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## **THE INDUSTRIAL ORGANIZATION OF THE SPANISH CONGRESS: PROPERTY RIGHTS, TRANSACTIONS AND HIERARCHIES**

### **Abstract:**

The study of the legislative markets is an important topic for political economy research. This article analyses the industrial organization of the Congress in Spain from a new institutional economics approach. In this way, we realize an analysis of *madisonian* political economy that studies the role of property rights, hierarchies, individual deputies, parliamentary groups, transactions and committees in the Spanish Congress. In particular, this analysis (that is an heiress of the *coasean* tradition of “opening the black box” of organizations) shows the main characteristics that differentiate the Spanish model from the model of the USA Congress, which is presented as the prototype of Committees Congress in the specialized literature.

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# THE INDUSTRIAL ORGANIZATION OF THE SPANISH CONGRESS: PROPERTY RIGHTS, TRANSACTIONS AND HIERARCHIES

## 1- INTRODUCTION

For decades, neoclassical economics considered the firm as a “mysterious figure” whose existence was not questioned (Frank Hahn, 1987). The contribution of Ronald Coase (1937) on the nature of the firm initiated a research program that has studied the firm as an organization in which transactions are fulfilled. In this way, economic science has tried to open the “black box” of the firm.

On the other hand, the economic analysis of institutions and political markets experienced a similar evolution (Arias and Caballero, 2003). Economists looked for market failures that could be corrected with public intervention, but they did not study the decision making process: they assumed the *homo-benevolent* model. Public Choice Theory corrected this situation by assuming the *homo-economicus* model for the political actors and analysing political markets (Downs, 1957; Buchanan, 1966). The New Institutional Economics propelled the economic analysis of institutions (North, 1990a, 1990b; Furubotn y Richter, 1998; Williamson, 2000; Toboso y Compés, 2003). In this way, economic science tries to “open the black box of the State”, in the sense of Ronald Coase (1937) and Avinash Dixit (1996), and political economy re-borns (Caballero and Arias, 2003). In particular, the institutional structure that regulates the parliamentary process is a fundamental mechanism for the making of public policies.

This article analyses the industrial organization of the Congress in Spain, studying the structure of the Spanish parliamentary process as a mechanism that influences policy-making. In this way, we realize an analysis of *madisonian* political economy that studies the role of property rights, hierarchies, individual deputies, parliamentary groups, transactions and committees in the Spanish Congress. In particular, this analysis, that is a heiress of the *coasean* tradition of “opening the black box” of organizations, shows the principal characteristics that differentiate the Spanish model of the one that exists in the USA Congress, which is presented as the prototype of Committees Congress in the specialized literature. We work on the theoretical approach presented by Weingast and Marshall (1988) and assumed the foundations of the New Institutional Economics.

This article defends that strong political parties (Spanish case) and strong committees (American case) appear as substitutes for organizing the performance of a Congress. The first one is organized on a hierarchy with centralized leadership, while the second one opts by a system of property rights that favours the transactions among deputies to pass the bills. When the political parties can control their congressmen via a hierarchy, it implies that exist a mechanism that guarantees the fulfillment of commitments, and that is different of that of the property rights mechanism established by committees. In this case, hierarchy substitutes market for the legislative transactions.

Our approach considers that the political and electoral institutions of each country are reflected on the corresponding legislative chamber. In the Spanish case, the 1978 Constitution, the political rules and the electoral system imply a legislative market in which the individual congressmen lack of property rights on the political agenda and in which the hierarchical structure of the majoritarian party is imposed. Because the parliament is not able to become free of the control of the majoritarian party, which is controlled by the executive, the Spanish Congress appears as an actor with scarce balance functions.

This paper begins with the presentation of the classic model of industrial organization of the American Congress, analysed by Weingast and Marshall (1988). In the third section we will present an approach to the political rules of democratic Spain, and afterward the governance of the Spanish Congress is characterized. The fifth section presents the keys of the organizational structure of the Spanish parliament from a new political economy approach that is based in Weingast and Marshall (1988), and later we compare these keys with those of the American case. The seventh section studies the profile of the deputies in the Spanish Congress. Finally, the conclusions study the role of political markets and political hierarchies in the Spanish parliament and system.

## **2- The Industrial Organization of Congress in USA**

In an outstanding contribution on the political economy of the parliamentary process, Weingast and Marshall (1988) analyze the industrial organization of the American Congress, assuming three basic elements for the legislative experience in the USA: A) Congressmen represent the (politically responsive) interests located within their district, because their electors are the principal of the agency relation. B) Parties place no constraints on the behavior of

individual representatives, by which the individual congressmen can be considered as the autonomous decision-making unit. C) Proposed bills must command the support of a majority of the entire legislature.

The congressmen need take agreements with other congressmen to pass the projects that have an interest for the district from which they are elected. In this sense, an explicit or implicit votes market exists. For an adequate understanding of this votes exchanges, the theoretical approach should include the noncontemporaneous benefit flows and the nonsimultaneous exchange element.

The intrinsic difficulty of this type of transactions implies that the design of adequate legislative institutions is a requisite for the exchange among congressmen. This governance mechanism substitutes the explicit votes exchange. The organizational solution of the USA Congress is based on a Legislative Committees System, which establishes a system of property rights and is characterized in this way (Weingast and Marshall, 1988):

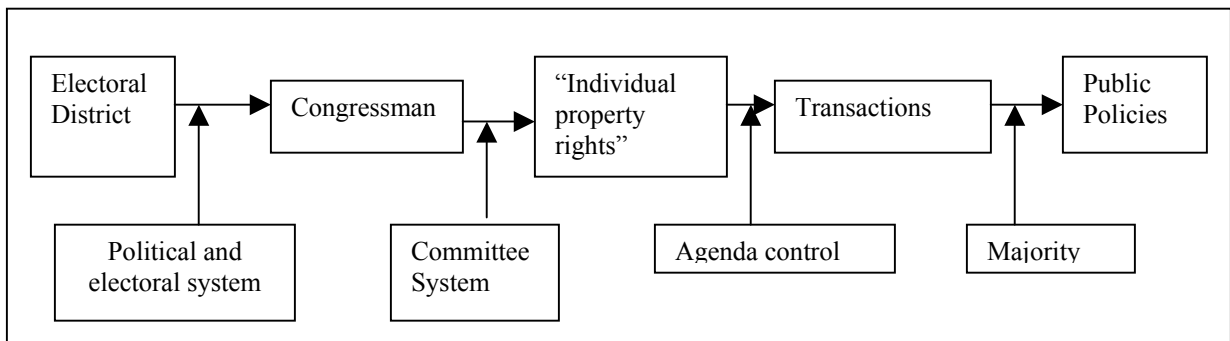
- 1- Committees are composed of a number of seats or positions, and each position is held by an individual legislator. A) Associated with each committee is a specific subset of policy issues over which it has jurisdiction. B) Within their jurisdiction, committees possess the monopoly right to propose alternatives to the status quo for a vote before the legislature. C) Committee proposals must command a majority of votes to become public policy.
- 2- There exists a property rights system over committees seats called the “seniority system”, with these characteristics: A) A committee member holds his position as long as he chooses to remain on the committee (only one condition: his reelection). B) Leadership positions within the committee are allocated by seniority. C) Rights to committee positions can not be sold or traded to others.
- 3- When by transfer, death or defeat there is a vacant seat in the committee, there exists a bidding mechanism whereby vacant is assigned. Legislators seek assignment to those committees that have the greatest marginal impact over their electoral fortunes. There are committees that are valued by all, and the higher the competence is for seeking a seat in those committees, the less likely the bid will be successful. The congressmen that do not success in their application will be assigned to committees with a low value. In this way, the process of assignment operates as

an auto-selection mechanism and committees are not representative of the preferences of all the members of Congress (they show extreme preferences).

This mechanism, in which each committee has agenda control on its own jurisdiction to propose a bill to Congress, implies that each committee has a veto power on the proposals from others. The restrictive access to the agenda constitutes a mechanism via which each committee can avoid that the agreements can be renounced ex-post.

In this system, the legislator of the committee A cedes his intention of influencing on the proposal selection in the jurisdiction of the committee B in return that the members of the committee B waive their right of influencing on the proposals of the jurisdiction of A. The “institutionalization of rights on the agenda control” substitutes the explicit market exchange mechanism. Legislators seek a seat in the committees more valued for them instead of exchanging votes. Having a position in a committee is a type of property right in a mechanism that reduces transaction costs and favours the negotiation among congressmen.

**Figure 1. The Industrial Organization of Congress in USA.**



The agenda control that the members of a committee have implies that successful coalitions should include the members of the relevant committee, because their votes are necessary to allow the bill being discussed in Congress.

Committees are decentralized units for adopting decision, which are composed by those legislators more interested in the jurisdiction of the committee, and constitute an agency relation with the complete legislature. This legislature tries to control public policies via the majority rule. Moreover, the members of the committees receive a non-proportional part of the benefits of the programs under its jurisdiction.

### 3- The institutional foundations of the political markets in Spain.

This section presents some basic rules of the Spanish political system that have a clear effect on the type of institutionalization of the legislative markets in Spain. They work on the “first order economizing” of Williamson (2000).

The Spanish political system assumes a parliamentary model that converts the Congress of Deputies in the main Chamber, by which the elections of the congressmen constitute the most important electoral process of the country. These elections are ruled by the next characteristics: A) The constitutional principle of the proportional representation via the d’Hondt formula; B) A Chamber with 350 deputies, elected in 53 electoral districts that are the Spanish provinces. C) The assignment of at least two deputies in each district (Ceuta and Melilla have only one each) and the distribution of the other deputies via the population criteria. D) A threshold of 3% (minimum) on the number of total votes in each district to can obtain representation. E) Closed and blocked lists (Montero, 1998). This electoral system implies the strength of the political parties, whose principal office do not cede property rights to the individual candidates, such as we will study in the next sections. A deputy that is not the owner of those rights can not freely transact with other deputies.

**Figure 2. Elections, Political Parties and Numbers of Elected Deputies. Spain, 1977-2004.**

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

This Spanish model establishes that the president of the government is elected by the deputies in the Congress, and later, the president appoints the members of the government. In this way, the head of the principal political party controls executive and legislative powers. In

practise, the president of the government is the head of the executive, the leader of the majoritarian party and the head of the legislative. In this way, the executive power can pass the bills that its wants without the presence of powerful veto players.

In a parliamentary system, the objectives of the executive are analogous to those that a president pursues in a presidential system. Both try to attend the interests of a broad electorate, including many different problems and demands, but a relevant difference is that in a parliamentary system the majoritarian political party has not the checks that there are in a system with separation of powers.

In Spain, the small size of the Congress and the high number of electoral districts elicit that the mean magnitude of a district is very reduced (6.73 seat by district), in a level next to the minimum that is accepted to be considered as a proportional system (in fact, only Ireland in Europe have smaller districts). These rules of the political game produce a majoritarian bias in the small districts, while the broader districts adequately verify the proportionality (Montero, 1998). In this way, the Spanish system of districts with few seats affects the system of parties in a way that reduce the number of parties that obtain a parliamentary representation. The Spanish electoral system constitutes an institutional framework that favours a low level of fragmentation and some non-proportionality (Montero, 1998). In conclusion, the rules of the political game in Spain grant a prominence for the heads of the political parties instead of the individual deputies, and moreover the number of political parties is not very high.

#### **4- Organization, structure and performance of the Spanish Congress. The committees and the legislative process.**

The organization and the performance of the Congress in Spain are determined by the Constitution and the Congress Regulation. The chamber has the function of passing its Regulation with total autonomy.

The Congress has two periods of sessions that establish the parliamentary work time. Moreover, in addition to the plenary session with all the deputies, the legislative structure of the Congress is characterized by the existence of other organs in the Congress:

- A) The Management and Administration Organs of the Congress, which do directly not participate in the principal legislative functions but have the responsibility of managing

and administrating its performance. These organs are the President of the Congress, the Table of the Congress and the Spokespersons Meeting.

B) The Work Organs, which are those that intervene in the official activities of the Chamber, preparing and realizing the legislative function and the function of control of the government:

- Committees are small groups of deputies (approximately forty), that are distributed in the proportion of the parliamentary groups in the chamber (in a way that they reflect in a smaller scale the weight of each political colour in the Congress). Committees prepare the themes to be discussed later in the plenary session, and in some special cases, they can substitute the plenary. Committees can be permanent or non-permanent. In the first case, they necessarily have to be quoted in the Chamber Regulation, and they can have a legislative character or a non-legislative character. On the other hand, the non-permanent committees have an ad-hoc character and are created to realize a concrete work, and they are extinguished when the work is finished, and in all the cases, they are extinguished when the legislature period concludes. In this group, research committees are a relevant type.
- “Presentations” (*ponencias*, in Spanish) and Sub-committees are study and proposal organs that are constituted inside the committees with the intention of preparing those works of the Committees that require more details and more professional dedication. Presentations are formed for a concrete theme, they work in closed sessions (without public) and are normally composed by ten members that represent the different parliamentary groups.
- The Permanent Council is the organ that has the powers of the Chamber when it is not gathered. This Council can substitute the Congress in some particular circumstances. It is composed by congressmen in a proportional sense to the weights of the different groups in the plenary session.

On the other hand, parliamentary groups are sets of congressmen that are grouped to realize a collective action in the Congress, verifying some requirements for their constitution. No one congressman can be a member of more than one parliamentary group. In practice, even when it is not a requirement established in the Congress Regulation, each parliamentary group only

incorporates the congressmen that are affiliated to its particular political party; the exception is the mixed group.

Parliamentary groups are in charge of realizing some initiatives such as the bill proposals, the totality amendment and the non-legislative propositions.

The main function of the Congress, as a legislative chamber, is the passage of law. Now, we are presenting the process of making and passage of law (Title V, Congress Regulation).

The legislative initiative is presented in the Congress of deputies or in the Senate. The Spanish Constitution grants this initiative to the Government, the Congress, the Senate, the Regional Parliaments and to those citizens sets that are no less than the half of a million. In practice, the government is the player that submits more initiatives (legislative bills) and that achieves to pass more bills, on the basis of its support from the majority of the chamber (figure 3).

**Figure 3. Legislative Bill from the government (Number of submitted and passed bills)**

	II Legislature	III Legislature	IV Legislature	V Legislature	VI legislature	VII Legislature
Submitted Bills	209	125	137	130	192	175
Passed Bills	187	108	109	112	172	173

On the other hand, the number of bill proposals submitted by the parliamentary groups or by other agents, such as the regions or the citizenship initiative, is quiet high, but the number of them that are passed is very low. In this way, the importance of the executive on the legislative process is verified (figures 4 and 5).

**Figure 4. Bill proposals by the Parliamentary Groups (Number of submitted and passed)**

	II Legislature	III Legislature	IV Legislature	V Legislatura	VI Legislature	VII Legislature
Submitted	108	139	165	140	300	322
Passed	14	9	18	17	28	16

**Figure 5. Other Bill Proposals (Number of submitted and passed)**

	II Legislatura	III Legislature	IV Legislature	V Legislature	VI Legislature	VII Legislature
Submitted	20	33	35	38	50	47
Passed	6	4	8	18	20	3

Now, we are going to study the process by which bills are elaborated and passed in the Congress. This analysis allows the understanding of the legislative results that are shown in the figures.

The bill proposals submitted by the regional parliaments, by a group of congressmen or by the citizenship initiative will be sent to the government, and then there will be a parliamentary debate on the principles and the suitability of the proposal (it is a first filter). On the other hand, bill proposals submitted by the Senate and the legislative bills submitted by the government have not to pass via this first filter (it is the process of “toma en consideración”).

The proposals that pass this first step go in a period in which they can be totally or partially amended. When a total amendment is submitted, the amendment will be debated and voted in a plenary session: only when this amendment is rejected, then the process continues.

In this point, the proposal-project goes to the corresponding committee, where the Presentation is in charge of studying the amendments. The discussion about the text in the Committee does not prevent that those amendments that are not passed can be submitted for a new discussion to the plenary session. Then, the plenary session debates and votes the legislative texts and various amendments.

In some special cases, a special procedure of the Congress Regulation is applied: then, the plenary session is omitted, and the bill proposal directly goes from the Committee to the Senate. In this case, committees have complete legislative competences.

Senate can pass veto (totality amendment) or particular amendments, but later the text comes back to the Congress, who is definitively the decision-maker (it needs a qualified majority and some procedure conditions).

**Figure 6. Parliamentary statistics.**

	II Legislature	III Legislature	IV Legislature	V Legislature	VI Legislature	VII Legislature
Written questions to the government	9200	19458	15309	14886	32721	75326
Oral questions for the government	1828	3103	4467	3457	4941	7101
“Interpelaciones”	66	115	151	110	180	245
Submitted non-legislative proposals	224	501	786	953	2240	3245
Passed non-legislative proposals	41	74	120	304	799	623
Submitted Motions	37	102	145	108	175	242
Passed Motions	10	23	40	50	59	69

In addition to this legislative function, Congress is in charge of the control of government, for which the Congress Regulation (Titles VI, VIII, IX, X and XI) includes various figures such as the vote of no confidence, the trust motion, the “interpelaciones”, the questions, the appearances, the non-legislative proposals, the motions and the resolutions (figure 6).

### **5- The political economy of the governance of the Spanish Congress.**

The previous section presented the organization and performance of the Spanish Congress. This section establishes the main features of the political economy of this chamber in an analogous way to that developed for the American case in the section 2 (Weingast and Marshall 1988).

The two main institutional elements that configure the structure of incentives and the performance of the Spanish Congress are the political and electoral system (section 2) and the Congress Regulation (section 4).

There exist three basic elements that adequately characterize the recent experience of the Congress in Spain:

- 1- Each congressman constitutes an agency relation with multiple principals (Dixit, 1996), in which the most important principal is the head of his political party. This head is who determines the re-election possibility of the deputy,

because it is a system with closed and blocked lists that are made by the political party. This system reduces the role of the deputy as a defender of the interests of his district. By this reason, the interest groups consider that the capture of an individual deputy has not a great interest, because his freedom is very limited by the party discipline. These groups will try to capture or influence the leaders of the political party and the collective head of the parliamentary group.

- 2- Political parties have a great power and restrict the behaviour of the deputies. It implies that the individual ability of free decision-making is very limited. Relevant decision-making corresponds to the collective heads of the political parties, and these parties have an internal system to solve the collective action problem.
- 3- Passing a bill in the Congress requires the support of the majority of congressmen (simple, absolute or qualified majority in the diverse cases).

When congressmen try to pass bills that favour their districts, they know that it will be possible only if the chamber majority supports their proposals. Agreements among the deputies of the same province or region will not be enough if they are not supported by the head of the majoritarian parliamentary group (even perhaps, they will need the support of other parties if the majority is not absolute). In this way, negotiations in search of passing a bill will be realized within the majoritarian group, via a set of relationships in which transaction between equals does not exist. In fact, those congressmen with an important political power, or with a relevant position in the structure of the party organization, have a higher power to negotiate and establish the priorities of the majoritarian political party.

Moreover, these negotiations are plenty of noncontemporaneous and nonsimultaneous problems, and the head of the parliamentary group have a double condition: he is the enforcement mechanism for internal agreements and he is one of the parties in the negotiation. By this reason, commitments from internal negotiations have a scarce credibility, because the head can check ex-post that the ex-ante agreement does already not benefit him. In conclusion, it is a hierarchy relationship in which deputies delegate the decision-making process towards the collective head of the group. In this way, the individual congressmen relinquish the exchange transactions in which the head of the group is not present.

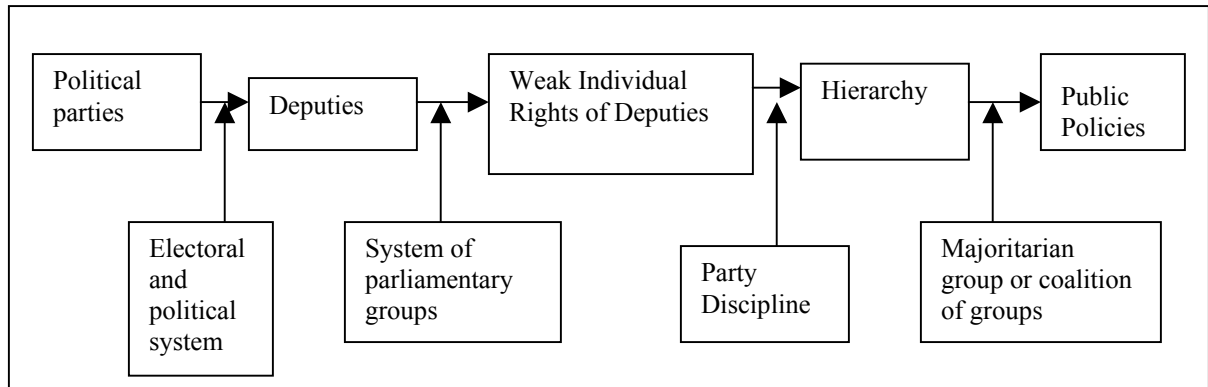
In fact, the hierarchical system and the internal discipline of the group impose a rigidity that makes dialogue and agreement with other political parties difficult: the framework does not incentive the transactions (Herrero y Rodríguez de Miñón, 1997). Transaction costs are so high that prevent the making of transactions among the individual deputies, and the possibility of passing “omnibus bills” without the support of the heads of the parliamentary groups is reduced.

In this situation, the system of Legislative Committees of the Congress in Spain is characterized in this sense:

- 1- Committees are composed of a number of seats occupied by the deputies. A) Each committee has associated a jurisdiction on a subset of policy issues. B) Committees have not the legislative initiative competence, but committees discuss and amend the legislative bill and proposals via the legislative process shown in the previous section. C) The committee proposals on bills and projects must be later discussed and voted by the plenary session of the Congress (except when the special procedure of legislative competence is applied; in this case, committee proposals directly go to the Senate).
- 2- The distribution system of the seats of committees is characterized by two principles: 1) The seats distribution among the parliamentary groups is apportionment: it maintains the proportion of seats of the plenary session. 2) Each group can freely appoint deputies to the seats that correspond to the group. Groups have the property rights on the committee seats. This implies: A) Each group freely assigns the seats to its deputies, and the collective head of the group can change the assignment when its wants. B) The head of each group decides which deputy of the group leads the group in the committee, and the committee chairmanship is elected by the members of the committee. C) Parliamentary groups can not trade committee positions with other groups.
- 3- When there are vacant seats in a committee (by resignation, death or new election), the parliamentary groups choose who will be assigned. Each group tries to maximize its performance in the parliament, assigning its deputies in a way coherent with its maximization. The collective head of the parliamentary group decides the affiliation of each deputy to the different committees, and can adjust the allocation whenever it decides. In fact, changes in the allocation are habitual (for example, when a new deputy goes in the Congress, the

parliamentary group re-assigns the allocations to adjust the distribution to the new profile). In fact, even it is possible that the parliamentary group substitutes a member of a committee for an only one theme, debate or session.

**Figure 7. The industrial organization of the Congress in Spain.**



Committee members vote in a sense that is coherent with the decisions of their parliamentary groups. In this way, they have a narrow discretionality margin and follow the rigid voting discipline established by the group. The discretionary power of individual deputy is directly proportional to the weight of the deputy in his group, and inversely proportional to the interest of the head of the group in that subject.

The distribution of the parties in the committees is proportional to the political representation in Congress. This implies that the majority of the chamber is repeated in all the committees. When there is an absolute majority in the chamber, the majoritarian political party control all the committees too.

In this way, committees have not a “separation of purpose” from the plenary session in the sense of Cox and McCubbins (1999), that is to say, the committees preferences are the same preferences of the parliamentary arch. In the sense that the same preferences control the plenary session and the committees, committees are not independent of the plenary guardianship and the parliamentary groups act as the power mechanisms that impose those preferences. In this way, committees are not independent as “nonmajoritarian institutions” in the sense of Majone (2001) (a level of autonomy that other agencies have, such as the central bank or the European Commission). This implies the weakness of committees in different aspects, such as

professionalism, independence, specialization and assignment of property rights. On the other hand, committees have higher quotas of democratic representation. In spite of the growing number of sessions of committees and the growing duration of these sessions (figure 8), the organizational structure of Congress has continued weakening its possible relevance.

**Figure 8. Number and duration of the Sessions of Committees.**

	II Legislature	III Legislature	IV Legislature	V Legislatura	VI Legislature	VII Legislature
Number Sessions	564	645	866	874	1082	1123
Duration (in hours)	2158	2322	2823	3097	3584	3760

Moreover, other causes of the weakness of the committees can be pointed out: the small number of workers that they have, their scarcity of resources and the scarce specialization of its members. In this sense, the mean deputy is a member of two permanent committees, but in addition to this, because some deputies occupy other political positions or they have not adequate professional conditions, there is a small group of congressmen that controls the performance of their group in the committee.

In this way, the hierarchical structures of the political parties have a monopolistic control of the parliamentary life via the parliamentary groups. The consolidation of the parties system affects the process of the parliament institutionalization (Morán, 1996).

## **6- Spanish versus American model: A comparative institutional analysis**

The Spanish political institutions constitute the rules of the game that establish the incentives for the deputies: these deputies try to maintain their position in the Congress, by which they assume the instructions of the head of their political parties. The institutional framework does not incorporate incentives that favour the district demands on the policy-making. Moreover, the Spanish model has not adequate incentives to face some collective action problems. A bias that favours the sub-optimum effort of the deputies emerges because the electoral result depends on the party, and the individual work of each deputy is identified with difficulty by the electorate.

The electoral capital of the party is a resource of common property, and this can generate a free-riding behaviour. The political parties try to avoid it.

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

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

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

The organizational model adopted in Spain does not concede “de facto” property rights to the individual deputies, and grants broad margins of freedom to the heads of the parliamentary groups for determining their organizational structure. In this sense, the group leaders have nearly all the responsibility. In particular, in this system (where majoritarian political party controls executive and legislative powers) the institutional structure of Congress grants all the power to the majoritarian parliamentary group, with the limitations from the Constitution and the Congress Regulation. In this way, the (collective) head of this parliamentary group dominates the majority of the chamber and decides how the internal work of the group is organized (for which it distributes the functions among the deputies). The head of the group in majority (or the coalition of groups that supports the government) maintains the control on the plenary session, on each committee (where is represented the same political distribution of the plenary session) and on the deputies of the party, who are put under the party discipline because they want to maintain themselves as members of the chamber. This collective head have the capacity of establishing most of the work organization in the Congress: favouring the work in committees or the work in plenary sessions; favouring the initiative capacity of the individual congressmen or converting

them in a subordinated piece of the head decisions. In this way, the head of the majority parliamentary group determines where the decisions are taken, and who is *de facto* having the powers. The parliamentary group becomes the key element of the Spanish Congress, and its real organizational structure depends of the relationship with the executive and with the corresponding political party.

**Figure 9. The industrial organization of Congreso: Spain versus USA.**

American Congress	Spanish Congreso
Congressmen represent districts	Deputies represent their political party
Parties do not control congressmen	Internal discipline in the parties
Congressmen have property rights	Deputies have not individual rights
Seniority system in committees	Majoritarian group dominates committees
Committees are key	Parliamentary groups make decisions
Legislative transactions via committees	Hierarchy with a leader
Long duration of congressmen	Parliamentary renovation
Committees Parliament	Groups and Parties Parliament

In the case of an absolute majority, the head of the bigger parliamentary group decides in practice if legislative committees have or have not a role to play. This majority, without the checks that characterize the American committee mechanism, implies that the role of the Spanish committees is non-relevant, because they have not political agenda power on their jurisdictions. Political property rights are in the hands of the majoritarian political group, which has not to clash with veto proposal in committees, nor even in the plenary session (at least if there are not cohesion problems in the political party).

In papers such as Weingast and Marshall (1988) and Jones et al (2000), the importance of the individual deputies that are directly responsible before their electorate is pointed out. Nevertheless, these district-deputies do not guarantee the effectiveness of the national policy-making. In this sense, Alston and Mueller (2001) defend that a strong executive will have higher incentives than the individual deputies for attending some matters such as economic growth, income distribution or price stabilization, internalizing all types of costs and benefits. Coherently to this argumentation, the Spanish experience maintains a strong executive that via a party

hierarchy solves the coordination problems between executive and legislative, and those problems that can emerge among the deputies of the parliamentary group.

Finally, we have to point out that the American Congress got superior levels of institutionalization when it was more attractive for policy-makers and when the parliamentary removal was less frequent (Jones *et al*, 2000). This situation was motivated by the attribution of individual rights for the congressmen, in a very different way to that of the Spanish case. In this sense, the analysis of the role, functions and interests of deputies matter for the industrial organization of the chamber, by which the next section will study the profile of the Spanish deputies.

### **7- Atoms in the hierarchy: the profile of the Spanish deputies.**

Once the governance of the Spanish Congress has been analysed, the study of the profile of the Spanish deputies is relevant for understanding the performance of the legislative markets in Spain. In this way, we characterize a deputy whose function is more that one of a party politician than the one of a district representative.

There are three concepts that are important when the role of the democratic deputies tries to be understood: the individual functions of the deputies in Congress, the deputy loyalty towards the party and the efficacy of the deputies.

The individual position of the deputies in the Spanish democratic process is determined by the structural political factors and the function of the political parties, and too by the knowledge of the deputies about his work areas. The weight of the political parties is very high in the Spanish system, and the parties system limits the level of individual action of the deputies in the parliament: in this sense, a “reactive parliament” is constituted (Mezey, 1979).

**Figure 10. Main motivations for the political dedication of the Spanish congressmen.**

Service to society	31%
Motivations by their believes	28%
Social change	22%
Attraction for Public Activity	16%
Anti-francoism fight	13%
Wish of participating	7%
Familiar tradition	7%

Source: Uriarte (2000), on a 1997 survey.

When analysing the parliamentary players, an interesting element is the motivation that explain why the deputies dedicate themselves to the political life. The reasons that deputies tell point out the relevance of ideology, compromise and a sense of public service (figure 10).

In this sense, the wish of making a profession does not explicitly appear among the motivations that impel citizenship towards the political life, though when the deputies develop a political career they convert it in a professional job (Uriarte, 2000). This corresponds with a situation where politics is professionalized in a sense of specialization and complexity as such as in a sense of complete daily dedication for whom practice it.

Spanish deputies accede to Congress with a previous long political life. In this sense, 80% of the elected deputies in 1996 had already practiced politics as a principal activity before acceding to the parliament. Among those that had already practiced the political life as a profession, 25% were practicing politics from before 1982, and other 25% started to practice politics between 1982 and 1985 (figure 11).

**Figure 11. Moment of incorporating in politics as a principal activity of Spanish deputies, 1996.**

Before 1977	6%
1977-1978	9%
1979-1981	11%
1982-1985	24%
1986-1988	10%
1989-1992	20%
1993-1995	21%

Source: Uriarte (2000).

Moreover, the deputies maintain a previous long period of political affiliation to the organization by which they are elected. Percentages of figure 12 show the long political trajectory of the Spanish deputies.

Nevertheless, the rate of non-reelection in the Spanish Congress has been quite high in the recent democratic experience. In fact, between a 45% and a 65% of the deputies have been new in nearly all the legislatures, and this is a very high rate of removal in comparative terms (Botella, 1997). This is specially bold if we take into account that the immense majority of the deputies tell that they want to continue as members of parliament. According to Uriarte (2000), 85 % of deputies told it in the VI Legislature.

**Figure 12. Duration of affiliation of elected deputies in the political parties.**

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

Source: Uriarte (2000) for the VI Legislature.

In fact, this high level of parliamentary removal is reflected on the number of legislatures of deputy permanence in Congress. Figure 13 collects this information for the deputies elected between 1993 and 1997. More than the half of the deputies of this period were elected for an only one legislature. In this way, the brief parliamentary experience of most of the Spanish deputies is confirmed (Morán, 1994).

**Figure 13. Parliamentary life of deputies.**

Number of permanence legislatures	Percentage of deputies
1	52.1%
2	25.6%
3	11%
4	6.6%
5	2.2%
6	1.9%

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

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

A double component characterizes the Spanish deputies: on one hand, a long trajectory of political activity (reflected in long periods of affiliation and professional political jobs); on the other hand, a high rate of deputies removal (in a way that makes them short-term deputies). In

this sense, Spanish deputies can be characterized as “professional politicians, amateur legislators”, in the sense of Jones et al (2000), though the Spanish case is less extreme than the Argentine one that Jones’s paper analyses. In fact, there is a parliamentary minority that specializes in the legislative and parliamentary process. This minority takes care of managing the parliamentary group and developing the legislative task.

The role of the Spanish deputies has not been well institutionalized in spite of the recent advances. This propels the thesis of the “amateur legislators”. In this sense, the scarcity of resources and means characterizes the deputy as an institution. In fact, the deputies have lacked adequate administrative and professional support, they have not official offices in the corresponding districts and they lacked personal office in Madrid until the nineties.

In this scenario, studying the original education and profession of the Spanish deputies is interesting because it constitutes an input in the parliamentary process. According to Jerez (1997) for the V Legislature and to Uriarte (2000) for the VI Legislature, 75% of deputies have a bachelor degree. In relation to the professions, in the VI legislature the data tells: 21% of deputies were government employees, 16 % were university professors, 15% were lawyers, 10 % were teachers and 8% were medium technicians (Uriarte, 2000).

There is a relevant component of government employees among the deputies, and this component is constant during the different legislatures. There is a process of “making a political elite of technicians via the incorporation of the government employees”, in the words of Jerez (1997).

According to Maurer (2000), the Spanish deputies consider that their functions in the Congress are making laws, controlling executive and representing citizenship. In this sense, deputies tell that they are more loyal towards the electors (36.6%) than towards the party (26.6%). Other 36.6 % tells that they can not distinguish between the loyalty to the party and to the electorate. Likewise, the political party leaders are the deputies set that more often answers choosing this option, while the normal deputies prefer being more loyal towards the electorate.

When we are analyzing the importance of the deputies action, it is relevant which is the level of influence of the deputies on the priority order of the Congress and on the more relevant laws. In the Spanish experience, deputies feel that they are more effective during those legislatures without absolute majority (I, V and VI Legislatures), when the parliamentary activity has greater influence. In these periods the deputies perceive that influencing the priority order and the legislation is possible (Maurer, 2000).

## 8- Conclusions

The institutional foundations of the Spanish economy incorporate the rules of the political game. These rules determine the incentives structure of the political players and generate a governance structure of the policy-making that is closest to hierarchy than to market. This article has opened the “black box” of the Spanish Congress, according to Weingast and Marshall (1988) approach and the theoretical foundations of the New Institutional Economics. This papers makes a first effort in this research program for the Spanish case.

Our analysis on property rights, transactions and hierarchies in the governance of the Spanish Congress has pointed out that the industrial organization of this Congress implies a limited role of the individual deputies and the committees. This structure is very different of the organization and performance of the American Congress. Spanish Congress is structured in an organization composed of groups, while American Congress is composed by individual members and the committees. In the Spanish case, power is concentrated in the hands of the group leaders that manage the parliamentary groups. Transactions are realized via delegations in the hierarchical structure of the parliamentary group.

The Spanish political system can be characterized as a parties State in which the political elites control the hierarchical political party. The high weight of the political parties acts on the parliamentary activity via the parliamentary groups, which are “sub-units of the organization of the political parties”. In this way, political parties penetrate in the Congress organization via a hierarchical structure in the parliamentary group.

The institutional framework of the Spanish Congress establishes incentives towards a party discipline that minimize the deputy autonomy and concedes the decision power to the head of the parliamentary groups. In this sense, Herrero y Rodríguez de Miñón (1997) points out that the “Spanish Party State” eliminates the independent character of the deputies and even the independence of the parliamentary group and of the parliament. The hierarchical formulas are the solution to the “second order economizing” of Williamson (2000): it is the way of transacting, given the political rules of the Spanish system.

The governance of the Spanish Congress is characterized by a committee system that do not concede “property rights-American style”, and by the power concentration in the hands of the heads of the parliamentary groups. This organizational scheme is coherent with the Spanish

institutional framework. This framework includes the absence of veto players, a hierarchical trend in the political relationship and the priority granted to the national public interests in the organizational design of Congress (where district interests are not so well represented). These factors affect the policy-making.

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