What Determines the Degree of Institutionalization of a Legislature?

- The institutionalization of a legislature improves the quality of laws and public policies.
- The presidential system, the proportional representation election system, and fragmentation of the legislature decrease the probability of legislatures becoming institutionalized, while the age of a democracy increases this probability.
- The process by which institutionalization is achieved is complex and requires continuous investment over time.

**Context**

Legislatures play an essential role in the development of public policies. They are expected to represent the needs and wishes of citizens in policymaking, to identify problems while proposing and passing laws to address them, and to oversee the implementation of policies by monitoring, reviewing and investigating government activities. Institutionalized legislatures are conducive to a policy decision-making process that improves the quality of public policies and thus raises countries’ level of development. Since institutionalization results from investments, the institutionalization process is affected by the beliefs of each of the actors involved in this process about the actions of other actors. Those beliefs are in turn affected by the incentives arising from different political systems and governmental structures.

**Project**

Institutionalization of congress depends upon the investments of a multiplicity of actors. Citizens should see congress as the arena where their interests are represented and where decisions are made. Politicians should consider congress the place to foster their political careers and to bring their preferred policies into fruition. Presidents should respect its independence and authority over certain policy domains. If key actors have such beliefs, adequate investments in the institution of congress, including investments in policy expertise, will be undertaken. Based on this analysis, an index of the institutionalization of a legislature is constructed on the basis of eight variables in three areas: i) legislators’ characteristics, ii) the institutional structure of the legislature, and iii) how the legislature is viewed by elites and the general public. According to this index, Latin America and the Caribbean has a low level of institutionalization. Available data are then analyzed to explain the effects and determinants of the index. Some of the institutional variables mentioned above are included, as are variables encompassing countries’ history, political structure and economic characteristics.
RESULTS

A first result of the empirical analysis is that institutionalized congresses produce better public policies. They are more stable, more adaptable, more efficient, and better coordinated. Moreover, countries with higher levels of congressional institutionalization show, among other things, greater investment in infrastructure, more credit, greater access, and greater competitiveness for the private sector. Those better policies translate into higher GDP and human development index growth.

Having established that congressional institutionalization matters, the analysis turns to what determines the degree of institutionalization across countries. The results indicate that the more years a country has been a democracy, the greater the probability of an institutionalized legislature. This supports the argument that the absence of democratic interruptions increases the time horizon of legislators and political actors. In addition, countries with presidential systems tend to have legislatures that are less institutionalized than parliamentary systems. Proportional representation has a consistent and robust negative effect on levels of legislature institutionalization. Likewise, more representative and fragmented legislatures are associated with less institutionalized parliaments, as is bicameralism. Federalism appears to have no effect on institutionalization.

In models with regional dummies, the age of a democracy and whether its system is presidential lose significance. This reflects the fact that regime types and democratic history are unevenly distributed across regions. Moreover, a final interpretation of these results is not possible with the available data. For one thing, it may be that the distribution of presidential and parliamentary systems is not related to the underlying threats to institutionalization. On the other hand, it may be that certain population traits lead countries to select presidential systems that choose not to invest in the legislature.

POLICY IMPLICATIONS

The process by which a legislature is institutionalized is complex and varies from country to country. The path that leads to the institutionalization of the U.S. congress may differ significantly from the one that may allow a Latin American country like Chile, for example, to achieve it. Although there are differences, there are certain determinants that appear to be common. On the one hand, the probability of institutionalizing a legislature increases when the political rules are such that formal power is more widely distributed, when there are fewer actors, when there are no actors with a special ability to operate outside the legislature, and when the economy is richer. Also, uninterrupted and sustained democracy over time seems to favor institutionalization.

Consequently, public policy should strive to create the conditions for increasing legislators’ interest in investing in their capabilities and those of the legislature. Investment into making congress the place to foster political careers is also fundamental. Accepting and maintaining independence of congress is a starting point. Legislative rules also matter and should be considered during public policy discussions. The role of committees, how many there are, how people access to them and so on are all relevant considerations. Fewer and more powerful committees where access is based on seniority and expertise create incentives for investments and longer tenures than irrelevant committees. Finally, investing in support personnel and independent congressional organizations, such as an independent congressional budget office would help legislatures to become more institutionalized.

INSTITUTIONALIZATION

The process whereby an institution/organization acquires value and stability through investments by different actors over time, so that capacities increase due to the greater structure and formalization of some practices.
The Department of Research and Chief Economist generates new ideas to enrich the knowledge base that supports the policy agenda of the Inter-American Development Bank (IDB) and its member countries for achieving sustainable and equitable development in the region. To maximize the impact of its research, the Research Department carries out activities that serve as inputs to other IDB departments, governments, the academic community and public opinion in the region.
