

The following model is adapted, with little to no modifications, from Banks (2000). We can model the executive bargain with the legislature as follows. A mayor wants to pass her proposal x . We can include under this category a set of policy proposals: a new legislation, an infrastructure project or budgetary approval. In order to implement her proposal, she must pass it in the city council through a simple majority rule. However, the mayor does not govern alone. An opposition wants to block the mayor's proposal and maintain the status quo, denoted as y .

Each city councilor is characterized by a proposal valuation parameter v_i for all $i \in N$, where $v_i > 0$ means that the mayor's proposal x is preferred. Payoff gets realized when city councilor i votes, independent of the outcome. For each councilor, the mayor and opposition set a bribe schedule

$$\begin{aligned} a &\in (a_1, \dots, a_n) \in \mathbb{R}_+^n \\ b &\in (b_1, \dots, b_n) \in \mathbb{R}_+^n \end{aligned}$$

Solving through backward induction, given a bribe schedule (a, b) , councilor i prefers to vote for the mayor's proposal (x) if $a_i + v_i > b_i$ and to maintain the status quo (y) otherwise. Since indifferent councilors vote for the status quo, party b needs to only match bribes from A , adjusting for individual preferences, i.e. $b_i = a_i + v_i$. Therefore, the opposition solves