirabitur, who deserves credit for finding much of the information for the new Data Exploration sections and any new Interests, Institutions, and Outcomes boxes, as well as my deep thanks for her professionalism and collegiality. As she launches her own career in research, I commend her and express my admiration for her talent and doggedness. The team at Norton—including project editor Laura Dragonette and production manager Elizabeth Marotta—did a superb job keeping track of the myriad details throughout the development and production process and ensuring the high quality of the printed book. Thanks to Steve Dunn for supporting the original idea, to Roby Harrington for key moments of inspiration during lively conversations, and to Ann Shin, a talented, demanding editor who confidently guided me to the end of a long process for the first edition. With the second edition, Ann began the process as editor, and then handed things over to Pete Lesser, who has been a terrific creative partner. Pete has been an excellent editor of this third edition, pushing me when necessary to improve the text and the features. Samantha Held also deserves my gratitude for handling the details of this third edition and doing wonderful work in editing and putting the final product together. This election update was helped along tremendously by Max Housner's hard work, and by the able assistance of Anna Olcott.

Ken Kollman

Third Edition

THE AMERICAN POLITICAL SYSTEM

2018 Election Update

Republican businessman Donald Trump won the 2016 presidential election after vowing to "make America great again." A large part of this promise centered around improving the economy. Although Trump won the presidency and Republicans maintained control of both houses of Congress for two years, economics and taxes remained highly contentious. How can the tools of political science help us explain the deep divisions and obstacles we see in American political life?

1

Introduction

What can the tools of political science tell us that we don't already know?

After a bitter, divisive election campaign, Republican Donald Trump won the election to the presidency of the United States and upended the American political system. His victory was a dramatic surprise that caught many people off guard, including election analysts, pollsters, politicians in Washington, D.C., and the state capitals around the country.

After the shock of Trump's win wore off, focus turned quickly to what his presidency would look like, especially in light of the deep political divide in the country, and the Democrats poised to contest the 2018 elections with momentum. During his campaign, Trump promised to change many things if elected. Among his promises were to lower taxes, improve the country's infrastructure, bolster the military and veterans' benefits, and rebuild the economy in financially depressed areas. Trump was not specific on how he planned to do all this at the same time and was only able to pass one major piece of legislation in spite of having Republican control of Congress for the first two years.

Budgeting has been a source of deep conflict within the government. For more than a decade before 2016, the U.S. government experienced one budgetary crisis after another. Every time a major decision loomed over the government's budget and borrowing capacity (its debt ceiling, as it is known), deadlines were set, grandstanding among political adversaries ensued, pundits threatened economic doom, and intense negotiations among politicians lasted into the early morning hours. Government officials used stark words and phrases to describe the consequences of the government's actions, or inactions, in dealing with the basic disagreements between the two major political parties over the budget. For example, they claimed that if leaders of the two political parties did not come to an agreement over taxes and spending, the government might fall off a "fiscal cliff," funding for many government programs would be subject to "sequestration" (mandatory budget cuts), or the government might default on its debt obligations.

OUTLINE

Disagreements between Republicans and Democrats over budgets are not petty or trivial but reflect fundamental differences in policy goals and society outcomes. Leaders of both parties recognize that large deficit spending cannot continue indefinitely. In general, Democrats seek targeted increases in government spending and increased taxes on the wealthy, while Republicans seek deep cuts to government spending and no tax increases on anyone. Compromises are hard fought, and when they come, they follow bitter negotiations. All this leads to a general feeling that nobody wins. Many economic problems get put off until later, and the essential decisions over how to ensure sustainable government budgets are postponed.

A key component of budget planning is tax policy and, in general, Americans do not like to pay taxes. It has never been popular for politicians of either major party to call for an increase in taxes. At the same time, however, Americans ask a lot of their government. They want it to educate children, preserve public order, provide health care for the elderly and the poor, regulate products and services, build roads and bridges, and provide student loans for college; and also fight terrorism and protect the country and its interests abroad. Moreover, most Americans prefer that it operate on a balanced budget, spending no more than it collects in taxes and other revenue.

The expectations Americans have for their government often seem incompatible with their dislike of taxes. Politicians commonly complain that the American people want the government to do more than what they are willing to pay. This conflict, coupled with partisan rancor over the proper long-term solution, often leads to stalemates and inaction on many issues, including the budget. Many Americans wonder why politicians cannot just come to an agreement on a long-term solution. But the reasons are not mysterious, given how social scientists think about political systems and institutions.

The Trump administration began with a "unified" government, meaning that Republicans controlled both houses of Congress and the presidency. Presumably, that would give him a good chance of passing a budget that reflects his preferences and policy goals. However, deep conflicts among the Republicans derailed much of his economic agenda. Then, the 2018 elections brought Democrats to majority power in the House. People wondered whether the Democrats would try to work with Trump and Senate Republicans or attempt to stonewall any new economic policies.

When it comes to critical issues like how to raise and spend the federal government's money, conflicts are inevitable, even within the same political party. In this chapter, and throughout this book, we will ask–and answer–the question: How can basic concepts in political science help us understand the complexities and apparent contradictions of the American political system? The tools presented here will help you understand the processes and outcomes we see in American political life.

Understanding American Politics

Politics refers to the process of making collective decisions, usually by governments, to allocate public resources and to create and enforce rules for the operation of society. A **political system** is the way a society organizes and manages its politics across various levels of public authority. This book will deepen your understanding of the American political system.

The political scientist Harold Lasswell once offered an alternative definition of politics as the struggle over "who gets what, when, [and] how."[1] Lasswell's curt definition highlights the fact that people have **preferences** over things that government can potentially provide, and they take actions to satisfy those preferences. Generally speaking, people prefer more benefits and fewer costs, and they understand that they live in a society with others who

politics The process of making collective decisions, usually by governments, to allocate public resources and create and enforce rules for the operation of society.

political system The way a society organizes and manages its politics across various levels of public authority.

preferences The outcomes or experiences people want or believe they need.

Conflicts over the nation's debt limit, taxes, and spending priorities seem to exemplify chaos and contradictions in American politics. However, when we look deeper, we begin to see the often predictable ways that American political institutions shape debates about current events and the policy outcomes that ensue.

[1] Harold D. Lasswell, *Politics: Who Gets What, When, How* (New York: Whittlesey House/McGraw-Hill, 1936).

have their own, sometimes competing, preferences. For example, we want more money for our families and we wish to pay less in taxes, though we also understand that we need to pay some taxes in order for society to function. Peoples' preferences, including how strongly they prefer some things over others, shape their ideas about how society should be run and what actions governments should take. If I strongly prefer to pay less in taxes and am willing to live with fewer government services, then I will try to convince the government to cut taxes for people like me. Alternatively, if I strongly prefer more government services and am willing to pay more in taxes for those services, I will try to convince the government to bolster services for people like me.

Politics determines the distribution or redistribution of benefits and costs to satisfy those preferences, and therefore it often involves considerable conflict. It goes without saying that people often do not share the same preferences. One person's costs could be another person's benefits. Nor do people share the same ideas about how society should be run. The people who want more government services are in conflict with those who want lower taxes. It is rare to observe a governmental decision where everyone believes that the government has taken the correct action to satisfy his or her preferences. Much of the time in politics, some people win more benefits and some people pay more costs, and even if everyone wins some benefits, certain people win more than others.

Institutions

institutions Rules or sets of rules or practices that determine how people make collective decisions.

In light of people's conflicting preferences and disagreements, there must be means of making collective decisions. Those decisions happen because of the workings of institutions. In politics, **institutions** are the rules or sets of rules or practices that determine how people make collective decisions. Institutions include the rules and procedures for passing laws, interpreting laws, enforcing laws, counting votes and electing governments, and appointing government employees, among many other functions. The institutions of government vary across countries, states, and parts of the world, and they can change over time with important implications for societies. They determine who can legally do what, when, and how, and they affect how the political system distributes benefits and costs among people in society.[2]

The term *institution* may be confusing because it is abstract and can be used in multiple ways. It can refer to large parts of the government or to specific procedures or organizations. The three major branches of the U.S. government—the executive (the White House and the presidency), the legislative (Congress), and

[2] Kenneth A. Shepsle, *Analyzing Politics: Rationality, Behavior, and Institutions,* 2nd ed. (New York: Norton, 2010).

Know the FACTS — Political Institutions

Political institutions include

- **Branches of Government**
  Examples: Congress
  The president
  The federal courts
- **Organizations**
  Examples: The Internal Revenue Service
  The Rules Committee in the House of Representatives
  The electoral college
  Political parties
  Interest groups
- **Rules and Procedures**
  Examples: Simple plurality election rules
  Separation of powers
  Judicial review
  Campaign finance laws

the judicial (the Supreme Court)—are each important institutions in American politics, but formal institutions do not always refer to a branch of government or a particular level of government. The methods of electing people to offices, for example—the voting rules, including the electoral college—and the codified procedures adopted for bargaining between the branches of government are also key institutions of government.

Informal institutions, which are not codified in written form and are not required to exist according to the Constitution or the law, are also central. Examples include the major political parties; they are considered crucial to the functioning of Congress and of elections. Interest groups play a vital role in determining which policies get chosen. Media companies, the press, and other communication organizations inform citizens and expose government actions. Alongside the formal institutions of government, these political organizations outside of the legal framework of the government help make the political system operate.

One way to think of a political system is as a bundle of institutions, both formal and informal, within which many diverse people pursue the satisfaction of their preferences. The national government in the United States sits atop the American political system, but there is much more to a **federal system** like that of the United States. In federal systems, there are multiple levels

federal system A political system with multiple levels of government, in which each level has independent authority over some important policy areas.

An institution can be as big as an entire branch of government, such as Congress, or it can be as specific as a rule for making a particular decision, such as how the Speaker of the House of Representatives is chosen. In 2019, Nancy Pelosi (D-CA) was chosen as Speaker through codified rules for electing party leaders.

of government with independent authority over important areas of policy. Each resident of the country is also affected by the policies of the nearly 90,000 state and local governments. People's lives are changed daily by the regulations and budgets decided on by city, county, state, and regional governments, and by the day-to-day decisions of governors, mayors, council members, attorneys general, prosecutors, assessors, and comptrollers at lower levels of government.

We will see in this book that the specific nature of these political institutions matters. It is not enough to explain a political outcome by saying that it occurred because "people wanted it that way." *How* they make their collective decisions has consequences. Institutions of government profoundly shape political outcomes.

Consider the example of the electoral college, an institution that determines which person wins the presidency of the United States. Had the institution for choosing the president been different—in particular, if the presidency were decided purely by which candidate received the most votes—the election of 2016 would have put Hillary Clinton in the White House. Clinton won more popular votes than Donald Trump in 2016, but she lost the presidency because Trump received more votes in the electoral college. (We will discuss the electoral college in more detail in later chapters.)

In fact, the collection of procedures used to select the president of the United States—the voting rules used by the states, the rules governing the electoral college, the rules the two major parties use to choose their candidates, the tie-breaking rules, and the methods for settling the outcome when it is not determined simply—constitutes a bundle of institutions with major consequences for determining the winner of the ultimate prize in American politics.

As another example, the institutions described by the U.S. Constitution specify that two senators are to be elected from each state, regardless of population size. Thus, the politics of the Senate are constrained by institutional rules that have had the important effect of giving more representation to people from smaller, more rural states than to those from larger, more urban states. Wyoming, with approximately 580,000 residents, has the same number of senators representing its citizens as California, with approximately 40 million residents. Consequently, the Senate has traditionally been the unit of the U.S. government that is most prone to ensuring generous benefits for farmers. A central question that this book will help answer is how the institutions of the American political system lead to disparities in the apportionment of benefits and costs among people. These benefits and costs are not equitably distributed throughout the United States, and most scholars point to persistent biases in the system as the source of such disparities.

Without a framework for understanding the American political system, its complexity can seem overwhelming. To begin making sense of this system, let's look first at individual behavior and then institutional design and collective choices. We start by focusing on the "micro" level of politics—the social dilemmas arising among individuals and organizations that require some level of authority to solve.

Collective Dilemmas and the Need for Government

Suppose you live in a house with several other students and share a kitchen. The kitchen is always a mess—dirty dishes in the sink, food on the counters and floor, and garbage spilling out of the wastebasket. Moreover, the kitchen needs new equipment, particularly a new refrigerator that the landlord refuses to buy. You and your housemates all agree that you want a clean kitchen and a new refrigerator. Yet despite this understanding, the kitchen remains dirty and no one bothers to buy the refrigerator. Why won't anyone take care of these problems?

Imagine that you get mad enough to do something about the situation. You wake up one morning, clean the kitchen, and buy the refrigerator on your credit card. You ask your housemates to help pay for the refrigerator,

but only some pay their share. You wish you had a way to enforce a rule that only those who paid for the refrigerator could use it. Furthermore, you wish there was a rule restricting kitchen use to those who will clean it. You cannot, however, enforce these rules, so all of your housemates enjoy the newly cleaned kitchen and the new refrigerator, regardless of their contributions.

Your frustration ultimately leads you to propose rules that determine who has to clean the kitchen and when, and who has to pay for the new equipment. Some housemates object, claiming that they don't mind a dirty kitchen and don't use the refrigerator very often. They propose to leave things as they are. Soon after, the kitchen becomes dirty, and when the need arises to replace a broken microwave oven, no one bothers to buy it. The problems begin to mount once again.[3]

collective dilemma A situation in which there is conflict between group goals and individual goals or self-interest.

Even if you haven't faced this precise situation, you have likely encountered something similar. A group is challenged by a **collective dilemma** when there is a conflict between group goals and individual goals or self-interest. Such dilemmas can be found everywhere.[4] Take, for example, the economist Thomas Schelling's story of the mattress in the middle of the road.[5] A traffic jam arises as cars slow to a crawl to bypass the mattress. One after another, each driver makes the decision to drive around the mattress and continue on his or her way, and the traffic jam persists. Had one driver taken the time to stop and move the mattress off the road, the traffic snarl would have been eliminated. But for each driver individually, it is easier and faster to simply drive around the mattress.

Maybe you know of a park with trash on the ground that no one will pick up. Or you may belong to an organization that has difficulty recruiting volunteers to work at events or to help pay for food or equipment. These are all situations in which a group of individuals would be better off if some action were taken to resolve the collective dilemma—clean the kitchen, buy the refrigerator, move the mattress, clean the park—yet group goals are often thwarted by individual self-interest. People may be incapable of solving their collective dilemmas without the presence of some authority, or they may lack a personal incentive to resolve the issue for the betterment of the group.

These stories help illustrate the need for government. Some people argue that government is unnecessary because members of society can self-govern by organizing activities that contribute to the common good. Most philosophers and political theorists, however, disagree. In the absence of government, they argue, chaos reigns. Many would concur with Thomas Hobbes, the

[3] For a general statement of one version of this problem, see Garrett Hardin, "The Tragedy of the Commons," *Science* 162 (December 1968): 1243–48.

[4] Russell Hardin, *Collective Action* (Baltimore: Johns Hopkins University Press, 1982).

[5] Thomas Schelling, *Micromotives and Macrobehavior* (New York: Norton, 2006).

seventeenth-century English philosopher, who claimed that without a sovereign, society would become a "war of all against all."[6] By sovereign, Hobbes meant a person, group, or government with a monopoly control of force over a well-defined territory. In other words, a sovereign is the final authority—the decision maker of last resort—that can enforce its decisions over others. Imagine a society lacking such authority. There would be no courts or governments to enforce contracts; theft would be rampant, with no threat of prosecution; victims would pursue their own justice, sinking society into a swirl of destruction and unhappiness. A sovereign, therefore, is necessary for an ordered, stable society. Government is not only necessary to solve the fundamental problem that Hobbes identified, it is also essential for solving many of the collective dilemmas that arise in everyday life, such as funding for park maintenance, police protection, education, national defense, and care for the poor. Without the coercive power of government, few services of collective benefit would be provided.

Today, most of us take the need for government for granted. It is true that many governments throughout history have been oppressive and have mistreated their people. All too many have started wars with other countries without justification. The *absence* of government, however, can be at least as bad, if not worse. The idea that societies fall apart without government does not merely spring from the fanciful imagination of philosophers. In recent decades, some societies have exemplified Hobbes's war. In Somalia in the 1990s, parts of the Congo in the 2000s, and recently in some parts of Afghanistan, Mali, and Yemen, the lack of sovereign governments led to long periods of competition among unchecked militias or roving bands of thugs led by warlords that terrorized people and destroyed cities and towns without regard for loss of life.

Contemporary debates over the appropriate size of government tend not to be about whether we need government at all, but rather about what part the government should play in people's economic, social, and personal lives. Such debates hinge on concerns about the amount of government involvement in resolving collective dilemmas, and whether people should be left alone to solve those dilemmas themselves. Toward one end of the spectrum, libertarians believe that governments should do only the bare minimum to address collective social concerns, such as building roads and bridges and maintaining a small standing army to defend the country. Toward the other end of the spectrum, socialists believe government should provide an extensive social safety net, including generous unemployment benefits; free health coverage, education, and child care; and heavily subsidized utilities, housing, and transportation.[7] Most of the debate within the United States occurs between these two ends of the spectrum; disagreements are matters of degree.

[6] Thomas Hobbes, *Leviathan* (1651; repr., New York: Oxford University Press, 2009).

[7] We will discuss these and other political philosophies in later chapters, especially Chapters 9 and 16.

Types of Collective Dilemmas

As we study the American government and political system, it will be useful to consider four types of collective dilemmas common in politics.

Collective Action Problems

public good A benefit provided to a group of people such that each member can enjoy it without necessarily having to pay for it, and one person's enjoyment of it does not inhibit others from enjoying the benefit.

private good A product or benefit provided such that its enjoyment can be limited to specific people, and one individual's consumption of it precludes others from consuming it.

free riding Benefiting from a public good while avoiding the costs of contributing to it.

collective action problem A situation in which people would be better off if they all cooperated; however, any individual has an incentive not to cooperate as long as others are cooperating.

In the housemates example, a clean kitchen is a collective good, or what economists call a public good. A **public good** refers to a benefit provided to a group of people that each member can enjoy without necessarily having to pay costs for it, and for which one person's enjoyment of it does not inhibit the enjoyment of it by others.[8] A classic example of a public good is clean air to breathe. Something like the bite of a hamburger or a sip of a soft drink is a **private good**, which refers to a product or benefit provided to you such that your consumption of it precludes others from consuming it.

The problem is that public goods can be hard to produce without some external enforcer (for example, government) requiring that people pay for them. People will be tempted to **free ride**, which means they will benefit from the public good while avoiding the costs of contributing to it. As with producing the clean kitchen that you and your housemates desire, the public good clashes with individual incentives.[9] A **collective action problem** is any situation in which people are individually better off when free riding and enjoying the public good that others produce without contributing toward the production of that public good.

Your free-riding housemates enjoyed the clean kitchen, and that made you angry because you paid the price and they did not. Likewise, governments produce public goods—such as parks, national defense, clean air and water, public beaches, traffic lights, and streetlights—that benefit anyone in the vicinity, even if he or she did not pay the taxes to produce those goods.

If there is effective enforcement, however, public goods can be produced with fair systems of payment or contribution by all those who enjoy them. Some kind of authority can be necessary even at the most basic level. Without some form of governance applied to you and your housemates, the kitchen will probably remain dirty. Without some kind of enforcement by the Internal Revenue Service, people would not pay enough taxes to support basic government services.

In later chapters, we will explore a variety of collective action problems that occur in all modern political systems, including the American system.

[8] Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, MA: Harvard University Press, 1971).

[9] Many goods considered public are not pure, in the sense that they contain elements of a private good. For example, the new refrigerator can be subject to crowding: the availability of the refrigerator is a public good to you and your housemates, but each space on a shelf is more of a private good during the period you use it. Public parks are considered public goods, but at some point one person's enjoyment may impinge on another's enjoyment.

The #BlackLivesMatter movement represents a collective action problem. Those who actively protest absorb the costs of doing so while many others who do not nonetheless benefit from the attention the movement draws to race-driven police fatalities and police reform.

You will discover that collective action problems are endemic in politics. For example, protests by the #BlackLivesMatter movement require active participants who are willing to gather in big cities like Chicago, Milwaukee, St. Louis, and Dallas in response to the shooting deaths of black teenagers by police. Many of the participants in these protests are from other states. For instance, protesters in Ferguson, Missouri, arrived on busses with others united by the cause. Although the movement is for all black Americans and anyone who feels a need for police reforms around racial profiling, the protesters pay the costs of participating while having to share the benefits—increased attention to race-driven police fatalities—with those who choose not to participate.

All voluntary organizations, including movements like #BlackLivesMatter, face collective action problems daily as they seek contributors to their cause. If a voluntary organization cannot solve such problems, it will cease to exist. This is just one example of how collective action problems occur in politics; they also present challenges in other types of groups and other situations.

Prisoner's Dilemma Situations

A famous parable in modern social science tells the story of two criminal suspects caught after a burglary. The police separate the suspects (we will call them John and Frank) so that they cannot communicate with each other, and

interrogate them individually to try to induce confessions. The police have enough evidence on each man that even if no confessions are forthcoming, they can get them sentenced to a year in prison. However, if either John or Frank provides more evidence against the other man, the police can get a harsher sentence for the one implicated (and get closer to solving the crime). In this context, each man is offered a stark choice: implicate your partner or stay silent. If John implicates Frank and Frank stays silent, John goes free and Frank gets six years in prison. Likewise, if Frank implicates John and John stays silent, Frank goes free and John gets six years. If they both implicate each other, then they each get three years in prison (less than the six-year sentence, to reward their individual cooperation with the police). If both stay silent, they each get one year. Figure 1.1 shows the four possible outcomes.

The situation is troubling for the prisoners. No matter what Frank does, John receives a lighter sentence—potentially no prison time at all—by implicating Frank. The same goes for Frank. Therefore, both prisoners, if they decide to serve their individual interests, implicate their partner. The expected outcome of this situation is the convergence of the two selfish strategies: each prisoner will implicate the other, and both will receive three years in prison. But note that the expected outcome is not the best outcome for the prisoners together. The **prisoner's dilemma** is that each of them would be better off if they cooperated and remained silent, but they cannot achieve the better collective outcome unless there is a way to enforce their cooperation.[10] Moreover, social scientists pay attention to **transaction costs**, which are the challenges people face when they try to exchange information or use other means to cooperate with each other. In the case of the prisoners, they cannot communicate at all, so no transactions can happen to achieve the better outcome.

prisoner's dilemma An interaction between two strategic actors in which neither actor has an incentive to cooperate even though each of them would be better off if they both cooperated.

transaction costs The challenges people face when they try to exchange information or use other means to cooperate with each other.

Note the similarity between the prisoner's dilemma and the collective action problem. In both situations, what is good for the group is difficult to achieve because of individual temptations. In the prisoner's dilemma, the overriding individual temptation is to implicate your partner (to "defect"), but in the collective action problem, the temptation is to free ride off the members of your group who are contributing. Collective action problems, therefore, are multi-person versions of prisoner's dilemmas.

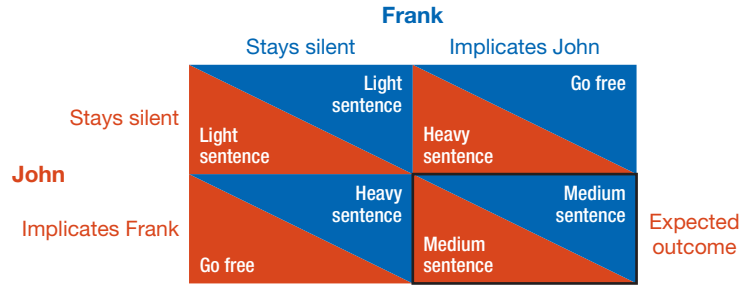
The prisoner's dilemma is also a generic version of situations that regularly occur in American politics. Two candidates campaigning for election to the same office, for example, would both benefit if neither spent much money on television advertising. It is quite possible that the election outcome would be the same if neither one advertised or if both advertised. Yet if one candidate advertises and the other does not, then the former is likely to win. Neither candidate can escape the trap of spending large amounts on television adver-

[10] Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984).

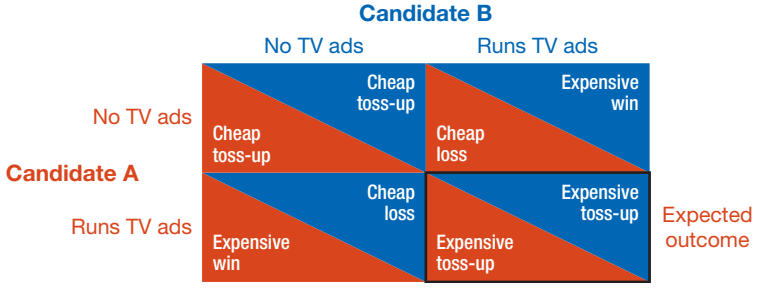
FIGURE 1.1

The Prisoner's Dilemma: The Concept in Context

A classic collective action problem is the prisoner's dilemma. We use the figure here to illustrate the choices and outcomes for two hypothetical prisoners, John and Frank, and two candidates.



John gets the red jail sentence and Frank gets the blue for any of the four combinations of actions. No matter what action Frank takes, John is always better off implicating Frank. Likewise, no matter what action John takes, Frank is always better off implicating John. The expected outcome, therefore, is for both to implicate each other (bottom right). However, if they could cooperate with each other and stay silent, they both could have a better outcome (upper left). The dilemma is that their individual interests always tug them toward the worse (collective) outcome.



The logic is similar for two candidates locked in an electoral competition and deciding how to spend their campaign money. Each is better off running expensive TV advertisements against the opponent, no matter what the opponent does. But they both could be better off collectively if they save their campaign funds and run no TV ads. This scenario assumes that the outcome would be the same (toss-up election) if either the upper left or the lower right scenario occurs.

tising. The result is expensive advertising by both sides, often with little effect on the election outcome (see Figure 1.1).

An external authority or a neutral party, however, can enforce cooperation among people to overcome collective action obstacles. The political scientist Dennis Chong offers as an example the prisoner's dilemma that arose during the 1960 presidential campaign, when candidate John F. Kennedy sought the endorsement of Adam Clayton Powell, an influential New York politician.

Powell made it known that his endorsement was available only for cash—settling for $50,000 in return for 10 endorsement speeches. There was a small problem, however: Powell did not trust the Kennedy camp to pay if the speeches were delivered first, and the Kennedy camp did not trust Powell to deliver the speeches if he were paid in advance. The solution? Kennedy turned the money over to an intermediary, who would pay it out in installments of $5,000 following each endorsement speech.[11]

In this case, the intermediary reduced the transaction costs, enabling the two men to overcome a collective dilemma. This situation could be categorized as a repeated prisoner's dilemma, where each faced an individual temptation to "defect" from the agreement to cooperate. Yet even the intermediary could not ensure resolution of the problem's final stage. As Chong adds in an intriguing postscript, "What incentive did Kennedy have to make the final payment?"[12]

Governments play the role of external authorities in many related situations, including the enforcement of contracts among people or organizations. For example, the government helps labor unions and corporations in their negotiations over wages and working conditions by making sure that each side lives up to the agreements reached during labor talks.

Coordination Problems

People often fail to coordinate on a course of action even though they all wish they had. If you and a friend agree to meet downtown for lunch at noon but forget to specify the location (and at least one of you does not have a cell phone, so you cannot communicate), where would you meet? Perhaps you would go to the last place you had lunch together. Or maybe you would look for your friend at her favorite place. In the end, you are unlikely to find each other.

coordination problem A situation in which two or more people are all better off if they coordinate on a common course of action, but there is more than one possible course of action to take.

A **coordination problem** is any situation in which each individual in a group prefers to act in common with the others, but there are multiple possible common actions to take; and for a variety of reasons (usually incomplete information), the individuals might have difficulty coordinating on a single, cooperative action. People often face coordination problems either because

[11] Dennis Chong, *Collective Action and the Civil Rights Movement* (Chicago: University of Chicago Press, 1991), p. 38.

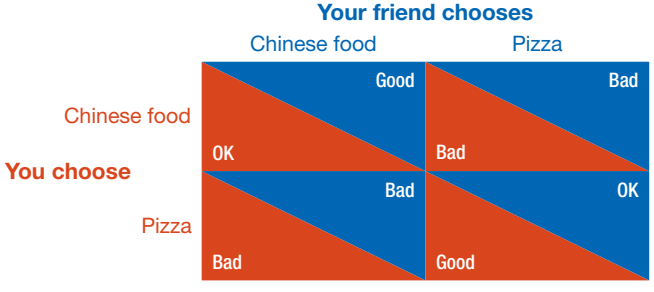
[12] Chong, *Collective Action and the Civil Rights Movement*, p. 38.

they cannot communicate or because there is a fundamental disagreement over the best action to take. Such situations differ from prisoner's dilemmas, where the expected outcome is for both prisoners to implicate the other. With the prisoner's dilemma, there is one expected outcome: the pair does not cooperate with each other. In coordination problems, each member of the group wants to coordinate on a single outcome with the others, even though more than one outcome is possible.

As mentioned, people are frequently conflicted about the desirability of a given behavior, making it hard to coordinate. For example, let's say your friend prefers to eat Chinese food and you prefer pizza. What is most important to each of you, however, is that you eat together rather than eating alone, even at your preferred restaurant. This reflects an important type of coordination problem in which members of a group have a strong desire to coordinate, but they disagree over the precise behavior on which to coordinate (Figure 1.2).

FIGURE 1.2

Coordination Problems: The Concept in Context



We often see coordination problems in everyday life. This figure illustrates the challenges of coordinating what kind of food to eat with friends. It helps to walk through all scenarios one by one. For any of the four outcomes you get the red "satisfaction level" and your friend gets the blue. You like pizza better than Chinese food but you want to eat with your friend. Your friend likes Chinese food better than pizza but wants to eat with you. Assume for the moment that the two of you cannot communicate, but must show up at one of the two restaurants. Where will you go? While any of the four outcomes are possible, the upper left and the lower right outcomes are better collectively than the other two outcomes. Now, assume that you can communicate. What will you say to make sure that both of you coordinate on going to the same restaurant? It will likely depend on the nature of your relationship with your friend, which is another way of saying that it will depend on the institutionalized patterns of behavior that you have with your friend. Do you always get your way? Does your friend? Where do you always go on this day of the week? Do you alternate who gets to choose the restaurant? These are examples of mechanisms used by friends to make decisions and, more generally, for groups of people to solve coordination problems.

A classic example from politics is when members of a political party in Congress want to coordinate their support and get behind one bill and pass it into law. Members of the same political party in Congress, even if they have a majority of votes, may disagree over which bill to support. The negative scenario for the party is a failure to coordinate, meaning they split their votes among rival bills, and undermine the passing of either bill because of internal party squabbling. Failure to coordinate on a common legislative strategy will enable the opposition party to exploit the divisions and keep both bills from passing. In the positive scenario, party members effectively unite behind a single bill and pass it with enough affirmative votes.

Because people are sometimes indifferent regarding how best to coordinate, many coordination hurdles are easily overcome. Most people simply want a decision to be made so that they can accurately anticipate how others will behave. In the early twentieth century, countries had to choose the side of the road on which cars would drive. Some countries, especially the former British colonies, chose the left side. This is a simple example of government establishing a rule to coordinate people's behavior for everyone's benefit. In terms of safety, it does not matter which side people drive on as long as there is a consistent rule that everyone follows. A more widespread example of coordination is the worldwide adoption of traffic signals, where red lights mean stop and green lights mean go. If governments did not make and enforce consistent rules to coordinate such behavior, the world's roadways would be far more dangerous places.

Comparing Collective Action Problems and Coordination Problems: Example from Voting

We see collective action and coordination problems all around us, and sometimes they encourage us to act alone or to stand with others—even when facing the same situation. Consider the case of voting for student government. Suppose two of your friends, Jane and Marie, both want to be elected to the same student council position, as does Tina—someone you and your friends do not know at all. First, you are faced with a collective action problem: Is it in your best interest to vote or not? Voting takes time, and unless the outcome of voting is an exact tie, your vote will not be decisive. So why not save time and let others vote—in other words, free ride? Second, if you do decide to vote, you and your friends face a coordination problem. Your friends may disagree over which of your friends to support—Jane or Marie. A failure to coordinate would lead you and your friends to split your votes between Jane and Marie, possibly enabling Tina—the rival candidate from a more united group of voters—to win the election. Alternatively, your friends effectively could unite behind a single candidate (either Jane *or* Marie) and defeat the rival contestant (Tina). Interestingly, while in the collective action

problem, your incentives are to do the opposite of what the others do (you wanted to free ride while the others voted); in the coordination problem, your incentives are to do the same thing as your friends (vote for the same candidate).

Unstable Coalitions

Politics is about dividing and uniting people. Different interests divide members of society or groups within that society, resulting in disagreements over the best courses for implementing collective action. The ability to accomplish anything in politics, however, demands that people unite into effective coalitions. Unless you are an all-powerful dictator who can force people to bend to your will, a collective effort typically is required to take action for a common cause. The process of forming coalitions, therefore, is a fundamental feature of all politics.

Understanding how coalitions form is not as straightforward as it may sound, however, and collective dilemmas are prevalent. We have already learned about the need to overcome collective action problems by motivating people to contribute to a public good. Forming a coalition of any kind to create a public good requires solving the basic collective action problem. We also know that coordinating on a common strategy can be difficult.

Maintaining your coalition in the face of competition presents an additional dilemma, particularly when other coalition leaders make better offers to your coalition partners. To illustrate such instability in coalitions, we can embellish the housemates story. Suppose that there are nine of you in the house but only five parking spaces available, for which you must pay the landlord a flat fee. It is clear to everyone that unless you contribute financially to renting the parking spaces, no one can use them. Let's further suppose that the parking spaces altogether cost $500 to rent for a year. You and four others have formed a coalition, and each member of your group promises to contribute $100 toward the parking spaces. Note that you have formed a **minimum winning coalition**, or the smallest-sized coalition necessary to achieve your goal. In many situations, minimum winning coalitions are the most desirable, because larger membership tends to dilute the overall benefits of winning. In this case, for five people and five parking spaces, if you are in the winning coalition, you will always have a place to park your car. If there are any more people in the coalition, you may not have a space when you need it, because there will be more people than spaces.

minimum winning coalition
The smallest-sized coalition necessary to achieve a goal.

Problems for your coalition quickly emerge. Just before you make your rent payment for the parking spaces, two of the excluded housemates, who want to park their cars, make the following offer to three members of your coalition: "If three of you pay only $90, we will pay $115 each." In effect, they

Know the FACTS — Collective Dilemmas

Any group of people faces **collective dilemmas**, which are situations of conflict between group goals and individual goals or self-interest. We can identify different types of collective dilemmas, including the following:

- **Collective action problem:** A situation in which many people would be better off if they all cooperated; however, any individual has an incentive not to cooperate as long as the others are cooperating.
- **Prisoner's dilemma situation:** An interaction between two strategic actors in which neither actor has an incentive to cooperate even though each of them would be better off if they both cooperated.
- **Coordination problem:** A situation in which a group of people want to coordinate, but there are many possible ways to coordinate and people disagree over which way is best.
- **Unstable coalition:** An instance in which any voting coalition in favor of an alternative can be divided by consideration of another alternative.

have formed a second coalition by "raiding" your coalition. Soon after, two more housemates raid this second coalition by each offering to pay $130—so the remaining three members will pay $80 apiece. This third coalition, however, is quickly destabilized when a couple of additional housemates make a better offer to some of its members.

The coalition raiding can continue indefinitely, and in fact, any coalition of five is susceptible to raiders with a better offer. As a result, no coalition will remain in place long enough to accomplish its goal. This collective dilemma is referred to as a problem of **unstable coalitions**. A coalition is unstable if the people in the coalition can be easily divided into two or more groupings by another proposal.

unstable coalition An instance in which three or more people must make a collective choice from a set of alternatives, but any voting coalition in favor of an alternative can be divided by consideration of another alternative.

agenda setter An authority that controls what options are decided on by a group.

As with other kinds of collective dilemmas, unstable coalitions are a natural part of politics, yet they can be stabilized by external enforcers and by effective institutions. For example, an outside authority (perhaps the landlord) can set up an effective voting system (that is, an institutional solution) and grant one of you status as an **agenda setter** to control what options your group will vote on. Say, for example, that there will be a single, binding vote with a majority deciding the outcome. The agenda setter then uses his or her power to restrict to two the available options of paying for the parking spaces. This arrangement enables a decision to be made over payments, and the parking spaces can be allocated.

Agenda-setting power is essential to avoid coalition raiding, yet those who possess it can use it in a variety of ways. A manipulative agenda setter may rig

the results so that he or she pays less for the parking spaces than everyone else while gaining equal access to them. A more beneficent agenda setter with enforcement powers will ensure that a fair scheme emerges, including one option where each of the nine housemates pays just $55.56 for the parking spaces and enjoys access to their use. This type of agenda-setting approach rejects the minimum winning coalition strategy, opting instead to create a consensus among all to enact a program with a unanimous coalition.

In politics, unstable coalitions potentially can occur in legislatures, agency boards, and elections; among groups of judges on the Supreme Court; and within political parties. In the U.S. Senate, for example, it is common for senators who want to defeat a bill to introduce a "killer" amendment, which reduces support for the bill enough to defeat it. The amendment splits apart the original coalition of senators in favor of the bill, and some senators now want to vote against the bill. Introducing killer amendments is a form of coalition raiding by opponents. We usually do not witness coalitions being raided and constantly falling apart, however. This is largely because members of vulnerable coalitions anticipate the potential problems and minimize their occurrence by adopting voting rules and granting agenda-setting powers to make raiding difficult. The granting of agenda-setting powers and the establishment of effective voting rules are examples of institutional features to resolve collective dilemmas—in this case, the problem of unstable coalitions.

Principal-Agent Problems

Another kind of situation that commonly arises in politics is called the **principal-agent problem**. It is sometimes referred to as a delegation problem. It is not technically a collective dilemma, because it does not at its core involve a conflict between collective goals and individual incentives. Rather, it is a dilemma arising from a direct conflict between at least two individuals. Like the collective dilemmas discussed earlier, the principal-agent problem is found in various guises in politics and can require careful institutional design to solve.[13]

principal-agent problem (delegation problem) An instance in which one actor (a principal) contracts another actor (an agent) to act on the principal's behalf; but the actors may not share the same preferences, and the principal lacks the means to observe all of the agent's behavior.

Principals are those who hire others (agents) to work for them. A classic principal-agent dilemma goes something like this: Suppose your car has a knocking sound that worries you. You hire a mechanic to fix whatever is causing the knocking. In this simple example, you are the principal and the mechanic is the agent. You have delegated the task of fixing your car to him. The mechanic tells you that he has found the source of the sound and needs to replace

[13] D. Roderick Kiewiet and Matthew McCubbins, *The Logic of Delegation: Congressional Parties and the Appropriations Process* (Chicago: University of Chicago Press, 1991).

several parts. He promises to order new, high-quality parts from the car's manufacturer. He goes ahead with the work. You get your car back and pay him for his services and for the parts. A happy ending would be that the knocking has gone away and your car is in fine shape.

However, you remain concerned, because you do not know anything about car engines. More troubling, perhaps, is that you did not watch everything the mechanic did to your car. For all you know, he tightened a few screws and did not put in any new parts (but charged you for some), or he put in used parts, or he did a sloppy job. Perhaps the car will be back in the repair shop within weeks.

This "problem" or "dilemma," as economists like to point out, is inherent in any relationship between a principal and an agent who does not have exactly the same interests as the principal. You as the principal have limited information about what the agent does in your interests. Without laws to protect you, you are at risk of being taken advantage of by an unscrupulous agent. For a variety of possible reasons, a principal in a contractual relationship may not be able to observe all of an agent's actions. This gives the agent some leeway. He or she could act in a manner that the principal would not want: the agent could shirk his or her responsibilities to the principal, or even steal from the principal. One solution would be to give the principal more information about the agent's actions, but this may be difficult to do. After all, you would need to learn a lot about auto repair to be able to determine what the mechanic was doing, even if you could watch him.

What does the principal-agent problem have to do with politics and government? Much of government involves the delegation of responsibility by principals to agents. Military leaders expect lower-level commanders to carry out overall strategies with tight precision. Judges expect their hired law clerks to conduct research and help write opinions consistent with the judges' overall philosophy. The president expects advisers to give advice diligently and with the interests of the president foremost in mind. Ideally for the principal, an agent is a substitute, acting as the principal would if the principal were in the situation the agent faces while bringing expertise and judgment to bear that the principal sometimes lacks.

A prominent example of a principal-agent problem in politics is the relationship between a bureaucratic agency and elected members of the government. Anyone working for the government who is not part of the ruling powers is called a **bureaucrat**. A **bureaucracy** is an agency or office devoted to carrying out tasks for the government in a manner consistent with the law. In any political system, even nondemocratic ones, bureaucracies can be considered the agents of the sovereign government, as when a king hires an army to fight his wars. In democracies, however, bureaucracies are supposed to carry out the work that elected representatives—the ones who make the rules—want them to do.

bureaucrat Any government employee who is not part of the ruling powers.

bureaucracy An agency or office devoted to carrying out tasks for the government in a manner consistent with the law.

In the United States, Congress and the president together pass legislation, and the jobs of the executive-branch bureaucracies are to execute, administer, and enforce the laws. The principal-agent problem looms, however. Executive-branch bureaucracies (the agents) may not always execute the laws in a manner that Congress or the president (the principals) wants. Leaders in government cannot observe all that the millions of employees of the executive-branch bureaucracies do. Like the auto mechanic in the preceding example, bureaucrats can shirk their duties, misrepresent their effort, and steal from taxpayers. (We will study these situations in Chapter 7.)

Economists, political scientists, and other social scientists consider ways of setting up institutions so that agents have incentives to do what principals want them to do. The principal-agent problems inherent in any political system require institutional solutions. So Congress requires bureaucratic agencies to adhere to strict rules for documenting administrative decisions. In the realm of auto mechanics, many states have laws requiring warrantees on repair work. Warrantees improve the situation because mechanics have an incentive to get the repair right the first time and avoid returns. Some states require that mechanics show the customer the parts being replaced. Of course, one way to hold an agent accountable is to pass along information about the agent to other potential principals. Agents' reputations depend on satisfied principals (or customers, in the case of the mechanic). Honest mechanics hope to get more business over time, because people talk among themselves or can blog about who does good work.

Designing Institutions

We have noted that governments are necessary to solve the most fundamental of all collective dilemmas—namely, the dangerous breakdown in social order. But governments are also necessary to solve many everyday dilemmas, including challenges that arise from prisoner's dilemmas, coordination and coalition problems, and principal-agent problems. Governments accomplish this by establishing rules for decision making or by creating institutions. In the abstract, institutions can be thought of as long-term solutions to the problem of keeping social order, as well as day-to-day solutions to routine collective dilemmas. Without effective institutions that survive over the long term, societies can become unstable and fall apart due to people's inabilities to self-organize on a daily basis. The dilemmas described earlier, if unsolved, can destroy a society.

It is not enough to know that institutions solve collective dilemmas and principal-agent problems, however. The *way* they solve these dilemmas matters in determining whose interests are served. In other words, different kinds of

institutions will lead to different kinds of outcomes over the long run. Specific institutional designs affect the distribution of power, wealth, status, and other things people prefer and care about in politics.

public policies Programs and decisions by the government that are enforced by the rule of law.

There is a contrast, at least conceptually, between **public policies** and institutions. Public policies can distribute benefits and costs to people too. Policies are rules for day-to-day life, such as those that establish whether we can turn right on a red light when we are driving, how much we pay in sales tax for a new pair of shoes, or how much the government pays retirees in Social Security benefits. These are policies (which usually take the form of laws) that determine specific conduct in one part of our lives.

Institutions are broader, more stable rules that determine how policies or laws are made and enforced. They are the relatively fixed "rules of the game"—the fundamental rules that dictate how we govern and make future rules or decisions (including public policies). The Constitution, for example, describes in detail the basic institutions of American government, such as the methods for passing laws and electing representatives and presidents, the authority of the states vis-à-vis the national government, and the fundamental rights of citizens in relation to their government. In short, the Constitution lays out the long-term set of rules (institutions) for making the everyday rules (policies).

Institutions of government are designed purposefully by people who believe such institutions will help them achieve their policy goals.[14] When the leaders of small states argued in the Constitutional Convention of 1787 over the need for a Senate with two senators from each state, they understood that this institutional design would help protect them against policies and laws that would benefit large states at the expense of small states. The leaders of large states understood this, too, and insisted on an institutional design for the House of Representatives that offered them an advantage: representation by the states based on population. The resulting compromise—two legislative houses that are both necessary to approve legislation—was a deliberate attempt to create institutions of government that would allow small and large states to benefit from the union and would encourage all the states to approve the new Constitution. And historians would generally agree that the design of the Senate has ensured that smaller, more rural states have used their Senate delegations to their benefit. Because sparsely populated farm states have as many senators as highly populated urban states, the Senate historically has been more sensitive to the plight of farmers than have other parts of the national government, and it has tended to thwart changes in policy that threaten farmers' incomes, even when most of the population favored such changes.

Institutions can be designed or can evolve over time. They continue to shape outcomes long after those who originally designed the institutions have

[14] Daniel Diermeier and Keith Krehbiel, "Institutionalism as a Methodology," *Journal of Theoretical Politics* 15 (2003): 123–44.

departed the scene. Institutions have lasting effects on societies because they channel political, economic, and social behavior into patterns that can be enduring. As an example, after the national government began to spend a lot of money on space research in the 1950s, a set of interest groups, such as those representing scientists, universities, and research companies, formed to pressure the government to continue these spending policies. In this way, the institutions created to promote space research—new agencies like NASA—became self-reinforcing in that they spawned groups in society applying public pressure for robust budgets for more space research. More generally, the policies chosen as a result of an institutional design create interest groups that resist any institutional changes that would threaten the policies that benefit them. Social scientists often refer to this idea as **path dependence**. Path dependence in this context means that institutional decisions made early on deeply affect current and future policy decisions. The system begins down a "path." Past decisions about institutions leave legacies for the present that make it difficult to change direction, even if that change seems desirable in the present.

path dependence The notion that earlier events or decisions deeply affect current and future policy decisions or outcomes.

Consider our discussion of how representation in the Senate was designed and the consequences of this design: the decision in 1789 to grant each state in the new United States equal representation in the Senate has profoundly shaped the policies of the national government. As we will see in Chapter 5, the Senate provides opportunities, under its institutional rules, for a small minority of senators to halt legislation they do not like. So once policies are set that happen to favor rural areas, perhaps helped along because of the overrepresentation of smaller states, a few senators from those states can block later attempts to undo the policies. In this way, certain institutional design features—such as equal representation by state in the Senate and strong rights of a minority of senators to stop legislation action—not only can cause certain policies to occur but also can freeze those policies in place once they do occur.

In Comparison: Types of Government Institutions

Comparing the American political system with other political systems can help us to understand and evaluate it. We can learn about the consequences of having different institutional forms by examining what happens in other countries. Throughout this book, we will compare the United States to other countries.

The institutions of government shape the operation of the overall political system, and they differ across countries.[15] All governments, even nondemocratic ones, have some kind of basic institutional structure. A common feature

[15] Plato's *Republic* is an excellent place to begin a discussion of the various kinds of political systems.

authoritarianism A political system in which there is no expectation that the government represents the people, and the institutions of government do not give the people a direct voice in who will lead.

dictatorship An authoritarian political system in which sovereign power is vested in one individual.

monarchy A political system in which a ruler (usually a king or queen) is chosen by virtue of being the heir of the previous ruler.

oligarchy A political system in which power resides in a small segment of society.

one-party state A political system in which one party controls the government and actively seeks to prevent other parties from contesting for power.

of the various types of **authoritarianism** is the absence of any expectation that the government represents the people. Furthermore, the institutions of government do not give the people a direct voice in choosing their leaders. The institutions within these countries, however, can be different.

Some authoritarian countries are **dictatorships**, vesting sovereign power in one individual. The leader of North Korea, Kim Jong-un, has ruled uncontested as a dictator since he took over from his father in 2012. He has maintained final authority over the government and dealt harshly with his political opponents. In **monarchies**, such as in Saudi Arabia and Jordan, the king (or queen in some instances) rules on the most critical matters, and there is no competition for his (or her) position. Most authoritarian countries are **oligarchies**, meaning that the political power resides in a small segment of society. In the major Middle Eastern monarchies, a parliament that is partially elected and partially appointed shares power with the monarch, and the parliament makes many of the day-to-day policy decisions. Other nations are **one-party states**, another form of oligarchy. In China, for example, the Communist Party runs the government and represses any opposition. It is not subject to real competition in elections. The leader of the Chinese Communist Party conducts foreign policy, but shares with various party committees the responsibility for day-to-day governing.

In parts of the world accustomed to democratic government, people want governmental institutions not only to solve collective dilemmas—even the most totalitarian governments can do that—they also demand specific institutions based on democratic principles that will improve the welfare of everyone in society.

democracy Rule by the people; in practice today, this means popular election of the government and basic protections of civil rights and liberties.

Democracy means rule by the people. Although there is disagreement over exactly what democracy means in practice, some consider it an ideal situation where everyone has an equal voice in all public decisions—a goal that has never been attained and perhaps never will be. There is widespread consensus that, at a minimum, democracy means that the people leading the government are chosen by popular election to rule for a specific period.

republic A political system in which public officials are chosen to represent the people in an assembly that makes important policy decisions.

Nearly all governments in the world's democracies are also **republics**, meaning that public officials are chosen to represent the people in an assembly, which makes important policy decisions.[16] This is in contrast to direct democracies, in which citizens can vote directly on policy matters. No country operates purely by direct democracy, though some countries, such as Switzerland, and even

[16] This use of the word *republic* should not be confused with the distinction made between a republic and a constitutional monarchy. A republic, of which the United States, Germany, and France are examples, has no monarch, and the head of state is chosen by the people or by representatives of the people. A constitutional monarchy, such as in the United Kingdom or Belgium, formally has a king or queen as its head of state. In practice, there is little difference between these two forms of democratic governance because monarchs have long since become figureheads and do not retain governing power.