In democracies, perhaps inevitably, public policies tend to be contradictory, fragmented, and incoherent as policy-makers pursue mutually inconsistent objectives at one and the same time. Even when the design of an optimal policy is feasible and political expediency permits its passage, the problem of dynamic inconsistency persists. That is, there may yet be a discrepancy between the optimal policy in the long run and the optimal policy at any given time (Kydland and Prescott, 1977). Accordingly, institutional designs make a great difference. Thoughtfully conceived and properly implemented, designs can lessen policy contradictions, moderate fragmentation, and reduce incoherence (Shepsle, 1986).

Political institutions structure the processes through which policy decisions are formulated and implemented and these in turn strongly affect the polity’s governing capacity (Weaver and Rockman, 1993). The institutional structures of the polity are of particular importance because they shape the public policy-making processes, prescribing which public issues and problems are accorded consideration and in what order of priority (Shepsle, 1986). The effects of political institutions can be either direct or mediated by the broader social-economic structure within which they operate. Political institutions embody not only legal, procedural arrangements but also substantive, normative aspirations. Indeed, no one set of political institutions is optimal for all democracies (e.g. parliamentary vs. presidential) in all situations (e.g. nation-building or developed), nor is a polity’s specific choice of institutions everlasting. As inefficiencies in governing capability mount, the support of existing institutional
arrangements declines and proposals for reform permeate the public agenda. Although the specifics of the reforms vary, their general objective, at least in rhetoric, is similar: to enhance government accountability and effectiveness. The responsiveness of the political elites to widespread demands for reform is by itself a distinct measure of governing capabilities. Failure to respond sensibly and in a timely manner may lead to a legitimacy crisis and even political turmoil.

At the very fundamental level of governing capabilities is the fusion or separation of executive and legislative power. In general, parliamentary systems institutionalize more fusion of power and greater centralization of decision-making in the cabinet. Prime ministers are selected by the legislature, and their tenure in office depends on the confidence of the legislature. The wider the legislative support, the higher is the concentration of executive power, since parliamentary support is a foregone conclusion. Generally, party cohesion is relatively strong with the party leadership possessing a variety of disciplinary measures over individual legislators, including placement in the party list in proportional representation systems, party endorsement and campaign financing in single-member-constituency systems, and elevation to ministerial positions or other rewarding public positions. The cabinet is composed chiefly of veteran politicians who are also members of the legislative branch, and nearly all are assigned by the prime minister to head executive departments. Such institutional arrangements lead to the formation of grand, consensual, relatively coherent, congruent and stable public policies, such as the welfare state in western parliamentary democracies. Public education, nationalized health services, social security, public housing, public transportation, and social welfare are all examples of policies deriving from the general, continuous, and relatively consistent commitment to the welfare state, despite the wide variety of emphasis among governments in parliamentary democracies.

Notwithstanding the variety of institutional designs, the most pronounced transformation in modern democratic governance has been the factual shift of political power from the legislature and the judiciary to the executive. Political executives have replaced legislators in the conduct of governmental affairs, commanding almost exclusive media and popular attention. The public expects the prime