

Parties, Partners, Principals, and Agents: Coalition Politics and Individual Preferences in Institutional Context*

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Abstract

Parliamentary structure and process—from the number of chambers to the importance of committees, the role of legislative leadership, and cabinet coalition status—defines the levers of legislative influence. The individuals who hold those levers can shape legislation, creating the potential for agency loss from party leader to agent as well as across coalition partner parties. Political scientists view this delegation problem through the prism of delegation management. But focusing on the issue from the principal’s perspective both distracts from the question of what agents get out of the deal where party-member preferences are heterogeneous and ignores the interplay between the preferences of individual party members, the incentives of party leaders, and the inevitable tension across parties that compete at the ballot box but also have to cooperate in order to legislate. Instead of looking at the principal’s problem, I start with the presumption that policing delegation is costly precisely because individual agents are self-interested; this approach highlights the question of whether and how agents benefit from their offices and, more broadly, raises the observation of collective cabinet responsibility from empirical regularity to theoretical problem.

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1 Introduction

Coalition politics is a game between legislative parties in which decisions are made by individuals. The game attracts intense scholarly attention, but understanding of the role of individuals in it remains fuzzy. In legislative parties generally, how individual preferences fit into party decisions, from policy position taking to coalition agreements to contributing to bring down a government, is a cipher. The common approach is to treat party decisions as leader's decisions (Laver and Shepsle 1990a; b; 1999), binding on the party even if not always optimal for it (see Strøm 1994), with legislative backbenchers following along because a unified party is in their interest (Laver 1999). The problem lies in this: individuals hold the positions that parties need to make policy; but individuals cannot credibly commit to make or espouse policy different from their (constrained) ideal policies. Hence, leaders' decisions about party behavior, including not least whether and under what conditions to join a coalition, are subject to a range of difficult principal-agent and collective-action problems.

The study of politics in advanced industrialized democracies often is closely tied to the study of coalitions. Even majoritarian systems like the UK and Canada from time to time see coalition situations where no party controls a majority of legislative seats and even single-party governments are at heart a product of relatively enduring non-cabinet agreements (as in Spain on occasion in the 1990s and 2000s, cf. Field 2016; Heller 2002)¹ or more fluid coalitions that change from bill to bill. Understanding of coalitions has both advanced and increasingly compartmentalized into specialized areas—in particular, coalition formation, coalition governance, coalition duration, coalition breakdown, as well as the linkages between these and policy—but understanding of the role of individual players in parties, much less coalitions, has not kept pace. Parties might be understood as the creation of teams of ambitious individuals who form parties in pursuit of their own self-interest (Aldrich 1995); or as coalitions of ambitious legislators for whom party affiliation is an instrumental choice

¹As of this writing, Spain is the only west European country that has not had a coalition government in the postwar period (Strøm, Müller, and Bergman 2008, 7); that distinction might not last.

(e.g., Heller and Mershon 2009; Mershon and Shvetsova 2013); but how or why they make the decisions they do, whether to enter a government or leave one, remains for the most part a black box.

This paper seeks to peek behind the curtain of party decision making in coalition politics. On its face, coalition formation is the product of bargaining among parties. This bargaining takes place in the context of established party positions and the expectation that when a party enters a coalition it brings with it a unified parliamentary group accounting for some set number of seats (Laver and Schofield 1990, ch. 2). Neither party positions nor unity in the face of a coalition bargain can be taken as given, however; both are products of decision making, hence politics, inside parties. It makes sense, then, to view coalition bargaining in the context of a process that begins with individual party members' input into party decisions and accounts for those members' preferences in observable coalition outcomes.² Individuals who expend resources in their parties have to get something in return. That something, I posit here, is influence—influence over policy when in government and influence over party positions when not (see Heller 2015).³

I argue, in a nutshell, that coalition bargaining is about populating ministerial portfolios with party agents. The logic follows Laver and Shepsle's (1996) Portfolio Allocation Model but assumes heterogeneous preferences within parties and, importantly, self-interested agents. Where Laver and Shepsle assume that parties cannot commit to enact policy different from their ideal policy on whatever dimension they control, I assume the same for *individuals* within parties. Even with constraints such as monitoring (Martin and Vanberg 2011; Thies 2001) or removal from office, delegation of policy making to an agent implies that the agent will have some influence over outcomes. Indeed, for agents who care about policy, it is hard to see why they would take on ministerial responsibilities without some

²Throughout this paper I use “party members” to refer to a party's elected members of parliament. This definition expressly excludes voters who join parties and members of the party's extraparliamentary organization, though it could be expanded to include the latter where pertinent.

³I start with the assumption that actors are self-interested and care only about achieving policy outcomes as close as possible to their ideal points.

sort of policy payoff. The role of a party leader thus is not to define and dictate the party's position as a coalition participant, but rather to appoint party agents to ministries so as to move overall coalition policy as close to her own preferred policy as possible. The crux of the argument is that leaders—including in particular the leader of the formateur party—make these appointments in a competitive environment where choosing poorly can result in loss of influence over policy for the leader if not for the party.

On the way to building an understanding of coalition politics as the product of individual preferences, I first turn to the literature on coalitions. This literature, which highlights the role of interparty bargaining and ministerial agenda authority, forms the foundation for my own argument. I then in the following section build a formal model of coalition formation, abstracting away from the nitty gritty of real-world politics but seeking to retain its key features. Ministerial agenda setting remains at the heart of my model, but ministers and leaders pursue their own self-interest rather than their parties'. I conclude in Section 4 with a discussion of the results from the formal model and a discussion hinting at a way forward for empirical analysis.

2 Situating Parties in Coalitions

Coalition bargaining typically is seen as an exercise in dividing a pie (Riker 1962). Including policy considerations in the mix retains the basic element of coalitions as the product of the allocation of valuable resources, but adds the wrinkle that different divisions might imply (sticking with the pie analogy) different kinds of pie, and different pieces might be more or less flavorful (Laver and Hunt 1992; see also Warwick and Druckman 2006; Druckman and Warwick 2005). More importantly, policy considerations can make some potential coalitions less, and others more, feasible (e.g., Axelrod 1970; Laver and Shepsle 1996; Warwick 1998; 2006). That policy does in fact matter is not in contention (nor was it ever, realistically; the models that left it out were early efforts to attack the problem).

If parties are creations of ambitious individuals (Aldrich 1995), it stands to reason that they serve goals that individuals cannot achieve on their own. In a world where the rules of government define offices for individuals that require the support of a majority of some selectorate to occupy, individuals who agree with each other relatively often can jointly benefit by forming enduring legislative coalitions (Cox 2006). Where winning and holding on to legislative seats requires appealing to voters, it makes sense as well—presuming that voters care about what happens in the legislature—that legislators will nurture a party label that identifies them, their coalition, and what they stand for (Cox 1987; and cf. Snyder, Jr. and Ting 2002). Coalitions arise from the same logic but in situations where no party alone can muster the necessary majority to control offices. Parties enter coalitions when the benefits of joining outweigh the benefits of staying out (i.e., when their “walk-away” thresholds are sufficiently high Lupia and Strøm 1995; 2008). In the real world, of course, coalition bargaining is likely to be messy and possibly lengthy (De Winter and Dumont 2008)—messiness exemplified by the interparty bickering among the PSOE, Ciudadanos, and Podemos; and Belgium’s June 2010–December 2011 cabinet crisis epitomizes lengthiness—though in the complete-information world of theory things are rather neater (cf., e.g., Baron 1998; Baron and Ferejohn 1989a; b).

If cabinets are solely about dividing up the spoils of winning, measured as ministries, then bargaining probably should be lengthy but also tightly focused on the allocation of ministries among parties. One might expect *emphormateur* and other parties in good bargaining positions to get more ministries than their seat share would justify, but evidence suggests they do not (for discussion see Verzichelli 2008). This suggests (unsurprisingly) both that cabinet formation involves more than dividing up a set number ministries (and cf. Mershon 2002) and that proportional allocations are a useful focal point for grounding bargains (Bäck, Meier, and Persson 2009). If cabinets are about policy, however, then the number of ministries a party gets becomes just one of many considerations in the bargaining process (Müller and Strøm 1999; Strøm 1990). Portfolios might be differently valued (Druck-

man and Warwick 2005; Laver and Hunt 1992), or a party might not have members suitable for certain portfolios (Dewan and Myatt 2010, 268; and see Laver and Shepsle 2000). As it is, the empirical regularity that ministries are allocated in proportion to parties' contribution to the government's seat share ("Gamson's Law"; see Browne and Franklin 1973; Gamson 1961) is quite robust.

When policy matters and parties disagree about desirable policy outcomes, then as long as delegation problems persist (and they always do; see Kiewiet and McCubbins 1991; Osbourne and Slivinski 1996) it matters what parties control which portfolios (Laver and Shepsle 1996). By the same token, as long as member preferences are heterogeneous within parties it also must matter what *individuals* occupy the ministries allocated to their parties. The literature in this area is thin (but see Laver and Shepsle 1990b; 1999) and tends to avoid addressing the principal-agent problems inherent in putting individuals in positions to make decisions on behalf of principals, problems that can only be compounded when the principal is collective and thus subject to collective-choice problems. Where scholars have taken delegation issues on directly, it is either in the context of keeping a single-party government on course (e.g., Indridason and Kam 2008; Kam and Indridason 2005) or ensuring that ministers uphold their parties' side of coalition agreements (André, Depauw, and Martin 2016; Martin and Vanberg 2011; Thies 2001).

Monitoring, whether by committees (André, Depauw, and Martin 2016; Martin and Vanberg 2011) or junior ministers (Thies 2001), is an incomplete solution. It is on the one hand costly; and it is on the other hand effective in reining in agency loss only in combination with other instruments such as checks or elements of contract design that punish errant agents. More to the point, however, it is fundamentally incentive incompatible. The motivation for policing delegation is policy; but agents who care about policy have little reason to take on the extra work and scrutiny of ministerial office *unless* they get a policy payoff from it. Delegation *is* problematic where policy is at stake (see, e.g., Benedetto and Hix 2007; Kam 2009; Strøm 1994), but policing is not the only nor clearly the best solution;

incentive-compatible solutions can be feasible (see, e.g., Dewan and Hortala-Vallve 2011). The issue is how to manage delegation in a way that is both incentive compatible, so that ministers get paid *in policy* for their work, and consistent with heterogeneous preferences within as well as across parties. It is to this question that I now turn.

3 Individual Actors and Coalition Bargains

Broadly speaking, parties are made up of leaders and backbenchers. Those who participate in and directly influence decisions about party policy positions and priorities comprise the former, irrespective of whether they hold formal party titles or positions, while backbenchers play a more passive role. Leaders must shade their decisions so as to keep backbenchers happy (cf. Kam et al. 2010), else risk leadership challenge (Heller 2014) or the possibility of losing members to party switching (see Heller and Mershon 2009). Party leadership can be further divided, however, into what Heller (2015; 2014) terms party agents and the formal party leader. Agents are responsible for defining party positions on specific policy dimensions (cf. Shepsle 1979; Laver and Shepsle 1990a; b; 1996; 1999), while the formal leader both chooses the policy dimensions that define the party label (Dewan and Hortala-Vallve 2011) and allocates responsibility for policy dimensions to agents. Given party policy positions as defined by the positions of party agents (Heller 2015) on the policy dimensions assigned to them by their formal party leader (Dewan and Hortala-Vallve 2011; Heller 2014), any coalition agreement in which a party participates must keep all actors—backbenchers and both types of leaders—at least minimally happy vis-à-vis the alternatives.⁴

What does it take to make a party’s backbenchers, agents/spokespersons, and leader “minimally happy”? Or, put another way, what can party actors do if they are unhappy with a given bargain? The answer depends at least in part on what actors want, of course. I assume here that everybody cares first and foremost about policy outcomes, to the extent

⁴I consider neither “policy horizons” (Warwick 2005; 2006) nor a status-quo government (Laver and Shepsle 1996), since in the absence of an acceptable bargain the reversion in most cases (Norway excepted) is new elections.

that they are in a position to influence them, or about their party's policy positions to the extent that influence over actual outcomes is beyond their reach.⁵ For party members, means supporting their leaders unless they can reasonably hope that opposing them might yield a better outcome.

For her part, the formal party leader sets party positions or bargains for coalition positions as close as possible to her own ideal point. she does so strategically, with the constraint that if they are too close to her own ideal they might invite leadership challenges and, ultimately, policy positions (or outcomes, for parties in government) farther still from what she wants (Heller 2014). As *formateur*, a party leader can try to move coalition policy closer to her own ideal point (rather than her party's). And leaders of other parties vying for seats at the coalition table can bring their own interests to bear as well.

At the very least, "minimally happy" suggests that some decisive subset of a coalition partner's members prefer the coalition's realized position to any obvious alternatives. This is a relatively weak criterion in that it presumes a minimal standard for acceptability, but also strong in that it does not allow for dissatisfied members to leave the party Heller and Mershon (2009). Further, a leader would agree to participate in a coalition only if doing so produces outcomes better *for the leader* than other alternatives. Similarly, for the leader singled out to be the *formateur*, coalition policy with the chosen partner(s) must be more attractive than would be the policy of any coalition with different partners.

Other considerations of course might loom large in decisions about whether and how to enter a coalition. Doing notably better (or worse) in an election than expected, for instance, might affect a party's attractiveness as a potential coalition partner.⁶ Alternatively, some parties might be able to lend credibility to a coalition on some specific policy dimensions, e.g.,

⁵The basic notion is that individuals have induced policy ideal points that arise from a combination of their "raw" policy preferences, free from constraints or strategic considerations of any kind, and their beliefs about what it takes to win votes or otherwise gain enough influence to move policy outcomes as close as possible to their ideal points.

⁶It was said after the 2010 elections in the UK that the Lib-Dems could not entertain a coalition with Labour because had done particularly poorly and so to treat with them would appear to disregard the electorate's will.

a regional party could make a national-party *formateur*'s commitment to devolution more believable, or a Socialist *formateur* handing the treasury ministry to a small-government liberal party could soothe fears of overly profligate spending. Such considerations and others that can modify but would not eliminate the bare policy motivations I posit here are beyond the scope of this paper.

3.1 From party to partner

Having outlined the conditions for a party to agree to a coalition bargain, the question remains of how the bargain is constructed. With full information and no transaction costs the details of bargaining would not matter (Coase 1960), but of course in the real world they do. By all accounts, coalition building begins when the Head of State or an appointed *informateur* names a *formateur*. If parties are unitary actors, it might be relatively straightforward to identify attractive and possibly unique party-policy coalition combinations (Laver and Shepsle 1996). If parties are not unitary actors—the starting point for this paper—things are more complicated. The literature on coalitions has little to say in general about the nuts and bolts of coalition bargaining, but for starters, it seems reasonable to suppose that the *formateur* sets the agenda and other parties respond. For the purpose of modeling, I suppose that setting the agenda involves offering other parties allocations of ministries, with the remaining ministries to remain in the hands of the *formateur* party. In a multidimensional, multiparty legislative system where no party is too dominant, any offer to any party is at least implicitly balanced by competing offers to other parties. Alternatives always are on the table.

Figure 1 illustrates the sequence of decisions (and decision makers) involved in building a coalition. The action begins once a *formateur* is named and offers at least one other party an allocation of policy portfolios. After the *formateur*'s offer, leaders of other parties respond. Conventional treatment of coalition bargaining suggests that the party leader's response is simply to accept or reject the *formateur*'s offer of ministries. It then would be up to

the leader or other actors—e.g., junior ministers (Thies 2001) or parliamentary committees (André, Depauw, and Martin 2016; Martin and Vanberg 2011)—to ensure that the agents she appoints to the assigned portfolios fulfill the party’s part of the coalition bargain. If a minister’s preferences matter, along with her party (because no one with influence can commit to do other than pull coalition policy making as close as possible to his or her own ideal point; cf., e.g., Laver and Shepsle 1996; Osbourne and Slivinski 1996), however, the *formateur* should care *who* the party chooses for any given ministry. A leader’s response to the *formateur*’s offer then must include not just a simple “yes” or “no” but also (if “yes”) a slate of candidates to fill her party’s assigned portfolios.⁷ If other parties also are competing to be coalition partners, the proposed slate of ministers for assigned portfolios must not only fulfill the “minimally happy” criterion outlined above but also beat proposals from other parties.

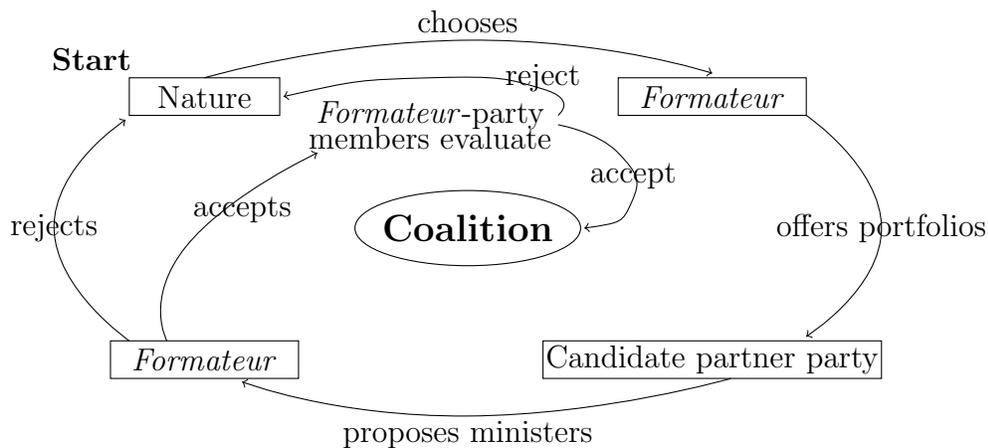


Figure 1: Building a Coalition: Sequence

Given a set of proposals from candidate partner parties, the last step is for the *formateur* to choose from them to build a formal coalition to present to parliament or immediately to set to the work of government if no investiture vote is called for. Except in the single-party

⁷Alternatively, the *formateur* offers each party leader some *number* of ministries, with the idea that the leader will counter with a proposal her party’s desired ministries as well as the party agents she proposes to take the positions. I do not entertain that possibility here.

minority case where the *formateur* initially offers zero portfolios to any party yet still can garner support from a parliamentary majority when needed, the coalition outcome obviously is different from the established policy position of any party. That does not imply that it necessarily is farther than the *formateur*'s party's position from her ideal point, however, since the party position is unlikely be identical to her own (cf. Kam et al. 2010; but see Dewan and Hortala-Vallve 2011). Moreover, under some circumstances a *formateur* might be able to make herself better off with coalition policy than with her party's established policy positions.

3.2 Modeling the bargain

To model coalition bargaining as a product of *both* intraparty and interparty politics, I begin with a number of simplifying assumptions. These, beyond the usual spatial-rationality assumptions, are five: First, I assume policy can be broken down to independent, unidimensional portfolios (cf. Laver and Shepsle 1996). Parties have to partner in a coalition C , defined as an allocation of policy-dimension portfolios to ministers from parties such that $x_{D_p}^j$ is the dimension- j ideal point of the dimension- j minister from party p (where D_p is the set of portfolios allocated to party p). Only one party can have a minister in any given portfolio at a time and no minister is assigned more than one portfolio. Second, I assume heterogeneous preferences within as well as across parties, though all actors value policy dimensions equally and symmetrically. This means that the allocation of specific portfolios matters only insofar as the preferences of those who would be ministers differ across parties. Third, I assume that established *party* policy positions are defined dimension by dimension by the ideal point of the party agent responsible for each dimension. Party p 's dimension- j policy position is x_p^j . Failure to assign an agent on any dimension equates the party position for that dimension with the status quo. With respect to the information available to decision makers, I assume that party leaders know the preferences of their own-party agents and other parties' established positions (so they know the the dimension-specific preferences

of other parties' policy-defining agents). Finally, I assume that when party leaders propose ministers for their *formateur*-assigned portfolios they credibly reveal the proposed agents' unidimensional ideal points for the relevant dimensions.

The process begins, as stated above, when the *formateur* offers allocation of policy-dimension portfolios to one or more parties and retains the rest for her own party. Equilibrium moves at each stage going forward are as follows: The *formateur*'s equilibrium offer of policy dimensions to any party p is D_p^* , where $D = (d_a, \dots, d_j, \dots, d_m)$ is a vector of policy dimensions in R^m , all or some subset of which correspond to government departments and $D_p \subseteq D$ is the vector of portfolio-dimensions offered to party p . The conventional wisdom is that this offer should follow Gamson's Law (Browne and Franklin 1973; Gamson 1961), so that the share of portfolios for any party entering the coalition should be proportional to its contribution to the overall coalition seat share, a relationship that Bäck, Meier, and Persson (2009) attribute to parties' relative legislative bargaining strength. More generally, a rule of thumb like Gamson's Law should help cut bargaining transaction costs.

After the *formateur* offers portfolios to potential coalition partners, those parties respond. The expected outcome from any rejection (or failure to make an offer in the first place) is $x_{C'}$, which could be an alternative coalition, an alternative *formateur*, or a new election (with expectations informed by public opinion surveys). The equilibrium response, a proposal by the party p leader ℓ_p of party- p agents to occupy the ministries in the *formateur*'s offer, which effectively sets the potential coalition's dimension-by-dimension positions in D_p , is $x_{D_p}^*$. The *formateur*'s equilibrium choice strategy for evaluating proposals x_{D_p} is $S_{\ell_f}^*(x_{D_p}, x_{C'})$, and the equilibrium decision of each member l_f of the *formateur* party to accept the coalition their leader has built (and hence be willing to allow her to continue as leader) is $S_{l_f}^*(x_C, x_{C'})$. I assume that at this final stage the party cannot directly repudiate a coalition agreement, but it can replace the *formateur* as party leader with someone who could. The choice before the party thus is to retain the leader and accept the cabinet position x_C she negotiated or replace her with the possibility that the cabinet-formation process will be thrown back to Nature,

with a new coalition policy $x_{C'}$, $E[u_{l_f}(x_{C'})] = \frac{1}{\theta_{l_f}} u_{l_f}(x_f)$, where for any l in party p , $\theta_{l_p} > 0$] represents individual party members' beliefs about how much influence their party would wield—e.g., based results from opinion polls or communications with constituents—and how close to their own ideal points it would move policy if the process were to begin again with Nature's move.⁸

At the next-to-last stage, when the *formateur* evaluates competing proposals from candidate partner parties, any non-null proposal that is acceptable to the *formateur* party would win majority legislative support (because no ℓ_p would advance a proposal that her party would not support). The viability of a proposed coalition thus depends on support from the *formateur*-party rank and file. If a coalition bargain does not meet the *formateur* party's approval, however, the *formateur* risks being replaced as leader at the final stage. The behavior of Nature is not modeled, though I do account for expectations about the outcome of Nature's choice.

Replacing the *formateur* does not necessarily imply that the coalition-formation process returns to square one, however. Indeed, the *formateur*'s replacement could choose to leave the cabinet untouched and the coalition position unchanged. In practical terms, a reasonable response—which, to be clear, I do not model—from the new leader might be to seek to negotiate a new coalition bargain without handing over the position of *formateur* to some other party. The outcome at this final stage thus depends as well on beliefs about the likelihood that replacing the *formateur* will lead sooner rather than later to Nature being involved in cabinet formation.

I analyze the game by backward induction. Let $\lambda_{l_p} \in [0, 1]$ represent $l \in p$'s beliefs about the effect of rejecting some choice in the coalition-formation process, e.g., ℓ_p rejecting D_p outright or any l_f refusing to ratify ℓ_f 's chosen coalition bargain, on the likelihood of starting over with Nature's choice. A party with potential influence might opt out of coalition

⁸Recall that utility is the negative of distance, so lower values of θ_{l_p} yield *much* lower utility. Values of θ_{l_p} greater than unity indicate optimism that the party would both carry influence after Nature's move *and* be more attuned to l_p 's preferences.

bargaining if it were likely that doing so would hand the process back to Nature and the party expected to fare well under Nature; but in similar circumstances where opting out would be unlikely to affect whether Nature would choose a new *formateur* the same party might be better off staying at the bargaining table. Generally, l_p should prefer position x_{D_i} if $u_{l_p}(x_{D_i}) \geq \lambda_{l_p} \frac{u_{l_p}(x_p^{D_i})}{\theta_{l_p}} + (1 - \lambda_{l_p})u_{l_p}(x_{D_i})$, where $x_p^{D_i}$ is party p 's dimension-by-dimension position on the dimensions in $D_i \subseteq D$. This simplifies to $u_{l_p}(x_{D_i}) \geq \frac{u_{l_p}(x_p^{D_i})}{\theta_{l_p}}$, i.e., any l in p who expects Nature to give p a fair amount of influence if the game begins anew (θ large) should try to throw the decision back to Nature unless the alternative on offer is exceedingly attractive. The choice for members of the *formateur* party at the last stage thus is

$$S_{l_f}^*(x_C, x_{C'}) = \begin{cases} x_C & \text{if } u_{l_f}(x_C) \geq \frac{u_{l_f}(x_f^{D_C})}{\theta_{l_f}} \\ x_{C'} & \text{otherwise.} \end{cases} \quad (1)$$

The outcome depends on the aggregation of individual decisions and the *formateur*-party's decision rule, call it k . If $\frac{\text{count}_{l \in f} S_{l_f}(x_C, x_{C'}) = x_C}{n_f} \geq k$, where n_f is the number of members of f , l_f retains the leadership; if not, a new leader takes her place and there is an increased possibility that the coalition formation process could begin anew. For any l_f , the calculation depends solely on expected policy outcomes, and a replacement leader's policies might be an improvement. For the *formateur* as well policy is the motivating concern, with the added twist that (by assumption) a *formateur* who is replaced as party leader cannot be returned to the position if the process goes back to Nature.⁹

The *formateur*'s goal is to construct a coalition policy position x_C as close as possible to x_{l_f} while retaining her party's support—without which, to reiterate, she loses her *formateur* role and hence the ability directly to influence overall policy outcomes. Retaining the party's trust in essence requires designing a coalition policy position that the rank and file in f will accept, i.e., $\text{count}_{l \in f} S_{l_f}(x_C, x_{C'}) = x_C \geq kn_f$. Faced with one or more proposals of party

⁹If the point of being leader is to be able to influence party or cabinet policy positions, being replaced as leader implies a loss of influence. In expectation, that implies that policy positions will be farther from a former leader's position than they would be if she had retained her office.

agents to cover the jurisdictions offered to their respective parties, the *formateur* can accept one proposal or reject them all (which would put the process squarely back in the hands of Nature). Given that the *formateur* is better off as leader than being replaced, her choice at the next-to-last stage is

$$S_{\ell_f}^*(x_{D_p}, x_{C'}) = \begin{cases} x_{D_p} : & u_{\ell_f}(x_{D_p}) \geq u_{\ell_f}(x_{D_q}) \forall q \neq p \text{ if } \exists x_{D_p} \text{ s.t. } u_{\ell_f}(x_{D_p}) \geq \frac{u_{\ell_f}(x_f^{D_p})}{\theta_{\ell_f}} \text{ and} \\ & \text{count}_{l \in f} u_{l_f}(x_{D_p}) \geq \frac{u_{l_f}(x_{l_f}^{D_p})}{\theta_{l_f}} \\ x_{C'} & \text{otherwise.} \end{cases} \quad (2)$$

The *formateur* seeks to build a coalition with majority legislative support that maximizes her own utility without provoking an intraparty leadership challenge. Getting there is not all that straightforward, however. On the one hand, she can do so only if there are potential cabinet compositions that can count on the support of a legislative majority. On the other hand, majority support is worth less to her if she likes the alternatives before her less than the option of handing the process back to Nature or if in building a successful coalition she sacrifices her own political influence. And the stronger is the *formateur* party's position with respect to any alternative coalition bargain the less leeway the *formateur* has to build coalition positions for her own ends rather than her party's. These observations yield an empirical conjecture and a proposition as follows.

Conjecture 1. *If the formateur expects to fare better at time $t + 1$ after new choice by Nature than at time t ($\theta_{\ell_f} > 1$), she is likely to return the coalition-formation process to Nature.*

Proposition 1. *The more extreme is the formateur vis-à-vis her party's established position, the less likely is she successfully to form a coalition.*

Sketch of proof of 1. If x_{ℓ_f} is farther from x_{D_p} than is x_{l_f} for the k th member of f , then a coalition is attractive to ℓ_f only if θ_{ℓ_f} is large. If x_{ℓ_f} is closer to x_{D_p} than is x_{l_f} for the k th

member of f , then a coalition is attractive to ℓ_f for smaller values of θ_{ℓ_f} , but if θ_{ℓ_f} is on average relatively large then the rank and file will reject the bargain. \square

Definition 1. Define as $dis(x_p, x_q) = \sqrt{\sum_{d_j \in R^m} (x_p^j - x_q^j)^2}$ the distance between any two policy positions.

For the leader of any given candidate partner party p , the key questions are two. First, given the choice of policy jurisdictions in the *formateur's* offer, would she be able to propose ministers that would result in a coalition position she and her party could support? Second, how far from her party's initial positions on the dimensions in the *formateur's* offer does she have to go to beat other candidate partner parties into the coalition? In formulating her response to ℓ_f 's offer, ℓ_p has little opportunity to be strategic. The best she can do is propose a slate of ministers that is acceptable to her party and gives her the best possible outcome in light of that constraint. Letting z_{ℓ_p} represent the ℓ_p 's beliefs about the costs of entering the coalition—from an anticipated hit to votes at the next legislative elections (see, e.g., ?) to the possibility that a deal too far from the party position might provoke a challenge that would lead to the installation of a new leader, at the second stage of the process candidate partner party leader ℓ_p proposes

$$x_{D_p}^* = \begin{cases} x_{D_p} : \min_{x_{d_p}} dis(x_f^{D_p}, x_{D_p}) - dis(x_f^{D_q}, x_q^{D_q}) \forall_{q \neq p} \text{ s.t.} \\ u_{\ell_p}(x_{D_p}) - z_{\ell_p} \geq \frac{u_{\ell_p}(x_p^{D_p})}{\theta_{\ell_p}}, \text{ and} \\ u_{\ell_p}(x_{D_p}) \geq u_{\ell_p}(x'_{D_p}) \forall_{x'_{D_p} \neq x_{D_p}}; \\ \emptyset \quad \text{otherwise} \end{cases} \quad (3)$$

For the candidate-partner party leader joining a coalition almost certainly requires a compromise, but both z_{ℓ_p} and θ_{ℓ_p} limit how much they are willing to sacrifice. The intuition behind Equation 3 is simple: candidate partner parties only will propose slates of ministers that both are better than the expected consequences of choosing the side of opposition and are pitched to beat other parties' proposals. Further, within those constraints a candidate-

partner party leader might have the luxury of setting a position more geared to her own preferences than her party's. Note that in the event that ℓ_f had offered no portfolios but asked for support notwithstanding, a party leader with low θ_{ℓ_p} could benefit from choosing $x_{D_p}^* \neq \emptyset$ and thus supporting the government from outside the cabinet (in which case z_{ℓ_p} would drop to zero) as long as θ_{ℓ_p} is not too large.

Proposition 2. *The higher the variance in dimension-by-dimension policy-position distance from the formateur party for some party p for a given mean distance, the less likely should p be to contribute ministers to a coalition.*

Sketch of proof of Proposition 2. By (), any successful proposal of x_{D_p} must be better for the formateur than any other proposal and be close enough to the formateur-party dimension-by-dimension median. That means that successful proposals will be relatively close to the formateur-party's established position. To offer x_{D_p} rather than \emptyset given the constraints in (3), it must be the case that $dis(x_f^{D_p}, x_p^{D_p})$ is relatively low. If σ_{x_f, x_p} is large, that means that $dis(x_f^{D_p}, x_p^{D_p})$ must be large, which implies that the overall gain to ℓ_p (and by assumption the rest of the party) from joining the coalition is relatively small, making z_{ℓ_p} or θ_{ℓ_p} decisive. \square

Proposition 3. *Parties with low mean and variance in dimension-by-dimension distance from the formateur party— $\mu_{x_f, x_p} < \mu_p^*$ and $\sigma_{x_f, x_p} > \sigma_p^*$ —should support the formateur's government without contributing ministers to it.*

Sketch of proof of Proposition 3. The logic is similar to the proof of Proposition 2. If an offer of x_{D_p} is acceptable, that means that $dis(x_f^{D_p}, x_p^{D_p})$ is relatively low. But if μ_{x_f, x_p} and σ_{x_f, x_p} also are low, that means that $dis(x_f^{D_p}, x_p^{D_p})$ must be low, which implies that the overall gain to ℓ_p (and by assumption the rest of the party) from joining the coalition is relatively small, making z_{ℓ_p} or θ_{ℓ_p} decisive. \square

The need to beat competing candidate-partner parties benefits the formateur party (and is nicely consistent with the finding that voters project formateur-party positions on their

perceptions of the positions of junior coalition-partner parties Fortunato and Adams 2015). It implies that party leaders in a competitive bargaining environment cannot maintain their party positions as they move into coalitions. In order to commit to different positions, of course, they have to appoint agents to ministries different from those that define the party's position on the pertinent portfolio policy dimensions. This gives Proposition 4.

Proposition 4. *Partner-party ministers in coalition governments will be different from party spokespersons/shadow ministers.*

Sketch of proof of Proposition 4. In order to set policy different from the established party position on any given dimension, the party leader has to assign an agent whose ideal point on that dimension is different from the party's position. Since the agent who sets policy on each dimension does so at his own ideal point, setting a different policy implies choosing a different agent. □

Note that the *formateur* faces no such problem. Indeed, a *formateur* who changed her party's positions on the policy dimensions it controlled might find herself in trouble with her party. Following Proposition 4, therefore, is this corollary.

Corollary 1. *On entering into coalitions, formateur parties should move policy-position defining agents or spokespersons directly into the portfolios corresponding to the policy dimensions they covered out of government.*

It is evident to this point that the *formateur*'s initial proposal drives the outcome. The *formateur*'s goal in making the proposal is to build a coalition policy position *as close as possible* to her own ideal point—not her party's established position, not some split-the-difference compromise between coalition parties' positions—via the strategic allocation of portfolios. To achieve this she needs to hold on to her party's positions where they are close to her own ideal point and offer portfolios to candidate partner parties on dimensions where her party's positions are relatively far away and the candidate partners' positions are

relatively close. Her initial proposal to any party p thus is

$$D_p^* = \{d_j \in D_p : \max_{d_j} \text{dis}(x_{\ell_f}^j, x_f^j) - \text{dis}(x_{\ell_f}^j, x_p^j)\}. \quad (4)$$

In effect, the *formateur's* offer (where the number of portfolios in D_p is exogenously determined) covers portfolios d_j where x_p^j is relatively close to the *formateur's* ideal point and x_f^j is relatively distant. Because the *formateur's* ideal point is unlikely to be at her party's established policy position, where her ideal point lies relative to her own and other parties' established positions could influence the coalition she opts for. Consider for example the hypothetical parliamentary party system illustrated in Figure 2. If the social-democratic p_2 in the lower left has just over 40 percent of the seats and each of the others has at least 10 percent, then p_2 can form a coalition with any other party but it would be difficult to form a coalition without p_2 . Following Laver and Shepsle (1996), if the coalition bargain consists of allocating one portfolio on each dimension, then each party gets one ministry. But *which* ministry goes to *which* party might depend entirely on the *formateur's* preferences.

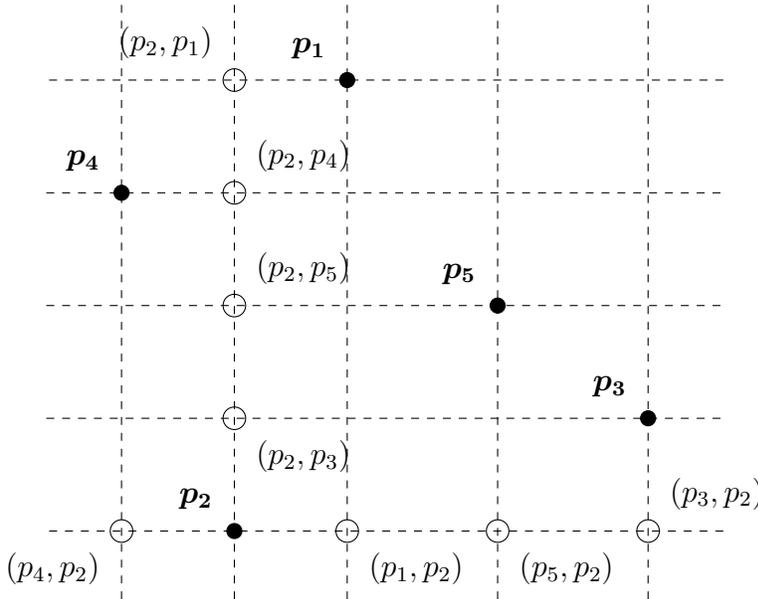


Figure 2: *Formateur* Benefit from Coalition Formation

The possible coalitions most attractive to members of p_2 are (p_1 horizontal, p_2 vertical),

(p_4 horizontal, p_2 vertical), and (p_2 horizontal, p_3 vertical). Which the *formateur* would choose, assuming all were feasible (that is, offers of the respective portfolios to p_1 , p_3 , and p_4 were answered with non-empty proposals), would depend on her position vis-à-vis that of her party. A leader to the left of her party's position and below or not far above it would prefer to form a coalition with p_4 ; a leader to the right of her party's position and at least not far above it would prefer to deal with p_1 ; and a leader primarily above her party's position would want to coalesce with p_3 —and would, it is worth noting, offer it the vertical-dimension portfolio, while in the other two circumstances the preferred partner party would be given responsibility for the horizontal dimension.

The logic illustrated in Figure 2 suggests several empirical implications, two of which I present below as conjectures. The first simply reiterates the observation that different *formateurs* might prefer different coalition partners. The next, slightly looser, builds on the *formateur's* desire to give parties portfolios where their positions are relatively close to her own.

Conjecture 2. *Coalition patterns with respect to both partner parties and portfolio allocations should be consistent for a single formateur over different cabinets. A different formateur might choose to coalesce with different partners or with the same partners but with different portfolio allocations.*

The logic of this conjecture suggests as well that it might be more attractive for the *formateur* to form a coalition than single-party government, even when the latter is feasible. Similarly, the *formateur* might do better in policy terms with a surplus than a minimal-winning coalition.

Conjecture 3. *Where variance in dimension-by-dimension distance between party positions is low, coalitions should include parties that are relatively close together in policy space but allocations of portfolios should be fluid. Where variance is high, coalition patterns should be more fluid but the allocation of ministries to any given party should be relatively constant.*

Sometimes, the attractive partner-party candidates might be obvious to all. Other times, however, different *formateur*-party leaders should pick different partner parties or, possibly, different portfolio assignments for the same parties. It follows, at least for the *formateur* party, that the choice of leader has implications not only for party positioning but what coalitions the party will form. This is not just a question of personal issues or idiosyncratic animosities (Laver 1999, 24–25), but of policy choice. This line of reasoning leads to a final proposition.

Proposition 5. *Choice of leaders in potential formateur parties conditions likely coalition partnerships and portfolio allocations.*

Corollary 2. *Parties that expect to be involved in coalition bargaining should choose their leaders differently from parties that expect to form single-party governments or to remain in opposition.*

Thus far, taking seriously both intraparty preference heterogeneity and the commitment problem has led to a number of more-or-less solid implications about *formateur*'s ability to manipulate agreements for their own policy benefit. Importantly, they do so in a way that also yields policy rewards for ministers and so is incentive compatible. The larger question of what coalitions will look like—which parties will be in, which will be out, and how portfolios will be allocated (taking as given that they will be roughly proportional to seats)—remains on the table.

Conventional wisdom dictates that parties that are close together on policy should form coalitions. The logic here suggests something a bit different. Simply put, in multidimensional policy space the most attractive coalition partner might be far away on average but close on some key dimensions. Offering such a party an allocation of portfolios on those dimensions on which it is most distant, while the *formateur* keeps for her own party the portfolios where the parties are close, can yield a dimension-by-dimension coalition policy that is fairly close to the *formateur* party's established position.

4 Discussion

Coalitions, implicit or explicit, underpin government wherever a minority situation exists or potentially is just an election away. Only true (unicameral, parliamentary; cf. VanDusky-Allen and Heller 2014) two-party systems or places where the playing field for political competition is less than even are immune. And because the building blocks of coalitions are parties, it is parties and not the individuals in them that attract attention. Where scholars have managed to maintain a focus on individuals, it is on party leaders as dictators (or, observationally equivalent, perfect agents) for their parties. The question of what individual actors, leaders as well as agents, get out of the work they do is lost in the shuffle.¹⁰

Leaving individuals out of the coalition equation makes analysis more tractable, but it raises questions as well. For instance, one of the constants of studies of coalitions is the maintained hypothesis that collective cabinet responsibility is an unbreakable rule (Laver 1999, 25; and cf. Tsebelis 1995). But why? Why would parties that both are not getting policy they want *and* are being identified with other parties' positions (cf. Fortunato and Adams 2015) remain agree to toe coalition line?

One no doubt important part of the answer is that speaking out carries the risk of destroying the coalition. In the same way that the threat of coalition failure can rein in parties that might prefer to vote against some government initiative (Baron 1998; Diermeier and Feddersen 1998; Heller 2001; Huber 1996), there is no reason that coalition parties might not agree to make public disagreement costly (though the credibility of such an agreement might be suspect if the coalition members who have to enforce it would like to stay in government). Delving down to the level of individual incentives, however, the landscape changes: First, priorities might change for ministers who are policy dictators in their jurisdictions, so that they have less incentive to care about issues in other ministers' charge. And second, inasmuch as the agreement to go into coalition is a product of the positions of individual ministers,

¹⁰Backbenchers also, but their ambition should keep them in check (Hu 2013; Hu and Heller 2011; and cf. Benedetto and Hix 2007).

surprises that might provoke a desire to dissent should be few and far between. When such an issue arises, well, ministers do resign and governments do fall from time to time.

More broadly, focusing on the incentives of individual party members in coalition situations sheds light on intraparty politics that otherwise would remain hidden. As Aldrich (1995) notes, parties adapt to their institutional context. Indeed, insofar as they are created by self-interested individuals to serve their ambitions, institutional context is parties' very *raison d'être* (and all coalition theories from this perspective are institutional theories, since the institution of majority rule is a constant throughout).

Under most circumstances, the behavior that institutions induce is invisible because only out-of-equilibrium behavior shows up. Even change is invisible: if a party alters its policy positions but backbenchers continue to support the (new) party line, any analysis of behavior will miss the change. Analyzing the incentives of individuals—in this case individual party leaders *as distinct from their parties*—in coalitions suggests empirically observable implications of intraparty politics that taking parties as units of analysis would miss.

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