Presidents, Prime Ministers, and Parties: 
A Neo-Madisonian Theory of Party Organization and Behavior

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Prepared for presentation at the 2006 Meeting of the American Political Science Association, Philadelphia
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Abstract: Although most of the world’s democracies have directly elected presidents, scholars have largely ignored the possibility that differences in the degree of separation of executive and legislative powers might affect party origins, organization, and behavior. This paper develops a new, general theory of political parties, based on principles derived in part from the Federalist Papers. Our “Neo-Madisonian” approach suggests that the ways in which the institutions of government channel political ambition profoundly shape how political parties solve collective action and delegation problems. In short, the separation or fusion of executive and legislative powers affects the fundamental activities parties undertake in important ways. In this paper we lay out the assumptions of our theory, place the collective action and delegation problems parties confront in perspective of different democratic institutional formats, and derive testable hypotheses that will illuminate key differences across parties around the world in terms of leadership selection and delegation, electoral coordination problems, and governing dilemmas.
1. Introduction

Conventional political science wisdom suggests that mass democracy is impossible without political parties. When scholars first made this assertion, most of the world’s democracies were parliamentary systems with a ceremonial monarch or appointed president as head of state. Today, most of the world’s democracies have a directly elected president, often with significant executive authority. Yet despite decades of research on parties, scholars have largely ignored the possibility that differences in the degree of separation of executive and legislative powers might affect party origins, organization, and behavior. In the comparative politics literature, no theoretically-derived treatment of the relationship between presidentialism and political parties exists. In fact, party scholars rarely even include the separation of powers when discussing factors that might shape party development, organization and behavior.

Some notable classic works on parties do employ, at least in part, an institutionalist focus (e.g. Duverger 1954; Duverger 1986; Epstein 1967; Epstein 1986). Much of the contemporary literature emphasizes how electoral institutions shape the number of parties and party-system fragmentation (e.g. Cox 1997; Lijphart 1994; Rae 1971; Riker 1982; Taagepera and Shugart 1989). In recent years comparative research has explored the impact of presidential elections - including the timing of legislative and executive elections and the impact of plurality versus majority presidential election rules - on the “effective number of parties,” an indicator of party-system fragmentation (e.g. Coppedge 2002; Cox 1997; Golder 2006; Jones 1995; Shugart 1995).

Yet the “effective” number of parties is not the “real” number of parties, and while the effective number has proven useful for analysis of problems that fragmentation might cause - such as the durability of cabinet coalitions in parliamentary systems - it tells us less than meets the eye about how dominant one or two leading parties may be. That is, very different

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1 This paper is a draft of the “theory” chapter of a book manuscript in preparation.
constellations of relative real party size may produce similar values on the effective number of parties. Moreover, in systems that hold popular elections for a powerful executive, other features besides aggregate fragmentation may be more relevant for understanding fundamental dynamics of a political system. The effective number of parties also tells us nothing about how parties are organized internally or how they behave with respect to other parties or the executive. Research on party system fragmentation has proved useful, but it only indirectly studies political parties themselves.

There are several reasons why scholars of political parties have largely ignored the separation of powers. The first is the failure on the part of comparativists to derive lessons from the US experience. Comparativists tend to ignore the relationship between presidentialism and political parties in the United States; and, with very few exceptions (Cain, Ferejohn, and Fiorina 1987; Epstein 1967; Epstein 1980) Americanists also fail to place the US experience in comparative perspective. Scholars contemplating “American exceptionalism” still fail to include presidentialism as a contributing factor (e.g. Crotty 2006), and do not consider the possibility that American parties are far from exceptional, at least when compared to other systems with elected and non-ceremonial presidents. It is as if the last thirty years of democratization - which have seen a proliferation of elected presidencies - had never happened, at least as far as the parties literature is concerned.

Furthermore, although some scholars of US politics have discussed the relationship between the president and the parties (e.g. Davis 1992; Epstein 1980; Kernell, Jacobson, and Lazarus 2004; Milkis 1993), the Americanist literature on parties has provided little food for comparative thought because it has been dominated since the 1970s by a narrow focus on

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2 However, in the same volume, Nicol Rae suggests, “Party government has been elusive in the US…partly due to the American ‘presidential’ system of separation of executive and legislative powers” (Rae 2006, 196). This is one of few mentions of the separation of powers in Katz and Crotty’s *Handbook of Party Politics*. 
congressional parties (in fact, primarily “House of Representatives” parties), and because the presidency is considered a theoretical backwater within US political science. Perhaps more importantly, the most influential holistic treatment of US political parties, derived from the writings of V.O. Key (Key 1952) and Frank Sorauf (Sorauf 1968) (see Hershey (2007) for the current iteration) is largely descriptive and has failed to generate much interest on the part of theoretically-oriented scholars, either in the US or elsewhere.

Another reason why scholars have largely ignored the impact of the separation of powers on political parties is because comparative research remains wedded to the historical experience of Western Europe, where parliamentarism dominates. The classics in the literature (Duverger 1954; Lipset and Rokkan 1967; Michels 1962; Panebianco 1988; Sartori 1976) all assume, though sometimes only implicitly, that the study of parliamentary parties is the study of parties. Just as the US literature typically takes for granted the separation of powers, the European literature takes for granted its absence. Moreover, much of this literature has theoretical roots in sociological traditions that lack an institutional focus. When scholars apply such approaches to regions of the world where presidentialism dominates (Dix 1989; Mainwaring and Scully 1995), they treat sociological variables as important but ignore the impact of the type of executive, notwithstanding enormous differences on this variable between Europe and elsewhere.

If democracy is indeed unthinkable in the absence of political parties, then given that most democracies that have emerged over the last few decades have adopted a separate presidency (with varying powers), it is time for scholars to more seriously consider how the

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3 For example, Aldrich’s Why Parties? (1995), one of the most-cited books on American parties (and a book that many comparativists also cite and use for teaching purposes), treats American parties as if they existed in a unicameral parliamentary system and discusses the separation of powers hardly at all.

4 As Ware (2006, 270-1) notes, “Panebianco (1988: xv) famously excluded American parties from his analysis by asserting that the factors affecting their emergence and development were different, but without discussing what the difference actually was.”
separation of executive and legislative powers affects political parties. We seek to push research on political parties into new terrain by arguing that variation along the continuum of democratic constitutional structure from pure parliamentary to pure presidential systems generates significant differences in the incentives that confront the politicians who form, organize, and advance their political objectives within political parties. Given the paucity of research on how the separation of powers creates “presidentialized parties,” our argument provides a new direction for research about the form and function of political parties across all democracies.

2. The Neo-Madisonian Theoretical Framework for Comparative Parties Research

Our point of departure for thinking about how the structure of executive-legislative relations affects political parties lies with a theoretical approach rooted in the *Federalist Papers*. The *Federalist Papers* were both a series of advocacy essays on behalf of the proposed US Constitution and a theory of how institutions shape politicians’ behavior. Contemporary advances in rational choice and institutionalist political science provide a modern synthesis of key concepts from the Federalists, and result in what we call the *Neo-Madisonian* perspective.

The Neo-Madisonian framework starts from Federalists’ core hypothesis: the extent to which government ensures liberty or gives way to tyranny is directly related to the manner in which the institutions of government channel political ambition. Madison understood that representative government necessarily entails delegation of power from the citizens to a small number of politicians (Federalist 10), yet he also knew that politicians could turn any delegated power back against the voters. He therefore feared that tyranny could result if politicians’ selfish motivations, which he took for granted, were not held in check. To keep politicians in line and to limit the possibility that the young United States would reinvent the oppression of the English
monarchy, the founders sought to empower *multiple and competing agents* of the citizenry, each motivated to check the ambition of the other - as explained by Madison in Federalist 51.

Theories of collective action and delegation are contemporary political science’s emendations of the concepts Madison elaborated, and are central to the Neo-Madisonian perspective. All organizations must coordinate collective action in order to prevent free-riding and to generate incentives so that individual members of the organization work on behalf of the collective goals of the group (Olson 1965). All organizations, once formed, continue to confront problems of group coordination. The tension between individual and collective interest can be addressed by delegating authority from principals (“rank and file”) to agents (“leaders”). Developing a set of rules that empowers agents and structures their incentives to work on behalf of the principal - and to monitor the behavior of the rank-and-file to do the same - is the very essence of institutional design.

Delegation from principals to agents permeates all organizations, including political parties. Yet inherent in all principal-agent relationships are potential conflicts of interest between the contracting parties. Just as Madison feared politicians could use delegated power to oppress citizens, leaders of any organization can employ the resources or authority they have been delegated to further their own private interests, which may be at odds with the principals’ collective, organizational interests. This idea is central to principles articulated in the Federalist 51, and for this reason Kiewiet and McCubbins, in *The Logic of Delegation* (Kiewiet and McCubbins 1991), refer to this problem as “Madison’s Dilemma.”

Though he advocated on behalf of a strong central government in the Federalist Papers, Madison mistrusted hierarchy. His famous call for ambition to check ambition is, in essence, an

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5 The Federalist Papers are not exactly consistent on this point - Madison essentially contradicts Federalist 10 (where he decries the existence of “faction”) in Federalist 51 (where he calls for a separation of powers) (Kernell 2003).
effort to preclude the development of a hierarchical relationship between the executive and legislative branches of government, which he argued would lead to oppression, and instead ensure that the two branches of government would act as coequals. He thus articulated a new conception of government, based on principles derived in part from Montesquieu, in which the executive and legislative branches would originate separately and survive independently of one another, but would have overlapping authority.

Contemporary political science has branded Madison’s scheme a transactional relationship, in contrast to the more hierarchical structure of parliamentary government, in which the executive originates from the constellation of parties in parliament and serves at the pleasure of the parliamentary majority (Carroll and Shugart 2007; Moe and Caldwell 1994; Palmer 1995; Strøm 2003). A Neo-Madisonian approach thus seeks to reveal the relative balance of hierarchical and transactional relationships within and between political institutions, and does so by assessing the way in which such relationships structure and channel political ambition. In a hierarchy one institution is subordinated to another. Hierarchy is thus about vertical relationships. Transactional relationships, on the other hand, are among co-equals. When ambition is pitted against ambition and when two institutions or actors each have independent sources of authority and must cooperate to accomplish some task, a transactional relationship exists. Such institutions are located not in a vertical arrangement, with one subordinate to the other, but in a horizontal juxtaposition of co-equals.

3. The Neo-Madisonian Framework and Differences across Democracies

Before we can explain how variation in the transactional or hierarchical structure of executive-legislative relations affects political parties, we first must specify the fundamental differences along these lines across democratic regimes. A useful way to begin is by thinking of
democracy as a *chain of delegation* between principals and agents. Representative democracy requires that the first link in the chain connect voters (the ultimate principals) to elected officials. Once in office, elected officials themselves become principals, because they delegate to government bureaucrats the responsibility to execute or implement policy.

If we describe democracies as a chain of delegation between principals and agents, the fundamental differences across democracies derive from the degree to which executive and legislative powers are fused or separate. Presidential systems involve the separation of the government’s executive and legislative powers, while parliamentary systems fuse executive and legislative powers. (We will discuss hybrid forms between these two ideal-types later.) Two fundamental characteristics differentiate presidential and parliamentary systems: 1) whether the executive and legislative branches have *separation of origin*; and 2) whether they have *separation of survival*. If voters directly elect the members of the legislature and cast a separate ballot to elect the president, there is separation of origin. If the voters only directly elect the legislature, and then the legislature elects the executive, then there is unity of origin, because one branch of government originates from within the other. *Separation of origin characterizes presidential systems, and unity of origin characterizes parliamentary systems*. The chains of delegation in Figure One illustrate this point.

[Insert Figure One Here]

As for separation of survival, in presidential systems members of both branches of government serve for fixed terms. The president cannot call early elections, nor can legislators call for new elections in the hope of ousting the president. Under normal constitutional procedures, both branches *survive independently* of the desires of the other, until the next scheduled election. In contrast, under parliamentarism the survival of the prime minister
depends on the continued consent of the parliamentary majority that empowered the executive in the first place. If a parliamentary majority declares “no confidence” in the prime minister and his or her cabinet, the government is dissolved and either a new cabinet is formed or new elections may be called. Often there also exists means by which the parliament can be dissolved, leading to early elections.

As Figure One also illustrates, if we take presidentialism and parliamentarism as ideal-types, the presence or absence of separate origin and survival affect the essential agency relationships between citizens and their government: the electorate has one agent under parliamentarism and two under presidentialism.\(^6\) Thus parliamentary government involves a single chain of delegation, while presidential government involves two distinct chains. Voters in parliamentary systems delegate the authority to form a government and to make laws to members of a legislature. The members of the legislature, in turn, elect a prime minister, to whom they delegate authority to set policy priorities. In this sense, the parliamentary majority becomes a principal in its relationship with the prime minister. The PM then delegates authority to execute his policies to his cabinet ministers, and they in turn delegate to the bureaucracy.

In a presidential system the chains of delegation and accountability are more complex. Given the separation of origin, voters have two agents: They delegate authority to members of a legislature, but this legislature does not select the executive. Instead, voters also delegate to a popularly elected president authority to constitute the executive branch and set its priorities. The executive and legislative branches must subsequently *transact* with each other to get anything done, even if the president and the legislative majority come from the same party. The president delegates authority to his cabinet and cabinet heads delegate to the bureaucracy, but the chain of delegation is further complicated in presidential systems because both branches of government

\(^6\) For simplicity we ignore the possible further complication of bicameralism.
have some authority over the bureaucracy.

These differences suggest that all else equal, presidentialism results in relatively more *transactional* relationships between branches of government and parliamentarism creates more *hierarchical* relationships. Under parliamentarism voters elect and hold accountable the members of parliament, a majority of whom have the same power over the prime minister and the members of the cabinet. In turn, each government agency is accountable to the cabinet minister who controls that portfolio. In contrast, presidentialism entails substantially more transactional political relationships: Voters elect and hold accountable both the president and the members of the legislature - a vertical, hierarchical relationship. Yet the separation of powers requires negotiation across the two branches of government in order to get anything done. Even if one party controls both the executive and legislative branches of government, the separation of survival guarantees relatively greater political independence for members of each branch.

4. Parties in the Neo-Madisonian Framework

We define political parties as organizations that “seek benefits derived from public office by gaining representation in elections” (Strøm 1990, 574). Numerous scholars have employed Neo-Madisonian principles to the study of political parties. Such approaches focus on how parties structure political ambition to resolve collective action and delegation problems. Madison recognized that political actors were self-interested and that the key to successful institutional design lay in generating incentives that would align individual interests (ambition) with collective goals (liberty). Similarly, scholars have argued that ambitious individual politicians join forces to create parties as solutions to dilemmas of coordination and collective action they encounter in their quest to win (re)electon, achieve policy goals, and secure institutional posts.
In terms of collective action problems, Cox and McCubbins (2005) divide the literature into two camps. The first camp, exemplified by Aldrich (1995), suggests that parties form to resolve collective action problems *internal* to the legislature. A party-free legislature would be chaotic: Individual legislators would be unable to predict the agenda, much less predict outcomes. Consequently, policy majorities would be highly unstable, meaning individual legislators would lack confidence that something voted today would not be overturned tomorrow. In order to deal with this uncertainty, legislators join forces to form durable legislative coalitions, which provide collective benefits. In short, parties solve problems of collective legislative choice by helping attain and maintain majorities.\(^7\)

A second view suggests that parties form to resolve collective action problems *external* to the legislature. In this view politicians join forces to benefit from economies of scale and organizational advantages, because as individuals they may lack resources to mobilize voters on their own behalf. This view also emphasizes that politicians undertake collective legislative activity not only to induce policy stability but also to develop and maintain the group’s collective public image. Politicians thus form parties because they come to regard a *collective* good, their party’s public reputation or “brand name,” as critical to their *individual* success (Cox 1987; Cox and McCubbins 1993; Strøm 1990). Politicians’ fates are linked due to public perceptions of collective responsibility for competence, honesty, and policy success or failure. Accordingly, a politician’s career depends on both individual attributes and collective party characteristics.

Whether for internal or external reasons, political parties provide ambitious individual politicians with collective benefits that would not accrue in their absence. Yet such benefits - either the gains from trade within the legislature or the collective reputation that accrues from such group legislative activity - are public goods to all politicians who share membership in a

\(^7\) This view also assumes a majority party, which is untenable in comparative perspective.
given political party. Thus when the party wins or loses, all members win or lose (to some varying degree), whether or not their efforts contributed to the victory or defeat. Yet because such benefits are public goods, maintenance of a party’s collective reputation is itself a collective action problem. Like all public goods, individual politicians have little incentive to invest in the party’s collective image. Instead, they face pressure to pursue their own interests, regardless of costs to the party. For example, in Cox and McCubbins’ (1993) view, reelection-seeking politicians are likely to over-produce particularistic legislation and under-produce legislation that provides collective benefits. This sort of activity may seem optimal from an individual politician’s point of view, but it may sacrifice the party’s reputation and can lead to collective electoral losses. Unregulated individual behavior could thus damage the brand name and harm the party’s fortunes.

According to this view, the key to understanding the nature and goals of political parties is the tension between individual and collective incentives. Individual party members thus face a dilemma: whether to pursue their individual interests, or devote resources to the maintenance of the party’s provision of public goods. Political parties seek to resolve this tension by creating institutional arrangements that commit individual politicians to act in the collective interest. Here is where scholars turn to the literature on delegation and principal-agent theory, derived from the theory of the firm (e.g. Alchian and Demsetz 1972). In both firms and parties, the “principals” (party rank-and-file) delegate formal and informal power to central “agents” (party leaders) in order to solve collective action problems and reduce transaction costs (Aldrich 1995; Cox and McCubbins 1993; Döring 2001; Kiewiet and McCubbins 1991; Rohde 1991).

For individual politicians, delegation is a process of “binding one’s hands” to the group, of compelling investment in the public good. Delegation tasks party leaders with protecting the
party reputation and thus maintaining the value of the party label. To do so, leaders are granted authority to use both incentives and sanctions, to reward or punish individual behavior. Leaders can impose discipline or other sanctions on politicians whose behavior threatens the party’s image, and can reward those whose behavior helps the group. Aldrich (1995) suggests that the most important tools party leaders control include power over candidate selection and over distribution of resources (such as campaign finance) used for voter mobilization; Cox and McCubbins (1993) add to this list leaders’ control over allocation of legislative resources and over the party’s legislative activity.

The key to delegating well is to motivate leaders to concentrate their energies on solving the party’s collective dilemmas (Cox and McCubbins 1993, 135). Yet delegation itself creates potential problems. Everyone - both leaders and followers - gains from delegation, but principals must beware the danger of agency losses due to agents’ opportunistic behavior (Kiewiet and McCubbins 1991). That is, in any principal-agent relationship, conflicts of interest between principal and agent inevitably arise unless both parties have perfectly aligned interests and are acting under perfect information, conditions unlikely to hold. Rank-and-file party members thus seek to balance empowering a leader to provide collective benefits with minimizing such opportunistic behavior. Given the understanding of political parties as described above, we can now lay out the assumptions underlying the Neo-Madisonian theory of political parties.8

**Assumption One:** Politicians are ambitious; they seek a long-term career in politics. The shape of a political career may take many forms, but depends critically on a country’s institutional and political context. Ambition can encompass legislative reelection, climbing the

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8 Most of these assumptions follow the spirit of Cox and McCubbins’ (2005) “Procedural Cartel Theory” of legislative parties, but differ in substantial ways, for obvious reasons.
ranks of a party hierarchy, seeking a cabinet portfolio, pursuit of the presidency or the prime ministership, or pursuit of policy goals (in which case the pursuit of office is instrumental).

Assumption Two: Parties’ goals reflect the ambitions of their members. Following Strøm (1990), we assume 1) that parties’ goals include vote-seeking, office-seeking, and policy-seeking; 2) that pursuit of all three goals necessarily entails tradeoffs; and 3) that such tradeoffs are shaped by internal organizational and external institutional constraints.

Assumption Three: For any candidate nominated by a political party, that party’s reputation, its label, is a public good. The value of the label - good or bad - affects individual politicians’ chances of advancing their careers as well as the party’s chances of participating in government, whether as a majority party or as member of a coalition.

Assumption Four: A party’s brand name is a function of its platform and its success or failure in government. Voters form an impression of a party based on the policies it favors and opposes, and on its ability to effectively enact policies it favors or impede policies it opposes.

Assumption Five: For individual politicians, campaigning and participating in government involve a series of collective action problems. Even in the exceptional case of successful independent candidates, individual politicians on their own can accomplish little. Legislation must be passed by majority rule, often in two chambers, and/or signed by a president. This is a complicated and time-consuming process, which demands that politicians cooperate to achieve individual goals. Politicians’ diverse interests might impede cooperation in the absence of some form of coordination (Calvert 1995); such efforts are also subject to free-riding (Cox

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9 Not all elected officials are party members, but our theory concentrates on parties and their members. We take it as axiomatic that parties play a less-important political role in countries that permit independent candidacies, e.g. Russia. It is interesting to note that the ability to run for office as a political independent is correlated with presidentialism.

10 Even an independent president must deal with a legislature, for example; and an independent legislator stands zero chance of enacting favored policies without joining forces with others.
Engineering a mechanism to foster collective action is a critical challenge all parties face.

**Assumption Six:** Parties address the challenges of collective action in the electoral and governing arenas by delegating authority to a central authority, a party leader, *who will stand as the party’s candidate for national executive office*. Thus whether or not a president or prime minister is also *de jure* head of the party organization, parties entrust prospective presidents and prime ministers with the parties’ collective reputation - meaning that party members entrust leaders with their individual and collective political fates.

In the next section we begin to develop hypotheses derived from these assumptions. We argue that as the relationship between the executive and legislative branches varies, parties will confront distinct problems of collective action and delegation.

**5. Situating Parties within the Separation of Powers**

The view of political parties as solutions to collective action and delegation problems has proven enormously influential in political science. In this telling, the main purpose of political parties is to resolve collective dilemmas of mobilization, coordination, and delegation. Unfortunately, such a view does not sit comfortably within the separation of powers. The approach as described above applies best to parties operating in a single-chamber legislature, or to a story that suggests parties operate *as if* they existed in a single-chamber legislature, as in as in Cox’s (1987) story of the development of British parliamentary parties, or Aldrich’s (1995) or Cox and McCubbins’ (1993; 2005) story of parties in the US House. From a Neo-Madisonian perspective, the problem such theories face is that they do not consider the impact of the separation of powers on how parties resolve dilemmas of collective action and delegation.
The Neo-Madisonian rational-choice institutionalist literature tells us that political parties are endogenous creations of ambitious politicians. That same literature also suggests that institutional context shapes the way in which politicians will resolve their collective dilemmas. More specifically, a Neo-Madisonian approach emphasizes that politicians’ ambitions are shaped by the structure of delegation and accountability within government institutions. The question for the comparative study of political parties is therefore “How do differences in the hierarchical and transactional institutional relationship between executive and legislative branches of government affect how politicians resolve collective action problems?”

The main argument of this paper is the following: differences in the separation of origin and survival - and the variation in the balance of hierarchical versus transactional relationships between the executive and the legislature implied by such differences - are associated with variation in political parties’ organizational and behavioral imperatives. To accomplish their collective goals under parliamentarism, parties organize and compete to obtain legislative seats. Elections do not directly determine the composition of the executive. Rather, the executive emerges directly from the majority (whether single party or coalition) that wins control of the legislature, and the subsequent relationship between “branches” is one of symbiotic mutual dependence. In contrast, parties in presidential systems must seek to bridge the separation of origin and survival and to overcome the transactional nature of the institutional design. The very fact of the separation of powers makes resolving coordination and delegation problems more complicated, and confronts parties with particular organizational and electoral dilemmas. Parties in parliamentary systems face stiff challenges, but their dilemmas are of a different nature. This chapter proposes to explore the basis of such differences and to reveal the ways in which the
separation of origin and survival can generate “presidentialized” versus “parliamentarized” political parties.

Our neo-Madisonian approach, rooted in ambition theory (Schlesinger 1991), suggests that party structure should mimic constitutional structure, and party behavior should follow the incentives constitutional structure generates. Specifically, we derive the following observable implications from this theory: First, the process of leadership selection and the principal-agent relationship between the party and its leader will differ in presidentialized parties. Second, given the separation of origin, presidents’ and legislators’ electoral bases are not only separate but also often distinct. This implies that presidentialized parties will confront different collective action and delegation problems in terms of electoral strategy, because they must organize across two levels of elections. This problem boils over to reveal the third implication: given that presidents derive legitimacy from an electoral process separate from the legislature, and given the separation of survival, presidentialized parties face distinct collective action and delegation problems in terms of governing strategy. In what follows we elaborate on these hypotheses, and in subsequent chapters we provide empirical evidence supporting our claims.

5a) Leadership Selection and Madison’s Dilemma

In the rational-choice institutionalist literature on political parties, once politicians have resolved to join forces, the key problem they confront is one of delegation to a leader. Successfully designed principal-agent contracts generate positive externalities for all party members; unsuccessful delegation can damage to the party’s electoral fortunes. We know a great deal about principal-agent relationships between legislatures and executives (e.g. Kiewiet and McCubbins 1991; Shugart and Carey 1992; Strøm 2003), but we know almost nothing in
comparative politics about how parties structure the agency relationship with their leaders.\textsuperscript{11} This is a critical question: After all, a party leader who also has won election as president or selection as prime minister will only act in the party’s collective interest (for example by faithfully executing the party’s platform) if he or she is truly an agent of the party. Thus a key issue is the way in which the nature of the institutional relationship between executive and legislative branches of government affects how parties structure their leadership selection processes and how they seek to hold their leaders to accounts.

Our approach suggests the following hypothesis: \textit{the separation of powers exacerbates Madison’s Dilemma for presidentialized parties by enhancing agent opportunism and complicating principals’ ability to rein in their agents.}\textsuperscript{12} Based on a detailed comparison of incentive structures under different democratic regimes, In [Chapter X] we argue that both adverse selection and moral hazard problems are relatively worse for parties under the separation of origin and survival, and that the proposed organizational solutions party leaders could enact to hold their agents more accountable are more difficult, entail greater costs, or are simply impossible to achieve under the separation of powers. In short, the danger of agency losses to political parties is greater in presidential systems.

A brief explanation of our argument is warranted. Adverse selection problems result from the likelihood that agents possess \textit{hidden information}. Individuals who seek leadership positions have incentives to overstate their experience and qualifications or misrepresent their true preferences, particularly if those preferences clash to some extent with the organization’s

\textsuperscript{11} The one comparative book we have found is Davis (1992); a special issue of the \textit{European Journal of Political Research} in 1993 also covered the topic. Several single-country studies exist; see e.g. Punnett (1992), Courtney (1995), or Stark (1996).

\textsuperscript{12} There is a notable irony here: Madison identified the potential that delegation could backfire and so proposed the separation of powers as a solution. Yet in the end, once one takes political parties into account, the separation of powers makes Madison’s “dilemma” worse!
goals. By engaging in misrepresentation, upon appointment or election to the leadership post, agents can make Madison’s worst nightmare come true and pursue their own goals or their own vision of what the party’s “true” goals ought to be.

A party seeking to place its candidate in the chief executive’s office must select a leader who will be competitive in a national election contest. Yet the pool of candidates who can appeal to voters directly and the pool of candidates who can implement the collective “will” of the party organization may only weakly overlap. Thus parties may have to settle for suboptimal agents at the candidate-selection stage: the best potential agents from the party’s point of view may be incapable of winning a presidential election, while candidates who can win such an election may not share the party’s goals fully.

The problem of moral hazard arises from the possibility of hidden action. After the principal signs a “contract” with an agent, the principal cannot observe every action the agent takes, much less have perfect confidence that all those actions conform precisely to the terms of the contract. For a political party, the danger is that leaders might use their authority to advance their own personal goals rather work toward the principal’s collective goals.

Given the unity of both origin and survival in parliamentary systems, parties can “hire” a leader knowing that they can “fire” that person if he or she acts in ways contrary to the organization’s interests if elected Prime Minister. In contrast, given the separation of origin and survival parties in presidentialism know that when they “hire” a prospective president, they will be unable to “fire” him or her if he or she exploits Madison’s Dilemma.

Parties delegate the task of promoting the group’s collective benefit, protecting the party’s reputation, and coordinating intra- and inter-party negotiations to leaders. Their very survival depends on the ability to find and cultivate leaders who will internalize the party’s
collective dilemmas. Yet that task is fraught with potential agency problems, encapsulated in Madison’s Dilemma. The trick is to induce those who seek and occupy leadership positions to work only in the party’s collective interests and refrain from abusing delegated authority on their own behalf, to the neglect of the party’s interest. As we will show in detail in [Chapter X], this task is trickier for presidentialized parties.

5b) Dilemmas of Electoral Competition

Principal-agent theory suggests that when Madison’s dilemma becomes too severe, delegation should not happen at all. Yet in a very real sense parties in presidential systems do not have the option of not delegating, at least if they want to remain politically relevant. Not choosing to delegate would mean not participating in presidential elections, in which case the party might go out of business, or else be forced to retreat into a narrow constituency that is willing to continue to support it even though it is not a viable partner in executive selection.13

Parties become “presidentialized” in systems with powerful directly-elected executives because the types of parties that are likely to form in the first place in presidential systems, and then to prosper, are precisely those that can field competitive candidates in national executive elections. The reason for this is straightforward: Under parliamentarism, to accomplish their collective goals, parties organize to capture a share of legislative seats sufficient to control the executive, or to bargain with other parties over shared control of the executive, which in turn depends entirely on the confidence of the legislative parties themselves. Capture of executive office is indirect and may even result from the post-election formation of a governing coalition. In contrast, under presidentialism, winning the executive branch, not legislative seats, becomes parties’ driving goal. Any party that seeks to be a major player on the national scene must

13 A good example of such a party is the Brazilian PMDB. Since 1994 that party has chosen not only to not run a presidential candidate but also to not ally formally with a presidential candidate. The party survives due to its extensive municipal-level networks of power brokers.
organize to compete in a national *executive* electoral contest, or else be content to bargain with the winner of that contest from a position in an independent legislature.

Given that the president controls the cabinet and strongly influences - in some systems, even controls - the legislative agenda, and often possesses a veto, parties that decide to compete only in legislative elections are accepting restricted access to “office” and “policy” benefits, relative to a party that stands a good chance of entering a government coalition in a parliamentary system. In a presidential system, such a party has relegated itself to a secondary position in the political system and has imposed limits on its ability to achieve collective goals.¹⁴

In short, in a presidential system, operating as a strictly “parliamentary” party that only runs candidates for legislative seats is much less attractive than in a parliamentary system, and hence such parties are less likely to prosper.

The incentive to capture the executive branch directly provides parties with different organizational and behavioral incentives. In a presidential system, parties confront situations they never encounter in a parliamentary system. Parties must organize to win direct executive elections *and* compete effectively in legislative elections. This difficult task is further complicated by the fact that the constituency of the median party legislator may differ substantially from the constituency necessary to be competitive - and win - a presidential election. Two key organizational and behavioral distinctions between presidential and parliamentary parties follow. First, parliamentary parties never have to face the incentives that a direct executive election imposes. In a presidential system this focuses attention on parties’

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¹⁴ It is conceivable but unlikely that political entrepreneurs would be satisfied with organizing a party to compete as a “perpetual second banana” in a pre-electoral coalition with another party that is running a presidential candidate. Good examples to consider in this regard are the cases of the *Concertación* alliance in contemporary Chile since 1989, in which the Socialist and Christian Democratic coalition partners have traded off candidacies for the presidency, while other member parties of the *Concertación* have yet to obtain a presidential nomination. Another example is the PSDB/PFL alliance in Brazil since 1994, in which the PFL has accepted “second banana” status.
subjective evaluation of their viability in the presidential race - on which all their subsequent electoral strategy will be based - rather than on strategy for winning parliamentary seats.

Presidentialized parties face issues unknown in parliamentary systems such as whether to nominate a presidential candidate, whom to nominate, and how to balance the presidential and legislative campaign themes.

The “executive” focus in presidential systems means that parties that nominate a presidential candidate have stronger incentives to adopt a “vote-seeking” strategy as opposed to an “office-seeking” or “policy-seeking” strategy, relative to parties operating under parliamentarism (Samuels 2002). Presidentialism affects how parties decide to allocate campaign finance or develop media campaigns: policy concerns will be sacrificed, and party organization will be marginalized in setting the party’s agenda and establishing the party’s public image. Party campaign organizations will also evolve differently under presidentialism: Parties will develop separate nuclei devoted to electing the chief executive in presidential systems, but central party organizations are more likely to retain control over the entire campaign in parliamentary systems.

The need to be competitive in both executive and legislative races also means that parties face a problem unknown in parliamentary systems of simultaneously coordinating electoral strategy across races for two institutions, of bridging differences in potential constituencies between a party’s executive and legislative candidates. The requirements for running a successful campaign will not necessarily overlap in both races, meaning that presidential parties confront potentially conflicting incentives from two levels of elections. Presidentialism thus forces parties to make hard choices about candidate nomination, resource allocation and electoral coalitions that parliamentary parties do not face. The difficulty of these organizational, financial,
informational and strategic challenges is exacerbated by the existence of coattail effects and the electoral cycle, which by definition do not exist in parliamentary systems. Whether held concurrently or not, presidential elections strongly influence legislative elections. This affects party strategy in ways unknown in parliamentary systems.

Within presidential systems, the degree of observed vote-, office-, or policy-seeking behavior depends largely on a party’s subjective evaluation of its chances of winning the presidential election. This evaluation will then affect how the party behaves in both executive and legislative elections. If the party decides to nominate a presidential candidate, it has strong incentives to shift resources away from its legislative campaign and concentrate fully on the presidential race. In contrast, parties that believe they have little chance to win the presidential election may opt to pursue an office- or policy-seeking strategy. Parties that do not nominate a presidential candidate will behave differently from those that do, although the effect of the presidential election on the entire system implies that parties that do not nominate a presidential candidate will not behave as if they were simply in a parliamentary system.

5c) Governing Dilemmas

Just as they do in the electoral arena, parties in government confront distinct dilemmas in different institutional contexts. For political parties, the separation of origin and survival generates distinct organizational and behavior patterns unknown in parliamentary systems. In terms of the separation of origin, the potential electoral divergence between executive and legislative branches of a party can have important consequences in the policy-making process. After all, presidents desire reelection and we can assume parties have long time horizons - meaning that parties’ and presidents’ potentially divergent electoral goals may continue to complicate party strategy once that party has assumed office.
Successful presidential candidates campaign on a platform that appeals to a wide swath of the electorate. Once in office, that president cannot simply revert to his party’s potentially narrower core constituency, nor can he simply work to deliver policy that will help his party win legislative elections. The separation of origin creates an agent of the citizenry specifically responsible for the “health of the nation,” predisposed to care about the provision of public goods. Presidents know that history will judge them based on their ability to fulfill this institutional role; however, legislators from a president’s party may not be judged on a similar basis. Instead, their electoral success may depend on the provision of goods to narrower constituencies, whether geographical or not. The degree to which one sees cooperation or conflict between the executive and the legislative “branches” of a party in a presidential systems is primarily a function of the degree to which the policies and goods their respective constituencies consider important overlap. Overlap is maximized in pure parliamentary systems, but “separation of purpose” can varies considerably across presidential systems, based on a series of institutional factors (Samuels and Shugart 2003).

It is unlikely, but even if the executive and legislative “constituencies” of a party overlap completely at the time of an election, unforeseen circumstances may arise that push presidents to take up proposals that diverge from the party’s interests. Such cases might arise in any government. The dynamics of intra-party negotiations over new policy directions will differ across democratic regimes. In a parliamentary system, because survival is mutually dependent, the party and the prime minister have greater incentives to support each other. In presidential systems, the separation of survival makes intra-party negotiation over such differences more difficult: a party may choose to accept presidential proposals, or it may choose to ignore or resist them. After all, there is no confidence vote to whip the party into line. (By implication, party
cohesion will be lower in presidential systems, all else equal.) In fact, because of the separation of survival, a president could achieve many of his policy goals even *without* his party, a situation that would never occur in a parliamentary system. Moreover, illustrating the potential lack of *mutual* dependence in a presidentialized party, a party’s fortunes are often a function of presidential popularity and coattail effects, meaning that a party may find that its fate depends on what the president does *independently of what the party wants him or her to do*, a situation that cannot arise under parliamentarism.

Another important difference for parties across political systems derives from the president’s direct control over the policy and office benefits of holding power. Given this, parties in presidential systems possess less direct influence over those resources than in a parliamentary system. This fact is particularly relevant in multiparty systems: the president’s position as *formateur* in pure presidential systems suggests that coalition dynamics - decisions to enter and leave a coalition - should differ substantially across democratic regimes. Separation of powers systems give the president the a strong role in policymaking, whereas under parliamentarism the PM may have to concede *de facto* control over certain ministries to his or her cabinet partners (Laver and Shepsle 1996). Parties considering joining a cabinet in separation of powers systems thus have greater cause to fear that they will lack the ability to transform participation in the government into real policy influence.

Parties’ inability to “make and break governments” means that their expected “office” and/or “policy” benefit payoffs (Strøm 1990) should be lower in semi- and pure presidential systems relative to a parliamentary system (Samuels 2002). This in turn suggests that coalitions will be costlier to maintain and less stable under presidentialism (Altman 2001). Yet the impact of the separation of powers on cabinet politics, and consequently on party organization and
behavior, ranges beyond entry and exit decisions. Amorim Neto (2006) shows that in contrast to parliamentary systems, under pure presidentialism the size of the coalition (how many seats it controls) and the number of coalition partners are potentially less important for cabinet politics and thus for governance than the proportion of partisan ministers (versus cronies or technocrats) and the extent to which portfolios are proportionally distributed to coalition partners. In parliamentary systems, cabinets are nearly always both fully partisan and proportional, but both vary as the government system moves towards a pure presidential model.\textsuperscript{15} The dynamics of “party government” clearly diverge as one moves from a pure parliamentary to a pure presidential system of government. Autonomous control over the cabinet combined with the separation of survival gives presidents a distinct advantage over prime ministers, and disadvantages parties in presidential systems.

Finally, because presidents’ electoral and institutional incentives for governing may diverge from their party’s under presidentialism, and because of the separation of survival, Madison’s Dilemma is more likely to confound presidentialized parties than parliamentarized parties. Traditional notions of “responsible party government” and thus of citizens’ representation by political parties as their agents include both the enactment of new policies and the preservation of certain established policies. Parties’ promises to do both, through efforts to establish and maintain their collective reputation, are viewed as the key to their survival and as the main normative criterion by which we should judge whether party government is operating successfully. To what extent can parties undertake such promises under different constitutional regimes? As we have argued elsewhere (Samuels and Shugart 2003), presidents are less likely than prime ministers to act as faithful agents of their party in terms of mandate representation.

\textsuperscript{15} This argument runs counter to research that focuses on the size of and number of parties in legislative coalitions, as well as to the literature that predicts variation in policy output based on the number of “veto players” (e.g. Cheibub 2004; Cheibub 2002; Tsebelis 2002).
That is, they are less likely to implement the party’s platform, all else equal, and are more likely to engage in “policy-switching” (Stokes 2001) than prime ministers. A president may choose to propose policies in party’s interest or not; the fact that the party nominated an individual and helped him or her win executive office does not automatically mean that the president is beholden to the party’s wishes. In short, executives are less accountable to their party in presidential systems, even though they may be more accountable to voters.

6. Conclusion

Pure parliamentary systems now comprise a minority of all democracies around the globe (Shugart 2006), but political science has yet to come to grips with the relationship between parties and presidential forms of government. At the core of this paper (and this book project) is the question of how political parties organize and behave differently according to whether they are structuring electoral choice only for legislative offices, or for both legislative offices and a popularly elected executive office. Simply stated, we derive the following hypothesis from our Neo-Madisonian theoretical approach: The nature of the collective action and delegation problems that political parties face differ as a function of variation in the hierarchical or transactional nature of the relationship between the executive and legislative branches of government.

In pure presidential systems, the direct line of delegation from the electorate to the executive implies that parties have distinct challenges in selecting and controlling agents, conducting campaigns, and dealing with the challenges of governing, compared to their counterparts in pure parliamentary systems. Variation in political parties’ organizational and behavioral imperatives is a function of variation in the institutions of democratic government. To the extent that parties can bridge the separation of origin and survival by devising distinct
organizational devices, we can speak of parties being “presidentialized.” To the extent, on the other hand, that parties organize to form - alone or in partnership with other parties - a parliamentary majority that forms an executive cabinet, we can speak of parties that are “parliamentarized.”

This paper provides the theoretical basis for a larger book project. In subsequent chapters we explore differences across “presidentialized” and “parliamentarized” parties in terms of the adverse selection and moral hazard problems associated with leadership selection, delegation, and accountability, and the collective action problems associated with campaigning and governing. We include examples from across the globe, showing the generalizability of our comparative theoretical approach. Our findings have broad implications for understanding the sources of variation in core aspects of representative democracy, the nature of political representation and accountability.
Figure 1. Basic hierarchical and transactional forms of executive-legislative relations
References


