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# Making Policy Stick: Why the Government Gets What It Wants in Multiparty Parliaments

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The ability of multiparty coalitions to make policy is a puzzle. However closely they agree on policy, at election time parties compete against each other for a limited pool of votes. Since legislative alliances blur differences between parties, the ubiquity of party competition begs the question of what holds coalitions together to pass laws. Recent work by Huber (1996a) and others highlights the Prime Minister's ability to use the vote of confidence to keep rebellious coalition members in line. Attaching confidence to bills can be problematic, however, even suicidal under some circumstances. I argue that the authority to offer legislative amendments late in the process, when no one else can, protects the Minister in whose jurisdiction a bill falls. This "last-offer" authority holds enacting coalitions together and allows the Minister both to limit her losses from hostile amendments and use policy outcomes to punish parties that stray from the coalition fold.

Majority rule is one of the most basic characteristics of democratic legislatures. Where no party controls a legislative majority, coalition or minority governments are unavoidable. Coalitions can be temporary, as might be expected for minority governments, or they can be more permanent and designed to endure across a broad range of issues. They do not form by chance, however. Parties enter into coalitions with explicit goals and negotiate with the other coalition members the terms of their participation.

The resulting agreements are fraught with tension. No matter how closely they agree on policy, parties compete against each other for a limited pool of votes at election time. As a vote gained by one party is a vote denied to all others,<sup>1</sup> electoral competition forces parties to stake out positions different from and at least in part opposed even to those other parties with which they work most closely. Because parties competing for the support of the same set of voters are unlikely to have identical policy goals (Marsh and Mitchell 1999, 49), any coalition agreement necessarily carries the seeds of conflict.

The tension inherent in coalitions begs the question of how they manage to pass laws. The incentive for coalition partners to distance themselves from one another threatens both government stability and government's ability to determine legislative content. In general, for any given bill, at least some members of the majority coalition face a temptation to seek an alternative policy less attractive to their coalition partners. Nonetheless, they do not often abandon their bargain. Why not? I argue here that the authority to make "last offer" amendments protects the government from losing control of legislative content and being forced to watch bills it dislikes become law.<sup>2</sup> A Minister who can make last-offer amendments can hold the original coalition to its agreed program through judicious distribution of policy benefits.

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<sup>1</sup>Elections in alternative- and transferable-vote systems are not as starkly zero sum as under first-past-the-post rules. Parties still must compete at the polls, however.

<sup>2</sup>By the definition of Cox and McCubbins (1999, 20–21), they avoid being "rolled."

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My model is different from but consistent with the argument that coalition cohesion stems from the Government's ability to attach votes of confidence to legislation (see Baron 1998; Diermeier and Feddersen 1998; Huber 1996b). The effectiveness of confidence hinges on coalition members' unwillingness to trade the *present* benefits of defection on legislation against the *expected value* of maintaining the Government. Confidence imposes coalition stability only if a legislative majority wants to sustain the Government. More to the point, under the confidence procedure Government failure on such make-or-break issues is complete: the Government's policy is rejected *and* the Government falls. The last-offer alternative, similar to Weingast's (1992; 1987) "fighting fire with fire," works differently. When a member of the majority coalition supports an opposition amendment, the rest of the "Government"—for practical purposes the responsible Minister—can protect itself by making a final-offer amendment. The Minister can, in brief, (a) limit her policy losses from hostile amendments by (b) using the last offer to bring the amended bill closer to her ideal point and farther from the ideal of the defecting party. The Government might (but not necessarily) still fall, but its policy succeeds.

The confidence procedure underpins both coalition discipline and coalition survival *as long as coalition members value the coalition*. Last-offer authority, by contrast, imposes coalition discipline *even if coalition members want the coalition to fail*. A rational party should support Government legislation only if it expects to gain more from voting for it than against it.<sup>3</sup> If voting against a bill is likely to bring the Government down, then a party that values the Government will support even policies it dislikes. This calculus divorces votes on policy issues from policy considerations. If voters care about policy and how closely parties are identified with it rather than parties' declarations, seat shares, or portfolios, such separation of legislative passage from policy concerns makes little sense.

I seek to explain why coalitions remain cohesive on any *given* policy question. To this end, I first briefly examine the role of policy in the coalitions literature. I then present a single-shot, legislative policy game in order to examine how different rules for amendment and passage can affect outcomes in a unidimensional setter model. The next section expands the model into two dimensions. The game hinges on the responsible Minister's ability to offer amendments that deny policy benefits to

parties that renege on deals with the Minister's party. Following the model, I discuss first some of what it omits and second some empirical implications and available evidence. The model holds up well, buttressing the claim that last-offer authority makes it costly for parties to defect from coalition agreements—not with respect to future benefits foregone but in immediate policy terms. The conclusion underscores the value of last offers for protecting proposals from change on the floor.

## Coalitions and Policy

Coalition theories tend to look at why we see certain coalitions and not others. Duration and dissolution are ignored, assumed unpredictable, or seen as a consequence of the process and circumstance of Government formation (Lupia and Strøm 1995). Policy has been treated solely as an instrument for winning votes (Downs 1957) and membership in Government. With no majority party, by this reasoning, parties form minimal winning coalitions in order to win the spoils of office without having to share with unnecessary partners (Riker 1962; Dodd 1976).

In order to explain other-than-minimal-winning coalitions, theorists have suggested that policy matters. Policy considerations motivate like-minded parties to form coalitions to achieve their policy goals (Grofman 1982; Axelrod 1970; De Swaan 1973; Browne and Dreijmanis 1982; Strøm 1990a). Policy-oriented parties benefit from both minority and surplus-majority governments (see Strøm 1990b), and parties in a majority coalition have an incentive to stick together because they are closer to each other than to the parties in other feasible majorities.

If coalitions are stable because their members agree on policy, the puzzle then is why they ever fall apart in the absence of elections. Sometimes the answer is idiosyncratic (Laver and Schofield 1990, 199). Otherwise, the answer boils down to three competing explanations: critical events, critical events filtered by context, and—for lack of a better term—"upset equilibrium" (see Grofman and Van Roozendaal 1997 for an excellent review).

The critical-events approach (Browne, Frendreis, and Gleiber 1984, 1986, 1988; Cioffi-Revilla 1984; Frendreis, Gleiber, and Browne 1986; see Strøm 1988 for a critique) views cabinet dissolutions as the result of random events beyond governments' control. King et al. (1990) and others (Alt and King 1994; Warwick 1979; 1994b; Warwick and Easton 1992) were better able to predict dissolution by taking into account not only time but also coalitions'

<sup>3</sup>To treat parties as rational, unitary actors is a gross oversimplification in which I will persist. I refer the incredulous reader to Laver and Schofield's (1990, chapter 2) defense of this assumption.

institutional and political context (Schofield 1993). Lupia and Strøm (1995; and cf. Budge and Keman 1990; Grofman and Van Roozendaal 1994; 1997), by contrast, view a given coalition as an equilibrium outcome that should endure as long as the conditions that made it attractive in the first instance hold. Coalitions fail when changing conditions upset the equilibrium.

Policy-based coalition theories equate coalitions with packages of policies across policy dimensions. Without some mechanism for holding coalitions together, these theories must assume that parties will adhere to agreements. For Laver and Shepsle (1996; see also, Austen-Smith and Banks 1990), agreements are stable because they are embodied in Cabinet composition. The distribution of portfolios solidifies the policy deal underpinning a coalition. Ministers are policy dictators in their jurisdictions, setting up a structure-induced equilibrium (Shepsle 1987) that is stable so long as no legislative majority prefers a different feasible cabinet.

Laver and Shepsle constrain coalition policy to adhere to the jurisdiction-specific ideal points of the parties holding portfolios. However, there likely exist other possible outcomes not at any party's jurisdictional ideal that would make all coalition members better off over the entire policy package. The possibility of such Pareto-improving compromises is troublesome because it makes intracoalition policy bargains vulnerable to cycling. Further, it paves the way for coalition members to seek better outcomes by threatening to form new coalitions with opposition parties (Laver and Shepsle 1996, 283–284). The advantages of this innovative approach to coalition government are lost in either case, as policy content is divorced from coalition structure.

One does not often see coalition members cutting special deals with each other or parties in opposition, however. Cabinet collective responsibility holds (Budge and Laver 1992). Why? Unless voters reward loyalty to the Cabinet more generously than serving constituents, collective responsibility requires an enforcement mechanism. In parliamentary systems, the accountability of the executive to the legislature provides such a mechanism. The Government can attach motions of confidence to bills, shifting the question from “does the legislature approve policy package x?” to “does the legislature wish to replace the current Cabinet?” or “does the legislature wish to undergo new general elections?” Any Government that is in equilibrium (Laver and Shepsle 1996) should pass such a test (see Diermeier and Feddersen 1998; Huber 1996b; 1996a; Baron 1998). The coalition survives by divorcing the passage of legislation from its content.

In attaching confidence to legislation, a Government tells its majority to accept the policy or find someone else

to come up with proposals. For highly salient issues, for proposals far from its ideal, or when proposals are consistently barely desirable, a party might well prefer the latter option. The “big stick” of threatened dissolution then loses all potency, as a confidence motion would result in the defeat of both the relevant bill and the Government. The Government's problem is to ensure that defecting from coalition policy is unrewarding without sacrificing the relationship between coalition structure and coalition policy. I turn to this question in the next section.

## Policy and Punishment

Legislation rarely is unidimensional. With two or more policy dimensions, any policy package that beats the reversion almost certainly can be beaten by at least one alternative package (cf. McKelvey 1976; Plott 1967). The challenge is to put together a package that will *stick*—i.e., beat the reversion and emerge recognizable from the muck of opposition attacks and amendments on the floor. This is an imposing task in multiparty legislatures.

The alternatives for controlling legislative content have important limitations. For example, a Government able to forbid amendments could allow only up-or-down votes, so that bills pass as proposed or not at all. The right to offer amendments is well ensconced in most parliaments, however.<sup>4</sup> Government also might limit debate only to bills that it wants (a power that varies across countries [Döring 1995; see Cox and McCubbins 1993, chapter 9]), but this does not guarantee coalition discipline if amendments are allowed. A third alternative, confidence, forces legislatures to consider proposals not on their merits but as referendums on the Government (Huber 1996b; 1996a; Laver and Shepsle 1996; Baron 1998; Diermeier and Feddersen 1998).

The disadvantages of the confidence procedure are four. First, if voters see the procedure as heavy handed, unfair, or undemocratic, they might electorally punish a party that uses it too often (Huber 1996a, 119). Second, a prime minister who uses confidence to impose her own policy preferences risks making alternative coalitions look

<sup>4</sup>Parliamentary rules generally stipulate that individual deputies can present amendments, with increasingly restrictive hurdles as the legislative process nears its end. Governments tend to face fewer restrictions. Amendments to tax and budget laws often are circumscribed constitutionally or in parliamentary rules, with Government freer to amend than others. The Greek and French constitutions (articles 73–75 and 44, respectively) limit allowable amendments for all legislation.

**TABLE 1** Government Amendment Authority in Constitutions and Parliamentary Procedure

Country*	Provision	Rule
<b>Denmark</b>	Standing Orders Article 13.4	Only Government and committee members can propose new amendments in committee prior to the third reading of a bill.
<b>France</b>	Constitution Article 44.3	Government can stipulate final vote retaining only amendments it proposes or accepts.
<b>Italy</b>	Rules of Procedure Article 86	Amendments generally must be submitted prior to debate, but the Government and the relevant committee may present amendments up to the moment of the final vote.
<b>Netherlands</b>	Rules of Procedure Article 105.2	The Government and the relevant committee may propose amendments made necessary "as the result of alterations made" during the course of consideration of the bill.
<b>Spain</b>	Rules of Procedure Articles 112, 128	If parliament approves an alternative to a Government bill, a new amendment period begins. Moreover, the Government may withdraw a proposal any time up to the final vote.
<b>Sweden</b>	Riksdag Act Chapter 3 Article 11	Private members' amendments must be tabled within fifteen days of the introduction of a Government bill (and the Government can table amendments whenever it wants).
<b>Greece</b>	Constitution Article 74	Amendments are out of order unless submitted prior to debate and Government agrees to their being discussed.
<b>Germany</b>	Rules of Procedure Articles 28, 43, 44	Members of Government, movers of bills, and committee <i>rapporteurs</i> have right to be heard beyond normal limits of debate. This does not extend to proposing amendments.
<b>Ireland</b>	Rules of Procedure	Relevant Minister may offer nongermane amendments (with permission from chamber)
<b>Portugal</b>	Rules of Procedure Articles 81, 83	Members of Government have explicit authority to take the floor in order to offer amendments; deputies do not. In practice, there is no distinction between members of Government and ordinary deputies with respect to amendment authority.
<b>Austria, Belgium, Finland, Luxembourg, Norway, UK</b>		No formal Government advantage on amendments.

Source: Author's compilation of rules; for Ireland, personal communication from Oireachtas public relations officer Verona Ni Bhroinn.

\*European Union countries plus Norway. Restrictions (and Government advantage) on amendments to money bills are ignored. Such restrictions are common.

more attractive. Third, attaching confidence to issues thought to be relatively trivial might be seen as overkill and cast doubt (in the minds of voters if not of coalition partners) on the value of coalition. And fourth, for some issues coalition parties might be willing to sacrifice a Government and their participation in it in order to achieve preferred policy outcomes. In this circumstance, a motion of confidence is both suicidal and ineffective: the Government falls and loses the policy battle in a single vote.

Some governments can use policy itself to hold coalition partners in line. Among the privileges of office, Government often enjoys advantages in amending bills. One such advantage is the ability to offer amendments toward the end of the process, when no one else can. Table 1 provides a snapshot of Government amendment authority in

the European Union states and Norway. Government enjoys clear last-offer authority in Denmark, France, Italy, Netherlands, Spain, and Sweden. The Greek Government has gatekeeping authority over amendments, rendering moot the question of last offers. Standing Orders in Germany and Portugal suggest extra Government authority with respect to amendments but do not provide last offer authority.<sup>5</sup> The Irish Government has an advantage in content but not timing, as Government amendments must be submitted at the same time as all others.<sup>6</sup> In any

<sup>5</sup>Personal communications from Victor Pires da Silva (for the Portuguese Parliament) and Peter Nowak (for the German Bundestag).

<sup>6</sup>Personal communications from Verona Ni Bhroinn, Oireachtas Public Relations Officer.

case, the two main parties, Fianna Fáil and Fine Gael, differed historically on Irish independence but now battle less about policy than who gets to hold office (Cohan 1982; Marsh and Mitchell 1999). This makes policy-based threats to maintain coalition cohesion problematic. In Austria, Belgium, Finland, Luxembourg, Norway, and the UK, procedural rules provide ministers with no special amending prerogatives.<sup>7</sup>

The last offer would not necessarily be the most desirable or useful agenda-control tool available to a Government. In Belgium, last-offer threats might constrain regional- and language-group ambitions, contrary to trends in constitutional development and political sensibility. In Great Britain and Greece, the dominance of single-party majority governments makes the last offer a misguided instrument for maintaining Government control. Whether governments without last-offer authority lose control of policy or have to resort to confidence more often than governments with it is an empirical question beyond the scope of this article.

Last-offer authority differs in specifics across countries. In France, constitutional Article 44 allows the Government to pick and choose among amendments (Huber 1996a). The Government can fine-tune the outcome, and coalition members can claim credit for amending the bill without really changing it. In Sweden, the Government has more time to offer amendments than regular members of the Riksdag do. In Spain, the relevant Minister effectively has a last offer as long as she is willing to fight a legislative war of attrition. Further, the Government's ability to withdraw a bill at any time allows it always to make a last offer of the status quo.

Rasch (1995; 2000) points out that while amendments that enter the voting order late tend to be more successful than those voted early (Black 1958), the order of voting on amendments need not follow the order of proposal. Last offers usually are last in both senses: Governments that can propose amendments up to the final vote on a bill or article can do so after all other amendments have been voted. Even without pride of place in the voting order, the Government has a strategic advantage if it can see all the amendments on offer as it fashions its own. In Italy, the Netherlands, and Denmark, Governments share last-offer authority with committees. This need not dilute Government authority as long as committee composition reflects that of the chamber. If

decision making in committee is more consensual than on the floor (see Fiauf 1975, 78–79; D'Onofrio 1979, 84; Di Palma 1977, 57, 195; Mayntz and Scharpf 1975; Mezey 1979, 72) then it would be hard to change anything approved by a floor majority.<sup>8</sup> Not only will any proposal with majority support on the floor also command majority support in committee, but committees that reflect the floor are subject to the same problems of chaos and cycling. To entertain amendments designed to replace the floor majority therefore is to open a Pandora's box, with no predictable end in sight. Under such circumstances committee members whose parties are in the floor majority should be loath to open debate on amendments in committee, because they risk ending up in the minority. Hence, sharing last-offer authority with a committee should not impinge on the Minister's ability to use the procedure to her own benefit.

The Minister's advantage in amending bills boils down to the ability to make proposals that others cannot. As Weingast (1992, 143; 1989) points out in the context of committees in the U.S. House, this allows them to "*fight fire with fire*; that is, to defend their bills with amendments of their own and, especially, to counter amendments of opponents with second-degree amendments that mitigate the effects of the opposition's amendment."<sup>9</sup>

In France, the Government's ability to reserve amendments means that coalition members can offer and even pass amendments, secure in the knowledge that they need not affect the final bill (Huber 1992, 1996a). This allows them to claim credit without upsetting the coalition bargain. In other countries, such credit-claiming strategies are riskier: most governments cannot simply set aside successful amendments and so need to ensure that coalition partners neither propose nor support amendments against the interests of the rest of the coalition. As I show below, a Government faced with opportunistic amendments can use last offers selectively to punish defections

<sup>8</sup> There are good reasons to expect more consensus in committee than on the floor. Committees are less public than the floor and so offer less incentive for credit claiming. They also might be more homogeneous than the floor if legislators choose their committee assignments. Finally, committee members might have an institutional interest in promoting deference to committees by taking cohesive stances on legislation (personal communication from Kaare Strøm).

<sup>9</sup> Bicameralism provides another possible avenue for last offers. If a single Government party controls the upper chamber (as in Spain during Socialist and Popular party minority governments, or Germany when CDU-FDP coalitions faced a CDU majority in the Bundesrat), strategic upper-chamber amendments might act as last offers. This is fodder for future research.

<sup>7</sup> Note that there is no last-offer provision in Israel, where small parties often are seen to hold Government legislation hostage over special-interest provisions. (Personal communication from and translation of relevant Knesset standing-order articles by Susan Hattis Rolef.)

from the majority. I set the stage with a look at the implications of amendments and last offers in the context of the classic, one-dimensional setter model.

### Agendas and Amendments in One Dimension

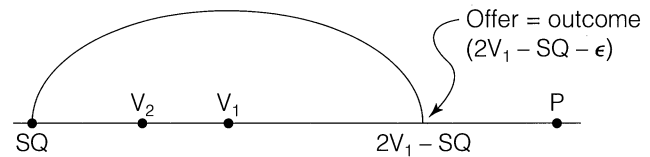
The classic agenda-setter model (Romer and Rosenthal 1978) does not allow amendments. The proposer offers something that she and the veto player both prefer to the status quo, and the vetoer accepts. It makes no sense for the proposer to offer something she likes less than the status quo, because if it is accepted then she is worse off than if she had made no proposal and if it is not accepted then she might as well have proposed nothing. Similarly, the veto player only accepts proposals that make her no worse off than the status quo. Allowing the veto player to amend a proposal before rejecting or accepting it yields two key observations. First, the outcome depends entirely on vetoer preferences. If the proposer cannot revisit the proposal, the amended outcome ought to be at the vetoer's ideal point. This result, like committee power under an open rule in the U.S. Congress (Krehbiel 1991; see also Denzau and Mackay 1983), could yield outcomes worse for the proposer than the status quo. Consequently, no proposal should be forthcoming unless the proposer prefers the vetoer's ideal point to the status quo. A gatekeeping proposer can at least keep herself from being made worse off by exercising *negative agenda power* (opting to make no proposal; see Cox and McCubbins 1999, 5; Campbell, Cox, and McCubbins 2000) when she prefers the status quo to the vetoer's ideal point.

What happens if the proposer can revisit an amended proposal? Either the proposer can accept or reject the proposal as amended by the vetoer, which essentially switches their roles, or she can in turn amend the amended proposal. If the vetoer cannot rule on the proposer's amendments, so that the proposer can achieve her ideal policy outright if the vetoer accepts the initial offer (see note 11), then the veto player should reject all proposals unless he prefers the proposer's ideal point to the status quo. If the vetoer can accept or reject the newly amended proposal, then the outcome should be the same as when amendments are not allowed.

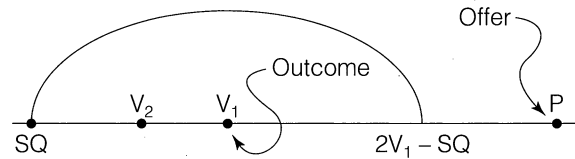
Figure 1 illustrates variations in amendment and last-offer authority in a three-player version of the setter model. For a proposal to pass, two of the three—a proposer and two vetoers—players must prefer it to the status quo (SQ). The veto players' ideal points ( $V_1$  and  $V_2$ ) are closer than the proposer's ideal point (P) to the status quo (SQ) and both vetoers prefer SQ to P. Figure 1(i) depicts an unadorned setter model: the proposer

**FIGURE 1** Proposals and Amendments in a Single Dimension

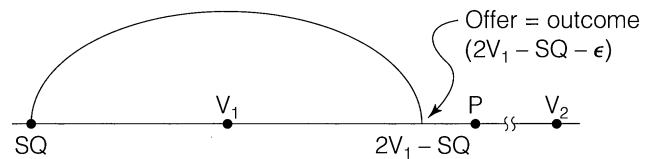
#### i) Classic Setter Model



#### ii) Veto Player Can Amend



#### iii) Proposer Can Amend Vetoer Amendments



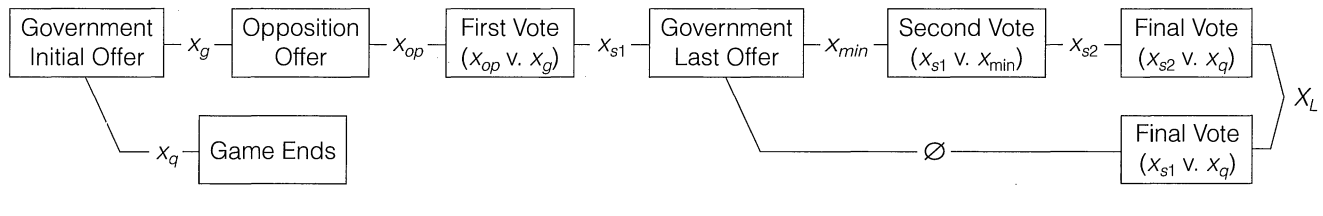
makes an offer that the veto player with ideal point  $V_1$  slightly prefers to the status quo, and the vetoer accepts. The rest of the figure illustrates how changing amending authorities and stopping rules affects the game.<sup>10</sup>

In Figure 1(ii), vetoers can amend the proposer's offer. Once the proposer has opened the gate on an issue, it is amended to the median ( $V_1$ ) no matter what the location of the original proposal (depicted at point P in Figure 1(ii)). The proposer should make an offer if and only if she prefers  $V_1$  to SQ, as in the figure (Cox and McCubbins 1999; Campbell, Cox, and McCubbins 2000).

In Figure 1(iii), the proposer can unilaterally amend any vetoer amendments.<sup>11</sup> Knowing that any amendment

<sup>10</sup> The logic set out here works for other configurations of  $V_1$ ,  $V_2$ , P, and SQ. Some configurations are less interesting or instructive than others.

<sup>11</sup> This could occur if the proposer were the median legislator but for reasons not directly related to policy reluctant to deal with vetoer  $V_2$ . If amendments that move policy closer to  $V_1$  make the proposer more willing to deal with the party at  $V_2$ , then the party at  $V_2$  would support such amendments because they would motivate the proposer to amend the bill back to her own ideal point—closer than the original proposal to  $V_2$ . (Choosing to forego benefits rather than cooperate is not unheard of. Italy's Christian

**FIGURE 2** Sequence of Offers and Votes

will allow the proposer to set policy at her ideal point, vetoer  $V_1$  can credibly threaten to reject any offer that he likes less than the status quo (i.e., that is farther than SQ from  $V_1$ ). Knowing in turn that any proposal more than  $2V_1 - SQ$  from  $V_1$  will be rejected, the proposer only makes offers that  $V_1$  will accept. Any such offer must lie within the region defined by  $[SQ, 2V_1 - SQ]$ .

The equilibrium sequence of actions and the outcome in Figure 1(iii), where the vetoer and the proposer have amendment and last-offer authority respectively, are identical to the classic setter model. The logic of the unrealized amendment and last offer, however, suggests both a rationale for and a constraint on ministerial autonomy in a two-dimensional policy space.

### Last Offers in Two Dimensions

There are basically three kinds of legislative amendments. Friendly amendments are designed to correct technical or political flaws and omissions. They benefit the majority and should pass with Government blessing and little intramajority strife. Second, credit-claiming amendments allow parties to signal their policy commitments to supporters but potentially could seriously damage carefully crafted legislation. Opposition amendments, finally, would kill or significantly alter Government bills. In the model on this page above, the opposition is assumed to want to entice part of the majority into a new enacting coalition.<sup>12</sup> The responsible Minister can use the last offer to punish defections from the majority, so that credit-

claiming or opposition amendments either should never be offered or, if offered, should never pass.

To evaluate the policy impact of Government authority to offer final amendments after all others have had their say, I present a game of policy bargaining in a two-dimensional policy space. The game has three players: the Minister in whose jurisdiction a bill falls and her party (M), the Minister's coalition ally (the "Partner," or P), and the Opposition (or O). Any combination of two parties constitutes a majority capable of passing amendments and bills. All legislation is subject to negotiation, as the parties are assumed to be motivated primarily by policy concerns and each has (induced) policy preferences different from the others.

The game begins with a policy offer by the Government (see Figure 2). The Government may offer the status-quo policy,  $x_q$ , equivalent to taking no action; otherwise, it offers  $x_g$ . If the Government offers  $x_q$ , the game ends. Once the Government has had the opportunity to make an offer, the Opposition offers its own alternative, call it  $x_{op}$ , to the Government's original proposal ( $x_g$ ). The Opposition is required to counter any Government offer. The Opposition is expected not to win legislative battles but to keep the Government honest and to advertise what it would do differently. (Nothing in the model changes if the Partner makes the counteroffer. The logic of the last offer means that it would be crazy to do so.) After the Opposition offer, a vote is held between  $x_{op}$  and  $x_g$ . The winner becomes  $x_{s1}$ , the proposal on the table after the first voting stage.

After the first vote, the Government—or, more accurately, the responsible Minister—may make a "last offer" to amend the proposal on the table  $x_{s1} \in \{x_g, x_{op}\}$ . If the Minister chooses to amend, she offers  $x_{min}$ . Otherwise, her proposal consists of passing the bill on unchanged. Given a last offer, a second vote is held pitting  $x_{min}$  against the offer on the table,  $x_{s1}$ . The winner of this second vote is the proposal on the table after the second voting stage,  $x_{s2} \in \{x_g, x_{op}, x_{min}\}$ , which is then pitted against the status quo,  $x_q$ , in the final voting stage. Given a last offer, the game ends when the winner of third vote

Democrats sometimes rejected support from the far-right Italian Social Movement, for example. More recently, Austrian Christian Democrats formed a coalition with the Freedom Party only after much soul searching. In France, local-government coalitions of the center right with the far-right National Front are sometimes mathematically feasible but politically unacceptable, at least to party leaders at the national level.)

<sup>12</sup>Opposition amendments are alternative proposals pitched to a majority different from that served by the original offer (see Baron and Ferejohn 1989). Coalitions that might form around opposition proposals are assumed to be temporary.



**TABLE 2** Summary of Notation

$x_g$ = Government initial offer	$x_L$ = Legislative outcome
$x_{op}$ = Opposition counteroffer	$Z_l = \{x \in X : u_l(x) > u_l(x_g)\}$ , the set of points $l$ prefers to the status quo
$x_{s1}$ = Winner of the first voting stage (which pits $x_{op}$ against $x_g$ )	$Z = \bigcup_{\sum  l  \geq \frac{L+1}{2}} Z_l$ is the winset of the status quo
$x_{min}$ = Government last offer	$B_l = \{x \in X : u_l(x) > u_l(x_{s1})\}$ the set of points $l$ prefers to $x_{s1}$
$x_{s2}$ = Winner of second voting stage (which pits $x_{min}$ against $x_{s1}$ )	$B = \bigcup_{\sum  l  \geq \frac{L+1}{2}} B_l$ is the winset of $x_{s1}$
$x_q$ = Status quo	$\alpha \in [b_{\mu\nu}, b_o]$ s.t. $u_{\mu\nu}(\alpha) = u_{\mu\nu}(x_q)$
$l \in L = \{M, O, P\}$ , i.e., a player in the legislature	$\beta \in [b_p, b_o]$ s.t. $u_o(\beta) = u_o(\alpha)$
$b_l$ = $l$ 's ideal point	$\gamma \in [b_{\mu\nu}, b_p]$ s.t. $d_o(\gamma) < d_o(x) \forall x \in [b_{\mu\nu}, b_p], x \neq \gamma$
$d_l(x)$ = distance from $b_l$ to $x$	

becomes the new status quo; absent a last offer, the game ends with a final vote of  $x_{s1}$  against  $x_q$ . The outcome of this vote is the legislative choice, denoted  $x_L$ .

It is a key feature of this game that the same player makes both the first proposal and the last offer. This identity strengthens the first-move advantage identified for example by Baron and Ferejohn (1989). In general, putting the first move and the last offer into the hands of the same player jibes with the observation that "Government" bills tend to be introduced and guided through parliament by a single responsible minister. With regard to the bill in question, that minister *is* the "Government" up to and including any last offer.<sup>13</sup>

To facilitate the analysis I assume complete information, so that all players know all ideal points and utility functions, as well as the location of the status quo. This assumption is not as farfetched as it might seem. Political parties have to differentiate themselves from each other in order to compete for votes (see Cox 1990; Marsh and Mitchell 1999), and parties whose positions are ambiguous might turn off risk-averse voters (Shepsle 1972). Moreover, parties that deal with each other repeatedly in the legislative arena likely have a good notion both of where their counterparts stand on the issues and how

much they are willing to compromise in pursuit of policy. I further assume that all players have concave, Euclidean preferences. Hence, player  $l$ 's utility for any point  $x$  is defined as  $u_l(x) = -d_l(x)$ , where  $d_l$  is the distance from that player's ideal point to the proposal. (That is,  $d_l = \|b_l - x\|$ , where  $b_l$  is the player's ideal point and  $\|\cdot\|$  is the Euclidean norm.) Table 2 summarizes the key terms and definitions used.

### Playing the Game

The game starts after Nature selects a Minister. The Minister makes an initial offer  $x_g$  to one of the other players, who is thus identified as the Partner party. The initial choice of Partner is beyond the scope of this article, but whatever lies behind the choice I assume that the Minister will adhere to the initial offer as long as the Partner does. The goal is to explain why the Partner and the Opposition do not collude to roll the Minister by passing policy that they both prefer.<sup>14</sup>

Last-offer authority allows the Minister to avoid being rolled by an alliance of Partner and Opposition. She can do this because she can threaten to use the last offer to punish the Partner for colluding with the Opposition. In the final analysis, the threat is enough: knowing that the last offer exists, both Partner and Opposition structure their actions to adapt to it. As a result, the last offer should never be used in equilibrium (as long as the initial Government proposal is wisely constructed). I show this and identify players' equilibrium strategies using backward induction.

<sup>13</sup>Technically, the last offer belongs to the Government. When coalition members defect, however, those who remain carry on with the government's business. In practice, the "Government" for any given bill probably is the responsible minister (personal communication from John Huber; see Laver and Shepsle 1994, 1996, 1990). Alternatively, the "Government" that remains after coalition partners defect could be the Prime Minister. It is not the defecting partners but the Prime Minister and the parties that remain allies who carry on with Government business. Even with fully autonomous line ministers, the Prime Minister wields indirect control by exercising discretion in her choice of which ministry gets jurisdiction over a bill.

<sup>14</sup>Why the Minister sticks with the coalition bargain is an open question. Part of the explanation might lie in the extent of prime-ministerial discretion in entrusting specific issues to ministers.

I analyze how the last-offer game plays out and whom it benefits using a subgame-perfect, pure-strategy Nash equilibrium concept. Equilibrium strategies at each stage are as follows:  $x_g^*$  is the equilibrium initial Government proposal;  $x_{op}^*$  is the equilibrium Opposition counteroffer;  $S_l^*(x_g, x_{op})$ ,  $l \in L = \{M, O, P\}$ , is the equilibrium voting strategy at the first voting stage for each party  $l$ ;  $x_{min}^*$  is the Minister's equilibrium last-offer proposal; and  $S_l^*(x_{min}, x_{s1})$  and  $S_l^*(x_{s2})$  are equilibrium voting strategies for each party at the second and third voting stages, respectively. I look first at voting in the last stage, which pits the policy on the table  $x_{s2}$  against the status quo.

The winner of the final vote stage is the legislative choice,  $x_L \in \{x_{s2}, x_q\}$ . Let  $X$  be the set of all policies and  $Z_l$  be the set of all policies party  $l$  prefers to  $x_q$ ,  $Z_l = \{x \in X: u_l(x) > u_l(x_q)\}$ . Note that  $Z_l = \emptyset$  only if  $x_q$  is at  $l$ 's ideal point. Any point that beats the status quo must lie in an area defined by the intersection of sets  $Z_l$  for a majority of members of  $L$ . If  $Z$  is the set of all such points (i.e., the winset of the status quo), then formally  $Z = \bigcup \bigcap_{\sum l \geq \frac{|L|+1}{2}} Z_l$ .  $Z$  is empty only if player ideal points lie on a line and  $x_q$  is at the median player's ideal point. At the final vote, each player's best-response strategy is to vote sincerely. Formally, party  $l \in L$ 's strategy is given by

$$S_l^*(x_{s2}) = \begin{cases} x_{s2} & \text{if } x_{s2} \in Z_l \\ x_q & \text{otherwise.} \end{cases}$$

A successful proposal must be preferred to the status quo by at least two players. If the Minister is not one of these—if the outcome makes her worse off than if she had proposed nothing—then she has been rolled. Formally,  $M$  is rolled if  $u_{min}(x_L) < u_{min}(x_q)$ . The Minister's problem is to choose  $x_{min}$  so that this does not occur. She always should make a proposal as long as she prefers the final outcome to the status quo. This is complicated by the requirement that  $x_{min}$  be put to a vote against the surviving proposal,  $x_{s1} \in \{x_g, x_{op}\}$ , after the first voting stage. (If  $M$  declines to make a last offer the second voting stage is irrelevant and  $x_{s2} = x_{s1}$ .)

At the second voting stage each player supports the option that will produce the best possible outcome given the status quo and the available proposals. If both proposals are majority-preferred to the status quo, then the outcome of the second vote will win in the final vote and it behooves each player to vote sincerely. If no majority prefers either proposal to the status quo both options are strategically equivalent to the status quo and players might as well vote sincerely. If only one alternative beats the status quo,  $l$  votes for that option if she prefers it to

the status quo. Otherwise, she votes for the strategic equivalent of the status quo. If  $x_{min}$  or  $x_{s1}$  beats the status quo, no alternative that loses to the status quo will advance to the final vote.

The possible strategies at the second voting stage are two:  $l$  can vote for the alternative she likes least in the hope that it will win the second vote but later lose against  $x_q$ ; or  $l$  can vote sincerely. Let  $B_l = \{x \in X: u_l(x) > u_l(x_{s1})\}$  be the set of proposals that each  $l$  prefers to the offer on the table after the first voting stage. Like  $Z$ ,  $B = \bigcup \bigcap_{\sum l \geq \frac{|L|+1}{2}} B_l$  is the winset of  $x_{s1}$ . A party's best response to the last offer  $x_{min}$  depends on both its evaluation of  $x_{min}$  relative to  $x_{s1}$  and  $x_q$  and whether  $x_{min}$  or  $x_{s1}$  are elements of  $Z$ . Formally,  $l$ 's second-stage best-response strategy is

**Lemma 1**

$$S_l^*(x_{min}, x_{s1}) = \begin{cases} x_{min} & \text{if } x_{min} \in B_l \cap Z_l \text{ and } x_{min} \in Z \text{ or } x_{s1} \notin Z \\ & \text{or if } x_{s1} \in \sim Z_l \cap Z \text{ and } x_{min} \notin Z \\ x_{s1} & \text{otherwise.} \end{cases}$$

The proofs to this and subsequent Lemmas are in the appendix.

How does the Minister decide whether to make a last offer? If  $M$  likes no feasible offer better than the winner in a sincere pairing of  $x_{s1}$  and  $x_q$ , then there is no point to a last offer. The Minister chooses the last offer to maximize her utility subject to the constraint that it beat both the offer on the table and the status quo. Formally,  $M$ 's last-offer strategy is given by

$$\text{Lemma 2} \quad x_{min}^* = \operatorname{argmax}_{x_{min} \in B_{min} \cap B \cap Z} u_{min}(x_{min}).$$

The Minister's last offer depends on the outcome of the first voting stage, when players choose between the governing coalition's initial offer and the opposition counteroffer. The winner becomes the offer on the table,  $x_{s1}$ . The last offer  $x_{min}$  differs depending on whether the outcome of the first voting stage is  $x_{op}$  or  $x_g$ . Players' votes in the first stage depend on how  $x_{min}$  varies with  $x_g$  and  $x_{op}$ . The intuition is that  $x_g$ ,  $x_{op}$ , and  $x_{min}$  appeal to different majorities. The first-stage choice between  $x_g$  and  $x_{op}$  is really about which of three minimal-winning coalitions will prevail in the end. Formally, each party  $l$ 's best-response strategy at the first voting stage is

$$\text{Lemma 3} \quad S_l^*(x_g, x_{op}) = \begin{cases} x_{op} & \text{if } u_l(x_L | x_{op}) > u_l(x_L | x_g) \\ x_g & \text{otherwise.} \end{cases}$$

In order to begin to make sense of players choosing from among possible coalitions, it is first necessary to de-

fine the initial Government offer and the Opposition response to it. Given an initial Government offer, the Opposition must counter with some  $x_{op} \in X$ .

The Partner will vote for an Opposition counteroffer only if she prefers it to the initial offer *and* passing it will not lead to a Minister-Opposition deal that makes her worse off. The Opposition should therefore pitch a counteroffer to the Partner only if it can choose  $x_{op}$  such that any feasible  $x_{min}$  would yield an outcome no farther than the initial offer from its ideal point. Otherwise, the Opposition should offer its ideal point if (a) the Partner would not support an Opposition counteroffer because the consequent last offer would make the Partner worse off or (b) the counteroffer would lead to a worse outcome for the Opposition. The Opposition offers go nowhere, but the Opposition also gets to claim credit for standing up for its principles.

To make its counteroffer  $x_{op}$  attractive to another player, the Opposition must take two things into account. First, the other player must prefer  $x_{op}$  to the original offer. Second, there must be no possible last offer that the Opposition and the Minister both prefer to the status quo and to the Opposition's counteroffer. In sum, P will vote for an Opposition counteroffer only if she prefers it to the initial offer and the Minister cannot subsequently cut a deal with the Opposition. To specify  $x_{op}$  in formal terms, first define the points  $\alpha$ ,  $\beta$ , and  $\gamma$ . Let  $\alpha \in [b_{min}, b_o]$  such that  $u_{min}(\alpha) = u_{min}(x_q)$  and let  $\beta \in [b_p, b_o]$  such that  $u_o(\beta) = u_o(\alpha)$ . It is possible that either  $\alpha, \beta = \emptyset$  or  $\beta = \emptyset$ . Define  $\gamma \in [b_{min}, b_p]$  such that for  $x \neq \gamma$ ,  $d_o(\gamma) < d_o(x) \forall x \in [b_{min}, b_p]$ . Further,  $\gamma = \emptyset$  for configurations of ideal points such that either  $u_o(b_p) > u_o(x) \forall x \in [b_{min}, b_p)$  or  $u_o(b_{min}) > u_o(x) \forall x \in (b_{min}, b_p]$ . The Opposition best-response counteroffer to  $x_g$  is given by

#### Lemma 4

$$x_{op}^* = \begin{cases} x \in Z_o \text{ s.t. } u_p(x) = u_p(\beta) \\ \quad \text{if } d_p(x_g) > d_p(\beta) \text{ and either } d_p(\gamma) < d_p(\beta) \\ \quad \text{or } 0 < d_p(\gamma) - d_p(\beta) < d_p(x_g) - d_p(\gamma) \\ x \in Z_o \text{ s.t. } d_p(x) = d_p(y \in [b_{min}, b_p] \text{ s.t. } u_{min}(y) = u_{min}(x_q)) \\ \quad \text{if } \alpha \neq \emptyset \text{ and } \beta = \emptyset \\ b_o \text{ otherwise.} \end{cases}$$

If the Minister has no feasible response, an Opposition-Partner deal certainly is worse for her than the original offer and could be worse than the status quo. Where the Minister can offer a feasible response, the only option is a last offer that effectively makes the Partner better off and the Minister worse off than the origi-

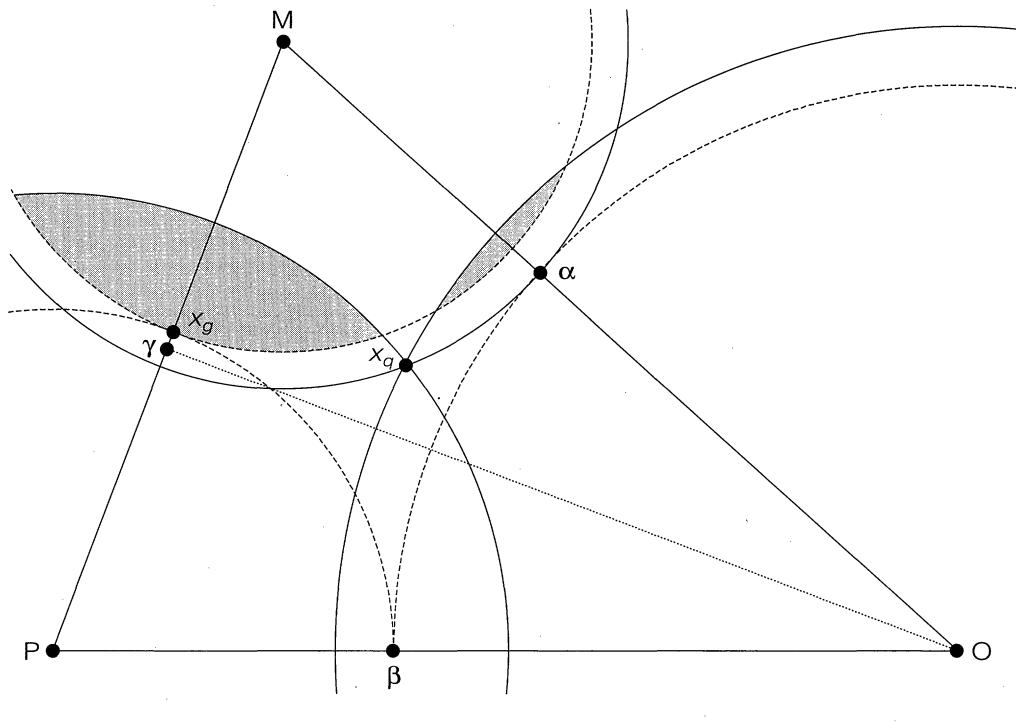
nal offer (otherwise, by Lemma 3 the Partner would not have accepted the counteroffer). In order to avoid being rolled the Minister essentially rewards the Partner for colluding with the Opposition. The Minister's best response to the Opposition strategy defined in Lemma 4, therefore, is to structure the initial offer so that the Opposition does not bother to make a viable proposal in the first place. Such an initial proposal is given by

#### Lemma 5

$$x_g^* = \begin{cases} x \in [b_{min}, b_p] \text{ s.t. } u_p(x) = u_p(x_q) + \varepsilon \text{ if } d_p(\beta) \geq d_p(x_q) \\ \gamma \text{ if } d_p(x_q) > d_p(\gamma) > d_p(\beta) \\ x_q \text{ if } \alpha \neq \emptyset \text{ and } \beta = \emptyset \\ x \in [b_{min}, b_p] \text{ s.t. } u_p(x) = u_p(x_q) \text{ if } \alpha = \emptyset \\ x \in [b_{min}, b_p] \text{ s.t. } u_p(x) = u_p(\beta) \text{ otherwise.} \end{cases}$$

Lemma 5 states that the initial Government offer takes into account the location of the status quo and the policy preferences of the Opposition as well as of the Minister and her Partner. The possibility of Opposition amendments and Partner opportunism constrain the Minister to propose policies more than just minimally better for the Partner than the status quo. Some proposals might even be better for the Partner than for the Minister, relative to the status quo. Figure 3 shows an example of such an offer.

Casual intuition suggests that the proposing Minister in Figure 3 should do well. The area of possible agreement between the Minister and the Partner is wide and the Partner and Minister are closer to each other than either is to the Opposition. The relatively slim area of agreement between the Minister and the Opposition works against the Minister, however, because it means the range of feasible last offers that leave the Partner out is small. In the figure, any initial proposal closer to M's ideal point than  $x_g$  would provoke a counteroffer at  $\beta$ , given which the best feasible last offer would be  $\varepsilon$  farther from M than the  $x_g$  shown. The Partner would vote against any  $x_{op}$  farther than  $\beta$  from O's ideal point, as that would open the door to a last-offer deal between the Minister and the Opposition. A treacherous Minister could make the initial offer as shown in the figure and then make an unprovoked last offer in the shaded area on the M-O contract curve above and to the left of  $\alpha$  in the figure. An exploration of why ministers should not defect in this way is beyond the scope of this article, but the important point is that the Partner votes for  $x_g$  as shown in the figure *even if* it believes that the Minister is acting in bad faith. To do otherwise would ensure an unwanted final deal between the Minister and the Opposition.

**FIGURE 3** Equilibrium First Offer, Partner Advantage

With the equilibrium established, it is possible to draw out some interesting implications from the model. The first addresses the motivating question of why coalitions are cohesive—that is, why ministerial policy proposals are not amended by temporary coalitions of expedience between Partner and Opposition parties.

**Proposition 1** The Partner party never votes against the Minister's initial offer in equilibrium.

*Proof:* This proposition is a direct consequence of Lemma 5, which essentially states that the initial Government offer is designed to make it impossible for the Partner and the Opposition to agree on a proposal they both prefer to  $x_g$ , given the possibility of a ministerial last offer.

Ministers who propose carefully should never be rolled. Thanks to P's anticipation of the consequences of voting for  $x_g$ , the last-offer equilibrium generally guarantees coalition cohesion without recourse to the confidence procedure *for any given vote*. Last offers do not make unstable governments stable: a government that is ready to fall will do so, one way or another (Lupia and Strøm 1995). Rather, Government dissolution will be unconnected to specific policy conflicts. Governments use the confidence procedure when they are losing legislative battles; with last offers (in a perfect-information world), Government proposals go undefeated. A Government falls when a coalition member decides it has had enough. A further implication is

**Proposition 2** Ministers never make last offers in equilibrium.

*Proof:* This follows trivially from **Proposition 1** and the assumption that a Minister only makes last-offer deals with the Opposition if the Partner votes against the initial Government offer at the first voting stage.

**Proposition 2** is troublesome because it implies that there is no easy way to test whether last-offer authority is as useful as the model suggests. On the other hand, it provides interesting opportunities for governments to make nonfeasible (that is, not in the winset of the status quo) proposals. A Government making such proposals might be able to claim credit for pushing them through the legislature even though they ultimately go down in defeat. Propositions 1 and 2 together also provide a foundation for collective responsibility.

## Discussion

The last-offer game leads to a strong conclusion about governments' ability to determine legislative content. It ignores three potentially important considerations, however: what happens when the game is iterated; how last-offer authority plays out for minority versus coalition governments; and what happens if there are more than

three parties. (The model ignores single-party majority governments for obvious reasons.) These issues are considered in this section.

### Introducing the Shadow of the Future

When a party does not anticipate future benefits from a coalition, attaching confidence to a bill it dislikes is unlikely to keep it from voting its interests against the coalition. By the same token, a Minister who values current coalition arrangements should be reluctant to invoke the confidence procedure if she believes the Government might be defeated. If the Minister can make a last offer, however, no parties need look beyond the bill under consideration.

Iterated play often is crucial to game outcomes, as extending the time horizon can change players' calculations. The confidence procedure imposes coalition cohesion by forcing parties to condition present votes on their anticipation of future benefits from the existing coalition.

Because Government defeat on anything other than a motion of confidence implies little about Government survival, a coalition party might calculate that amending a Government bill would bring immediate rewards at low cost. Either the bill passes as amended or the Government makes it a matter of confidence. If the former, the defecting party gets better legislation by temporarily abandoning the coalition; if the latter, the defecting party gets the same *policy* outcome as if it had done nothing but can claim credit for its efforts. It is no worse off in policy terms and better off electorally. With last-offer authority, by contrast, a party that abandons the coalition policy line earns credit-claiming benefits at the cost of being made worse off in policy terms.

The last offer gives the Government legislative bite even when the current coalition is doomed to fall. A party that no longer supports the Government has two choices: (1) defect from the coalition by amending a Government bill to something it likes more and in the process forcing and defeating a motion of confidence, or (2) resign from the coalition independent of immediate policy concerns. Where the Government does not have last-offer authority, disaffected coalition members lose nothing by joining forces with opposition parties to amend Government legislation. A motion of confidence likely would fail, and the Government would lose control of legislative content as well as parliamentary support. If the Government can make a last offer, by contrast, even a party that intends to quit the coalition is better off observing coalition discipline and not linking its resignation to specific legislative votes (see the discussion of implications below).

**TABLE 3** Last Offers and Minority Governments (1944–1989)

Country	Last Offer Authority	Minority Governments (percent)	Average Number Cabinet Parties
Austria	No	5	1.8
Belgium	No	12	3.06
Denmark	Yes	89	1.81
Finland	No	26	3.37
France	Yes	43	5.46
Germany	No	0	2.24
Ireland	No	50	1.56
Italy	Yes	48	2.78
Luxembourg	No	0	2.14
Netherlands	Yes	12	3.4
Norway	No	59	1.68
Portugal	No	25	2.17
Spain	Yes	50	1
Sweden	Yes	65	1.4
UK	No	25	1

Source: Table 1 and Warwick (1994a) Government Survival Data Set.

### Minority Governments and Last Offers

The foregoing model presumes that the Government is a majority coalition. Does the last offer work for minority governments as well as for majority coalitions? Last-offer authority should be useful to minority governments for two reasons. First, they cannot in principle count on outside parties to take a favorable, long-term view of their tenure. Motions of confidence therefore are likely to be riskier than for majority coalitions. Last offers allow minority governments to dictate legislative content without risking governmental suicide. Second, a minority Government with last-offer authority need not worry that nongovernment parties might collude to hijack its proposals (as long as opposition majorities do not presage future governments), since it can use its last offer to break up any opposition coalition.

The potential usefulness of the last offer to minority governments suggests the possibility of a link between last-offer authority and the incidence of minority government.<sup>15</sup> Table 3 provides a snapshot of how the countries in Table 1 (minus Greece, which is not included in the Warwick 1994a dataset) compare in this regard. The data are telling, even though they end before Spain's experiences with minority governments in the 1990s.

<sup>15</sup>I am grateful to an anonymous referee for pointing this out to me.

Where last-offer authority exists, an average of 51 percent of governments do not control a lower-chamber majority; where there is no formal last-offer authority, government controls a minority only 22 percent of the time. (Removing the outliers—Germany and Luxembourg, with zero minority governments, and Denmark with 89 percent minority governments—changes the averages to 44 percent and 29 percent, respectively. This is still a sizeable gap.)

### **Last Offers and the Number of Parties in Government**

The last-offer model plays out with two-party coalitions in three-party legislatures. Governments can include more than two parties, however, as shown in the rightmost column of Table 3. The average number of Cabinet parties in the fifteen countries in Table 3 is 2.32 (2.42 without the UK). The average for governments with last-offer authority is 2.64. Does the model hold as the number of parties (and the dimensionality of the policy space [Lijphart 1984, 147–149]) in the legislature and the Cabinet increases?

The more parties there are, the greater the opportunities for building alternative majorities. This means that more opposition parties have more options in trying to break up the governing coalition. It means also that the relevant Minister likely has more last-offer options. If this allows the Minister to play alternatives off against each other it should help her make policy closer to her own ideal. If alternative coalitions must comprise more than one opposition party in order to achieve majority status, then it could be near impossible to identify useful last-offer proposals. If more than one coalition party defects, it might even be impossible to form a majority without embracing one or another of the defecting parties. This complicates the model by adding a proposal cost for the Minister and, for defecting partners, a calculation of the probability of being excluded from any last offer. The basic logic holds in any case: any partner party that responds to an opposition offer risks exclusion from the policy bargain at final passage.

### **Last Offers in the Real World**

Does the last offer really matter? The model predicts that the Government never should use its last-offer authority in equilibrium. Even out of equilibrium it might be difficult to know when a last offer is made. Unlike confidence, last offers are subtle and have none of the drama of pos-

sible forced resignations and coalition crises that accompany a motion of confidence. Last offers do not enable Ministers to prolong the life of their governments. Neither do confidence procedures. When parties in a coalition are ready to dissolve the Government, they will do so. So the question remains, how can we tell whether the last-offer authority is as useful as claimed?

There is some evidence of last offers in use. In France, where Government-controlled restrictive procedures include constraining the National Assembly from voting on selected amendments, the Government so “reserves” many more amendments on average under article 44.3 than under the confidence procedure (Huber 1996a, 74, Table 3.2). Most “reserved” amendments originate with the opposition. The Government designs its last offer by accepting friendly amendments and reserving hostile ones.

One of the key elements of the last-offer model is Government Ministers’ ability to propose and manage policy in their jurisdictions. This fits nicely with the Laver-Shepsle Portfolio Allocation Model (PAM) of coalition formation (Laver and Shepsle 1996) and the claim that coalition policy bargains are embodied in coalition structure. It also provides a theoretical basis for the presumption that Ministers are content to accept their colleagues’ proposals. They do not seek to negotiate because to challenge a Minister’s proposal is to risk losing benefits from it. On the other hand, in the last-offer model Ministers do not propose policy at their ideal points. Ministers and their Partners appear to make proposals jointly, which is incompatible with PAM.

Ministers and Partners are rationally self-interested. The pure PAM requires coalition parties to accept outcomes that are in the aggregate suboptimal *in order to preserve the coalition*. The last-offer model points to a revisionist PAM in which coalition partners accept initial offers to safeguard their own interests, not for the collective good. Portfolio allocation here embodies the coalition bargain by making ministers monopoly agenda setters in their jurisdictions. They cannot achieve anything without coalition partners’ support, however, and partners will not support proposals too far from their own ideal points. Last offers compel self-interested coalition members to adhere to the bargain embodied in coalition structure even when they do not want to.

The logic of the last offer does not require the Government to be identified with the responsible Minister. It requires only that parties who renege on coalition policy *not* be part of the Government. Giving last-offer authority to the Minister, however, allows parties to commit to the coalition agreement, one bill at a time. Just as the location of ideal points and the status quo in the classic set-

ter model define outcomes as clearly as if the proposer were an absolute dictator, even though outcomes might not be at any player's ideal point, last offers allow clear predictions of incentive-compatible outcomes that are implied by but do not mirror coalition structure.

Constitutions do not afford last-offer authority to individual ministers. Ministers probably could wield such authority more efficiently and to better effect than prime ministers or governments collectively, however. First, a Minister is likely to be better prepared than her coalition partners to manage legislation under her jurisdiction, so it makes sense to delegate responsibility to her. A Prime Minister who failed to delegate to ministers would be overwhelmed. Collective decision making, by contrast, is subject either to gridlock or the same indeterminacy as an unfettered floor amendment process. Second, constitutions sometimes hint at ministerial autonomy. In France, article 22 stipulates that "acts of the Prime Minister shall be countersigned ... by the ministers responsible for their implementation." In Spain and Italy (const. arts. 98.2 and 95.2, respectively), ministers clearly bear responsibility and competence for their and their ministries' actions. Danish (art. 14) and Dutch (art. 47) ministers are responsible for acts that they sign and do not need the Prime Minister's signature. The Swedish Constitution (ch. 6, art. 5) gives Ministers responsibility for their jurisdictions in Cabinet meetings, unless the Prime Minister should delegate specific items to another Minister. Finally, putting individual ministers in control of policy reduces transaction and bargaining costs within the Cabinet. This allows governments to act decisively, quickly, and coherently. If every proposal or counter amendment had to be vetted in Cabinet, governments would bog down in internal negotiations and the link between coalition composition and policy outcomes would be tenuous at best.

Given the broad opportunities for amending bills on the floor, it is reasonable to expect ministerial autonomy to be buttressed by something like the last offer. An impressionistic glimpse of Cabinet ministers in ten countries (Laver and Shepsle 1994) suggests that ministerial authority and last-offer authority go hand in hand. As can be seen in Table 4, ministers in governments identified in Table 1 as having last-offer authority (the Laver and Shepsle 1994 volume did not include Spain and Denmark) are characterized as enjoying considerable policy-making authority. Where last-offer authority is lacking, ministers are described as having little policy autonomy, and policy is made collegially in Cabinet or dominated by the Prime Minister. The two exceptions are Austria and Norway. In Austria, partial ministerial autonomy is offset by the tendency for coalitions to form

**TABLE 4** Last Offers and Ministerial Autonomy in Europe

Country	Last-offer authority?	Ministerial autonomy
France	Yes	Strong
Italy	Yes	Strong
Netherlands	Yes	Strong
Sweden	Yes	Strong
Greece	No	Weak
Austria	No	Partial <sup>†</sup>
Germany	No	Weak
Belgium	No	Weak
Finland	No	Weak
Ireland	No	Weak
Norway	No	Strong
UK	No	Weak

Source: Country chapters in Laver and Shepsle 1994; Table 1. The coding of ministerial autonomy is my own interpretation of the qualitative evidence provided by the various authors in Laver and Shepsle's 1994 edited volume.

<sup>†</sup> Ministers enjoy a fair degree of policy autonomy, albeit within the constraints of "detailed coalition agreements that were negotiated by teams of high-ranking party officials" (Müller 1994, 29).

on the basis of explicit, "detailed" (Müller 1994, 29) coalition bargains. The autonomy of Norway's Cabinet ministers does not appear to be so constrained (Strøm 1994). It is not that Norwegian Cabinet ministers lack last-offer authority and are therefore weak; rather, as Rasch (1995, 1999, 2000) suggests, other aspects of agenda setting and control underpin voting discipline and, hence, ministerial policy-making abilities.

The alignment between last-offer authority and PAM is interesting but hardly indicative of the effects of the last offer. While this is not the place for detailed empirical testing, the last-offer model does provide a basis for hitherto-unexplained observations. In what follows, I examine some pieces of previous research in the light of the implications of the last-offer model.

## Implications

**Proposition 1** implies that Cabinet terminations where last-offer authority exists should result more from resignations than from confidence. In some cases, as for dissolutions due to elections, illness, or scandal, last offers and confidence are irrelevant. Under the circumstances singled out by Lupia and Strøm (1995), the tools matter. Absent last offers, a coalition partner who realizes during consideration of legislation that the coalition is insufficiently beneficial would be well advised to join with the opposition to amend the bill. If there is a motion of

confidence, the Government will fall. If nothing is done, the Government remains but the amendment passes. Either way, the defecting party benefits. Where a last offer is available, by contrast, abandoning the Government during consideration of a bill is risky. An unsatisfied coalition partner is better off resigning after the legislation has passed. This has been the dominant pattern in Italy, where "few governments ever fall as a consequence of a parliamentary vote of no confidence. Rather they collapse when one party withdraws its support from the government" (Spotts and Wieser 1986, 106; see also, Mershon Forthcoming).

**Proposition 2** deals with Government losses on legislative votes. There are two types of defeat. First, a Government that votes for an unsuccessful bill it is no worse off in policy terms than if there had been no bill at all. Second, a Government that votes against a bill that passes anyway ends up no better off (and probably worse off) than with the status quo. Last offers might not save doomed bills, but they can protect Government from amended ones. Governments with last-offer authority should lose while voting for rejected bills, not opposing successful ones.

The Italian case again is instructive. Of the fifty-two Governments between 1946 and 1992, only two left office in connection with a motion of confidence. Thirty-one Governments (59.7 percent) dissolved as a result of intracoalition policy conflict,<sup>16</sup> and twenty-four of these were not connected to any specific vote in parliament. All of the remaining seven fell after parliamentary rejection of a Government bill (Mershon Forthcoming, Table 4.3; 1996). Other results do not follow directly from the equilibrium of the last offer game but are consistent with its logic and intuition. I offer two of these as informal implications of the model.

The first implication is that there is a tradeoff between last offers and motions of confidence. The logic of pitching offers to one party or another does not apply in single-party majority governments. Last offers could keep rebellious backbenchers in line but inasmuch as such rebellion is public the public response of confidence is more fitting. Moreover, punishing party members might damage party unity more than using confidence to force party members to toe the line. Confidence also can elicit public commitment to the Government's program (and survival). Multiparty coalitions and minority governments should benefit from last-offer authority. Confidence motions should be preferred only when (a) con-

troversial legislation faces defeat (*not* amendment) but the Government is not at risk; (b) policy is unidimensional, so that the policy-package deals that underpin last offers are unavailable; or (c) the Government is an "attractive equilibrium cabinet" (Laver and Shepsle 1996, 61) replaceable only after lengthy negotiations and legislative stagnation, new elections, or both. Last offers therefore should be much more common in coalition situations (where no single party controls a majority).

In France, coalition governments do use last offers (as opposed to confidence motions) more than majority governments. Single-party majorities are three times more likely to use confidence than the *vote on bloc*, but majority coalitions are six times more likely to use the *vote en bloc* than confidence. Minority governments are more than twice as likely to recur to Article 44.3 than to call for a vote of confidence (Huber 1996a, 96, Table 4.4 and 95, Table 4.3).

The second implication is that the last offer can work only for multidimensional proposals. Fewer dimensions means less opportunity for the policy tradeoffs last offers require. Hence, the fewer policy dimensions included in a bill (assuming germaneness rules), the more the Government should seek to end conflict with a motion of confidence rather than a last offer. If a bill's dimensionality is related to the number of committees to which it is referred, this leads to a prediction that last offers should be more common vis-à-vis motions of confidence for bills that are referred to multiple committees. Evidence from France again is in line with predictions: Article 44.3 was invoked for only seven of 285 single-committee bills; thirteen out of seventy-one multiple-committee bills were subject to the *vote en bloc* (Huber 1996a, 94, Table 4.2).

## Conclusion

This article began with a three-part puzzle. First, governments form in order to make policy. Second, members of multiparty coalitions have strong incentives to stake out policy positions distinct from those of their colleagues in the majority. Third, the usual explanations for coalition cohesion either assume away parties' incentives to differentiate themselves on policy or divorce legislative content from both coalition survival and the legislative process. This yields a paradox: coalitions succeed in passing their agreed-upon policy only because their members regard some value, whether cooperation or coalition survival, more highly than that policy.

Divorcing coalition cohesion from policy encourages position taking and credit claiming. Government parties

<sup>16</sup>In keeping with Lemma 5, a good last offer might not be available. In this case, coalition members might argue about policy but the responsible Minister should never allow a proposal.



can distinguish themselves through amendments but pass coalition policy by supporting confidence motions. This is an attractive strategy.<sup>17</sup> Multiparty governments thus should provide raucous entertainment for those who like political infighting. They often do not. Even in Italy's notoriously short-lived Cabinets, the norm of collective responsibility has weight.

This article's policy-based mechanism for keeping coalition members in line solves the puzzle. In contrast to the confidence procedure, parties that defect from the coalition do not get to have their cake and eat it too. They might benefit from position taking, but that they can be punished *in policy terms* for breaking ranks. This both makes policy central to coalition legislation and explains observed unity in multiparty coalitions.

Taking policy seriously is a double-edged sword. That parties care about policy helps explain why coalitions are not continuously replaced as parties bid for Government membership. Policy also drives parties apart and opens the door for opportunism in policy making that could reduce or obviate the importance and predictability of coalition policy. Governments cannot use last-offer authority directly to silence opposition or change the focus of legislative debate. They can use it to keep from being rolled on the floor, however, and in the process punish coalition members who might be seduced by opposition offers of policy partnership.

## Appendix

Proof of Lemma 1:

- 1) Let  $x_{min} \in B_l$ .
  - a) If  $x_{min} \in Z_l \cap Z$  then voting for  $x_{min}$  makes it more likely that  $x_{s2} = x_{min}$  at the final stage when the vote pits  $x_{s2}$  against  $x_q$ . Hence, voting for  $x_{min}$  maximizes  $l$ 's expected utility whether  $x_{s1} \in Z$  or not.
  - b) If  $x_{s1} \notin Z$  then voting for  $x_{min}$  remains the dominant strategy even if  $x_{min} \notin Z$ , since the worst that can happen is that  $x_q$  will obtain after the final vote but an error by another player might help  $x_{min}$  defeat the status quo at the final voting stage.
- 2) Let  $x_{s1} \in \sim Z_l \cap Z$  and  $x_{min} \notin Z$ . Voting for  $x_{min}$  makes it more likely that the final vote will pit  $x_{min}$

against the status quo and  $x_q$  will emerge victorious. In this case  $l$  votes for  $x_{min}$  at the second voting stage, as doing so helps avoid the possibility of an outcome that  $l$  likes less than the status quo.

- 3) Let  $x_{s1} \in Z_l$ . (a) If  $x_{min} \notin Z_l$  then voting sincerely is a best response, by the logic of (a) above, if  $x_{s1} \in Z$  or  $x_{min} \notin Z$ . (b) If  $x_{min} \in B_l \cap \sim Z$  then voting for  $x_{s1}$  is a best response if  $x_{s1} \in Z$  because it makes it more likely that  $x_L = x_{s2} = x_{s1}$ , which  $l$  prefers to  $x_q$  (and  $x_{min}$  is the strategic equivalent of  $x_q$ ).

Proof of Lemma 2:

- 1) Let  $x_{s1} \in Z$ .
  - a) If  $x_{min} \notin Z$  then all  $l$  for whom  $x_{s1} \in Z_l$  would vote for  $x_{s1}$ , as to do otherwise would be equivalent to voting for  $x_q$ . Hence, there is no point in offering  $x_{min} \notin Z$ .
  - b) If both  $x_{min}$  and  $x_{s1}$  are in the preferred-to set of the status quo, then by part 1 of Lemma 1  $x_{min} \notin B$  would lose in the second vote. Hence, there is no point in offering  $x_{min} \notin B$ .
  - c) By (a) and (b),  $x_{min}$  will defeat both  $x_{s1}$  at the second voting stage and  $x_q$  at the final voting stage. Hence, an offer of  $x_{min} \notin B_{min}$  would make  $M$  worse off than no offer at all, as  $u_{min}(x_{min}) < u_{min}(x_{s1})$  and if  $M$  makes no last offer—that is,  $x_{min} = \emptyset$ —the outcome is  $x_{s1}$ .
- 2) Let  $x_{s1} \notin Z$ . Then if  $x_{min} = \emptyset$  or  $x_{min} \notin Z$ , the final outcome will be  $x_q$ . There is therefore no point in making a last offer unless it is in the preferred-to set of the status quo. Given  $x_{min} \in Z$ , then an offer of  $x_{min} \notin Z \cap Z_{min}$  would pass but be worse for  $M$  than the status quo, which  $M$  could obtain by doing nothing.

Proof of Lemma 3:

- 1) Let  $x_{min} = \emptyset$ , so that there is no second voting stage and  $x_{s2} = x_{s1} \in \{x_g, x_{op}\}$ . Then  $x_{s2} | x_{op} = x_{op}$  and  $x_{s2} | x_g = x_g$ . (a) If  $x_{op}$  and  $x_g \in Z$ , then  $x_L | x_{s1} = x_{s1}$ . Therefore, as the final outcome is the same as the outcome of the first voting stage, each  $l$  votes sincerely. (b) If  $x_{op}$  and  $x_g \notin Z$ , then  $x_L | x_{s1} = x_q$ , so it does not matter which of  $x_{op}$  and  $x_g$  win at the first voting stage and voting sincerely is a weakly dominant strategy. (c) If  $x_{op} \notin Z$  and  $x_g \in Z$  then  $x_L | x_{op} = x_q$  and  $x_L | x_g = x_g$ . Hence,  $l$  votes for  $x_g$  only if  $x_g \in Z_l$ . Otherwise she votes for  $x_{op}$ . The same logic holds if  $x_{op} \in Z$  and  $x_g \notin Z$ .
- 2) Let  $x_{min} \neq \emptyset$ , so that  $x_{s2} = \{x_{s1}, x_{min}\}$ . Then by Lemma 2  $x_{s2} | x_{op} = x_{min} | x_{op}$  and  $x_{s2} | x_g = x_{min} | x_g$ , and  $x_L \in \{x_{min} | x_{op}, x_{min} | x_g\}$ . Player  $l$  votes for  $x_{op}$  only if  $u_l(x_{min} | x_{op}) > u_l(x_{min} | x_g)$ .

<sup>17</sup>I simplify here. Concerns about reputation might provide a strong disincentive to this kind of opportunistic behavior. Nonetheless, *ceteris paribus*, the basic incentive remains.

Proof of Lemma 4:

- 1) Let  $d_p(x_g) > d_p(\beta)$ ,  $d_p(\gamma) > d_p(\beta)$ , and  $x_g \in Z_p$ . Then  $x_{op} \in \{x \in Z_p : d_p(x_g) > d_p(x) > d_p(\beta)\} \cap Z_o$ , which is nonempty, since  $d_p(x_g) > d_p(\beta)$  implies that  $\exists x \in [b_o, b_p]$  such that  $d_p(x_g) > d_p(x) > d_p(\beta)$  and  $d_p(x \in [b_o, b_p]) > d_p(\beta)$  implies  $x \in [b_o, b_p] \cap Z_o \neq \emptyset$ , since  $d_o(x) < d_o(\beta)$  and by definition  $\beta \in Z_o$ . Moreover, since for any  $x_{op}$  that fulfills these conditions  $u_o(x_{op}) > u_o(\beta) = u_o(\alpha)$  and  $x \notin Z_{min} \forall x: d_{min}(x) > d_{min}(\alpha)$ , by Lemma 2 there is no possible  $x_{min}$  such that  $u_o(x_{min}) > u_o(x_{op})$ , so that either  $x_{min} \mid x_{op} = \emptyset$  or  $u_p(x_{min} \mid x_{op}) > u_p(x_{op})$  and hence  $u_p(x_L \mid x_{op}) > u_p(x_L \mid x_g)$ . By Lemma 3, therefore, P will vote for  $x_{op}$  at the first voting stage. It follows trivially from Lemma 3 that  $x_{op}$  makes O no worse off than  $x_g$  since  $x_{min} \mid x_{op} = \emptyset$  and  $x_{op} \in Z: u_o(x_{op}) > u_o(x_g)$ .
- 2) Let  $x_g, \alpha \neq \emptyset$  and  $\beta = \emptyset$ . Then  $u_o(b_p) > u_o(x_q)$ , so  $[b_o, b_p] \subset Z_o$ . P will vote for an offer of  $x_{op}$  such that  $d_p(x_{op}) = d_p(\gamma \in [b_{min}, b_p] \text{ s.t. } u_{min}(\gamma) = u_{min}(x_q))$ , which precludes any feasible  $x_{min}$  as  $x = \emptyset$  for any  $x$  such that  $u_p(x) > u_p(x_{op})$ . Since  $x_{op} \in Z_o \cap Z_p$ , it will pass.
- 3) It remains to be shown that under any other conditions O offers  $x_{op} = b_o$ . To do this, it suffices to show that  $S_l^*(x_{op}, x_g) = x_g$  for either O or P, as M is constrained from voting for  $x_{op}$  (if there exists  $x_{op}$  such that  $u_{min}(x_{op}) > u_{min}(x_g)$ , then M votes against  $x_{op}$  for the same reasons that it originally offered  $x_g \in [b_{min}, b_p]$  and not  $x_g \in [b_{min}, b_o]$ ).
  - a) Suppose  $d_p(x_g) \leq d_p(\beta)$ . Then for any Opposition offer such that  $u_p(x_{op}) > u_p(x_g)$ , there exists a last offer  $x_{min} \in [b_{min}, b_o] \cap Z_{min} \cap Z_o$  such that both  $u_o(x_{min} \mid x_{op}) \geq u_o(x_{op}) + \varepsilon$  and  $u_{min}(x_{min} \mid x_{op}) > u_{min}(x_{op})$ . Hence, by Lemma 3, P will not vote for  $x_{op}$  in the first stage as doing so will provoke a last offer—and hence an outcome—that it likes less than either  $x_g$  or  $x_{op}$ . Given that P and M both vote for  $x_g$  in the first stage, therefore, O might as well offer  $x_{op} = b_o$ .
  - b) Suppose  $d_p(\gamma) > d_p(\beta)$ . By Lemma 2 and (1) above, P will vote for  $x_{op}$  only if  $u_o(x_{op}) \geq u_o(\alpha)$ , as that precludes any  $x_{min} \in [b_{min}, b_o]$  that might make P worse off. P therefore would vote for any Opposition offer  $x_{op}$  such that  $d_p(x_{op}) \leq d_p(\beta)$ . Given this,  $x_{min} \mid x_{op} \in [b_{min}, b_p]$  such that  $u_p(x_{min} \mid x_{op}) = u_p(\beta) + \varepsilon$ . As O benefits from such a last offer only if  $x_{min}$  is closer than  $x_g$  to  $\gamma$ , she will make such an offer only if  $d_p(\gamma) - d_p(\beta) < d_p(x_g) - d_p(\gamma)$  so that  $u_o(x_{min}) > u_o(x_g)$ . Otherwise, P would vote for  $x_{op}$  and O

would vote against it, so O is better off offering  $x_{op} = b_o$ .

- c) Suppose  $\alpha = \emptyset$ . Then  $u_{min}(x) > u_{min}(x_q) \forall x \in [b_{min}, b_o]$  and by definition it is not the case that  $u_o(x_{op}) \geq u_o(\alpha)$ , so that for any  $x_{op}$  closer to M than  $b_o$ , M can always offer  $x_{min}$  to make both itself and O better off. Since voting for  $x_{op}$  under these conditions is equivalent to voting for  $x_{min}$ , which P likes less than  $x_g$ , P would vote against the offer and O is better off offering  $x_{op} = b_o$ .

Proof of Lemma 5:

- 1) If  $d_p(\beta) \geq d_p(x_q)$  then any  $x_g$  farther away from P than  $x_q - \varepsilon$  is not a credible proposal. Given this condition the Opposition cannot counter with  $\beta$  (because it is not credible) and so by Lemma 4 will offer its own ideal point. The closest credible initial offer that can be made is therefore  $x_g \in [b_{min}, b_p]$  such that  $d_p(x_g) = d_p(x_q) - \varepsilon$ , as anything closer to M would not pass while farther away from M might pass but would be strictly worse for the Minister.
- 2) If  $d_p(\gamma) > d_p(\beta)$  and both are elements of  $Z_p$  then by Lemma 4 the Opposition will counter any  $x_g \in X$  such that  $d_p(x_g) > d_p(\gamma)$  with an  $x_{op}$  designed to move the final outcome closer to  $\gamma$ , which is better for O than the initial offer (albeit not necessarily better for O than the status quo). O could counter with  $x_{op} = \beta$ , which P would vote for as it would force M to offer  $x_{min}$  such that  $u_p(x_{min}) > u_p(x_g)$ , but such a counter would lead to an outcome worse for O than  $x_g$ . Hence, by Lemma 4, O's response to any credible  $x_g \in [b_{min}, b_p]$  such that  $d_p(x_g) \leq d_p(\gamma)$  is to offer its own ideal point. Any  $x_g$  farther from M than  $\gamma$  might pass but would be worse for M than  $\gamma$ , so M's best-response initial offer is  $x_g = \gamma$ .
- 3) If  $\alpha \neq \emptyset$  and  $\beta = \emptyset$ , then by Lemma 4 O can always offer  $x_{op} \in Z_o \cap Z_p$  such that M can offer no feasible  $x_{min} \in Z_{min} \cap B \cap Z$ . Hence, M is better off keeping the status quo and not making an initial offer at all.
- 4) If  $\alpha = \emptyset$ , then by Lemma 4 any  $x_g \in Z$  will pass and will not be replaced by  $x_{op}$ , so the best M can do is offer  $x_g \in [b_{min}, b_p]$  such that  $u_p(x_g) > u_p(x_q)$ .
- 5) If  $d_p(x_q) > d_p(\beta) > d_p(\gamma)$  then, by Lemma 4, O will offer  $x_{op} = b_o$  in response to any initial offer  $x_g \in [b_{min}, b_p]$  such that  $d_p(x_g) \leq d_p(\beta)$ . Any credible initial offer closer than  $\beta$  to P might pass but is worse for M than  $x_g$  such that  $u_p(x_g) = u_p(\beta)$ .

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