

COALITION GOVERNANCE INSTITUTIONS IN PARLIAMENTARY DEMOCRACIES

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Coalition governance has long been at most a marginal concern in the literature on cabinet coalitions. In many ways, the cabinet coalitions literature resembles the romantic Hollywood films of the 1950s. Much is made of the courtship process and "who gets whom," whereas relatively little light is shed on how such alliances actually work. It is relatively easy to report the external parameters of the bargaining process (e.g., its duration), as well as its result in partisan composition and portfolio allocation. It is much more difficult to establish the fine detail of governance and implementation under coalition rule. Too often, studies of cabinet coalitions have therefore satisfied themselves with a recording of the formal membership, and perhaps the duration, of these governments. The recent theoretical literature, however, reflects a greatly enhanced interest in the process of governance once a cabinet coalition has been formed. As of yet, however, there is little agreement as to how governance can be understood, or what the most important governance institutions are.

Coalition governance involve two problems that have received extensive attention in the rational choice literature, though much less in the coalition-specific field, namely bargaining and delegation. In this paper, we shall address the nature of governance problems in multiparty parliamentary democracies. We begin by examining the significance of delegation and bargaining in parliamentary systems. We then discuss some generic problems that coalition agreements entail. Arguing that parties in coalition governments face complex and severe bargaining problems that lead them to devise more or less incomplete agreements, we lay out some of the options facing them. We show that coalition agreements may take a variety of forms and range from relatively tight to very loose accords. With the help of transaction cost analysis, we develop expectations as to what sorts of governance institutions will be chosen under what conditions. Finally, we introduce a novel set of data on coalition agreements and governance institutions in 13 European countries. These data have been collected by a large cross-national set of researchers. Though our confrontation with these data is as of yet preliminary, they should ultimately be a most valuable and unprecedented source of data on coalition governance.

PARLIAMENTARISM AND COALITION POLITICS

Despite the large literature that has evolved on democratic regimes, there is no universally accepted or unproblematic definition of parliamentary government or democracy (see Lijphart 1992; Strøm 1999). In this paper, we shall define parliamentary government as a system in which the prime minister and his or her cabinet are accountable to, and can be dismissed by, any majority of members of the national parliament (or in the case of bicameral parliaments, the lower house). Parliamentary democracy implies that government policy making is controlled by a legislative majority. When and where this form of government first emerged, in 19th century Britain, its growth coincided with the development of the classic British twoparty system (Cox 1987). In its original form, parliamentary government was majoritarian, or Westminsterian, in Lijphart's (1984) influential conception. The belief in the unfettered rule by the popularly elected majority is key to the tradition of parliamentary government. The Westminster tradition is at heart a tradition of parliamentary supremacy. As Verney observes, "the political activities of

parliamentary systems have their focal point in parliament. Heads of state, governments, elected representatives, political parties, interest groups, and electorates all acknowledge its supremacy" (Verney 1992: 46).

But parliament is not a player, but rather a forum or arena in which individual representatives meet and interact. With a number of caveats, parliaments typically operate by majority decision rules (Rasch 1995). In order to examine governance under parliamentary government, we therefore have to identify the critical players that constitute such majorities. What, then, are the units (the players) of which coalitions are composed? As Laver and Schofield (1990) point out, this question can in principle be answered in many different ways; yet in practice the literature almost always identifies them as parliamentary political parties. Explicitly or implicitly, these are typically assumed to be unitary actors. It is by no means a foregone conclusion that unitary parties should be so analytically privileged. Rational choice theories are fundamentally committed to the assumption of methodological individualism, to the principle that social events ultimately can only be adequately explained as the results of individual choices and actions, and that every collective phenomenon should be reducible to such analysis. By this logic, which underlies the most important research tradition in the field, any satisfactory account of cabinet governance would have to cast its analysis in terms of the actions and motivations of individuals. Political parties, of course, are not (or extremely rarely) individuals, but rather groups or organizations, aggregates to which we cannot legitimately ascribe motivations or rationality (see Arrow 1951).

Party Politics

Nonetheless, coalition theorists brazenly and virtually unanimously stipulate cohesive political parties as their unit of analysis. Their reasons are in part pragmatic: The explicit analysis of all feasible coalitions in a parliament of, say, 300 or 400 members, would be a task of such daunting complexity as to practically preclude any possibility of tractable theoretical analysis (Laver 1989).¹ Besides, empirical knowledge of the real world of cabinet politics firmly suggests that party unity is the rule much rather than the exception. It seems reasonable to suggest that the parliamentary representatives, and more generally the leaders, of a political party have a strong collective interest in cohesive behavior vis-a-vis other parties. They may have a collective action problem in maintaining a united front, but the empirical records amply document that they seem able to solve this problem most of the time (Laver and Schofield 1990).

With two and only two cohesive parties, one of these would always have a legislative majority, and the problem of interparty coalition governance would simply not occur. With the spread of parliamentary government to Continental Europe, however, and the introduction there of proportional representation, multiparty politics has become the 20th century norm in parliamentary democracies. In multiparty parliamentary democracies, the possibility always exists that no party alone will command a parliamentary majority. Such *minority situations* (Strøm 1990a), then, require coalition-building of some sort. Coalitions in minority situations could be purely legislative alliances, in which a minority government seeks support from day to day or from issue to issue among its companions in parliament. More commonly, however, coalition-building involves executive offices as well, so that the parties that form the parliamentary majority also share control of the cabinet and the executive branch. Indeed, that possibility has become the rule, rather than the exception, in most parliamentary systems.

Coalition governments manifest some sort of bargain struck between their participating parties. Political parties, or more specifically their leaders, are likely to have different preferences over a broad range of issues, driven at least in part by their motivation to secure for themselves policy benefits, office benefits, and electoral advantage (Strøm 1990b). All of these goods are likely to be scarce, so that not all demands can be satisfied simultaneously. Government offices and other benefits are finite and often more or less constant-sum. Ministerial portfolios are typically unique and indivisible. If the prime ministership, for example, is awarded to one party, it is necessarily lost for all others. Electoral advantage, to the extent that party leaders care foremost about *vote shares*, is even more strictly constant-sum. Ultimately, one party's gain has to be someone else's loss. In some cases, all incumbent parties may be able to gain at the expenses of the opposition, but much more commonly, coalition parties are engaged in some sort of mutual competition for votes (Rose and Mackie 1983). And, finally, while the parties that make up a coalition may have more or less compatible policy preferences, it is hardly ever the case that all of their policy preferences can be realized simultaneously.

Interparty Bargaining

Such conflicts of interest within governing coalitions generate a need for interparty bargaining and compromise. Coalition studies have traditionally given little attention either to the process of coalition bargaining, or to its results. The only notable exception is to be found in the study of cabinet portfolios, which of course are one manifestation of the agreements reached by negotiating parties. We see this as an important lacuna in the study of democratic governance in parliamentary systems.

Bargaining over government formation can take place whenever there are players (in our case, political party leaders) that can all make themselves better off by reaching an agreement, and when there are multiple such feasible agreements that may be reached. In cabinet politics, these agreements presumably concern the set of political offices to be filled, perquisites and favors to be distributed, and public policy to be conducted. While the prime ministership is typically a discrete prize that can be given to only one party in each coalition, there may be a huge number of ways in which the remaining portfolios could be allocated, and the number of possible budget allocations are virtually infinite. Needless to say, the relevant parties typically have distinctly different preferences over these possible solutions. In many cases, there are multiple such solutions that fill the requirement of meeting every negotiating party's *reservation level*, the value it could derive without any agreement. Indeed, it is probably fair to assume that coalition bargaining does not occur in the absence of such incentives. Nevertheless, coalition bargaining does not always succeed. In many cases, efforts to put together coalition governments fail. In other cases, coalitions are successfully put together, but then fall apart in disagreement, or simply fail to yield the benefits many of the participants may have expected. The frequency of bargaining failure of one sort or another forms an important background to our scrutiny of coalition agreements.

PROBLEMS: UNCERTAINTY AND ENFORCEMENT

Coalition bargaining is no easy matter. This is partly because of problems that are generic to all

forms of political bargaining, and partly due to factors that are more parochial and have to do with particular problems of cabinet governance. Briefly, many of the problems inherent in coalition bargaining stem from the salient features of such situations, namely (1) limited information, and (2) lack of enforceability. Let us consider these issues in turn.

Limited Information

As in the case of the life of a child, the contingencies that may arise during the tenure of a government are exceedingly difficult to predict with any kind of accuracy. Consequently, the task of writing a complete contract for such a coalition is also very challenging. In most countries, even the duration of a legislative term is not certain at the time a coalition agreement is reached. Parliamentary dissolution powers may leave this at the discretion of agents that will not be parties to any coalition agreement, such as, for example, a separately elected president. The fact that parliament may thus be dissolved, and the coalition potentially terminated, under circumstances beyond the control of the contracting parties further complicates bargaining. More generally, the demands placed upon national governments are so complex and unpredictable as to make such agreements a daunting task even under the best of circumstances. This is, of course, reflected in the fact that the formation of governments involves a great deal of delegation of power to agents, such as cabinet ministers and their subordinates, with highly specialized tasks. It is precisely in recognition of the fact that the principals (here, the coalition parties) cannot hope to gain enough information to efficiently instruct their agents (here, cabinet members and other appointees) that such delegation occurs.

Enforcement Problems

One reason that political parties involved in coalition bargaining so often fail to reach their goals is that their agreements are difficult to enforce, and that the parties themselves recognize this problem. Parties engaging in coalition agreements face an obvious enforcement problem. Unlike most business contracts, there are no courts to enforce coalition agreements. In Shepsle's terms, coalition agreements cannot be based on exogenous third-party enforcement but must instead rely on endogenous compliance (Shepsle 1996).²

A particularly tricky problem in coalition bargaining can be the sequence in which the parties secure their gains. If the payoffs to all are evenly distributed over the anticipated reign of the government, then each will be most likely to have a constant incentive to keep the coalition going. If, however, the payoffs are very unevenly distributed over this period, the party which has already received a large part of its share (e.g., a major piece of legislation) early on has little incentive to fulfill its part of the deal later. This problem of non-simultaneity of exchange (Weingast and Marshall 1988) may prevent the enforcement of agreements and thus destabilize coalitions. Consequently, parties may try to avoid such misalignments of incentives whenever they can.

INSTITUTIONAL SOLUTIONS

The bargaining problems that plague parties engaged in coalition bargaining are thus serious and profound, though not necessarily beyond any reasonable solution. There are both informal and formal (institutional) sources of solutions to such bargaining problems. Sometimes bargaining

problems can be solved by informal means. This could happen for several reasons. Either the preferences of the parties are so well aligned as to facilitate a successful bargain. Alternatively, the anticipation either of repeat interactions in the same arena, or of other interactions with the same players in different arenas, may induce party leaders to honor otherwise unenforceable agreements and thus underpin successful negotiations (see, e.g., Shepsle 1996: 229-231; also Axelrod 1984; Frank 1988; Kreps 1990).

Yet, parties that enter a coalition government cannot always hope that their preferences will be sufficiently well aligned, or the shadow of future interactions sufficiently long, to induce cooperation. Hence, they cannot rest assured that whatever agreements they reach will be respected. This makes it necessary to search for solutions elsewhere, in institutional arrangements. The search for institutions is driven by the two problems identified above: limited information and enforcement. As North (1990: 57) puts it: No institutions are necessary in a world of complete information. With incomplete information, however, cooperative solutions will break down unless institutions are created that provide sufficient information for individuals [or coalition parties] to police deviations. Institutions assuring cooperation need to provide (1) A communications mechanism that provides the information necessary to know when punishment is required and (2) A incentives for those individuals to carry out punishment when called on to do so (North (1990: 57).

COALITION AGREEMENTS

The most general type of institutional enforcement mechanism lies in *coalition agreements* that coalition parties enter before going into executive branch collaboration. Coalition agreements, formal or informal, are generally designed to prevent defection among the parties to the coalition. Such agreements impose various degrees of coalition discipline in parliamentary votes, as well as in other parliamentary activities. Coalition agreements have a number of uses and a number of different audiences. One such function is vis-à-vis the electorate or the parties= rank and file. In this sense, coalition agreements are precommitments, by which the negotiating parties Abind themselves to the mast= in such a way that when they go through unpleasant situations in the coalition=s life, the party leaders have a mechanism by which they can resist temptation and pressure from their respective parties to renege on their agreements (Elster 1984: 36-47). The assumption under which party leaders enter such agreements is that maintaining the coalition will yield a better longer-term result than a situation in which each player is free to defect at will. Another function of coalition agreements, and one that will be of central interest to us here, is to provide information to coalition partners, ease communication between them, and contain conflict or facilitate its resolution.

While coalitions, by careful construction of their agreements, may perform the first function fairly well, the second is often a tall order. This is because parties have existing rules and governance structures that may be used to enforce the agreement, and because all members of the party have a fairly strong collective interest in its electoral fate. The same facilitating conditions do not exist to the same extent *between* coalition parties, and coalition governance institutions typically have to be negotiated along with the policies and the prerequisites of the coalition.

The fact that coalescing parties enter an agreement does not in itself guarantee that their cooperation will be sustained. While an agreement may have some enforcement value in itself, particularly if it is made public, much of its effect may depend on its specific contents and on specific mechanisms that may be set up to enforce agreement and resolve conflict within the coalition. There is a great deal of variation among coalition agreements, and we expect that the Afine print≅ of such agreements may have a systematic bearing on their enforcement and ultimately on the success of the respective coalitions.³

Incomplete Contracts

In social life, human beings enter into a multitude of agreements and contracts, whose terms are more or less complete. In some cases, typically when a great deal is at stake and the contingencies are well known, the parties may devise a contract with a great deal of completeness. Rights and obligations under all possible contingencies are spelled out exhaustively and in great detail. A purchase agreement concerning a house may be one case in which buyers and sellers thus aim to design as complete a contract as possible. In other cases, however, social agreements tend to much less complete. For example, the agreements that married couples have concerning their child-rearing responsibilities are typically much less complete than those of buyers and sellers of residences. This is at least in part a result of the fact that the set of possible contingencies concerning child rearing are much more difficult to spell out than those having to do with the sale of a home. It may also be because the relevant commitments in child rearing are more difficult to observe and verify, because effective enforcement is less likely, or because the married couple trust their preferences to be more compatible than those who buy or sell houses.

For all of these reasons, child-rearing Acontracts≅ are likely to be less *complete* than those concerning the purchase of a home. Yet, the degree of completeness with which agreements are made is a choice that arises in great number of social and political situations, including coalition bargaining (see also Epstein and O=Halloran 1997; Grillo 1997). As Persson, Roland, and Tabellini (1997) have pointed out, political constitutions are always incomplete contracts, and so, we would argue, are coalition agreements. It is safe to say that coalition agreements, whatever their size, specificity, or formality, never cover all contingencies that may arise during a cabinet=s Alifetime.≅

Centralized vs. Decentralized Authority

Although coalition agreements are probably always incomplete, they may nonetheless exhibit a great deal of variation in their specificity, as well as in the ways in which they attempt to deal with the problems raised by incomplete contracts. Incomplete agreements require some kind of mechanism to resolve issues on which the contract is silent. The literature on contracts assumes that such issues are resolved through a specification of residual rights of control, that is, by identifying the party that has the right to make final decisions on matters not specified in the contingencies of the contract. We can distinguish between centralized governance structures, in which such authority is vested in the principal, and decentralized arrangements, in which the agent has this power (Aghion and Tirole 1997). In the context of coalition cabinet politics, centralized governance structures would place residual rights of control in the hands of a team of coalition leaders, in which each party would presumably be represented. Decentralized authority would mean that such rights instead devolved to whatever party controlled a particular

government agency, for example a cabinet portfolio, or even a smaller subset of government offices.

Decentralized Authority: Ministerial Government

The governance structures of coalition cabinets in parliamentary democracies have received very little systematic scholarly attention. However, one recent and seminal work in this literature makes a specific and consequential argument about such institutions. In *Making and Breaking Governments*, Michael Laver and Kenneth Shepsle (1996) forcefully argue that in cabinet governance, only decentralized authority is feasible. The executive branch, they argue, possesses critical powers of agenda control vis-à-vis the parliament. Specifically, such agenda powers pervade the organization of the executive branch itself. In turn, the agenda and implementation power that the cabinet exercises vis-à-vis the parliament is in turn exercised vis-à-vis the cabinet by individual ministers and their civil servants (Laver and Shepsle 1996: 281). Parliamentary democracies reach policy decisions by granting jurisdictionally specific Aproperty rights (ministerial discretion) through the assignment of cabinet portfolios. Each portfolio, generally representing a government department, is allocated to one and only one party, and there is no mechanism by which any other party can prevent the party holding the portfolio from implementing its ideal point within that jurisdiction. The set of government portfolios is assumed to be exogenously fixed for each government formation process.

While Laver and Shepsle's account of coalition government is simple and intriguing, it is not entirely plausible. For one thing, these scholars implicitly assume that delegation *from* cabinet ministers works, in the sense that their agents (civil servants) can be induced to act in the minister's interest, but that delegation from the parliamentary majority *to* cabinet ministers does not. However, as principals, parliamentary leaders possess much stronger mechanisms of *ex post* control than do cabinet ministers. If a cabinet minister acts against the desires of the parliamentary majority, he or she can be summarily dismissed. Civil servants, on the other hand, typically have protected tenure. Hence, all else equal, we would expect cabinet ministers to be the more faithful servants.

More generally, the critical institutional challenge to Laver and Shepsle is to explain why ministerial government (departmentalism) would arise as a mechanism of cabinet governance. If cabinet portfolios entail such dramatic powers of agenda control, then when and why would politicians rationally choose the kind of institutions Laver and Shepsle describe? Under their assumptions, stability in government results from the parties' inability to agree on mutually beneficial policy positions. This inability is in turn due to the absence of feasible portfolio allocations that would allow the parties to enforce such agreements. But if the general nature of ministerialism is to prevent such opportunities for mutual gain, why would the parties create or sustain this institution?

Centralized Authority

Laver and Shepsle's premise of ministerial government thus denies the possibility (or at least the feasibility) of centralized cabinet authority, in which residual powers would reside not in the individual ministers, but in the team of coalition (party) leaders. In reality, however, both sets of governance institutions seem to exist, and doctrines of parliamentary democracy recognize both individual and collective ministerial responsibility. Thus, centralized authority seems to be a

feasible option in coalition politics, and coalition bargaining often appears to consist in choices between centralized and decentralized distributions of authority. It is well documented that coalition parties attempt to bind themselves to collectively agreed upon policy positions through the use of formal coalition agreements, as well as other agreements reached through such institutional mechanisms as inner cabinets, coalition committees, and summits of party leaders (Müller and Strøm 1997).

Cabinet coordination takes the form of collective cabinet decision making on issues of major salience. Such issues may require unanimous cabinet assent or other forms of broad agreement. Also, certain cabinet ministers are often given responsibilities that deliberately cross-cut the jurisdictions of other ministers. Certain key portfolios, particularly the prime minister and the finance minister, clearly challenge Laver and Shepsle's conception of departmentalism and ministerial government. In many countries, both the prime minister and the finance minister have coordination functions that deliberately cross-cut other ministerial jurisdictions (Larsson 1993; Müller, Philipp, and Gerlich 1993). For example, coalition cabinets often feature detailed and strong budgetary oversight by the Minister of Finance. The prime ministership is an even more obvious portfolio entrusted with such tasks of enforcing policy coherence.

Finally, the coalition agreement may be enforced through shared competences of various sorts. For example, several ministers from different parties may be assigned to the same department, junior ministers from one party may be placed in ministries controlled by another, or accord clauses may be adopted to the effect that a pre-specified set of ministers must agree on joint action in the implementation of laws. In short, the real world provides a variety of examples of governance structures in which authority is not decentralized to the extent that ministerial government implies.

CHOOSING INSTITUTIONS

What kind of governance institutions do coalition parties choose, and why? Under what conditions should we expect to see more or less complete contracts, and when should centralized authority be preferred to decentralized solutions, or vice versa? We have argued above that the problems involved in forging coalitions stem from such factors as uncertainty, preference diversity, and lack of control over the political environment. We expect the same set of factors to influence the form and contents of coalition agreements, as well as the specific institutions they set up. More concretely, this means that we expect to see more complete agreements, and more elaborate institutions for their enforcement, the lower the relevant transaction costs. That is to say, the lower the price of time spent in negotiation, the more observable the relevant behavior, and the lower the cost of enforcement, the more complete we would expect coalition agreements to be. This logic yields several testable predictions concerning the conditions favoring comprehensive vs. minimal agreements.

Number of Coalition Parties. Comprehensive coalition agreements are less likely to emerge the greater the bargaining complexity. The larger the number of parties that have to be involved in process of crafting an agreement, the more costly such negotiations are likely to be in time and opportunity costs. Complex bargaining situations heighten transaction costs, and high transaction

costs lead to the adoption of less comprehensive agreements. Bargaining complexity, in turn, is in large part a function of the number of parties to the coalition contract (see Laver and Schofield 1990). We expect comprehensive coalition agreements to be least common under conditions of great bargaining complexity, that is, where there is a greater number of parties to the agreement. Hence, the larger the number of coalition parties, the less comprehensive we expect the agreement to be.

Length Of (Remaining) Term. The characteristics of coalition agreements will also reflect the situations in which they were drafted. Briefly, the more durable the coalition is expected to be, the more the transaction costs of drafting a comprehensive agreement can be depreciated over the coalition's life span. If the term of a coalition will be short (e.g., because the parliamentary term is expiring), it will often not be worthwhile for the parties involved to invest much time and effort in coalition negotiations and thus to hammer out an authoritative and comprehensive coalition agreement. The extreme case would be caretaker governments, which are likely to have no coalition agreement or at most a very simple one. We also expect pre-electoral coalition agreements to be shorter than post-electoral ones, given the uncertainty under which pre-electoral agreements are always crafted. Finally, countries with a longer parliamentary term should have coalition agreements that are more comprehensive than those in countries with shorter parliamentary terms.

What, then, is likely to determine whether authority under incomplete agreements will be centralized or decentralized? In their analysis of formal and real authority in organizations, Aghion and Tirole (1997: 27) find that authority is most likely to be delegated to the agent in decisions (1) that matter little to the principal, (2) on which the agent can be trusted by the principal, due to a high degree of preference congruence (ex ante probability of preference similarity), (3) that matter greatly to the agent, and (4) that are sufficiently innovative that the principal has limited competency.

Preference Diversity. The second of these conditions is of direct and particular importance to coalition politics, in so far as preference congruence translates into preference diversity within the coalition. In accordance with Aghion and Tirole, we expect centralization of authority within the coalition to be positively correlated with the ideological diversity of the coalition. Maintaining compliance tends to be less challenging in policy-compact cabinets. Single-party cabinets, therefore, should be more conducive to ministerial government, as described by Laver and Shepsle, than coalitions of several parties. Among coalitions, we expect those that cover a large policy range to have more centralized governance structures than those that are ideologically compact. In interparty coalitions, we expect the degree of ideological diversity to be a good and significant measure of the attendant congruence (Warwick 1994).

Preference diversity may also result from electoral competitiveness. The more competition between the coalition partners, the more they will feel the need to impose coalition discipline. Competition can be operationalized as ex ante indeterminacy of electoral contests, which we can empirically approximate as the closeness, in votes and seats, of contests between the coalition parties (Strøm 1989 and 1992).

Size. Aghion and Tirole also find centralized authority to be preferable in situations in which

much is at stake for the principal (condition 1). In coalition politics, such stakes may be correlated with the cabinet's susceptibility to parliamentary defeat (and thereby, perhaps, resignation). This, in turn, is in large measure a function of its size. Since Riker (1962), students of coalition politics have focused on the implications of majority status, specifically whether coalitions attain minimal winning status, that is, have enough votes to control parliamentary decisions without carrying unnecessary members. The *size principle*, of course, predicts that only coalitions of minimal winning size will form. However, the very feature (minimal winning status) that maximizes payoffs to the coalition's participants also maximizes its exposure to defection. By definition, minimal winning coalitions may be brought down (or at least reduced to minority status) by any one of their members. We therefore also expect that minimal winning coalitions will extract the most explicit (tight) commitments from their members. Surplus majority coalitions, by contrast, can afford to lose members and may therefore be less insistent on such explicit commitments. Minority cabinets presumably have to be prepared to negotiate outside support anyway, which means that strict commitments from parties inside the cabinet are of less use to them. We might therefore expect them to exhibit less discipline and less comprehensive agreements than minimal winning coalitions, though perhaps more than surplus majority administrations.

Thus, in summary we have the following expectations concerning the comprehensiveness and distribution of authority in coalition agreements:

Hypothesis 1: The larger the number of coalition parties, the less comprehensive the agreement.

Hypothesis 2: The shorter the expected duration of the coalition, the less comprehensive the agreement. Hence, the later in the parliamentary term the coalition is negotiated, the less comprehensive the agreement.

Hypothesis 3: The greater the preference diversity within the coalition, the more centralized the distribution of authority and the greater the discipline imposed on the parties. Hence, the greater the ideological distance and the more intense the electoral competition between coalition partners, the tighter the agreement.

Hypothesis 4: The more politically susceptible the coalition is to parliamentary defeat, the more centralized the distribution of authority and the greater the discipline imposed on the parties. Hence, minimal winning coalitions should feature the most centralized governance institutions and surplus majority coalitions should exhibit the lowest degree of centralization.

DESIGN AND DATA

This study explores coalition agreements in 13 Western European parliamentary democracies. Although our study is confined to Western Europe, we cover all major systems in this heartland of parliamentary democracy in which coalition politics is a regular occurrence. We have excluded only countries with a very small population (and in which the scholarly literature is often spotty and potential contributors scarce) and those in which coalition politics is exceptional rather than normal (e.g., the United Kingdom). The data cover the entire post-World War II

period, from the first post-war cabinet until June 30, 1996 (with the exceptions of France, where we cover only the Fifth Republic, and Portugal, where we cover only the period since its transition to democracy).

A *cabinet* is the set of politically appointed executive offices involved in top-level national policy making.⁴ Our cabinet data have been collected by experts on the respective countries involved. A preliminary version of the data set is presented in Müller and Strøm (1997). When does the life of one cabinet end and that of another begin? In this analysis, we count a change of cabinet with the occurrence of any one of the following conditions:

1. Any change in the set of parties holding cabinet membership. We count as members of the cabinet those and only those parties that have designated representatives with cabinet voting rights. Thus, we do not count external support parties, i.e., parties that support the cabinet in parliament without holding cabinet portfolios.
2. Any change in the identity of the prime minister. By prime minister, we mean in this study the head of the cabinet, whatever title that office might have (e.g., federal chancellor, president of the council of state, etc.).
3. Any general election, whether mandated by the end of the *constitutional interelection period* (CIEP) (see King et al., 1990), or precipitated by a premature dissolution of parliament.⁵

Coalition agreements are defined as the *most binding, written* statements to which the parties of a coalition commit themselves, i.e. the most authoritative document that constrains party behavior. Coalition agreements may be formal or informal, and they may be intended for internal use only or designed for public consumption.

COALITION AGREEMENTS: TYPES AND CONTENTS

We now turn to the actual coalition agreements to examine their structure and contents across the various countries and coalitions in our sample. Our scrutiny of the data will be highly preliminary and exploratory, as we have not yet been able to design appropriate tests of the propositions developed above. There are three general issue areas contained in coalition agreements: (1) policy, (2) office allocation, and (3) procedure. Some coalitions have substantial and explicit policy agreements. Coalition agreements, formal or informal, impose various degrees of coalition discipline in parliamentary votes, as well as in other parliamentary activities.

Type

Let us first examine the incidence and types of coalition agreements. As Table 1 demonstrates, of the 223 coalition cabinets in our sample, 136 (61 %) have been based on a coalition agreement. There are nonetheless great cross-national differences. Coalitions are invariably based on coalition agreements in Finland, Luxembourg, Norway, Portugal, and Sweden (100 % of the cases in each), as well as in Austria (82 %, but 100 % since 1949). In contrast, coalition agreements are the exception rather than the rule in Italy, where a mere 3 % of the cabinets (one

case) could rely on such an agreement. The other countries cover the range from 63 % (Belgium) to 36 % (France) and (the exact figures are: Ireland 78 %, Germany 57 %, the Netherlands 48 %, Denmark 38 %).

X Table 1 about here X

The vast majority of coalition agreements (63.2 %) has been concluded immediately after elections. A quarter (25 %) resulted from a deal that had been struck within an electoral period, probably in conjunction with a change of the government's party composition. 6.6 % of the coalition agreements were pre-electoral; in these cases parties had agreed on a common platform, campaigned as a potential government coalition, and eventually assumed office. Seven cabinets (5.1 %) were based on both pre- and post-electoral agreements.

In the aggregate, there is a slight trend over time towards the use of coalition agreements (Table 2). While in the 1940s fewer than half of all cabinets were based on written coalition agreements, in the 1990s, 70 % of all coalition cabinets were set up in this form. Typically, formal coalition agreements have been introduced after some years of experience with coalition politics. Relevant cases are Austria (where this happened as early as 1949, after a mere four years of coalition politics), Belgium (where the first coalition agreement dates from 1958), the Netherlands (where the first coalition agreement was drafted in 1963), Germany (where the first experience with coalition agreements dates from the early 1960s, but where they have become a permanent feature of coalition politics only since 1980), and France (where coalition agreements were introduced as late as the early 1980s).

X Table 2 about here X

Of the 136 coalition agreements, 112 (82.4 %) were intended for publication when they were drafted (Table 3). Coalition agreements have always been public documents in Finland, France, Ireland, Norway, Portugal, and Sweden. It is necessary, however, to qualify this by making reference to the character of some of these documents as pre-electoral coalition manifestos (France, Portugal) or parliamentary alternatives to the government's budget (Norway). A majority of coalition agreements has been in the public domain in the Netherlands (91 %), Belgium (89 %), Austria (86 %), Germany (66 %), and Denmark (60 %). In contrast, coalition agreements have been kept private in Luxembourg.

Our contributors have collected and analyzed 66 coalition agreements from 9 of our 13 countries. In the remaining countries coalition agreements are not publicly available (Ireland, Luxembourg), hardly exist (Italy) or our contributors have for other reasons not been able to analyze them (Finland). In examining these documents, which have never before been subject to a systematic scholarly investigation of this scope, our collaborators have focused on the size, contents, and implications of these documents.

Size

The simplest measure by which coalition agreements differentiate themselves is size. The shortest coalition agreement is just over 500 words long (France), while the longest one contains more than 43,000 words (Belgium). The average size of coalition agreements is below 3,000 words in three countries: France, Sweden, and Denmark. It is between 3,000 and 8,000 words in

Germany and Austria, whereas in Norway, the Netherlands, Belgium and Portugal it includes more than 10,000 words. Yet, there is substantial within-country variation. Note that, contrary to our expectations (H1), there is no immediately apparent relationship between the number of participating parties and the length of the coalition agreement. There may be a weak tendency, however, for long agreements to emerge in complex bargaining situations, of which Belgium may be a prime example. The length of Dutch and Portuguese agreements, however, suggests that bargaining complexity cannot be a necessary condition for lengthy agreements. Conversely, the Danish case illustrates that even complex bargaining environments may give birth to short agreements. What these apparently deviant case may reflect is the impact of the level of trust in the feasibility of informal coordination. Such confidence may be built over time, through iterated interactions, or it may decay for similar experiential reasons. The secular trend in our data toward more extensive agreements suggests that the latter may be more common than the former.

X Table 3 about here X

Contents

With one single exception B Austria B the average coalition agreement has been mainly concerned with the policies the new government intends to pursue. Yet, there are significant cross-national differences in the attention given to policy versus procedural concerns. At one extreme, in Norway, Sweden, France, Belgium, and Germany, 90 per cent or more of the contents of coalition agreements have been concerned with policy. At the other extreme, the corresponding figure for Austria is 48 %, which means that more than half of the average Austrian coalition agreement is devoted to non-policy matters. In between these extremes, the policy content is 80-90% in Denmark and the Netherlands, and more than 70 per cent in Portugal.

The second most frequent concern of coalition agreements in Western Europe has been to lay down the procedural rules of the game within the coalition. There is no country in which general and/or specific rules of the game have not made their way into coalition agreements. On the West European average, 11.5% of the space in coalition agreements has been devoted to this purpose. Yet, the countries in our sample differ substantially, from about a third of the words (Austria) to less than one per cent (Norway).

In contrast, the distribution of offices and competences between the coalition partners are dealt with in coalition agreements only in a minority of countries. Again Austria takes the lead, devoting on average almost a fifth of the references in the coalition agreements to these purposes. The paucity of portfolio commitments in coalition agreements elsewhere should not, however, be taken as an indication that these are minor considerations. The underlying reality is more likely to be that the coalition parties see formalized and publicized deals of this nature as unnecessary and perhaps embarrassing. Thus, a consensus concerning the distribution of sub-cabinet spoils between the coalition partners is much more frequent than the coalition agreements suggest. Apparently, coalition parties prefer to keep such agreements informal and, perhaps, as private as possible.

TIGHT AND LOOSE COALITIONS

The novel data presented here shed light on a number of hitherto little-known aspects of coalition

politics. One of them is the extent and nature of the commitments that exist between coalition parties: the tightness or looseness of coalition agreements. The looser a coalition is, the less centralized governance institutions it has and the more relaxed the attitudes towards coalition discipline. Coalition agreements may also be more or less complete in their regulation of the coalition's policy program. Coalitions which are based on *a comprehensive policy program* are generally tighter (more disciplined) than coalitions in which this is not the case. There may be important exceptions to the last point, however.⁶

The committedness of policy programs has been analyzed with the help of a four-category ordinal coding scheme, in which 3 means a comprehensive program, 2 a policy program with certain exceptions, 1 a program in which commitment exists only on a few selected issues, and 0 no common policy agreement. In three countries, Denmark, Luxembourg, and Portugal, all coalition agreements have conformed to the highest level of committedness. In France, at the other extreme, two-thirds of all coalitions have had no commonly agreed policy program at all. Austria, Ireland, and the Netherlands also feature at least two coalitions a piece which fall into the latter category. Austria and the Netherlands stand out as the two systems that exhibit the greatest variance in policy committedness. This is a bit puzzling, since coalition membership has been so stable in these countries.

X Tables 4 and 5 about here X

As Table 5 demonstrates, there are no substantial differences between majority and minority governments, although surplus majority coalitions, as hypothesis 4 predicts, are least likely to feature the most comprehensive types of policy programs. Finally, Table 6 reports the effects of the number of coalition parties on the comprehensiveness of coalition agreements. Recall that according to hypothesis 1, the comprehensiveness of such agreements should decline with the number of coalition parties. Table 6 provides only weak support for this proposition. It is true that two-party coalitions are less likely than others to have very minimal policy agreements (the first two categories). However, there is no clear tendency for coalitions with three or more parties to vary in any systematic way.

X Table 6 about here X

CONCLUSION

Many lacunae remain in our knowledge of cabinet coalitions in parliamentary democracies. The literature has long suffered from one of the traditional Hollywood biases: Much more attention has been given to identifying the right match, and to the process of courtship, than to the actual process of sharing a life (political or otherwise) and working out the concomitant issues. The most important ambition of this paper has been to go some distance toward redressing that imbalance, by in various ways enhancing our understanding of coalition governance.

We have focused on the critical everyday politics of coalitions: governance in office, examining in particular the agreements and enforcement mechanisms that undergird such everyday coalition politics. We have discussed the reasons that such agreements are hammered out, and that their

enforcement mechanisms are constructed with great care and detail. Coalition agreements and the institutions that uphold exhibit a great deal of variation, running all the way from very incomplete understandings to very detailed documents setting up an intricate set of rules and a laborious set of mechanisms by which they can be implemented.

While we cannot in this exploratory analysis hope to explain any major part of the vast variation in coalition agreements, we have tried to generate some expectations concerning the use of such institutions. In general, we expect coalition agreements to be more comprehensive the fewer the participating parties and the longer their time horizon. We expect tighter, or more centralized, coalitions, manifested in more explicit and detailed agreements as well as more elaborate institutions for their enforcement, in more vulnerable coalitions, and in situations of greater preference diversity. Our preliminary results corroborate several, but not all, of these expectations. Yet, our analysis has only scratched the surface of this intriguing aspect of coalition politics. In future research, we shall examine the determinants of coalition agreements much more rigorously through multivariate analysis. We shall also systematically include explanatory variables that more adequately measure the preferences of the coalitional players, as well as the constraints of the institutional environment in which they operate. Much research thus remains to be done, but there is every reason to expect that such efforts will yield rich rewards for our understanding of coalition politics.

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**Table 1:
Coalition Agreements in Western Europe, 1945-1996**

| Country | No coalition agreement | Pre-electoral coalition agreement | Post-electoral coalition agreement | Inter-electoral coalition agreement | Pre- and post-electoral coalition agreement | Total |
|--------------|------------------------|-----------------------------------|------------------------------------|-------------------------------------|---|------------|
| Austria | 3 | 0 | 14 | 0 | 0 | 17 |
| Belgium | 11 | 0 | 12 | 7 | 0 | 30 |
| Denmark | 8 | 0 | 3 | 2 | 0 | 13 |
| Finland | 0 | 0 | 14 | 18 | 1 | 33 |
| France | 7 | 3 | 0 | 0 | 1 | 11 |
| Germany | 12 | 0 | 7 | 2 | 0 | 21 |
| Ireland | 2 | 1 | 6 | 0 | 0 | 9 |
| Italy | 33 | 0 | 0 | 1 | 0 | 34 |
| Luxembourg | 0 | 0 | 14 | 0 | 0 | 14 |
| Netherlands | 11 | 0 | 9 | 1 | 0 | 21 |
| Norway | 0 | 0 | 2 | 0 | 5 | 7 |
| Portugal | 0 | 4 | 1 | 1 | 0 | 6 |
| Sweden | 0 | 1 | 4 | 2 | 0 | 7 |
| Total | 87 | 9 | 86 | 34 | 7 | 223 |

Note: Entries represent raw numbers of coalition cabinets.

**Table 2:
The Use of Written Coalition Agreements Per Decade**

| | 1940s | 1950s | 1960s | 1970s | 1980s | 1990s |
|---|-------|-------|-------|-------|-------|-------|
| Coalition cabinets | 22 | 43 | 35 | 39 | 50 | 33 |
| Coalition cabinets based on a coalition agreement | 10 | 22 | 22 | 25 | 34 | 23 |
| Percent | 45 | 51 | 63 | 64 | 68 | 70 |

Note: Entries represent coalition cabinets that have assumed office in the decade in question.

**Table 3:
Size and Content of Coalition Agreements¹**

| Country | Size (in words) | | General procedural rules (in %) | | Specific procedural rules (in %) | | Distribution of offices (in %) | | Distribution of competences (in %) | | Policies (in %) | |
|----------------------|-----------------|--------------|---------------------------------|-------|----------------------------------|-------|--------------------------------|-------|------------------------------------|-------|-----------------|--------|
| | Mean | Range | Mean | Range | Mean | Range | Mean | Range | Mean | Range | Mean | Range |
| Austria | 7,260 | 700-23,300 | 17.5 | 1-50 | 15.5 | 0-44 | 10.2 | 1-30 | 8.3 | 0-25 | 48.3 | 0-98 |
| Belgium | 14,180 | 3,200-43,600 | 1.3 | 0-5 | 5.3 | 0-14 | 0.5 | 0-3 | 0.7 | 0-3 | 92.4 | 83-99 |
| Denmark ² | 2,920 | 900-4,100 | 0 | 0 | 15.3 | 6-30 | 0 | 0 | 0 | 0 | 84.7 | 70-90 |
| France ³ | 1,740 | 530-2,100 | 2.2 | 0-9 | 0 | 0 | 0 | 0 | 0 | 0 | 97.8 | 93-100 |
| Germany | 6,200 | 600-16,800 | 5.5 | 0-28 | 0.9 | 0-4 | 0 | 0 | 0 | 0 | 93.5 | 68-100 |
| Netherlands | 12,050 | 3,100-28,400 | 3.2 | 1-16 | 4.4 | 1-29 | 0.3 | 0-3 | 2.5 | 1-9 | 89.6 | 52-97 |
| Norway | 11,300 | 2,900-31,100 | 0 | 0 | 0.5 | 0-4 | 0 | 0 | 0 | 0 | 99.5 | 97-100 |
| Portugal | 13,750 | 2,500-34,300 | 24.7 | 10-39 | 4.9 | 1-14 | 1.5 | 0-5 | 0 | 0 | 77.1 | 60-100 |
| Sweden | 2,440 | 1,100-5,200 | 0 | 0 | 2.6 | 0-8 | 0 | 0 | 0 | 0 | 97.4 | 92-100 |

NOTES

1. No data on Finland, Ireland, Italy, and Luxembourg.
2. Based on three of five coalition agreements.
3. 1981entry represents the combined length of pre- and post-electoral coalition agreements.

**Table 4:
Policy Programs By Country**

| | No policy agreement | Agreement on a few selected policies only | Agreement on a variety of issues | Agreement on a comprehensive policy program | N |
|-------------|---------------------|---|----------------------------------|---|----|
| Austria | 1 | 9 | 2 | 5 | 17 |
| Belgium | 0 | 6 | 5 | 13 | 24 |
| Denmark | 0 | 0 | 0 | 13 | 13 |
| Finland | 0 | 14 | 6 | 13 | 33 |
| France | 7 | 0 | 4 | 0 | 11 |
| Germany | 0 | 9 | 8 | 4 | 21 |
| Ireland | 2 | 1 | 6 | 0 | 9 |
| Italy | 0 | 20 | 12 | 0 | 32 |
| Luxembourg | 0 | 0 | 0 | 15 | 15 |
| Netherlands | 1 | 8 | 3 | 7 | 19 |
| Norway | 0 | 2 | 1 | 4 | 7 |
| Portugal | 0 | 0 | 0 | 6 | 6 |
| Sweden | 0 | 0 | 3 | 4 | 7 |

Note: Entries represent numbers of coalition cabinets.

**Table 5:
Policy Programs By Cabinet Type**

| Cabinet Type | No policy agreement | Agreement on a few selected policies only | Agreement on a variety of issues | Agreement on a comprehensive policy program | N |
|------------------|---------------------|---|----------------------------------|---|-----|
| Minority | 5.4% | 32.4% | 24.3% | 37.8% | 37 |
| All Majority | 2.4% | 33.7% | 22.3% | 41.6% | 166 |
| Surplus Majority | 4.5% | 49.3% | 17.9% | 28.4% | 67 |

**Table 6:
Policy Programs By Number of Parties in the Cabinet**

| Number of Parties | No policy agreement | Agreement on a few selected policies only | Agreement on a variety of issues | Agreement on a comprehensive policy program | N |
|-------------------|---------------------|---|----------------------------------|---|-----|
| 2 | 4.5% | 25.0% | 33.0% | 37.5% | 88 |
| 3 | 6.1% | 44.9% | 16.3% | 32.7% | 49 |
| 4 | 3.9% | 33.3% | 19.6% | 43.1% | 51 |
| 5 | 9.5% | 38.1% | 14.3% | 38.1% | 21 |
| All Cabinets | 5.1% | 32.2% | 23.4% | 39.3% | 214 |

NOTES

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1. There are at least two ways in which parties could be disaggregated short of an individual-level analysis. One would be a *horizontal* conception of intraparty politics: a focus on the competing groups of which parties are composed. Some parties, most notoriously perhaps the now defunct Italian Christian Democrats, consist of easily identifiable, openly organized, and powerful *factions* (Sartori 1976: 71-82, Belloni and Beller 1978). The other possibility is to capture the hierarchies of party politics through a *vertical* conception of the party as an organization in which leaders operate within the constraints imposed by their followers. Agency models of principals (here, perhaps, party members) and agents (their leaders) might help us rigorously analyze such hierarchies.
 2. The difference between coalition agreements and business contracts should not, however, be overstated. Even business contracts cannot be enforced without costs and risk (Kreps 1990: 101). Also third parties are not irrelevant for the coalition parties= observing their agreement. These third parties are not neutral ones, however. Rather they are competitors in the electoral arena (which may profit from coalition crises) and potential allies in future coalition governments.
 3. In the absence of effective enforcement mechanisms, coalition agreements may be threatened by intracoalitional conflict. If party A does not observe one part of the agreement, party B may respond by not observing some other part. Such mutual defection entails a danger of escalation (Jarvis 1997), yet conflict can occasionally be contained by A negative \cong or A positive \cong logrolling. Negative logrolling means that coalition parties accept the non-observance of the coalition agreement by one party in one matter as compensation for the non-observance by some other party in another matter. In a sense, this amounts to an acquiescence to reduce the scope of the original agreement. Positive logrolling, on the other hand, means that coalition parties make their observance of specific parts of the coalition agreement contingent on the observing of other parts of the coalition agreement by the other party. In a sense, the latter practice represents a tit-for-tat affirmation of the coalition agreement.
 4. In the terms of this study, a cabinet consists of a set of individuals (typically, perhaps, 15 to 25) with voting rights in this peak executive organ. We do not count as members of that body individuals (e.g., under-secretaries of state and the like) who may occasionally be invited to attend sessions and give testimony but do not have regular voting rights.
 5. Collectively, these three conditions constitute a relatively restrictive definition of a cabinet. That is to say, this usage may result in a somewhat larger number of cabinets than may be the national convention in some cases. Its advantage lies in the fact that it eliminates potential ambiguities concerning the characteristics of individual cabinets. For that reason, it has become somewhat of a standard in cross-national studies of cabinet coalitions in parliamentary democracies.
 6. If coalition discipline is secured by other means, there may be no need for an explicit policy program in order to "tighten" a coalition. Austria is a case in point. The grand coalitions from the late 1940s to the early 1960s were certainly tight, but were based almost exclusively on procedural rules rather than on a comprehensive policy program. High levels of commitment to legislative unity, coupled with a strong election rule, sufficed to produce a series of "tight" coalitions (Müller 1994).