Bargaining in Legislatures, Portfolio Allocation and the Electoral Costs of Governing

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Very preliminary draft

Cabinet seats in coalition governments are typically distributed in proportion to the legislative seats each party contributes to the coalition (Gamson’s law). In contrast, canonical legislative bargaining models predict an over-allocation of cabinet seats to the party of the prime minister (the formateur party). We suggest this infamous paradox arises because models of bargaining in legislatures overlook parties’ electoral motivations. Electoral incentives shape bargaining over coalition formation because some parties are penalized by voters for participating in government. This paper suggests that parties most susceptible to electoral costs of governing are compensated in the form of a greater than proportional share of cabinet seats. Results of a randomized survey experiment of legislators support these expectations. The findings suggest both a possible solution to the portfolio allocation paradox and the need to better integrate vote-seeking models of legislative behavior with policy-seeking and office-seeking models of party behavior.
Because most parliamentary elections fail to produce a party with a majority of seats in parliament, coalition (multi-party) governments are common. Which parties coalesce and how parties share cabinet seats among themselves is a fundamentally important question and has been the subject of significant theoretical and empirical research (Müller and Strøm 2003). The discipline’s canonical bargaining model (Baron and Ferejohn 1989), for example, suggests that the party with first-mover negotiating advantage in the coalition formation game (the formateur party) will secure for itself a larger than proportional share of cabinet seats. In contrast, empirical studies demonstrate that coalition parties tend to receive cabinet seats in near strict proportion to the legislative seats each contributes to the coalition (Gamson’s Law). As Laver, De Marchi, and Mutlu (2011: 288) note, ‘the profession’s canonical theory of bargaining in legislatures is contradicted by one of the profession’s strongest and most robust empirical laws.’

Scholars have sought to resolve this ‘portfolio allocation paradox’ (Warwick and Druckman 2001; 2006) by questioning the empirical accuracy of Gamson’s Law (Indridason 2015; Snyder, Ting and Ansolabehere 2005) and by fine-tuning bargaining models of portfolio allocation (Bäck, Debus and Dumont 2011; Bassi 2013; Carroll and Cox 2007; Cutler et al. 2015; Falcó-Gimeno 2011; Falcó-Gimeno and Indridason 2013; Golder and Thomas 2014; Bacur 2015). All such bargaining models share a common underlying assumption: the portfolio allocation game revolves around parties’ office or
office and policy incentives. As Morelli (1999: 808) puts it, ‘the desire to be in office as well as by the desire to affect policy outcomes’ constitute parties’ motivations in the portfolio allocation game.’

The core contribution of this paper is to suggest that legislative parties are likely motivated by an additional significant factor in bargaining over the quantitative distribution of cabinet portfolios: the electoral costs of governing and how such electoral costs are pooled amongst coalition parties. Decades of research on legislative behavior suggest that legislators are motivated primarily by electoral concerns, culminating in the desire to retain their seats at the next general election (Carey 2009; Downs 1957; Fenno 1978; Mayhew 1974; Strøm 1997). We know also that very act of being in government in many parliamentary systems may electorally disadvantaged a party (Narud and Valen 2008). The anticipation of such electoral costs has consequences for the type of government which will form (Müller and Strøm 1999; Strøm 1984, 1990a, 1990b) – but it matters also, we will suggest, for how parties calculate their utility in bargaining over the allocation of portfolios.

Specifically, the suggestion is that parties more susceptible to electoral costs negotiate compensation in the form of an uneven allocation of cabinet seats. Compensation arises because, although largely unnoticed in the academic literature (although see further Narud and Valen 2008), not all governing parties are equally susceptible to the electoral costs of governing. Consider the 2015 British General
Election. The outgoing two-party coalition lost 25 parliamentary seats. But the cost of governing was not equally distributed: the Conservative party actually gained 24 seats. In contrast, the Liberal Democratic Party lost 49 of their 57 parliamentary seats. Such intra-coalition variation in electoral fortunes, we suggest, is something that parties surely contemplate when negotiating over coalition formation and the distribution of office payoffs. We expect that, in equilibrium, parties who anticipate electoral losses at time $t+1$ will seek upfront compensation in the form of a disproportionate share of office (cabinet portfolios) at time $t$.

To help corroborate the idea that legislators consider future electoral considerations when bargaining over the distribution of portfolios, we conduct a randomized survey experiment of legislators where we modify the standard divide-the-dollar game, providing some survey participants with treatment information on electoral costs of governing. To anticipate, the evidence suggests that parties susceptible to electoral costs are awarded a disproportionately larger share of cabinet seats.

**Literature Review: The Portfolio Allocation Paradox**

Cabinets are at the apex of political power in most parliamentary systems, with individual ministers typically enjoying considerable autonomy to design and implement policy (Laver and Shepsle 1994). Thus, how seats are distributed between parties in a coalition government has been the subject of significant empirical and
theoretical interest.¹ In the 1960s, Gamson suggested that each party likely receives ‘a share of the payoff proportional to the amount of resources which they contribute to a coalition’ (Gamson 1961; 376). This logic’s venerable status as one of the few ‘laws’ in political science arises from decades of scholarly consensus regarding the near perfect proportional relationship between a party’s share of cabinet seats and the share of legislative seats that party contributes to the coalition’s legislative support in parliament. If a party contributes 30 percent to a coalition’s legislative support, it tends to receive 30 percent of cabinet seats. Thus Browne and Frendreis (1980: 753) notes that ‘a proportionality rule governs all aspects of coalition payoffs’ (see also Schofield and Laver 1985, Warwick and Druckman 2001). De Winter and Dumont (2006: 181) talk of an ‘iron law’ of proportionality. Cutler et al. (2015: 2) describe Gamson’s Law as ‘a strong and non-trivial empirical regularity,’ while a sceptical Indridason (2015) nonetheless notes a ‘strong positive relationship between seat and portfolios share.’ Indeed, Gamson’s law not only forecasts the distribution of cabinet seats among parties, it also successfully predicts the distribution of cabinet seats between factions within the same party (Mershon 2001; Ceron 2014).

¹ Ultimately, cabinets are composed of individual politicians. Reflecting this, scholarship has begun to look beyond parties to consider which individuals within parties win cabinet seats and why (see, for example Dowding and Dumont 2008, 2013; Kam et al. 2010, and Ono 2012).
The empirical consistency of Gamson’s law contrasts with predictions from game-theoretical bargaining models. Building on Rubinstein’s (1982) alternating offer model, Baron and Ferejohn (1989) develop a model of bargaining in legislatures, focused on the allocation of particularistic spending. They explore the allocation of portfolios between parties in coalition government to illustrate the generalizability of their model, with a clear prediction: The formateur party will receive a disproportionate share of cabinet seats. The formateur party is the party which gets to move first in the game of government formation. Characterised as a simple divide-the-dollar game, with instant office payoffs as the prize to be distributed, Baron and Ferejohn (1989) conclude that the formateur’s proposer advantage allows it retain a disproportionately large share of the portfolios (see also, Baron 1991 and Diermeier and Merlo 2000).

The divergence between bargaining theory and the empirical regularity of Gamson’s law leads Warwick and Druckman (2006) to speak of a ‘portfolio allocation

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2 Which party becomes the formateur party varies from country to country. In some countries, the party of the incumbent prime minister is the formateur party; elsewhere, the formateur may be selected by the head of state; in other countries, the party which wins most seats at the general election becomes the formateur party. In most empirical work on the topic, the formateur party is identified on the basis of being the party of the politicians who ultimately becomes prime minister – a necessary assumption but one which clearly departs from reality.
paradox,’ and Cutler et al. (2015: 1) to note the ‘notorious contradiction’ between models and the reality of portfolio allocation. Aside from Ansolabehere et al. (2005), few scholar find evidence of a formateur advantage (see, for example, Cutler et al. 2015; Laver et al. 2011, and Indridason 2015).

Responding to this contradiction, research has attempted to proffer a theoretical basis to Gamson’s Law. Cox and Carroll (2007) suggest that the presence of pre-electoral coalitions makes an ex ante commitment to proportionality rational: individual parties are incentivized to campaign towards maximise their number of seats when a commitment exists to proportionately allocate cabinet payoffs. While theoretically appealing, it is unclear why parties would need extra incentives to maximise their votes: most parties want to maximize their vote share. Verzichelli (2008) considers whether the concept of ‘fairness’ explains proportionality. Conforming to a proportionality norm’ is one way for party leaders to balance not looking greedy in the eyes of the electorate with pleasing party loyalists who expect the party not to give away portfolios too easily. Bäck, Meier, and Persson (2009: 11) reject the idea that social norm provide a causal mechanism, instead suggesting that ‘The proportionality principle appears as a well-established bargaining convention that helps actors selecting equilibria when forming governments.’ Relatedly, Falcó-Gimeno and Indridason (2013: 222) suggest that proportionality helps simplify complex and uncertain bargaining
situations involving policy and office considerations. Proportionality is a ‘focal solution’ which reduce transaction costs associated with bargaining over government formation.

Other scholars have attempted to capture better the reality of rules governing formateur selection. Criticizing the modelling assumption that the formateur party is randomly selected (see footnote 2), Laver et al. (2011: 296) note that ‘this automation is a figment of the modeler’s imagination, a technical assumption about the game form, not a substantive assumption about the real world.’ Bassi (2013) suggests that formateur advantage will disappear when the formateur is determined endogenously, i.e. as part of the government formation process rather than mechanically and randomly assigned; such ‘free-style’ bargaining between legislative parties is likely to prevent a formateur advantage.

Falcó-Gimeno (2011) argues that parties that have been deprived of ministerial office for a long time will be impatient to enter government, and their eagerness places them at a disadvantage when bargaining over government formation. He finds evidence that having spent a long time in opposition makes parties’ willing to reduce their demand for portfolios in return for participation in government.

It is not just that the formateur party appears not advantaged in portfolio allocations. Browne and Franklin (1973) noted a relative weakness effect – small parties tend to be overpaid in their portfolio shares, creating an even greater contrast between model-derived expectation and empirical patterns. Morelli (1999: 810) similarly finds
that ‘smaller parties receive more than their relative share of seats in the coalition, and
the larger parties receive less.’ Indridason (2010) finds that the small party advantage is
present in every country included in his sample (see also Back et al. 2009). Bassi (2013)
similarly finds that small parties are overcompensated. Thus we can talk of a double
portfolio-allocation paradox: In contrast to the expectations of formal models, portfolios
tend to be distributed proportionately with any disproportionality favoring small
parties rather than the formateur party. Focusing on trying to explain the party size
paradox, Falcó-Gimeno and Indridason (2013: 12) suggest that the formateur will ‘over-
compensate the minor coalition partner to make it a less attractive coalition partner for
the opposition parties.’ The larger party seeks smaller payoff now in return for greater
coalition cohesion and security. Golder and Thomas (2012) suggest that the presence of
a vote of no-confidence explains the empirical pattern because the threat of no-
confidence provides ‘an incentive for large formateur parties to overcompensate smaller
coalition partners in exchange for their sustained support over time’ (Golder and
Thomas 2012: 1) which they support with evidence from the French case. As such, both
Falcó-Gimeno and Indridason and Golder and Thomas (2012) very sensibly depart from
the notion that government-formation is a one-shot game, recognising instead that
correlation government is an over-time relationship between parties.

In the midst of the continuing gulf between theory and reality, Laver et al. (2011:
296) call for a ‘fundamental reconsideration of how to model bargaining over
government formation in \( n \)-party legislatures,’ while Indridason (2015:10) warns that ‘the perceived robustness of Gamson’s Law appears to have discouraged efforts to consider whether portfolio allocation is influenced by other factors.’ We respond to the challenge by suggesting the need to incorporate a previously unexplored variable into parties’ utility function when bargaining over the quantitative allocation of cabinet portfolios: the fact that participating in government may come at an electoral cost to parties, but this cost will not be equally distributed between all parties in the collation. By focusing on office, or the tradeoff between office and policy, bargaining models and theories of portfolio allocation have sidelined an issue which virtually all incumbent legislators and political parties care about: the ability to win votes at the next election. It is this modelling under-specification, we suggest, which may explain the contradiction between bargaining theory and the empirical regularity of near-perfect proportionality with, if anything, a small party bias.

**Motivation: More Office Now for Less Seats Later**

In this section, we aim to explain why future electoral considerations potentially impacts bargaining over the quantitative allocation of cabinet seats. Although research on the quantitative distribution of cabinet seats has tended to ignore future electoral considerations, a rich body of research exists on how electoral considerations impacts coalition government formation more generally. Our argument builds directly on this
approach, and in particular on the seminal work of Strøm (1984; 1990a; 199b) on government formation, minority governments and electoral costs.

Like much of the rational choice literature, we assume that political parties are goal oriented and make choices in pursuit of some set of preferences. These preferences are likely to include winning votes at elections, perhaps with an eye to shaping public policy. Moreover, legislators and parties tend to have progressive ambition – once elected to a parliament, many seek to capture positions of power within the parliament or polity – the quest for what Carroll, Cox and Pachón (2006) calls chapter 2 of electoral democracy. Thus parties and the MPs who constitute the parliamentary party are eager not just to win election, but also to secure ‘office’ – which, in our context means being part of the government through membership of the cabinet (Strøm 1997; Laver and Schofield 1998).

Yet parties may face a conflict between holding office ministerial office and winning votes (Müller and Strøm 1999). As noted earlier, a party’s mere presence in government may be sufficient for it to lose votes at the next general election. Governing may be unpopular and not all governments are capable of managing the macroeconomy in such a way as to help overcome the adversaries of being responsible for shaping and implementing public policy. As (Cheibub and Przeworski, 1999: 225) note, ‘accountability is a retrospective mechanism, in that sense that the actions of rulers are judged ex post by the effects they have.’ Exploring national election results 17
European countries between 1945 and 1999, Narud and Valen (2008, 379) find that incumbent parties lost, on average, 2.59 percent of the vote, with the mean loss rising to 6.28 percent of the vote in the 1990s. Moreover, government incumbency may be detrimental to a party’s performance at second-order elections.

In a ground-breaking contribution to the study of political behaviour, Strøm (1984; 1990a; 1990b) suggests that this electoral cost of governing motivates some parties to abstain from participating in government. More specifically, the trade-off between (current) office and (future) votes causes some political parties to forgo office and policy for the ‘delayed gratification’ of winning votes at the next election. This phenomenon of ‘office shyness’ (Strøm 1990: 568) helps explain the phenomenon minority governments in parliamentary democracies.

Importantly, the electoral costs of governing may not to be equally distributed among all governing parties. While much of the political-economy literature on electoral performance explores the collective electoral fate of governments - treating the government as a single entity (see, for example, Powell and Whitten 1993), Rose and Mackie (1983) and Narud and Valen (2008) both note the potential for individual parties within a coalition government to obtain different electoral fates. Indeed, vote swings between governing parties from election to election may partially mask the true electoral cost of governing. Looking at the electoral performance of government coalitions, Rose and Mackie (1983) find that in 64 percent of cases one coalition party
gained votes while another lost votes, noting further that “in nearly every country, jostling between coalition partners results in very little change in the collective vote for the government: it simply results in a redistribution of votes between coalition partners (Rose and Mackie 1983: 127).”

Our core suggestion is that anticipated future electoral costs shape not only the decision of a party to enter or not to enter government – the prospect of future losses, and the tendency for these losses to be unequally distributed within the coalition, determines the amount of office payoffs a party receive in return for agreeing to participate in the coalition government. Parties bargaining over government formation, and in particular the quantitative allocation of portfolios, will take account of the relative costs of governing and distribute the prize of office in such a way as to compensate the party or parties which the greatest anticipated costs of governing. In other words, extra cabinet seats during the government formation stage represent a form of compensation for future vote loss. Parties bargaining in the legislature don’t just trade office for seats: more specifically, they bargain over the rate of compensation a party will review for anticipated electoral costs.

A comparison of our compensation perspective with conventional perspectives on portfolio allocation should help clarify the novelty of our thesis. Existing formal bargaining models assume only positive payoffs in the allocation of cabinet seats, or to put it slightly differently: Baron and Ferejohn’s model is built on the assumption of only
positive gross payoffs to bargaining in legislatures. This makes sense given that their base model focuses on the allocation of particularism in a legislature. For each player, only benefits are derived from receiving a slice of the pie. This is not the case for political parties considering whether or not to enter a coalition government. For some parties, taking a share of the pie may have longer-term negative consequences. Bargaining is impacted because each player must calculate a cost-benefit analysis, with the cost (future electoral considerations) varying among players.

Similarly, while Strøm (1984; 1990a; 1990b) alerts us to the importance of policy and electoral considerations in shaping parties preferences over entering government, that decision is presented in binary terms: a party decided to enter government or not to enter government having considered the likely electoral costs of doing so (and the potential to influence policy from the opposition). Each party makes a trade-off between short-term benefits and long-term costs, with behaviour based on how steeply parties discount the future. For us, the costs identified by Strøm can be softened by compensation in the form of a greater share of cabinet seats. A party fearful of future electoral losses may nevertheless participate in government if the rate of office payoffs is sufficiently attractive. Thus, each party negotiating over government formation faced an indifference curve where equilibrium is established by paired the volume of anticipated electoral losses with a given volume of ministerial offices.
But are parties negotiating over government formation able to anticipate the electoral costs of governing? The qualitative evidence would indicate so. For example, the leadership of the Irish Labour Party has often found it difficult to convince the parliamentary party to enter government, specifically because the parliamentary party members anticipate the electoral costs of doing so. Indeed, the Irish Labour party has often explicitly promised voters that it would not enter government, in an attempt to undo the electoral slump caused by being in government (Laver and Schofield p 2).

Our expectation then is that bargaining in legislatures over government formation will involve parties less susceptible to electoral losses offering compensation to parties more susceptible to electoral losses. This compensation comes in the form of greater than proportional distribution of cabinet seats. To test this expectation we conducted a survey experiment of real-world legislators to gauge their preferences over the allocation of cabinet seats and their willingness to compensate for future electoral losses.

The Experiment

During the Summer of 2015, we conducted a randomized elite survey experiment to ascertain the impact of electoral costs on political elite’ preferences over the quantitative distribution of cabinet portfolios. Political science in general, and legislative studies in particular have a venerable tradition of elite survey research (Bailer 2014). Survey
experiments represent an innovative departure from traditional surveys in that the survey content is manipulated to ‘prime a particular thought or idea to determine how (or whether) the priming affects an opinion or attitude’ (Gaines, Kuklinski, and Quirk 2007: 4). This experimental approach allows the direct effect of one variable (in our case the electoral costs of governing) on another (in our case the preferences over the distribution of cabinet seats) to be isolated, reducing methodological fears of confounding factors or causal complexity. The use of survey experiments is increasingly popular in political science, especially in public opinion and political psychology research, reflecting a move away from traditional observational approaches to empirical political (Druckman et al. 2011). A survey experiment of bargaining in legislatures involving actual legislators should eliminate external validity problems associated with more conventional randomized laboratory experiments on portfolio allocation based on the behaviour of college students or the general public. Nevertheless, the traditions of elite survey research and experimental research have been slow to synergise in legislative studies (important exceptions include Harden 2013 studying US state legislators and Findley et al. 2015 studying Ugandan legislator). A recent review of the experimental approach in legislative behaviour notes the lack of legislative survey experiments and encourages survey scholars to ‘embed experiments into such surveys to explore how respondent legislators would react to distinct scenarios’ (Druckman, Leeper and Mullinix 2014: 207).
Conducting what we believe to be one of the first survey experiments of national legislatures in a European democracy, we surveyed all members of the lower chamber of the Irish Parliament. Ireland manifests the defining characteristics of a classic parliamentary democracy, with the cabinet coming from and remaining responsible to parliament’s lower chamber (Dáil Éireann). The setting is a particularly obvious choice to study portfolio allocation because members of the Dail, known as Teachta Dala (TDs), vote both to elect the head of government and again to confirm en bloc the remaining membership of the cabinet. Due to the general absence of pre-electoral coalitions, bargaining over coalition formation is a real and significant part of Irish political life (Laver and Schofield 1998; O’Malley 2011).

The core issue addressed in the survey experiment concerned how cabinet seats ought to be allocated as part of government formation negotiations surrounding the emergence of a notional two-party coalition government. Notional party labels (Party A and party B) are used so as to reduce any contamination effect - as Gaines, Kuklinski, and Quirk (2007: 14) argue, the likelihood of contamination in survey experiments from real-world experience is unavoidable, unless the topic is a largely irrelevant one. In the survey, a coalition was described as having 100 seats in Dáil Éireann. Party A contributes 80 TDs and Party B contributes 20 TDs to the coalition. The cabinet was described as comprising 10 minister – constitutionally, the cabinet consists of between ________________

3 Ireland’s lower chamber normally comprises 166 members – at the time of the survey experiment 1 seat was vacant.
seven and fifteen members. Survey respondents were then asked how many cabinet seats Party B should receive, with the choice to select any number ranging from 1 to 9 seats, as depicted in Figure 1.

TDs were assigned randomly to a treatment or control condition using a within-group process. The treatment was designed to elicit whether electoral costs would affect the preferences of legislators over the distribution of cabinet seats. TDs in the treatment group received information about the likely electoral costs to Party B of participating in government. The first treatment sub-group were informed that Party B’s participation in the coalition would result in 5 of the 20 TDs from Party B losing their seat (see Figure 2). Party A, in contrast, will lose no or few seats. As with the control group, the treatment group was then invited to allocate between 1 and 9 cabinet seats to Party B. The second treatment sub-group received similar information, except this time the predicted losses of Party B were increased from 5 seats to 10 seats. This manipulation of the treatment was designed to elicit the sensitivity of TDs to the level of electoral losses, hopefully allowing inferences to be drawn concerning the magnitude of trade-off between potential legislative seat losses and cabinet seats.

The names and contact details (email, postal address and telephone number) of TDs were obtained from the official parliamentary website.4 Background and demographic data (party, gender, electoral record, past ministerial experience) were

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obtained from Collins (2011) and the aforementioned parliament website. Low response rates constitute a real concern in elite surveys (Deschouwer and Depauw 2014), and the current survey was designed to maximise response rates. Questions were kept to a minimum, with the cover letter noting that the survey could be completed in 1-2 minutes. The survey experiment was conducted in three stages. In the first instance, the survey was distributed electronically via the Bristol Online Survey platform. A week later a reminder email was send to non-respondents. Five days later, the survey was send via post to remaining non-respondents. Two weeks after that, non-respondents were emailed and encouraged to complete the survey.

Of the 165 parliamentarians contacted, 34 online surveys were completed. An additional 32 parliamentarians returned the paper version of the survey. Of the latter, one is excluded from the analysis as the respondent removed the identifying information and a further two are excluded as the respondent did not answer the primary question. Thus, in total, 63 survey responses were available for analysis, representing a response rate of 38 percent. As Table 1 reports, the junior governing party (Labour) and the centre-left opposition Fianna Fáil are over-represented relative to other groups. Nevertheless, responses are fairly evenly distributed by group, although relatively fewer parliamentarians in treatment group one responded.

<Table 1 around here>
The results of the experiment provide at least modest evidence that real-world legislators would choose to allocate disproportionately more cabinet seats to a party who expect to suffer disproportionate electoral losses from participating in the coalition. Figure 1 reports how responding legislators would allocate cabinet seats under three alternative conditions prescribed in the experiment. A plurality of respondents in the control group (65 percent) would allocate 3 seats to party B, with all remaining respondents allocating seats exactly proportionately to the legislative seats Party B contributes to the coalition. No legislator in the control group suggested allocating more than 4 seats to party B. On average, Party B would be awarded 2.65 seats without being given any information on electoral costs. Looking at the treatment groups, the treatment seems to have the effect predicted by our theory: introducing information on a party’s electoral cost increases, on average, the number of seats which a legislator is willing to allocate. 10 of the 18 responding legislators in the first treatment group suggested 3 (n=7), 4(n=2) or 5 (n=2) seats. On average, legislators in this treatment group would allocate 2.78 cabinet seats. Strengthening the treatment in terms of the degree of likely future electoral losses increased the willingness of a legislator to over-allocate cabinet seats. The second treatment resulted in 3.18 cabinet seats being awarded.

Looking at the overall difference between the control group and treatment groups, the difference between the control group and the treatment group equals 0.35. This difference is statistically significant at the 90% level. The one-tailed p-value for the
alternative hypotheses (mean difference > 0) equals 0.04. The p-value is less than 0.05 and thus we can conclude that the mean difference is statistically significantly greater than zero. The two-tailed p-value equals 0.08 and thus we can conclude that the mean value of cabinet seats for the control and treatment groups is statistically significantly different from zero.

The differences between each group is somewhat more difficult to interpret. Comparing only the control group and weaker of the treatment groups, a difference exists in the direction predicted by our theory, but this difference is not statistically significant at the 95 percent level. Again, in comparing the weaker treatment group with the stronger treatment group, the difference is in the direction predicted, but the difference again fails to reach conventional levels of statistical significance. As one would expect, the strongest differences are to be found when the control group is compared to the second (strongest) treatment group. The magnitude of differences equals .53 at 95 percent levels of confidence in a 2-tailed t-test. Moreover, the one-tailed p-value for the alternative hypotheses (mean difference > 0) equals 0.007. The p-value is less than 0.05 and thus we can conclude that the mean difference is statistically significantly greater than zero. One possible interpretation of these results is that the level of likely future electoral losses is an important factor. Disproportionately larger losses result in disproportionately larger compensation.
Perhaps one of the most puzzling findings from the elite survey is that, even without a treatment, a tendency exists to over-allocate seats to the smaller party (‘Party B’) as the results from the control group demonstrate (Figure 1). One possible reason for this is the nature of elite versus non-elite survey experiments. In standard laboratory or survey experiments, the issue of external validity is cause for concern. As (p228 Barabas, Jerit 2010) note ‘the typical survey experiment generates effects likely to be observed only among the highly attentive in the real world.’ It is possible that experimental surveys of elites have the opposite problem: elites in the control group may be nevertheless attuned to the effect postulated by the treatment, owing to their knowledge of the real world. Thus, in our case, politicians even without being prompted may act as if Party B would be likely to suffer an electoral loss, given their knowledge of coalition and electoral politics. Ultimately, we can take comfort form the fact that the treatment did have an effect, but the presence of disproportionality in the control group may be accounted for by external, possibly tacit, knowledge which experiments of any kind are unable to avoid.

In the survey, respondents were asked if it is generally more or less difficult for an incumbent from the governing parties to gain re-election, compared to an incumbent from the opposition. 14 parliamentarians indicated that re-election as a government parliamentarian was ‘much more difficult,’ 32 said governing made re-election somewhat more difficult, 6 reported feeling it made no difference and 10 said that being
a government parliamentarian made make re-election somewhat easier. No respondent felt that being a Government TDs make re-election much easier. The results indicate a mixed option, but some sensitivity to the electoral costs of governing, and may reflect Martin’s (2014) argument that even within parties the electoral costs of governing are unlikely to be equally shared between backbenchers and frontbenchers.

**Conclusion**

Under the parliamentary system of government, the cabinet comes from, and remains responsible to, the legislature. Where no political party controls a majority of seats in the legislature, cabinets comprised of two or more political parties often emerge. Which parties coalesce and how the spoils of office, particularly cabinet seats – are distributed within the coalition has long fascinated scholars and political pundits alike.

Despite this fascination, a double paradox exists at the heart of research on coalition government formation: Whereas formal models of political behaviour posit a bargaining advantage for the party of the prime minister, empirically the party of the prime minister has tended not to be advantaged in securing a greater than proportional number of cabinet seats. Rather, smaller parties have tended to receive more cabinet seats than they contribute to the coalition in terms of legislative seats.

Our core suggestion is that an understanding of parties’ incentives in the game of coalition formation must include recognition of the potential unequal electoral costs of
governing. Some parties may suffer electorally from being in government, some more than others. This paper has argued that the prospect of future electoral costs shape not only the decision of a party to enter or not to enter government. Electoral considerations - the prospect of future losses, and the tendency for these losses to be unequally distributed within the coalition - determines the amount of office payoffs a party receive in return for agreeing to participate in the coalition government. Parties bargaining over government formation, and in particular the quantitative allocation of portfolios, will take account of the relative costs of governing and distribute the prize of office in such a way as to compensate the party or parties which the greatest anticipated costs of governing. In equilibrium, parties who anticipate electoral losses at time $t+1$ will receive upfront compensation in the form of a disproportionate share of office (cabinet portfolios) at time $t$.

To empirically assess this argument, we conducted a randomized survey experiment if Irish legislators. The results of the experiment provides some evidence that real-world legislators choose to allocate more cabinet seats to a party who expect to suffer disproportionate electoral losses from participating in the coalition. Providing respondents with information on electoral costs for a party increased the number of cabinet seats a legislator was willing to award to that party.

Yet, a number of puzzles remain. For example, even without electoral losses being revealed, legislators tended to award a greater than proportional number of
cabinet seats to the party described in our survey. In future research, we hope to explore the reasons for this. It may be, for example, that legislator’ perceptions regarding fairness shape their allocation decision.

References


Table 1: Survey Responses by Party and Group

<table>
<thead>
<tr>
<th>Party</th>
<th>Population</th>
<th>Overall Responses</th>
<th>Control Group</th>
<th>Treatment Group 1</th>
<th>Treatment Group 2</th>
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<tbody>
<tr>
<td>Fianna Fail</td>
<td>19</td>
<td>11 (57.9%)</td>
<td>6</td>
<td>3</td>
<td>2</td>
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<tr>
<td>Fine Gael</td>
<td>74</td>
<td>22 (29.7%)</td>
<td>6</td>
<td>9</td>
<td>7</td>
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<tr>
<td>Labour Party</td>
<td>37</td>
<td>21 (56.8%)</td>
<td>8</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>35</td>
<td>9 (25.7%)</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>165</td>
<td>63 (38.2%)</td>
<td>23</td>
<td>18</td>
<td>22</td>
</tr>
</tbody>
</table>

Note: Percent of population in brackets
Figure 1: Cabinet Seats Awarded, by Group

<table>
<thead>
<tr>
<th></th>
<th>2 seats</th>
<th>3 seats</th>
<th>4 seats</th>
<th>5 seats</th>
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<tr>
<td>Control Group</td>
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<td>0</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Weaker Treatment</td>
<td>8</td>
<td>7</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Stronger Treatment</td>
<td>4</td>
<td>12</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

Preference over seats awarded

- 2 seats
- 3 seats
- 4 seats
- 5 seats
Appendix: Survey Question on the Distribution of Cabinet Seats

Two political parties are negotiating to form a coalition government. Between them, they have 100 seats in Dáil Éireann. Party A has 80 TDs and Party B has 20 TDs.

The cabinet is to comprise 10 ministers.

How many cabinet seats should Party B receive?

- Party B should receive 1 cabinet seat
- Party B should receive 2 cabinet seats
- Party B should receive 3 cabinet seats
- Party B should receive 4 cabinet seats
- Party B should receive 5 cabinet seats
- Party B should receive 6 cabinet seats
- Party B should receive 7 cabinet seats
- Party B should receive 8 cabinet seats
- Party B should receive 9 cabinet seats

Treatment Group A Vignette

If Party B enters the coalition, it can expect significant losses at the next general election, resulting in 5 of the 20 TDs from Party B losing their seat. Party A, in contrast, will lose no or few seats.

Treatment Group B Vignette

If Party B enters the coalition, it can expect significant losses at the next general election, resulting in 10 TDs from Party B losing their seat. Party A, in contrast, will lose no or few seats.