

THE INDUSTRIAL ORGANIZATION OF CONGRESS IN USA AND SPAIN: A COMPARATIVE INSTITUTIONAL ANALYSIS**

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Abstract

The institutional and organizational details framing legislative processes are key aspects for understanding how Congresses work. From a new institutional economics perspective, this paper comparatively examines how the Spanish and USA Congresses are organized. The main purpose of the paper is to unveil the so-called “black box” factors operating in each case. The role played by property rights, hierarchy, individual deputies, leadership, transactions costs and committees will be researched. Whereas committees and decision-making rules based on a property rights system are key factors for understanding how the Congress performs in USA; in the Spanish case the most relevant explanatory factors are strong party leadership and the hierarchical rules by which political parties and parliamentary groups are organized.

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I. Introduction

For decades, neoclassical economics scholars considered the firm as a “mysterious figure” whose existence was not questioned (Hahn, 1987). The contribution of Ronald Coase (1937) on the nature of the firm initiated a research program that implied the analysis of the firm as an organization in which transactions among persons are fulfilled. The “black box” of the firm was finally opened. Concerning the economic analysis of political institutions, a similar evolution has occurred (Arias and Caballero, 2003). Presently, it is no longer valid to say that economists dealing with public policy issues are mainly looking for market failures to be corrected with public intervention. New Institutional Economics (NIE) represents a singular research program in economics that also allows for opening the black box of the State through contributions that are very much in the light of the Political Economy tradition.¹

The broad literature on the US Congress implies that we are likely to know more about it than about any other political institution in the world (Jones *et al.*, 2000). Nevertheless, this effort of research has not been applied to the study of the Congresses of many other countries. Based on the NIE foundations and on the seminal contribution by Weingast and Marshall (1988), the present paper contains a comparative institutional analysis of the industrial organization that characterizes the Congress in USA and Spain. Special attention will be paid to the role played by property rights, hierarchy, individual deputies, leadership, transactions costs, and committees.

In the following pages, I will show that strong and hierarchical political parties (Spanish case) and strong market-generating committees (American case) appear as substitutes for organizing the performance of a Congress. The first one is mainly organized on a hierarchy with centralized leadership, while the second one opts for a system of property rights that favours the transactions among congressmen to pass the bills. When political party leaders, who often are also congressmen, can persuasively control the rest of their fellow congressmen via hierarchical rules, then, a mechanism exists that guarantees the fulfillment of commitments. This mechanism is different from the one characterizing the property rights system implemented through the committees organization in the American Congress. Hierarchy and market appear as substitutes for regulating legislative transactions.

Of course, the way legislative chambers are organized depends very much on the general political and electoral institutions that exist in each country. In the case of Spain, the 1978 Constitution establishes a set of political and electoral rules that conform a legislative market in which the individual congressman lacks any independent property right on the political agenda and in which the hierarchical structures of the political parties and their leaders in Congress are decisive. Because the parliament is not able to be freed from the influence of the majoritarian party, or from the coalition of parties that supports the executive, the Spanish Congress appears as an actor with scarce balance functions.

The paper is organized as follows. Section II shows which are the main organizational characteristics of the Congress in USA and points out to some of its main consequences. In Section III a global view of the basic institutional rules constraining Congress performance in Spain is provided. Some of them are general rules from the

political system that have a clear effect on the way Congress is organized, and some others are just organizational rules of the Spanish Congress. In Section IV, I answer the question: how is, then, the industrial organization of the Spanish Congress? A similar analysis of that one offered in Section II is here provided for the Spanish case. Finally in Section V a comparative institutional analysis of the USA and Spain models is presented. Conclusions follow.

II. The Industrial Organization of Congress in USA

In an outstanding contribution on the political economy of the parliamentary process, Weingast and Marshall (1988)² analyze the industrial organization of the American Congress, assuming three basic elements that can characterize the legislative experience in the USA. First, Congressmen represent the (politically responsive) interests located within their district, because their electors are the principal of the agency relationship. Second, party leaders place no constraints on the behavior of other congressmen. Third, proposed bills must command the support of a majority of the entire legislature.³ Therefore, the congressmen need to make agreements with other congressmen to pass the projects that are interesting for the district from which they are elected. An explicit or implicit votes market exists.

To understand how this special system for votes exchange works, it is necessary to refer to the Legislative Committee System that characterizes the Congress in USA. The rules of this governance mechanism are a substitute for a explicit market for votes.

Because institutional details matter, let us go a little bit further to examine the main rules characterizing this Committee System. First of all, it must be said that committees are composed of a number of seats or positions, being each position held by an individual legislator. Associated with each committee there is a specific subset of policy issues over which it has jurisdiction. And it is within its jurisdiction that each committee possesses the monopoly right to propose alternatives to the *status quo* before the legislature. Committee proposals must command a majority of votes to become public policy, of course.

Second, it must be emphasized that it already exists a property rights system over committee seats called the “seniority system”. Under this system any committee member holds his position as long as he chooses to remain on the committee (only one condition: his reelection). Leadership positions within the committee are allocated by seniority, and rights to committee positions cannot be sold or traded to others.

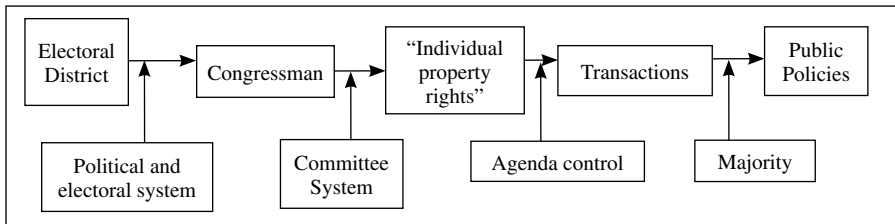
Third, when by transfer, death or defeat there is a vacant seat on the committee, a bidding mechanism exists whereby the vacant seat is assigned. Legislators seek assignment to those committees that have the greatest marginal impact over their electoral fortunes. There are committees that are valued by all, and the higher the competition in a bid for seeking a seat in those committees, the smaller the chance of success. The congressmen that do not succeed in their application will be assigned to committees with a low value. In this way, the process of assignment operates as an auto-selection mechanism and committees are not representative of the preferences of all the members of Congress (they show extreme preferences).⁴

It must be evident that if committees have agenda control on their own jurisdiction to propose a bill to Congress, they have a veto power on the proposals from others. The restrictive access to the agenda constitutes a mechanism via which each committee can avoid that the agreements can be renounced *ex-post*.⁵

Under these rules, a legislator of committee A can cede his intention to influence the selection of jurisdiction of committee B; in return the members of committee B may waive their right so as not to influence the proposals of the jurisdiction of A. The “institutionalization of rights on the agenda control” substitutes the explicit market exchange mechanism. Legislators seek a seat on those committees more valued for them instead of trading votes. Having a position in a committee is a type of property right mechanism that reduces transaction costs and favours independent negotiations among congressmen regardless their party affiliation.

FIGURE 1

THE INDUSTRIAL ORGANIZATION OF CONGRESS IN USA



The agenda control that the members of a committee have implies that successful coalitions should include the members of the relevant committee, because their votes are necessary to allow the bill to be discussed in Congress. Committees are, then, decentralized units for adopting decisions that are composed by those legislators more interested in the jurisdiction of the committee. It is also evident that members of committees usually receive a non-proportional part of the benefits of the programs under their jurisdiction. Committee members are in an agency relationship with the complete Congress. In Congress, of course, most decisions are passed through the majority rule. A figure summarizing all this process is provided in Figure 1.

III. The Basic Institutional Rules that Constrain the Congress Performance in Spain

This section examines some basic institutional rules that constrain the Congress performance in Spain. Some of them are the general rules of the political system that have a clear effect on the way which the Congress is organized, and some other are just organizational rules of the Congress.⁶ The 1978 Constitution established a new political order in Spain (Caballero, 2005b), and the country applied a set of electoral rules that affect the “first order economizing” of Williamson (2000).

The Spanish political system consists of a parliamentary model that converts the Congress of Deputies in the main Chamber of the country, even when the seventeen new regional Parliaments have been created since 1978 and an increasing number of legislative responsibilities have been attributed to them.⁷ Central congressmen elections are governed by the following rules and principles: first, a proportional representation via the d'Hondt formula is applied in the electoral system. Second, there are 350 deputies, elected in 53 electoral provincial districts. Third, at least two deputies are assigned to each district (Ceuta and Melilla only have one each), and the distribution of the other deputies is made via the population criteria. Fourth, a threshold of 3% (minimum) of the number of total votes in each district is needed for a party list to obtain representation. Finally, the rules in place only allow for closed and blocked lists to be presented (Montero, 1998). Table 2 shows the number of party deputies in each Election to Congress held in Spain since 1977.

The Spanish model also establishes that deputies within the congress elect the president of the executive. The president latter appoints his ministers in the executive. In this way, the head of the principal political party enjoys a considerable influence over both the executive and the legislative. This influence is, of course, higher when no coalition is needed to form a majority. In practice, the president of the executive is also the leader of the majoritarian party. Therefore, it is evident that the executive can pass the desired bills without the presence of powerful veto players, particularly if an absolute majority has been obtained by a single political party.

TABLE 1

ELECTIONS, POLITICAL PARTIES AND NUMBERS OF ELECTED DEPUTIES. SPAIN, 1977-2004

	1977	1979	1982	1986	1989	1993	1996	2000	2004
PCE/IU	20	23	3	7	17	18	21	8	5
PSOE	118	121	202	184	175	159	141	125	164
UCD	165	168	11	–	–	–	–	–	–
CDS	–	–	2	19	14	–	–	–	–
AP/CP/PP	16	9	107	105	107	141	156	183	148
CIU	11	8	12	18	18	17	16	15	10
PNV	8	7	8	6	5	5	5	7	7
ERC	–	–	–	–	–	1	1	1	8
Others	12	14	5	11	14	9	10	11	8
Total	350	350	350	350	350	350	350	350	350

Source: Spanish Congress.

Abbreviations: PCE/IU: Spanish Communist Party/ United Left. PSOE: Spanish Worker Socialist Party. UCD: Democratic Center Union. CDS: Social and Democratic Center. AP/ CP/PP: Popular Alliance/ Popular Coalition/ Popular Party. CIU: Convergence and Union. PNV: Basque Nationalist Party. ERC: Republican Left of Catalonia.

In the parliamentary system, the majoritarian political party has not the checks existing in a system in which an effective separation of powers exist. Moreover, as closed and blocked lists exist in Spain, people vote rather for the name of the political party than for single candidates. In fact, the studies of the Centre for Sociological Research in Spain indicate that only 4% of the voters say that they vote mainly based on who are the candidates each party presents in their districts.⁸

Concerning those specific rules contained in the Congress internal Regulatory Statute, it must be said that the legislative task is organized through several internal organs and commissions. First, the Management and Administration Organs include the President of Congress, the Board of the Congress and the Spokesperson's Meeting. Second, the Work Organs directly exercise the legislative function, and the Committees are the most relevant of this type of Organs. They are small groups of deputies (approximately forty) that come from the different parties in a similar proportion to their respective weight in the chamber.⁹ Committees prepare the issues to be discussed later in the plenary session and, in some special cases, they can act as a substitute for the plenary.

On the other hand, parliamentary groups are sets of congressmen that are grouped to realize a collective action in the Congress. No congressman can be a member of more than one parliamentary group. In practice, even when it is not a requirement established in the Regulatory Statute of Congress, each parliamentary group only incorporates the congressmen that are affiliated to its particular political party; the exception is the mixed group. In the constituent legislature there were 9 parliamentary groups; 10 in the I Legislature; 6 in the II and in the III; 7 in the IV, V, VI and VII; and 8 in the VIII (Guerrero, 2004). Parliamentary groups are in charge of implementing some initiatives such as the proposals of bills, the totality amendment and the non-legislative propositions.

As it is obvious, the main function of the Congress, as a legislative chamber, is the passage of law. Title V of the Regulatory Statute presents the process of making and passing of law. The legislative initiative is presented in the Congress of deputies or in the Senate. The Spanish Constitution grants this initiative to the Government, the Congress, the Senate, the Regional Parliaments and to those citizens groups that are not less than half a million. In practice, the government is the player that submits more initiatives (legislative bills) and that achieves the passing of more bills, on the basis of its support from the majority of the chamber (Table 2).

On the other hand, the number of bill proposals submitted by the parliamentary groups or by other agents (such as the regional parliaments or the citizenship initiative) is quite high, but the number of them that are passed is very low (Table 2). In Spain, the weight of the executive on the legislative process is verified since the legislative initiative, and this propels the hierarchical organization of the policy-making (Caballero, 2006). This constitutes a clear difference with the American Model in which committees can initiate the process by themselves.¹⁰

Reached this point, a new question comes up: which is the process by which bills are drawn up and passed in the Congress? The answer will facilitate a better understanding of those legislative results that are shown in previous figures.

TABLE 2
NUMBER OF SUBMITTED AND PASSED BILLS, SPAIN

Bills		II Legislature	III Legislature	IV Legislature	V Legislature	VI Legislature	VII Legislature
Legislative Bill from the executive	Submitted Bills	209	125	137	130	192	175
	Passed Bills	187	108	109	112	172	173
Bill proposals from the Parliamentary Groups	Submitted Bills	108	139	165	140	300	322
	Passed Bills	14	9	18	17	28	16
Other Bill Proposals	Submitted Bills	20	33	35	38	50	47
	Passed Bills	6	4	8	18	20	3

Source: Spanish Congress.

The bill proposals go through a period in which they can be totally or partially amended. When a total amendment is submitted, the amendment will be debated and voted in a plenary session: only when this amendment is rejected will the process continue. At this point, the proposal/project goes to the corresponding parliamentary committee, where the Reporting Commission is in charge of studying the amendments. Then, the plenary session of Congress debates and votes on the legislative texts and various amendments.¹¹

Of course, in addition to this legislative function, the Congress is in charge of the control of the executive, for which the Regulatory Statute (Titles VI, VIII, IX, X and XI) includes various figures such as the vote of no confidence, the trust motion, the “interpelaciones”, the questions, the appearances, the non-legislative proposals, the motions and the resolutions.

IV. How is Then the Industrial Organization of the Spanish Congress?

Once all these institutional rules framing Congress performance in Spain have been examined, a question follows: how is, then, the industrial organization of the Spanish Congress? In this section, a similar analysis of that one offered in Section II for the USA is provided now for the Spanish case.

Firstly, there is no doubt, that in Spain each congressman is immersed in an agency relationship with multiple principals (Dixit, 1996). The most important principal of each congressman is the head of his political party at the national level. It is this head who directly or indirectly determines the possibility of re-election of each deputy, because the electoral system is based on closed and blocked lists.¹² This system reduces the role of any deputy as an independent defender of the interests of his district. For this reason, the interest groups consider that the capture of an individual deputy has no great interest, since his freedom is very limited by party discipline and the necessity to cooperate with his fellow party members. These groups will try to capture or influence the leaders of the political party and the collective head of the parliamentary group.

Such as the previous section indicated, it must also be evident that political party leaders have great power, and through several ways they try to restrict the behaviour of the remaining deputies. This implies that the individual ability of free decision-making is very limited for those deputies. Relevant decision-making corresponds more to the choices preferred by the collective heads of political parties than to choices preferred, in case a conflict exists, by ordinary deputies. Parties have internal procedures, of course, to negotiate and solve the collective action problems and conflicts that might come up.

If passing a bill in the Congress requires the support of the majority of congressmen (simple, absolute or qualified majority in the diverse cases), agreements among the deputies of the same province or region will not be enough if all others do not support the proposal, particularly the collective head of the majoritarian parliamentary group (even perhaps they will ever need the support of other parties if the majority is not absolute). Therefore, negotiations in search of passing a bill will have to be made within the majoritarian group, via a set of relationships in which transaction between equals does not exist as several hierarchical rules they all agreed upon exist, let aside other persuasive abilities to negotiate, etc. In fact, those congressmen with a relevant position in the structure of the party organization often enjoy a higher power to negotiate and establish the priorities of the majoritarian political party than those who do not occupy such a position.

In conclusion, a hierarchical relationship exists in which deputies usually delegate the decision-making process toward the collective head of the parliamentary group. This is why ordinary congressmen relinquish the exchange transactions in which the head of the group is not present. In fact, the hierarchical system and the internal discipline of the group make independent dialogue and agreement by individuals deputies from different political parties almost impossible. Agreements are channeled through the collective heads of hierarchical parliamentary groups.

The industrial organization of the Spanish Congress implies a system of Legislative Committees that I characterize in the three following aspects. First of all, committees are composed of a number of seats occupied by some deputies and each committee is associated with jurisdiction on a subset of policy issues. But the committees have no competence to initiate legislation, though the legislative bills are discussed and amended within the committees. The committee proposals on bills and projects must be discussed and voted on later by the plenary session of the Congress (except when

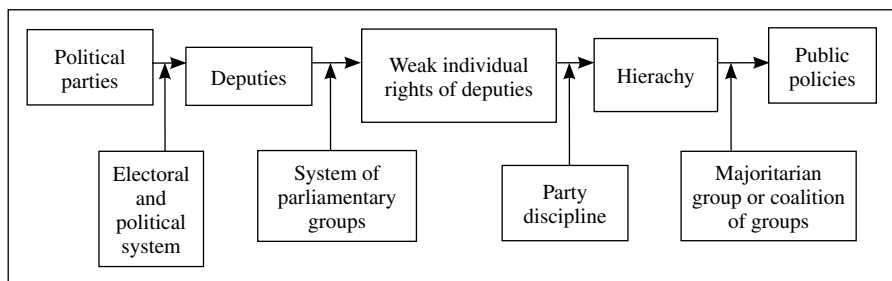
the special procedure of legislative competence is applied; in this case, committee proposals go directly to Senate).

Second, the distribution system of the seats of committees among the parliamentary groups is by apportionment, that is to say, the proportion of seats of the plenary session is maintained in each committee. Moreover, each group can freely appoint deputies to the seats that correspond to the group and decides which deputy of the group leads the group in each committee. Groups have property rights on the committee seats. This implies that each group freely assigns the seats to its deputies, and the collective head of the group can change the assignment of deputies. Parliamentary groups cannot trade committee positions with other groups.

Third, when there are vacant seats in a committee (by resignation, death or new election), the parliamentary groups choose who will be assigned. Each group tries to maximize its performance in the parliament, assigning its deputies in a way coherent with its maximization. The collective head of the parliamentary group coordinates the affiliation of each deputy to the different committees, and can adjust this allocation whenever is considered necessary for a better performance of the parliamentary group. In fact, changes in the allocation are habitual and it is even possible that the parliamentary group substitutes a member of a committee only for one subject, debate or session.

FIGURE 2

THE INDUSTRIAL ORGANIZATION OF CONGRESS IN SPAIN



Committee members vote in a way that is coherent with the decisions of their parliamentary groups. In this way, they have a narrow margin of discretion and follow the rigid voting discipline collectively established by members of the group. The discretionary power of any individual deputy who does not form part of the collective head is directly proportional to his weight or role in the parliamentary group, and inversely proportional to the interest in the subject of those in the collective head.

The presence parties have in committees is proportional to their political representation in Congress. This implies that the majority formed in the chamber is repeated in all the committees. When there is an absolute majority in the chamber, the majoritarian political party controls all the committees too.

For this reason, committees do not have a “separation of purpose” from the plenary session in the sense of Cox and McCubbins (1999), that is to say, that the committee’s preferences are the same as the parliamentary arch ones. Because the same preferences control the plenary session and the committees, committees are not independent of the plenary guardianship and the parliamentary groups act as the power mechanisms that impose those preferences. In this way, committees are not independent as “nonmajoritarian institutions” in the sense of Majone (2001) (a level of autonomy that other agencies have, such as the Central Bank or the European Commission). This makes the committees weak concerning professionalism, independence, specialization and assignment of property rights. On the other hand, committees have higher quotas of democratic representation. In spite of the growing number of sessions of committees and the growing duration of these sessions (Table 3), the organizational structure of Congress has continued in the weakening of the possible relevance of committees.¹³

TABLE 3

NUMBER AND DURATION OF THE SESSIONS OF COMMITTEES

	II Legislature	III Legislature	IV Legislature	V Legislature	VI Legislature	VII Legislature
Number of Sessions	564	645	866	874	1,082	1,123
Duration (in hours)	2,158	2,322	2,823	3,097	3,584	3,760

There must be little doubt that through the hierarchical structures of the political parties, those party leaders in the executive also have a quasi-monopolistic control of parliamentary life via the majoritarian parliamentary groups.

V. The Spanish Model Versus the American Model of Congress

If all institutional rules previously examined establish the incentives for the deputies, it must be evident that in the Spanish case most deputies will be induced to maintain their position in Congress by behaving accordingly with the directives and strategy of the collective head of their political parties design, though they will also try to contribute to the formation of those strategies. The Spanish institutional framework does not incorporate incentives that favor district demands on the policy-making. The American rules establish incentives that imply that congressmen represent districts (Section II), while in Spain the deputies represent their political parties.

TABLE 4

THE INDUSTRIAL ORGANIZATION OF CONGRESS: SPAIN VERSUS USA

American Congress	Spanish Congress
Congressmen represent districts	Deputies represent their political party
Parties do not control congressmen	Internal discipline in the parties
Congressmen have property rights	Deputies have no individual rights
Seniority system in committees	Majoritarian group dominates committees
Committees are key	Parliamentary groups make decisions
Legislative transactions via committees	Hierarchy with a leader
Long duration of congressmen	Parliamentary renovation
Committees Parliament	Groups and Parties Parliament

Source: Caballero (2005c).

The study of the profile of the Spanish deputies can provide some empirical evidence on the issue at stake. This evidence conveys the idea that deputies work more as party politicians than as district representatives. Spanish deputies arrive at Congress with a previous long political life. In this sense, 80% of the elected deputies in 1996 had already practised politics as a principal activity before entering parliament.¹⁴ Moreover, the deputies maintain a long period of previous political affiliation to the organization by which they are elected.¹⁵ Percentages of Table 5 show the long political trajectory of the Spanish deputies.

TABLE 5

DURATION OF AFFILIATION OF ELECTED DEPUTIES IN THE SPANISH POLITICAL PARTIES

More than 20 years	28%
Between 10 and 20 years	42%
Between 5 and 10 years	16%
Between 2 and 5 years	9%
Less than 2 years	2%
NC/Non affiliated	3%

Source: Uriarte (2000) for the VI Legislature.

Each USA congressman is specialized in a committee, while the Spanish deputies are appointed to various committees (in fact, the mean deputy is a member of two permanent committees). In Spain, being a member of different committees has a low electoral cost for the deputies, and the higher the number of committees, the lower the level of specialization will be. In this way, holding a committee position is a non-valued asset in Spain, while in the USA it constitutes a high interest possession. The reason for this is that the Spanish committees do not establish a property rights system in the American way, and then they cannot coordinate the legislative exchange.

In fact, the organizational structure of the Spanish parliamentary process attributes the protagonist role to the heads of the parliamentary groups. Those of the majoritarian group, or of the coalition formed in case, will have a privileged control on the plenary session and on each committee. When the executive power and the majority of the legislative chamber represent the same preferences, the political role of the Congress is clearly reduced.

In Spain, the Congress is an inactive veto player for the government proposals, while, in the USA, Congress can apply a veto and even the corresponding committee has the power of maintaining the status quo. This is because American committees have the monopoly right to present bills before the legislature.

The organizational model adopted in Spain does not concede "de facto" a property right to each individual deputy to do whatever he likes regardless his fellow party member in Congress, and in particular, each deputy is not a proprietor of his seat in a committee. The model grants broad margins of freedom to the collective heads of the parliamentary groups to determine the working of the group. It can be said that, under the organizational rules characterizing the Spanish Congress here investigated, all the power is granted to these majoritarian parliamentary groups, with no other limitations than those contained in the Constitution and in the Congress Regulatory Statute. In Spain, the majoritarian political party, or a coalition of parties, usually controls both the executive and the legislative powers, controlling also parliamentary committees.

The collective head of the majoritarian group has, then, the capacity of favoring the work in committees or the work in plenary sessions; favoring the initiative capacity of the individual congressmen or converting them into a subordinated piece of the head decisions. Therefore, the head of the majority greatly influences which proposals are considered in the Congress, and which are finally passed in the plenary. The parliamentary group becomes the key element for understanding how the Spanish Congress works.¹⁶

Although several authors such as Weingast and Marshall (1988) and Jones *et al.* (2000) stress the positive effects derived from the fact that individual deputies are directly responsible before their electorate, many other aspects can also be mentioned. Concerning the effectiveness of national policy-making for correcting some macro-economic disturbances, for example, Alston and Mueller (2001) defend that a strong executive, that also controls a majority in the Congress, will have higher incentives than the independent individual deputies themselves for attending some matters such as economic growth, income distribution or price stabilization. Coherent to this argument, the Spanish experience maintains a strong executive that via a party hierarchy solves the coordination problems between executive and legislative, and those problems that can emerge among the deputies of the parliamentary group.

TABLE 6
RATE OF REMOVAL OF THE SPANISH CONGRESSMEN

1979	1982	1986	1989	1993	1996	2000	2004
47.2%	63.6%	19.1%	48.9%	35.5%	46.7%	56.0%	54.8%

Source: Guerrero (2004).

Moreover, it must also be pointed out that the American Congress consolidated its institutional relevance when it was more attractive for the policy-makers due to the attribution of individual rights to the congressmen. The seniority system of the Legislative Committee System implied that the parliamentary removal was less frequent (Jones *et al.*, 2000). This situation was very different from that of the Spanish case where seniority does not attribute neither seats nor positions of leadership. In this case, the rate of non-reelection in Congress has been very high in the recent democratic experience. Table 6 shows the rate of removal in the Spanish Congress; with the exceptions of 1986 and 1993, more than 45% of the deputies are removed in each election.¹⁷

In addition, the directions of the groups have caused a high renewal of positions in the Committees and spokespersons of the groups in the Spanish committees. Thus, after each electoral process the rate of removal of some Committees (such as Economy, Foreign Affairs, Defense, Justice and Interior, or Budgets) surpassed two thirds, and sometimes the renewal reached 100% (Guerrero, 2004).

This high level of parliamentary removal is reflected in the number of periods of legislature that a deputy stays in Congress. Table 7 collects this information for the deputies elected between 1993 and 1997. More than half of the deputies of this period were elected for only one legislature. In this way, the brief parliamentary experience of most of the Spanish deputies is confirmed (Morán, 1994). In fact, nowadays there is only one deputy that is a member of Congress since the first democratic elections.

TABLE 7
PARLIAMENTARY LIFE OF DEPUTIES IN SPAIN

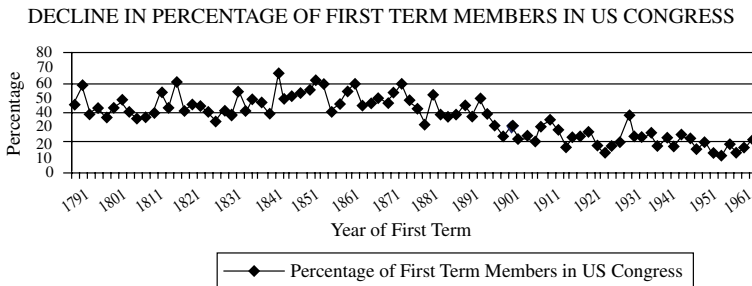
Number of periods of legislature	Percentage of deputies
1	52.1%
2	25.6%
3	11.0%
4	6.6%
5	2.2%
6	1.9%

Source: Morán (1996). 1977-1979 is counted as a period of legislature (pre-constitutional period).

This trend of short legislative careers is understandable in an institutional framework where long-term agreements among individual deputies are not interesting for congressmen, since it is the collective head of the parliamentary group who maintains the permanence criteria and lengthens the time horizon of parliamentary activity. The collective head of the group specializes himself in legislative matters, and verifies that the high rate of deputy removal prevents the individual deputies from developing their legislative career until they attain a level high enough to compete with the group head.

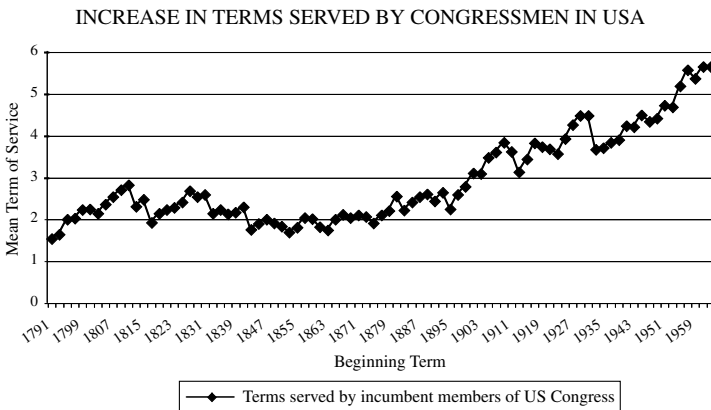
This Spanish turnover of representatives in Congress (Tables 6, 7) resembles the one existing in the US Congress before the “process of institutionalization”¹⁸ (Polsby, 1968). In the 18th and 19th centuries the turnover at each election was enormous in USA, and the stability of membership was lower than it was in the 20th century¹⁹ (Figures 3, 4). In this Century, the average length of service of Members of the House got to be longer than 5 terms for the first time in 1955. Nowadays, when the average of terms served by congressmen is not even so high, it has continued to be no shorter than 4 terms, such as the Table 8 shows.

FIGURE 3



Source: Polsby (1968).

FIGURE 4



Source: Polsby (1968).

TABLE 8
CONGRESSIONAL SERVICE IN US: RECENT EVIDENCE

	Average length of service (number of terms)
105 th Congress (1997-1998)	4
106 th Congress (1999-2000)	4
107 th Congress (2001-2002)	4.5
108 th Congress (2003-2004)	4.6
109 th Congress (2005-2006)	4.5

Source: CRS Reports for Congress. Order Codes RS20013, RS20760, RS21379, RS22007. The Library of Congress. USA.

A double component characterizes the Spanish deputies: on one hand, a long trajectory of political activity (reflected in long periods of affiliation and professional political work); on the other hand, a high rate of deputy removal. There is only a parliamentary minority that remains and specializes in the legislative and parliamentary process.

VI. Conclusion

The institutional foundations of an economy incorporate the rules of the political game. These rules determine the incentives structure of the political players and generate a governance structure of policy-making. In this sense, the organizational details of the institutions of the State matter and, in particular, legislative rules have effects on the menu of choices, effects on voting behavior and effects on the legislative outcome. Studying the rules and the organization of Congress is a requirement for the understanding of the policy-making. Certainly, many papers and books have improved very much our knowledge about the American Congress, but our knowledge is not so developed for the case of other many Congresses existing in the world, for example, the Spanish Congress established in the 1978 democratic Constitution. From a new institutional economics perspective, and based on the seminal contribution by Weingast and Marshall (1988), this paper has comparatively examined how the Spanish and USA Congresses are organized. The main purpose has been to unveil the so-called “black box” factors operating in each case.

The possibilities of organization of Congress are restricted by the constitutional and electoral rules, which can be considered as external institutions of Congress. The American case combines the candidate-centered electoral rules (external institutions) and a legislative committee system that concedes property rights by seniority to individual congressmen (internal organization), while the Spanish case combines the party-centered electoral rules (external institutions) and a structure of committee

system in which seniority is not recognized and the crucial role is played by the leaders of the parliamentary groups (internal organization). These different institutional and organizational details have implications on the performance of the two types of Congresses. In the case of USA, a congressman looking for his re-election has incentives to attend the demands of his district, and his individual position on a committee is a tool for achieving his goals via transacting with other congressmen. In the case of Spain, a congressman looking for his re-election should accept the instructions of the leaders of his political party, because they are key for making the electoral closed lists that are presented at elections. The Spanish institutional framework establishes a structure of incentives that favours the party discipline, minimizes deputy autonomy and concedes the power of decision to the head of the parliamentary group.

It can be concluded, then, that the governance structure of the Spanish Congress attributes a limited role for the individual deputies and the committees. This structure is very different from the one characterizing the American Congress. Whereas in the Spanish Congress the parliamentary groups formed by the deputies of each political party play a central role, in the USA the individual congressmen and the committees are more decisive. In the Spanish case, power is concentrated in the hands of the group leaders that coordinate or manage each parliamentary group. Transactions are made via delegations in the hierarchical structure of the parliamentary group, by which the Spanish industrial organization of Congress is closer to hierarchy than to market.

This is not strange because the Spanish political system can be characterized as a *party State* in which the political leaders control very much the political parties that are organized as hierarchies. Parliamentary groups reproduce the hierarchy structure of the political parties, with the main leaders being also in Congress. As a consequence of this structure, the Spanish Congress does not, in fact, play any veto role against the executive (at least, if the majoritarian group has an absolute majority), there exists a hierarchical trend in political relationships, and national public interests are prioritized in detriment of district interests. The seventeen new regional Legislative chambers created in Spain after the 1978 Constitution are more receptive to those demands related to provincial district interests.

Moreover, the effects of this industrial organization include a high rate of removal in the Spanish Congress, while in the American Congress the stability of membership is much higher and the removal much lower. In this sense, political institutions affect the profile and career of the Spanish deputies.

Finally, it should be pointed out that this institutional comparative analysis has assumed a positive approach. The paper has not tried to conclude which organization of Congress is better in a normative sense, because on different institutional frameworks the same model of organization can have very different implications. Moreover, a model of organization can be more favourable for achieving some goals and less for others. In this sense, the election of an institutional formula can solve different trade-offs among goals. The paper has presented and compared the two organizational formulas and some of their implications. It is not a trivial question. The institutional and organizational details framing legislative processes greatly influence both the policy-making and the regulatory outcomes each country can provide for itself. The industrial organization of Congress matters.

Notes

- ¹ North (1990a, 1990b), Furubotn and Richter (1998), Williamson (2000), Toboso and Compés (2003), Caballero and Arias (2003).
- ² The paper by Weingast and Marshall (1988) continues the research tradition of Shepsle (1975, 1978) on the American committees.
- ³ The literature on the US Congress included several approaches with different conclusions on the relevance of congressional parties (Shepsle and Weingast, 1995). The old tradition considered that the congressional parties should be electorally accountable and legislatively responsible. But since early in the twentieth century, congressional parties were seen as labels for like-minded politicians who act together when they agree but otherwise pursue their own agendas and careers. Nevertheless, the debate continues until nowadays in contributions such as Cox and McCubbins (2005) versus Krehbiel (1998).
- ⁴ In their paper, Weingast and Marshall (1988) explain how the committee assignments constitute a bidding mechanism. In this sense, "there are certain committees (e.g., Post Office) that no one wants. Those who fail to get one of their requested slots are generally put on one of these committees. Requesting the most valuable slots, therefore, increases the probability of ending up with Post Office. Which freshman will opt instead to request the more powerful committees? Since this option involves a lottery between the most valuable committee and one worth virtually nothing, only those freshman who value it most highly in comparison with the sure thing of getting on their policy committee will bid for it. This lottery implies that revealed preferences reflect true preferences... The pattern of committee assignments looks remarkably like an optimization process that maps members into those committees they value the most".
- ⁵ The committee system provides substantial protection against opportunistic behavior, thereby providing durability to policy bargains. Only the committee with jurisdiction can bring it to the floor for a vote. This control over the agenda within its jurisdiction implies that a committee has veto power over the proposal of others. In other words, the restricted access to the agenda serves as a mechanism to prevent ex-post renegeing (Weingast and Marshall, 1988).
- ⁶ In this sense, in studying how rules of procedure affect legislative outcomes, Cox (2000) makes an important distinction between exogenous rules (those that cannot legally be changed by the legislature by itself) and endogenous rules (that can legally be changed by the legislature itself).
- ⁷ The process of political decentralization in Spain has constituted the model of the State of Autonomies, which implied an original institutional solution (Toboso, 2001; Caballero, 2005a).
- ⁸ In Spain, the small size of the Congress and the high number of electoral districts mean that the average size of a district is very reduced (6.73 seats by district). This is a very low number if proportional systems are considered. In fact, only Ireland has smaller districts in Europe than in Spain. The rules here examined produce a majoritarian bias in the small districts, while in the broader districts the proportionality is adequately verified. In this way, the Spanish system of districts with few seats affects the system of parties in a way that reduces the number of parties that obtain parliamentary representation. It implies a low level of fragmentation.
- ⁹ Committees can be permanent or non-permanent. In the first case, they necessarily have to be quoted in the Chamber Regulations, and they can have a legislative character or a non-legislative character. On the other hand, the non-permanent committees have an ad-hoc character and are created to carry out a particular task.
- ¹⁰ The American model does not allow the legislative initiative to the parliamentary groups nor the state governments, because committees are the agenda setters in their respective jurisdictions (Shepsle and Weingast, 1987; Krehbiel, Shepsle and Weingast, 1987). In this sense, data are not adequately comparable between the two cases.
- ¹¹ Senate can pass vetos (totality amendment) or particular amendments, but later the text comes back to the Congress, which is definitively the decision-maker (it needs a qualified majority and some procedural conditions to pass a project that has been rejected in Senate).
- ¹² As these lists are initially elaborated at local and regional stages of political party federations, local and regional leaders also have a lot to say in the process, and many counterbalancing aspects are usually taken into account.
- ¹³ Moreover, other causes of the weakness of the committees can be pointed out: the small number of workers that they have, their scarcity of resources and the scarce specialization of their members.

- ¹⁴ Among those that had already practised political life as a profession, 25% were practicing politics since before 1982, and another 25% started to practise politics between 1982 and 1985 (Uriarte, 2000).
- ¹⁵ According to Maurer (2000), the 26.6% of the Spanish deputies say that they are more loyal toward the party than toward the electors. Another 36.6% say that they cannot distinguish between loyalty to the party and to the electorate.
- ¹⁶ In the case of an absolute majority, the head of the bigger parliamentary group decides in practice even whether legislative committees have or have not a role to play. The said majority, without the checks that characterize the American committee mechanism, implies that the Spanish committees respond to the strategy defined by the majoritarian political group, which has not to clash with veto proposal in committees, nor even in the plenary session (at least if there are not problems of cohesion in the political party).
- ¹⁷ This is specially noticeable if we take into account that the immense majority of the deputies say that they want to continue as members of parliament. According to Uriarte (2000), 85% of deputies answered this in the VI Legislature.
- ¹⁸ This process of institutionalization implied the differentiation of Congress from its environment and the use of universalistic rather than particularistic criteria, among other characteristics (Polsby, 1968).
- ¹⁹ According to Fiorina (1996), until the late nineteenth century the US Congress looked much like Wyoming legislature, which had a higher turnover. It is generally agreed that, sometime around the turn of the nineteenth century, American Congress began to become the present body of professional representatives. The exact timing and character of this change is in some dispute, however. Some analysts have asserted that the sharpest changes in congressional career patterns came suddenly, with the realignment of 1896 (Brookshire and Duncan, 1983).

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