Listen Carefully – Public Hearings in the German Bundestag.

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Two articles on the role of parliamentary committees in solving intra-coalitional conflicts by Martin and Vanberg (2004, 2005) got me hooked on the idea that instruments available to committees in the German Bundestag might actually help governments "stick together". Their recent book-length discussion on this topic (2011) has markedly influenced my own approach.

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Mariyana out – thanks so much for the uncountable discussions on this work, especially the statistical aspects of it. Several great scholars have had their subtle, but noticeable impact during the last years on this work: I thank Franz Urban Pappi for lively talks while commuting, Kevin Quinn, Randall Calvert, Sona and Matt Golder, and Jae-Jae Spoon for valuable comments during various stages of this research.

Working as a student research assistant sometime in the mid 2000s, Bernhard Miller, then doctoral researcher at the Mannheim Center for European Social Research (MZES) once bitingly commented on a seminar paper of mine with the remark "Keep it short and simple, stupid." That is one of the lessons I have tried to incorporate into my thesis. To my account, this thesis is short and simple. There is another sentence that has resonated in me for several years of writing this dissertation, uttered sometime back in 2009 by one of my early advisors at the CDSS, Thomas Gschwend, "There are good dissertations and there are done dissertations". This dissertation is done, as far as I am concerned. Whether it is good I leave to the mind of the interested reader.

1. The Politics of Public Hearings

Public discussions about political goals lie at the heart of parliamentary democracies. Advice to politicians about which goals to pursue and how to pursue them is inextricably linked to political leadership. The idea of the public use of reason can be traced back to Immanuel Kant but has most vigorously been put to detail by Jürgen Habermas and John Rawls. At the heart of Rawls' "Political Liberalism" (1993) lies the idea that public reason, i.e. the public justification of political power, builds the foundation of a just and stable society (Quong 2014). According to Rawls, "Public reason is the characteristic of a democratic people: it is the reason of citizens, of those sharing the status of equal citizenship. The subject of their reason is the good of the public: what the political conception of justice requires of society's basic structure and institutions and of the purposes and ends they are to serve" (Rawls 1993, 213). These public uses of reason are connected to governmental and quasi-governmental arenas, such as parliaments, the administration, party politics, and the judiciary (Rawls 1993, 215f; c.f. McCarthy 1994, 50). In a similar vein, Habermas focused on "the institutionalization of political autonomy, that is, of the public use of reason in the legal-political domain."

(McCarthy 1994, 48). In Habermas' own words, "the power available to the administration emerges from a public use of reason" (Habermas 1994, as quoted in McCarthy 1994, 49, footnote 12). Although Habermas and Rawls have markedly different views on the convergence of conclusions after free discussion, they share an important idea: It is the *publicity of political discussion* that enhances the quality of the "good of the public".

Historically, political decision making has been inextricably associated with advice, sometimes publically, more often in private. According to Yehezkel Dror, "Rulers and advisers belong to the Ur-core-components of human governance, as developed some 5,000 years ago or perhaps earlier" (1987, 186). Germany, the country to be studied in this project, has extended experience with advisory bodies, some of them dating back to the beginning of the nineteenth century (Mayntz 1987, 7). Otto von Bismarck criticized his ministers for working too hastily on proposals and taking too little account of advice from existing advisory bodies (e.g. the "Volkswirtschaftsrat", Böhret 2004, 373). During Prussian monarchy, advisory committees were initiated to "advise the ministerial administration in fundamental issues and to expound the meaning of scientific insights for administrative practice" (Eggers 1969, 58, my translation). In the 1960's, scientific advice in the German political system was primarily interested in supporting the problem solving capacities of the state while until the mid seventies it supposedly cooperated to actively solve society's problems (Willems 1993, 50, Müller Rommel 1984, Jann 1985, c.f. von Thienen 1990, 174f.).

Today, a number of scholars argue that in a time of heavy information load, short time horizons and regular exogenous shocks, political actors are in dire straits without "good" advice (e.g. Boswell 2009, Kusche 2008, Siefken 2003). Von Bismarck already saw the difficulties of reconciling scientific arguments and political practice. A contemporary critique posits that scientific advisors are mere "pawns" or "fig leaves" for legitimizing already defined policies (e.g. Hoffman-Riem 1988, Böhret 1981, 306, skeptical accounts also in Landfried 1986, Scharpf 2006, Patzelt 2003, Wewer 2003). Schneider heavily attacks politicians for "selectively using scientific evidence to legitimize programs in retrospective…under false pretenses" (Schneider 1989, 318, my translation). Both experts and politicians involved strike us with a puzzle regarding political advice, "if it is not used, why do we produce so much of it?" (Shulock 1999).

This dissertation thesis is about *how elected officials in a parliamentary democracy utilize public hearings to further political goals*. A public hearing both entails the public use of reason and advice to politicians. I do not want to sketch out the philosophical foundations of public hearings or the contested relationship between politicians and advisors. Rather, I intend to show that the exchange of arguments between politicians and experts in a public hearing also serve goals previously neglected: By generating publicity in the first place, **public hearings help government partners keep their coalition promises and enable the opposition to delay lawmaking.** Altogether then, public hearings can be for the "good of the public", if by "good of the public" we mean making governments stick to their electoral promises and having the opposition keep an eye on policy proposals possibly detrimental to a substantial share of the population. As the following examples will show, the relationship between (scientific) advice and politics in public hearings is far from harmonious in Germany – but this does not mean that it is arbitrary.

Kill Bill: Public Hearings and Coalition Conflict

Public hearings can serve as an instrument of coalition partners to monitor and scrutinize undesired ministerial bill proposals. In the following example a public hearing even killed the ministerial bill proposal. In early 2009, several cases of child abuse shook the German public. Then minister for family affairs in the grand coalition of SPD and CDU Ursula von der Leyen (CDU) pushed forward a proposal to tighten a law on child safety. Her hasty reaction was not greeted well by the government partner, the German social democrats (SPD). The ensuing dispute between CDU and SPD culminated in a heated public hearing[1]. Opening the Q+A session of the public hearing on May 25th 2009, the chair of the committee Michaela Noll (CDU/CSU) commented: "The last thing that experts working in the field of child safety need is a publically fought out party conflict." Nonetheless, the public hearing markedly showed differences between the coalition partners: The SPD MPs scrutinized the proposal much more in depth by asking controversial questions to the invited experts.

Questioned by the CDU on the proposal Dr. Rudolf Lange (Kreisgesundheitsamt Mettmann) stated that the regulations proposed were "sensible, appropriate and successful". Answering to the same question by Michaela Noll (CDU/CSU), Professor Dr. Jörg Fegert commended the proposal. Marlene Rupprecht (SPD) opened the Q+A for the Social Democrats with the

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[1] The quotations are taken from the session protocol 16/90 for BT-Drucksache 16/12429, downloaded online March 2013, http://webarchiv.bundestag.de/cgi/show.php?fileToLoad=1247&id=1134 (my own translation)

trenchant remark: "I would be thankful if someone could cite scientific research and evaluations of current laws to name a gap so that we don't use a shotgun while aiming at a bull's eye." Interrogated by the SPD, law Professor Dr. Helga Oberloskamp, then chair of a commission on child safety heavily criticized the proposal at the public hearing saying that it was not "the kind of law you should pass…it is almost crazy to pass something like that…it really isn't great." Social Democrat Caren Marks later on directly attacked the minister responsible for the proposal, "unfortunately the ministry has not submitted an evaluation [of the current law], but a torso of a law proposal without scientific analysis and evaluation. I believe the parliament should have received a decent evaluation beforehand…" Additionally, Britta Haßelmann (Bündnis 90/ Die Grünen) bitingly commented on the intragovernmental conflict: "We have heard a lot now on the weaknesses of this law proposal. I am convinced that this law is not going to be passed this way." Henriette Katzenstein, an expert on child safety, agreed on this, saying that "the proposal in its current form has not yet matured enough." During the public hearing it became clear that the coalition partners SPD and CDU were attacking each others' position through the expert's statements. Consequently, minister von der Leyen had to withdraw the proposal.

Django Unchained: Public Hearings and Opposition Conflict

Current research suggests that the opposition has no substantial role in the parliamentary process regarding the monitoring and scrutiny of government bill proposals (Martin and Vanberg 2011). Contrary to these findings, I suggest that public hearings are an ideal instrument of the opposition to generate publicity on controversial issues and delay government decision making. The "Wachstumsbeschleunigungsgesetz", essentially a package of economic instruments, was proposed by the CDU/CSU-FDP government at the end of 2009. During the first sessions of the finance committee dealing with the bill it soon became clear that the opposition clearly disagreed with the bill (which actually was in line with the coalition contract). Especially the reduction of value added tax for hotel accommodation was criticized by the opposition parties the Greens, the SPD and the Left for being "simple interest group politics". While both members of government and the coalition parties in parliament defended the bill, the committee decided to stage a public hearing. In preparation for this hearing the 16 invited experts sent written commentaries of the proposal, only one of them favoring a reduction of vat for hotel accommodation. While this instrument was only one aspect of a whole bunch of economic measures it clearly became

the most controversial one during the public hearing. The coalition in government eventually passed the bill, even though it became public that a large hotel chain (Mövenpick) had supported the liberal party FDP with substantial campaign funding.[2] In the aftermath, the coalition was heavily attacked in various media outlets.

Public Hearings and Audience Costs

These examples aren't typical. As Martin and Vanberg (2011) aptly state, "*For most coalition governments, most of the time, legislative initiatives do not end in disaster.*" In the aforementioned cases, they did. Regarding the child safety bill, the public hearing turned out to be the last-ditch effort to successfully kill the bill. Astonishingly, the most fervent opponents of the proposal weren't the opposition parties but rather MPs and invited experts of a coalition partner. The public hearing set the ideal stage for the SPD to voice their dissent on the proposal during the committee stage, bolstering their critique with expert's statements. The public hearing of the "Wachstumsbeschleunigungsgesetz" fueled the public debate about interest group politics of the conservative-liberal coalition, generating a substantial number of newspaper articles, op-eds and commentaries biased against the governmental decision.

The central argument of this thesis is straightforward: **public hearings serve as a mechanism within parliamentary committees to monitor and scrutinize ministerial bill proposals**. While the opposition can only monitor the content of a bill and try to delay its adoption, it is up to the coalition majority in a committee to actually change its content through scrutiny. Expertise is deliberately used, it is not primarily for the sake of information gathering or "enlightened" decision making. While the three predominant schools of thought on the U.S. Congress (informational, distributional, partisan) stress different modes of political incentives in committees to address different audiences, I argue that public hearings can serve as a basis for principal-agent control by signaling unfaithfulness or incompetence of a coalition partner. As the example of the child safety bill shows, this control may relate to within-government differences. In addition, public hearings may also serve as instrument of the opposition to reduce information asymmetries vis-à-vis coalition parties and, in the end, punish a government minister through imposing audience costs vis-à-vis the electorate by delaying lawmaking. Delaying lawmaking can be beneficial to the opposition by signaling

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[2] Spiegel Online, 24.02.2011, http://www.spiegel.de/wirtschaft/soziales/umstrittene-subvention-fdp-will-hotelsteuer-privileg-wieder-abschaffen-a-747388.html (retrieved July 2014)

conflict, incompetence or inactionability of the government coalition to the electorate. Several questions thus occur: *Why are public hearings called for in the first place? How do public hearings affect the policy proposals involved, i.e. do they influence the duration of a proposal in parliament or the number of amendments to the initial bill? And do public hearings generate publicity for a relevant audience?* To answer these questions, we need a theoretical framework that not only explains the causes of public hearings, but also their effects.

Public Hearings in Comparative Perspective

Hearings serve as an instrument of information gathering in many Western European parliaments. In Finland, work on a policy proposal in a committee generally begins with a hearing of experts. The number of experts to be heard varies with the importance and size of legislative projects. In the Italian *Camera dei Deputati* the committees exercise informational scrutiny by means of hearings (Rule 143, § 2)[3]. The standing committees of Norway's *Stortinget* allows for hearings in the legislative proceedings that must be held in public unless otherwise decided. To enhance decision making the Public Bill Committees of UK's *House of* Commons may take "written and oral evidence from officials and experts outside of Parliament". The standing rules of Iceland's *Althingi* allow for "open meetings for the purpose of obtaining information on parliamentary business that has been referred to the committee or on matters that the committee addresses on its own initiative". This is identical to the standing rules on public hearings in the German *Bundestag*. As in the *Bundestag*, a minimum of one fourth of the members of a committee in the *Althingi* may request such a public meeting with experts. Public hearings have been introduced in the German Bundestag in 1951; other European countries have followed only lately (Belgium in 1985, Sweden in 1989, Finland and France in 1991, cf. Strøm 1998, 54).

While this quick glance on public hearings in comparative perspective is by no means conclusive, all the mentioned standing orders have something important in common: public hearings are associated solely with **information gathering**. But in practice public hearings can do much more – **public hearings can serve as a strategic instrument** to generate amendments on a proposal or delay policymaking. Both government partners and

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[3] Information on the availability of public hearings for Western European parliaments was assembled from the standing orders or current parliamentary websites, see **Appendix 1.A**.

opposition parties can benefit from public hearings in other ways than simply reducing informational asymmetries. One of the main tasks of this book is to show how.

Approach of the Study

The approach I take in this study builds on transaction cost theory, especially its sub-branch of principal-agent-models. Transaction costs occur because of ending information capacities of political actors, institutional and legal constraints, and policy conflict. Through public hearings, political parties economize on transaction costs of various kinds. Rooted in transaction cost theory, I propose facilitating the framework of "audience cost theory" taken from the International Relations literature on interstate conflicts to explain why public hearings are public. In particular, I propose that Public hearings can serve as a punishment mechanism in a principal-agent-relationship between a cabinet and a minister by imposing a specific kind of transaction cost, the loss of public support for backing down from a coalition compromise and thus being perceived as incompetent or unfaithful. Since this publicity on a coalitional conflict can be detrimental to all coalition partners, the instrument of public hearings will only be used in the presence of very large conflict. Thus, I adopt an outlook that centers on the strategic costs and benefits of public hearings in the parliamentary arena.

At the beginning I would like to stress what the approach is not about: I do not argue that public hearings in the German Bundestag are solely an instrument of political punishment. As a matter of fact, only when several political facts coincide (policy conflict in government **and** a public hearing **and** an attentive mass media) will the punishment mechanism be plausible. I choose to study the German Bundestag because Germany stands out as a political system with a strong parliament, i.e. far-reaching rights and modes of influence. The German committee system is exceptionally well crafted. If public hearings are not even used by the opposition in a system that explicitly allows for it, there is little reason to believe an opposition is going to be better off elsewhere. If the opposition does make use of public hearings in Germany, it can serve as an example on how institutional rules strengthen opposition rights in a parliamentary system. Extending an analysis on the strength of parliamentary scrutiny in Western Europe, I propose that public hearings are one of many instruments and mechanisms not just in the German Bundestag but in many Western European parliaments to enhance their policing strength. The findings of this study should therefore be similar in countries with strong parliaments (e.g. Austria, Netherlands,

Denmark). The approach taken in this book is "positive", in the sense that I am predominantly concerned with how public hearings work in practice and how they are strategically employed by political parties in parliamentary committees. While my approach rests on an empirical evaluation I nonetheless discuss its normative implications at the end of the book, i.e. what we can learn from how public hearings are being used to whether public hearings ought to be institutionalized in general.

Plan of the Study

In chapter two I review the development of public hearings in the German Bundestag, especially the reform of standing procedures which turned public hearings into a strategic instrument. I lay out the foundations of transaction cost theory. Public hearings are one possible solution to economize on transaction costs in a political market. In chapter three I show why public hearings are used in the first place by relating general governance structures within parliamentary democracies to public hearings. Extending data from previous research on parliamentary governance (Martin and Vanberg 2004, 2005) I find strong empirical support that public hearings are systematically related to both the complexity of a proposal and partisan conflicts in the German Bundestag. In the presence of coalitional conflict, public hearings are less likely, especially if the proposal has financial implications. Conflicts between government and opposition make public hearings more likely. To explain **what** *public hearings are good for,* a specific focus will be put on the recent coalition governance model and empirical results by Martin and Vanberg (2011) in chapter four. In public hearings, government partners scrutinize each other only if alternative monitoring and control mechanisms have not resolved the conflict. Consequently, the existence of junior ministers to mirror ministerial behavior reduces the likelihood of a public hearing to occur. In the event that an intracoalitional conflict is debated in a public hearing this substantially increases the number of amendments to a proposal. The opposition employs public hearings to delay policy proposals that are relatively more important but uncontroversial. As the empirical results suggest, contrary to previous research (Martin and Vanberg 2004) intra-coalitional conflict on important issues does not seem to increase legislative delay. Instead, public hearings on proposals important to the opposition significantly delay lawmaking. Finally, I borrow audience cost theory (ACT) from the International Relations literature on interstate conflicts and apply it to public hearings to explain the *reasons for a hearing being* **public** in chapter five. Against theoretical

expectations, minsters do not "tie their hands" to a bill to credibly commit to implementing proposals important to their electorate. Instead, public hearings create audience costs by increasing the number of newspaper articles on policy proposals that divide government partners. The concluding chapter closes with broader normative implications of the findings.

2. Foundations of Public Hearings

Public Hearings in the committees of the German Bundestag have been imported from the US-Congress in 1951 (Schüttemeyer 1998, 246)[4]. Karl Mommer (SPD), then chair of a committee on the development of a standing order for the German Bundestag (GOBT), successfully argued in favor of "public information sessions" in the committees which were laid down in § 73 of the standing order of 1951[5]. His colleague Ritzel (SPD) suggested this was "the complete adoption of the American system of public hearings" (Deutscher Bundestag, 119. Sitzung, 21.02.1951, p. 4557). Members of the opposition were especially interested in adopting public hearings as they did "not want to endorse the wisdom of the ministers" (Der Spiegel, Wednesday, February 21st 1951, p. 5)[6]. The committee responsible

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[4] This section borrows from Schüttemeyer (1989)

[5] „Der nichtöffentlichen Sitzung können auf Beschluß des Ausschusses öffentliche Informationssitzungen vorangehen. Zu diesen sind nach Bedarf Interessenvertreter, Auskunftspersonen und Sachverständige, die Presse sowie sonstige Zuhörer zugelassen, soweit es die Raumverhältnisse gestatten." (§73, Section 2, GOBT)

[6] The author of that newspaper article also suggested that the governing coalition wasn't as interested in adopting the instrument of public hearings since "one (the cabinet) has its own experts already in the

for drafting the amendments to the standing order intended to support a better relationship between parliament and the press by adopting public hearings in addition to raising public awareness and acceptance of parliamentary work in general (Deutscher Bundestag, 119. Sitzung, 21.02.1951, p. 7412). From the onset, public hearings were intended to generate publicity both to the mass media **and** the electorate. Adopting public hearings as an instrument in committees was especially endorsed by the opposition that had to cope with the obvious informational asymmetries between government ministers and the opposition. Public hearings were seen as an instrument of government control from the beginning, something to which we will return in the following discussion (in chapters 3 and 4).

A parliamentary working group on "interest group representation" proposed strengthening public hearings as an instrument in 1965. But §73 of the GOBT remained unchanged until 1969 (Schüttemeyer 1989, p. 1146). Only with the "small parliamentary reform" (as it has been called in Germany) were public hearings installed as a minority right. Since then, a quarter of all committee members can demand a public hearing (§ 70, Abs. 1 GOBT) on bill proposals delegated to the committee. According to Döring this is "in West European comparison an extraordinary exception" (Döring 1996, p. 51, my translation). Wolfgang Ismayr suggests that these public hearings on important proposals are primarily initiated by the opposition parties (2003, p. 67). Ismayr discusses public hearings as an instrument of parliamentary control of the government along with other instruments, e.g. minor and major questioning and concludes that "The ultimate criterion for their effectiveness is the public feedback they generate" (ibid. 68, my translation). Consequently, public hearings in the German Bundestag will also be analyzed regarding the publicity they are able to generate. To this I will turn in chapter 5.

The Bundestag revised the standing orders in 1980. Public hearings are now dealt with in §70, but the content of the rules has not changed significantly (ibid. 1147). The wording of §70 specifies that "to inform about an aspect of consultation in a committee, a public hearing can be called for involving experts, interest groups representatives and other persons who can provide information" (own translation). In its initial form of 1951 creating **publicity** was paramount, while the changes of 1969 interpret public hearings mainly from its **informational** function. Accordingly, public hearings will be analyzed from both of these

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ministries" (ibid., both quotes are my translation). This argument is remarkably similar to the discussion of junior ministers as pre-committee control mechanism that will follow in chapter 4.

perspectives, i.e. if and how they effectively create publicity and if and how they help reducing informational asymmetries.

There exist several, however outdated, studies on the instrument of public hearings in the German Bundestag (Appoldt 1971, Schüttemeyer 1989, Tenheaf 1992, Mengel 1983, Weßels 1987, Pantle 1989, Stöhr 1989, Brenner 1993). Schüttemeyer (1998, 246) clarifies the functions of public hearings as information gathering, mobilization, and voice of interests. Backhaus-Maul sees public hearings as an arena of profiling for members of parliament(Backhaus-Maul 1990: 41). According to Von Beyme (1997, 234ff.) public hearings in the German Bundestag accomplish two goals: on the one hand they inform the members of parliament, on the other they serve to inform the public. As members of parliament have an array of instruments available to gather information apart from public hearings, it is the latter function that is of paramount importance (Von Beyme 1997, 234). As Von Beyme points out this publicity can come at a cost of efficiency (ibid. 235), e.g. by delaying decision-making on a proposal. The attendance of legal scholars in public hearings resulted in a tendency to dogmatically discuss the constitutionality of proposals (ibid. 236), increasing the risk of constitutional review.

Public Hearings in the German Bundestag

Public hearings have gained importance across committee portfolios in the previous legislative sessions of the German Bundestag. They are not just a minor footnote in everyday politics in the German Bundestag. I assemble several relevant descriptive statistics that highlight the importance of studying public hearings in more detail. As will be shown, the occurrence of public hearings varies not only across time, but also across policy issues, initiator of a proposal and even committee chairs. Taking these observations into account is important for selecting appropriate theories to explain this variation.

Since the ninth legislative period the number of public hearings has continually risen in Germany (Schindler 1999: 2122; Feldkamp 2005: 475), Schüttemeyer dates the rise back to the fifth period (Schüttemeyer 1989: 1150). Due to fears of parliamentary malpractice, "waste of time" (Tenhaef 1985, 26), or loss of objectivity because of interest group involvement (Loewenberg 1971, 338f.) public hearings were used with caution. There is a

significant increase from period 5 on (6 hearings in period 4, 58 in period 5) and then again from period 10 on (43 hearings in period 9, 159 in period 10)[7].
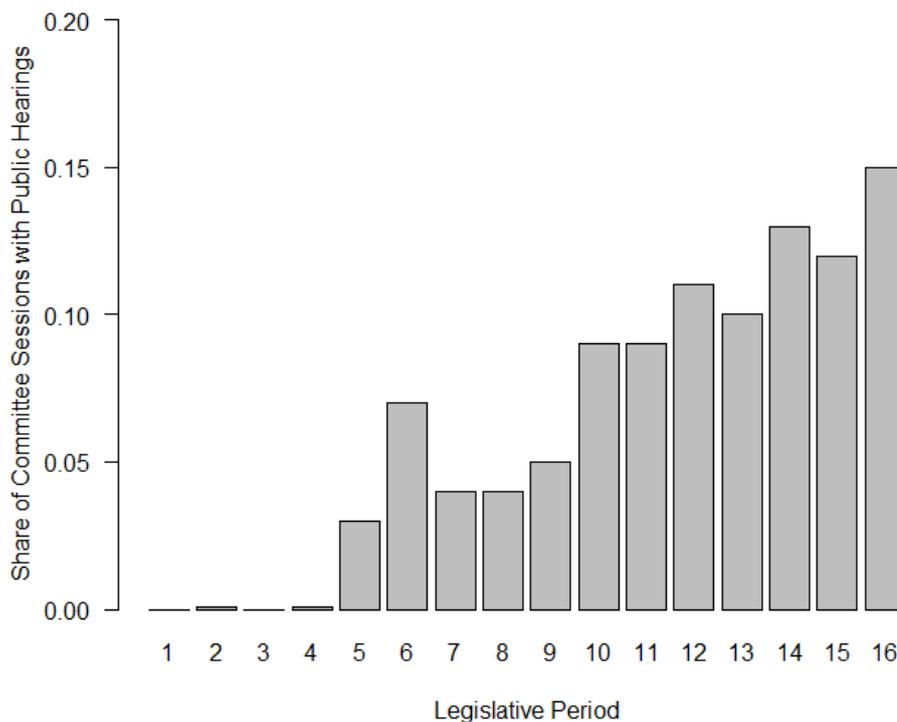
Figure 2.1 Ratio of Public Hearings to Committee Sessions (by Legislative Period)

Public hearings are sometimes initiated formally. Mostly, the decision to hold a hearing is made in the "Obleute im Ausschuss" meeting (Ismayr 2012, 408)[8]. While the number of committee sessions has varied extensively (4218 in the first legislative period, 1197 in the sixth period, 2146 sessions on average), the ratio of public hearings to sessions has steadily increased from period five onwards, i.e. the time being spent in committees with hearing experts and interest groups has grown considerably[9]. Anecdotal evidence from committee hearing protocols suggests that hearings take up 2-3 hours of time. This would mean that slightly over two weeks are being spent on public hearings on average in every legislative period (or up to 369 hours). While the absolute number of hearings has steadily increased, this is not simply due to an increase in committee sessions in general. As it turns out, the

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[7] The numbers are taken from Ismayr 2012, table 7.14, p. 409

[8] "Obleute" are spokespersons for every faction in a committee. These spokespersons meet regularly to set the committee agenda or decide on committee procedures, e.g. public hearings. While documentation on these meetings does exist it is disclosed to the public (personal phone call with Brigitte Nelles, Archive of the German Bundestag, 11.11.2013).

[9] Data for the Figures on committee sessions and public hearings are taken from the several issues of the "Datenhandbuch zur Geschichte des Deutschen Bundestages" (Schindler 1999, Feldkamp 2005 and Feldkamp 2011)

number of committee sessions with a public hearing has increased relative to the total number of committee sessions (**Figure 2.1**).
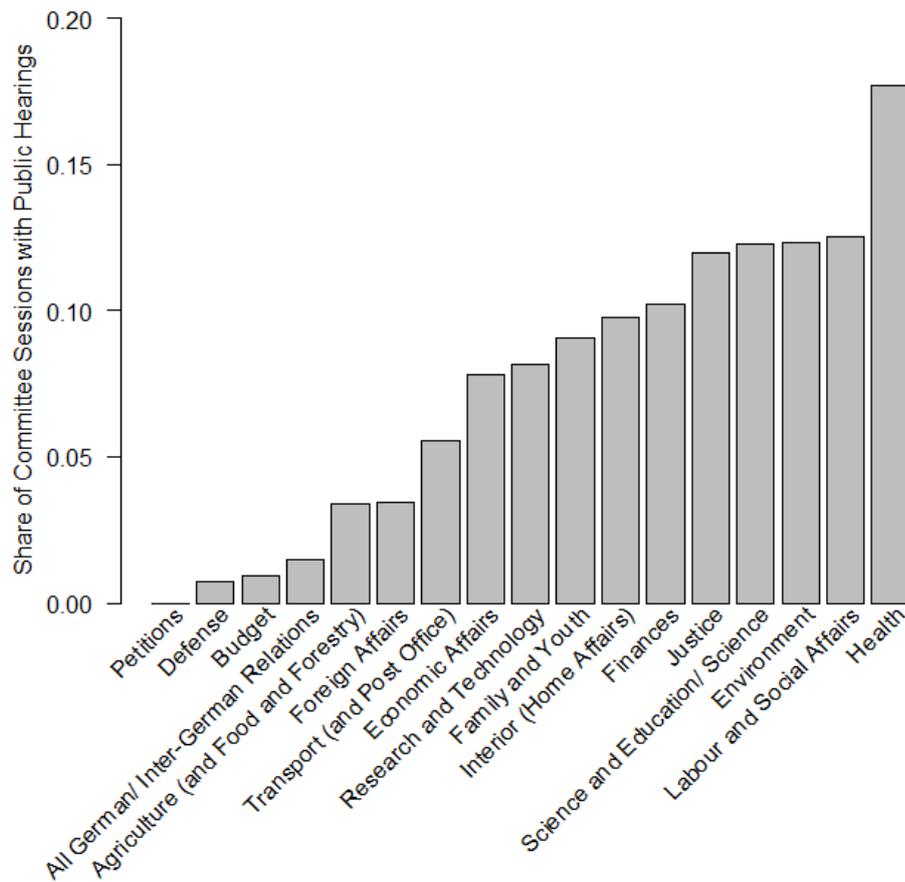
Figure 2.2 Ratio of Public Hearings to Committee Sessions (by Portfolio)

Public hearings have been established as one instrument available to the committees of the German Bundestag to monitor or scrutinize governmental bill proposals. Parties in parliament have learned how public hearings can be employed. Since legislative session 10 at least every 1 in 10 committee sessions is a public hearing. But the use of public hearings isn't evenly distributed across the committees of the German Bundestag (**Figure 2.2**). The committees for science and education, environment, labour and social affairs, and health make up more than half of all public hearings. Including the justice committee increases this share to more than two-thirds. Finally, the committee of finances and the previously mentioned committees account for more than 75 percent of all public hearings across committees in the legislative sessions 1-16 of the German Bundestag. While there has been one public hearing in the petitions committee in legislative sessions 1-16, on average every 7 in hundred committee sessions across all portfolios involved a public hearing. Almost 18% of all committee sessions in the health committee were public hearings, while 12%-13% of all

committee sessions in the justice, environment, labor and social affairs, and science and education committees involved a public hearing. The occurrence of public hearings obviously **varies with content**. This suggests that policy conflicts within government or between government and opposition on proposals from certain portfolios make public hearings more or less likely. It could indicate that some proposals are more complex and require external expertise to be appropriately dealt with. The relationship between measures of party conflict or measures of proposal complexity and the occurrence of public hearings will therefore be dealt with in more detail in the following chapters.

Policymaking has become increasingly complex, e.g. policy proposals have to consider a dearth of lengthy laws and court decisions. This creates a time-consuming workload both for the minister and the parliamentary committee mirroring a ministry in the German Bundestag. A considerable and increasing amount of time is spent on public hearings in the committees of the German Bundestag. This could be due to an increasing information gap in the committees that needs to be addressed by infusing external expertise. Interestingly, on average 676 proposals were being considered in legislative period 1-16 with a minimum of 242 proposals in period 9 and a maximum of 923 proposals in period 13.

Absent a bill proposal, members of a committee in the German Bundestag can call for a public hearing to introduce or learn something about a potentially relevant topic. But this is generally not the goal public hearings are used for. What matters is not just the number of public hearings and the total number of policy proposals but **the share of policy proposals** that were given serious discussion in a public hearing. As **figure 2.3** shows, the share of proposals dealt with in a public hearing has continually increased. During legislative periods 6-8, about one in ten policy proposals was scrutinized with a public hearing, in legislative periods 11-13 this number goes up to one in five proposals. In period 16, public hearings were held on about one in three (!) proposals. This suggests that public hearings are not simply used for parliamentary learning. Instead, they deliberately target proposals to be discussed and possibly amended in a committee. It should therefore matter who the **initiator of a bill** proposal is.
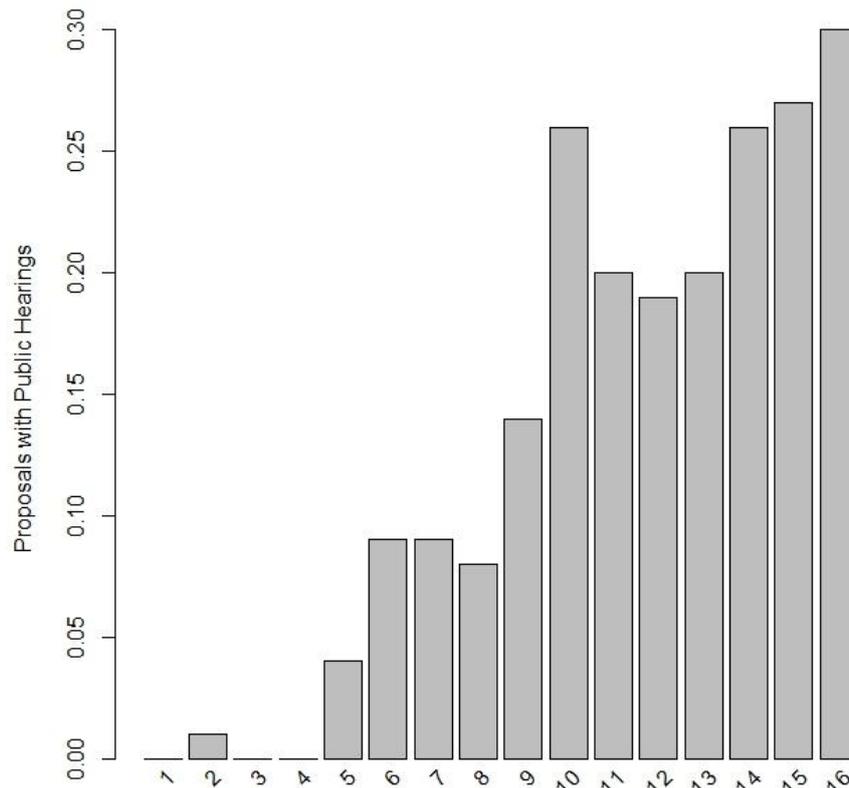
Figure 2.3 Share of Proposals considered in Public Hearings (per Legislative Period)

Taking a closer look at the legislative period 10 to 16, 5216 policy proposals from different initiators were considered in the German Bundestag[10]. To identify whether a **public or non-public hearing** occurred we need the committee protocols. For 4286 of these policy proposals, the database of the German Bundestag lists committee protocols and decision making recommendations ("Bericht und Beschlussempfehlung"). Looking at these 4286 committee protocols enables us to analyze whether the occurrence of public hearings varies with the initiator of a policy proposal (**Figures 2.4 and 2.5**).[11] We find a total of 1086 hearings, with 36 of 1086 hearings identified as nonpublic[12] and 1050 public (or 97%). Of

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[10] Data on policy proposals were taken from the GESTA research project (König and Luig 2014), which provides the URL addresses of the committee protocols. The committee protocols/ decision making recommendations were then downloaded from the database of the German Bundestag using a PERL script based on the URL addresses.

[11] To check whether a public hearing took place I transformed the PDF documents of the committee protocols for the available 4286 cases into machine-readable (utf-coded) text documents. A string search for several different strings yielded a total of 1050 proposals involving a public hearing.The string search was done in linux command line with the following strings: „öffentliche anhörung", „nichtöffentliche anhörung", „sachverständigenanhörung", „öffentliche informationssitzung", „nichtöffentliche informationssitzung".

[12] Of these 36 nonpublic hearings, exactly 50% were called on government initiatives. Almost two thirds took place in committees with minor salience (e.g. housing, post and telecommunication, agriculture and nutrition).

these 1050 proposals considered in a public hearing about 2/3 (689) were initiated by either the cabinet (460) or government factions (229).

In absolute terms, If public hearings are being employed they are very likely to be scrutinizing **cabinet bills** or **government faction bills** (**Figure 2.4**). This is not very surprising given that most of the proposals introduced into the German Bundestag are cabinet proposals. But in relative terms, given the total number of about 2500 cabinet bill proposals in legislative sessions 10-16, of all bill proposals initiated by the cabinet, only one in five has been dealt with in a public hearing (**Figure 2.5**). About one in three proposals by the opposition was scrutinized in a public hearing, while three out of four cross-factional proposals (i.e. initiated together by both government and opposition factions) were given special treatment in a public hearing. Public hearings dealing with cabinet proposals are therefore less likely than public hearings on opposition proposals or cross-factional proposals.
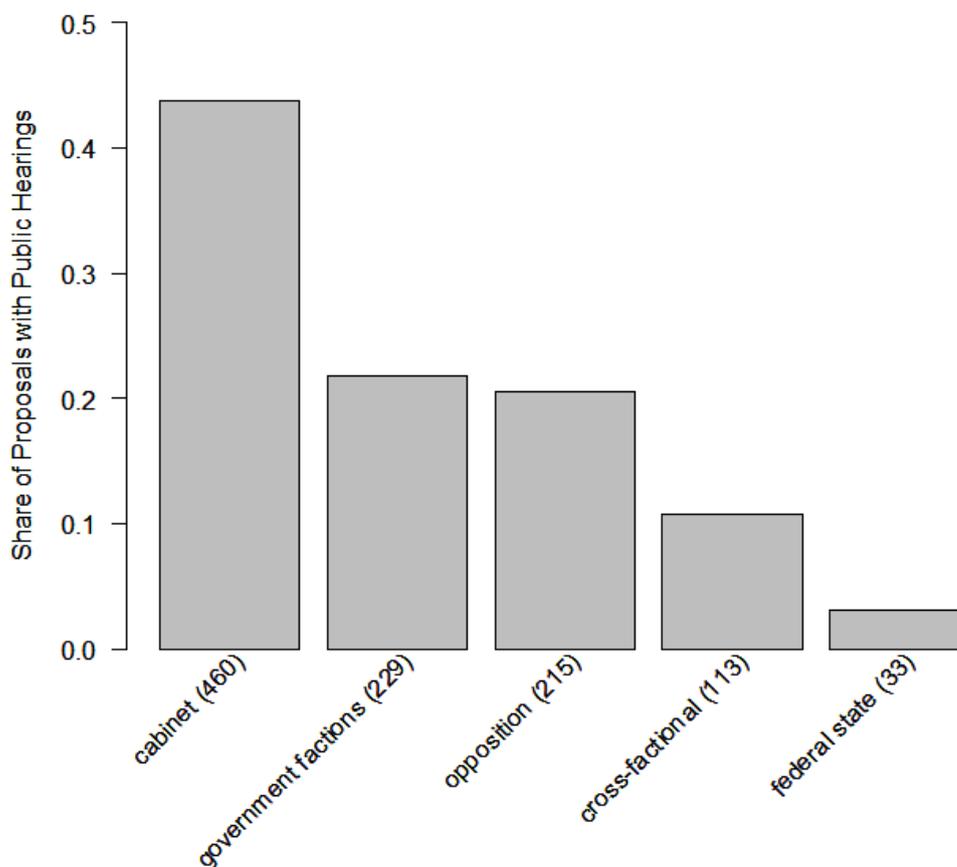
Figure 2.4 Absolute Share of Public Hearings by Initiator

22 of 36 of these bills with nonpublic hearings passed the floor. We can reasonably assume that the exclusion of nonpublic hearings will not change the empirical results of the analyses in a significant way.
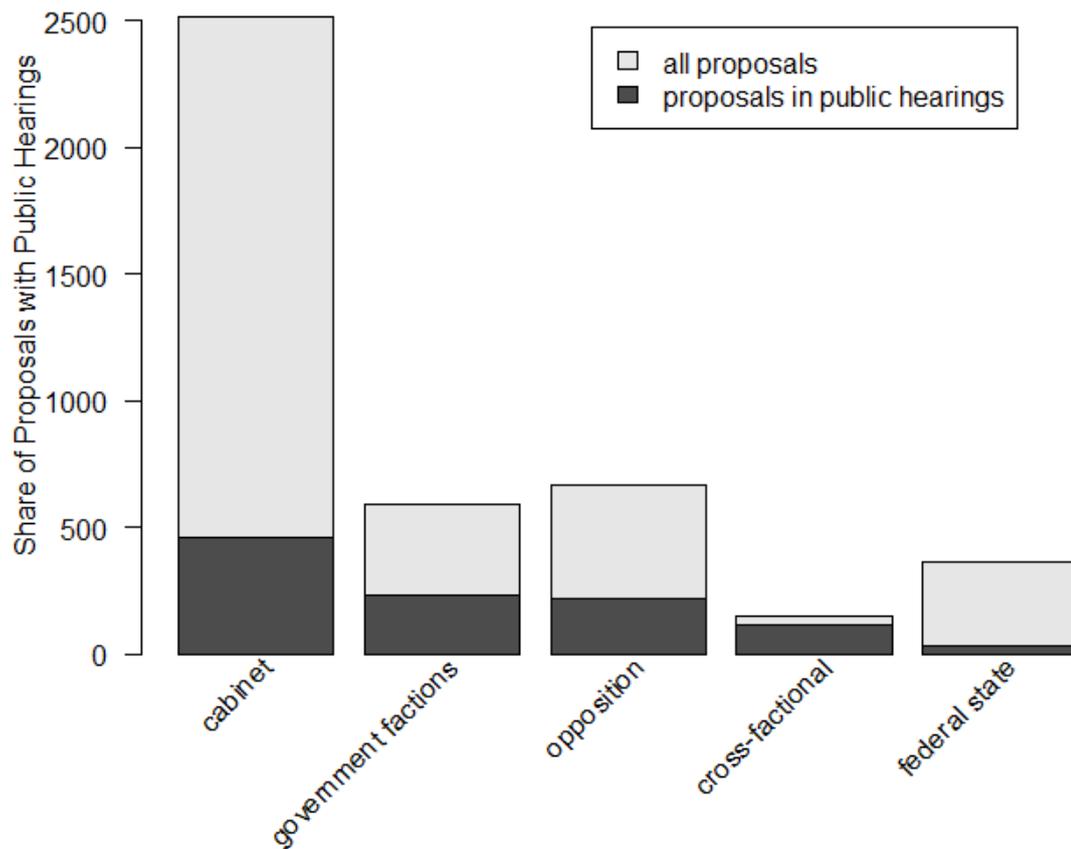
Figure 2.5 Relative Share of Public Hearings by Initiator

Prima facie, government parties prefer not to hold public hearings on their proposals, while the opposition does. In the German Bundestag, some committees are chaired by government parties and some by opposition parties. Taken together, this could mean that public hearings occur more often in committees chaired by an opposition party. We can observe conflicting variation in the use of public hearings across committees with different chairs: While the use of public hearings in committees whose chair is held by one of the government parties has steadily increased from legislative session 10 to 16, committees with chairs from opposition parties seem to hold an equal amount of public hearings across the legislative sessions (**Figure 2.6**). Again, this may be due to intra-governmental party conflicts[13].

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[13] According to Ismayr (2012, 408), public hearings are called for primarily by the opposition, although conflicts in government coalitions can also lead to a hearing.
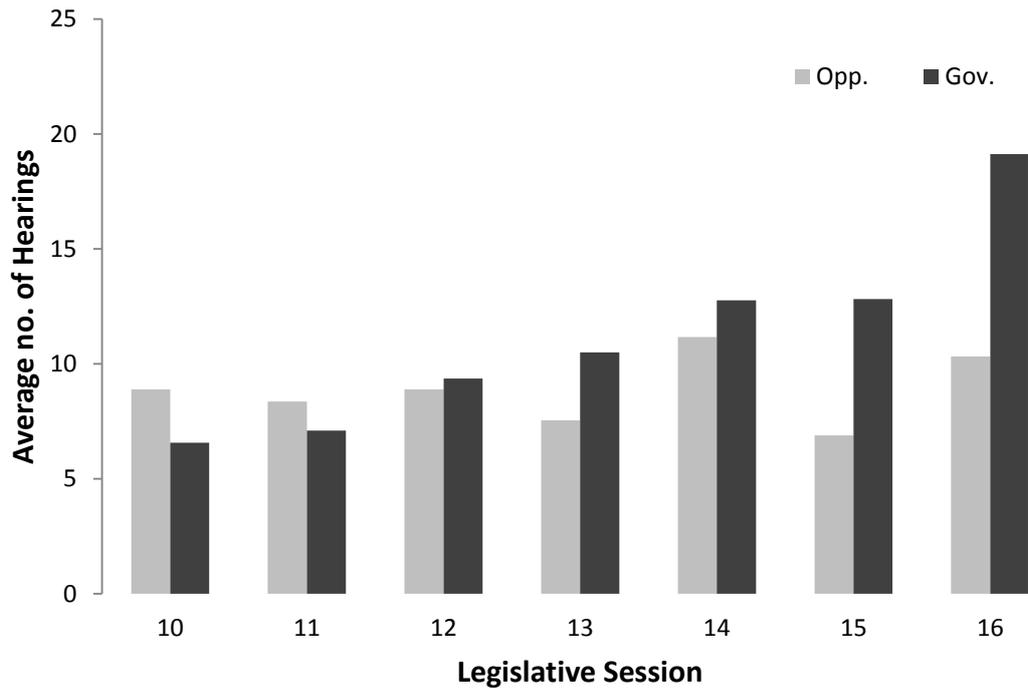
Figure 2.6 Committee Chairs and Public Hearings

Summary of Descriptive Statistics

As the descriptive statistics show, public hearings have become a regularly used instrument in government-chaired committees dealing with cabinet and opposition bill proposals of public importance (e.g. Labour and Social Affairs, Health, Justice, Environment, Sience and Education). Thus, I suggest that public hearings are an instrument of intra-coalitional scrutiny and oppositional monitoring. The development of the standing orders of the German Bundestag (GOBT) and the contemporary discussion about public hearings in German parliamentary research suggest several interesting points of departure for further investigation:

1. Public hearings are supposed to generate publicity and **inform the public**. In practice this means that they must **create an audience** to fulfill their intended function. To this we will turn in chapter five.

2. Public hearings are supposed to **reduce informational asymmetries** between parties in government and parties in opposition. This assumes both variation in the **complexity** of policy proposals and variation in **policy conflict** between parties in government and parties in opposition.

Public hearings are not just a theoretical option – they are actively and increasingly used in the German Bundestag, both regarding the number of committee sessions involving a public hearing and the share of bill proposals considered therein. Taking a closer look at public hearings is therefore not just a scientific exercise but of practical relevance to the members of the German Bundestag and the public. The descriptive statistics on public hearings in the German Bundestag sessions 10-16 suggest that the use of public hearings could be related to issues of government scrutiny, be it intra-coalitional scrutiny or oppositional monitoring. The relationship between minister and coalition cabinet resembles a conflict between an agent and his principal. This kind of relationship has previously been discussed within the framework of transaction cost theory.

Transaction Cost Theory

A public hearing is an institutional mechanism available to strategic political actors in parliament to solve dilemmas of collective decision making and reduce transaction costs of various kinds (information, distribution of political rents, partisan conflicts). In controlling government actions, both the cabinet and the parliament face a classical hold-up problem of "make or buy": Should they delegate control to committees or take up the costs of controlling themselves? Public hearings are of course not independently used from other available instruments of scrutiny. Theoretically, they are part of a "governance structure".

In the following sections, I lay out the foundations of transaction cost theory, followed by an exposition of related literature on legislative organization and coalition governance. Both the Instrument of a hearing and its publicity have to be explained in the context of the German Bundestag. My explanation of **why** public hearings are being employed rests on the body of research on legislative organization (Gilligan and Krehbiel 1989, Krehbiel 1991, Shepsle and Weingast 1987,Kiewit and McCubbins 1991, Cox and McCubbins 1993). My explanation of **how** public hearings influence policy proposals extends the idea of committees as arenas of cabinet scrutiny, as Martin and Vanberg have proposed (Martin and Vanberg 2004, 2005, 2011). And finally, my explanation on the **publicity** of public hearings builds upon audience cost theory imported from International Relations research. All of this serves as a preliminary to the central argument of this book: **Public hearings serve as an institutional mechanism to manage partisan conflicts.**

Initially introduced as a concept by Coase (1937, 41) it was Kenneth Arrow who coined the term "transaction costs"(1969, 48). Coase focused on a surprising, but intuitive question: If markets are an ideal instrument to coordinate individual plans, why do we have firms (cf. Erlei et al. 1999, 42)? His no less surprising answer: The use of markets is only available at a cost – transaction costs. Transaction costs are the costs of gathering and processing information, monitoring delegation, or credibly committing to keeping a contract. Institutions economize on transaction costs and enable cooperation between rational actors by revealing otherwise unavailable information (Pollack 2003, 21). Dahlman (1979, 148) defines transactions costs as "search and information costs, bargaining and decision costs, policing and enforcement costs", but eventually reduces all of these to "resource losses incurred due to imperfect information". Political markets run risk of inefficiencies, and thus have a tendency of generating high political transaction costs (North 1990). The importance of transaction costs for solving private and collective exchanges has been well researched (e.g. Williamson 1981, Ostrom 1990). Politics as an answer to "who gets what, when and how" (Harold Laswell) essentially relates to political exchanges and their problems: "Transaction costs often determine political outcomes. To define them is to understand their pivotal role, for in a political context transaction costs denote most of the **costs of multi-person political 'exchange'**- more precisely, the **costs of reaching and enforcing political agreements regarding the role and scope of government**" (Twight 1994, 34, my highlighting).

Transaction cost theory should best be understood as a broad framework consisting of several concepts, many of which have been applied extensively to parliamentary institutions in the political economy literature on U.S. Congress (Austen-Smith and Riker 1987, Weingast and Marshall 1988, Austen-Smith 1993, Epstein and O'Halloran 1999). The measurement costs concept tackles the question how transaction costs are to be quantified. The governance-structure approach focuses on the transaction itself while the principal-agent framework studies the relationship of actors involved in the transaction, mostly in a hierarchical relationship. Political actors have a (notorious) problem keeping commitments with exchange partners especially since political goods are difficult to quantify (Voigt 2002, 31). Members of parliament minimize transaction costs through institutions (Epstein and O'Halloran 1999, 34). Weingast explicitly quotes transaction cost theory: "In important respects, the logic of political institutions parallels that of economic institutions. To borrow

Williamson's phrase, the political institutions create a 'governance structure' that at once allows the society to deal with on-going problems as they arise and yet provides a degree of durability to economic and political rights. Importantly, these help limit the ability of the state to act opportunistically." (Weingast 1993, 288).

Public hearings signal the effort of cabinet members (measurement costs). Recall the example of the child safety bill from the introduction: The coalition partner SPD and her invited experts did not criticize the proposal by CDU minister von der Leyen for being too far of from a coalition compromise. Instead, Social Democrat Caren Marks ferociously attacked the minister for introducing "a torso of a law proposal without scientific analysis and evaluation." According to the experts, much more effort should have gone into writing the proposal. Public hearings enable team members to control for credible commitment when contracts are incomplete. They can reduce the incentives of moral hazard (shirking). Since the involved actors follow strategic incentives, different institutions are set up to enable rational decisions through its organization. This is where comparative cost analysis kicks in: public hearings are used by government and opposition differently depending on the cost-benefit-analysis. Public hearings can only be understood in relation to the use of other mechanisms of coalitional management (junior ministers, shadow committee chairs). It is therefore worthwhile to take a closer look at transaction costs and parliamentary governance. In the paragraphs ahead, I overview the theoretical groundwork on transaction cost theory and relate transaction cost theory to the literature on parliamentary governance.

How to Measure the Costs of a Transaction

Which team member contributes how much to generating an output? How can firms structure incentives to distribute the risks of production? The measurement cost concept deals with the costs of measuring economic activities (Erlei et al. 1999, 70). Alchian and Demsetz' (1972) seminal paper defines a firm as a central agent within a network of contracts that are being continuously renegotiated (cf. Epstein and O'Halloran 1999, 39; Jensen and Meckling 1976). The output of a firm is the result of a team production of contract partners. The contribution of each partner can only be approximated with indirect indicators. This indeterminacy creates incentives to "shirk" on other members, since none of them have the ability to control the input of the other team members ("hidden action"). Additionally, contract negotiation and compliance are associated with costs that cannot be

quantified at all times. Incomplete contracts are thus a consequence of imperfectly informed contract partners (Dahlman 1979). Since all team members have an incentive to shirk, this leads to "collective self-impairment" (Erlei et al. 1999, S 71, my translation). To solve this "self-impairment", Alchian and Demsetz propose to appoint an actor who specializes on measuring and controlling the effort of each team member.

In parliamentary systems, coalition partners are team members bound together by an incomplete contract, which creates incentives to free ride on the effort of the coalition partners. *Public hearings*, along with, e.g. the appointment of junior ministers and shadow committee chairs, can be understood as institutional solutions to the measurement problem of a coalitional team production. In a public hearing, the output of ministerial effort can be measured by having external experts comment on the quality of a bill proposal. Of course, public hearings are not a catch-all solution. Different institutional mechanisms will work better at different occasions, depending on the risk of shirking and the associated costs. This is exactly what the governance-structure approach deals with, to which we now turn.

The Governance-Structure Approach

Central to the governance-structure approach is the analysis of the transaction as appropriation and assignment of entitlements between economic subjects. Two or more subjects would like to make a transaction. As we have seen above, transaction costs occur because of incomplete contracts. Unfortunately, there exists no canonical definition as to what makes up an incomplete contract, "While one recognizes one when one sees it, incomplete contracts are not members of a well circumscribed family" (Tirole 1999, 743). A common interpretation of "incompleteness" is that at the time of signing a contract not all eventualities can be anticipated and many clauses are left ambiguous on purpose. Incomplete contracts pose a transaction cost problem due to the opportunistic behavior of contract partners:

> Transaction cost economics pairs the assumption of bounded rationality with a self-interest-seeking assumption that makes allowance for guile. Specifically, economic agents are permitted to disclose information in a selective and distorted manner. Calculated efforts to mislead, disguise, obfuscate, and confuse are thus admitted. This self-interest-seeking attribute is variously described as "opportunism, moral hazard, and agency. (Williamson 1996, 56).

Essential to a contract and an organizational structure is the so-called "hold-up problem" (Hart and Moore 1990, Klein et al. 1978, Williamson 1975). This problem occurs every time one contract partner makes highly specific investments to fulfill contractual agreements. An example will further clarify the problem: a firm supplies a car making company with plastics parts. Supplying firm and car maker decide to cooperate. To be able to produce the car maker's specific parts, the supplying firm invests in a new production facility. Since the contracts are incomplete, the car maker can strategically exploit this situation by re-bargaining the contract at the expense of the supplying firm. But as the supplying firm is anticipating the possible exploitation, it will make a lower specific investment than agreed to in the contract. This causes a profit setback and additional costs since available resources are not used optimally. These costs are called "governance costs" of market use (Erlei et al. 1999, 183). An economic solution to this "hold-up problem" is the vertical integration (merger) of firms, since this can cut the transaction costs resulting from the exploitation. The governance-structure approach studies "...when certain transactions are made within a firm (make), when they are being made on the market (buy), and when joint solutions (hybrid organizational forms) are recommended" (Erlei et al. 1999, 175, my own translation). Different governance-structures are associated with different levels of transaction costs. A comparative institutional analysis is therefore an important aspect of transaction cost theory. A governance-structure should be chosen only in comparison to other solutions depending on the transaction at hand.

Because public hearings can be used to gather information, monitor delegation, or credibly commit to keeping a contract, they are one possible institution to economize on transaction costs in a political market. Nonetheless, they need to be viewed in the context of other available instruments. In parliamentary systems, these can be ex ante selection mechanisms and ex post mechanisms of coalition management or interpellation in parliament. The empirical analysis of public hearings will therefore have to take alternative control mechanisms such as junior minister appointments or shadow committee chairs into account.

Principal-Agent-Theory

Delegation can be defined as the endowment of managerial rights by a principal to an agent who has the relevant information, time, or abilities. Delegation is not a technical issue in political science, but affects us in everyday life, "All of us delegate to banks, medical doctors,

lawyers, or car mechanics. We do so because we are not able or willing to perform these tasks ourselves" (Müller and Meyer 2010, 1068). Delegation is an elementary aspect of politics (Strøm 2000, Strøm et al. 2003, 2006): The chain of delegation begins with voting in elections, runs through the parliamentary process, and ends with the implementing bureaucracy. What does optimal delegation look like? Which incentives do delegates have to meet the demands of the delegators? How can contracts be defined to enforce compliance? Questions as these have led to a dearth of studies, all of which can be subsumed under the heading of "Principal-Agent-Model" (**PAM**). Originating from economics, these models have consistently gained prominence in political science (Miller 2005).

Spence and Zeckhauser (1971) initiated a whole new research area that was soon extended by Jensen and Meckling (1976) and Fama and Jensen (1983). They study the case of a car insurance company (the principal) that cannot completely control the behavior of the car driver (the agent). This leads to contractual risks. An insurance covering all possible risks creates incentives for hazardous driving. Without the insurance, the car driver would have much less of an incentive to take such risks. Since the insurance firm cannot control this adverse behavior, such a complete insurance would create a serious venture.

By now, there exists a "canonical principal-agent-model" with clearly defined properties (Miller 2005, 205f., cf. Sappington 1991, Holmstrom 1979, Shavell 1979):

- The actions of an agent have a direct effect on the utility of the principal
- The principal cannot monitor the behavior of the agent
- Only the result of the agent's action is observable to the principal

Although a complete surveillance of the agent would remove the informational asymmetry between principal and agent, this would come at a very high cost, such that this form of control simply is not feasible for the principal. This is especially cumbersome if the interests and goals of principal and agent are not identical. Since a rational principal acts on the basis of coherent preferences he will only delegate tasks to an agent as long as the risk for deviant behavior is manageable. The PAM therefore models contracts between principal and agent under the assumption of asymmetric information (Voigt 2002, 102; Jensen and Meckling 1976). It also covers the problem of optimal agent selection. In this sense, the PAM is an actor-centered extension of the general transaction cost theory introduced earlier on in this

chapter. The PAM enables us to study responsibilities in hierarchical relationships, where direct control is infeasible because of the associated monitoring costs (Miller and Whitford 2002, 232).

The risk of delegation has variously been described as "moral hazard" or "shirking". The agent has hidden information (expertise) that can be exploited. A main goal of principal agent theory therefore was to set monetary incentives for the agent to fulfill the contractual demands of the principal in the presence of unfeasible monitoring costs (Moe 1984). Although such monetary incentives can reduce the informational asymmetries between principal and agent by aligning preferences, efficiency losses remain unavoidable under the assumption of risk-taking agents and risk-affine principals (Miller and Whitford 2002, 235ff.). Nonetheless, there are obvious advantages of delegation:

> Delegation from principals to agents is the key to the division of labor and development of specialization; tremendous gains accrue if tasks are delegated to those with the talent, training, and inclination to do them. This, when all is said and done, is what allows firms to profit, economies to grow, and governments to govern. (Kiewit and McCubbins 1991, 24)

The delegation of policymaking in multiparty cabinets is, like any other principal-agent-relationship, associated with the risk of moral hazard, especially since contracts in multiparty cabinets (coalition compromises) are less precise than contracts between economic actors. Furthermore, cooperation in multiparty coalitions entails policy conflicts across various ministerial portfolios. The ambiguity of coalition compromises coupled with individual party risk to shirk because of incentives generated by electoral competition can be countered with institutions that help to reduce ministerial drift (Carroll and Cox 2012, Martin and Vanberg 2011, Müller and Meyer 2010, Thies 2001). Public hearings are such an instrument to counter ministerial drift.

Transaction Cost Theory and Public Hearings

While (not just) politicians have constrained cognitive capacities available to solve problems, political institutions can reduce these individual constraints. Herbert Simon forcefully formulated this position: "A higher degree of integration and rationality can, however, be achieved, because the environment of choice itself can be chosen and deliberately modified. Partly this is an individual matter... To a very large extent, however, it is an organizational matter... organization permits the individual to approach reasonably near to objective rationality" (Simon 1947, 79f.) Williamson saw those organizations at an advantage, "...that

serve to economize on bounded rationality and safeguard transactions against the hazards of opportunism…" (Williamson 1996, 57, footnote 3). An effective division of labor within organizations furthers this rationalization process. Gary Becker makes an even stronger claim, that "division of labor… strongly attenuates if not eliminates any effects caused by bounded rationality" (Becker, quoted in Stewart 2005). This division of labor can be seen within cabinets (ministries) and within parliaments (committees). Therefore, the costs of a transaction (measuring the individual input in a team production), the governance structure (how the comparison of institutions constrains individual behavior), and the delegation of tasks (contracting between a principal and an agent) have to be accounted for when trying to explain public hearings in the German Bundestag. In parliamentary systems, coalition partners are members of a team bound together by an incomplete contract which creates incentives to free ride on the effort of the coalition partners. The ministers serve as agents of the cabinet as a whole.

Public hearings signal effort of cabinet members (measurement costs) and at the same time enable team members to control for credible commitment when contracts are incomplete (moral hazard). Public hearings, along with, e.g. the appointment of junior ministers and shadow committee chairs, can be understood as institutional solutions to the measurement problem of a coalitional team production. Thus, public hearings are one possible institution to economize on transaction costs in a political market. Since political transactions take place within political institutions, we now extend our discussion and application of transaction cost theory to legislative organizations in general.

3. Why Use Public Hearings?

Theories of Legislative Organization

If it holds true that scientific advisors are mere "pawns" or "fig leaves" for legitimizing already defined policies (e.g. Hoffman-Riem 1988, Böhret 1981, 306) and involved experts have little positive to say about their influence on policymaking (Franz 2000), then both experts and politicians involved strike us with a puzzle regarding political advice, "if it is not used, why do we produce so much of it" (Shulock 1999)? To understand public hearings in the German Bundestag, we need to figure out why they are used in the first place. Drawing from theories of legislative organization of the U.S. Congress, I address several reasons why public hearings may be a useful instrument: Public hearings reduce **informational asymmetries** and enable members of a committee to better comprehend complex bill proposals. Additionally, they signal **conflict on a proposal**, either between government and opposition or within a coalition.

Why would members of the opposition favor a public hearing? If the opposition wants to delay unwanted government bill proposals, it can employ public hearings to slow down

policymaking or publically reveal a conflict between coalition partners. Government partners favor neither of both. They would rather prefer swift passage of a proposal and keeping conflicts between coalition partners in private. Sometimes a minister may introduce a bill proposal that deviates from a coalition compromise. In that case, a coalition partner may want to call for a public hearing to pull the minister back to the coalition compromise. I will dwell on these details about public hearings in much more detail in the upcoming chapters. At this point, I focus on the basic motives for calling for a public hearing. The challenges of solving problems in parliament and the difficulties in making legislation given demanding environments, complex proposals and potential partisan conflicts create a need for division of labor, i.e. the delegation of tasks within parliamentary institutions. The work on policy proposals in the German Bundestag is delegated to the respective committees. In these committees, public hearings are one tool to solve the problems and difficulties of everyday policymaking.

In early 2014, increasing energy consumption costs motivated vice chancellor and minister for the economy Sigmar Gabriel (SPD) to propose changes to the renewable energy bill ("Erneuerbare Energien Gesetz") [14]. As a combination of state-funded subsidies for renewable energy production, energy taxation, and energy development, the bill proposal to reform the "Eneuerbare Energien Gesetz" consists of about 125 pages, with almost 200 pages of explanatory statements (BT Drs. 18/1304, 2014). After intensive intra-coalitional bargaining, cabinet resolved to introduce a bill proposal to parliament in early April of 2014[15]. Preceding the work in committee was a fierce parliamentary debate about the government motives for reforming the bill. Oliver Krischer, deputy whip of the Green party in opposition, described the proposal as an "attack on the energy transition", arguing that it was a "bureaucratic monster" with "loopholes" in it for energy-consuming firms. [16] In committee, two public hearings were held on the proposal an June 2nd and June 4th 2014 on demand of the opposition parties. On these occasions, 27 experts and interest groups where heard. Committee chair Bärbel Höhn (The Greens) closed the session with the remark "That was really a lot of information...I hope, we can all draw wise consequences out of the many

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[14] http://www.manager-magazin.de/politik/deutschland/eeg-umlage-gabriel-will-oekostrom-foerderung-kappen-a-944338.html
[15] http://www.zeit.de/wirtschaft/2014-04/eeg-oekostrom-reform-einigung
[16] http://www.zeit.de/wirtschaft/2014-05/eeg-gabriel-erste-lesung

facts we have gathered here."[17] Because of the complexity of the proposal, the opposition parties introduced a motion for delay to have more time working through the proposal and the expert's recommendations. They demanded additional public hearings after their motion for delay had been voted down by the government majority in committee[18]. The coalition parties denied further public hearings with the argument that the oppositional right to call for public hearings had been exhausted by the two preceding ones.

Why did the committee stage a public hearing? Since the coalition partners had bargained the proposal for three months, they were unlikely to favor a public hearing. If the "loopholes" meant distributing certain political benefits, a public hearing could potentially upset the coalitions' bargaining solution as to "who gets what", making it even less likely that government parties would favor a hearing in public. The vicious comments of the opposition suggests that at least the Greens had a pronounced interest in finding flaws in the proposal by having experts discuss the bill. Maybe the complexity of the proposal forced the committee to gather additional external expertise to reduce the informational asymmetries between the minister and committee. I propose that public hearings are a mechanism to solve these kind of problems. Partisan Conflicts, Informational asymmetries, and distributional issues have been developed as an explanation of the legislative organization of the U.S. Congress. Therefore it is useful to look at the literature on the legislative organization of U.S. Congress, from where hearings as an instrument were initially imported to the German Bundestag (Schüttemeyer 1998, 246).

Leyden (1995) uses participation in a hearing as a measure for an interest group's success in attaining access to legislators, in line with the *distributional theory* of legislative organization. The distributive theory (Shepsle 1979, Shepsle and Weingast 1987; Weingast and Marshall 1988) suggests that committees exist to help politicians exchanging votes for "gains from trade". Public hearings in the German Bundestag could be motivated by distributional goals of parties in committee. Hearings do not increase the likelihood that a bill will be passed during a Congress (Brasher 2006), but they are an indicator that legislation is being given serious consideration (Edwards, Barrett, and Peake 1997, p. 142), echoing the arguments of *partisan theory* of legislative organization (Kiewiet and McCubbins 1992; Cox and McCubbins 1993, 2004). The partisan theory of legislative organization views

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[17] http://bundestag.de/blob/284392/483c2f949982fe63361d30f58b5efe29/16--protokoll-data.pdf
[18] http://dipbt.bundestag.de/dip21/btd/18/018/1801891.pdf

committees as an extended arm of political parties. Members of a committee benefit from the majority status of a political party, as it supports their own chances of reelection. Similarly, public hearings could be related to partisan conflicts in committees. Lastly, Epstein and O'Halloran (1999) consider public hearings as proxy for the complexity of a policy proposal, which resembles the *informational theory* of legislative organization. The informational literature on legislative organization explains the composition of committees by the expertise of its members (Gilligan and Krehbiel 1989; Krehbiel 1990, 1991). Extending the argument to public hearings, members of a committee increase their expertise on difficult and large policy proposals by listening to experts and interest groups in public hearings. Public hearings have been heavily criticized as "window dressing" (Berry 1989) or "political theater" (Davidson and Oleszek 2004, p. 214). Cole and Caputo (1984) find no evidence that public hearings influence citizen behavior or policy choices. Overall then, there is little straightforward empirical evidence that public hearings serve a clear function or have any significant effect on policymaking. The paradox remains, "if it is not used, why do we produce so much of it?" (Shulock 1999). As indicated, the literature on U.S. Congress offers three distinct patterns for explaining public hearings. All three patterns can be related to public hearings as an instrument to reduce transaction costs in a principal-agent-relationship.

The Informational Perspective

Lawmaking is a demanding task. Societal changes force politics to deal with incomplete information (Klemmer 2002, 21). Whether complex policy proposals or a complex society to be regulated – members of parliament differ in their willingness to take all consequences of a policy proposal into account. This complexity leads to scarce information processing capacities and assumes a constant flow of information in the political process. Parliamentary lawmaking has to take transaction costs into account, the cost of information gathering (where do I get expertise from? Who can tell me something about the proposal?), - processing (How do I reduce the available information to manageable chunks?), and – interpretation (What do these numbers mean exactly?). Delegating the complexity of lawmaking to committees and their members leads to a more efficient division of labor through the aggregation of expertise in committees. But this creates the risk of "shirking", as members of a committee can exploit their informational advantage by sending false information to the floor (Crawford and Sobel 1982; Kreps and Wilson 1982, Calvert 1985).

Informational models of parliamentary committees incorporate this informational asymmetry. At the core of these models is the relationship between a sender (e.g. a committee as information gatherer) and a receiver (e.g. the floor) (Krehbiel 1991; Austen-Smith 1990; Austen-Smith 1993; Gilligan and Krehbiel 1989; Austen-Smith and Riker 1987). Communication between a committee and a floor enables politicians to leverage otherwise missing information and connect known policies to unknown consequences. Take for example the German social welfare program ("Hartz IV"). Following a decision by the federal constitutional court the social welfare payment scheme needed a new basis for calculating individual payments. [19] A public hearing on the proposal introducing such a new calculation scheme revealed an unknown consequence of the bill: Unexpected to then minister of labor Ursula von der Leyen, the government proposal would have had perverse consequences, since the new calculation scheme would have reduced the individual payments for children instead of increasing them. [20]

Optimal transmission of information is only possible with similar preferences of a committee and the floor (Crawford and Sobel 1982). To generate the best advice, political actors should therefore nominate only those committee members whose preferences are identical to their own ("preference convergence", Letterie and Swank 1997; Calvert 1985). Since the members of a committee in a German Bundestag are distributed according to the seat shares, the majority on the floor always has the majority in a committee. The political parties therefore select those members of parliament to a committee they can expect to uphold coalition preferences. This means: Whatever the committee learns is optimally communicated to the floor. In the context of the U.S. Congress the informational advantages of this division of labor carry with them another problem: a committee and the preferences of the median floor member can diverge. This complicates the use of committee expertise on the floor (Epstein and O'Halloran 1999, 17), because the floor can interpret a strong signal (e.g. substiantial changes to a proposal) as an attempt of the committee to achieve individual policy goals.

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[19] http://www.stern.de/politik/deutschland/neuregelung-von-hartz-iv-das-soll-sich-kuenftig-aendern-1605484.html;
http://webarchiv.bundestag.de/archive/2013/1212/bundestag/ausschuesse17/a11/anhoerungen/2010/41_Sitzung/Protokoll_41__Sitzung.pdf
[20] http://www.sueddeutsche.de/politik/neuregelung-der-hartz-iv-saetze-essen-fuer-euro-pro-tag-1.1060159

As we have seen in the introduction, the standing orders of many parliaments in Western European countries see public hearings distinctively as an instrument to gather information. The possibility of a committee to hold a public hearing creates an incentive for committees to specialize and reveal information simply by the decision to hold hearings (Diermeier and Feddersen 2000, Gilligan and Krehbiel 1990, p. 541). Committees in western European parliaments are therefore predominantly associated with information acquisition and transmission (Mattson and Strøm 1995, Mattson and Strøm 2004). Talbert, Jones, and Baumgartner (1995) show that by holding hearings on a particular issue, committee leaders try to establish expertise in that policy area to have future legislation referred to them. They also argue that committee members are well informed already before the hearing and that experts are strategically selected to "stack the hearing in their favor". This is well in line with a common result in cheap talk games: communication between advisors and policy makers usually improves when their preferences are consonant (Crawford and Sobel 1982, Calvert 1985). Dur and Swank(2005) show that policy makers appoint advisers with less extreme preferences than their own, but they also face a tradeoff between acquiring information and providing information (Letterie and Swank 1997): To acquire information, policy makers in committees are well advised to select experts close to their own ideal position. But to signal information to the floor, policy makers are better off in choosing an advisor whose preferences are more in line with the preferences of the floor.

Lupia and McCubbins(1994) offer an explanation based on the payment of observable opportunity costs: "…drafting legislative proposals, *holding hearings* and investigations, writing reports…all require the expenditure of valuable resources…these institutions enable legislative learning"(369, my own emphasis). From this point of view, *public hearings* produce scientific expertise to be used in a policy proposal. The expertise provided by experts in public hearings enables members of parliament to learn something about the policy proposal. This is the parliamentary perspective, i.e. it emphasizes the overall need for information about policy proposals and their possible outcomes. In this sense, public hearings are less of a strategic instrument within multiparty cabinets than a mechanism for the whole legislative body to gather information. In the empirical analysis, *the occurrence of public hearings should thus be systematically related to the complexity of a proposal independent of policy conflicts within government or between government and opposition.*

The Partisan Perspective

The U.S. literature on parliamentary committees has made great strides focusing on their members and on committee organization in general. In contrast, the focus of parliamentary research in Western European systems has been more on political parties. Political parties are an important part of the democratic chain of delegation between voters and parliamentary governments (Müller 2000), but have only rarely been addressed in the context of the U.S. Congress, "Most scholars who make overall assessments of the role of congressional parties argue that the American political structure prevents parties from determining legislative outcomes[...]the classic view of parties in government suggests that parties are incapable of controlling the congressional decision-making process"(Meltzman 1997, 23, c.f. Dodd and Oppenheimer 1977). One prominent exception is the work of Kiewiet and McCubbins (1991, KMC) and Cox and McCubbins (1993, 2004, CMC). Both KMC and CMC position their analytical model vis-à-vis the parsimonious informational and distributive models of committees. In their approach, committees are the extended arm of political parties. They neither serve the floor as a whole (as in the informational model) nor extra parliamentary interest groups (as in the distributive model). Instead, it is the political parties controlling the legislative agenda. A party or a coalition of parties holding the majority in parliament can keep divisive issues off the agenda (ex ante veto, CMC 1993, 2004). At the same time, a party can push preferred policies onto the agenda (c.f. Rohde 1991, Aldrich 1995, Aldrich and Rohde 1997-1998, 2000a, b). The simple assumption underlining the partisan model is: Members of a committee are first and foremost interested in reelection. This reelection becomes more likely with the majority status of one's own party. The majority status of one's own party depends on the list of successfully passed policy proposals beneficial to the electorate (cf. Woon 2012). Members of a committee interested in reelection will therefore act in accordance with their party. Extending this argument a multiparty parliamentary system is straightforward: members of a committee are neither agent of the floor as a whole, nor of extra parliamentary interest groups, but of their own parties. *Parties strategically employ instruments of scrutiny, e.g. public hearings in a committee to monitor and control government parties*. This will support their chances of reelection[21].

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[21] Essentially, public hearings as an information revealing technology in the committees of the German Bundestag enable government partners to effectively monitor each other's policy proposals and detect

Since parties in government and parties in opposition have different strategic objectives (staying in government vs. getting into government), we should expect different motivations for using public hearings for government parties vs. opposition parties. Parties in opposition may want to reveal intra-coalitional conflicts, blame a coalition for failing to fulfill electoral promises, mark a minister as incompetent etc. A minister may want to signal commitment to an electoral promise by tying his hands to the experts' evaluation of her proposal. A coalition partner may want to keep his partner in check if pre-committee measurements of monitoring and control (e.g. junior ministers, coalition committee) have been unsuccessful. Independent of the specific motivation, *the occurrence of public hearing should vary with conflict in government and conflict between government and opposition*. If there is nothing to fight over, there is no reason for going public in the first place.

The Distributional Perspective

With the establishment of neo-institutionalism as an independent research paradigm within political science, the institutional solution of Shepsle (1979) to the preference cycles inherent in multidimensional politics (Schofield 1978, McKelvey 1976) received widespread discussion. Sheplse developed the concept of "structure induced equilibrium" with regards to the division of labor in committees of the U.S. Congress. Specialization of committees breaks an otherwise unstable multidimensional voting space into manageable one-dimensional policy dimensions. This structure supports equilibriums even with widely diverging preferences. So called "germaneness" rules prevent amendments that could open up another dimension of conflict. Shepsle and Weingast (1981, 1987) and Laver and Shepsle (1996) extend this argument even further by assigning committees or, in the latter case, ministers within a government cabinet a policy monopoly on each respective dimension. This assumption of "policy dictatorship" has raised criticism among more empirically oriented scholars in comparative politics (e.g. Dunleavy and Bastow 2001; Martin and Vanberg 2004, 2005; Thies 2001; see also Tsebelis 2002: 106-109)[22].

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deviations from coalition compromise **after** the cabinet stage. Available technologies at the cabinet stage should lead to fewer public hearings. Public hearings also allow opposition parties to delay policymaking. I will return to this narrative in chapter 4.

[22] In Germany only very few initiatives are referred exclusively to one committee (Mattson and Strøm 2004). Instead, most initiatives are referred to a leading committee ("federführender Ausschuss") and several committees that are related to the initiative. Nonetheless, it is the leading committee that has to primarily bear out the workload associated with a proposal.

Weingast and Marshall (1988) argue that the committee system in U.S. Congress "provides substantial protection against opportunistic behavior, thereby providing durability to policy bargains" (p. 144). The exchange of votes creates stability of political bargains in committees, as members of committee take the salience of different issues into account. The prime target group of committee work are therefore interest groups that could further the reelection chances of its members. The principal of a committee is therefore neither the floor nor a political party, but rather interest groups outside of parliament.

Two theories explaining interest group influence have been intensively discussed. The theory of interest group pluralism supports the influence of interest groups on politics in general (Bentley 1908, Truman 1951, Dahl 1967), as politics are the result of bargaining between diverging interests. Institutional Economics has introduced the term "political market place" on which committees act as an auctioneer for political rents (cf. "rent-seeking behavior", Buchanan, Tollison and Tullock 1980, Stigler 1971, Becker 1983). The beneficiaries of committee work are interest groups. From this perspective, parliamentary committees further reelection chances of their members by coordinating the redistribution of political rents to interest groups: If representative A votes for a proposal that is in favor of interest groups that support representative B and representative B votes in favor of a proposal that is beneficial to interest groups supporting representative A, then both representatives increase their reelection chances. This individual rent-seeking behavior is reasonable for the U.S. system with single-member-districts, but it implies certain restrictive assumptions about committee behavior: "…members of each committee determine policy within their jurisdiction, irrespective of the policy preferences of the parent chamber and of parties" (Mattson and Strøm 1995, 255). It is less reasonable in the German Bundestag. Here, policy proposals (which are mostly initiated by the governing cabinet) are delegated to more than one committee for consideration for the majority of bills.

The parties in government play the dominant role in formulating the cabinet proposal (Martin and Vanberg 2005, 2011), not individual committee members. Government bill proposals are introduced to (re)distribute political goods. Such a (re)distribution scheme is bargained in cabinet before a proposal is introduced to parliament. Consequently, Government parties run risk of being exposed to public scrutiny for the distribution of public goods in public hearings by communicating distributional signals to interest groups that

could be affected by policy proposals. In other words, an expert could point out that relevant parts of the electorate do not get a decent "piece of the cake" and interest groups might sound an alarm if they feel disadvantaged. Instead of supporting a proposal, experts and interest groups may want to change the redistribution scheme and therefore upset the coalition compromise. The signals of experts/ interest groups in public hearings therefore potentially increase the dimensionality of policy space. This comes very unhandy to the governing parties. Levy and Razin (2007) analytically derive that communication between actors may collapse because of fixed preferences and considerable levels of conflict in policy spaces with more than one dimension. Their results imply that "linking decisions in a multidimensional game may reduce the level of communication". Thus, the bargaining solution of coalition partners in committees can be upset by a public hearing because of the many signals by experts and interest groups. *Essentially, cabinet proposals with financial implications attached should therefore receive less scrutiny in public hearings with increasing intra-coalitional conflict. With increasing conflict between opposition and government, the opposition may deliberately want to upset existing redistribution schemes of a proposal and therefore call for a public hearing.*

Theories of Legislative Organization and Public Hearings

What are the reasons for holding a public hearing in a committee? I have sketched out three different aspects of legislative organization, the informational approach, the distributional approach and the partisan approach, all of which propose complementing answers.

From the **informational** point of view, the expertise provided by experts in public hearings enables members of parliament to learn something about the policy proposal. The driving motivation for calling for a public hearing then would be to gather information to comprehend the **complexity of a bill proposal** for the legislative body as a whole. This approach comes closest to a model of "enlightened decision-making".

H1 (informational hypothesis)

The complexity of a bill proposal is related to the occurrence of public hearings. The more complex a proposal is the <u>more</u> likely are public hearings to occur.

The **partisan** model supports the claim that public hearings primarily serve to advance reelection chances of party members. In a public hearing, coalition parties monitor their

partners and opposition parties monitor the government parties because of **partisan conflicts**, as this will support their chances of reelection. The partisan perspective of legislative organization is closely related to the promises and pitfalls of coalition government in parliamentary systems. To this we will turn in the subsequent chapter.

Opposition parties can blame the coalition partners for failing to comprehend the full consequences of a proposal, i.e. they can signal incompetence of the government to the electorate. We need to take into account that "…apart from anything else, failure "looks bad" in front of the electorate" (Manow and Burkhart 2007, 169). With a public hearing and medium to high levels of conflict within a coalition, ministers responsible for a proposal run risk of being observed as incompetent or unfaithful, since "One can imagine that there are fears that open disagreements among committee members from coalition partners may damage the coalition more generally, and it is better that the public and the press do not follow the discussions directly"(Hallerberg 2004, 29). Essentially, "looking bad" in front of the electorate and fears of "open disagreements" damaging the coalition can be subsumed under the concept of "audience costs".

Public hearings can create audience costs. This is why **conflict within coalitions** should actually **reduce** the likelihood for public hearings for medium to high level disputes.[23] On the other hand, Opposition parties will like to **create publicity.** This holds true especially for proposals that create **policy conflict between government and opposition**. I will explicate the theoretical rationale in the chapters on coalition governance and audience costs.

H2.1 (partisan hypothesis: government)

If governing parties are divided on an issue, government bill proposals are <u>less</u> likely to be scrutinized in a public hearing.

H2.2 (partisan hypothesis: opposition)

If government and opposition parties are divided on an issue, government bill proposals are <u>more</u> likely to be scrutinized in a public hearing.

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[23] Coalition conflicts could also increase the likelihood of public hearings being called by the opposition parties. By blaming the government of being incoherent, this would raise the audience costs for the coalition parties. Unfortunately, we currently have no data available on who specifically introduced the motion for a public hearing in a committee of the German Bundestag. Since such a relationship might actually lower the effects of coalition conflict on public hearings, it is certainly worthwhile investigating in the future.

Finally, from the **distributional** perspective, parliamentary committees further reelection chances of their members by coordinating the redistribution of political rents to interest groups (see above). There are several expectations following from this: As parties in a coalition want to break out of policy cycles, they bargain within committees and make compromises. Policy proposals with **financial implications** enable members of committees to bargain over "who gets what, when and how". In this sense, public hearings are not a useful instrument, since they could complicate the bargaining as experts and interest group signals may create a new multidimensional conflict space. This makes public hearings less likely in the presence of financial implications and coalitional policy conflict but more likely if the opposition parties disagree with the cabinet proposal.

H3.1 (distributional hypothesis: government)

If governing parties are divided on an issue, government bill proposals with financial implications are <u>less</u> likely to be scrutinized in a public hearing.

H3.2 (distributional hypothesis: opposition)

If government and opposition parties are divided on an issue, government bill proposals with financial implications are <u>more</u> likely to be scrutinized in a public hearing.

Empirical Analysis: Public Hearings and Legislative Organization

Why are public hearings used in the committees of the German Bundestag? I suggest that public hearings are one of many instruments available both to government and opposition parties to reduce transaction costs associated with lawmaking:

- Public hearings reduce **informational asymmetries** and help tackling the complexity of a proposal
- They signal **conflict on a proposal**, either between government and opposition or within a coalition
- Public hearings signal flaws in **redistribution schemes** of a proposal

The object of interest is a (government) bill proposal, since the central dependent variable will be **the occurrence of a public hearing on a specific bill proposal**.

To illuminate the proposed relationships we need a dataset covering all the quantities of interest, i.e. the dataset should include the occurrence of public hearings, measures of

complexity, financial implications and measures of partisan conflicts (both governmental and oppositional). In order to reduce the possibility of coding errors and other factors that could influence the results, the empirical analyses of this thesis are all based on one existing dataset and complemented by additional central variables. I apply the Martin and Vanberg (2005, henceforth MV) dataset, which is a good starting point for several reasons:

- The MV dataset **includes** most of the **necessary independent variables** needed for studying the hypotheses: measures for conflict within government and between government and opposition and proposal complexity. Measures for the occurrence of public hearings and financial implications are taken from the protocols of the committee sessions.

- MV **code** these central variables according to **established procedures** in the scientific field of legislative research.

- MV focus on governmental policy proposals. This is especially beneficial to explaining public hearings as **instruments of legislative governance** and oppositional delay, since they represent the majority of proposals in parliament in absolute numbers.

- MV (2004, 2005) selected those proposals that fit into one of the following categories: spending vs. taxes, social, decentralization, environment, urban-rural relations, public ownership, USSR relations, clericalism. Recall that the committees for science and education, environment, labor and social affairs, justice, finance, and health make up 75% of all public hearings of the German Bundestag. The proposals in the dataset are therefore a **good sample for generalizing statements** about public hearings in the German Bundestag.

- The dataset includes governmental proposals across **three legislative sessions** (10-12) of the German Bundestag. In chapter 2 we saw a substantial increase in the number of committee sessions with public hearings as well as the number of proposals considered in public hearings from period 10 onward.

- For every one of the 147 policy proposals included for Germany it was possible to **identify** whether **a public hearing** was held or not.

- Using this established dataset eases the **comparability of results** between the original analysis and the extension I propose here, especially since different results cannot be explained by different measurement of variables, different data or different statistical models.

The Martin and Vanberg (2005) Dataset and Variables

As observation of interest, I use MV's (2004, 2005) dataset covering **government bill proposals** with budgetary adjustment bills, budget bills, and bills proposing amendments to the constitution being excluded. According to Martin and Vanberg, the excluded proposals are associated with different rules of procedure. Additionally, budget bills are "normally omnibus proposals that do not fall neatly along a single issue-dimension"(Martin and Vanberg 2004, 19). Of the remaining bill proposals, they exclude all initiatives that could not be classified into one of the eight policy areas of the Laver and Hunt study (Martin and Vanberg 2004, 19; Martin and Vanberg 2005, 98), i.e. spending vs. taxes, social, decentralization, environment, urban-rural relations, public ownership, USSR relations, clericalism. Thus, the dataset also excludes bill proposals dealing with issues of law and order, immigration, and the European Union.

Public hearings in committees dealing with these issues (i.e. the committee on foreign affairs and the committee of interior affairs) make up less than 15% of all public hearings in the Bundestag from 1949-2009 (see chapter 2). I therefore agree with Martin and Vanberg, that "by excluding bills that deal with these issues, we are presumably excluding only nonsalient and noncontroversial legislation; that is, we are selecting on the salience and divisions variables" (MV 2004, 19, footnote 20). They conclude that this may reduce the efficiency of the model (correctly identifying observations) but it should not lead to substantial bias. In total, the dataset covers 147 government bill proposals from legislative sessions 10-12.[24]

As indicated above, the policy proposals from the German Bundestag included in the dataset span three legislative periods (10-12). This allows Martin and Vanberg to use Laver and Hunt's (1992) expert survey on party policy positions and saliency weights. From this, they

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[24] The GESTA dataset on bill proposals in the German Bundestag (sessions 10-16) identifies 856 government bill proposals. After excluding proposals on foreign affairs issues, matters of the European Union, law and order, immigration, constitutional changes, and budget a total of 313 proposals remain of which 147 have been considered in the MV dataset. The difference in cases counted is due to the conservative classification scheme Martin and Vanberg applied. They selected only bills from the full set that dealt with five sorts of issues: tax and welfare services, industrie and markets, environment, morality/ social issues, and decentralization. Each bill summary was read and the bill was either fit into one of these categories or excluded from the dataset because it did not undoubtedly belong to one of these five categories (personal communication with Lanny Martin, 30.07.2014).

construct measures of policy conflict both for government and for opposition parties that include policy positions and saliencies attached to different dimensions of conflict.

I follow Martin and Vanberg's (2005) central claim that "as the coalition becomes more divided on policy, coalition partners are more likely to make use of the legislative process to 'correct' government bills" (100). To evaluate this claim, I make use of an **independent variable** which they term **government issue divisiveness (wdivsal)**. Since this measure is one of the essential variables for my own analysis of public hearings, I review their coding procedure in more detail. The motivation for this procedure is to account for *party specific position-taking incentives* by including the degree to which parties care about the issues tackled in a bill proposal. The construction follows several steps:

1. Use the Laver and Hunt expert survey to calculate absolute policy distance between the party controlling the ministry and the coalition partner.
2. Weight the distance between minister and a party by the proportion of legislative seats controlled by the party to accommodate for the availability of legislative resources by larger parties.[25]
3. Reweight the distance measure by a measure of relative saliency attached to the issues of the bill by the coalition parties. This weight is calculated by first scaling the saliency scores to an average saliency[26] for any government party of one and then calculating coalition-specific saliency scores on each issue.[27]

Public hearings create audience costs: We expect a steady increase in the likelihood for public hearings if government coalitions and opposition parties are increasingly divided over policy issues, as the opposition can benefit from making government parties "look bad" in front of the electorate. In contrast, because of the audience costs we expect that for

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[25] MV (2004) introduce the weighting by legislative seats because this approach captures "…the possibility that larger parties may be in a better position to exercise oversight" (21). Most importantly, MV (2004) report that "the results… are robust to using the unweighted ideological distance scores" (21, footnote 24).

[26] An average saliency score for a coalition is calculated by weighting the party-specific saliency score by the proportion of levislative seats controlled by that party and then averaging across all members of a coalition (MV 2004, 20). In essence, large parties will generate higher average saliency scores than small parties, i.e. even if a proposal is highly salient to a small party the effect on the average saliency score will be less pronounced because of the weighting.

[27] According to Martin and Vanberg (2005), this "government saliency measure has the property that a score greater than one indicates a relatively more salient issue for the coalition, while a scaled score less than one indicates a relatively less salient issue" (100).

medium to high levels of **government issue divisiveness** we should see a decrease in the likelihood for a public hearing. In general, government parties have no incentive for washing their dirty laundry in public. To draw a complete picture both opposition and government measures of divisiveness have to be included in the analysis. If the opposition parties influence policymaking, this control should have an effect on the likelihood for public hearings. This will be especially relevant for bills that greatly divide opposition parties from the party of the minister proposing the bill.

Additionally, I account for the existence of a junior minister from a partner party **(jmpartner)** within the ministry proposing the specific bill. Including junior ministers as control variable is reasonable as "it is likely that changes in proposals are also made at an earlier stage, such as in meetings of the cabinet or of the relevant cabinet committees, or in the originating government department at the earliest drafting stages" (Martin and Vanberg 2005, 100; cf. Thies 2001 and several contributors in Müller and Strøm 2000).

Dependent and Independent Variables

Approach	Observation	Details
Dependent Variable	Public Hearing	Dummy Variable (source: committee reports)
Informational	Complexity of a Bill	Logged number of articles (source: *logno_articles* in MV 2005 Dataset)
Partisan	Conflict in Government	Government Issue Divisiveness (source: *wdivsal* in MV 2005 Dataset)
Partisan	Conflict btw. Government and Opposition	Opposition Issue Divisiveness (source *woppdivsal* in MV 2005 Dataset)
Distributional	Financial Implications	Dummy Variable (source: bill proposal)
Distributional	Interaction term	Interaction of conflict in government & financial implications

Table 3.1 Variables included in the Analysis

For the analysis at hand I assemble the dependent variable **occurrence of a public hearing on a specific bill proposal**, which is not accounted for in the MV 2005 dataset. I match the bill identifier with the archival codes of the German Bundestag database. For every bill proposal there exists a committee report and decision recommendation ("Bericht und

Beschlussempfehlung"). These reports include detailed information on debate, bargaining and changes on a proposal, e.g. the occurrence of a public hearing and the list of experts/ interest groups that were heard. For all of the 147 observations in the MV dataset covering the German Bundestag I examined the occurrence of a public hearing by reviewing the reports. For 144 of the 147 observations such a report could be retrieved. My main dependent variable is coded as 1 if there was a public hearing[28]. Reviewing a government bill in committee is a time-consuming endeavor, especially if bills are large and complex. To take account of the complexity of a bill, I account for the logged number of articles in a draft bill (**logno_articles**). Since it is easier to rewrite already existing articles, MV (2005) expect a positive relationship between the number of articles in a proposal and the number of article changes resulting from committee scrutiny (ibid. 101).[29] With the extended MV Dataset, empirically analyzing the occurrence of public hearings becomes straightforward as there is a variable available for every theory of legislative organization (see **table 3.1**).

Dependent Variable: Occurrence of a Public Hearing				
Hearing	**Freq.**	**Percent**		
0	65	44,22		
1	79	53,74		
N.A.	3	2,04		
Total	**147**	**100**		
Independent Variables				
	Mean	**SD**	**Min/Max**	**N.A.**
Government Issue Divisiveness	.743344	.7953875	.1099922/ 3.152295	0
Opposition Issue Divisiveness	6.736104	1.401137	1.638409/ 10.57253	0
Number of Articles in Draft Bill (Logged)	1.925304	.7686255	.6931472/ 4.343805	0
Financial Implications	.6959459	.4615676	0/ 1	0

Table 3.2 Descriptive Statistics on Public Hearings

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[28] None of the hearings I retrieved from the reports were nonpublic, therefore a 0 indicates that there was no hearing **at all** and not that there was no **public** hearing. The relevant committee reports are available from the author on request.

[29] Martin and Vanberg also include as control variable the number of committees to which a bill is referred. As there are no theoretical expectations regarding the number of committees and the occurrence of public hearings, I exclude it from the empirical analysis presented here, but see **Appendix 2.A** for additional regression results.

Statistical Model for the Occurrence of Public Hearings

Since the dependent variable "public hearing" is coded as a binary integer (0, 1), I apply a binary logistic regression analysis (Aldrich and Nelson 1984, Long 1997, Hosmer and Lemeshow 2013). While ordinary least squares regression results in coefficients that predict the change in the dependent variable for a one unit change in the independent variable, logistic regression estimates the **probability of an event** occurring. We are interested in the probability of a public hearing occurring (1) rather than not occurring (0). We can define $y_i = 1$ if the i-th bill receives a public hearing and 0 if otherwise, with y_i as the realization of a random variable Y_i that can take the values of one and zero with probabilities π_i and $1 - \pi_i$. This distribution is called a *Bernoulli* distribution and can be written as

$$Pr\{Y_i = y_i\} = \pi_i^{y_i}(1 - \pi_i)^{1-y_i}$$

for $y_i = 0,1$. In a logistic regression the relationship between independent and dependent variables is not linear. A simple solution is to transform the probability and model the transformation as a linear function of the covariates. This *link function* in logistic regression takes the natural logarithm of the odds of the dependent variable and can be written as

$$\eta_i = logit(\pi_i) = \log\frac{\pi_i}{1 - \pi_i}$$

The logit of the underlying probability π_i is a linear function of the predictors $logit(\pi_i) = x_i'\beta$, where x_i is a vector of covariates and β is a vector of regression coefficients.

Results and Interpretation of Coefficients

Table 3.3 summarizes the regression results. Since public hearings require a substantial amount of time for preparation, execution and post-processing, parties will be interested in calling for a public hearing only for those bill proposals which are of high interest to them. The **informational approach** suggests that public hearings are used to provide additional information to reduce the complexity of a bill proposal. With increasing **complexity**, the information that experts and interest group representatives signal in public hearings becomes more important. Hypothesis H1 (informational approach) is supported by the regression results: The independent variable complexity (logged number of articles) is strongly significant, indicating that increasing complexity of a bill proposal increases the odds for a public hearing.

Independent Variable	Model I	Model II
(Intercept)	-3.2395*** (1.1431)	-5.7780*** (2.0804)
Government Issue Divisiveness	-.6417** (.2584)	.32577 (.5263)
Opposition Issue Divisiveness	.4061** (.1633)	.7194** (.3149)
Financial Implications	-.6989$^+$ (.4323)	2.6599 (2.4079)
Logged Number of Articles	.8778*** (.2773)	.8009*** (.2880)
Government Issue Divisiveness x Financial Implications		-1.6419** (.6797)
Opposition Issue Divisiveness x Financial Implications		-.3452 (.3745)
N	143	143
Log likelihood	-88.674451	-82.952625
Chi 2 (p<0.001)	(4)= 19.71	(6)= 31.15
AIC	187.3489	179.9052
BIC	202.1631	200.6452

*** p≤0.01 ** p≤0.05 * p≤0.1 $^+$ p≤0.2, Standard Errors in Parentheses

Table 3.3 Logit Analysis of Factors Influencing the Occurrence of Public Hearings in the German Bundestag

The **partisan approach** assumes that partisan conflicts between government partners or governing partners and the opposition parties influence the occurrence of public hearings. Theoretically, intra-coalitional conflict should reduce the occurrence of public hearings, while increasing conflict between opposition and government should increase the odds for a public hearing. The partisan hypotheses H2.1 and H2.2 both find support in model I: Government issue divisiveness is negatively correlated to the occurrence of of a public hearing, indicating that increasing levels of partisan conflict in a coalition reduce the likelihood for a public hearing. As expected, increasing levels of partisan conflict between

the opposition and the governing parties increase the odds for the occurrence of a public hearing.

Lastly, the **distributional approach** suggests that bill proposals with financial implications are likely to be excluded from public hearings. The more divided government partners are on bills with **financial implications**, the less likely should public hearings be. On the other hand, opposition parties have an interest in upsetting the distributional schemes that governing parties have bargained if they disagree with the content of a bill proposal. I account for these two differing hypotheses of the distributional approach by including interaction terms of government issue divisiveness/ opposition issue divisiveness and financial implications attached to a bill in model II. The regression results are suggestive: With increasing **divisiveness between coalition parties**, bills with financial implications are **less likely** to occur in public hearings. Additionally, the independent variable "government issue divisiveness" loses its significance when controlling for the interaction term. This indicates that both partisan **and** distributional arguments motivate governing partners to reject public hearings. Against expectations, increasing conflict between government and **opposition** does **not** lead to **more** public hearings on bills with financial implications. Financial implications seem to matter primarily to coalition partners, much less to the opposition parties.

The first message we can draw from the analysis is that increasing levels of conflict between coalition partners have an impact on the occurrence of public hearings if proposals include financial implications. This supports both the **distributional explanation** and the **partisan explanation**. Ideological divisions between government and opposition do have a pronounced effect[30]. The **partisan explanation** for the occurrence of public hearings holds at least with regard to oppositional conflict with a government coalition. Calculating the change in odds from the 25th to the 75th percentile of opposition issue divisiveness while holding all other variables at a fixed value, we see a 163% increase in the odds for a public hearing[31]. We find a large and significant impact of bill complexity on the likelihood of public hearings. The **informational explanation** therefore does have an empirical grounding, with an increase of 129% in the odds for a public hearing when switching from the 25th to the 75th percentile

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[30] Thankfully, postestimation procedures identify only five cases which falsely predict a public hearing. The model is therefore suited well to explain the hypotheses.

[31] Technically the change in odds is calculated as $\frac{e^{\beta_0 + \beta_1(\text{woppdivsal 75th percentile})}}{e^{\beta_0 + \beta_1(\text{woppdivsal 25th percentile})}}$

of bill complexity. While financial implications of a proposal do not significantly influence the likelihood for public hearing per se, we find statistical support for a negative effect of the interaction term of government issue divisiveness and financial implications. Public hearings are almost **82% less likely** to be held on proposals with financial implications than on those without[32]. That is, proposals that have financial implications are less likely to be scrutinized in public hearings the more divided government partners are over an issue. This is well in line with the **distributional explanation** that I have proposed previously. In short, the established results imply that public hearings help members of parliament to learn something about the policy proposal, they are less likely in the presence of financial implications and intra-coalitional conflict since this could complicate bargaining in a coalition, and they enable opposition parties to monitor government coalitions[33].

Predictive Marginal Effects for the Occurrence of Public Hearings

Until recently, scholars would generally suffice in presenting large regression tables with significant coefficients as "proof" that proposed hypotheses hold true. But this could be misleading, especially for a nonlinear statistical model. And the above discussion of "odds ratios" that usually follows a logit analysis is unintuitive. Due to the nonlinearity of the logit model, the estimated effect of an independent variable depends on values of all the independent variables in the model (Greene 2003: 675), i.e. the interpretation of the coefficients is not as straightforward as in a standard OLS regression. Instead, the relationship between the change in the value of an independent variable and a change in the likelihood of a positive outcome in a logit regression depends on the independent variable, the starting value of the independent variable and the values of all other independent variables accounted for in the regression model (Long and Freese 2006, 171). For a more

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[32] With the interaction term of wdivsal* budget_signal, we can calculate the odds ratios (financial implications over no financial implications) as the exponentiated coefficient for the interaction term, $e^{\beta(\text{wdivsal}*\text{budget}_{\text{signal}})}=$ .1774. This means that proposals with financial implications are almost 82% less likely to be considered in a public hearing with increasing cabinet conflict compared to bills without financial implications.

[33] The **number of committee referrals** obviously increases the likelihood for a public hearing, since a public hearing can occur in more than one committee on that specific proposal. I have excluded this control since the complexity of a bill is correlated with the number of committee referrals (0.53). A count regression on committee referrals indicates that complexity is the only significant independent variable, i.e. the more complex a bill is the more likely it will be referred to more than one committee. Including the number of committee referrals would therefore only mask the explanatory power of the variable "complexity of a bill". I also exclude **committee size** (i.e. more members of a committee could potentially scrutinize a bill better even without hearings, thus making hearings less likely) since it leaves the coefficients and their levels of significance virtually unchanged and is insignificant itself. Additional results of this regression are reported in **Appendix 2.A**.

intuitive interpretation of the regression results I thus calculate the predictive marginal effects to further investigate the statistically significant relationships34. Before investigating the interaction effect of increasing coalition conflict and financial implications in a proposal, I plot the predicted marginal effects of increasing opposition vs. government conflict and increasing proposal complexity on the probability of a public hearing (**figure 3.1**). Both covariates are highly significant, and both heavily increase the probability that a public hearing will be held (increasing these covariates by one unit and keeping all other covariates at their mean values). Partisan conflicts between government and opposition and parliamentary learning are important factors in explaining the occurrence of public hearings.
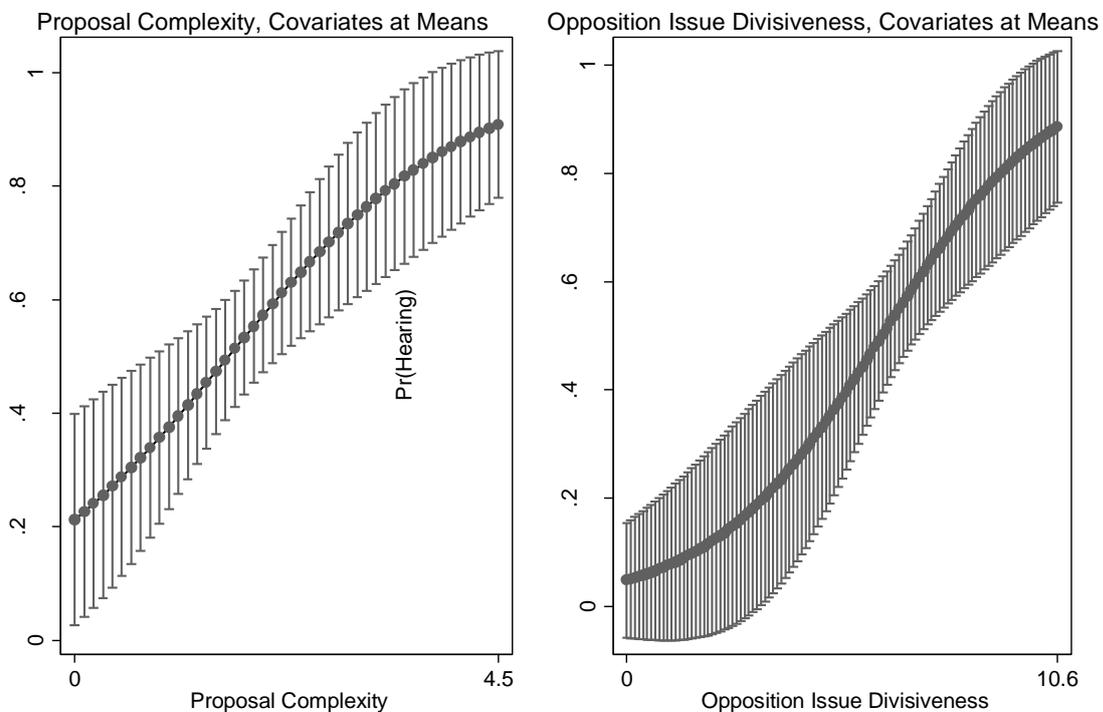
Figure 3.1 Marginal Predicted Probability of Public Hearings: Proposal Complexity, Partisan Conflict

How do increasing coalition conflict and financial implications of a proposal affect the marginal predicted probability of a public hearing occurring? In **figure 3.2** I plot the adjusted predictions for public hearings of bills with and without financial implications for increasing values of coalition issue divisiveness. For medium to high levels of coalition conflict, a proposal that indicates financial implications is substantially less likely to be scrutinized in a

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34 Margins are computed from predictions from a statistical model while deliberately manipulating the values of the covariates (Williams 2012). In Stata (from version 11 on) this can be done with the **margins** and **marginsplot** commands.

public hearing. Bills that have financial implications are less likely to be scrutinized in a public hearing with increasing coalition conflict, even though proposals are more likely to be scrutinized in a public hearing in general. We find a considerable difference between proposals with financial implications and proposals absent financial implications on the likelihood of a public hearing for a large share of coalition conflict values. "Listen carefully" occurs to be empirically grounded advice to coalition partners.
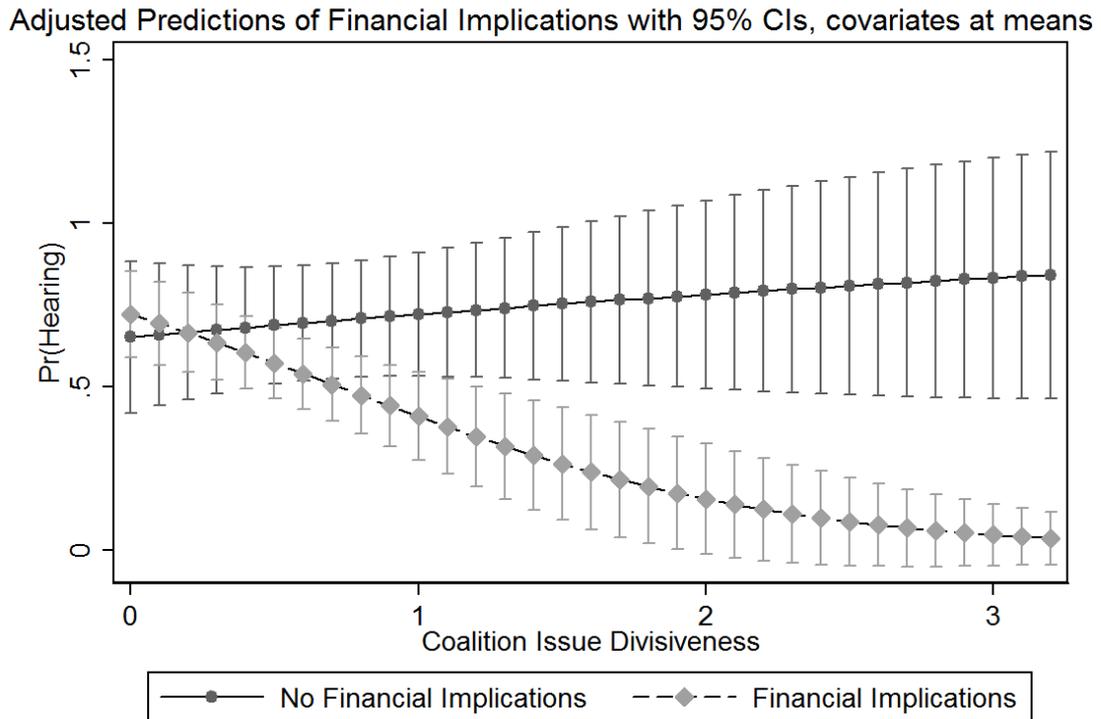
Figure 3.2 Marginal Predicted Probability of Public Hearings by Financial Implications

Summary

Public hearings are one available mechanism for members of the German Bundestag to reduce the transaction costs associated with everyday legislative politics. The occurrence of public hearings is systematically related to the complexity of a proposal even in the presence of partisan conflicts in the German Bundestag. In public hearings, members of a committee gather, process and interpret information from scientific experts and interest group representatives. Public hearings are in this sense an instrument of the legislative body as a whole to enable members of parliament to learn something about the policy proposal.

But parties also employ public hearings strategically as an instrument of legislative scrutiny. While increasing conflict between opposition and government makes public hearings more likely in general, increasing conflict within government coalitions actually makes public hearings much less likely if the bill also has financial implications to be considered. This is sensible, since government partners' bargains could be upset by the intervention or obstruction by experts and interest groups. So while opposition parties do strategically employ public hearings as an instrument of scrutiny, the publicity of hearings is a double-edged sword for coalition partners. Having said that, we need to consider not only why public hearings are used in the legislative context of the German Bundestag, but also what they are actually good for, which will be the focus of the next chapter. As it turns, public hearings influence policymaking in the German Bundestag substantially.

4. What are Public Hearings good for?

Legislative Governance and Oppositional Influence

Neither parties in government nor opposition parties are full of "know it all" politicians. Rather, they frequently resort to external knowledge and expertise by listening to scholars and interest group representatives. Recall the findings of the previous analyses: Public hearings are held when opposition parties and government coalitions are divided over important (i.e. salient) policies. Public hearings on proposals with financial implications can generate interest groups signals that could potentially upset the coalition bargain. That is why policy proposals with financial implications are less likely to be scrutinized in public hearings if the government partners are already divided over the issue. Independent of policy conflict, public hearings occur more often with increasing complexity of a policy proposal.

While we have learned a lot about why public hearings occur in the first place and what makes them more (or less) likely, we still have to find out if they are effective at scrutinizing proposals, given that they take place. How do public hearings influence policy proposals? It is not enough to state that public hearings matter – we need to know **how** they matter in day-to-day politics in the German Bundestag.

As I have pointed out in the course of the preceding discussion, (public) hearings in the German Bundestag can be explained with a transaction-cost-theory approach and its sub-branches. Transaction-cost-theory can explain why public hearings are a sensible control mechanism within a principal-agent relationship to counter moral hazard. (Public) hearings signal effort of cabinet members, are one possible institution within a governance-structure to economize on transaction costs in a political market, and reduce the individual party risk to shirk within the principal-agent-relationship of cabinet and ministers as they signal credible commitment to the coalition compromise when contracts are incomplete. A (public) hearing can identify deviations from coalition compromise and is therefore an information-revealing technology aptly suited for parliamentary scrutiny of cabinet governance.

Moral hazard can occur because of informational asymmetries (who knows what?), redistributive conflicts (who gets what?), and conflicts about how to formulate appropriate policies (who wants what?). The three distinct patterns of legislative organization in the U.S. Congress (informational, distributional, partisan) shed light on the fundamental motivation for calling for a public hearing. Public hearings in principle follow two different goals: They can serve to gather information on policymaking in parliament or serve as an arena for partisan conflicts, both within government and between government and opposition. I deviate here from Martin and Vanberg (2011) in arguing that the opposition **does** have influence on policymaking in committees by significantly lengthening the time that a bill proposal is considered in a committee.

I intend to show that public hearings can both serve as instrument of legislative governance for government coalitions **and** as an instrument of oppositional delay for governmental policymaking and thus influence both the **content** of a bill proposal and the time (i.e. its **duration**) that is being spent on scrutinizing the proposal in a committee. Even though public hearings are less likely in the event of policy conflicts between coalition partners they nonetheless influence policy proposals. The main goal of this chapter is to show how. I first

review the literature on legislative governance and highlight the results of Martin and Vanberg's (2011) model of parliaments as policing institutions. If parliaments and their committees enable coalition partners to reliably implement coalition compromises then public hearings should be one feasible mechanism to reach this goal. A first step in my analyses will be to show that the right to hold a public hearing is one aspect of parliamentary committee strength. While the results indicate that public hearings do indeed strengthen parliamentary committees, they are just one of many possible "alternative governance structures", which is why I additionally take a closer look at public hearings as an important aspect of strong legislatures and account for several control mechanisms (junior ministers, committee chairs, public hearings), both theoretically and empirically. The statistical analyses suggest that – depending on coalitional or oppositional levels of conflict – public hearings both influence the number of article changes on a proposal in committee and the time that is being spent on scrutinizing the bill proposal.

Legislative Governance

The problem of controlling cabinet ministers has been frequently addressed as a delegation problem within multi-party coalition governments (Andeweg 2000, Hallerberg 2000, Müller 2000, Strøm 2000, Thies 2001, Martin and Vanberg 2005). As Hallerberg (2004) aptly states "agency losses can translate into lost votes" (14). It is therefore in the interest of the cabinet as a whole to closely monitor the behavior of individual ministers. There is growing evidence that coalition members can use the parliamentary process to mitigate "agency loss" that they incur from delegating proposal power to the others (Martin and Vanberg 2004, 2005, 2011)[35]. Coalition governments face agency problems. To tackle the risk of ministerial drift, they install junior ministers (Thies 2001, Verzichelli 2008, Martin and Vanberg 2011). Cabinet governments install coalition committees, formulate policy agreements or screen ministerial candidates (Müller and Meyer 2010). Coalition partners successfully secure committee chairs to "shadow" partner ministers (Kim and Loewenberg 2005, Carroll and Cox 2012, Fortunato, Martin and Vanberg n.D.). Cabinet members engage in oversight activities at the legislative (Martin and Vanberg 2004, 2005, 2011). One mechanism that has not been

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[35] On the other hand, Hallerberg (2004) identifies Germany as a "delegation state", where "parliaments have little power. The most important things parliaments do in these countries seemingly is to elect the government and then to get out of the way once the government is installed"(32). Parliaments in delegation states are expected to be "relatively powerless in both its ability to affect legislation that comes from the government and will have little ability to collect much information on that legislation."(23) Hallerberg expects information collection to be severely restricted in delegation states, an argument that stands in contrast to the informational explanation of public hearings.

addressed yet in a systematic manner is *public hearings* at the committee stage. As I will argue, public hearings can be such an "oversight activity": Hearing experts on a policy proposal may reduce informational asymmetries, force the proposing minister to clarify his position and signal policy intention through the strategic selection of experts to be heard. *Public hearings have the potential to serve as a mechanism for legislative oversight within committees.* But while they are a probable mechanism because they can create audience costs, this also makes them *less* likely given cabinet conflict. I draw on legislation data for the Bundestag to argue that public hearings are strategically used to counter ministerial drift only as a last resort. Public hearings are actually less likely for proposals on which the government is divided, but if a hearing does take place on such proposals it will generate more amendments. By holding a public hearing the proposing minister can be perceived as either unresolved or incompetent. Because public hearings can generate more media visibility, this furthers compliance of a minister with a coalition compromise. Public hearings serve as an important mechanism to create cabinet stability as these audience costs associated with a public hearing reduce ministerial drift.

Public Hearings and the Strength of Committees

What makes legislative committees strong enough to counter ministerial drift? Martin and Vanberg (2011) have made the commendable effort to extend the classification of weak and strong legislatures (e.g. Lijphart 1984) by emphasizing the significance of information gathering and amendment rights of ministerial proposals. Although the focus of my research is on the German Bundestag, I replicate and extend their analysis of different features of legislative committees by introducing the right to hold a public hearing as an additional aspect of parliamentary committee strength. By doing so, I hope to add to the knowledge we have on how the legislative process is beneficial to resolving coalitional conflict and stabilizing coalition government.

Martin and Vanberg consider eight aspects of policing strength for sixteen West European parliaments (see **table 4.1**). They are primarily interested in one conceptual dimension of parliamentary strength, i.e. "the power of legislators to 'police' government ministers in the process of legislative review" (MV 2011, 47). To validate their decision to retain only one

dimension, MV visually inspect the Eigenvalues from a principal component factor analysis of these eight variables for the sixteen West European parliaments[36].

Type	Feature	Description
Structural	*Number of Legislative Committees*	More committees can oversee the work of ministers better
Structural	*Correspondence to Ministerial Jurisdictions*	Specialization along the jurisdictional boundaries of a ministry enables better scrutiny in committees
Structural	*The Size of Committees*	Large committees discourage specialization by their members, thus inhibiting the ability of a committee to effectively scrutinize proposals
Structural	*Binding Plenary Debate*	Deliberation and proposals for change are less likely if a constraining plenary debate is held before the committee stage
Scrutiny	*Right to Compel Witnesses and Documents*	The ability to force ministers and civil servants to hold witness or deliver relevant documents is an advantage for committees to scrutinize legislation
Scrutiny	*Rewrite Authority*	Committees with the ability to amend proposals are more powerful than committees that can only sponsor a amendments on the floor
Resistance	*Urgency Procedure*	If ministers can declare proposals "urgent" and thus reduce the amount of time available for consideration, this diminishes a committee's ability to scrutinize a proposal effectively
Resistance	*Guillotine Procedure*	Ministers have an advantage against committee scrutiny if they can reject amendments
Scrutiny (New)	*Public Hearings*	Committees who can call for external expertise in public hearings can scrutinize government proposals more effectively

Table 4.1 Factors of Policing Strength in Western European Parliaments (MV 2011, 44-45)

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[36] The sixteen West European Countries are (in alphabetical order): Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom (MV 2011, 50).

I replicate the inspection and include public hearings as an additional variable. The resulting scree plot (**figure 4.1**) of the extracted variance of each factor that could potentially be kept corroborates the initial results, i.e. a single underlying factor explains most of the variation in the variables, even though it explains less (almost 50 percent) compared to the original analysis (almost 60 percent). Nonetheless, as in the original analysis, the second factor explains remarkably less total variance (below 15 percent), after which it "levels off" (Cattell 1966). The addition of public hearings therefore only strengthens the evidence that the now nine variables are strongly associated to a single underlying dimension (MV 2011, 49).

The different components of MV's measure of parliamentary policing strength are correlated to one underlying dimension as theoretically expected: Legislatures with strong committee powers have many comparably small committees corresponding to ministries and with the authority to rewrite proposals and demand written or oral witness. On the opposite, legislatures with weak committees have large committees unrelated to ministries that can make use of the urgency or guillotine procedure. I extend their analysis by an additional component, the right of a committee to hold a public hearing with external expertise (interest groups, scientists).
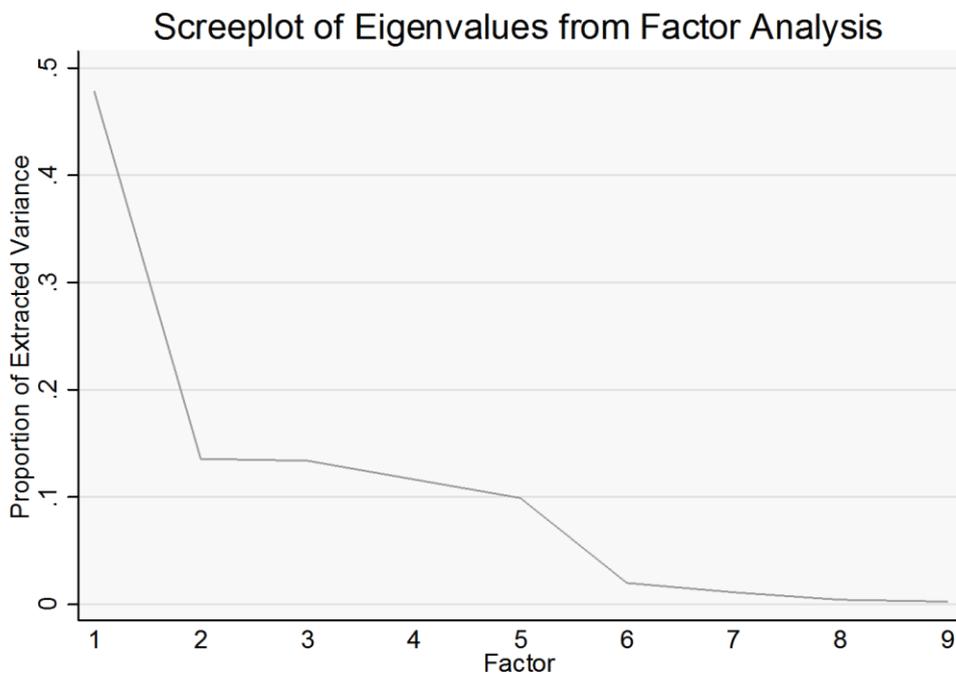
Figure 4.1 Screeplot of Eigenvalues from Factor Analysis

As can be seen in the following table (**Table 4.2**), the sign of the loading for public hearings is as expected. Parliaments tending towards one side of the dimension have a high number of small permanent committees mirroring ministries, can rewrite government bills, demand documents and witnesses *and can hold a public hearing*. At the same time, parliamentary systems on this side of the dimension grant their ministers no urgency or guillotine procedure. Parliaments with the possibility to hold public hearings in committees lean to the policing strength side of the dimension. Public hearings are only weakly related to the underlying dimension (just as the authority to compel or rewrite), but "As long as ministers do not have the ability to curtail amendments, the ability to offer an amendment and force a vote should be sufficient for effective legislative scrutiny" (MV 2011, 50).

Variables	Loadings (MV)	Coefficients (MV)	Loadings (extended)	Coefficients (extended)
Number of Permanent Committees	-0.886	-0.200	-0.8845	-0.20552
Surplus of Permanent Committees to Ministries	-0.839	-0.189	-0.8485	-0.19717
Committee Size	0.820	0.185	0.8095	0.18809
Binding Plenary Debate before Committee Stage	0.666	0.150	0.4455	0.10351
Authority to Compel	-0.231	-0.052	-0.2180	-0.05065
Rewrite Authority	-0.354	-0.080	-0.3510	-0.08155
Urgency	0.900	0.203	0.9163	0.21290
Guillotine	0.914	0.206	0.8941	0.20774
Public Hearing			**-0.3715**	**-0.08631**

Table 4.2 Factor Analysis of Legislative Policing Strength

In public hearings, experts' statements help members of a committee to get a grip on complex bill proposals, evaluate their potential consequences and control for deviations from a coalition contract or compromise. As I will show in an analysis further ahead, public hearings increase the number of amendments to a bill if government partners are highly divided over an issue. The possibility to call for a public hearing increases the ability to offer an amendment. The results from the extended principal components factor analysis support

the proposed relationship between structural and procedural features and policing strength of parliaments (ibid.) – and most importantly, public hearings are part of these features.

Predicting the factor scores for the sixteen European parliaments under study using the score coefficients from table 4.2, **figure 4.2** reveals almost identical differences between European legislatures as the original graph (MV 2011, 50). Both the low and high ranked countries are identical, with Greece, France, Ireland and the United Kingdom having legislatures poorly equipped to monitor ministerial behavior. Interestingly, when accounting for public hearings, Spain turns out to be an even weaker legislature (from 8th rank to 12th rank), while Norway, Italy, Belgium and Portugal move one rank up. Public hearings are one of many instruments and mechanisms not just in the German Bundestag but in many Western European parliaments to enhance their policing strength. Having laid out the relationship between policing strength and public hearings, I now turn to the relationship of public hearings and cabinet scrutiny, alternative governance structures and oppositional delay in the German Bundestag.
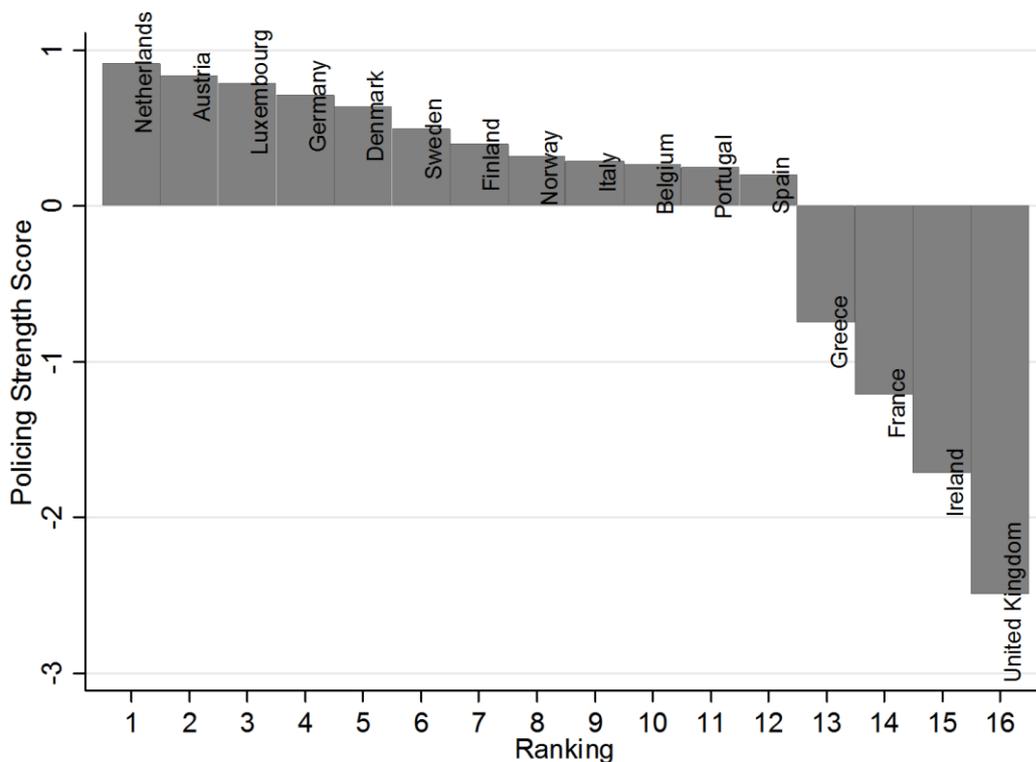
Figure 4.2 Ranking of Policing Strength for Sixteen European Parliaments

Parliaments as Policing Institutions

Public hearings have occasionally been taken into account in the literature on the strength of parliamentary committees. In consensual democracies, such as Germany, the most important legislative work takes place in committees. Bills typically go to committees before being debated by the floor of the parliament. Rightly then, Martin and Vanberg locate strong standing committees in parliamentary systems with proportional representation rules (Martin and Vanberg 2005, 97, cf. Powell 2000, 34). Following Mattson and Strøm (1995) and Kim and Loewenberg (2005), parliamentary committees should be more effective controllers than the plenary due to specialization. Thus the occurrence of public hearings in committees may serve to counter ministerial drift. While Krehbiel (1991) expects public hearings to signal to other legislators the general quality of a bill, Hallerberg's (2004) findings indicate that hearings rather serve as an opportunity for members of parliament to publically voice any disagreements they have with the government. Mattson and Strøm (2004) find little evidence for Krehbiel's hypothesis, since the fate of bills is hardly correlated with the work of committees. Damgaard and Mattson(2004) conclude that conflict in committees was more likely if hearings were held.

Public hearings can fulfill the function of scrutiny in the presence of partisan conflicts. As Sieberer (2011) clarifies in a factor analysis of indicators for established measures of legislative and control resources, Western European parliaments can independently influence policymaking apart from legislating. Cabinet scrutiny is such a possibility of influencing policymaking. In the following paragraphs I review the commendable theoretical and empirical advances Martin and Vanberg (2011) have made in explaining coalition governance. Highlighting the most important aspects of their work, I argue that public hearings are a promising specific mechanism that makes committees an ideal arena of cabinet scrutiny. Since the Martin and Vanberg (MV) model of cabinet scrutiny is the theoretically and analytically most advanced approach to coalition governance and delegation currently available, I build upon their work to analyze public hearings in the German Bundestag. Indeed, as I will spell out in the following paragraphs, public hearings are a sound example of a parliamentary institution of cabinet scrutiny.

MV outline their approach in contrast to Laver and Shepsle's rigorous deductive theory of *ministerial party government* (Laver and Shepsle 1996), in which ministers are such strong actors in their portfolios that they cannot be constrained by joint policy agreements:

> Given the intense pressure of work and lack of access to civil service specialists in other departments, it seems unlikely that cabinet ministers will be able successfully to poke their noses very deeply into the jurisdictions of their cabinet colleagues. This implies that ***members of the cabinet will have only very limited ability to shape the substance of policy emanating from the department of a ministerial colleague***, an assumption that has received empirical support from a number of country specialists (Laver and Shepsle 1996, p. 32, my emphasis).

Their groundbreaking parsimonious work raised criticism, especially from empirically oriented scholars (e.g. Dunleavy and Bastow 2001, Martin and Vanberg 2004, 2005, Thies 2001). While each minister would benefit from such a "policy dictatorship", the coalition as a whole would create Pareto-inefficient policy outputs (MV 2011, p. 17). As Martin and Vanberg concisely point out

> The key problem confronting multiparty governments is that, given the strong policy-signaling incentives confronting ministers as they draft policies, reaping the benefits of mutually beneficial compromises requires mechanisms that allow parties to make reliable implementation of compromise possible despite the constant temptation confronting each coalition partner to deviate from such agreements (p. 18)

I argue that public hearings are exactly such a mechanism that allows parties *"to make reliable implementation of compromise possible"*. Whether or not a minister deviates from compromise can only be identified in the presence of an information-gathering technology that comes at a cost to *both* coalition partners. By holding a public hearing, a minister can credibly signal his resolve to actively represent party supporter's interests. On the other hand, a public hearing can signal deviation from a coalition compromise or, even worse, policy incompetence by the minister. Thus both minister and government partner only have an incentive to use public hearings as an ultima ratio, i.e. when government conflict is sufficiently high and policy losses loom large. Otherwise, public hearings will simply create audience costs bound to harm the whole coalition. Public hearings are less probable for proposals contested within a coalition. But when they occur they should have a pronounced effect both on the content and the duration of policy proposals in committee. This should be especially evident in the presence of partisan conflicts.

Without addressing public hearings explicitly, MV set the stage for this instrument early on, as "One consequence of the growing importance of technical expertise on policymaking has been an increasing reliance on institutions and individuals who are able to supply specialized

knowledge" (MV 2011, 8f.)[37]. Public hearings are exactly such an institution available to parliamentary committees. By inviting and hearing individuals (scientists, interest groups, bureaucrats) members of a committee can be supplied with "specialized knowledge". Cabinet delegation entails a drawback to cabinet stability as the minister can draft proposals with an informational advantage and other members may find it difficult to challenge these proposals without the relevant background knowledge (p. 10). One instrument to challenge these proposals is to invite experts with the relevant background knowledge to a public hearing who can then signal conformity or deviation from a coalition compromise or comment on the proposed link between a policy proposal and the intended policy output.

As the coalition government parties play a "mixed motive" game to secure both policy gains and reelection chances by catering to citizen support, parties have to show their supporters that they are seriously considering constituents' concerns, both during coalition negotiations and government participation (p. 12). Controlling the issue of moral hazard (shirking) is therefore paramount to the stability of a coalition cabinet, as parties have strong reasons to use the ministries they control "to engage in 'policy-signaling' by drafting and introducing bills that are likely to be greeted favorably by the constituents whose support they are attempting to win" (p. 13).

Parliaments and Cabinet Scrutiny

Martin and Vanberg model governance as a game between two players, a *minister* who can propose a *moderate* bill (in line with the coalition compromise) or a *radical* bill (policy signaling to constituencies), and a *partner*, who can decide to *scrutinize* the proposal. In addition to the policy payoff to the minister implementing the moderate or radical bill, MV allow for a "position-taking benefit" β capturing the electoral incentives confronting the minister. Since the minister enjoys an informational advantage, MV assume two possible states of the world, one in which a moderate bill is not feasible as the nature of the policy environment does not allow for it, and one state of the world in which the radical bill represents an attempt by the minister to deviate from the coalition bargain. While the minister can distinguish between these two states of the world, the partner cannot.

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[37] This is not to say that MV are not aware of the hearing-scrutiny nexus. With regards to committees in Western European parliamentary systems they state that these "typically have broad investigative powers, including the **right to schedule hearings,** call witnesses, subpoena relevant documents, and ability to propose amendments." (Martin and Vanberg 2004, 16f. my emphasis)

Therefore, the partner has to invest in gathering further information: "Given the informational advantage a minister possesses, a coalition partner must expend resources to scrutinize ministerial policy proposals to determine the consequences the bill is likely to have, to identify feasible alternatives, and to draft the necessary statutory language."(20f.)

But this scrutiny can also impose costs on the minister, e.g. reputation costs for ineffective bills, the negative impact on the coalition due to the abuse of power of the minister by creating distrust, and opportunity costs for having spent time on a futile bill. As the authors state in a footnote, "The critical part of the argument we develop here is that ***the institutional structure of the policy-making process shapes these costs***, and that coalition partners will be able to effectively scrutinize ministerial draft bills under certain conditions"(MV 2011, 21, Footnote 12, my emphases). Simply stated, *public hearings* **are** part of the institutional structure and thus (significantly) shape the costs of scrutiny **and** define the conditions under which the scrutiny of ministerial draft bills is effective. While MV do not explicitly relate their approach to audience-cost-theory, the *"reputation costs for ineffective bills"* can only occur in the presence of a relevant audience. Public hearings can create such an audience and are therefore ideally suited to scrutinize ministerial draft bills. I will return to this in chapter five on audience-cost-theory.

Since the partner has to update his beliefs about the minister's behavior in light of the uncertainty surrounding the state of the world, MV 2011 solve the model for Perfect Bayesian Equilibrium, i.e. the players' beliefs are derived from Bayes' rule wherever possible and players' strategies are sequentially rational given their beliefs. The **ministerial autonomy** equilibrium most closely resembles Laver and Shepsle's Portfolio Allocation Model: ministers are free to propose a policy and the partner never scrutinizes the proposal. Naturally, this occurs only for issues with a very small preference divergence, i.e. the costs for scrutinizing are higher than the expected policy benefits from scrutiny. As MV remark in a footnote to this equilibrium, "The more resources are required to scrutinize ministerial draft bills, the larger preference divergence can become before ministerial autonomy can no longer be sustained" (22, footnote 15). The **coalition squabbles** equilibrium exists for intermediate levels of preference divergence. Ministers will sometimes use their discretion to deviate from coalition compromise and partners will selectively check the proposal by a minister. In the **maximal position-taking** equilibrium, the minister always prefers to

introduce the radical bill in order to capture the position taking benefits, even though the proposal will always be scrutinized by the partner. In case the moderate bill is feasible, this leaves the minister unable to implement the radical bill. Nonetheless, this is outweighed by the position-taking benefits.

Public Hearings and Cabinet Scrutiny

Martin and Vanberg partially test the empirical implications of their theoretical model by focusing on ideological divergence while leaving the importance of position-taking (the **β** capturing the electoral incentives confronting the minister) unspecified in their later empirics. Holding constant the importance of position-taking, they nevertheless observe an increase in scrutiny with growing ideological divergence, so there is some credence not to operationalize this aspect of the model. As I will argue later on, public hearings are a sensible instrument of parliamentary scrutiny not only because they introduce external expertise in the hearing itself, but because the publicity of the hearing creates audience costs that help government partners keep their coalitional promises. Interestingly, MV already argue in this direction:

> The policy-signaling incentives confronting ministers, coupled with the need to delegate drafting authority to them, generate a dynamic in which ministers will attempt to undermine coalition compromises by *"playing to their audiences"* with the draft bills they introduce. Where the damage of such ministerial drift is sufficiently serious, coalition partners take advantage of amendment opportunities to "pull back" proposals by particular ministers. (MV 2011, 25, my emphasis)

As I suggest later on, "playing to their audiences" resembles audience cost theory, thus an extension from hearings to audiences is warranted. But this uncovers an important question: *Who would want to carry out a conflict in front of the opposition?* Only if the benefits (position-taking) for the ministers or the benefits (policy compromise) for the partner are sufficiently large should we observe public hearings at all since rational actors anticipate the audience costs of a public hearing. Thus, they both would want to minimize the risk of generating these costs in the first place, unless there are electoral or policy benefits associated with the costs of a public hearing. In principle then, both minister and coalition partner can benefit from a public hearing. The minister can signal her position to her audience while the partner can benefit from the policy compromise they will achieve by scrutinizing.

In the ministerial autonomy and coalition squabbles equilibrium the coalition partners will sometimes scrutinize, sometimes not, as long as the costs for scrutiny are not overly large. Thus we should observe little to no effect of low to medium government issue divisiveness on the likelihood for public hearings. But for large levels of conflict, the costs for scrutiny increase substantially in public hearings for the coalition as a whole because of the audience costs they generate. With a public audience, ministers risk being stamped as incompetent or unfaithful, because "One can imagine that there are fears that open disagreements among committee members from coalition partners may damage the coalition more generally, and it is better that the public and the press do not follow the discussions directly"(Hallerberg 2004, 29). The ministers therefore have to fear both the electoral repercussions and the consequences on their ministerial careers by being publically embarrassed. In general, disagreements among coalition partners should not increase the use of public hearings. Higher levels of government issue divisiveness should lead to fewer public hearings, as cabinet members will anticipate the associated audience costs if the coalition were to overtly fight over a contentious issue. At the same time, conflicts between opposition and government should significantly increase the likelihood of a public hearing. In chapter three, we already uncovered substantial support for an increase in the likelihood for a public hearing if oppositional conflict was present and a decrease for proposals that are contested within a coalition and have financial implications.

Theoretically, public hearings are suited to address several issues surrounding parliamentary scrutiny: They grant coalition partners access to similar information, help evaluate the justifications offered by the minister for proposing a specific bill, and can translate effective scrutiny into policy change (see MV 2011, 27). In agreement with MV (2011, 31), I argue that public hearings as a strategic instrument of parliamentary committees supply parties that do not control a ministry with policy-relevant expertise. The invited experts (either scientific or interest groups) can signal the quality of particular choices embodied in a bill or inform the committee as a whole on the feasibility of a proposal. As MV rightly point out, "institutions at the *legislative* can provide an important substitute for, and complement to, cabinet-level institutions…Because legislative scrutiny and correction takes place *after* bill introduction, it does not threaten ministerial credit-claiming, and may therefore encounter less ministerial resistance"(33f.).

H4.1 (Cabinet Scrutiny)

The more divided governing parties are on an issue, the more article changes will be made following a public hearing.

While there should be fewer public hearings on policy proposals that are highly divisive for a cabinet – and indeed this is what we empirically find for bills with financial implications – we should empirically observe a relationship between the number of proposed article changes to a bill proposal and government issue divisiveness in the rare case a public hearing is held nonetheless. The interaction of divisiveness and a public hearing should be an important driver in explaining parliamentary scrutiny (i.e. number of amendments; duration of a proposal in committee). Public hearings scrutinize ministerial proposals – but *only* if nothing else works, since the cabinet as a whole has to bear out the audience costs associated with the publicity of the hearing.

Alternative Governance Structures

In order to explain the use of public hearings in the German Bundestag appropriately, we need to take alternative governance structures guiding coalitional conflicts into account. The extant literature on coalitional governance has made substantive progress in identifying several instruments for coalitional control and monitoring: Coalitions employ several "governance structures", i.e. different instruments to tackle the difficulties of moral hazard associated with the division of labor in cabinet (Andeweg 2000, Hallerberg 2000, Martin and Vanberg 2005, Müller 2000). Established instruments are writing down extensive policy agreements (Müller and Strøm 2008), checking ministers in parliamentary institutions (Martin and Vanberg 2004, 2005, 2011), or shadowing ministers with "watchdog" junior ministers (Thies 2001, Verzichelli 2008, Lipsmeyer and Pierce 2011). Additionally, coalition partners can stabilize government by excluding divisive issues from the coalition's agenda (Timmermans 2003, 2006) or installing shadow committee chairs (Kim and Loewenberg 2005, Cox and Carroll, 2012, Fortunato, Martin and Vanberg n.D.). While there has been remarkable progress on identifying these unique control mechanisms, the transaction-cost approach of comparative institutional analysis for identifying the ideal combination of mechanisms is still open for application. I take a closer look at public hearings as an important aspect of strong legislatures and account for several control mechanisms (junior ministers, committee chairs) in my empirical analyses.

Committee Chairs and Public Hearings in the German Bundestag

As Carroll and Cox (2012) show, shadow chairs are more likely to be placed opposite ministers from more ideologically divergent parties. This relationship intensifies with stronger committee systems. Fortunato, Martin and Vanberg (N.d.) suggest, this is "presumably where shadow chairs may be more effective in their charge." Why may this be true? Because the strength of a committee could be closely connected to its possibility to hold a public hearing, this in turn is a precise mechanism of scrutiny at the hands of the committee chair. Fortunato, Martin and Vanberg (N.d.) provide evidence that when a coalition partner controls the chairmanship of the committee in charge of reviewing the proposal, more extensive changes are made to ministerial proposals than when the minister controls the chairmanship. If, as currently is stated in the reviewed literature, the strength of committees and the chairmanship of a committee both reduce ministerial drift, we are led to ask: why?

Chairmanship could matter because of the ability to call for a public hearing. In that case, public hearings should occur more often in committees whose chair is held by a coalition partner to shadow a coalition minister. While there have been studies showing that the chair of a committee matters for mitigating ministerial drift, they do not show why the chair should matter. In the standing order of the German Bundestag (GOBT), the rights and duties of the committee chair are listed in § 59-61:

1. Preparation and chairing of committee sessions (§ 59,1)
2. Setting the agenda (§ 61,1)
3. Ending of sessions (§59, 4)
4. Timing of committee sessions (in accordance with the time schedule arranged by the committee of elders) (§60, 2+3; §61,1)

Even though the committee chair may set the agenda and date for a session, he is severely constrained by additional rules which permit the committee as a whole to decide or even change the agenda by majority. Holding an extraordinary committee session can only be decided by the committee chair if either a faction, five percent of all members of parliament (currently 31), or a unanimous committee demand so and the president of parliament has given permission. It is therefore not at all clear, why holding a chair in committee should be an advantage for scrutinizing policy proposals of government partners in the German

Bundestag. It could be through public hearings that the partisanship of a committee chair matters. But a fourth of all committee members is needed for a decision to stage a public hearing, which denies the committee chair any pivotal role. To argue that a committee chair's proposal to hold a public hearing will be granted more serious consideration and eventually lead to a higher likelihood of a public hearing seems farfetched given the standing orders. We should therefore see little to no effect of committee chair ownership on the occurrence of public hearings.

H4.2.a (Public Hearings and Committee Chairs)

Whether a committee chair is held by a governing partner or not has no influence on the occurrence of public hearings.

Junior Ministers and Public Hearings in the German Bundestag

Whereas Thies (2001) and Martin and Vanberg (2011) conclude that junior ministers reduce the likelihood of ministerial drift, Lipsmeyer and Pierce(2011) contend that strong committees significantly reduce the likelihood of junior ministers being used as a monitoring instrument. A strong committee system reduces the chance of an oversight junior minister by 13%. While this relationship is relevant for comparative analyses, this is less of an issue for the study at hand. Given that the German Bundestag has a strong committee system **and** that cabinet partners shadow each other's ministerial discretion in the German Cabinet, we can safely assume that junior ministers, ceteris paribus, reduce the likelihood of public hearings, because they already reduce the likelihood for ministerial drift. The moral hazard associated with the discretion available to ministers in drafting bill proposals creates an almost inherent risk for intra-coalitional conflicts. The cabinet as a whole has a pronounced interest in keeping such conflicts off records. Any mechanism at the cabinet-stage to reduce ministerial drift will be preferred to the committee-stage instrument public hearing and should reduce the application of the latter.

H4.2.b (Public Hearings and Junior Ministers)

The presence of junior ministers controlled by a governing partner make the occurrence of public hearings less likely.

The strength of committees significantly matters in choosing institutional solutions to ministerial drift. In Germany, junior ministers are a pre-committee solution, while public hearings are an at-committee solution. While I argue that public hearings lie at the heart of strong committees (cf. Mattson and Strøm 2004), this will actually make their occurence less likely given intra-coalitional debate on a proposal.

The time of deliberation on a bill in a committee and the use of a public hearing with regards to a specific bill both serve as indicators for investment in committees, implying that "hearings or subcommittee deliberations are presumably at least positively related with the seriousness of committee scrutiny" (ibid., 105). A note of caution is warranted: The time of deliberation on a bill is by no means independent of the use of public hearings. Mattson and Strøm refer this question for future investigation, as their data does not allow for studying this question due to missing observations. As will be shown in the empirical analysis, public hearings significantly lengthen the time a bill is being processed in a committee in the presence of opposition conflict. In the end, it is not so much the duration of a bill in committee but the possibility to question experts and interest groups on a policy proposal that enables government partners to scrutinize each other effectively in committee. Experts and interest groups serve as "fire alarms", while coalition partners can "police patrol" each others' strategic statements during a public hearing. Public hearings combine both mechanisms effectively. Public hearings make "fire alarms" more likely (McCubbins and Schwartz 1984, Saalfeld 2000). This is so because invited experts often advocate for a specific interest group. By creating strong incentives to "fire alarm" abusive proposals, advocacy can enhance the integrity of decision making (Dewatripont and Tirole 1999).

Public Hearings and Oppositional Delay

Specialization and delegation of work enable in detail advice with a large number of amendments both from government **and** opposition (Ismayr 2001: 215-290). At the same time, opposition parties are said to have **no** ability to gain position taking benefits by initiating proposals or scrutinizing bills in committees (Sebaldt 2001, 145), since their proposals or amendments are almost never accepted by the governing majority in a committee. Powell (2000) offers a competing view on oppositional influence: Taking into account Strøm's "influence of the opposition" index (Strøm 1990, 71), and relying on articles in Doering (ed. 1995), Powell classifies Western European parliamentary systems according to legislative decision rules. Germany stands out as one of the countries in the top group

where "the combination of many committees whose specialization corresponds to government departments and sharing chairs with the opposition suggests substantial opportunities for the opposition to influence legislation" (Powell 2000, 35). The number of amendments in a committee should then relate to some measure of opposition divisiveness as an indicator for the oppositions' ability to influence a government policy. Martin and Vanberg (2011) find no evidence for a direct relationship between the number of amendments and opposition issue divisiveness. They conclude that opposition influence is modest if at all existent. Yet, as I intend to show, *public hearings* are related to opposition issue importance (i.e. saliency) and legislative delay. The opposition does have influence, albeit in other ways than being responsible for the number of amendments. Since committee members in Germany are selected according to seat share, public hearings do not influence the number of amendments in the presence of opposition issue divisiveness, because opposition parties cannot influence government proposals effectively. But they do influence the time a proposal is being considered in a committee. As Martin and Vanberg (2004, 17) point out, a study on legislative oversight might involve an analysis of hearings. Regarding legislative oversight, they argue that scrutiny of legislation requires time because of "e.g., committee *hearings*, contact with outside experts and interest groups, etc.". This will serve as a point of departure for the following arguments relating opposition conflict to public hearings and legislative delay.

Governments and their ministers usually have a strong interest in appearing successful and "actionable", i.e. implementing the policy they have proposed or promised. Failing to implement a proposed policy can give the impression that the government or minister is either incompetent, unfaithful or powerless, thus "apart from anything else, failure "looks bad" in front of the electorate" (Manow and Burkhart 2007, 169; cf. Heller 2001, Huber 1996). Delaying governmental lawmaking can therefore create electoral benefits for the parliamentary opposition, especially on issues that are highly salient to the opposition. The opposition has a pronounced interest in using available parliamentary instruments to extract information from government, but it

> ...may have little incentive to pursue a competitive strategy that requires parliament to share information efficiently with the electorate. If the opposition can quietly exert influence on government policy via parliamentary committees...it may have little incentive and credibility

to engage in a constant parliamentary battle with the government."(Saalfeld 2000, 367; cf. Saalfeld 1998: 66-67)[38].

This is the case in Germany, where committees are free to rewrite government text and there is a committee stage before the final plenary session on a bill proposal (Saalfeld 2000, 368). This means that public hearings in the committees of the German Bundestag are not only a strategic instrument of coalition partners to monitor compliance with a coalition compromise but also an attractive instrument of the opposition to make government "look bad" in front of the electorate. As the committee seats in Germany are allocated according to seat share in parliament, the governmental majority always enjoys the majority of seats in a committee as well. Therefore, there is no reason to believe that the opposition should be able to assemble a majority in a committee to pass oppositional amendments to a ministerial bill proposal. This is in line with the results of Martin and Vanberg (2005, 2011) who find no relationship between opposition issue divisiveness and the number of amendments to a bill proposal. Complementing their study on parliamentary scrutiny and legislative delay (Martin and Vanberg 2004) I suggest that **public hearings can significantly delay policymaking** in committees of the German Bundestag on issues that are highly important to the opposition. A public hearing entails meticulous preparation in committee, e.g. assembling questionnaires, monitoring and selecting experts and interest group representatives, granting experts time to answer questions related to a bill proposal, holding the hearing itself, evaluating the results of a public hearing. This alone should increase the time being spent on a proposal compared to bills where no public hearing occurs. Additionally, previous results (chapter 3) suggest that public hearings are more likely in the presence of opposition issue divisiveness, i.e. on proposals that are of importance to the opposition and that divide them ideologically from the government coalition. This indicates a relationship between public hearings, opposition issue divisiveness and legislative delay.

H4.3 (Public Hearings and Oppositional Delay)

With increasing policy conflict and importance of an issue to the opposition, public hearings increase the number of days spent on a bill in committee.

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[38] The availability of public hearings as an instrument of scrutiny in committees of a parliament should therefore reduce the likelihood of parliamentary modes of monitoring and control such as written and oral questioning or interpellation. I leave this interesting aspect to future research.

Indeed, public hearings may be a driving factor behind legislative delay in the German Bundestag. To empirically investigate this claim, I extend Martin and Vanberg's (2004) analysis on the duration of draft bills in the German Bundestag. They conclude that draft bills with ideological divisions between coalition partners take longer to enact and that those bills especially important to coalition partners are likely to pass more quickly through the legislative process, in their own words, "the types of bills least likely to be put to a legislative vote on a given day are those dealing with less salient issues or with issues that divide the members of the coalition" (Martin and Vanberg 2004, 23). Interestingly, they find no evidence that bills dividing opposition and government are likely to face legislative delay, while bills that are highly important to the opposition are actually less likely to pass through legislation more swiftly. While this observation is only a side effect of their initial analysis, evaluating it through the lens of public hearings is one of the central tasks of the following empirical evaluation. If public hearings delay the legislative process this should be all the more visible for those proposals that are either highly important to the opposition and ideologically divide opposition and government.

Empirical Analysis

Having established the theoretical groundings for public hearings under various circumstances (cabinet scrutiny, alternative governance structures, and oppositional delay), I empirically investigate the proposed relationships. I apply the same dataset as in chapter three (see p. 57ff.), which covers all relevant dependent and independent variables needed. I compare the number of proposal changes for high and low values of government issue divisiveness to show that proposals with lower levels of intra-coalitional levels of conflict are more likely to be scrutinized in public hearings. Strikingly, a simple group t-test on article changes indicates that even on highly divisive proposals that are relatively less likely to be scrutinized in a public hearing, a public hearing on such a proposal greatly increases the number of article changes to a bill. These first results are corroborated by a Negative binomial regression on the number of article changes. The coefficients drawn from the regression model suggest that a one standard deviation increase in intra-coalitional conflict increases the number of article changes by 33.50 % in the event of a public hearing. In other words: If coalition parties fight over an issue and a public hearing is held, this explains a third of all resulting article changes to the bill proposal. I estimate a logit model on mechanisms of intra-coalitional scrutiny for proposals with financial implications and high government issue

divisiveness. The results suggest that junior ministers make public hearings significantly less likely, whereas committee chairs have no substantial influence on the occurence of a public hearing. Lastly, I evaluate the claim that conflicts between opposition and government significantly delay policymaking through public hearings. The estimates of a Weibull duration model recommend that a public hearing on proposals important to the opposition is one important parameter delaying policymaking in the committees of the German Bundestag.

Public Hearings and Cabinet Scrutiny

As a last resort, a government partner can have experts scrutinize a policy proposal by a minister in committee by demanding and holding a public hearing. It is very often unclear to the government partner whether the minister proposes a "radical" bill (in the words of Martin and Vanberg) because of the constrained state of the world or because of electoral incentives to deviate from coalition compromise. Expert signals can support the state of the world or signal a substantial deviation, as has been shown in the example on childcare safety in the introduction. Providing additional information to the government parties not in control of a ministry helps a government partner assess the justifications offered by a minister for proposing a particular piece of legislation. In theory then, public hearings are aptly suited for legislative oversight in committees "to make reliable implementation of compromise possible" by creating publicity on a proposal. At the same time, existing pre-parliamentary control mechanisms available for intra-coalitional scrutiny of ministerial bill proposals such as junior ministers, make the occurrence of public hearings less likely, even more so for bills that are highly divisive and carry budget implications with them.

Public Hearing	Low Government Issue Divisiveness ($<$ 50th per.)	High Government Issue Divisiveness ($\geq$ 50th per.)	TOTAL
NO	28 (21)	37 (25)	65 (46)
YES	43 (32)	36 (24)	79 (56)
TOTAL	71 (53)	73 (49)	144 (102)

Table 4.3 Proposals and Public Hearings (Number of Bills with Financial Implications in Parentheses)

The standing orders of the German Bundestag heavily constrain the committee chairs in their actions. Public hearings have to be demanded by a fourth of all committee members to be held. We therefore have no expectations how government parties and/ or opposition

parties can benefit from solely holding a committee chair. The opposition has a pronounced interest in making government look like it cannot stand up to its electoral promises or rejecting a minister's competence. But it cannot actively influence a policy proposal with amendments, as they will simply not be passed by the governmental majority in a committee. Instead, the opposition can delay policymaking by demanding a public hearing and have their experts publically scrutinize the ministerial proposal. The take-home message from this discussion is straightforward:

(Public) hearings are a strategic mechanism of parliamentary scrutiny – for coalition partners as a last resort to stabilize coalition governance by reducing the incentives of moral hazard, and for opposition parties to signal incompetence of the government by deliberately delaying policymaking.

Proposals that are contested within a coalition cabinet are less likely to make it into a public hearing, both in relative and in absolute terms (**table 4.3**). We can observe a public hearing on 32 or 60.37% of the 53 proposals with low levels of intra-coalitional conflict. Of 49 proposals with high levels of government issue divisiveness we observe a public hearing on 24 or 48.98% of the bill proposals. Because of the audience costs they should rarely occur in the presence of large conflict.

Public Hearing	Total	Article Changes (Mean)	High Divisiveness ($\geq 50^{th}$ per.)	Article Changes (Mean)	Very High Divisiveness ($\geq 90^{th}$ per.)	Article Changes (Mean)
NO	65	2.7384	37	2.8919	7	1.1429
YES	79	8.7468	36	9.5556	7	8.5714
TOTAL	144	6.0347	73	6.0946	14	4.8571

Table 4.4 Mean Article Changes for Proposals grouped by Levels of Conflict and the Occurrence of a Public Hearing

Nonetheless, we theoretically expect public hearings to heavily influence a bill proposal if they are employed. The descriptive statistics on the mean number of article changes to a bill proposal grouped by levels of divisiveness and the occurrence of a public hearing (table 4.4) indeed suggest that public hearings make a difference: independent of conflict (the "total" column in table 4.4), public hearings result in a threefold increase in the average number of article changes.

Recall that public hearings are significantly more likely with increasing complexity of a proposal. Absent a conflict, a bill proposal will nonetheless be amended if it reaches a certain level of complexity. Regardless of controlling for government or opposition conflict, the influence of complexity on both the occurrence of a public hearing and the scrutinizing effects of a public hearing hold. But when there is additional conflict between coalition partners, public hearings enable government to introduce changes, which they have an incentive to do. And even though a highly divisive proposal is relatively less likely to be scrutinized in a public hearing, a public hearing held on such a proposal greatly increases the average number of article changes to the bill.

For proposals with high government issue divisiveness (wdivsal ≥ 50th per.), a public hearing occurred on 36 bills and is associated with a mean of 9.56 article changes, which more than triples the number of article changes to be expected for proposals without public hearings (**table 4.4**). Given very high levels of coalition conflict (wdivsal ≥ 90th per.), only very few proposals (7) were debated in a public hearing. Remarkably, on average 8.57 article changes were made on these bill proposals, compared to 1.14 article changes in the absence of a public hearing! This is an almost eightfold increase in changes to a proposal.

	Total	High Government Issue Divisiveness (≥ 50th per.)	Very High Government Issue Divisiveness (≥ 95th per.)
t-statistic	-4.8493	-4.5114	-3.5058
Pr (T < t)	0.000	0.000	0.0022
Pr(|T|> |t|)	0.000	0.000	0.0043
Pr (T > t)	1.000	1.000	0.9978

Table 4.5 Independent Group T-tests for Proposal Changes grouped by the Occurence of a Public Hearing

Thus, if there was a public hearing and (incidentally) intra-coalitional conflict on the proposal we observe substantial change. The opposition is doing well by sometimes pushing for public hearings because this can uncover previously unnoticed internal government strife which could be detrimental to the public. To support the descriptive statistics I conduct an independent group t-test to compare the means of article changes grouped by the occurrence of a public hearing for all proposals, proposals with high (≥ 50th percentile) or very high (≥ 90th percentile) values of intra-coalitional conflict (**table 4.5**). For all three groups of divisiveness we find that the difference of means in the number of article changes

for the categories "public hearings" and "no public hearings" is statistically different from zero (the corresponding two-tailed p-value is always less than 0.01). [39]

Statistical Model for Hearings and Legislative Governance

I further corroborate the results by following the approach of Martin and Vanberg (2005) on cabinet scrutiny and policy change. I rely on their variables as they have conceptualized and used them previously. Their **dependent variable** of interest, an integer bounded from below by zero (for no changes), is the **number of article changes**, or correctly defined as "Number of articles altered (or deleted) in the draft version of bill + Number of new articles added to the draft version of bill" (Martin and Vanberg 2005, 99). With this procedure, the authors construct a measure of policy change independent of minor copy-editing changes (e.g. spelling, punctuation etc.).

Since I am interested in the number of proposed article changes, I apply an event count model (Cameron and Trivedi 2013), which is the "standard approach" in political science for explaining such variables that "occur over a particular period of time" (MV 2005, 101)[40]. Count data such as the observed proposed article changes for a bill proposal can take only non-negative integer values {0, 1, 2, 3, ...} . Since standard ordinary least squares (OLS) regression is designed to accommodate for continuous dependent variables it is ill suited for such count data. Instead, the dependent variable follows a Poisson distribution with parameter μ if it takes integer values $y = 1, 2, 3 \ldots$ with probability

$$Pr\{Y = y\} = \frac{e^{-\mu}\mu^{y}}{y!}$$

where $y! = y(y-1)(y-2)\ldots 2(1)$, and $y \geq 0$.

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[39] Even if we assume that the proposals are not randomly selected from the total population of proposals in the German Bundestag in the observed time frame (legislative sessions 10-12) and we allow for unequal variances in the sample of proposals with and without a public hearing, the results of the t-tests remain virtually unchanged.

[40] Since the number of proposed article changes should systematically vary with the occurrence of a public hearing, an elegant way of incorporating this additional information into a statistical model could be a *finite mixture model*, as this approach specifies a small number of different types of observations, each with their own Poisson equation. For example, we can have two types of bills, one where a public hearing occurs, and one where there is no public hearing, and the Poisson equation for the number of proposed article changes is the same for both types except for different intercepts (Kennedy 2008, 260). To make the results as comparable to MV 2005 as possible, I nonetheless replicate their model specification.

As both logistic regression and Poisson regression are examples of a *generalized linear model,* the modeling process is similar to the logistic regression (cf. chap. 3, 44):

$$Y_i \text{ is assumed to be Poisson } (\mu_i)$$

$$log(\mu_i) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \cdots$$

Here the *link function* is the natural logarithms *log.* By modeling $log(\mu_i)$, it is impossible to get negative estimates of the mean, which neatly fits the fact that count data have non-negative integer values. One important property of the Poisson distribution is *equidispersion,* i.e. the Poisson distribution variance is equal to the mean. This can be quite limiting if the data are over-dispersed, i.e. the variance is greater than to be expected from a Poisson distribution. A solution to dealing with *overdispersion* is the use of a *negative binomial* distribution instead of a Poisson (King 1989). Incorrectly assuming equidispersion will lead to downward-biased standard errors. Martin and Vanberg "…expect that once party groups have expended the legislative resources to make one substantive change to a government draft bill, it is marginally less costly to make several more changes. This is known as *positive contagion*, which results in *overdispersion…"*(MV 2005, 101, their emphases). Consequently, I apply Negative Binomial regression instead of Poisson regression[41].

With increasing **coalition conflict** committee scrutiny will lead to more amendments on a proposal, whereas **opposition issue divisiveness** should have no mentionable effect on the number of proposal changes. I also keep several control variables that Martin and Vanberg initially introduced. Since a **junior minister** could moderate a conflict without the need to delegate the conflict to a committee, we might observe a decrease in amendments if a junior minister controlled the work of the minister. The **number of committees** to which a draft bill is referred to may generate more changes made to bills. The reason for this is simple: More legislators from a coalition partner who are able to scrutinize the ministerial bill proposal can better uncover deviations from the coalition agreement. I also include the **complexity** of a proposal, since short proposals are likely to have fewer changes made to while draft bills with many articles are likely to generate more changes. In line with Martin

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[41] Of the 141 observations used in the full model with interactions, only 17 are zero observations, i.e. about 12% of the proposals have been passed without any amendments. I consequently refrain from using nested models covering "excess zeros" such as the zero inflated Poisson or the zero inflated negative binomial.

and Vanberg I include the **expiration of a bill before the plenary vote** as control variable and expect that bills that receive a full review in the legislative process will have more changes made to. Finally, I also incorporate separate indicators for the different **issue areas** that a proposal addresses[42].

Independent Variable	Model I (Germany)	Model II (hearing)	Model III (interactions)
Intercept	1.3006 (0.8170)	0.7413 (0.7013)	0.9778 (0.9043)
Government Issue Divisiveness	.4201** (.1961)	.3312* (.1722)	.0432 (.2210)
Opposition Issue Divisiveness	-.2879** (.1196)	-.2460** (.1028)	-.1924[+] (.1279)
Junior Minister Partner	-.2029 (.2951)	-.2158 (.2616)	-.2878 (.2610)
No. Committee Referrals	.0742** (.0303)	.0518** (.0252)	.0514** (.0251)
Complexity	.8244*** (0.873)	.7850*** (.0769)	.6248*** (.1395)
Expiration of Bills before Plenary Vote	-1.1141** (.4538)	-.2780** (.4897)	-.3035 (.4752)
Hearing	--	**.5984*** (.1254)**	.3236 (.7674)
Hearing x Government Issue Divisiveness	--	--	**.4470** (.1845)**
Hearing x Opposition Issue Divisiveness	--	--	-0765 (.1047)
Hearing x Log No. Articles	--	--	**.2321[+] (.1535)**
N=	147	143	141
Log-Likelihood	-348.3028	-331.2767	-322.4431
X^2 (p<0.001, two-tailed)	(12)=136.22	(13)=156.26	(16)=162.22
AIC	724.6056	692.5533	680.8861
BIC	766.4717	736.996	733.9638
Cell entries are unstandardized maximum-likelihood estimates (with standard errors in parentheses). Exposure and dispersion parameters are not displayed.			

*** p≤0.01 ** p≤0.05 * p≤0.1 [+] p≤0.2, Standard Errors in Parentheses

Table 4.6 Negative Binomial Model of the Number of Article Changes in Government Bills

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[42] Martin and Vanberg suggest that "one possibility is that outside lobby groups or advisory bodies are better organized in some policy areas than in others, and consequently, the information provided to legislators by these groups will make proposing feasible changes to government bills more or less difficult to achive." (MV 2005, 101). I report the coefficients of the separate indicators for the particular issue area in **Appendix 3.A**.

Model I re-runs the analysis on the subset for German policy proposals[43] (**table 4.6**). A positive coefficient indicates that an increase in the level of the independent variable will increase the number or article changes to a bill proposal, whereas a negative coefficient implies a reduction of the number of article changes. Contrary to the results of Martin and Vanberg, junior ministers never directly decrease the number of amendments to a proposal. Within a ministry, they can directly access background information and personnel (bureaucrats) and signal policy conflicts, unresolved questions etc. directly to the cabinet. Junior ministers help governing partners keep conflicts away from the public. Consequently, junior ministers leverage pre-committee influence instead of at-committee influence. Across all models and confirming theoretical expectations of Martin and Vanberg (2005), the more committees a draft bill is referred to and the more articles in the draft bill, the more changes we can expect to be made to a proposal.

Model II introduces public hearings as explanatory variable, which is highly significant (at p=0.001). Public hearings increase the number of changes to a proposal. Since we are theoretically interested in the effect of public hearings given intra-coalitional conflict, **model III** includes interaction terms for public hearings and government issue divisiveness, public hearings with opposition issue divisiveness and bill complexity. All initial explanatory variables lose their significance, except for the number of committee referrals and the complexity of a proposal. As expected, the interaction term of public hearing and intra-coalitional conflict is positive and highly significant (at p=0.05). In short, **with increasing intra-coalitional conflict, public hearings lead to substantially more amendments on proposals** than expected for bills not scrutinized in a public hearing.

In line with Martin and Vanberg's interpretation (MV 2005, 102) I calculate the percentage change in the expected number of article changes in a bill with a relative risk interpretation of the interaction coefficient[44]: For a proposal with one standard deviation increase in intra-coalitional conflict, holding a public hearing increases the number of article changes by 33.5% (**table 4.7**). In other words, public hearings account for a third of the observed article

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[43] Due to collinearity, the additional conflict dimensions "Clerical Policy" and "Environmental Policy" were excluded from the analyses.

[44] The calculation for the percentage change in the expected number of article changes in a bill for a δ change in the independent variable x is: $\Delta_{percent} = \frac{[100*(e^{\beta(x+\delta)} - e^{\beta x})]}{e^{\beta x}}$ (cf. MV 2005, 102), with δ being set to one standard deviation for continuous variables and one unit for dummy variables.

changes. This shows that government parties can use public hearings to mitigate ministerial drift and ensure compromised policies by amending the initial government proposal. Independent of public hearings, the number amendments to ministerial proposals is heavily influenced by the complexity of bills. Sometimes, proposals are amendend because of policy conflicts. But very often, it seems, the reason for article changes is more profane: writing flawless policy proposals is a daunting task. Neither ministers nor their staff always know everything in advance to write a flawless proposal. Instead, they depend on parliamentary institutions to learn something about the "blind spots" of a draft bill.

Independent Variable	Model I (Germany)	Model II (hearing)	Model III (interactions)
Government Issue Divisiveness	39.67**	30.14*	3.50
Opposition Issue Divisiveness	- 33.20**	-29.16**	-23.63+
Junior Minister Partner	-18.37	-19.41	-25.01
No. Committee Referrals	18.46**	12.55**	12.45**
Complexity	88.45***	82.83***	61.65***
Expiration of Bills before Plenary Vote	-67.18**	-24.27**	-26.18
Hearing	--	81.92***	38.21
Hearing x Government Issue Divisiveness	--	--	**33.50**
Hearing x Opposition Issue Divisiveness	--	--	-23.85
Hearing x Log No. Articles	--	--	32.46+

Cell entries represent the percentage change in the expected number of article changes in a bill proposal resulting from an increase of one standard deviation in the corresponding independent variable (or one unit for dichotomous indicator variables).

*** $p \leq 0.01$ ** $p \leq 0.05$ * $p \leq 0.1$ + $p \leq 0.2$

Table 4.7 Percentage Change in the Expected Number of Article Changes in Government Bills

Marginal Effects for Public Hearings and Legislative Governance
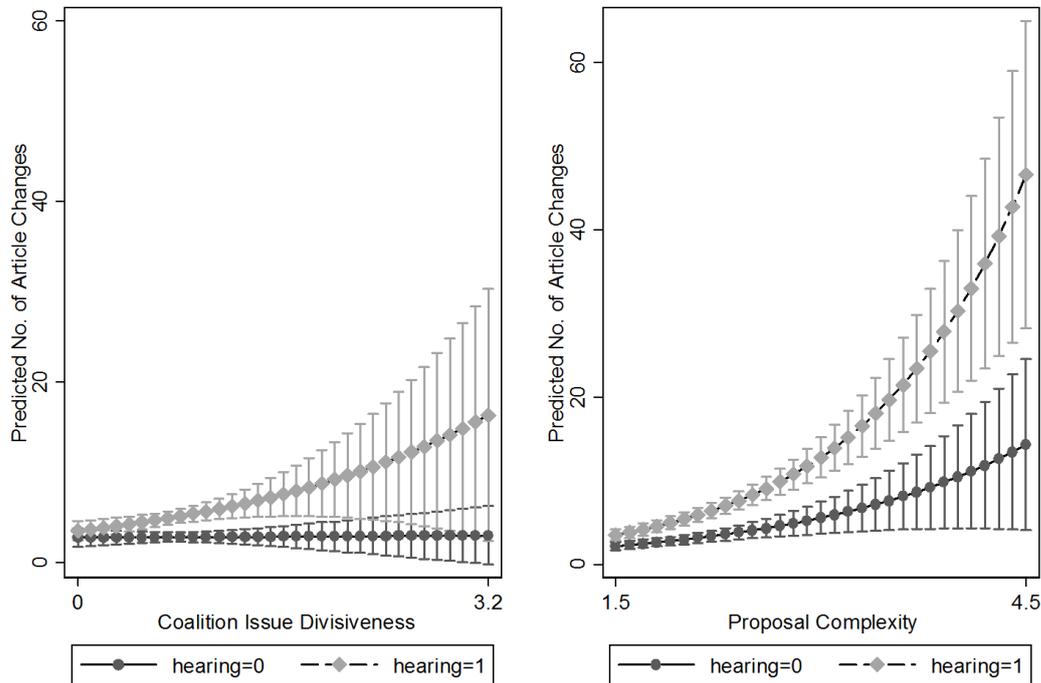
Figure 4.3 Predictive Margins for Proposals: Coalition Conflict, Proposal Complexity and Public Hearings

One graph speaks more than a thousand words – I therefore calculate the predictive marginal effects of government issue divisiveness and proposal complexity in the presence or absence of a public hearing on the expected number of article changes in government bills. The marginal effects of public hearings are calculated for representative values of coalition conflict or proposal complexity, holding all other covariates centered at their mean values. Up until the 90th percentile of coalition conflict (i.e. 134 of the 147 proposals in the dataset are members of this subset) we find a statistically significant difference (i.e. the confidence intervals do not overlap) when accounting for a public hearing. Public hearings indeed increase the expected number of article changes to a bill proposal across the specified values of coalition conflict. We can expect more changes to a proposal if coalition partners are divided over an issue. Yet we can always expect more changes to a proposal if the proposal itself is more complex. Either, or – public hearings increase the expected amount of amendments to a bill proposal. And in line with previous results, public hearings matter both for parliamentary learning and for dealing with partisan conflicts.

Public Hearings and Alternative Governance Structures

Junior ministers, committee chairs and public hearings could be inter-related. From previous research (see above) we know that installing junior ministers matters for ministerial control. We also know that committee chairs are evidently more likely to be placed opposite ministers from more ideologically diverging parties. Following the previous discussion, the existence of junior minister should reduce the likelihood for public hearings while committee chair shouldn't matter at all due to the missing rights[45]. Taking financial implications of a proposal into account is important because it creates a "smoking gun": With financial implications, public hearings on issues with high government issue divisiveness are already very unlikely, so how in this rare instance do junior minister and committee chair play a role?

Coalition partners fight over some proposals more intensely than on other draft bills. The existence of a junior minister and committee chair controlled by a government partner should reduce the likelihood of a hearing especially on these potentially upsetting proposals. The empirical test for this is not straightforward because we generally observe fewer public hearings with increasing government issue divisiveness. I therefore propose sub-setting the sample into proposals with low internal conflict and financial implications (conflict values below the 50th percentile, 53 proposals) and with high internal conflict and financial implications (conflict values above or equal to the 50th percentile, 49 proposals). Since I am interested solely in the interdependency of different mechanisms of intra-coalitional scrutiny (junior minister, committee chair, public hearing), I exclude opposition issue divisiveness from the analysis of the subsets. I run a simple logistic regression (**table 4.8**) on the occurrence for public hearings on proposals with financial implications for the full dataset, a subset with low internal government conflict (< 50th percentile), and a subset with high government issue divisiveness (≥ 50th percentile).

It is important to repeat that public hearings for bills that are contested within government and have financial implications are already very unlikely. But even then we find that complex proposals make public hearings more likely (although the variable now fails to be significant, see table 4.8, Model II). Do junior ministers reduce the likelihood for public hearings even further as proposed? Yes they do: The average marginal effect for a junior minister

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[45] The data source for the committee chairs is once again the "Datenhandbuch Deutscher Bundestag", which lists the partisanship of committee chairs and vice-chairs for all committees in Germany from legislative sessions 1 to 16.

shadowing a coalition partner's ministry, given that the proposal has financial implications and substantial intra-coalitional conflict, is -.4622, i.e. for this type of proposal the presence of a junior minister further reduces the likelihood for a public hearing by 1-.4622= 53.78%. As expected, we find no mentionable influence of committee chairs on the occurrence of a public hearing. In sum, junior ministers matter for scrutinizing proposals with financial implications and increasing coalition conflict in public hearings, while committee chairs do not[46]. In the analysis of the subset with intra-coalitional conflict below the 50th percentile the absence of a junior minister perfectly predicts the occurrence of a public hearing, while a committee chair held by a governing partner has no considerable effect at all. Consequently, Junior ministers always reduce the likelihood for a public hearing while committee chairs have no substantial influence whatsoever on the occurrence of public hearings.

Independent Variable	Model I (Low Government Issue Divisiveness)	Model II (High Government Issue Divisiveness)	Model III (Full Model)
(Intercept)	-1.5174* (.8995)	-.1369 (1.0363)	-.7950 (.6336)
Bill Complexity	.9032** (.4404)	.2818 (.4696)	.5755** (.2977)
Junior Minister	Omitted	-2.4064*** (.8667)	-1.8918*** (.6959)
Committee Chair	.6921 (.7152)	.3198 (.7374)	.3356 (.4884)
N=	52	49	101
Log-Likelihood	-32.117559	-27.164391	-62.101459
X^2 (p<0.01)	(2)=5.92	(3)=12.13	(3)=15.01
AIC	70.23512	62.32878	132.2029
BIC	76.08885	69.81359	142.6634

*** p≤0.01 ** p≤0.05 * p≤0.1 [+] p≤0.2, Standard Errors in Parentheses

Table 4.8 Logit analysis on public hearings and mechanisms of intra-coalitional scrutiny for proposals with financial implications

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[46] An additional t-test of committee chairs held by government partners on the occurrence of a public hearing fails to be significant even at the p=0.2 level for this subsample of proposals, further corroborating the null hypothesis that committee chairs do not influence the use of public hearings.

Public Hearings and Oppositional Delay

I propose that public hearings related to ideological differences between the opposition and the minister proposing a bill are the main parameter explaining the duration of a bill proposal in the committees of the German Bundestag. When studying the duration of a bill in committee, we are specifically interested in the causes of change from being in committee to being relegated to the floor. This "event" of being relegated to the floor can occur at any given moment, i.e. we need to consider a time continuum starting once a bill is introduced to a committee and ending once it is transferred back to the floor. As this data is readily available in the MV dataset, we have no problems with left-censoring, i.e. we observe the bills already before they enter the time continuum. But there may be issues regarding right-censoring, which occurs with regard to bill proposals when the legislative session ends, but the bill has not been passed to the floor yet. Traditional regression models fail to account for the difference in a bill being passed to the floor and the censoring of a bill because the legislative session has ended. Therefore, we need to additionally check for this type of right-censoring. While a logit regression on an event occurring (yes/no) does not cause bias or inconsistency, its estimates will have larger variances relative to an event history analysis (Box-Steffensmeier and Jones 1997, 1417; cf. Chung, Schmidt, and Witte 1991). Event history (or survival) models are an established alternative in political science to explain the timing of an event, e.g. the termination of a coalition (King et al. 1994; Warwick 1994; Box-Steffensmeier, Arnold and Zorn 1997).

Survival analysis encompasses three elementary concepts, all mathematically related to each other, the survivor function, the occurrence of an event and the hazard rate. Since both the survivor function f(t) and the occurrence of an event S(t) can be derived from the hazard rate h(t), I only introduce the latter here specifically[47]. Suppose we are modeling the duration of a bill in committee. Then the *survivor function* describes the probability that the bill is still in committee. The *occurrence of an event* represents the probability density function of the duration and can be described as the instantaneous probability of a bill being transferred back to the floor. Finally, the *hazard rate* can best be interpreted as the "risk" of a bill being delegated back to floor at any given moment in time, given that it has not been delegated yet. A discrete time formulation is appropriate for predefined periods, e.g. the end of a school year, the end of a subscription etc. Political processes are more likely to be

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[47] It can be shown that $h(t) = \frac{f(t)}{S(t)}$, cf. Box-Steffensmeier and Jones 1997

continuous, e.g. the end of a presidential term is not fixed to the official date but can occur earlier due to shocks, the end of a war is not predefined etc. Therefore, the transition from being in the "risk set" (i.e. not having experienced the end of something, e.g. the end of a term, the end of a war) to falling out of it can happen anywhere in time. Assuming a baseline rate, α, and a vector of covariates, β'X, the hazard rate can be expressed as

$$h(t) = lim_{\Delta t \to 0} \frac{P(t + \Delta t > T \geq t | T \geq t; \alpha, \beta'X)}{\Delta t}$$

The baseline rate α expresses the "time path" that duration will follow if all covariates are zero (Box-Steffensmeier and Jones 1997, 1427). Paramount to the estimation of the hazard rate is therefore the parameterization/ nonparameterization of the baseline hazard rate, i.e. specifying a distribution of the baseline hazard. When choosing the *exponential distribution*, for example, the assumption is being made that the hazard rate doesn't change over time at all. *Duration dependence* on the other hand is present "…if the occurrence of an event for an individual (conditional on the covariates in the model) is related to how long the unit has been at risk" (Martin and Vanberg 2004, 21). A commonly applied distribution in political science event history analysis is the *Weibull distribution*, because it allows the hazard rate to vary by some specific parameter of an observation. In my analysis of factors influencing the delay of government bills, I follow Martin and Vanberg (2004) and employ the Weibull model because of its flexibility and ease of use[48]. The Hazard rate h(t) in the Weibull model is calculated as:

$$h(t) = \exp[\beta'X + \alpha \ln(t)]$$

Before presenting the regression results I visually inspect the duration of proposals by plotting the Kaplan-Meier estimates of the survival function from the duration data on government bills in committees of the German Bundestag, grouped by the occurrence of a public hearing (**figure 4.4**). Kaplan-Meier estimates are a nonparametric maximum likelihood

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[48] The more flexible semi-parametric Cox proportional hazard model makes no assumptions about the shape of the hazard rate, but has several disadvantages, as Martin and Vanberg (2004, 24, footnote 27) point out. The Cox regression is often difficult to interpret because of its sensitivity to individual failures (Royston 2001). In their analysis of the delay of government bills, Martin and Vanberg find that the Weibull model has smaller standard errors than the Cox regression, which is why they only report the more efficient Weibull analysis (Collett 1994). Yamaguchi (1991, 102-103) outlines several further disadvantages of the Cox model. Since I am explicitly interested in a comparison of Martin and Vanberg's results with my own, I concentrate on the Weibull regression model as well.

estimate of the survival function S(t). The Kaplan-Meier survival curve plots the probability of a bill staying in committee given that a hearing has taken place (light grey) compared to bills with no hearings attached (dark grey).

Kaplan-Meier survival estimates
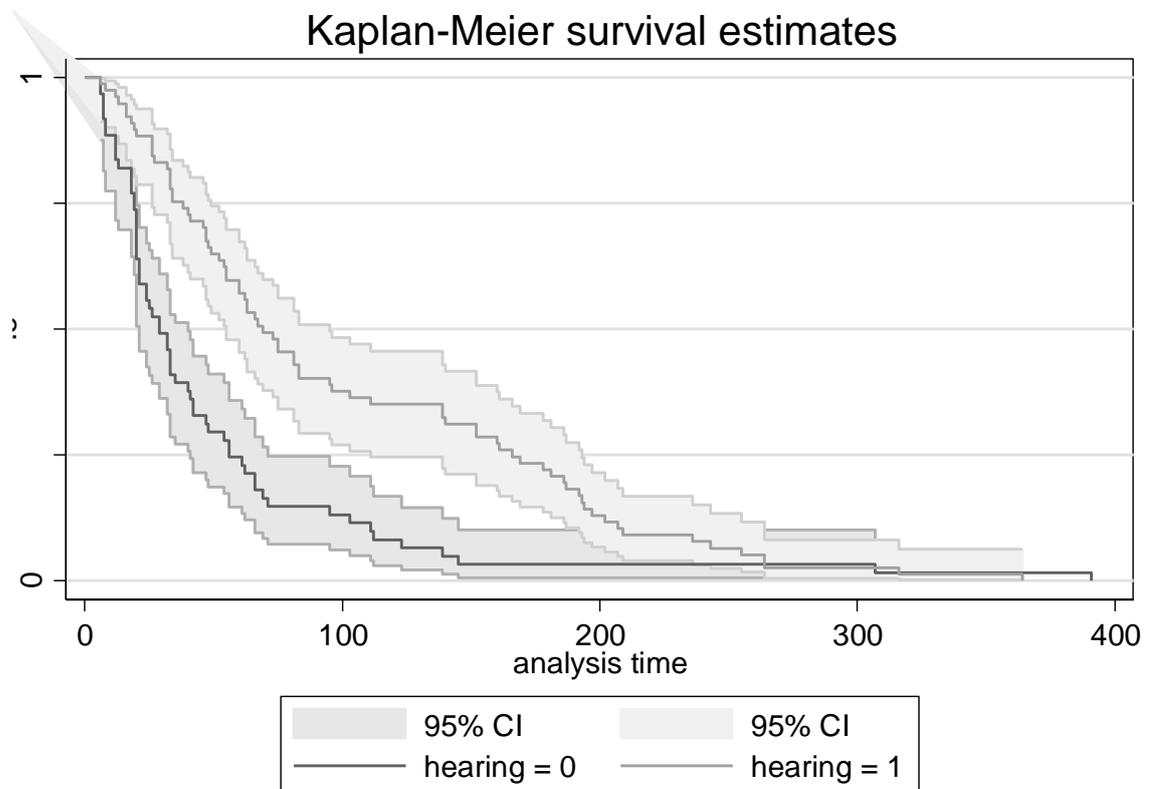
Figure 4.4 "Survival" of Proposals in Committees of the German Bundestag

As can be seen from the rough contours of the survival curves, the Kaplan-Meier estimate is a step function with discontinuities at observed events. It simply estimates the proportion of bills still in committee at time t. Proposals scrutinized in a public hearing have been delayed more frequently than proposals where no public hearing occurred. The shaded areas surrounding the estimate resemble the 95% confidence intervals. Up to a duration of 200 days, these do not overlap. This first graphical analysis suggests that for a substantial amount of bills in the dataset public hearings can in principle delay government bills in committees of the German Bundestag. The following Weibull analyses are intended to corroborate the hypothesized relationship.

The dependent variable **duration** measures the length of the legislative process as the number of days between parliamentary introduction and final vote on a bill. The independent variables are chosen analogous to Martin and Vanberg's (2004) analysis of legislative delay. In the presence of a public hearing, increasing **coalition conflict** committee

scrutiny should delay legislative passing of a proposal. I also expect **opposition issue divisiveness** to make enactment of a bill less likely. Thus I include both of them as independent variables and as interaction term. I also keep several control variables that Martin and Vanberg initially introduced. Since it is costly for government partners to have bills delayed and thus not benefit from having implemented the ministerial proposal, Martin and Vanberg (2004) include **government issue saliency**. For very important draft bills they expect a swift passage if the governing partners are not divided on that issue. In contrast, they assume that draft bills of minor importance but on which government parties are extremely divided take much longer to pass the parliamentary process. A similar measure for **opposition issue saliency** is included in the analysis. Finally, I also include separate indicators for the different **issue areas** that a proposal addresses and run several robustance checks: Neither unobserved heterogeneity nor nonproportionality in the hazard rate are an issue in my estimations[49].

Table 4.9 summarizes the statistical results from several Weibull regressions. Model I.A is estimated without interaction terms or controls for issue areas. Model I.B includes the interaction terms of public hearings and issue divisiveness/ issue importance. Models II.A and II.B include additional controls for issue areas. Both model I.A and I.B report similar coefficients both in magnitude and direction for public hearings. Across all model specifications, **neither government issue divisiveness nor government issue importance (significantly) delay policymaking in the committees of the German Bundestag.** This is a somewhat surprising result, contrary to Martin and Vanberg (2004), who found such a relationship. This finding is even more remarkable because model I.A suggests that, independent of public hearings, legislative proposals that are both divisive and salient to government partners are significantly **more** likely to be put to a vote (though these results lose their levels of significance when accounting for issue area controls).

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[49] I report the coefficients of the separate indicators for the particular issue areas in **Appendix 3.B**. I additionally explain and test the models on **unobserved heterogeneity** in my data estimating frailty models imposing either a gamma distribution or an inverse Gaussian distribution on the omitted effects. In neither of the auxiliary models do I find evidence of heterogeneity. Following a procedure suggested by Box-Steffensmeier and Zorn (2001) I check the hazard of the Weibull for **nonproportionality**, i.e. temporal dependence in the effects of the covariates. I find no evidence for nonproportionality either.

Independent Variable	Model I.A (hearing)	Model I. B (hearing + interactions)	Model II.A issue areas (hearing)	Model II.B issue areas (hearing + interactions)
(Intercept)	-11.6106*** (1.8904)	-13.6725*** (2.2948)	33.3200 (22.3120)	31.5295 (22.4861)
Government Issue Divisiveness (GID)	.5526*** (.1918)	.6284*** (.2343)	.1009 (.5758)	-.5978 (.53779)
Weighted Coalition Importance (WCI)	6.8870*** (1.4263)	6.0522*** (1.9324)	-25.0629 (19.6040)	-14.3677 (19.8689)
Opposition Issue Divisiveness (OID)	-.2747** (.1169)	-.2148[+] (.1412)	.0604 (.4093)	.7613* (.3896)
Weighted Opposition Importance	.6221 (.9914)	2.9481** (1.2769)	-10.7576[+] (7.8980)	-20.1469*** (7.7725)
Hearing	**-.9350*** (1.8904)**	**4.5404 (3.5770)**	**-.9797*** (.2043)**	**9.8680** (4.8701)**
Hearing x GID		-.4192 (.4258)		-.8954[+] (.6104)
Hearing x WCI		-.5293 (2.9092)		-1.7371 (3.7889)
Hearing x OID		.0203 (.2561)		.2555 (.3782)
Hearing x WOI		**-4.6679** (2.1293)**		**-10.0053*** (3.1164)**
N=	137	137	137	137
Log-Likelihood	-178.58658	-174.85751	-175.42062	-167.24123
X^2 (p<0.001)	(5)=46.05	(9)=53.51	(11)=52.38	(15)=68.74
AIC	371.1732	371.715	376.8412	368.4825
BIC	391.613	403.8348	414.801	418.1221

*** p≤0.01 ** p≤0.05 * p≤0.1 [+] p≤0.2, Standard Errors in Parentheses

Table 4.9 Weibull Duration Analysis of Government Bill Delay

As expected, the coefficients suggest that public hearings significantly delay policy proposals (in both models I.A and II.A p≤0.01). Excluding interaction terms for public hearings and government (opposition) issue divisiveness or issue saliency, we find strong support that **public hearings delay the passing of proposals**. I theoretically expect public hearings to delay proposals if the proposal is either important to the opposition or the opposition is divided on that issue with the coalition government. To accommodate for this, models I.B and II.B include interaction terms for public hearings and the conflict measures. Including these interactions, we find that a public hearing increases the likelihood that a draft bill will be put to a vote on any day, given that it has not been voted upon yet. But even then, **public hearings significantly delay proposals** that are relatively more important to the **opposition** but uncontroversial. Excluding the issue area controls (model I.B), bill proposals that are relatively important to the opposition but uncontroversial between the opposition and a coalition government are more likely to be put to a vote than those bills that are controversial but unimportant. This result does not hold when including the issue area controls. In the full model (II.B), which includes both interaction terms for public hearings and the issue area controls, the more important a proposal is to the opposition and the less divided it is on that issue with the government coalition the less likely the draft bill will be put to a vote on any given day. Nonetheless the overall argument holds: Once we account for public hearings as an instrument of delay we find that **it is the opposition that drives legislative delay**. Contrary to previous research I find no substantial evidence that intra-coalitional conflict increases the number of days a draft bill takes until it is put to a vote. The opposition is mainly responsible for the delay of a proposal in the committees of the German Bundestag. Taking all these results into account, two scenarios emerge that explain legislative delay in the committees of the German Bundestag:

1. Proposals that are relatively more important but uncontroversial to the opposition and that **are not being** scrutinized in a **public hearing** are less likely to be put to a vote. Conversely, draft bills that are dividing government and opposition but are relatively less important will more likely be put to a vote.

2. Proposals that are relatively more important but uncontroversial to the opposition and that **are being** scrutinized in a **public hearing** are also less likely to be put to a vote. Conversely, draft bills dividing government and opposition but relatively less important to the opposition, will more likely be put to a vote following a public hearing.

Predicted Duration of Proposals in Committees of the German Bundestag
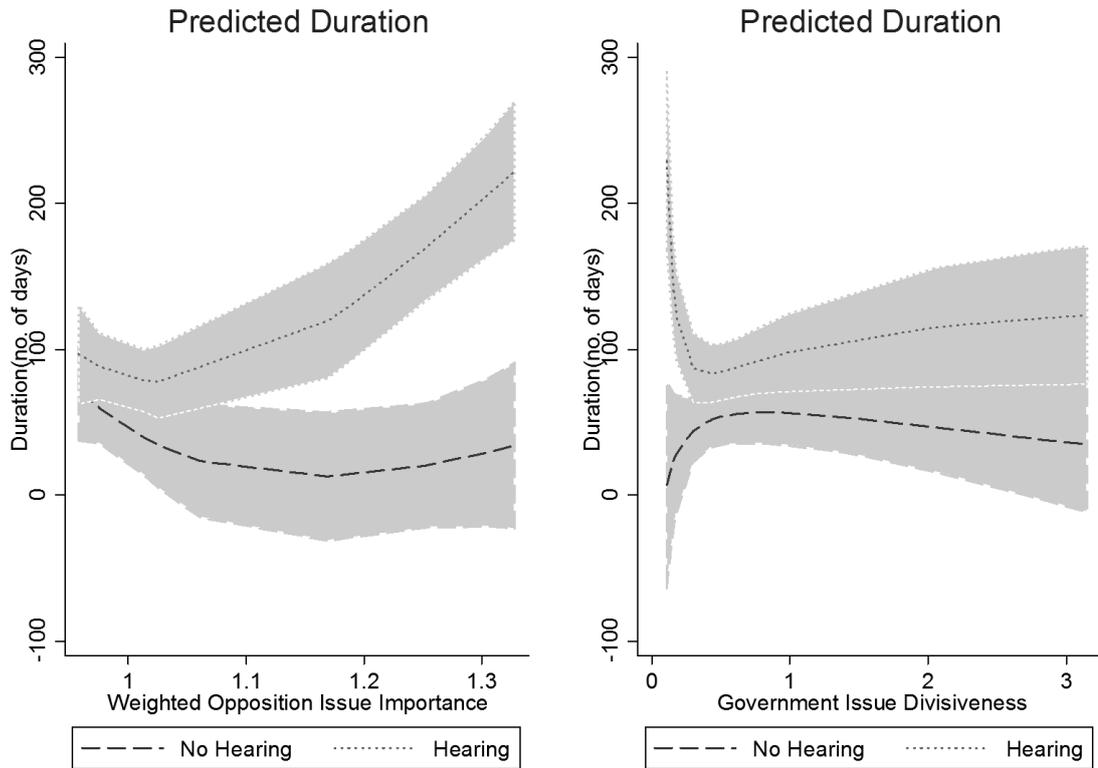
Figure 4.5 Predicted Duration of Proposals in Committees of the German Bundestag

Since opposition issue importance is a main cause for legislative delay both with and without public hearings, what difference do public hearings substantially make? I graphically investigate the influence of public hearings on the duration of proposals in committees of the German Bundestag. Figure 4.6 plots the predicted number of days a proposal is likely to stay in committee using fractional polynomial regression[50] with duration as dependent variable and either weighted opposition issue importance or government issue divisiveness as independent variable, holding all other variables centered at their mean values. The 95% confidence intervals do not overlap much for weighted opposition importance, i.e. there is a significant difference in the effect of public hearings on the duration of proposals vs. proposals without a public hearing. As the interaction term of public hearing and government issue divisiveness is weakly significant in the Weibull regression, the confidence

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[50] The graph can be estimated with the twoway fpfitci command in Stata (version 13). I deviate here from the marginal effects approach: The **margins** command in stata calculates the standard errors from nonlinear predictions using the delta-method and it also uses a normal approximation for computing confidence intervals. Since the confidence intervals for the covariates of a Weibull regression do not follow a normal distribution (i.e. duration is bounded on non-negative values), the margins command misspecifies the confidence intervals, which greatly complicates interpretation of the marginal effects.

intervals heavily overlap for the predicted values. Even though we can accept the results for opposition issue importance with confidence this does not hold true for the interaction effect of public hearings and government issue divisiveness.

Summary

What are public hearings good for? I have argued that public hearings can fulfill the function of cabinet scrutiny and help government partners keep their coalition compromise. A public hearing can signal a deviation from such a compromise or - even more detrimental to the minister – reveal policy incompetence. Consequently, we observe fewer public hearings on issues that are highly divisive for coalition partners. As part of the "alternative governance structures", public hearings need to be considered in relation to junior ministers and committee chairs. The presence of a junior minister as pre-committee control mechanism to reduce ministerial drift does reduce the occurrence of public hearings while in the German Bundestag committee chairs do not, which is somewhat surprising given the current discussion on "shadowing chairs" in the comparative research field (Kim and Loewenberg 2005, Carroll and Cox 2012, Fortunato, Martin and Vanberg n.D). It is less startling when considering the constraints the standing orders of the German Bundestag impose on committee chairs. In light of these results, country-specific constraints should be taken into account more in depth when evaluating the role of committee chairs in general. Finally, with increasing conflict between a minister proposing a bill and the opposition, public hearings not only become more likely but their occurrence significantly lengthens the time that is being spent on a bill proposal in a committee if held on proposals relatively more important to the opposition. Several results stand out from the preceding analyses:

1. Public hearings are part of the features supporting the **policing strength** of committees in Western European parliaments. They do not just matter theoretically.

2. Even though public hearings are less likely for controversial proposals with financial implications, they heavily **influence the number of article changes** on a proposal if they occur.

3. The **opposition delays government proposals** that are important but uncontroversial by forcing a public hearing on the bill in question. In doing so, the opposition can differentiate itself from the coalition government on issues that are less controversial.

It is worthwhile repeating: In public hearings, government partners scrutinize ministerial proposals – but *only* if nothing else works, since the cabinet has to bear out the audience costs associated with the publicity of the hearing. Before a public hearing occurs, junior ministers, among others, will try to resolve the conflict at the cabinet stage and thus reduce the likelihood of a public hearing. The opposition can benefit from having government "look bad", and public hearings are one possibility to reach this goal by significantly delaying government policy making in the committees of the German Bundestag. The opposition does have influence on policymaking after all: Even though it cannot influence the *content* of a bill it can harm a coalition by *delaying* it. As it turns out, public hearings are theoretically and empirically a strategic mechanism of parliamentary scrutiny – for coalition partners as a last resort to propose amendments **and** for opposition parties as an instrument of delay.

Public hearings are available to government and opposition in the German Bundestag. The publicity of the hearing can potentially threaten a minister's reputation or signal his incompetence. Only with a public audience do the shirking ministers risk the electoral costs of being identified as either incompetent or unfaithful. Until now we have been able to identify the main **causes** of public hearings (conflict between opposition and government, proposal complexity) and the **effects** of public hearings (more amendments with increasing intra-coalitional conflict, legislative delay on issues important to the opposition). It is less straightforward to explain why a hearing should be **public** and what we are to expect from the **publicity** of a hearing. To solve this part of the puzzle, I gather insights from the International Relations literature on audience costs. The following chapter will lay out the foundations of audience cost theory and their application to public hearings in the German Bundestag. The publicity of a hearing can either help a minister to **credibly signal his intent to his supporters** by "tying his hands" to a proposal or help the **opposition** to **credibly reveal unfavorable information**. Empirically, the more important an issue is to a minister and the closer the legislative session is to the next elections, the more likely the occurrence of a public hearing should be – but strikingly we cannot confirm this relationship in the statistical analysis. Public hearings can serve as an informational cue for mass media outlets. Consequently, we should observe more articles on policy proposals if a public hearing was held, i.e. public hearings should increase media visibility.

5. Why Public?

An Audience Cost Theory of Public Hearings

As we have seen in the previous discussion of transaction cost theory, compliance with coalition compromises critically depends on independent enforcement capabilities, i.e. "alternative governance structures" that facilitate compliance within the principal-agent-relationship of ministers and cabinet. I have proposed that public hearings are such an alternative governance structure: They unveil the effort of a cabinet member to the cabinet and reduce the risk of shirking within the principal-agent-relationship by signaling credible commitment to the (necessarily incomplete) coalition contract. But why should a hearing be held in **public**? How does the "public" in public hearings encourage compliance? We can resolve these questions by extending the previous discussion on transaction-cost-theory, committee functions and coalition governance. Borrowing from the International Relations (IR) literature on compliance and conflict, I develop an audience cost explanation of **public** hearings in the German Bundestag. In the international context, audience costs are defined as the *drop in public approval a national leader faces for having made a threat in a conflict and then backing down from it*. Similarly, by holding a public hearing the proposing minister can be burdened with audience costs for having made a policy promise and failing to pass a

draft bill in accordance with this policy promise, thus being perceived as either unresolved or incompetent. Because public hearings can generate more media visibility, these (potential) audience costs further compliance of a minister with a coalition compromise. Audience Cost Theory (ACT) explicitly structures the relationship between leaders and their populations as principal-agent relationships. Uzonyi, Souva, and Golder (2012) relate ACT to the principal-agent-framework of transaction-cost-theory. I quote their valuable discussion at length:

> Audience costs are **best understood from a principal-agent perspective**… delegation introduces the problem of moral hazard, in that it gives the leader the opportunity to take actions that her audience would not want her to take. Moral hazard increases as the agent becomes more insulated from risk…Audience costs are the mechanism through which the audience attempts to **limit moral hazard** (Fearon 1994)…Thus to reduce moral hazard, the audience must be able to **punish the leader**, exposing her to the cost associated with a poor foreign policy…We argue that that **audience costs are primarily a function of institutions** affecting the contestability for the head of state position. (4, my emphases)

Audience costs arise in principal-agent relations because of the "conflict between principal and agent over which action should be carried out" (Laffont and Martimort 2002, 146). As such, audience costs are a part of the transaction costs approach to politics, the basis of this study of public hearings in the German Bundestag. ACT therefore relies on the same basic assumptions as does the existing literature on delegation and control in parliamentary systems and can thus serve as a natural extension of the approach chosen for this research question. As we have seen in the discussion of the Martin-Vanberg model (chapter 4), a coalition partner sometimes has the incentives to credibly commit to imposing audience costs on diverging partners. At the same time, due to asymmetric information between a minister and a coalition partner, the minister may be tempted to deviate from a coalition compromise, thus "audience costs can arise only if for some reason the leader is (tempted to be) an unfaithful agent" (Slantchev 2006, 449).

Audience costs have been both analytically modeled and empirically tested as a key mechanism to signal resolve in international conflicts (Fearon 1994, Schultz 2001, Slantchev 2006, Levendusky and Horowitz 2012). Audience costs are "an important factor in enabling states to learn about an opponent's willingness to use force in a dispute" (Fearon 1994, 577). By publically tying his hands or "burning the bridges", a state leader can credibly signal his intentions to an opponent. His credibility comes from the risk of losing office if the leader were to back down from his intentions to use force. The previous focus of the leadership-

audience cost nexus has been on US presidents (Tomz 2007, Levendusky and Horowitz 2012), even though some very recent attempts have been made to extend audience cost theory to other systems (e.g. Davies and Johns 2013). The next section assesses the present literature on audience cost theory in international relations and uncovers crucial components: a definition of audience costs, competence, opposition, and ministerial resolve. Following this literature review, I relate public hearings to audience costs in general. Then I offer an observational link (media visibility) between public hearings and audience costs, before empirically investigating if public hearings generate a public. As it turns out, public hearings not only increase the number of publications in the largest German daily newspaper for the timeframe of observation, they additionally (audience costs!) make articles more likely that explicitly deal with intracoalitional conflicts.

Audience Cost Theory in International Relations

The field of compliance has been intensely researched in the subfield of International Relations (IR). Keohane (1984) argues that the costliness of mutually beneficial policy agreements enhances the risks of noncompliance in international agreements. International institutions facilitate cooperation by providing a forum for sounding an alarm in case of noncompliance. In IR research, a growing body of literature suggests that domestic actors play a crucial role in imposing noncompliance (or: audience) costs on governments defecting from an international agreement. This literature stresses the importance of institutions in leveraging informational asymmetries (Mansfield, Milner and Rosendorff 2000, 2002; Rosendorff 2005; Carrubba 2005; Carrubba, Gabel and Hankla 2008), enabling credible commitment (Simmons 2000, Simmons and Danner 2010), or generating audience costs (Tomz 2007). A public can punish its government for noncompliance of an international institutional commitment because it appreciates the benefits of the institution (Carruba, 2009) or noncompliance reveals private information of the intentions of the government (Fang 2008, Mansfield et al. 2002). Compliance on European Union (EU) directives has been extensively studied across several disciplines. One prominent approach points to fire-alarm mechanisms to monitor compliance, e.g. access to courts or interest group activities (Börzel 2006, 2000). Angelova, Dannwolf and König (2012) associate public attention with higher audience costs in a research synthesis on compliance with European Union (EU) directives. Similarly, I will argue that as a precondition to induce audience costs, **public hearings in the German Bundestag have to create public attention**.

The audience cost argument can originally be traced back to Thomas Schelling who first posited that states that are better able to credibly commit to their position in international conflicts would generally compel or deter the adversarial state to concede (Schelling 1960, 1966). Tomz (2007, 823) defines audience costs as "shorthand for the surge in disapproval that would occur if a leader made commitments and did not follow through." In a similar vein, albeit more closely connected to international conflicts, Levendusky and Horowitz (2012, 324) propose to call audience costs "the punishments in the form of lower support, meted out by domestic populations against leaders that make foreign threats but then ultimately back down". At the heart of the theory lies the proposition that "these threats have to be made in a high-profile speech that will be heard by both the domestic audience and the opponent on the international stage" (Davies and Johns 2013, 725f.). Slantchev formalizes audience costs as "a direct reduction in the leader's reselection probability that occurs in equilibrium because of citizens inferring information unfavorable to the incumbent" (2006, 450). According to ACT, democracies are able to signal commitment more credibly than non-democracies because domestic political audiences highly value the nation's reputation for keeping its promises. Fearon (1994, 1997) initially laid out this argument by proposing a link between a leader's resolve and the nation's reputation. In democracies, domestic audiences can more easily restore international reputation by punishing their leaders, although Weeks (2008) argues that many autocratic states are capable of generating these audience costs as well (cf. Brown and Marcum 2011).

Soon after Fearon laid out his argument, the first empirical evaluation of audience cost theory was conducted by Eyerman and Hart (1996). Since then, empirical studies on audience costs have gathered momentum (Partell and Palmer 1999, Gelpi and Griesdorff 2001, Schultz 2001, Weeks 2008, Downes and Sechser 2012, Haynes 2012), mostly supporting the hypotheses generated from Fearon's original model. ACT has been employed for empirically investigating whether democracies are more likely to win wars they enter (Reiter and Stam 1998) and whether they are more reliable allies (Lipson 2003). It has also been extended to accommodate an explanation of the democratic peace (Bueno de Mesquita et al. 1999). Using a unique survey experiment, Tomz (2007) demonstrates that audience costs do exist for the US president because the public will punish a leader for bluffing, although his approach cannot answer the question whether audience costs would

make the US president more successful in an international crisis[51]. Davies and Johns assess that audience costs vary substantially depending on the type of crisis and that the potential for audience costs is especially pronounced among voters rather than non-voters, in sum, that "researchers cannot assume that governments have an across-the-board ability to generate audience costs" (p. 12). Weeks (2008, p. 36) makes an important point that "the crucial question in generating international credibility is whether the relevant domestic audience can and will coordinate to sanction the leader, and whether the possibility of coordination is observable to foreign decision makers".

ACT in its original formulation therefore depends on the constraining assumption that the domestic public always penalizes an incumbent for backing down from a threat to use force, even though "…resolve is ultimately a function of how salient the disputed good is to the domestic audience" (Clare 2007, p.732). In essence then, "…even if the leader cares more about foreign policy than the public does, domestic audience costs cannot arise unless the public actually cares more than the leader about the consequences for backing down after escalation" (Slantchev 2006, p.449) As Chaudoin (2012, p.3) points out, „The key assumption of ACT is that audiences have preferences over consistency…However, audiences also have preferences over policy. Audiences care about the actual policies that are being implemented, regardless of their consistency with past statements." It is therefore not enough that an attentive audience exists, but that **an attentive audience with compliance-supporting preferences coordinates to generate audience costs** which are observable to foreign decision makers. Brown and Marcum (2011) qualify the relevant domestic audience as "the winning coalition" in a state. Leaving aside institutions, the authors contend that "autocratic leaders are more accountable than democratic leaders due to the monitoring and sanctioning advantages of smaller coalitions relative to larger coalitions." (141). They suggest that "Leaders are accountable when coalition members can monitor their behavior and sanction them for poor performance" (146).

In all empirical evaluations, ACT is confronted with methodological difficulties, e.g. selection effects (Schultz 2001) or conflating causal effects and causal mechanisms (Gartzke and Lupu 2012). Selection effects can occur because leaders who do not want to suffer audience costs

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[51] Researchers are increasingly aware of the difficulties associated with interpreting the causal findings of survey experiments, e.g. Druckman and Leeper (2012), Barabas and Jerit (2010), Benz and Meier (2008), Cook, Shadish and Wong (2008), Levitt and List (2007)

will only select into those policies that do not risk generating audience costs in the first place. Determining audience costs in this case is almost impossible. Conflating causal effects of audience costs and the proposed causal mechanism of audience costs does not mean that researchers can "use the absence of evidence as evidence of absence" (Gartzke and Lupu 2012, p. 392, footnote 7). Thus, an intermediate step in the empirical analysis of public hearings will be **to show that there actually is a "public" in public hearings**.

Competence, Credibility and Audience Costs

While Fearon (1994) was primarily concerned with a nation's reputation in international bargaining if a nation would not uphold a public commitment, Smith (1998) argued that backing down shows a leader's incompetence in resolving a crisis. As Clare (2007, 624) comments, "Since it is the least competent type of leaders who renege, broken commitments are a sign of incompetence which the voters punish". In this manner a public hearing can generate an audience that evaluates the resolve or competence of a minister. A growing body of literature suggests that issue-specific perceptions of competence and salience influence voter's party choices (Bélanger and Meguid 2008; Green and Hobolt 2008; Bélanger and Gélineau 2010; de Vries and Hobolt 2012; Green and Jennings 2012a and 2012b; Geys 2012; Spoon, de Vries and Hobolt 2013). *Public hearings* are an information-revealing technology available to government **and** opposition in the German Bundestag. The audience costs associated with public hearings can therefore threaten a minister's reputation and signal his incompetence. **By holding a public hearing a coalition partner can both monitor the activity of a minister and at the same time create an arena for sanctioning "poor policy performance".**

By staging public hearings, both opposition and government parties can create an arena for **signaling the quality of government policies** as the invited experts who comment on the proposal transmit additional information. Citizens can make use of **public hearings as a cue for the competence or actionability** of a minister. A public hearing indicates a conflict or complexity of a proposal thus revealing a high level of importance towards citizens. Through public hearings, the electorate can update its beliefs about the quality of government and, ultimately, hold the members of a government accountable on Election Day. This is why hearings are only effective in keeping tabs on cabinet members if they are public. Only with a public audience do the ministers risk the potential electoral repercussions for being stamped as incompetent or unfaithful, because "One can imagine that there are fears that

open disagreements among committee members from coalition partners may damage the coalition more generally, and it is better that the public and the press do not follow the discussions directly"(Hallerberg 2004, 29). Woon (2012) finds that voters view elections primarily as a mechanism of democratic accountability. His experimentally derived results indicate that "subjects' voting behavior is consistent with a purely retrospective reward-punishment strategy" (Woon 2012, 2). Elections hold politicians accountable for policy outcomes: Producing good outcomes is rewarded with staying in office, producing bad outcomes is punished. These results favor an audience cost theory of parliamentary politics: Institutional mechanisms within parliament enable coalition partners and the opposition to keep tabs on each other, favoring "good" outcomes over "bad" ones.

Jacobs and Matthews (2012) experimentally study mechanisms of time discounting in the mass public via an on-line survey experiment in which subjects were asked to evaluate a proposed policy reform. Their results "…point clearly to the central role of uncertainty about the long term in shaping mass intertemporal policy attitudes" (904). This has substantial consequences for creating public policy: "The benefits of a public policy usually lie at the end of a long and contingent chain of delegation and causation: they depend on processes of elite decision making and social dynamics that are, from the citizens' perspective, both remote and complex" (932). Subjects' sensitivity to the timing of policy payoffs was "highest in the presence of two conditions that make the delay of benefits appear riskier: causal complexity and distrust in government" (933). From this point of view, **public hearings enhance the stability of government policy output by credibly tying the hands of coalition partners through risking audience costs.**

Partell and Palmer (1999) argue that audience costs are a function of executive constraints. Similarly, Prins (2003) contends that they are a function of "the stability of domestic political structures"(p. 68). This again reduces distrust in government, as voters can learn that politicians stick to "the rules of the game": "Politicians' capacity to invest with electoral safety will depend substantially on how credible citizens find governments' commitments."(p.31) Public hearings can enhance the credibility of governmental commitments. This in turn can be a valuable institutional asset: It creates a greater temporal room for maneuver to invest in long-run goods even at short-term expenses.

Opposition and Audience Costs

Schultz (2001) departs from Smith and Fearon by introducing an office-seeking opposition party as an important strategic actor during crisis bargaining. The gist of Schultz' argument: If the opposition party can credibly threaten to impose audience costs in case of reneging, governments will self-select only those policies that will not have to bear out these audience costs. Extending this argument to public hearings in the German Bundestag is fairly straightforward: If the opposition can credibly threaten to call for a public hearing for proposals that indicate strong divisiveness between government and opposition, governments should only self-select those policies that will not risk being delayed too much by a public hearing.

To ensure that leaders cannot cover-up their foreign-policy mistakes, "there must be heterogeneous and autonomous political elites in positions of power that have both independent access to foreign policy information and the incentive to reliably blow the whistle when leaders blunder" (Baum and Potter, forthcoming, 2). Baum and Potter (forthcoming) see oppositional parties as natural candidates for several compelling reasons:

1. Systems with more parties create more ideologically proximate alternatives for voters (Downs 1957)
2. Systems with more parties generate more competing policy frames (Milner 2002)
3. Systems with more parties have media with more access to competing frames, including alternatives to the government's preferred frame (Sheafer and Wolfsfeld 2009).

While Martin and Vanberg (2011) find no evidence of an influential opposition, public hearings theoretically bring the opposition back in: "If the opposition could credibly reveal unfavorable information, it could enable citizens to make the necessary inferences and impose costs on the leader for pursuing a bad policy" (Slantchev 2006, 451).

(Ministerial) Resolve and Audience Costs

Audience costs can be strategically created by an opposition to signal incompetence of a minister. But there is another important aspect of ACT: A strongly committed minister can himself call for a public hearing to "burn down the bridges", i.e. irrevocably commit to a proposal by intentionally risking audience costs. As James Fearon defines it,

> Tying hands means taking an action that increases the costs of backing down if the would-be challenger actually challenges but otherwise entails no costs if no challenge materializes… a tying-hands signal typically works by **creating audience costs** that the leadership would suffer due to the reaction of domestic political audiences to a **perceived failure** in the management of foreign policy… (Fearon 1997, 70; my emphases).

This is an argument unknown to the literature on parliamentary research. In this case, **a public hearing is** not just simply cheap talk, but rather a **strong bargaining statement within a cabinet**. It is better for a minister to do nothing than to proposing a policy and not being able to follow through with it (Tomz 2007, 834).

H5.1 (Ministerial Resolve and Audience Costs)

The closer the next election is and the more important an issue is to the minister, the more likely are public hearings on a policy proposal.

In Martin and Vanberg's model of coalition governance, a minister will sometimes propose a radical bill because the constrained environment does not allow for a moderate bill. This is exactly the case where a public hearing can signal ministerial resolve. If ministers in a coalition government apply public hearings to credibly tie their hands to a bill because it is the only feasible one, the ministerial salience attached to a bill proposal should be driving factor for the occurrence of a public hearing. And this should be even more so in the face of **upcoming elections**.

Public Hearings and Audience Costs

Audience Cost Theory is aptly suited to explain various phenomena surrounding public hearings. For once, audience costs vary over time and across issues. Audience costs vary with the saliency of issues, the size of the affected audience and the level of conflict between government partners. Public hearings can be viewed as a parliamentary mechanism for having experts sound an alarm if a minister deviates from a coalition compromise or is considered incompetent.

But the idea of a sounding alarm is only relevant when there is an audience whose preferences disfavor defection. By assumption, then, the audience and their preferences are important for enabling cooperation. Studying public hearings without taking their audience into account is therefore bound to miss relevant aspects. Public hearings encourage

compliance by creating an audience that could, in principle, punish a minister by denying previously granted approval. In a public hearing political parties and experts/ interest groups can both publically scrutinize a proposal for quality and commitment. While in an international conflict audience costs are a mechanism for a leader to credibly signal her commitment towards an interstate opponent, audience costs in the domestic parliamentary arena can be imposed by several actors as an instrument of political punishment, e.g. for not keeping a coalition compromise, deviating from key interest groups or failing to lead a ministry competently.

A public hearing can thus signal both policy preferences and levels of competency to the voter. Voters can then use these informational cues to reevaluate their beliefs about incumbents and update their voting decisions accordingly through retrospective voting. In this sense, applying audience cost theory to the domestic arena is very similar to the international context, i.e. audience costs are a function of "the stability of domestic political structures" (Prins 2003, p. 68; Eichhorst 2014, 102f.). When are public hearings called? Simply speaking, when all the other available instruments of coalition management do not suffice and/ or the opposition believes that a public hearing has a large benefit to the opposition at that specific moment in time. In short, when the opposition believes the audience costs to be at their peak regarding a policy proposal, they will call for a public hearing.

How do public hearings influence policymaking? Since they induce audience costs, involved ministers/ governments will want to alleviate these costs by moderating the bill proposal. This should be visible as an increase in the number of article changes, which is what we find for highly divisive proposals. Additionally, the opposition can attack the government's actionability by delaying policymaking in committees with a public hearing, thus signaling incompetence of the government towards the electorate. While we have already found support for public hearings increasing proposal changes in the presence of coalitional conflict and public hearings delaying policy proposals that are important to the opposition, the implicit assumption that public hearings are actually "playing to an audience" still needs to be tested.

Empirical Analysis: Public Hearings, Election Timing and Ministerial Resolve

Independent Variable	Model I (Credible Commitment)
(Intercept)	-5.6213 (5.7320)
Government Issue Divisiveness	.3534 (.4983)
Opposition Issue Divisiveness	.6360** (.3078)
Financial Implications	2.5502 (.2.3658)
Government Issue Divisiveness x Financial Implications	-1.5474** (.6850)
Opposition Issue Divisiveness x Financial Implications	-.3626 (.3745)
Logged Number of Articles	.7972*** (.2884)
Ministerial Saliency	.0234 (.4345)
Electoral Distance	-.0027 (0065)
Ministerial Saliency x Electoral Distance	.0002 (0005)
N=	140
Log-Likelihood	-80.903436
X^2 (p<0.01)	(9)=31.24
AIC	181.8069
BIC	211.2233

*** p≤0.01 ** p≤0.05 * p≤0.1 + p≤0.2, Standard Errors in Parentheses

Table 5.1 Logit Model „Tying the Hands" with Public Hearings

Before proposing an empirical link between public hearings and audience cost theory (i.e. media visibility), it is worthwhile repeating the previous empirical results, which are all well in line with ACT: Public hearings are less likely in the presence of financial implications and increasing government conflict over the bill proposal. The mere possibility of a public hearing enhances the stability of government policy output by increasing the credibility of

governmental commitments. Additionally, we have observed that the opposition can and does make use of public hearings to delay government bills. The opposition can reveal unfavorable information in public hearings and help citizens to make the necessary inferences to impose audience costs on the minister. One aspect of ACT that we have not yet considered in the empirical analyses on public hearings is the link between **ministerial resolve** and the use of **public hearings**. To repeat, if ministers in a coalition government want to publically tie their hands to a bill, then the ministerial salience attached to the proposal should influence the occurrence of public hearings, especially with elections ahead. I therefore extend the previous logit model (chap. 3). The dataset already includes a variable for ministerial salience. To account for the timing until the next election, I include the date of the next election to each bill proposal in the dataset and generate a new variable that measures the distance (in days) from the referral of a proposal to a committee and the next election.

Are public hearings a means for ministers to credibly tie their hands to a bill? For this argument to have some empirical foundation the more important an issue is to a minister and the closer the legislative session is to the next elections, the more likely the occurrence of a public hearing should be. The statistical results (**table 5.1**) do not support this hypothesis: Neither does ministerial saliency itself influence the likelihood for public hearings, nor does a bill that is salient to the proposing minister and is timed adjacent to the end of the legislative session (i.e. the interaction term of ministerial salience and number of days until election) have any considerable and significant effect. Regarding the timing of a public hearing in general, the inclusion of the distance to the next election has no substantial effect. Not only is the coefficient negligible in size, but it never reaches any mentionable level of significance. All the initial results still hold true: Public hearings are more likely with increasing opposition issue divisiveness, they are more likely with increasing complexity of a proposal, and they occur less likely with increasing conflict in a coalition on a draft bill that has financial implications. **We currently lack any evidence that ministers use public hearings to credibly commit to implementing a policy proposal at the expense of audience costs.** Rather, public hearings are an *ultima ratio* to punish a minister to reduce the moral hazards associated with the delegation of legislative tasks to her[52]. For now I focus on the

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[52] I leave to future research to take a more detailed look at the strategic **timing** of hearings. Nonetheless, in a separate regression not reported here, I also included **interactions** of **opposition** issue divisiveness, weighted

"publicity" of public hearings, leaving aside the link between a public and their promise-keeping preferences. This clearly is a shortcoming that should be alleviated with further research in future. However, if public hearings do not generate publicity in the first place there is little justification in studying this link further. Accordingly, the goal of the next paragraphs is to find a **relationship between public hearings and publicity**. For this I turn to mass media communication.

Looking for an Audience: Public Hearings and Mass Media Communication

Public hearings cannot impose audience costs for the simple reason that they are public. It is not enough to argue that the few citizens that attend such a hearing would suffice as a reckonable audience. Although a number of scholars have found that elite actions do influence mass opinion (Gaines et al. 2007, Jacobs and Page 2005, Zaller 1992), a precise **information transmission mechanism** has seldom been specified. Potter and Baum (2010) and Baum and Potter (2008) focus on the hitherto neglected role of mass media as such a mechanism. The argument that domestic political elites play a key role in modifying audience costs (Levendusky and Horowitz 2012) critically depends on an independent media landscape paying attention to political elite behavior (Slantchev 2006, Potter and Baum 2010). This means that public hearings can only burden ministers with audience costs if the audience is informed about the political setting surrounding the public hearing. On the other hand, the threat of audience costs and the associated uncertainty of whether these costs do occur may serve as an incentive to keep ministers in check.

The accountability of a minister influences the patterns of coalition governance. If public hearings can make ministers truly accountable, this should stabilize coalition governments (c.f. McGillivray and Smith 2000 on the link between agent-specific punishments and cooperation). It is sufficient for the minister to believe that he could incur these costs to change his behavior accordingly. This means that public hearings do not always need to effectively create real audience costs, they just have to occur often enough to change the minister's belief about their likelihood of occurring and thus incurring audience costs, since

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opposition saliency and **electoral distance** as there could be an electoral component attached to the timing of public hearings (cf. Martin 2004, Huber 1996). With regards to the proposals of the German Bundestag, the results do not change in direction or significance. **The opposition does not seem to strategically time public hearings**, which could be due to procedural aspects of holding a public hearing, e.g. parliament shutdown during electoral campaigning etc.

"the theory requires only that leaders instinctively identify a connection between their words, deeds, and the repercussions of public perceptions" (Gartzke and Lupu 2012, 395).

A *free press* is crucial in informing domestic audiences about the behavior of their leaders in international conflicts, it is "the ultimate source of audience costs" (Baum and Potter 2008, 57). According to Matthew Baum, a free press is "the single most important factor in determining which issues and attitudes become highly accessible to the mass public" (Baum 2003, 31). Complicating an analysis of audience costs are two recent results in political communication research:

1. The media filter and distort the information that elites would want to transmit to the public (Baum and Groeling 2010, Groeling 2010)
2. The public does not equally pay attention to every political message that is being transmitted (Lupia and McCubbins 1998, Popkin 1993).

Fortunately, audience cost theory does not presuppose a perfectly *informed public*, but rather

> …that the public engages with [foreign] policy *enough* to be both aware of the commitments leaders have made and consistent *enough* in its judgment of success and failure to punish failure at the ballot box. Obviously, such a process is contingent on the public's capacity to gather and retain information and to then use that information to formulate coherent opinions about the performance of leaders. (Baum and Potter 2014: 3, my own emphasis).

How does the *public engage with policy issues* in general? Does the public have the capacity to gather and interpret the relevant information? Available research draws a nuanced picture of citizen's abilities:

1. Voters can use informational shortcuts to make rational decisions even with relatively little information available (Sniderman et al. 1991, Popkin 1993)
2. Voters rely on the opinions of trusted political elites (Larson 2000, Krosnick and Kinder 1990, Iyengar and Kinder 1987).

Signaling the opinions of political elites (politicians, scientists, interest group representatives, voters can use the occurrence of a public hearing as an informational shortcut to evaluate government behavior. For ACT to explain the publicity of hearings**,** hearings have to generate an audience, e.g. *increase media turnout* on the bargaining issue of a public hearing. But why should public hearings be associated with media turnout at all?

1. Newsworthiness in **mass media is evidently associated to negativity** across a wide range of subjects (Soroka 2012, Altheide 1997, Harrington 1989, Iyengar and Reeves 1997, Patterson 1994, Shoemaker, Change and Bredlinger 1987, Soroka 2006).

2. Studies in such diverse fields as psychology, economics, evolutionary biology and neurology suggest that **negative information is being given more weight** than existing positive information on the same issue (Vonk 1996, Kahneman and Tversky 1979, McDermott, Fowler and Smirnov 2008, Herwig et al. 2007). "Bad news is good news" seems to have some empirical grounding after all.

3. Politically interested participants are **more likely to select negative stories** in experiments regardless of what they say they prefer (Trussler and Soroka 2014).

Mass media are more likely to select negative over positive stories. The publicity of public hearings can therefore have a detrimental effect to voter's evaluations of ministerial competence or coalitional commitment since an incompetent minister or a minister unfaithful to a coalition compromise is much more likely to fall under "bad news". As previously stated, public hearings signal conflict and/ or complexity on a bill proposal. Therefore, public hearings can serve as an informational cue for mass media outlets and consequently influence their gate keeping decisions. We should thus find support for the following hypothesis:

H5.1 (Public Hearings and Media Turnout)

Bill proposals on which a public hearing was held are associated with more media visibility, e.g. newspaper articles.

This hypothesis is a necessary preliminary for observing "audience costs". Unless we are able to find support for this hypothesis, we cannot reasonably expect public hearings to create audience costs. But if mass media are biased towards negative news and policy conflicts within a coalition are "bad news", then any publication mentioning government partners discussing a policy proposal is the closest we can currently get to an empirical evaluation of "audience costs". [53]

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[53] Unfortunately, we currently have no knowledge on the number of faz publications specifically indicating coalition conflict but only the total number of articles on a proposal. This is a shortcoming that lends itself to further research because newspaper articles explicitly indicating conflict between coalition partners are the essence of "audience costs".

Empirical Analysis: Public Hearings and Media Turnout

To empirically investigate whether proposals with public hearings do have an audience, i.e. increased media turnout, I gather several media related variables. Each policy initiative in the dataset is complemented by an extensive media analysis of the largest German Daily Newspaper, the "Frankfurter Allgemeine Zeitung"[54]. Specifically, I investigate the occurrence of articles, reports, op-eds and letters to the editor, since it is not so much of interest in which form policy proposals are being discussed but that they are being mentioned at all. I set the time frame for the media analysis to one year before the date of the committee's *report and decision recommendation* until one month after this date. To assemble the media data, I conducted an online search in the archival database of the FAZ (http://faz-archiv-approved.faz.net/intranet/biblionet/r_suche/FAZ.ein). For the specified time frame I searched the database for occurrences of the preliminary title of the proposed law. For example, the committee report on the proposal with the internal reference number 12/6719 was passed and published on April 13th 1994[55]. The time frame for searching the database was therefore set to a period ranging from April 13th 1993 to May 13th 1994. The Committee report and the proposal mention the preliminary titles of the law by different parties, "Beschäftigungsförderungsgesetz" or "Arbeitsförderungsgesetz". These preliminary titles were taken as search phrases.

As **table 5.2** shows, 116 of the 148 proposals in the MV dataset have been discussed in some manner in the FAZ. Of the 116 proposals cited in an FAZ publication during the specified time frame, 66 have been scrutinized in a public hearing. On 86 of these proposals mentioned there is additional information available in the FAZ coverage on partisan conflict. Thus, partisan conflict seems to increase media visibility in general. Additionally I checked whether the citation of a proposal includes a reference to a partisan conflict (in government, between opposition and government, both). Most of the partisan conflicts identified this way deal

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[54] For the time frame of this study (10th to 12th legislative session) I do not expect the FAZ to be negatively biased against coalition behavior. This cannot necessarily be said of more left-leaning newspaper outlets such as Frankfurter Rundschau or Süddeutsche Zeitung. If there is indeed a positivity bias evident in the ensuing analyses, the results can be accepted with greater confidence.

[55] The original MV Dataset does not include the internal reference number of the committee protocols. These could easily be retrieved from the database of the German Bundestag by searching for the complete legislative procedure on the proposal's internal reference number. I have included this additional information in the variable "internrefg".

with policy conflicts both between government parties and government and opposition (**49**). Only four FAZ publications mention a purely governmental conflict.

Media Coverage of Proposals in MV Dataset	
Proposals	**148**
Proposals mentioned in FAZ Coverage	**116**
FAZ Coverage mentioning Partisan Conflict	**86**
FAZ Coverage mentioning Oppositional Conflict	**33**
FAZ Coverage mentioning Governmental Conflict	**4**
FAZ Coverage mentioning Oppositional and Governmental Conflict	**49**
Proposals mentioned in FAZ with a Public Hearing	**66**

Table 5.2 Media Coverage of Proposals (Frankfurter Allgemeine Zeitung)

While these descriptive statistics are by no means conclusive, they reveal a possible "publicity" link between public hearings and media visibility. Proposals with a public hearing and proposals with both coalitional and oppositional conflict attached are referred to frequently. A summary statistic on the average number of FAZ articles mentioning a proposal grouped by the occurrence of a public hearing strengthens this first impression (**table 5.3**): On average, almost twice as many publications discussed a proposal in some manner if a public hearing was held on this proposal compared to proposals with no public hearing. A closer look at the relationship between public hearings and media visibility is therefore warranted.

Public Hearing	Average Number of FAZ Publications on Proposal
NO	4.7
YES	8.65

Table 5.3 Avg. No. of FAZ Articles on Proposals, grouped by the Occurrence of a Public Hearing

Statistical Model for Public Hearings and Media Turnout

The model specification for explaining media turnout on a bill is similar to modeling the number of article changes to a bill (cf. 76f. of this dissertation). Because the dependent

variable is a count (number of FAZ articles mentioning a policy proposal), an event count model is suitable. Both dependent variables (number of article changes, number of FAZ articles) are count variables with means larger than their variance (overdispersion), therefore a negative binomial model may be superior to the Poisson model, especially since the count variable includes many very small values (see **figure 5.1**)[56].
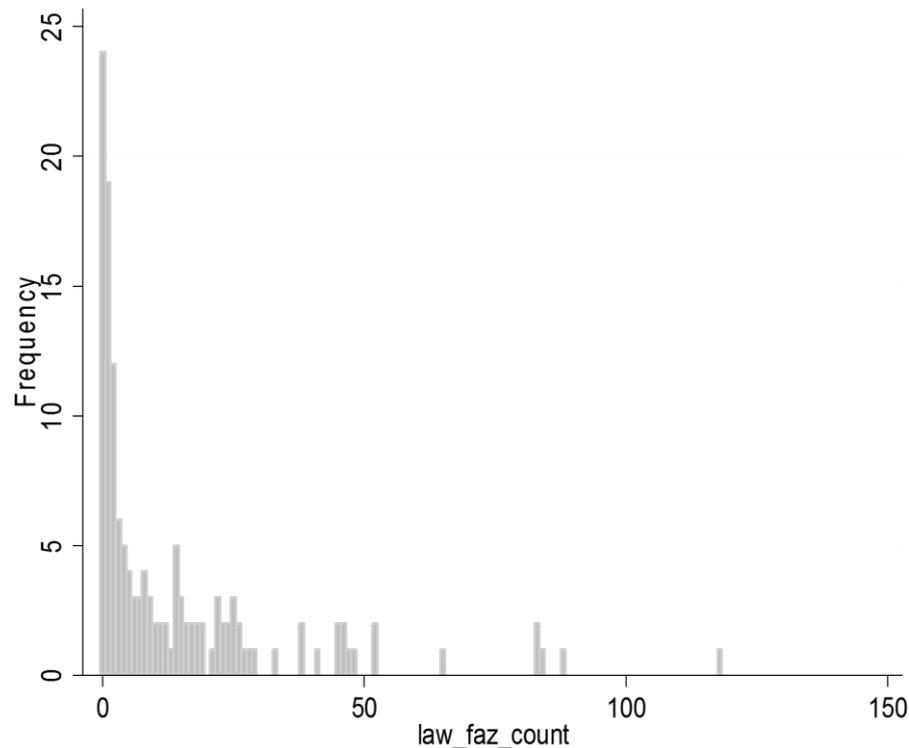
Figure 5.1 Distribution of FAZ Articles on Policy Proposals

Overdispersion in the data may be "caused" by excessive zeros, i.e. more zeros than would be expected from a Poisson or Negative binomial distribution. Unobserved heterogeneity can also produce both overdispersion and "excess zeros". As the overdispersion can be a result of more zeros than to be expected from a Poisson a zero-inflated Poisson model could be a feasible alternative. If the data generation process does not provide a natural limit (i.e. it is not based on a number of independent trials) the standard model should either be a Poisson or its overdispersed generalization instead of a Negative Binomial (Gelman and Hill 2007, 112). On the other hand, if there are theoretical reasons to assume two different data generation processes for zeros and non-zeros, three solutions to this problem can be

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[56] Overdispersion can be a result of more zeros than to be expected from a Poisson, thus a zero-inflated Poisson model could be a feasible alternative. If the data generation process does not provide a natural limit (i.e. it is not based on a number of independent trials) the standard model should either be a Poisson or its overdispersed generalization instead of a Negative Binomial (Gelman and Hill 2007, 112).

applied, a zero inflated poisson (ZIP), a zero inflated negative binomial model (ZINB) or a "hurdle" model. These models estimate a nested model assuming different data generating processes for zeroes and non-zeros in the data. But there are theoretical differences: While the ZIP/ ZINB models 0, 1, 2, 3, 4 etc. and accounts for two probabilities (p=0 and 1-p=count data including 0), the "hurdle" model assumes one model explaining 0 vs. 1 and a count model constrained on values > 0. The ZIP/ ZINB assumes that the observation is simply a rare event that can but doesn't need to occur under certain circumstances (Lampert 1992), while the "hurdle" model assumes that there is indeed a "hurdle" that needs to be crossed first (King 1989).[57] The ZIP/ ZINB estimates the zeros through a logit model nested within a Poisson or negative binomial model. Nonetheless, the zeros can come from either the logit or the Poisson/ negative binomial, i.e. the data generating process is not as constrained as in the "hurdle" model. Choosing the model should consequently not depend on evaluating model fits (log-likelihood, Akaike Information Criterion, Bayesian Information Criterion, Vuong test) but rather on theoretical appropriateness regarding the presupposed data generating process.

The FAZ covers German legislation among many topics in the "politics" section, which can be overwhelmingly packed with international relations, political affairs, issues within the German Bundesländer, judicial decisions etc. Within other sections (economics, sports, culture etc.) coverage of a draft bill is even less frequent. Theoretically, **no** FAZ publication on a draft bill follows the same data generating process as **one or more** FAZ publications. Additionally, less than twenty percent of all observations of the relevant dependent variable are zeros. The standard negative binomial models between-subject (in our case between-proposals) heterogeneity, while the zero-inflated models have different probability models for zeros and nonzero counts. With the exception of the constraining "hurdle" model, the ZIP, ZINB and standard negative binomial are reasonable model choices:

1. "Excess zeros" may be taken too seriously (less than 20% of the observations are zeros). Nonetheless there is overdispersion in the dependent variable, which would be indicative of a negative binomial model. The **negative binomial** places fever restrictions on the data generation process than the zero inflated variants.

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[57] But see Zorn (1998) who argues that both models basically are special cases of a more generalized model for count data.

2. Overdispersion in the data could be due to "excess zeros" for a Poisson distributed dependent variable. The data generation process for FAZ publications is more likely to be following a Poisson (because there is no natural limit to the number of publications) than a negative binomial. This would stand in favor of a **zero inflated Poisson model**.

3. Overdispersion in the data could be due to "excess zeros" and unobserved between-subject heterogeneity, favoring a **zero inflated negative binomial** over a zero inflated Poisson.

As a conservative approach, I estimate all three models, even though the data generation process for the dependent variable suggests a **zero-inflated Poisson**. Regardless of model specification, we should observe that public hearings on proposals that divide governing partners increase media visibility at a standard level of significance.

Variables for Public Hearings and Media Turnout

To reiterate, a necessary condition for audience cost theory to hold regarding public hearings is that we have an **increased publicity on policy proposals if a public hearing took place**. This holds especially for bills on which government partners are divided. Theoretically, audience costs will be highest for government partners if they are divided on an issue and this is made public through a public hearing (negativity bias for newsworthiness). I therefore include variables measuring **government** or **opposition divisiveness**. I also account for the occurrence of a public **hearing** and **interaction terms** of hearings and divisiveness (both government and opposition).

There could be several other reasons explaining the number of FAZ publications on a bill proposal that I control for: The **complexity** of a bill may indicate increased importance to the public. **Upcoming elections** may enhance awareness of a newspaper about draft bills, i.e. the closer an election is, the more likely it could be that draft proposals are increasingly covered (a negative coefficient would indicate this relationship). Additionally, some issue areas may be of more interest to the readers of the FAZ or to the FAZ newspaper itself. I therefore also include **issue area controls** (tax, foreign affairs, industry, social issues, clerical issues, agriculture, regional policy, environmental policy).

Results and Interpretation

I estimate several event count models (negative binomial, zero inflated negative binomial, zero inflated Poisson) which include all proposals on which data were available for the independent and dependent variables (**table 5.4**). The results establish a robust relationship between public hearings, government conflict and media visibility. Somewhat surprising, especially with the negativity bias of newsworthiness in mind, with increasing government issue divisiveness proposals are actually **less** likely to be given increasing attention in more than one FAZ publication during the research time period, ceteris paribus. This may indicate that the FAZ newspaper is biased towards government policy during the time frame under consideration. Such a result actually strengthens our confidence in the results regarding the effect of public hearings in the presence of coalitional conflict. Independent of coalition conflict, public hearings have no visible influence on media visibility: Across all models the variable fails to reach any mentionable significance. In support of the theoretical argument, public hearings on proposals with intra-coalitional conflict **increase** the number of FAZ publications dealing with the proposal across all models.

Even though divisiveness for the coalition decreases the expected number of FAZ articles substantially, a one standard deviation increase in issue divisiveness for the coalition increases the expected number of all FAZ articles on a proposal by 41.72% (for the zero inflated Poisson), given that a public hearing occurred[58]. The preferred zero inflated Poisson[59] reveals additional interesting results (though the corresponding coefficients are only significant in the ZIP): Proposals that ideologically divide government and opposition parties are likely to be given more media visibility: conflict sells, or in the words of the media landscape "if it bleeds, it leads." With increasing complexity of a proposal we also observe substantially more FAZ publications on the draft bill in question. The complexity of a proposal could thus indicate enhanced importance to the media. Strikingly, even though public hearings are called by parties in parliament to reduce the lack of information on complex bills (cf. chapter 3), this significantly decreases media visibility on a proposal.

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[58] The marginal effects are calculated with the formula mentioned in footnote 27.

[59] A comparison of observed and predicted values of the count models favors the zero inflated Poisson, cf. **Appendix 4.A**.

Independent Variable	Model I NB	Model II ZINB	Model III ZIP
(Intercept)	.7531	.6719	**1.4781*****
	(2.0874)	(2.0079)	**(.4520)**
Government Issue Divisiveness	-.8305**	-.8708**	-.7212***
	(.4035)	(.3893)	(.0956)
Opposition Issue Divisiveness	.2540	.2768	**.1396****
	(.2933)	(.2815)	**(.0619)**
Complexity	.2183	.2034	**.2880*****
	(.3508)	(.3454)	**(.07575)**
Hearing	.7494	.6579	.3595
	(2.002)	(1.9196)	(.4102)
Hearing x Government Issue Divsiveness	**.6546***	**.5803***	**.5395*****
	(.3499)	**(.3345)**	**(.0850)**
Hearing x Opposition Issue Divisiveness	-.0957	-.0570	-.0023
	(.2710)	(.2591)	(.0537)
Hearing x Complexity	-.1880	-.2429	**-.3167*****
	(.3830)	(.3723)	**(.0827)**
Electoral Distance	-.0004	-.0004	**-.0001***
	(.0004)	(.0004)	**(.0001)**
Inflation			
Hearing x Government Issue Divsiveness		-6.6028	-.2216
		(14.8549)	(.5219)
Hearing x Opposition Issue Divisiveness		1.3425	.2513
		(1.7891)	(.1710)
Hearing x Complexity		-4.7689	**-1.1905****
		(6.8360)	**(.6157)**
intercept		**-2.9374****	**-1.4528*****
		(1.3831)	**(.3449)**
N=	134	134	134
Log-Likelihood	-465.45241	-463.3601	-1261.657
X2	(14)=23.09 (p<0.1)	(14)=24.55 (p<0.05)	(14)=346.96 (p<0.001)
AIC	962.905	966.720	2561.314
BIC	1009.270	1024.677	2616.373

*** p≤0.01 ** p≤0.05 * p≤0.1 + p≤0.2, Standard Errors in Parentheses

Table 5.4 Event Count Models on the Number of FAZ Articles on Government Bills

One reasonable interpretation is **parliamentary learning**: A public hearing on a complex bill not only reduces the informational asymmetries in committee but also signals sensible policymaking to the media, which is the opposite of what media with a negativity bias would generally take as a headline. Finally, the closer elections are up ahead, the more FAZ publications can be observed on a policy proposal (though this relationship is only weakly significant and has a very small marginal effect).

Independent Variable	Model I NB	Model II ZINB	Model III ZIP
Government Issue Divisiveness	**-48.67****	**-49.97****	**-43.65*****
Opposition Issue Divisiveness	42.74	47.38	**21.60****
Complexity	18.27	16.92	**24.78*****
Hearing	**111.57**	**93.07**	**43.26**
Hearing x Government Issue Divisiveness	**52.67***	**45.51***	**41.72*****
Hearing x Opposition Issue Divisiveness	-28.88	-18.37	-0.82
Hearing x Complexity	-20.37	-25.49	**-31-86*****
Electoral Distance	-13.58	-13.58	**3.71***

Cell entries represent the percentage change in the expected number of FAZ publications on a bill proposal resulting from an increase of one standard deviation in the corresponding independent variable (or one unit for dichotomous indicator variables).

*** p≤0.01 ** p≤0.05 * p≤0.1 + p≤0.2

Table 5.5 Percentage Change in the Number of FAZ Articles on Government Bills

Predictions of Public Hearings and Media Visibility

From a glance at the percentage change in the expected number of FAZ newspaper articles on a proposal (**table 5.5**) we find that, in conjunction with coalition conflict, public hearings make a difference. As with all interaction effects though, the analysis should not confine itself to the coefficients. This is especially important for the analysis of public hearings and media turnout, since coalition conflict substantially decreases the number of newspaper articles dealing with a bill, ceteris paribus. Even though increasing coalition conflict strikingly reduces the expected number of FAZ publications, we observe a remarkable difference for those proposals that were scrutinized in a public hearing. With public hearings, policy proposals always generate more media visibility, but how does the effect play out? Keep in

mind that the conditional distribution of the dependent variable "FAZ publications" is from the exponential family of distributions. Thus, for the executed negative binomial, the mean response is related to the independent variables through a link function, which is a logit in this instance. Consequently, the estimated effect of an independent variable depends on values of all the independent variables in the model (Greene 2003: 675, Long and Freese 2006, 171). I therefore graphically invest the predictive margins of a public hearing on the expected number of FAZ newspaper publications with regard to representative values of coalition conflict (**figure 5.2**).
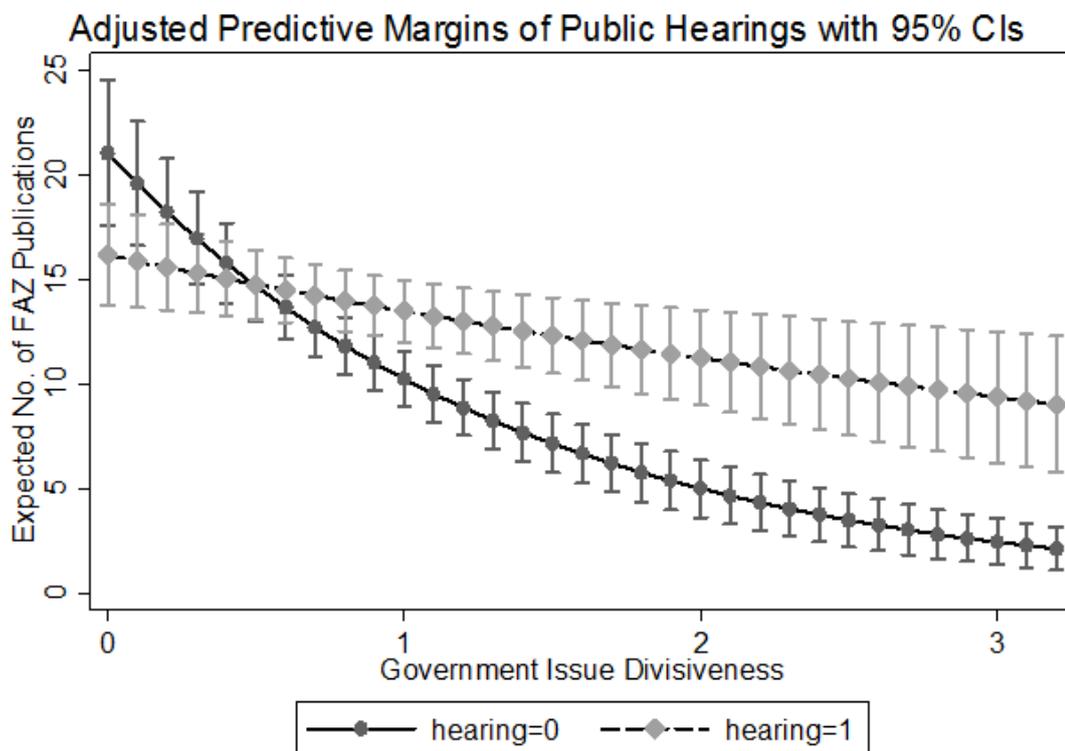
Figure 5.2 Predicted Marginal Effects for Public Hearings on Media Visibility

For proposals with coalition conflict levels above mean, the difference in expected FAZ publications is significant. The average number of newspaper articles on a proposal is about three times higher for those proposals scrutinized in public hearing compared to proposals not publically discussed in such a hearing. Nonetheless, there indeed seems to be a specific policy bias present in the newspaper articles of the FAZ considered in this analysis. Even though coalition conflict should be related to more media visibility following a negativity bias of popular media outlets, for those proposals considered in the legislative sessions 10 to 12, this result does not hold for the studied newspaper Frankfurter Allgemeine Zeitung. But

even then, public hearings hurt governing partners by substantially increasing the number of expected newspaper articles on a proposal. Indeed, public hearings create "audience costs".

Summary

Both opposition and government parties can create an arena for signaling the quality of government policies – by holding a public hearing. I have argued that hearings can only be an effective control mechanism against ministerial drift if they are public. Only a public can create audience costs. Ministers deviating from coalition compromise risk being stamped as incompetent or unfaithful. The risk of audience costs credibly ties the hands of coalition partners. Yet this is only part of the story. Public hearings bring the opposition back in: Audience costs are strategically created by an opposition by delaying governmental policy proposals. In contrast, and against theoretical expectations, ministers do not use public hearings to "burn down the bridges": We currently have no evidence that ministers credibly commit to a proposal at the risk of audience costs. Instead, public hearings are a parliamentary mechanism for having experts sound an alarm if a minister deviates from a coalition compromise or is considered incompetent – and this alarm creates an audience by increasing the media visibility of a proposal and related coalition cabinet conflicts. Public hearings as a signal of partisan conflict or proposal complexity influence the gate keeping decisions of mass media outlets. As expected, public hearings are especially detrimental to government partners because they make it substantially more likely that a newspaper article will deal not only with the relevant policy proposal but rather with the governmental conflict on that proposal. This is what audience costs are all about.

6. Listen Carefully – Public Hearings in the German Bundestag

At the heart of modern parliamentary democracies lies the concept of public discussion about political goals and means to reach these goals. The parliamentary arena in this sense represents the ideal of a public justification of political power. But does the political discussion in this arena entail publicity? At the center of the preceding research has been the question how elected officials in a parliamentary democracy utilize public hearings to further political goals. The time being spent in committees with hearing experts and interest groups has grown considerably in the German Bundestag over the legislative sessions 1-16. If a public hearing occurs, it will most likely be on cabinet bills or government faction bills.

The central argument of this thesis was straightforward: public hearings serve as a mechanism within parliamentary committees of the German Bundestag to monitor and scrutinize ministerial bill proposals. To support this argument, several questions had to be answered:

- **Why** are public hearings called for in the first place?
- **How** do public hearings affect the policy proposals involved, i.e. do they influence the **duration** of a proposal in a committee or the **number of article changes**?
- Do public hearings generate **publicity** for a relevant audience?

The discussion of transaction cost theory specified public hearings as one possible solution to economize on transaction costs in a political market. Consequently, we found strong empirical support that the occurrence of public hearings is systematically related to the **complexity of a proposal** even in the presence of **partisan conflicts** in the German Bundestag. In this sense, public hearings help all members of parliament to reduce transaction costs. But that is just part of a larger story, since public hearings support the policing strength of committees in Western European parliaments. Germany belongs to the group of Western European parliaments with strong policing powers of its committees. Public hearings are part of the structural and procedural features that influence the **policing strength** of parliaments. Parliaments that feature strong committee systems mirroring ministerial jurisdictions, that have public hearings as investigative mechanism available, and that allow members to propose amendments without restriction are better able to counter the threat of ministerial drift.

We currently have no evidence that ministers use public hearings to credibly commit to a proposal by risking audience costs. In public hearings, government partners **scrutinize** ministerial proposals only if nothing else works, because the cabinet has **to bear out the audience costs** associated with the publicity of the hearing. That public hearings create audience costs is evident when considering the **increased number of newspaper articles** on proposals that were scrutinized in a public hearing.

Kill Bill Revisited: Public Hearings and Coalition Conflict

With **increasing conflict within a coalition**, public hearings become less likely, especially if a proposal has **financial implications**. A public hearing can signal a deviation from a coalition compromise or reveal policy incompetence of the minister. As a result, we observe fewer public hearings on highly divisive issues. The presence of **junior ministers** makes public hearings even less likely. This is sensible, as junior ministers can try to solve policy conflicts behind closed doors instead of blowing a whistle to the public. Interestingly, **committee chairs** in the German Bundestag have no influence on public hearings whatsoever, even though previous research has generated this expectation. While intra-coalitional conflict makes public hearings less likely, if highly divisive proposals are being discussed in a public hearing, this substantially **increases the number of article changes**. Thus while public hearings on coalitional conflicts turn out to be a rare species, they tend to have a strong bite on policy proposals. Public hearings are strategically employed to mitigate partisan conflicts. But they are also called upon if policy proposals become increasingly **complex** for members of the German Bundestag.

There is no reason to be pessimistic about public hearings as "window dressing" (Berry 1989) or "political theater" (Davidson and Oleszek 2004, p. 214). Instead, public hearings are one instrument available to government partners to help them "stick" to a coalition compromise. Recall the proposal to tighten a law on child safety from the introduction. The public hearing revealed substantial policy differences between the coalition partners. While the experts invited by the CDU commended the proposal, the SPD selected those experts that would consequently criticize the proposal by the governing partner. Ekin Deligöz (Greens), vice chair of the committee closed the public hearing with the ironic words "We will discuss the results of the hearing now and then we will have to see how it goes." As a matter of fact, the minister withdrew the bill.

Django Unchained Revisited: Public Hearings and Opposition Conflict

Parties employ public hearings strategically as an instrument of legislative scrutiny. With increasing **conflict between opposition and government**, public hearings become more likely. The opposition can benefit from having government "look bad" by significantly **delaying government policymaking** through public hearings. Even though the opposition cannot influence the content of proposals, it can harm a coalition by delaying bills.

Recall the package of economic instruments initiated by the CDU/CSU-FDP government at the end of 2009. Although heavily scrutinized at the committee stage, the bill was passed and enforced on January 1st 2010. Only two weeks later, news came out that a hotel chain had made a donation of more than one million Euros to the FDP. While the FDP denied having received the donation in relation to the bill, this detail added to the critique of the bill and created a chorus of public outrage. By June, the German government was publically talking about plans to back down from the reduction of vat[60]. The government had no incentive to publically scrutinize a bill that was in line with the coalition contract. Instead, the opposition parties were the driving force behind the public hearing. Originally intended to reduce the informational asymmetries between government ministers and the opposition, public hearings are by now a strategic instrument for opposition parties to generate electoral benefits.

Extensions and Open Questions

In favor of maximal comparability and in relation to existing research on coalition governance and parliamentary scrutiny I opted for using an existing dataset with predefined variables that where measured according to current scholarly standards in the field of political science. Necessarily, this can only be a first start for investigating public hearings in the German Bundestag. As the descriptive statistics have shown, considerable variation exists for the use of public hearings across time and issues (committee portfolios) that regrettably could not be addressed with this approach. One possible and certainly rewarding addition would be to extend the dataset to include public hearings before legislative session 10 and after legislative session 12. Doing this involves intricate measurement and coding of central variables (number of article changes to a bill proposal, government and opposition issue divisiveness etc.) not easily available for the complete period of observations. The task at hand instead focused on gathering insights about the causes and effects of public hearings in the German Bundestag. We already know that public hearings matter for the ability of Western European parliaments to scrutinize governmental bill proposals. Further research could therefore analyze public hearings as an instrument in Western European parliaments in comparative perspective.

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[60] Spiegel Online, 29.06.2010, http://www.spiegel.de/politik/deutschland/steuerdebatte-in-der-koalition-merkel-ruegt-lindners-hotel-volte-a-703619.html, (retrieved July 2014)

Naturally, many aspects of public hearings could not be further investigated in the course of this project. The results presented in the preceding chapters represent only a beginning and future work should explore public hearings in greater detail. For example, **legislative debates** of members of parliament have been somewhat understudied until now (but see Proksch and Slapin 2012). If public hearings generate additional knowledge on policy proposals, this should influence legislative debate. Future research could study the referral to public hearings in legislative speeches. How do members of parliament strategically communicate in favor or against a proposal by referring to public hearings? In this sense, public hearings could be a rhetorical instrument to members of parliament.

Central to Georg Vanberg's (2005) study of the German Federal Court of Constitutional Review is "transparency", defined as opinion leadership/ media coverage, the presence of an organized interest and complexity of the issue at hand. Audience features affect **judicial behavior** (Vanberg 2001, 2005), an argument that is closely aligned to audience cost theory and public hearings. For example, Chaudoin argues, "If the audience does not support *adherence to a particular judicial ruling*, or if the informational setting is such that audiences are unlikely to learn about policymaker disobedience even when it does result in judicial scrutiny, then policymakers are more free to choose policies to their liking and courts are less likely to rule against those policies." (Chaudoin 2012, 14, my emphasis). In public hearings, political actors signal opinions towards organized interests given complex issues, so by definition public hearings should have an impact on the likelihood of constitutional review. In the present study, public hearings are associated with higher media visibility. This implies a larger impact on public awareness and opinion (Vanberg 2005, 45). As Vanberg proposes, "The greater the likelihood that the environment in which the FCC is acting is transparent, the less deferential to legislative majorities the court will be"(ibid. 100). This clearly means that public hearings increase the likelihood of constitutional review on cases for which potential or actual public awareness is higher, when outside groups that provide political support for an annulment are present, and the less complex a policy area is. It would be interesting to further investigate whether public hearings signal constitutionality or quality of a bill proposal to the FCC in Germany.

Esterling (2007) contends that interest groups and experts signal uncertainty and ambiguity in policy proposals. The **composition of public hearings** is likely to influence the ability of

public hearings to scrutinize ministerial bills. An in depth analysis of the expert statements in public hearings could clarify if more certain and less ambiguous signals in hearings by invited experts and interest groups reduce the number of amendments or duration of a proposal in committee. A more diverse group of interest groups could potentially increase audience costs. Furthermore, we currently know only very little about the impact of scientific expertise on policy proposals (but see König, Luig and Solomon 2010).

Broader Normative Implications

Rawls (1993) and Habermas(1994) share the idea that the publicity of political discussion enhances the quality of the "good of the public". I intended to show that political discussions in public hearings indeed create publicity. As a last resort to keep ministers in check and government partners from wandering too far off a coalition compromise, public hearings are powerful instruments. They create a potentially critical audience and substantially influence policymaking by increasing the number of amendments to a proposal. Filtered through public hearings, policy proposals will not only be considered more seriously if they are complex, but they are likely to be more closely aligned to the electoral promises and coalition agreements the governing parties have made previously. Public hearings stabilize coalition government, alongside the presence of junior ministers and other "alternative governance structures" at the cabinet stage and in the parliamentary arena. Contrary to contemporary fears that scientific advisors are mere "pawns" or "fig leaves" for legitimizing already defined policies (Scharpf 2006, Patzelt 2003, Wewer 2003, Hoffman-Riem 1988, Böhret 1981), they help governing partners keep their promises and thus generate cabinet stability by inducing potentially damaging audience costs.

Public hearings also reestablish the opposition as a serious player in parliament. By staging public hearings, the opposition not only reduces informational asymmetries vis-à-vis government but it sometimes reveals otherwise unnoticed intra-coalitional conflicts and ministerial drift. Supported by expert and interest group signals, opposition parties force ministers to reveal their preferences and motivation for a proposal in public hearings. The opposition can better fulfill its task to create transparency in governmental policymaking by holding public hearings and thus informing a larger audience. In this sense, public hearings are indeed for "the good of the public".

Finally, public hearings create feedback-loops from government through parliament back to the electorate. By increasing media visibility on important policy proposals and related partisan conflicts, public hearings signal important information to the electorate to update its beliefs on governmental behavior. They "enable citizens to make the necessary inferences and impose costs […] for pursuing a bad policy" (Slantchev 2006, 451). Martin and Vanberg (2011) have vigorously argued that "the relevant juxtaposition is not between the cabinet and the parliament that holds 'the government' accountable. Rather it is between coalition parties that use legislative institutions to contain threats posed by the discretionary powers of ministers" (157). The discussion of public hearings, audience costs and media visibility touches a crucial normative question, posed by Powell (2000, 51):

> …because the parties [in a coalition] ran against each other and made individual policy proposals before forming a government, it may be difficult to attribute responsibility within a government made up of competitors, who can blame each other for failures.

If public hearings indeed generate a larger audience through increased media turnout on ministerial proposals and related intra-coalitional conflicts, they can help increase the "clarity of responsibility" for coalition governments. Because public hearings entail audience costs, governing parties will only call for public hearings as a last resort to challenge and change the proposals of their partners. As Martin and Vanberg point out, "Voters elect legislators who have a central role in policymaking, and this influence extends to policy areas *beyond* the immediate ministerial control of their parties" (MV 2011, 165). Moderated by partisan conflicts, public hearings markedly influence content and duration of a government law proposal in the committees of the German Bundestag. Public hearings create an audience by increasing media visibility. If you don't want to listen, find out the hard way - governing partners are well advised to "listen carefully".

Appendix 1.A

Information on the availability of public hearings for Western European parliaments was assembled from the standing orders or current parliamentary websites.

Country	Source
Austria	http://www.parlament.gv.at/PERK/RGES/GOGNR/gog06_P29-41.shtml
Belgium	Art. 28, http://www.dekamer.be/kvvcr/pdf_sections/publications/reglement/reglement_NL_07_2010.pdf
Denmark	http://www.thedanishparliament.dk/Committees_and_delegations/Committees/Ny%20En_ContentPage.aspx
Finland	http://web.eduskunta.fi/Resource.phx/parliament/committees/index.htx
France	http://www.assemblee-nationale.fr/connaissance/fiches_synthese/septembre2012/fiche_24.asp
Germany	§70, Geschäftsordnung des Deutschen Bundestages (GoBT)
Greece	Article 38 "Hearing of non-parliamentarians", http://www.hellenicparliament.gr/UserFiles/f3c70a23-7696-49db-9148-f24dce6a27c8/Standing%20Orders.docx
Ireland	http://www.oireachtas.ie/parliament/oireachtasbusiness/www.oireachtas/committees/fact-sheets/
Italy	http://en.camera.it/4?scheda_informazioni=11
Luxembourg	Article 22,1 "reglement de la chambre des deputes
Netherlands	http://www.houseofrepresentatives.nl/sites/www.houseofrepresentatives.nl/files/content/rules_of_procedure_1.pdf
Norway	http://www.stortinget.no/en/In-English/Standing-Commitees/
Portugal	Article 103, http://app.parlamento.pt/site_antigo/ingles/cons_leg/regimento/Rules_of_Procedure.pdf
Spain	http://www.congreso.es/portal/page/portal/Congreso/Congreso/Hist_Normas/Norm/standing_orders_02.pdf
Sweden	http://www.riksdagen.se/en/Committees/The-parliamentary-committees-at-work/Public-hearings/
United Kingdom	http://www.parliament.uk/about/how/committees/general/

Appendix 2.A

Independent Variable	Model I	Model II	Model III
(Intercept)	-3.2395*** (1.1431)	-5.777934*** (2.080402)	-4.5265** (2.4329)
Government Issue Divisiveness	-.6417** (.2584)	.3257717 (.5263032)	.4681 (.5526)
Opposition Issue Divisiveness	.4061** (.1633)	.7194438** (.3148478)	.6661** (.3288)
Financial Implications	-.6989+ (.4323)	2.659903 (2.407851)	2.7328 (2.5673)
Logged Number of Articles	.8778*** (.2773)	.8008939*** (.28796)	.4100 (.3383)
Government Issue Divisiveness x Financial Implications		-1.641917** (.6797339)	-1.8793** (.7539)
Opposition Issue Divisiveness x Financial Implications		-.345159 (.3744918)	-.3295 (.3958)
Number of Committee Referrals	--	--	.3371*** (.1242)
Committee Size (# of members)	--	--	-.0524 (.0429)
Log likelihood	-88.674451	-82.952625	-78.007655
Chi 2 (p<0.01)	(4)= 19.71	(6)= 31.15	(8)=41.04
N	143	143	143

*** p≤0.01 ** p≤0.05 * p≤0.1 + p≤0.2

Table Appendix 2.A.1 Logit Model Factors Influencing the Occurrence of Public Hearings

I here conduct additional regressions on the occurrence of public hearings including two theoretically minor variables, the number of committee referrals and the size of a committee (# of members). Note that the central result holds regardless of additional control variables: With increasing intra-coalitional conflict on a proposal it becomes increasingly less likely that a public hearing will be held if the proposal also has financial implications. Independent of financial implications and the additional control variables,

public hearings always become more likely with increasing policy conflict between government and opposition.

Independent Variable	Model I
(Intercept)	.4908 (.3987)
Committee Size	.0099 (.0085)
Logged Number of Articles	.3013*** (.0493)
Financial Implications	.0139 (.0970)
Government Issue Divisiveness	-.0309 (.0724)
Opposition Issue Divisiveness	.0144 (.0347)
Junior Minister	-.1341 (.1380)
Log likelihood	-287.11788
Chi 2 (p<0.01)	(6)= 48.97
N	146

*** p≤0.01 ** p≤0.05 * p≤0.1 ⁺ p≤0.2

Table Appendix 2.A.2 Negative Binomial Model for the Number of Committee Referrals

As I have previously mentioned (p. 49, footnote 33), the complexity of a bill proposal (logged number of articles) and the **number of committee referrals** are correlated (0.53). The more complex a bill is the more likely it will be referred to more than one committee. Since the complexity of a bill proposal causally precedes a committee referral, including the number of committee referrals would only mask the explanatory power of the variable "complexity of a bill". The following negative binomial regression (due to overdispersion) on the number of committee referrals corroborates this finding. The only significant variable (at p=0.000) on explaining the number of committee referrals is the complexity of a bill proposal measured as logged number of articles.

Appendix 3.A

Independent Variable	Model I (Germany)	Model II (hearing)	Model III (interactions)
Government Issue Divisiveness	.4201** (.1961)	.3312* (.1722)	.0432 (.2210)
Opposition Issue Divisiveness	-.2879** (.1196)	-.2460** (.1028)	-.1924+ (.1279)
Junior Minister Partner	-.2029 (.2951)	-.2158 (.2616)	-.2878 (.2610)
No. Committee Referrals	.0742** (.0303)	.0518** (.0252)	.0514** (.0251)
Log No. Articles	.8244*** (0.873)	.7850*** (.0769)	.6248*** (.1395)
Expiration of Bills before Plenary Vote	-1.1141** (.4538)	-.2780** (.4897)	-.3035 (.4752)
Tax Policy	.1653 (.2504)	.2360 (.2244)	.1571 (.2213)
Foreign Policy	-3.6529** (1.5019)	-2.7960** (1.3730)	-2.037+ (1.4739)
Industrial Policy	-.6460* (.3618)	-.3687* (.3155)	-.4380* (.3118)
Social Policy	.6136 (.5368)	.7521+ (.4765)	.6632 (.4709)
Agricultural Policy	-.8264* (.4332)	-.2709 (.3808)	-.2216 (.3919)
Regional Policy	-1.9578+ (1.2944)	-1.3633 (1.2944)	-1.4595 (1.2638)
Hearing	--	**-.5984*** (.1254)**	.3236 (.7674)
Hearing x Government Issue Divisiveness	--	--	**.4470** (.1845)**
Hearing x Opposition Issue Divisiveness	--	--	-0765 (.1047)
Hearing x Log No. Articles	--	--	**.2321+ (.1535)**
N=	147	143	141
Log-Likelihood	-348.3028	-331.2767	-322.4431
X^2 (p<0.001, two-tailed)	(12)=136.22	(13)=156.26	(16)=162.22
AIC			
BIC			

Cell entries are unstandardized maximum-likelihood estimates (with standard errors in parentheses).

Exposure and dispersion parameters are not displayed.

*** p≤0.01 ** p≤0.05 * p≤0.1 + p≤0.2

Table Appendix 3.A.1 Full Negative Binomial Model of the Number of Article Changes in Government Bills

Appendix 3.B

Independent Variable	Model I	Model II (Hearing)	Model IV (Interactions)
Constant	-9.1464*** (1.8416)	-11.6106*** (1.8904)	-13.6725*** (2.2948)
Government Issue Divisiveness (GID)	.4757** (.2078)	.5526*** (.1918)	.6284*** (.2343)
Weighted Coalition Importance (WCI)	5.5429*** (1.4354)	6.8870*** (1.4263)	6.0522*** (1.9324)
Opposition Issue Divisiveness (OID)	-.2837** (.1283)	-.2747** (.1169)	-.2148[+] (.1412)
Weighted Opposition Importance (WOI)	-.4072 (1.0360)	.6221 (.9914)	2.9481** (1.2769)
Hearing		-.9350*** (1.8904)	4.5404 (3.5770)
Hearing x GID			-.4192 (.4258)
Hearing x WCI			-.5293 (2.9092)
Hearing x OID			.0203 (.2561)
Hearing x WOI			-4.6679** (2.1293)
N=	138	137	137
Log-Likelihood	-191.36255	-178.58658	-174.85751
X^2 (p<0.001)	(4)=23.34	(5)=46.05	(9)=53.51
AIC	394.7251	371.1732	371.715
BIC	412.2886	391.613	403.8348

*** p≤0.01 ** p≤0.05 * p≤0.1 [+] p≤0.2

Table Appendix 3.B.1 Full Weibull Model on the Duration of Proposals, <u>excluding</u> Issue Areas

Independent Variable	Model I	Model II (Hearing)	Model IV (Interactions)
Constant	30.9413 (22.4327)	33.3200 (22.3120)	31.5295 (22.4861)
Government Issue Divisiveness (GID)	.3920 (.6256	.1009 (.5758)	-.5978 (.53779)
Weighted Coalition Importance (WCI)	-28.8921 [+] (19.9724)	-25.0629 (19.6040)	-14.3677 (19.8689)
Opposition Issue Divisiveness (OID)	-.1927 (.4395)	.0604 (.4093)	.7613* (.3896)
Weighted Opposition Importance	-5.0070 (8.2748)	-10.7576[+] (7.8980)	-20.1469*** (7.7725)
Foreign Policy	-2.5221 (5.2825)	-.2875 (4.8694)	-4.9078 (3.8512)
Industrial Policy	-8.0761* (4.7931)	-7.3450[+] (4.6597)	2.0625 (2.3079)
Social Policy	-2.0335 (.2.2457)	-.8771 (2.1993)	-9.2175*** (3.0119)
Agricultural Policy	-6.4488[+] (4.0569)	-6.4467[+] (3.9407)	-2.8970[+] (1.838436)
Regional Policy	-8.8390[+] (6.5893)	-7.5809 (6.3383)	-8.7740*** (2.9936)
Environmental Policy	-4.0259 (3.9837)	-1.5819 (3.7706)	-6.4361[+] (3.9912)
Hearing		-.9797*** (.2043)	9.8680** (4.8701)
Hearing x GID			-.8954[+] (.6104
Hearing x WCI			-1.7371 (3.7889)
Hearing x OID			.2555 (.3782
Hearing x WOI			-10.0053*** (3.1164)
N=	138	137	137
Log-Likelihood	-187.36168	-175.42062	-167.24123
X² (p<0.001)	(10)=31.34	(11)=52.38	(15)=68.74
AIC	398.7234	376.8412	368.4825
BIC	433.8504	414.801	418.1221

*** p≤0.01 ** p≤0.05 * p≤0.1 [+] p≤0.2

Table Appendix 3.B.2 Full Weibull Model on the Duration of Proposals, <u>including</u> Issue Areas

Robustance Checks for the Weibull Duration Model

In auxiliary tests of the Weibull duration model, I investigate the possibility of **unobserved heterogeneity** in my data and nonproportionality in the Weibull model. Heterogeneity refers to a condition in which subpopulations in the data vary in ways not captured by the covariates in the model (Box-Steffensmeier and Zorn 1999). **Nonproportionality** deals with coefficients in the Weibull model whose hazard is not proportional, which can lead to temporally dependent effects of the covariates.

Unobserved Heterogeneity

Contrary to medical or biological data where a failure (e.g. an infection or disease) can occur several times on one individual, a bill proposal can receive only one failure, i.e. vote in a committee. While there is no theoretical justification for assuming this type of individual frailty, individual bills proposed in either the same legislative period or committee or proposed by the same ministry could be prone to shared frailty. This could be due to a changing composition of parliament or committees, grown experience in later legislative periods and other unobserved influences. To test for shared fraility, I estimate three frailty models which provide for direct estimation of omitted group specific (session, committee, ministry) effects in the form of a single random-effect variable (theta). I run the models with either a gamma distribution on the omitted effects or an inverse-Gaussian distribution imposed. In no case do I find evidence of heterogeneity, i.e. the single random-effect variable (theta) fails to be significant.

Shared Frailty	Number of Groups	Obs. Per Group (Min/ Max/ Avg.)	Theta	X-bar-2	Prob >= X-bar-2
Session	3	38 / 53 / 45.67	0.0000	0.0000	1.000
Ministry	15	1 / 44 / 9.13	0.0000	0.0000	1.000
Committee	17	1 / 44 / 8.06	0.0000	0.0000	1.000

Table Appendix 3.B.3 Shared Frailty Models: Test of Unobserved Heterogeneity in the Weibull Model

A simpler approach to correct for coincidental dependence among observations (i.e. if dependence among observations is mainly regarded as a nuisance) is robust variance estimation using Huber's (1967) method. But since robust estimation already assumes misspecification of the model, using this approach is not advised. Although applying the

Huber-White Sandwich estimator yields asymptotically correct variances for the maximum-likelihood-estimation, due to misspecification of the model the likelihood function itself remains incorrect (Freedman 2006, unpublished).

Nonproportionality

Some variables might not be **proportional** in the Weibull model, even though the model imposes this assumption. This may result in temporal dependence in the effects of the covariates, "If unaccounted for nonproportionality exists in the Weibull model then the estimates of the influences of the covariates are likely to be distorted" (Box-Steffensmeier and Zorn 2001, 986). Following their approach to check the Weibull for nonproportionality I calculate two models for subsamples of the data with either a duration below or above/equal to the mean duration of the complete sample to account for possible nonproportionality in the data. Twice the difference of the sum for the log-likelihoods of the full model and the two models for the subsamples follows a chi-squared distribution with (g-1)*k degrees of freedom, where g refers to the number of subsamples and k to the number of variables used in the model.

Log-Likelihood Full Model	-167.24123
Log-Likelihood Partial Model (duration < mean(duration)	-72.873523
Log-Likelihood Partial Model (duration > = mean (duration)	-2.3472246
LR X2 (DF=15)	**184.04096**
Prob > X2	**1.000**

Table Appendix 3.B.4 Nonproportionality Test Weibull Model

From this I can calculate the chi-square statistics, i.e. the probability of getting a likelihood ratio equal or larger than the observed under the null hypothesis, "Failure to reject the null hypothesis can be taken as evidence that the assumption of proportional hazards is justified" (Box-Steffensmeier and Zorn 2001, 986)[61]. Since the probability of Chi2 is 1.000 we cannot reject the null hypothesis. I interpret this as evidence that the assumption of proportional hazards is justified for my analyses.

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[61] This calculation was done with http://stattrek.com/online-calculator/chi-square.aspx.

Appendix 4.A

Note: positive deviations show underpredictions.
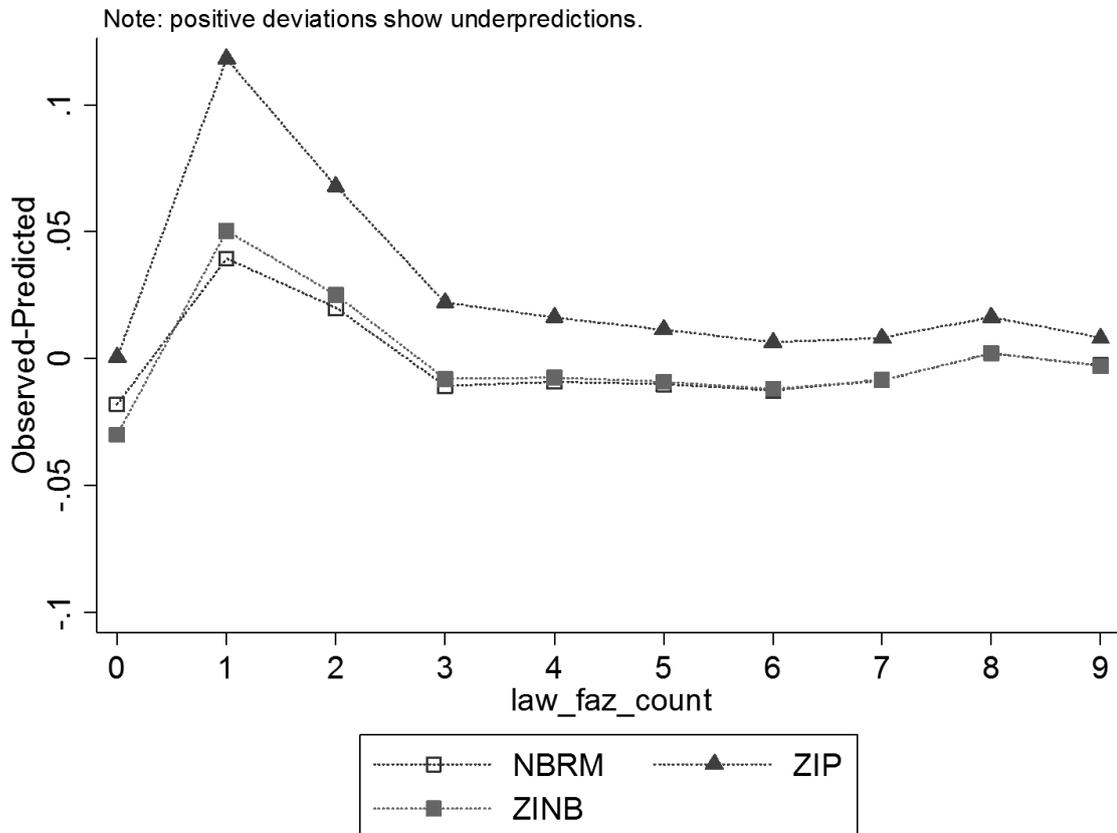
Table Appendix 4.A Comparison of Observed and Predicted Values for the Event Count Models

Following Long and Freese (2014), I compare the observed and predicted values for the event count models. Overall, the zero inflated Poisson slightly underpredicts the number of FAZ publications on a proposal, while both the negative binomial and its zero inflated variant slightly overpredict the count. In addition to model fit statistics (AIC and BIC) and theoretical reasons (the data generation process), choosing the zero inflated Poisson seems most reasonable because of this tendency to underpredict, i.e. the model is more conservative regarding its coefficients.

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