

## **MODELING COALITION GOVERNMENTS' MANAGEMENT: A THEORETICAL AND EMPIRICAL CUT ON THE EXAMPLE OF EUROPEAN REPRESENTATIVE DEMOCRACIES**

The article is devoted to analyzing theoretical and empirical cuts in the modeling coalition governments' management on the example of European representative democracies. This was done due to the fact that representative democracies in Europe still face fundamental challenges, i.e. delegation and combination of powers, but are characterized by a permanent formation of government coalitions. It was revealed that European democracies are synthesized with a peculiar affirmative influence on the parameters of implementation, efficiency and quality of governance. Although they are always determined by the institutional, rational and contextual attributes of the formation and functioning of governmental coalitions, which can be described as a coherent structure that is a subject to comparative analysis.

*Keywords: coalition, governmental cabinet, governmental coalition, delegation and combination of powers, representative democracy, Europe.*

## **МОДЕЛЮВАННЯ УПРАВЛІННЯ УРЯДОВИМИ КОАЛІЦІЯМИ: ТЕОРЕТИЧНИЙ ТА ЕМПІРИЧНИЙ РОЗРІЗ НА ПРИКЛАДІ ЄВРОПЕЙСЬКИХ ПРЕДСТАВНИЦЬКИХ ДЕМОКРАТІЙ**

Проаналізовано теоретичний та емпіричний розрізи моделювання управління урядовими коаліціями на прикладі європейських представницьких демократій. Це здійснено з огляду на той факт, що представницькі демократії у Європі як і раніше стоять перед фундаментальними викликами – делегуванням і комбінуванням повноважень, – але характеризуються перманентним формуванням урядових коаліцій. Виявлено, що європейські демократії синтезуються своєрідним ухвалювальним впливом на параметри реалізації та ефективність і якість урядування, хоча завжди детермінуються інституційними, раціональними й контекстуальними атрибутами формування та функціонування урядових коаліцій, які можна окреслити як певну цілісну структуру, котра піддається порівняльному аналізу.

*Ключові слова: коаліція, урядовий кабінет, урядова коаліція, делегування й комбінування повноважень, представницька демократія, Європа.*

Modern representative democracies in Europe still face fundamental challenges, i.e. delegation and combination of powers. Delegation of powers is necessary because the majority of citizens do not have both abilities and time to take important political decisions by themselves. Thus, to make the process of state managing, the practice of delegation has been introduced, in the course of which people have to find and choose representatives, to whom they can entrust political process according to their specific principles and beliefs. These chosen representatives (first of all at the level of parliament), in their turn, delegate powers to the party leaders or heads of bureaucratic departments further pursuing of voters/people's goals in politics. Finally, the heads of departments of the executive branch and government in general delegate their responsibilities to their subordinates. On the analogy, the process takes place or at least is to take place in the reversed order – when responsibility is pushed down. Namely in this way the process of delegating powers and responsibility makes representative democracy possible in Europe. However, the problem becomes more complicated by the fact that Europe is traditionally (in the predominant majority of cases) characterized by formation of governmental coalitions. Thus, from this perspective it is quite sensible to combine powers and responsibility, as representative democracies function within the frames of countless political actors, and the very democratic rules determine that decisions should be taken by simple (relative) majority or by competent (absolute or qualified) majority of deputies. This crystallizes the principle of democratic representativeness and governing, according to which, theoretically and practically people directly cannot adopt legislations or exercise power without others' support. Correspondingly, to make the process of managing easier within the frames of delegated structures, it is necessary to form and maintain governmental (and parliamentary, and sometimes electoral) coalitions. And to adopt laws and implement them in practice and provide public order, at least some of the agents, who are authorized to act on behalf of people, always must search the ways of cooperation with other authorized agents. This theoretically and empirically actualizes articulation of a scientific problem, concerning modeling of managing governmental coalitions in European democracies.

Such range of problems has already been revealed in a number of scientific works, among which the most notable are authored by E. Browne, J. Frendreis and D. Gleiber<sup>1</sup>, G. Cox and M. McCubbins<sup>2</sup>, A. De Swaan<sup>3</sup>, W. Downs<sup>4</sup>, D. Epstein and S. O'Halloran<sup>5</sup>, B. Grofman and P.

<sup>1</sup> Browne E., Frendreis J., Gleiber D., The Process of Cabinet Dissolution: An Exponential Model of Duration and Stability in Western Democracies, „*American Journal of Political Science*” 1986, vol 30, s. 628-650.

<sup>2</sup> Cox G., McCubbins M., *Legislative Leviathan: Party Government in the House*, Wyd. Cambridge University Press 1993.

<sup>3</sup> De Swaan A., *Coalition Theories and Cabinet Formations: a study of formal theories of coalition formation applied to nine European parliaments after 1918*, Wyd. Elsevier Scientific Publishing Company 1973.

<sup>4</sup> Downs W., *Coalition Government, Subnational Style: multiparty politics in Europe's regional parliaments*, Wyd. Ohio State University Press 1998.

<sup>5</sup> Epstein D., O'Halloran S., *Delegating Powers: A Transaction Cost Politics Approach to Policy Making Under Separate Powers*, Wyd. Cambridge University Press 1999.

van Roosendaal<sup>6</sup>, J. Huber, A. Lupia and K. Strom<sup>7</sup>, M. Laver and N. Schofield<sup>8</sup>, W. Muller and K. Strom<sup>9</sup>, W. Riker<sup>10</sup>, P. Warwick<sup>11</sup>, O. Williamson<sup>12</sup> and others. On their grounds it has been motivated, that despite the fact that European representative democracies face the challenges of delegation and combination of powers and responsibility, ways and models, applied to deal with the challenges are rather distinctive. However, all of them have “approving” influence on parameters of actualization and efficiency as well as quality of managing. Because, if the problem of delegating powers (and responsibility) is not solved, we may observe “deficiency of democracy”, as a result of which political representatives do not get credibility with the voters. Consequently, political order could be regarded by many as unlawful and thus fragile. If there is no such combination of powers (and responsibility), then the representatives themselves cannot take authoritative and managing decisions. It may result in “political congestion” and “immobilism”, due to which the very prospects of democratic governing could be cheerless. At the same time, it is notable, that challenges of delegation and formation of governmental coalitions are not absolutely distinctive. In fact they overlap in the cycle of government coalitions functioning and unite being regulated by means of elections.

It becomes clear due to the fact that coalition is a team of people and groups who unite in order to conduct mutual actions and achieve a common aim. On the analogy, in many European countries teams of political parties unite for the purpose of government formation and governing. Thus, in case of government coalitions their participants transform a wide range of social requirements into a managed set of actions authorized by the state/government. However, working for a common end, members of government coalitions may not agree on some significant transformations. For example, there can be a lot of divergences when some government coalition members try to score some points with others’ voting districts and groups of voters. Conflicts may also emerge as a result of personal interests, when members of government coalition strive for a specific place in power<sup>13</sup>.

All in all, it requires certain theorized structure by means of which it is possible to generalize behavior of government coalitions in various political contexts. However, taking into account

<sup>6</sup> Grofman B., van Roosendaal P., Toward a Theoretical Explanation of Premature Cabinet Termination with Application to Post-War Cabinets in the Netherlands, „*European Journal of Political Research*” 1994, vol 26, s. 155-170.

<sup>7</sup> Huber J., Lupia A., Cabinet Instability and Delegation in Parliamentary Democracies, „*American Journal of Political Science*” 2001, vol 45, s. 18-32; Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for “Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe”, 2005; Lupia A., Strom K., Coalition Termination and the Strategic Timing of Parliamentary Elections, „*American Political Science Review*” 1995, vol 89, s. 648-665.

<sup>8</sup> Laver M., Schofield N., *Multiparty Government: The Politics of Coalition in Europe*, Wyd. University of Michigan Press 1998.

<sup>9</sup> Muller W., Political parties in parliamentary democracies: Making delegation and accountability work, „*European Journal of Political Research*” 2000, vol 37, s. 309-333; Muller W., Strom K., *Conclusion*, [w:] Muller W., Strom K. (eds.), *Coalition Governments in Western Europe*, Wyd. Oxford University Press 2000.

<sup>10</sup> Riker W., *The Theory of Political Coalitions*, Wyd. Yale University Press 1962.

<sup>11</sup> Warwick P., *Government Survival in Parliamentary Democracies*, Wyd. Cambridge University Press 1994.

<sup>12</sup> Williamson O., Contested Exchange versus the Governance of Contested Relations, „*The Journal of Economic Perspectives*” 1993, vol 7, s. 103-108.

<sup>13</sup> Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for “Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe”, 2005.

a fact that each country is unique, being the result or combination of historical precedents, democratic principles, political institutions, as well as social agreements and requirements. Let's consider the example of government coalition formation and functioning in Italy, where since 1945 an average duration of government cabinets is just a little more than a year. On this account W. Muller emphasizes that such frequency of changes among government cabinets (first of all government coalitions) is the highest in Western Europe<sup>14</sup>. At the same time, Italian policy was and still remains uniquely stable. In particular, it refers to the period of 1945-1981, when the party of Christian democrats was dominating in almost each government cabinet and was characterizing each political action. Similar situation has arisen in Latvia, for example, where average duration of governments is rather short, but the structure of government coalitions is typically constructed without the parties, representing the interests of Russian national minority. Thus, if theoretical structure of government coalitions can explain important aspects of managing them under unusual circumstances, we may use it to get better understanding of peculiarities of managing coalitions in other representative democracies.

We judge from the fact that parliaments in representative democracies in Europe are deliberately organized in a way to strengthen the role of political parties<sup>15</sup>. That is why studying the process of managing government coalitions we focus on the way how political parties manipulate voters' and coalition partners' interests, taking crucial decisions (in particular those concerning formation of government coalitions, elaboration of tactics and strategy of government coalitions, inter-ministerial shifts, choose of time for possible elections). It is obvious that changes, which happen within parties, are important for comprehending policy of government cabinets, as intra-party policy may systematically overlap inter-party bargaining<sup>16</sup>. Herewith, we take into account A. Lupia's remarks, according to which theoretical structure of elaborating models of managing government coalitions includes six methodological components. Five of them depend on the institutionalized approaches towards studying how to manage government coalitions, which are often used independently, but can be united into a consolidated structure. The sixth component is the basics of the structure, which provides means for its integration.

From this perspective, it is notable, that scientific studies usually appeal to the unique nature of contexts, in which collective decisions are made – they have a tendency to bring to the foreground the factors, which are connected with a specific society, where the events take place, take to account causal connections within the frames of culture and history of a certain country. That is why E. Banfield remarks that political and managerial decisions reflect specific peculiarities of national and system context, which are not included in the form of discrete

<sup>14</sup> Muller W., Strom K., *Conclusion*, [w:] Muller W., Strom K. (eds.), *Coalition Governments in Western Europe*, Oxford 2000, s. 561.

<sup>15</sup> Muller W., Political parties in parliamentary democracies: Making delegation and accountability work, „*European Journal of Political Research*” 2000, vol 37, s. 309-333.

<sup>16</sup> Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for “Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe”, 2005.

and determined variables<sup>17</sup>. At the same time, the research typically underlines historical precedents of social and political events. An argument that every society is under the influence of its own past, is an approach which cannot be ignored. Moreover, each new historical case adds uniqueness and restricts all future decisions. It determines that political decisions are predominantly presupposed by past elections and that there is no significant comparison of political parameters of the environment<sup>18</sup>. In their turn, contextual arguments emphasize importance of divided but not separate events. According to this logic, political events are determined by simultaneous changes, even if they take place in concurrently remote states. It presupposes that political actors in different countries live in an interdependent process, where they can be subordinate to time or be under the influence of divided experience of hard times. If general events are really crucial, then formation of government coalitions can be interpreted only in a specific historical context<sup>19</sup>. Therefore, all calculations, which underline the unique character of time and place, cannot be used for the same phenomena.

The abovementioned logics can be supplemented by the positions of the scientists, who believe political life to be a competition between great political forces<sup>20</sup>, where resources determine winners. On this account S. Rokkan acknowledges that “votes are counted, but resources elect”<sup>21</sup>. However, such an outlook should not be a simple construct of political competitiveness, as from the perspective of parliamentary policy, especially in representative democracies – “the more the better”. Therefore, the most important assets which can be offered by a party during the process of negotiations – is the size of its parliamentary delegation. It means that there are at least two theoretical prospects, which are used while analyzing the models of managing government coalitions. The first one is predetermined by peculiarities and historical factors in the course of some polities, and the second is presupposed by resources and strategic interrelations of political actors, predominantly parties<sup>22</sup>. This means that one should take into account rational, institutional, contextual factors, however each of them separately is not sufficient to interpret politics and models of managing coalitions<sup>23</sup>. It fits into the idea proposed by A. de Swan<sup>24</sup> and P. Warwick<sup>25</sup>, according to which, if parties divide their political agenda, then they have more powerful, effective and long-term government coalition, rather than in case when

<sup>17</sup> Banfield E., *The Moral Basis of a Backward Society*, Wyd. The Free Press 1958.

<sup>18</sup> Thelen K., Steinmo S., *Historical Institutionalism in Comparative Politics*, [w:] Steinmo S., Thelen K., Longstreth F. (eds.), *Structuring Politics: Historical Institutionalism in Comparative Politics*, Wyd. Cambridge University Press 1992, s. 1-32.

<sup>19</sup> Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for “Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe”, 2005.

<sup>20</sup> Miliband R., *Divided Societies: Class Conflict in Contemporary Capitalism*, Wyd. Oxford University Press 1991.

<sup>21</sup> Rokkan S., *Norway: Numerical Democracy and Corporate Pluralism*, [w:] Dahl R. (ed.), *Political Oppositions in Western Democracies*, Wyd. Yale University Press 1966, s. 105.

<sup>22</sup> Riker W., *The Theory of Political Coalitions*, Wyd. Yale University Press 1962.

<sup>23</sup> Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for “Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe”, 2005.

<sup>24</sup> De Swaan A., *Coalition Theories and Cabinet Formations: a study of formal theories of coalition formation applied to nine European parliaments after 1918*, Wyd. Elsevier Scientific Publishing Company 1973.

<sup>25</sup> Warwick P., *Government Survival in Parliamentary Democracies*, Wyd. Cambridge University Press 1994.

government coalitions have less common political agenda. A striking example could be the process of forming the so-called “rainbow coalitions”, which united ideologically different parties in Finland and the Netherlands at the end of the 20<sup>th</sup> century, as they were characterized by a permanent challenge to current political institutions at the national level<sup>26</sup>.

Quite important is the fact that specific and special institutional parameters, in particular political institutes (for instance, proportional election system, constructive vote of no-confidence in government cabinet, system of powerful parliamentary committees, peculiar nature of votes of investiture for governments etc.), generate their consequences on the policy of managing government coalitions, moreover despite national parameters of resolving the question and resource sharing<sup>27</sup>. It means that “institutes are important” and touch on the policy of government coalitions and thus it is important to understand their influences. It is important especially from the point of view that privileges of institutions are certain standards of behavior, which may form expectations and advantages of some political actors. Another valuable thing is that in scientific literature one often emphasizes significance of critical events while forming and implementing current government policy. For example, the oil crisis in the 70s of the 20<sup>th</sup> century, financial-economic and migration crisis in the early 21<sup>st</sup> century led to serious losses among ruling parties all around Europe. By the same token, the collapse of the Soviet Union and its European Empire in the late 80s – early 90s of the 20<sup>th</sup> century confused and substantially weakened communistic parties in Western, Central and Eastern Europe. Therefore, policy of government coalitions must be overwhelmed by national events, in particular political scandals, bankruptcies, natural disasters, crimes, scams of political actors and so on<sup>28</sup>. The point is that quite often namely unpredictable factors bring to naught all attempts to form coalition policy by determined means<sup>29</sup>. Nevertheless, it does not mean that formation and management of governmental coalitions should not take place due to systematic (institutional and rational) factors.

It is necessary to realize that at every stage of a “life cycle” of any government coalition, its decisions are the result of a bargain, where each outcome gained on the basis of political agreement or consent is the sum not only of previous operations, which touch on the history, institutes and resources, but a fact that the bargain takes place “in the shadow of people’s thoughts”, under the threat, preconditioned by political competitors, who typically try to substitute their forerunners. Consequently, decisions taken by any coalition is a result of agreement or consent between the members of coalitions, when they want to stay in a team in power and meet the needs of the coalition members. At the same time a bargain is traditionally a means,

<sup>26</sup> Downs W., *Coalition Government, Subnational Style: multiparty politics in Europe’s regional parliaments*, Wyd. Ohio State University Press 1998.

<sup>27</sup> Powell B., *Contemporary Democracies: participation, stability, and violence*, Wyd. Harvard University Press 1982.; Lijphart A., *Patterns of Democracy. Government Forms and Performance in Thirty-Six Countries*, Wyd. Yale University Press 1999.; Laver M., Schofield N., *Multiparty Government: The Politics of Coalition in Europe*, Wyd. University of Michigan Press 1998.

<sup>28</sup> Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for “Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe”, 2005.

<sup>29</sup> Browne E., Frendreis J., Gleiber D., *The Process of Cabinet Dissolution: An Exponential Model of Duration and Stability in Western Democracies*, „*American Journal of Political Science*” 1986, vol 30, s. 628-650.

by which this agreement or consent is achieved; a means, by which parties try to satisfy the main requirement of participation in coalition – to form and maintain consent between the members of coalition. In its turn, voters' support is the second requirement for participation in coalition and it depends on the quality of signed agreements or the nature of such agreements<sup>30</sup>. Herewith, at any stage of government coalition functioning, the "bargain price" is governed by both past and present. The past predetermines resources, available for players. The past deals with the institutes, which support such bargains.

In addition, a bargain over government coalition is a process by means of which, political actors participate in communication in order to determine mutually profitable agreement or consent. Therefore, a bargain must result in an agreement or consent, if there are individual benefits, which can be achieved only due to collective actions; there are multiple ways of sharing benefits, which are connected with such actions; none of the actors can make a collective agreement as to other participants<sup>31</sup>. In this context, political contract (an agreement or consent) is simple "currency" in coalition bargain; oral or written agreement and consent, by which participants transfer some actions in exchange for discussed benefits. The aim of the contract is to define the notions of agreement and consent, outline penalties for their non-compliance and benefits for abidance and thus to cut down on coalition and government risks. Correspondingly, to draft a contract which could meet all goals is rather difficult, especially when the agreement or consent aims at seizing a wide range of further actions and events, in particular when they are partially expectable. Expenses on such agreements are known as operating expenses, which D. Kreps define as follows: «Conducting an operation, parties must undergo several types of expenses: if an operation is maintained in accordance with a written contract, the latter must be projected; other expenses are incurred while performing an agreement, which was "constituted" at the beginning»<sup>32</sup>.

The most complicated thing in this process is that it is questionable whether parties must go for formal and stable patterns of cooperation. Liabilities predetermined by a coalition agreement can make parties act differently. Thus, parties should not consider it better to form an unstable majority, but must be free from the coalition partners' requirements and can change partners to leave the coalition. Predominance of such freedom is the main problem of inefficiency while managing coalitions<sup>33</sup>, among the most serious dimensions can be singled out the following:

1. escalation of operational expenses: a free (unstable or non-formalized) majority makes participants search agreement on each decision. Time and energy can exhaust party's

<sup>30</sup> Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for "Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe", 2005.

<sup>31</sup> Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for "Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe", 2005.

<sup>32</sup> Kreps D., *A Course in Microeconomic Theory*, Wyd. Princeton University Press 1990, s. 743.

<sup>33</sup> Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for "Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe", 2005.

- resources and diminish their ability to achieve wide and multiple goals. As a result, government coalitions scrimp on operational expenses;
2. Continuity of policy: imbalance diminishes value of all coalition decisions. With a free (unstable or non-formalized) majority, especially with minority governments the effectiveness of any government's decisions may reduce dramatically, as a result of which collective and individual benefits from managing government cabinet of ministers can disappear or significantly reduce;
  3. Less expectable policy and support for non-government programmes. The state governed by a free (unstable or non-formalized) majority can become a political dimension where public order does not have long-term stability and confidence. It can adversely affect people, as a result of what expenses made on long-term interest will be great<sup>34</sup>.
  4. Unreliable support of voters. Within democratic systems parties have a possibility to use their appointments in government cabinets only when people by means of elections delegate them power to elaborate political tactics and strategy. Connection with voters is a threat, by means of which voters can "condemn" members of government coalitions and manage behavior of their members. It means that parties cannot just perform an operation, which they like, as voters provide parties with power and can take it back easily. That is why if voters prefer the government, whose actions can be at least predictable, and then political actors, who can fairly devote themselves to another government coalition, get a chance for benefits. Stable coalitions may unite parties with certain policy, which provide voters with more plausible explanation for their orientation in politics, in particular to differentiate between candidates to a government cabinet<sup>35</sup>.

That is why it is traditionally believed that formalized and stable coalition (conventionally in a form of majority governments) is a strategy of government survival: it gives parties a chance to influence government's decisions, "earn" confidence of non-government/non-political actors, maintain good and long-term relations with voters. However, decisions of government coalitions depend on how parties appraise each other. Comprehension of this fact explains many aspects in government coalitions' behavior, including mistakes generated by mutual hope for resources. Now, lots of voters assume the bigger party is, the more powerful it positions itself in negotiating over government coalition formation. However, such idea is accurate only in cases, when there is a correlation between party's values and size. In such cases we expect loyalty to "parity standards", i.e. agreement and consent, concerning which percent

<sup>34</sup> Huber J., Lupia A., Cabinet Instability and Delegation in Parliamentary Democracies, „*American Journal of Political Science*” 2001, vol 45, s. 18-32.

<sup>35</sup> Cox G., McCubbins M., *Legislative Leviathan: Party Government in the House*, Wyd. Cambridge University Press 1993.



of coalition appointments corresponds with other members of government coalition. Therefore, understanding the role of coalition bargain and its political value, positions the actions of a government coalition. According to the majority principle, the size should not dominate in power while managing government coalitions. If a party does not get a half of seats in the parliament, then its market price depends on its value. The same logics determine that every factor on the basis of advantages and resources concerns coalition agreement, only when it touches on a potential partner in government coalition<sup>36</sup>.

Further general preconception comes down to the expectation, according to which if political parties share general advantages, they hypothetically must unite in a government coalition. However, concentrations on the necessity of a coalition bargain show that such speculations are false, what, for example, can be proved by experience in coalition formation in Ukraine over 2006-2010. When operational expenses from a political consent with a specific partner are very high, other parties may reject agreements with such partner and on the contrary choose an agreement, which causes lower operational expenses with a partner, whose advantage is lower. Even for parties with mutual interests, if there are many points to agree on or unpredictable circumstances, one cannot expect simplicity while uniting. D. Fudenberg and J. Tirole explain it the following way: «a situation of making an agreement involves a player, who must achieve consent, to see the benefits of a coalition bargain. A classic example is the problem of “sharing a pie”. None of players can get a “pie”, until they agree on the “piece” for each player. Thus, negotiations over “pieces” may reach a deadlock and be cut off, if they take too much time»<sup>37</sup>.

Besides, of great importance is the fact that political uncertainty significantly affects formation and policy of government coalitions, being focused on its operational expenses. Basic principle to determine operational expenses of coalition activity is that participants of a coalition bargain describe opportunism on the basis of coalition acts: opportunism is formed when members of government coalition make use of uncertainty to get benefits on the expenses of other members of government coalition. Attention to opportunism is especially important in agreements and consent, when one party gets benefits at the expense of another. In this case, the party, which gets its “payment” too early, can have a desire not to support it at the end of formation process or functioning of a government coalition. If the members of government coalition expect such reaction and can do nothing to prevent it, the agreements usually are not achieved. If political uncertainty and opportunism are combined in an abovementioned way, then it is quite plausible that operational expenses grow. On this account O. Williamson<sup>38</sup> says if a coalition bargain may keep potential benefit, the negotiations will be performed.

<sup>36</sup> Lupia A., Strom K., *Bargaining, Transaction Costs, and Coalition Governance*, Prepared for “Cabinets and Coalition Bargaining: the Democratic Life Cycle in Western Europe”, 2005.

<sup>37</sup> Fudenberg D., Tirole J., *Game Theory*, Wyd. MIT Press 1991, s. 397.

<sup>38</sup> Williamson O., *Markets and Hierarchies, Analysis and Antitrust Implications: a Study in the Economics of Internal Organization*, Wyd. Free Press 1975.

However, political uncertainty and opportunism can become a hurdle for such results<sup>39</sup>. Thus, O. Williamson goes on “logics of operational coalition value is applied as to a wide range of phenomena, adding vertical integration and limitations of a political market, regulations of an economic market, work activity management, corporate finances and management”<sup>40</sup>. Therefore, operational value of a coalition bargain and government coalition in general leads to an unusual role of specialization of government coalition in politics. As a result, nowadays parties which have stimulus for specialization become more and more significant.

A. Lupia and K. Strom<sup>41</sup> suppose that this determines the fact that an important place in constructing and modeling management of government coalitions belongs to a hypothetical decision concerning transformation of government or dissolution of parliament, as in any representative democracy these decisions may be adopted at any time. The point is that in European democracies dates of elections do not correspond with the constitutions, even quite the contrary they directly depend on the decision of parliaments' members. Moreover, in the countries where coalition governments are standard decisions, election dates are often outcome of a dynamic consent. That is why it is important to understand why, when and how coalition governments may want themselves to terminate their powers<sup>42</sup>. Especially, on the background of the fact that in almost all European democracies parliamentary majority (or a majority in the parliament) has a right to “remove government from the office”, i.e. at any time to dismiss government cabinet, and sometimes even has a right to dissolve the parliament itself. In this context, it is specified that the end of a government coalition quite often reflects unintentional reactions to the external events. However, causes and consequences of government coalition termination are anticipated agreed answers to political consequences. Everything hinges on the fact that the aim of each party is to maximize the value, which it gets from its role in the parliament. At first parties concern with managing mandates in the parliament: each party prefers to get more seats. After this parties assess authority within a government coalition: every party believes that it is better to get any government appointment, than not to do it.

From this perspective the outcome of any and all decisions taken by a government coalition as a result of a coalition bargain is compensation, implemented in the idea concerning dates of elections. B. Grofman and P. van Roozendaal assert that “expectations of further electoral benefits may make a party or a group of parties become desirous of “dismissing a cabinet at the moment”, when their predictable electoral success will be the greatest”<sup>43</sup>, and hypothesize that

<sup>39</sup> Epstein D., O'Halloran S., *Delegating Powers: A Transaction Cost Politics Approach to Policy Making Under Separate Powers*, Wyd. Cambridge University Press 1999.

<sup>40</sup> Williamson O., Contested Exchange versus the Governance of Contested Relations, „*The Journal of Economic Perspectives*” 1993, vol 7, s. 103-108.

<sup>41</sup> Lupia A., Strom K., Coalition Termination and the Strategic Timing of Parliamentary Elections, „*American Political Science Review*” 1995, vol 89, s. 648.

<sup>42</sup> Lupia A., Strom K., Coalition Termination and the Strategic Timing of Parliamentary Elections, „*American Political Science Review*” 1995, vol 89, s. 648.

<sup>43</sup> Grofman B., van Roozendaal P., Toward a Theoretical Explanation of Premature Cabinet Termination with Application to Post-War Cabinets in the Netherlands, „*European Journal of Political Research*” 1994, vol 26, s. 158.

“parties put an end to cabinets when they are expecting electoral success”. However, in practice it is just partially true, as the party with anticipated electoral outcomes contemplates a possibility of getting advantages by using non-electoral means (in particular signing agreements and achieving consent with parties, which have lower electoral prospects). That is why a change of a government cabinet, and not new elections, is much probable, if key members of the existing government coalition strive for avoiding elections – great prospects of any party are not enough to trigger dismissal of the parliament. Such way of thinking shows that dismissal of parliament is most likely when a government coalition comprises parties which: expect great benefits from the elections; face low operational expenses; face great operation expenses to negotiate over non-elective transition of power; get low value from the seats they are managing at the moment; get low value from other government coalitions, whom they could join<sup>44</sup>.

This brings us to the conclusion that the process of formation and performing government policy (in the context of government coalitions) always requires comparative evaluation, which may be performed at least in two forms. First of all, the process may be caused by a government coalition in general: the more time such government coalition is in power, the more experienced it probably becomes. It means that relations between partners happen along the line of institutionalized behavior and therefore within the frames of a governmental coalition there should not be frequent conflicts. Secondly, personal “expert evaluation”, performed by the prime minister and parliament, is probably of some importance, especially under conditions when the process of studying and adjusting coalition requirements (agreement and consent) must be implemented.

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<sup>44</sup> Lupia A., Strom K., Coalition Termination and the Strategic Timing of Parliamentary Elections, „*American Political Science Review*” 1995, vol 89, s. 648-665.

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