

# Let's Just Agree to Disagree: Dispute Resolution Mechanisms in Coalition Agreements

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Scholars of coalition politics have increasingly begun to focus on conflict within coalitions. Here we examine the role of coalition agreements in managing intracoalitional conflict. We argue that there is a trade-off between making policy agreements at the coalition's formation (e.g., by making very detailed policy platforms) and postponing the issue's resolution by creating procedures for settling policy disputes. We argue that the trade-off is increasingly likely to be resolved in favor of relying on a formal dispute resolution mechanism when coalitions are ideologically heterogeneous and the coalition parties differ in size. We test our theory using data from the German Länder between 1990 and 2013. These data allow us to isolate the effects of the bargaining situation and ideology while holding the institutional context constant. The empirical results support our main argument: When intracoalition conflict is high, parties write shorter coalition contracts but are more likely to adopt procedures for conflict resolution.

In recent years, scholars have begun paying closer attention to policy making in multiparty parliamentary systems. Systems where coalitions are the norm frequently come under fire for lack of accountability—even when voters turn against a government party, there is no guarantee that the party will be left out of government if it plays the coalition game right. Voters also face significant challenges in attributing responsibility in coalition systems (see, e.g., Lewis-Beck 1986)—thanks, in large part, to the lack of transparency in cabinet policy making that allows government parties to pass the buck for unpopular policies to their coalition partners. Coalition agreements can play a significant role in enhancing electoral accountability. When coalition agreements contain an extensive discussion of the government's policy agenda, it makes the policy commitments of the coalition parties ex-

plicit. That is, having signed onto the agreement, the extent to which individual coalition parties can distance themselves from particular policies is reduced.<sup>1</sup> Coalition agreements also offer voters an opportunity to observe how much influence individual parties have on government policy, which may shape the voters' incentive to vote for them in the future,<sup>2</sup> especially as coalition agreements are often scrutinized in the media in terms of how many of their policy priorities become a part of the coalition agreement. Similarly, the media—as well as parties in the opposition—regularly keep track of the government's success in implementing the coalition agreement, which further increases voters' ability to hold government parties accountable (e.g., Thomson 2001, 2011).

As a result, coalition agreements are likely to provide the coalition parties with incentives to implement their policy

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1. This does not rule out the possibility that parties justify particular policies in terms of necessary compromises to achieve their other policy goals. However, in doing so, the party does not necessarily escape accountability, as voters can evaluate the value of such compromises.

2. The literature on coalition voting (see Blais et al. 2006), argues that some voters will consider the policy implications of their vote rather than focusing merely on the parties' policy platforms.

commitments and, therefore, help establish coalition agreements as a mechanism for making credible policy commitments in situations where such commitments are difficult (Laver and Shepsle 1996).

Müller, Strøm, and Bergman (2008) point out that while coalition agreements offer a window into the bargain struck by the coalition parties, the details of that bargain may depend on a variety of factors, which generally touch on the expected difficulty of maintaining cooperation throughout the legislative term. This view, of course, assumes that coalition agreements actually matter, that they do in fact tie the hands of the parties and their ministers to some extent. Laver and Schofield (1990, 189) voice skepticism about this assumption, suggesting that coalition agreements may be “little more than window dressing.” The evidence against this view is mounting. Moury (2013) shows that government coalitions enact most of the policy proclamations in their coalition agreements and that they help constrain ministerial drift.<sup>3</sup> Williams (2014) finds that those constraints can also extend beyond the cabinet—government MPs appear less likely to rebel when legislation is a part of the coalition’s agenda as set out in the coalition agreement. Eichorst (2014) considers the policy and the electoral motivations that are likely to underlie the writing of coalition agreements, and his results suggest that both are relevant. Similarly, Indridason and Kristinsson (2013) examine the decision to write a coalition agreement and, if written, how extensive it ought to be and find that both decisions are consistent with the assumption that coalition agreements constrain parties and ministers. A body of literature, then, shows that coalition agreements are more than window dressing. However, writing coalition agreements is quite different from keeping them when partners disagree.

Timmermans (2003) and Müller et al. (2008) note that sometimes coalition agreements provide institutions or mechanisms for conflict resolution. This aspect of coalition agreements has received little attention even though mechanisms for managing conflict within coalitions are important for effective coalition governance and coalition survival as well as for the enforcement of the coalition agreement itself.

Coalition agreements represent a contract about government policy and, like many contracts, often exhibit awareness of potential disagreement between the contracting parties. While committee chairs, junior ministers, and the like represent ongoing ways of monitoring those disagreements

(e.g., Carroll and Cox 2012; Thies 2001), there are times when those mechanisms are not sufficient. Coalition disagreements, for example, may involve differences of principle and policy at a higher level that are too substantial to be bridged by a few amendments in committee. Moreover, even though monitoring of policy drift may take place via junior ministers it may still be the case that a particular minister may persist in her “drifting,” in which case there is a problem to address. In other words, while the mechanisms for managing disagreements—junior ministers and committee chairs—may both be adequate and appropriate for the management of many issues, they may be inadequate for more serious disagreements. One way in which coalitions can address serious disagreements ahead of time is by adopting institutions, or dispute resolution mechanisms, to address disagreements that may not be easily managed.

Müller et al. (2008) examine intracoalition rules on governing and dispute settlement in coalition agreements, but the considerable variation across the West European political systems limits the inferences that can be drawn. It has been shown, for example, that variation in institutional and contextual features constrains and influences the behavior of parties in the coalition formation process (e.g., Martin and Stevenson 2001, 2010; Strøm, Budge, and Laver 1994). Similarly we may expect coalition governance and the adoption of procedural rules in coalition agreements to be influenced by the institutional context. For example, junior ministers—often used to monitor ministers from other coalition parties (Lipsmeyer and Pierce 2011; Thies 2001)—do not exist in Denmark, while they are common in other parliamentary democracies (Damgaard 2001). Not being able to use junior ministers to “keep tabs” on partners may result in greater emphasis on procedural rules in coalition agreements. Controlling for institutional constraints and incentives in cross-national analysis can thus be a challenge.

Müller et al.’s (2008) insight that procedural rules have a function in maintaining government coalitions is nevertheless an important one. If procedural rules matter, the incentive to adopt such conflict resolution mechanisms should vary across coalitions as the potential for drift depends on, for example, the ideological composition of the coalition. Here, we examine how political context affects the content of coalition agreements. Building on Müller et al. (2008), we seek to advance the study of coalition agreements and coalition governance in several ways. First, we propose a formal model to highlight the trade-offs coalition parties face, which allows us to derive several hypotheses about the conditions under which coalitions rely on procedural rules. In particular, we show that formal rules for negotiating disagreements play a greater role when government coalitions are ideologically het-

3. Indridason and Kristinsson (2013) provide a fairly extensive discussion of how audience and reputational costs from failing to implement coalition agreements help coalition agreements bind the hands of the coalition parties.

erogeneous and when coalition parties differ in size. Second, we isolate the effect of political context by focusing on coalition politics in political systems that share a very high degree of similarity—to test our theory we build a detailed data set of coalition agreements in the German Länder.

### MANAGING CABINET CONFLICT

Research on coalition governance has considered various arrangements aimed at increasing the stability of coalition governments, including the allocation of portfolios and the level of discretion given to cabinet ministers. Scholarship in this area has often adopted the principal-agent approach, describing parliamentary democracy as a “chain of delegation,” where citizens delegate power to representatives, who in turn delegate power to a cabinet and a prime minister, who further delegate power to cabinet ministers (see, e.g., Müller 2000; Strøm 2000). The principal-agent approach highlights the problems of “adverse selection” and “moral hazard” as the main threats to the principal’s ability to control the agent (Strøm 2000, 270–71; see also Bäck, Debus, and Müller 2016).

Principal-agent theory differentiates between *ex ante* mechanisms, applied before power is delegated in order to identify and select good agents, and *ex post* mechanisms, which aim at containing agency loss after decision-making authority has been delegated. The latter mechanism describes the postformation period of governing in multiparty cabinets. A number of mechanisms exist to mitigate the threat of agency loss in implementing the coalition agreement (see, e.g., Carroll and Cox 2012).<sup>4</sup> Two—straightforward—*ex post* mechanisms are to dismiss ministers who do not follow the coalition line and to restructure the cabinet during the legislative period (e.g., Huber and Martinez-Gallardo 2008; Indridason and Kam 2008). Two further mechanisms to keep tabs on coalition partners are the installation of junior ministers in ministries controlled by other coalition parties (Thies 2001) and the creation of committees whose membership includes key cabinet ministers and members from the leadership of the coalition parties (e.g., Andeweg and Timmermans 2008) whose task it is to monitor the process of political decision making across government departments.

4. Here we focus on the legislative functions of the cabinet and consider implementation of the coalition agreement to involve its “translation” into legislation. We note, however, that ministerial drift can also occur in the implementation of government legislation, but dispute resolution mechanisms may also indirectly contain drift at the policy implementation stage, for example, because the coalition parties may have acquired more information (thus enhancing oversight) or have crafted more detailed legislation.

Our focus here is on another mechanism, the coalition agreement, as the means by which parties may structure the decision-making process in coalition cabinets. Recently, scholars have begun to focus on coalition agreements as the means to achieve a particular end (Debus 2008; Timmermans 1998, 2003). According to Timmermans (1998, 423; 2006, 265) coalition contracts have a symbolic function and a role in resolving conflict and are also a blueprint for the government’s political agenda during its term in office, taking into consideration and balancing the positions of the parties (Timmermans 1998, 419).

Müller and Strøm (2008) find that only 93 of 262 cabinets in Western Europe did not make a formal coalition agreement and that these agreements have become increasingly common. Müller and Strøm (2008, 173) also consider how extensive the agreements are in terms of procedural rules, distribution of offices and competencies, and policy. They find great variance across political systems: Finnish and Irish coalition agreements contain only policy goals while the average share of procedural rules is 8.6% in Germany, 12.6% in Denmark, and 51.8% in Austria.

We do not, however, know much about why some coalition agreements contain detailed procedural rules while others do not. Indridason and Kristinsson (2013) suggest that the incentives to write extensive policy agreements is conditioned by the degree of ministerial autonomy as well as other mechanisms to contain policy drift. In particular, their results suggest that the use of junior ministers as watchdogs and policy agreements is complementary. Their analysis, therefore, goes some way toward explaining variation in the content of coalition agreements but is beset by the same problem as other comparative studies of coalition agreements: that is, the reliability of inferences drawn from such studies may be undermined by the institutional variation across contexts. While Indridason and Kristinsson (2013) demonstrate a link between emphasis on policy agreements and enforcement mechanisms, their work stops short of explaining why some coalitions place more weight on procedural rules than others. Our starting point is to develop a theory that captures the logic underlying the decision to adopt a coalition agreement and the choice to rely on procedural rules or dispute resolution mechanisms, rather than policy goals.<sup>5</sup> As coalition agreements vary systematically across countries (Müller and Strøm 2008), it is useful to have data that allow for decoupling of the effects of the various insti-

5. To clarify, by “procedural rules” we mean formal procedures established in the coalition agreement for the purpose of settling policy disputes or formulating policy between the coalition partners.

tutional factors, for example, the type of a party system, from the political factors related to the coalition in order to evaluate whether the factors identified by our theory affect the writing of coalition agreements. For that purpose, the German Länder are an ideal testing ground, as the main features of their political systems are very similar while their number is large enough to provide us some leverage when considering all coalitions formed over 20-odd years.

### THEORY: POLICY OR PROCEDURES?

We focus on what Baron and Diermeier (2001) term proto-coalition bargaining—a situation where a set of parties have agreed to form a coalition and now bargain over the government's policy agenda; a set of policies to put into law and implement during the legislative term. We model the incentives coalition parties face in writing a coalition agreement. The basic intuition is that the parties face a choice between delegating the decision on a given issue to a minister or postponing its resolution until later in the term. As an empirical matter, coalition agreements rarely contain much detail about what legislation ought to look like, thus, allowing a minister significant discretion in drafting the legislation. In addition, there may be considerable uncertainty surrounding a particular issue, making it difficult for the parties to determine what the appropriate legislative means are, which is why coalition agreements often focus on goals rather than means. Writing a policy agreement limits agency loss, but writing an agreement that eliminates agency loss may require significant time and effort. If, instead, the parties adopt institutional measures, such as a coalition committee, to settle the issue later this offers the coalition partners access to information and, potentially, a role in drafting the legislation. In effect, coalition committees reduce ministers' informational advantage and discretion in writing legislation.

Deciding on which measures to employ—delegation, policy agreements, and dispute resolution mechanisms—would be easier were it not for the fact that coalition partners will likely have different preferences over such measures. That is, some parties—in particular those occupying few ministerial portfolios—will generally prefer less delegation and a lower degree of ministerial discretion. However, limiting discretion can be achieved either by writing an extensive policy agreement that constrains the future actions of ministers, potentially involving significant costs, or by postponing the decision and ensuring access of all coalition partners to the relevant information and formulation of policy later on. The disagreement over how to resolve this trade-off is at the heart of our argument.

The issues here resemble those addressed in the literature on delegation and the bureaucracy (see, e.g., Epstein and

O'Halloran 1999; Huber and Shipan 2002; Kiewiet and McCubbins 1991). Whereas the decision to delegate is generally unilateral in this literature, delegation to ministers in coalition cabinets is negotiated by coalition parties whose preferences over ministerial autonomy differ. Viewed slightly differently, the situation resembles one in which there are multiple principals (Whitford 2005) whose preferences are also represented among multiple agents. Below we consider a simple model to examine how government coalition characteristics affect the choices over delegation and the adoption of dispute resolution mechanisms.

Assume that there are two parties, a smaller party  $j$  and larger party  $k$  (in terms of seat shares), that bargain over coalition management. We assume a simple bargaining protocol—the larger party  $k$  makes a proposal that has two components: (i) whether to establish a dispute resolution mechanism ( $m$ ) or to delegate policy making to ministers ( $d$ ), in which case implementation of the coalition agreement is delegated to portfolio ministers, and (ii) how long, or specific in terms of policy instruments, the coalition agreement will be ( $w > 0$ ). Party  $k$ 's strategy is denoted  $s_k \in \{m, d\} \times [0, \infty]$ . The smaller party  $j$  then responds by either accepting the offer ( $s_j = a$ )—in which case the coalition forms—or rejecting the offer ( $s_j = r$ )—in which case coalition bargaining fails and the parties receive a reservation payoff of  $-V_i$ .<sup>6</sup>

The parties' preferences over policy on a given issue, or within a given portfolio, are represented by the utility function  $u_i(y(s_k, a)) = -|y - x_i|/N$ , for  $i = j, k$ , where party  $i$ 's ideal policy is  $x_i$ ,  $y$  is the policy that will implemented in the portfolio under delegation or the dispute resolution mechanism, and  $N$  is the number of portfolios. As the players' utility is  $-V_i$  whenever  $s_j = r$ , we will use  $u_i(s_k)$  and  $u_i(y(s_k, a))$  interchangeably.<sup>7</sup> While the utility associated with the parties' reversion point will affect the outcome of the parties' negotiations, our interest is in examining how, for example,

6. We assume the larger party makes the proposal as it has been shown that larger parties are more likely to be formateur parties (Diermeier and Merlo 2004). We note, however, that if the parties' roles are switched then the outcome of the game is completely dependent on the parties' reservation values and is not affected by any other parameters of the model. Thus, as it is possible that the smaller party may lead the bargaining in some cases, the effects of a change in the other parameters of the model will be smaller than those we derive below, but they will be correctly signed when considering any sample of coalitions in which there is variation in who leads the bargaining.

7. While this is a slight abuse of notation it is sometimes clearer to reference the terms of the agreement,  $a_k$ , not the resulting policy. For example,  $u_i(m, w)$  is party  $i$ 's utility when a dispute resolution mechanism is adopted along with a coalition agreement of length  $w$ .

ideological differences and party size affect the outcome of the bargaining over coalition management mechanisms. For simplicity it is assumed that the ideological differences between the parties are the same across issues or portfolios. Further, assume  $-x_k = x_j > 0$  and that the coalition compromise is  $p = (x_k + x_j)/2 = 0$ . The question then is whether the coalition parties can agree on adopting rules or institutional devices in order to implement the coalition agreement and the extent to which to delegate its implementation to cabinet ministers.

Adopting a dispute resolution mechanism such as a coalition committee provides both parties with direct access to the formulation of the policy, ensuring that the coalition compromise is adopted. The parties' payoff in each portfolio from adopting such a coalition management mechanism are then  $u_k(m, \cdot) = -|p - x_k|/N = x_k/N$  and  $u_j(m, \cdot) = -|p - x_j|/N = -x_j/N$ . The parties' total utilities across all portfolios are then  $U_k(m, \cdot) = -|p - x_k| = x_k$  and  $U_j(m, \cdot) = -|p - x_j| = -x_j$ .

When implementation is delegated to ministers, agency loss occurs. At the extreme, the portfolio minister has complete discretion and, assuming that she is a perfect agent of her party, implements her party's most preferred policy in place of the coalition compromise. While unlimited discretion may result in equilibrium cabinets (Laver and Shepsle 1996), empirically most coalition governments use one or more institutional devices to keep an eye on the portfolio minister and limit moral hazard; notably junior ministers (Thies 2001), legislative committees (Martin and Vanberg 2011), and committee chairs (Kim and Loewenberg 2005). To introduce agency loss in the model, we follow Carroll and Cox (2012) and assume that a minister from party  $i \in \{j, k\}$  has some discretion when implementing  $p$ . More specifically, she will implement policy  $y_i = \lambda x_i + (1 - \lambda)p$  in her portfolio, where  $\lambda \in [0, 1]$  is the minister's degree of discretion or ability to implement a policy more to her liking. The agency loss in a portfolio headed by party  $i$  is then  $\lambda|x_i - p|$ .

The share of portfolios allocated to each party is assumed to follow Gamson's Law, that is, each party's share of portfolios is proportional to its size. Let  $s \in (.5, 1)$  denote party  $k$ 's share of portfolios. Thus, when policy formulation is delegated to ministers, the policy outcome will equal  $y_k$  in the  $s$  portfolios headed by party  $k$  and  $y_j$  in the  $1 - s$  portfolios headed by party  $j$ . The average policy outcome, if delegation is not constrained, is then  $y(d, 0, a) = s\lambda x_k + (1 - s)\lambda x_j = \lambda x_j(1 - 2s)$ . As the parties' utilities are linear in the policy outcome within each portfolio, the total utility is also a function of the average policy, that is  $U_i(y(d, 0, a)) = su_i(\lambda x_k) + (1 - s)u_i(\lambda x_j)$ . Thus, from here on, we focus on

the weighted average policy, which also allows for convenient spatial representation.

It is further assumed that the minister's discretion can be limited by writing a coalition agreement. If a coalition agreement of specificity  $w$  is adopted, then the policy outcome will reduce ministerial discretion by  $w$  and the weighted average policy outcome will equal  $y(d, w, a) = \lambda x_j(1 - 2s) + w$ .<sup>8</sup> Writing a coalition agreement that is specific enough to constrain ministerial discretion is assumed to be costly. While stating general goals in the coalition agreement is not very time consuming or difficult, stating general goals is unlikely to offer much of a constraint. Instead constraints are imposed on the minister's discretion when the coalition agreement offers concrete policy details about how the coalition's goals will be achieved by government legislation, that is, details that require gathering information that only the minister would be privy to if policy making is delegated to cabinet ministers. The cost of writing a coalition agreement is  $\kappa(w)$  with  $\kappa(0) = 0$ ,  $\kappa'(w) > 0$ , and  $\kappa''(w) > 0$ . Thus, the marginal cost of writing a more specific coalition agreement is increasing, reflecting that for most issues it is a simple matter to constrain the minister slightly but doing so gets progressively more difficult. In sum, this gives us the following utilities from delegation:

$$U_k(d, w) = -[\lambda x_j(1 - 2s) + w - x_k] - \kappa(w), \quad (1)$$

$$U_j(d, w) = -[x_j - (\lambda x_j(1 - 2s) + w)] - \kappa(w). \quad (2)$$

Thus, the utility from delegation is represented by the difference between the party's preferred policy and the weighted average of the policies implemented by the two parties in their portfolios,  $y(d, w, a) = \lambda x_j(1 - 2s) + w$  less the cost of writing a coalition agreement. The first term of  $y(d, w, a)$  can be interpreted as the average policy across all the portfolios (favoring party  $k$  as  $1 - 2s < 0$ ) resulting from the delegation while the latter term represents the effect of the moderation induced by the coalition agreement.

It is convenient to examine parties' choices graphically within the spatial framework. As figure 1 makes clear, the parties differ in their preferences over delegation (yielding  $y$ ) and adoption of a dispute resolution mechanism (yielding  $p$ ). The larger party,  $k$ , by virtue of controlling a larger share of portfolios, prefers delegation—it stands to gain more from ministers using their discretion to adopt policies closer to

8. As a coalition agreement can be used to constrain ministers of both parties  $w$  could be negative as well as positive. However, given the structure of the game, as will become clear, we assume  $w \geq 0$ , that is, that the coalition agreement will constrain the larger party.

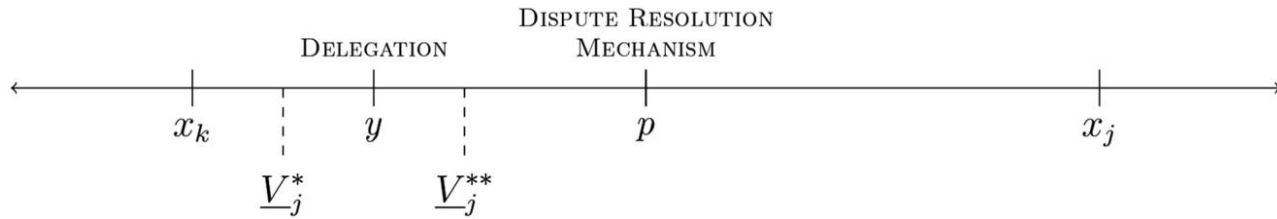


Figure 1. Bargaining over coalition management

their party's preferred position. The smaller party prefers dispute resolution mechanisms for the same reason. Furthermore, we note that for each party there exist reservation policies  $\underline{V}_i$  and  $\bar{V}_i$  such that  $-(x_i - \underline{V}_i) = -(\bar{V}_i - x_i) = -V_i$ , that is, policies such that party  $i$  is indifferent between them and dissolving the negotiations. As figure 1 indicates, one key question then becomes whether the  $j$ 's reservation policy  $\underline{V}_j$  is sufficiently far to the left so that delegation is feasible. In analyzing the game, we restrict our attention to reservation values such that an agreement is possible between the parties. In particular, we assume  $V_k > p - x_k$  and  $V_j > x_j - p$ . That is, both parties prefer adopting a dispute resolution mechanism to failing to form a coalition.

We solve for subgame perfect Nash equilibria of the game. Proceeding by backward induction, party  $j$ 's acceptance strategy depends on party  $k$ 's proposal and the reservation value  $V_j$  (represented in the figure by the utility equivalent policy  $\underline{V}_j$ ). Party  $j$ 's optimal strategy is to accept the offer if  $\bar{V}_j > y(s_k, a) - \kappa(w) > \underline{V}_j$  and to reject it otherwise. Thus, in figure 1, if party  $j$ 's reservation value is  $\underline{V}_j^*$  then  $j$  accepts regardless of whether party  $k$  proposes  $m$  or  $d$  (provided the coalition agreement isn't too detailed). If, on the other hand, party  $j$ 's reservation value is  $\underline{V}_j^{**}$  then party  $j$  would accept if party  $k$  proposes  $m$  but would reject if  $k$  proposes  $d$ , that is,  $y$  is just too far to the left as ministerial drift is not accompanied by an "appropriately" detailed coalition agreement. While a coalition agreement reduces ministerial drift and, thus, benefits the smaller party, writing a very long coalition agreement can impose costs that are greater than the policy benefits. More specifically, greater specificity is beneficial up to the point where the marginal policy benefit equals the marginal cost, that is  $1 = \partial\kappa(w)/\partial w$ . As the cost function is strictly convex there is a unique  $\bar{w}$  that satisfies the equality. Simply put,  $\bar{w}$  is the optimal length of the coalition agreement from the party  $j$ 's point of view. Furthermore, define  $w^*$  as the  $w > 0$  such that  $\lambda x_j(1 - 2s) + w - x_j - \kappa(w) = -V_j$ . Thus, when  $w^*$  exists, it is the shortest coalition agreement party  $j$  is willing to accept under delegation. When  $w^*$  is undefined then no coalition agreement exists that would make delegation acceptable to party  $j$ .

Given party  $j$ 's acceptance strategy, party  $k$ 's optimally pursues one of two strategies; to propose a dispute resolution mechanism without a coalition agreement or to propose delegation with the shortest coalition agreement possible (which could be  $w = 0$ ). Proposition 1 summarizes the equilibria of the game.

**Proposition 1.** Party  $k$ 's equilibrium proposal is:

$$s_k^* = \begin{cases} (m, 0) & \text{if } \lambda x_j(1 - 2s) - x_j + \bar{w}_j - \kappa(\bar{w}_j) < -V_j \\ (m, 0) & \text{if } \begin{cases} \lambda x_j(1 - 2s) - x_j < -V_j \text{ and} \\ \lambda x_j(1 - 2s) - x_j + \bar{w}_j - \kappa(\bar{w}_j) \geq -V_j \text{ and} \\ -\lambda x_j(1 - 2s) - w^* - \kappa(w^*) < 0 \end{cases} \\ (d, 0) & \text{if } \lambda x_j(1 - 2s) - x_j \geq -V_j \\ (d, w^*) & \text{else} \end{cases} \quad (3)$$

Party  $j$ 's equilibrium strategy  $s_j^*$  is to accept each of these proposals.

The proof of the proposition follows directly from party  $k$ 's preferences, party  $j$ 's acceptance strategy, and the condition that an agreement is always feasible. Intuitively,  $(m, 0)$  is the equilibrium outcome either when it is not feasible to write a coalition agreement that would induce party  $j$  to accept delegation or, if it is, party  $k$  would prefer to end the negotiations rather than offer such an agreement (i.e., with  $w^*$ ). Note that writing a coalition agreement makes party  $k$  worse off in two ways. First, it results in a less favorable policy outcome and, second, coalition agreements are costly to write. Party  $k$  will propose  $(d, 0)$  if party  $j$ 's reservation value is sufficiently low, meaning that its other options are poor. If party  $j$  is unwilling to go along with delegation without limiting ministerial drift, party  $k$  will propose the shortest possible coalition agreement that makes party  $j$  indifferent between accepting and ending the negotiations provided doing so is not too costly.

Examining the inequalities in proposition 1, we consider how changes in the model's parameters affect whether the equilibrium outcome includes a dispute resolution mechanism. Consider the first condition that leads to a  $(m, 0)$

equilibrium in proposition 1. Differentiating the left-hand side of the inequality, that is,  $U_j(d, \bar{w})$ , with respect to the model's parameters (note that  $\bar{w}$  is not a function of any of the parameters):

$$\frac{\partial U_j(d, \bar{w})}{\partial x_j} = \lambda(1 - 2s) - 1 < 0,$$

$$\frac{\partial U_j(d, \bar{w})}{\partial s} = -2\lambda x_j < 0,$$

$$\frac{\partial U_j(d, \bar{w})}{\partial x_j \partial s} = -2\lambda < 0,$$

$$\frac{\partial U_j(d, \bar{w})}{\partial \lambda} = x_j(1 - 2s) < 0.$$

Thus, an increase in  $\lambda$ ,  $x_j$ , or  $s$  makes it more likely that the inequality is satisfied and a dispute resolution mechanism is adopted. Moreover, the cross partial differentiation with respect to  $x_j$  and  $s$  is also negative, indicating that the effect of  $x_j$  is larger when  $s$  is large (and vice versa).

Turning to the second set of conditions associated with a  $(m, 0)$  equilibrium outcome, note that differentiation of the left-hand side ( $U_j(d, 0)$ ) of the first inequality yields partial derivatives identical to those of the first case. The second inequality is  $U_j(d, \bar{w}) \geq -V_j$ , which is the opposite of the condition of the first case we considered,  $U_j(d, \bar{w}) < -V_j$ . Thus, any change in the parameters that results in the inequality not holding implies that the condition of the first case holds and the condition is, therefore, irrelevant in terms of a  $(m, 0)$  equilibrium existing. The third inequality that must hold is slightly more involved as the minimum policy agreement,  $w^*$ , required to gain the assent of party  $j$  is a function of the model's parameters. Delegation becomes a less attractive outcome for party  $j$  when, for example,  $x_j$  increases and, therefore, a more specific coalition agreement is required to satisfy party  $j$ .

To demonstrate that the left-hand side of the inequality is decreasing in all the parameters note first that the optimal length of the agreement,  $w^*$ , is determined by  $\lambda x_j(1 - 2s) - x_j + w^* - \kappa(w^*) = -V_j$ . Optimality of  $w^*$  requires that the equality still holds as  $x_j$  changes so implicit differentiation yields:

$$\lambda(1 - 2s) - 1 + \frac{\partial w^*}{\partial x_j} - \frac{\partial \kappa}{\partial w^*} \frac{\partial w^*}{\partial x_j} = 0. \quad (4)$$

Rearranging and noting that  $\partial \kappa(w^*)/\partial w \leq 1$  as  $w^* \leq \bar{w}$ ,  $\partial \kappa(w)/\partial w = 1$  when evaluated at  $\bar{w}$ , and that  $\kappa$  is convex:

$$\frac{\partial w^*}{\partial x_j} = \frac{-\lambda(1 - 2s) + 1}{1 - (\partial \kappa/\partial w^*)} > 0. \quad (5)$$

Returning to the third condition,  $-\lambda x_j(1 - 2s) - w^* - \kappa(w^*) < 0$ , differentiating the left-hand side *w. r. t.*  $x_j$  yields:

$$-\lambda(1 - 2s) - \frac{\partial w^*}{\partial x_j} - \frac{\partial \kappa}{\partial w^*} \frac{\partial w^*}{\partial x_j}. \quad (6)$$

Now substitute in for  $\lambda(1 - 2s)$  using (4) to obtain:

$$\begin{aligned} & - \left( 1 - \frac{\partial w^*}{\partial x_j} + \frac{\partial \kappa}{\partial w^*} \frac{\partial w^*}{\partial x_j} \right) - \frac{\partial w^*}{\partial x_j} - \frac{\partial \kappa}{\partial w^*} \frac{\partial w^*}{\partial x_j} \\ & = -1 - 2 \frac{\partial \kappa}{\partial w^*} \frac{\partial w^*}{\partial x_j} < 0, \end{aligned} \quad (7)$$

as both derivatives are positive. Thus, the third condition is more likely to be satisfied—and a dispute resolution mechanism more likely to be the equilibrium outcome—as  $x_j$  increases. An analogous argument establishes that the same is true with regard to increases in  $s$  and  $\lambda$  and, furthermore, that the cross partial derivative of the left-hand side of the condition with respect to  $x_j$  and  $s$  is negative. The proofs are essentially the same and thus omitted. Finally, we note that the condition that leads to a  $(d, 0)$  equilibrium in proposition 1 is just the opposite of the first part of the second condition that leads to  $(m, 0)$ .

The parties' reservation values are not directly observed but assuming that there is a continuous distribution of reservation values, the comparative statics on the conditions translate easily into empirical hypotheses. That is, if  $y$  decreases then it increases the probability that party  $j$ 's true reservation value is larger than  $y$ . We summarize the results of the model in four hypotheses.

**H1.** The likelihood that the coalition contract provides for a dispute resolution mechanism increases as the coalition becomes more ideologically heterogeneous.

**H2.** The likelihood that the coalition contract provides for a dispute resolution mechanism increases as the larger party controls a larger share of portfolios.

**H3.** The effect of intracoalition conflict on the likelihood of dispute resolution mechanisms increases as the larger party controls a larger share of portfolios.

**H4.** The likelihood that the coalition contract provides for a dispute resolution mechanism increases as ministerial autonomy increases.

Note that the lack of variation in ministerial autonomy in the German Länder does not allow us to directly test the

fourth hypothesis. However, we consider it important to spell out all the empirical implications of our theory as its application in different institutional contexts may provide evidence to confirm or disconfirm the hypothesis.

## DATA AND METHODS

We evaluate our hypotheses using a qualitative and quantitative content analysis of coalition agreements and election manifestos. We focus on coalition agreements in the 16 German Länder in the period between 1990 and 2013. Focusing on the regional level has significant advantages (Jeffery and Wincott 2010; Snyder 2001). The institutional context and the basic structure of party competition and coalition formation are more or less the same across the Länder and have remained relatively stable over time (see, e.g., Bräuninger and Debus 2008, 2012; Däubler and Debus 2009; Debus and Müller 2013, 2014; Freitag and Vatter 2008). The institutional structure is therefore held constant, thereby minimizing potential confounding effects. This is a distinct advantage over comparative analysis where the institutional context varies significantly across countries.

Coalition agreements have been common since the early 1960s in Germany—the last coalitions at the federal level that did not have written agreements were the Grand Coalition between Christian Democrats (CDU/CSU) and Social Democrats (SPD) in 1966 and the coalitions between SPD and Free Democrats (FDP) the 1970s (Kropp 2001; Sturm and Kropp 1998). In the time period under study, all coalition governments wrote coalition agreements. Most of the coalitions have more or less been the norm in Germany since 1990—that is, coalitions between the CDU/CSU and the FDP, between SPD and the Greens, between Christian Democrats and SPD, and between SPD and the former communist PDS/Linke—but some were less common: SPD and FDP; CDU and the Greens; SPD, FDP, and Greens; CDU, FDP, and the Greens; and SPD, the Greens and the party of the Danish minority in Schleswig-Holstein. Our analysis also includes one coalition of the SPD and the “Statt Partei,” a populist protest party in the city state of Hamburg.

The theoretical framework offers an explanation for why coalitions choose different strategies in dealing with intracoalitional policy differences. It suggests that dispute resolution mechanisms are more likely to be adopted when coalitions are ideologically heterogeneous and when differences in coalition parties' legislative strength is greater. Moreover, ideological heterogeneity ought to matter more when the disparity in the coalition parties' strength is large. To evaluate whether the coalition parties behave in the manner hypothesized, we consider two characteristics of the coalition agreements:

Whether the coalition agreement specifies a mechanism for dispute resolution and the number of words devoted to coalition management in the agreement.

We use the full text of all coalition agreements drafted in the German Länder since 1990 to create the dependent variables (Bräuninger and Debus 2008, 2012). The first dependent variable, inclusion of a dispute resolution mechanism, is a dichotomous variable. Ten of the 65 coalition agreements under study include a dispute resolution mechanism.<sup>9</sup> For instance, CSU and FDP, who formed the state government in Bavaria from 2008 until 2013, mention in their coalition agreement that they will form a coalition committee. The coalition committee was scheduled to hold regular meetings and was charged with deciding on divisive issues that emerged during the legislative period. The second dependent variable captures the attention devoted to coalition management in the agreement. Each section of the agreements was coded for whether it dealt with procedural rules, and attention was measured as the number of words devoted to such rules.

According to the theoretical model, the length of the governance sections, as well as the existence of a dispute resolution mechanism, depend on the relative sizes of the coalition parties and the degree of ideological conflict between them. Information on the government composition in the German Länder and the parties' seat shares in the respective legislatures is readily available while ideological positions of state parties is more difficult to measure. As the policy position of the same party may vary both across time and space (Bräuninger 2009; Müller 2009, 2013), measures of ideology that capture this variation are needed. The ideological positions of the parties in the German Länder are estimated using the “Wordscores” technique, a computerized method that uses text to estimate positions of political actors (Laver, Benoit, and Garry 2003). This method allows for the estimation of the ideological position of the Länder parties—using the full text of more than 400 election manifestos—on a general left-right axis (Bräuninger and Debus 2012; Müller 2013). The parties' ideological positions are used to calculate the ideological heterogeneity of the coalitions. Ideological heterogeneity is measured as the *Ideological Range*, that is, the difference between the left- and right-most parties in the coalition. Only three of the 65 coalitions consist of more than two parties. Ideological Range does, however, capture the theoretically relevant aspect of the coalition's ideological composition as each

9. Eight of the coalition agreements specify that disputes between coalition partners will be settled in the coalition committee. Five coalition agreements specify other ways of handling disputes. Thus, some of the agreements specify multiple ways of dealing with conflict. Robustness checks that consider alternative measures of dispute settlement mechanisms are presented in the appendix, available online.



coalition partner is a veto player when it comes to forming a coalition and writing a coalition agreement. To capture the effect of the disparity in the size of the coalition parties we calculate the standard deviation of the coalition parties' seat shares.<sup>10</sup> An interaction between the two variables allows us to test hypothesis 3.

Several control variables are considered. First, in considering the adoption of dispute resolution mechanisms, we control for how extensively the coalition agreement deals with policy. The reason for including this variable is not to suggest that the space devoted to policy in the agreement causes the adoption of dispute resolution mechanism but rather, as suggested by our theory, that coalition parties view these two methods of managing conflict as substitutes. Including the variable allows us to consider an alternative argument; that some coalitions face greater levels of conflict and that they therefore, in general, work harder to overcome conflict. If that were the case, one would expect coalitions to take all possible measures to contain conflict—writing more specific policy agreements as well as including mechanisms for dealing with conflict—and, hence, a positive relationship between the variables. Our theory, however, implies a negative relationship between the presence of dispute resolution mechanisms and the attention paid to policy in the coalition agreement.

Second, as the use of coalition agreements may have evolved as parties have learned to use them as a tool of managing coalition politics, we control for the year the coalition agreement was written. We also control for incumbent coalitions—coalitions that survive elections to stay in office probably continue governing together for a reason. For example, continuing coalitions either faced less intracoalition conflict or were successful in developing procedures for dealing with conflict, which they may choose to retain. Controls for the parties in the coalition are included, as they may differ in their propensity for writing coalition agreements that is unrelated to their ideological orientation or size.<sup>11</sup> Such factors could be related to party organizations, for example, a need to satisfy party activists or rules governing participation in government. Finally, an indicator variable for East German Länder to account for potential differences in political culture across the East and West is also included.<sup>12</sup>

10. As shown by Linhart, Pappi, and Schmitt (2008; see also Raabe and Linhart 2015), seat share is a good proxy for portfolio share as Gamson's Law describes portfolio allocation in the German Länder very well.

11. STATT and Südschleswigscher Wählerverband participated in a single government. Including separate variables for these parties would amount to dropping these observations. Governments that included either of these parties therefore serve as the reference category.

12. We also considered the importance of the state in terms of its representation in the Bundesrat and whether the coalition in the Land

We use probit models to study the inclusion of a dispute resolution mechanism, whereas we rely on negative binomial regression models to analyze the length of the governance sections of the coalition agreements.

## RESULTS AND DISCUSSION

The probit models for the inclusion of a dispute resolution mechanism are presented in table 1. The first two columns suggest that both Ideological Range and *Seat Share SD* have the predicted effect, although Ideological Range fails to reach conventional levels of statistical significance in the second model where controls for the coalition parties are included. This is not altogether surprising since including the party dummies captures some of the variation in ideology. Models 3 and 4, which include the interaction between Ideological Range and Seat Share SD, are of greater interest. The coefficient for the interaction term is positive as hypothesized. The probability of a dispute resolution mechanism being adopted at different values of Ideological Range and Seat Share SD is shown in figure 2 to facilitate interpretation of the results (model 4). The graph shows that the probability increases with Ideological Range provided that the coalition parties' share of portfolios are not too similar. The positive effect of Seat Share SD is clearly increasing in Ideological Range. Overall, these findings are consistent with our hypotheses.

In line with our expectations there is a negative correlation between the emphasis on policy in the coalition agreement and the probability that a coalition committee is adopted. Again, this suggests that lengthy policy statements and procedures for dispute resolutions are substitutes rather than complements. The estimated effects for the other control variables are consistent with expectations but are generally not statistically significant at the conventional levels. Thus, governments that renew their partnership appear to be slightly less likely to adopt a coalition committee while there is little evidence of differences between the East and the West.<sup>13</sup> Gov-

mirrored the federal coalition. Neither variable has a significant effect, and the substantive results remain the same. A cursory look at the data suggests that there are not clear differences across Länder, that is, it does not appear to be the case that dispute resolution mechanisms have become a "convention" in some states and not in others—only in a single Land have coalitions adopted a dispute resolution mechanism more than once. Even so, we cluster standard errors by state to take account of the possible heterogeneity at the level of the Länder.

13. Alternatively, one might argue that not just renewed partnership but any previous partnering in a coalition at the state level has helped developing procedures for dealing with conflict so that formal dispute settlement mechanisms are less needed. An additional control variable for previous partnerships has no discernible effect.

Table 1. Inclusion of Dispute Resolution Mechanism—Probit Models

	(1)	(2)	(3)	(4)
Ideological Range	.24** (.046)	.11 (.40)	-.46 (.21)	-.62 (.13)
Seat Share SD	2.43 (.15)	7.67*** (.001)	-2.41 (.44)	2.17 (.60)
Range × Seat Share SD			2.28* (.061)	2.53** (.040)
Agreement length: policy	-.037 (.11)	-.100*** (.004)	-.048* (.075)	-.11*** (.001)
Pre-electoral agreement	-.61 (.32)	-.56 (.44)	-.79 (.17)	-.66 (.37)
SPD		3.80** (.026)		3.57** (.048)
Greens		.97 (.32)		1.60* (.067)
FDP		.57 (.47)		.33 (.69)
PDS		2.06 (.15)		2.63* (.051)
CDU/CSU		2.10 (.13)		2.79** (.043)
Year	.060* (.072)	.12*** (.009)	.056 (.11)	.098* (.054)
Incumbent <sub>t-1</sub>	-.39 (.44)	-1.01 (.21)	-.40 (.45)	-.84 (.31)
East Germany	.29 (.53)	-.20 (.79)	.14 (.80)	-.53 (.52)
Constant	-121.2* (.068)	-242.6*** (.007)	-111.2 (.11)	-200.2** (.050)
Observations	65	65	65	65
Log likelihood	-22.64	-18.82	-20.93	-17.64
χ <sup>2</sup>	19.90	62.80	47.27	263.1

Note. *p*-values in parentheses.

\* *p* < .10.

\*\* *p* < .05.

\*\*\* *p* < .01.

ernments that include the CDU or the SPD, in particular, appear to be more likely to include a coalition committee. Pre-electoral agreements make the use of coalition committees less likely as is expected—the existence of pre-electoral agreement suggests that the parties are not far apart ideologically and that they have had more time to settle their policy differences. There is a slight suggestion that coalition committees have become more common and that they are less likely to be needed when there has not been a change in the partisan composition of the coalition.

The results of the negative binomial regression for the emphasis on coalition management are reported in table 2.

Individually, Ideological Range and Seat Share SD do not have much effect on how extensively the coalition agreement discusses coalition management (see cols. 1 and 3). However, when the interaction of the variables is considered, the relationship becomes quite clear. The coefficient for the interaction term is positive, indicating that coalition management is addressed at greater length when a large ideological range and disparity in the parties' seat share go together. To illustrate this argument more clearly, figure 3 graphs the marginal effects of each of the two variables conditional on the values of the other variable. Both figures show that the marginal effect is increasing in the conditioning variable. The

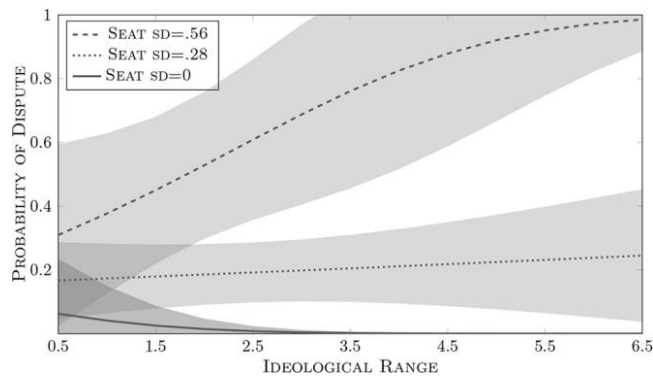


Figure 2. Probability of dispute resolution mechanism

estimated marginal effects are negative for low values of the conditioning variables but not with a high degree of statistical certainty.<sup>14</sup> For high values of the conditioning variables the marginal effects are statistically significant.

To summarize our findings, coalitions that are ideologically heterogeneous and are composed of parties that differ in size are more likely to adopt mechanisms to deal with conflict—and are especially likely to do so when the coalition is characterized by both of these factors. Our research design takes advantage of the fact that there is a great deal of similarity across the German Länder in terms of political institutions and the structure of party competition, which allows us to attribute the variance in coalition agreements to the coalition characteristics with greater certainty than is possible in analyzing coalition agreements in a cross-national context. Thus, our research design helps to develop a general understanding of how political parties navigate the uncertainty and policy disagreements when it comes to coalition governance. That is, of course, not to say that the trade-off between formulating compromises at the formation of the coalition versus postponing the resolution of conflict is not affected by other political institutions and coalition management mechanisms.

The literature has identified several ways in which coalitions seek to manage policy drift or agency loss, for example, by means of “watch-dog” junior ministers (Thies 2001), scrutiny in legislative committees (Martin and Vanberg 2011), and oversight by committee chairs (Kim and Loewenberg 2005). One thing to note about these strategies for dealing with agency loss is that they, to a degree, aim at catching errant coalition parties or ministers and, thus, appear to presuppose

14. For Ideological Range, the negative effect is only just statistically significant at the 95% level and for Seat Share SD it fails to reach that level of statistical significance.

that there exists a compromise position against which proposed legislation can be measured.<sup>15</sup> Thus, in one view, these strategies resemble “police patrols” (McCubbins and Schwartz 1984) in that they serve to alert coalition parties to transgressions on behalf of their partners. In some cases, for example, where the parties have previously reached an agreement, that may be enough, and a corrective action can be taken with reference to the coalition’s collective understanding of what was agreed upon. In other cases, however, the coalition may not have such an understanding and may not agree on what the appropriate solution is. Other issues may be regarded by the coalition parties as reflecting more fundamental differences that cannot easily be settled by a simple amendment or a quick consultation between ministers and/or party leaders. While there is convincing evidence suggesting that the appointments of junior ministers and committee chairs are dictated by concerns about agency loss, relatively little is known about how coalitions respond when policy drift is discovered—with the notable exception of Fortunato, Martin, and Vanberg (2014), who show that more legislative amendments are offered when the committee chair is not the portfolio minister’s copartisan.

Although dispute resolution mechanisms and the mechanisms for monitoring agency loss can be seen as being directed at targeting different aspects of the same underlying problem, it is still reasonable to expect that the choice to adopt different mechanisms is not independent. As discussed above, Indridason and Kristinsson (2013), for example, argue that decisions to write coalition agreements, how extensive to make them, and the adoption of “watch dog” junior ministers are interdependent. A similar logic applies to the decision to adopt dispute resolution mechanisms—the presence of alternative institutional measures for managing policy drift should affect the trade-off between negotiating policy compromises at the coalition’s formation or postponing the resolution of policy differences until later. Where coalitions adopt “fire alarms,” policy drift and contentious issues are more likely to be brought to light and, thereby, to increase the need for procedures for managing the divergent interests of the parties. However, if, as we have argued, policy compromises in coalition agreements and dispute resolution mechanisms are substitutes, then the use of “fire alarms” implies that coalitions should either write more comprehensive coalition agreements or adopt stronger dispute resolution procedures (or both). The question is then whether watch dog junior ministers and committee chairs affect the trade-off between negotiating a compromise on an issue now or postponing its resolution. That

15. These mechanisms may, of course, also have a function in identifying issues that are new or where no conflict was initially assumed to exist

Table 2. Length of Coalition Agreement (Governance)—Negative Binomial Regression

	(1)	(2)	(3)	(4)
Ideological Range	-.031 (.64)	-.22** (.044)	-.008 (.91)	-.27** (.015)
Seat Share SD	-.63 (.19)	-1.81*** (.005)	-.35 (.51)	-2.05** (.012)
Range × Seat Share SD		.60 (.11)		.91*** ( $<.001$ )
Pre-electoral agreement	-.090 (.51)	-.12 (.37)	-.052 (.72)	-.077 (.59)
SPD			-.057 (.91)	-.21 (.70)
Greens			.085 (.79)	.27 (.38)
FDP			-.27 (.32)	-.40 (.19)
PDS			-.097 (.84)	.084 (.85)
CDU/CSU			.15 (.72)	.36 (.30)
Year	.016 (.16)	.013 (.22)	.018 (.17)	.010 (.42)
Incumbent <sub>t-1</sub>	.024 (.86)	.022 (.86)	.034 (.81)	.051 (.69)
Agreement length: [olicy	-.006 (.38)	-.006 (.29)	-.008 (.39)	-.008 (.39)
East Germany	.37* (.068)	.31 (.14)	.38* (.077)	.28 (.20)
Constant	-26.8 (.26)	-19.2 (.36)	-30.6 (.26)	-14.0 (.59)
ln( $\alpha$ )	-.21 (.63)	-.23 (.62)	-.22 (.62)	-.25 (.59)
Observations	65	65	65	65
Log likelihood	-443.5	-443.0	-443.1	-442.3
$\chi^2$	10.35	17.95	1247.0	462.6

Note. *p*-values in parentheses.

\* *p* < .10.

\*\* *p* < .05.

\*\*\* *p* < .01.

question is beyond the scope of our analysis here, but we offer two conjectures. First, more detailed coalition agreements make monitoring easier—more detailed agreements provide clearer benchmarks against which the actions of the coalition partners or individual ministers can be judged. Second, a greater degree of monitoring makes it more likely that policy drift, or policy disagreements, is uncovered, which increases the value of institutional mechanisms for settling the issue.

It bears noting that the two conjectures are potentially contradictory and that more theoretical and empirical work is needed to provide a more complete picture of how coa-

litions choose from the arsenal of coalition management mechanisms. Most of the literature has focused on a single tool for managing coalitions. That strategy has provided important insights, but the challenge ahead is to figure out how the different mechanisms interact with one another and how those interactions influence the choices coalitions make. The complex nature of this problem also highlights the value of our research design—it, in effect, limits the scope of mechanisms available to the coalitions under study and, therefore, allows us to evaluate our theoretical model of how coalition parties choose between two of these mechanisms—written policy

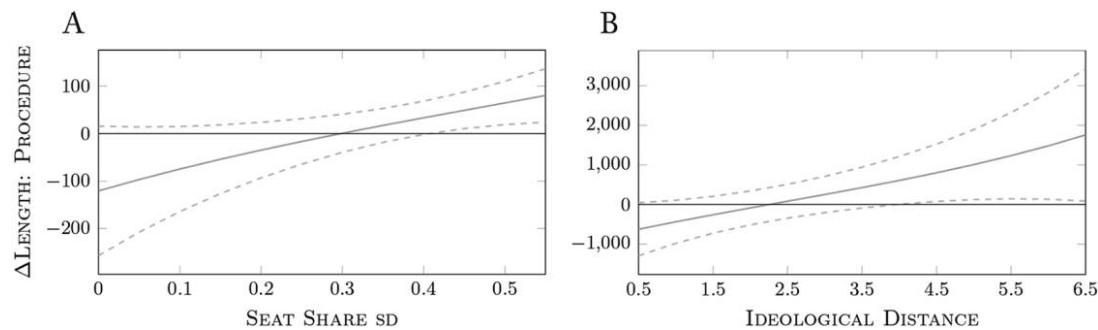


Figure 3. Number of words about coalition management. *A*, Effect of Ideological Range, conditional on Seat Share SD. *B*, Effect of Seat Share SD, conditional on Ideological Range.

agreements and dispute resolution mechanisms. With an understanding of this relationship, we hope to extend our theoretical framework to offer further insights into coalition management strategies in future work.

## CONCLUSION

A considerable body of work on coalition agreements sees them as outlining the joint policy commitments of the cabinet. However, writing coalition agreements is quite different from keeping them, and the literature has identified a number of mechanisms that help monitor—but not necessarily resolve—violations of the agreement. Here, our emphasis has been on how coalition agreements can establish mechanisms or procedures by which partners can resolve conflict.

We developed a model that predicts the conditions under which coalitions opt for adopting dispute resolution mechanisms in place of delegating policy formulation to ministers. The content of the coalition agreement depends on both the ideological range of the coalition as well as on the relative size of the coalition partners. Importantly, our empirical analysis of coalition agreements in the German Länder allows us to attribute the observed differences that cannot be attributed to variation in institutional contexts, which has been one of the challenges in cross-national work on coalition agreements.

Our findings contribute to the growing literature on coalition governance. Monitoring the coalition partner (via junior ministers and committee chairs) as well as legislative redress (floor or committee amendments) have received—quite rightly—a great deal of attention in the study of intracoalition conflict. While these are important mechanisms, they give short shrift to the question of the degree to which the contracting parties are aware of the potential for significant disagreement. That is, substantial differences in preferences may neither be easily settled at the coalition's formation nor be easily resolved when brought to light during the government's term in office. Mechanisms aimed at monitoring and oversight may help bring such differences to light, but those

differences may not be easily settled on the floor or in parliamentary committees. Thus, our work highlights how coalitions may adopt institutions in order to facilitate ongoing negotiations over complex or contentious issues that are difficult to settle at the coalition's formation. More generally, we identify an important institution for managing conflict within government coalitions that has received limited attention in the literature. Our results suggest that dispute resolution mechanisms are strategically employed by coalitions and that they should, therefore, be considered a part of the toolbox for coalition management that also includes junior ministers and parliamentary committees.

The adoption of dispute resolution mechanisms may additionally affect the survival of coalition governments as the scope for ministerial drift—and, therefore, conflict when it is discovered—is reduced, in addition to providing for institutional mechanisms for handling disagreements about issues that become salient during the government's term in office. For similar reasons, it may affect the ability of coalition governments to survive elections as the use of dispute resolution mechanisms may shape the manner in which voters hold the government, or individual coalition parties, accountable. Dispute resolution mechanisms ought to help promote, or establish, norms of collective cabinet responsibility. Voters may, therefore, be more likely to hold all the coalition parties equally accountable for government policy. Avenues for future research include examining the adoption of dispute resolution mechanisms in conjunction with other mechanisms for managing intracoalition conflict as well as the effects of institutions on factors such as coalition policy and accountability in parliamentary systems.

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