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„Pledges, Posts, and Patronage: Office and Policy Payoffs in Austrian Coalition Governments“

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Laurenz Ennser-Jedenastik
Vienna, June 2012
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GENERAL OUTLINE:
OFFICE AND POLICY PAYOFFS IN AUSTRIAN COALITION GOVERNMENTS

Political parties in modern democracies are assumed to be motivated primarily by the benefits of office and policy (Müller and Strøm 1999; Strøm 1990), both of which can be attained only through a sufficient level of voter support. In parliamentary democracies, these motivations have a most profound impact on the process of coalition formation. It is therefore that coalition theorists have developed their models largely around the assumptions of either office or policy motivation, or both (Axelrod 1970; Budge and Laver 1986; de Swaan 1973; Laver and Shepsle 1990, 1996; Riker 1962; Schofield 1993; Sened 1996). These models typically revolve around one core aspect: in the absence of a single-party majority, two or more parties need to reach agreement over the division of a fixed set of payoffs – most prominently ministerial posts and government policy – that is to be distributed among actors contributing to the formation of a coalition.

The logic of this process of payoff allocation between coalition parties is the overarching research interest of this cumulative dissertation. Its empirical focus is on aspects of Austrian coalition government that are analyzed in four self-contained articles. However, the specific contribution that this dissertation makes is to choose a path ‘off the beaten track’ in analyzing coalition payoffs. Concerning office payoffs, it attempts to go beyond the well-researched patterns of allocation of ministerial posts among parties. With regards to policy payoffs, a much less explored subject in coalition research, it brings in a novel methodological approach to examining the outcomes of coalition bargaining.

In pushing the boundaries of extant coalition research, this dissertation not only aims at exploring empirical phenomena that have hitherto received little attention from coalition scholars, it also attempts to bridge the gap between coalition research and neighboring subfields of comparative politics, such as the literature on party organizations and intra-party politics (Paper I), the literature on political appointments and party patronage (Papers II and III), and the literature on pledge fulfillment and the party mandate (Paper IV). In so doing, it attempts to demonstrate that coalition theory provides valuable analytical tools for the examination of political phenomena that lie
beyond its core domain. The following sections provide an overview of the dissertation’s content and link it to the broader coalition literature.

**Office payoffs: relaxing the unitary actor assumption**

The classic studies on office payoffs have focused almost exclusively on the distribution of ministers between parties (Browne and Franklin 1973; Browne and Frendreis 1980; Schofield and Laver 1985). The empirical regularity that has emerged from these and later analyses (Warwick and Druckman 2001, 2006) is the near-perfect proportionality between a party’s share of the coalition seat total in parliament and its share of cabinet ministers. Safe for a minor overcompensation for smaller parties, ministerial posts are thus allocated in almost perfect proportion to the coalition parties’ parliamentary seat shares.

As most models in coalition research, the classic approaches to portfolio allocation are based on the unitary actor assumption (Laver and Schofield 1990: 14-35). Parties are viewed as though they were unified actors that behave cohesively and display no potential for inner dissent. For many theoretical and empirical purposes, this is a reasonable assumption. Consider, for instance, the remarkable degree of unity that parties in parliamentary systems typically exhibit in the legislative process (Sieberer 2006: 161).

However, relaxing the unitary actor assumption may still add analytical value to the study of coalition politics (Gianetti and Benoit 2009). Recently, intra-party politics have been examined in the context of coalition formation (Bäck 2008; Debus and Bräuninger 2009), cabinet survival (Saalfeld 2009), and legislative behavior (Pedersen 2010). Also, there have been a few analyses of intra-party portfolio allocation that focused on well-known cases of highly factionalized parties in Italy and Japan (Leiserson 1968; Mershon 2001a, b). Yet, compared to the well-established empirical regularities in the classical portfolio allocation literature, we still know very little about the distribution of portfolios within parties.

The goal of the first paper in this dissertation is therefore to examine the allocation of ministerial posts to Land party branches in Austria between 1945 and 2008. Regional party branches are relevant intra-party actors, especially in political
systems with a federal structure. Yet, the importance of regional party branches may also vary with the degree of decentralization of power across parties.

The analysis covers three parties with substantial differences in their internal power structure: the rather centralized Social Democratic Party (SPÖ), the more decentralized Austrian People’s Party (ÖVP), and the Freedom Party (FPÖ) that was dominated by a single personality, long-time party leader Jörg Haider, during much of its time in government. The empirical goal is to establish for these parties the connection between the strength of Land parties and their share of government ministers. The regional affiliations of ministers were coded from election lists and publicly available biographical information. The strength of Land parties was measured through three indicators: share of national membership, share of national vote, and share of population. To be sure, these measures must correlate to a certain degree, since, in a specific region, there can be no more voters than there are people, and there are usually never more party members than party voters. This means that the ‘true’ determinants of the intra-party allocation of ministers cannot be identified unambiguously. Yet, variation in the explanatory power of these three indicators may shed light on the intra-party distribution of power.

In a first step, all parties in the sample are pooled. The dependent variable is operationalized as a Land party’s share of ministers per cabinet. All three predictors (members, voters, population) yield highly significant and positive coefficients in a simple regression and explain at least 40 percent of the variance in the dependent variable. The first conclusion thus is that there is a substantial correlation between the strength of regional party branches and their presence in cabinet. In order to provide a more detailed account, the analysis is then broken down by party. It turns out that the regression models work very well for the SPÖ, moderately well for the ÖVP, but provide only little explanatory power for the FPÖ. Interestingly, however, some of the cross-party differences in the results can clearly be linked to the organizational variation between the parties. In the SPÖ, for instance, the big regional party branches (notably Vienna and surrounding Lower Austria) are strongly overcompensated with respect to their share of members, voters, and the population. Thus, the SPÖ’s organizational centralization is thus reinforced by a geographic centralization that favors ministerial candidates from the capital region. By contrast, the ÖVP’s larger party branches are
significantly undercompensated. The party’s more decentralized power structure appears to demand a more ‘progressive’ distribution of ministers. As to the FPÖ, the analysis does not allow for very strong conclusions, since the explanatory power of the regression models is very weak. Compared to the two major parties, the regional allocation of ministers within the Freedom Party thus appears considerably more idiosyncratic. Given that during the center-right governments between 2000 and 2007 (which make up the bulk of observations for the FPÖ) intra-party life was dominated by a single person, it appears plausible that regional considerations were trumped by personal loyalties and allegiance to the former party leader, Jörg Haider.

**Office payoffs beyond the cabinet: patronage appointments**

As a generic term, ‘office payoffs’ may refer to any appointment over which parties gain control through coalition bargaining. The most important offices, to be sure, are ministerial positions, which are the focus of most office-related coalition research (Browne and Franklin 1973; Browne and Frendreis 1980; Schofield and Laver 1985; Warwick and Druckman 2001, 2006).

Yet, it goes without saying that government parties have access to a much wider range of appointments, be it at the international or European level (e.g. EU Commissioners), within the judicial system (e.g. justices at the High Courts), within the traditional bureaucracy, or in the growing realm of parastatal agencies, commissions, and boards. However, coalition research has produced only a few studies of office allocation beyond the core cabinet. Thies (2001) and Lipsmeyer and Pierce (2011) have examined the role of junior ministers as a mechanism to avert agency loss in the delegation from cabinet to individual ministers. Similarly, Carroll and Cox (2012) demonstrate that parties in coalitions use the distribution of parliamentary committee chairs for monitoring purposes.

A major impetus of this dissertation is to analyze office payoffs beyond the core institutions of the state. The second paper therefore focuses on appointments to managerial positions in Austrian state-owned enterprises (SOEs) between 1995 and 2010. In so doing, it bridges the gap between coalition research and the study of party patronage. Party patronage is, of course, a widespread phenomenon in Austria. This is
why Austria represents an especially fruitful case to test the applicability of concepts derived from coalition theory to the analysis of patronage appointments in state-owned enterprises.

The hypotheses in this paper are therefore inspired from concepts that stem from various parts of the coalition literature (e.g. qualitative and quantitative portfolio allocation, portfolio saliency, ministerial discretion, coalition governance) and transferred to the analysis of partisan appointments to executive and supervisory boards in publicly owned corporations. The empirical section tests these propositions on an original data set of over 1600 appointments to 90 corporations during the past two decades.

The names of all individuals serving on the management boards of corporations that were majority-owned by the federal government at any point between January 1995 and December 2010 were collected from the official commercial register (Firmenbuch). Through extensive research in official biographical accounts, election lists, parliamentary records, and media databases, the partisan affiliation of all individuals was determined (allowing for non-partisans, of course). This information was complemented by expert consultations with a small number of journalists and (former) bureaucrats. Partisan affiliation was operationalized as:

1. having held public or party office,
2. having served as staffer or aide to MPs or ministers,
3. party membership,
4. close affiliation with a party (based on journalistic accounts).

The analysis uses the share of partisan appointees to each corporation at several points in time as the dependent variable. It finds statistically significant effects for most of the independent variables: A party’s relative strength (based on parliamentary seat shares) can be considered a first rough guideline to its share of patronage appointments. The most powerful predictor, however, is the partisan affiliation of the minister under whose jurisdiction a corporation falls. Holding the relevant minister dramatically boosts a party’s expected share of board members (to 23 from 9 percent). Yet, this effect is mitigated considerably in the presence of a watchdog junior minister. The data thus suggest that these junior ministers, while not having a significant impact on their own
party’s board member share, constrain their senior ministers in handing out appointments to co-partisans.

The analysis further finds that board member shares are higher overall in corporations with higher capitalizations, larger numbers of staff, and a more generous remuneration for the board members, thus giving support to the assumptions that parties target their appointments towards more important corporations. Yet, as these three indicators (capital, staff, and remuneration) correlate to a fair degree, it is difficult to disentangle them empirically.

Beyond the substantive effects found in the multivariate analysis, the most important conclusion from this paper is that concepts from coalition theory can add analytical insight to the study of party patronage. To be sure, it is hardly news to find appointments in Austria politicized to a remarkable degree. Yet, the prime implications of this paper for future research are that (1) there is a vast array of appointments under the control of government parties that have not yet been examined systematically, and that (2) coalition theory can provide students of patronage with a useful theoretical perspective to analyze them.

Office payoffs: political control and the survival of SOE managers

With the power to appoint people usually comes the power to recall them. The third paper in this dissertation thus complements the second in analyzing at the individual level the effect of changes in political control (most importantly: government composition, ministerial responsibility) on the tenures of appointees to management boards in Austrian state-owned enterprises.

In so doing, it moves away from the core of coalition research and draws on the literature on delegation in parliamentary systems (Müller 2000b; Strøm 2000) and on research on the political control of the bureaucratic apparatus (Bendor et al. 2001; Huber and Shipan 2006).

In parliamentary systems, managers in SOEs are part of an evolved chain of delegation in which their political superiors (government ministers) are themselves agents of the cabinet collective (that, in turn, is an agent of the parliamentary majority). Whereas the potential for agency loss between the cabinet and individual ministers is
limited in single-party governments (safe for personal rivalries or sharp divides between party factions), there is a natural delegation problem between the government as a whole and ministers in coalitions.

The core assumption in analyzing the tenure of SOE managers is that politicians seek to minimize agency loss in their delegation of tasks to state-owned enterprises. To be sure, some of these corporations perform rather minor services. However, the set of state-owned enterprises in Austria also includes large providers of public transport, electricity, housing, road construction, and banking services. Also, a number of important regulatory tasks are conducted by state-owned enterprises (e.g. in the fields of electricity, railway traffic, aviation, and the environment). One way to mitigate agency loss in the delegation to these enterprises is for a minister to replace appointees affiliated to another party with loyal co-partisans. The main hypotheses in this paper are therefore that opposition affiliates have shorter tenures, and that government-affiliated appointees have longer survival times. Among government-affiliates, it is assumed that affiliation with the party of the responsible minister leads to longer tenures. The reference group for all these hypotheses is the group of non-partisan appointees that makes up about half of the sample.

The analysis employs Cox proportional hazard models with time-varying covariates to test the impact of changes in the political control on the duration of managerial tenures. It is shown that opposition affiliates are twice as likely to be removed from their position as the reference group. Yet, government-affiliation does not have a significant impact on tenure in general (although government-affiliated appointees survive somewhat longer in larger corporations). Only being affiliated directly with the responsible minister significantly reduces the risk of removal. The multivariate models control for age, gender, education, status as civil servant, and the type of board that individuals serve on (executive vs. supervisory).

In addition to these results, the paper takes advantage of the large number of cases in the data set and breaks down the analysis by government period (period I: grand coalitions from 1995 to 1999; period II: center-right governments from 2000 to 2006; period III: grand coalitions from 2007 to 2010). It is shown that the logic of survival changes between the first and the second period. In contrast to the aggregate analysis, the government-affiliation variable is significant for the period up to 1999, but
not afterwards. Correspondingly, the ministerial affiliation predictor is insignificant in the first period but has a strong and significant effect after 1999. This suggests that, starting in 2000, appointments to management positions in Austrian state-owned enterprises have moved from being made according to a cabinet government logic to a logic of ministerial government.

Policy payoffs: a new approach to studying coalition bargaining outcomes

While office payoffs have been thoroughly researched by scholars of coalition politics, the empirical evidence relating to the distribution of policy payoffs is few and far between. To be sure, starting from the early 1970s (Axelrod 1970; de Swaan 1973), models of government formation have drawn on policy-orientation in order to enhance their predictive power. Yet, the ‘policy-turn’ in studies of coalition formation has not been matched by an increased understanding of the policy output from coalition bargaining. While we thus know that a party’s ideological profile does have a large impact on its likelihood of entering government, we do not know much about the specific nature of the policy bargain that typically emerges from the formation of a multi-party government.

Much of this research gap is due to the difficulties in measuring policy outcomes from coalition bargaining. The extant studies in this field typically adopt a spatial framework and operationalize the coalition policy bargain as the government’s (stated) ideal point in a single- or multi-dimensional policy space (Budge and Laver 1992; Debus 2007, 2008; Warwick 2001). While such an operationalization represents a useful simplification in large-n comparative analyses, it tells us little about the policy specifics that are usually at the center of coalition bargaining.

In order to tackle this problem, the fourth and final paper in this dissertation (co-authored with Katrin Schermann) adopts a methodological approach from the pledge fulfillment literature (Costello and Thomson 2008; Mansergh and Thomson 2007; Royed 1996; Thomson 2001; Thomson et al. 2010) to examine coalition bargaining outcomes in the three most recent processes of government formation in Austria. In a first step, a quantitative analysis of Austrian government parties’ election manifestos between 2002 and 2008 yields a total of over 1000 concrete and testable pledges. The
adoption of these pledges in the written coalition agreements is then coded as the dependent variable for the analysis. Based on theories of coalition formation and party competition, a number of hypotheses concerning the probability of pledges being adopted are put forward.

The analysis finds that the policy status quo, ministerial responsibility, the ‘saliency’ of a pledge, consensus between coalition parties, support by a parliamentary majority, and the distance between parties in the respective policy area have a significant effect on pledge adoption. None of these results is particularly surprising, to be sure. Yet, this paper demonstrates that the analysis of policy bargaining in government formation can benefit substantially from avoiding the operational simplifications that are necessary when testing spatial models of coalition policy. While the pledge-based approach is more labor-intensive to implement and hence less suited for large-scale cross-national comparison, it can analyze (stated) coalition policy at a much greater level of detail.

**Summing up: coalition research ‘off the beaten track’**

Coalition research is one of the most vivid subfields of comparative politics. Not only have scholars over the past decades amassed empirical evidence about the drivers of government formation, the process of office distribution, the determinants of cabinet termination, or the mechanisms of mutual monitoring in multi-party governments. In their research endeavors, they have also drawn systematically on existing knowledge. Indeed, the degree of scientific cumulation in coalition research speaks to its status within the discipline of political science.

Each contribution to the field of coalition research should therefore seek to build on existing theoretical models or empirical evidence. The contribution that this dissertation attempts to make is to extend the empirical focus of office-related research by analyzing (1) the intra-party allocation of ministerial posts and (2) the appointment of partisans to managerial boards in state-owned enterprises, and to demonstrate the usefulness of the pledge-based methodology from the party mandate literature for the analysis of policy outcomes from coalition bargaining.
While the dissertation’s empirical focus is on Austria and it therefore lacks a cross-national comparative perspective, it provides the first systematic analysis of the allocation of ministers to regional party branches, two of the few large-n analyses of patronage appointments outside the U.S. context, and one of the most detailed accounts of policy outcomes in recent government formations.

Based on the mostly encouraging results found for the Austrian case, it will be important in the future to transfer these analyses to other countries and thus obtain a clearer picture of the extent to which they allow for generalizations beyond the cases studied here.
OVERVIEW OF MANUSCRIPTS

In total, the dissertation comprises four manuscripts, three of which have been produced by the author alone. The fourth paper on coalition bargaining outcomes has been co-authored with Katrin Schermann, a fellow PhD student at the University of Vienna’s Department of Government. The papers have been submitted to four peer-reviewed journals, three of which are ranked in the Social Science Citation Index (SSCI).

**Manuscript 1:**

**Manuscript 2:**

**Manuscript 3:**

**Manuscript 4:**
Abstract. One of the most persistent findings in coalition research is the proportionality rule (‘Gamson’s Law’) that guides the allocation of portfolios between parties. This article tests the assumption that a similar rule is at work within parties. More specifically, it examines the allocation of ministerial posts to regional party branches in 25 post-war cabinets in Austria between 1945 and 2008. Drawing on the literature on party organizations, three types of resources (membership, vote, and population shares) are identified, all of which account for a substantial part of the variation in the shares of cabinet seats awarded to each party branch. The analysis thus bears out the proportionality proposition to a significant degree. Furthermore, it is shown that there is considerable cross-party variation in the allocation patterns that reflects differences in the organizational structure of the parties.

Status of manuscript:

April 4, 2011 Submission to The Journal of Legislative Studies
July 7, 2011 Decision: Revise & Resubmit
September 20, 2011 Revision submitted to The Journal of Legislative Studies
November 23, 2011 Decision: Manuscript accepted

1 An earlier version of this paper was presented at the workshop 'Repräsentation regionaler Interessen in Parteien, Parlamenten und Regierungen' [Representation of regional interests in parties, parliaments, and governments] at the Dreiländertagung 2011, University of Basel, Switzerland. In addition to the participants of the workshop, the author would like to thank Marcelo Jenny, Thomas M. Meyer and Wolfgang C. Müller, as well as three anonymous reviewers for their valuable comments and suggestions.
Introduction: coalition research, portfolio allocation, and intra-party politics

In parliamentary democracies with electoral systems of proportional representation, coalition governments are the rule rather than the exception. With two or more parties taking seats at the cabinet table, the question of how ministerial portfolios are allocated between coalition partners is pushed to the center of scholarly attention. During the past decades, this line of coalition research has produced one of the strongest empirical findings in the social sciences: Based on the proportionality criterion proposed by Gamson (1961), Browne and Franklin (Browne and Franklin 1973) found that the share of office payoffs received by one party is in almost perfect correspondence with its share of the coalition’s parliamentary seat total. Later studies (Browne and Frendreis 1980; Schofield and Laver 1985; Warwick and Druckman 2001, 2006) confirmed the validity of ‘Gamson’s Law’ as the most powerful explanation for the quantitative allocation of cabinet posts between parties.

The argument made in this article is that portfolio allocation does not stop there. Explicitly or implicitly, most analyses of portfolio allocation start from the assumption that parties are unitary actors, as do most studies of coalitions in (for an elaborate discussion, see Laver and Schofield 1990: 14-35). This assumption is reasonable, both, from a theoretical and an empirical perspective. The high levels of party discipline typically observed in European legislatures and during the process of government formation suggest that parties do indeed behave cohesively in many circumstances. Also, formal theoretical models of coalition politics would suffer in terms of parsimony and intuition were the unitary actor assumption to be abandoned (see, however, Laver and Shepsle 1996: 247-258).

However, for a number of purposes, coalition researchers have argued that our understanding of the empirical world can be significantly enhanced by scrutinizing the internal life of political parties and its bearing on coalition politics (Gianetti and Benoit 2009). Most recently, intra-party politics have been found to play a considerable role in areas as diverse as coalition formation (Bäck 2008; Debus and Bräuninger 2009), cabinet survival (Saalfeld 2009), and legislative behavior (Pedersen 2010).

This article aims to take the study of intra-party politics to another subfield of coalition research, namely portfolio allocation. To be sure, this is hardly a new idea, albeit that this study focuses on territorial instead of factional party subunits. The latter
have previously been examined in order to explain the paradoxical simultaneousness of frequent cabinet turnover and high stability in the government composition in post-war Italy (Mershon 2001a, b), or to scrutinize the power shifts within Japanese one-party governments (Leiserson 1968). For both cases, Japan and Italy, it turned out that the allocation of cabinet posts to party factions was determined by the relative strengths of these intra-party groups and – in line with Gamson’s Law – followed a proportional rule. To measure faction strength, Mershon (Mershon 2001a, b) relied on seat shares in the national party council, whereas Leiserson (1968) applied the logic of the classical approaches to portfolio allocation that operationalize an actor’s power resources in the coalition game as her parliamentary seat share. Yet, contrary to portfolio allocation between parties where parliamentary seat shares are clearly the most crucial power resource (see argument below), it is less obvious how one should measure the strength of party subunits as a determinant of portfolio allocation within parties. The principal aim of this study is therefore to develop systematic assumptions about the determinants of intra-party group strength, and examine their explanatory power for the distribution of cabinet posts at the sub-party level.

More specifically, the article examines the distribution of government portfolios to one type of party subunit: regional party branches. Most parties in Western Europe have established a hierarchical structure of party subunits organized along territorial lines, thus creating an organizational multi-level structure that typically mirrors that of the respective political system. Especially in federal states with relevant political decision-making bodies at the sub-national level, these regional party branches can assume a major role in intra-party decision-making.

The central assumption of this article is an application of Gamson’s proportionality proposition to the sub-party level: the share of ministerial posts awarded to regional party branches is hypothesized to correspond to the resources that these party subunits command. The bulk of the next section is therefore concerned with identifying the resources that provide us with a measurement of the strength of regional party branches.

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2 Party factions represent another type of subunit that may play a significant role in intra-party portfolio allocation (see Mershon, 2001a, 2001b; Leiserson 1968). However, since parties vary widely in their degree of factionalism, it is difficult to assemble consistent data and draw meaningful conclusions across factions and parties. The present analysis is therefore exclusively concerned with regional party branches.
Drawing on a new data set comprising information on 448 senior and junior ministers serving in 25 Austrian post-war cabinets between 1945 and 2008, the purpose of the analysis is to shed some light on the determinants of portfolio allocation to regional party subunits.

**Theoretical framework**
The game-theoretic tradition of coalition research typically defines a coalition as a group of individual actors joining forces in order to secure some payoff that is to be distributed among the actors. A coalition will obtain the payoffs once the combined individual weights – the actors’ resources – reach a pre-defined winning threshold (e.g. an absolute majority). Starting from this conception, Gamson (1961: 376) famously conjectured: ‘Any participant will expect others to demand from a coalition a share of the payoff proportional to the amount of resources which they contribute to a coalition.’

In order to test, not only Gamson’s, but virtually any proposition about the relationship between the actors’ resources and their payoff size, it is necessary to operationalize and measure both, resources and payoffs. In the portfolio allocation literature, payoffs are, of course, specified as ministerial posts. Office-seeking parties may value them as intrinsic goals, that is, for all the amenities that they may bring, such as high public prestige, a good salary, or even the capacity for patronage (Strøm 1990: 567; Strøm and Müller 1999b: 5-6). Alternatively, policy-seeking parties may see cabinet posts as instrumental goals for the purpose of exerting influence over public policy decisions. Some coalition theorists have even suggested that obtaining ministerial portfolios is the only way to shape policy (Laver and Shepsle 1990: 874; 1996: 32-33). Whichever motivation one may assume to primarily drive party behavior, it is clear that control over ministerial portfolios is a desirable good that each rational party should attempt to maximize, even if it prioritizes policy higher than office payoffs (Linhart and Pappi 2009: 26).

Once the operationalization of payoffs is settled, one can turn to the question of how to measure the resources that parties control. Here, it is important to remember that, originally, Gamson not only stated a proposition about the relationship between actors’ resources and the distribution of payoffs, but rather put forward a fully-fledged
theory of coalition formation. Hence, the ‘resources’ serve a twofold purpose in the coalition game. On the one hand, they function as the predictors of actors’ payoff shares; on the other hand, they also determine whether a coalition is viable in the first place. Gamson (1961: 374, italics in the original) argues: ‘A winning coalition is one with sufficient resources to control the decision. The decision point is the minimum proportion of resources necessary to control the decision.’

Transferring this logic to the realm of real-world governments, one finds that the crucial link between the amount of resources controlled by a coalition and the coalition’s viability lies in the very nature of parliamentary democracy (Browne and Franklin 1973: 457). Governments in parliamentary democracies are accountable to the legislative majority. When push comes to shove, the survival of a cabinet hinges on the (active or passive) support of a majority in parliament. Since parliamentary support is therefore the ultimate touchstone for the viability of a government, it is reasonable to assume that legislative seats are the principal resource in the inter-party coalition game.

Following that logic, Browne and Franklin (1973: 457) conclude that ‘the most important set of resources a party brings to the government is its share of parliamentary seats’. Later studies picked up on Browne and Franklin’s findings and followed their mode of operationalization (Browne and Frendreis 1980; Carroll and Cox 2007; Schofield and Laver 1985; Verzichelli 2008; Warwick and Druckman 2001, 2006). Given the extremely strong empirical link between seat shares and portfolio shares detected by Browne and Franklin, there was obviously little doubt that parliamentary seats are the most suitable operationalization of Gamson’s ‘resources’.

This empirical finding, however, contradicts assumptions derived from rational choice models of bargaining which predict that the major determinant of a party’s payoff share is its bargaining power, typically operationalized as the share of winning coalitions in which it holds a pivotal position (Banzhaf 1965; Shapley and Shubik 1954). Also, some non-cooperative models of legislative bargaining predict a larger payoff share for the formateur party (e.g. Baron and Ferejohn 1989). Time and again, however, empirical tests have revealed the superiority of Gamson’s proportionality proposition (Browne and Franklin 1973; Browne and Frendreis 1980; Laver and Schofield 1990; Schofield and Laver 1985; Warwick and Druckman 2001, 2006).
A recent effort by Ansolabehere et al. (2005; see also Snyder et al. 2005) that showed the empirical validity of bargaining power models was called into question by Laver et al. (2011) who demonstrate that this finding was based largely on endogenous coding of formateur party status. It is thus safe to assume that seat shares (as opposed to voting weights) are the best possible operationalization of Gamson’s ‘resources’ in the inter-party coalition game.

However, things are less clear when analyzing the allocation of payoffs – that is: portfolios – at the sub-party level. Unlike coalitions that are temporary by nature, most parties are cohesive actors with a permanent and stable organizational structure. Therefore, parties are not just associations of individual actors that join forces for the duration of a limited term (e.g. the lifetime of cabinet). Hence, the distribution of intra-party resources among regional subunits, while ideally accounting for their relative weights, is not essential for the party to come into existence in the first place.

In her analysis of intra-party portfolio allocation in the Italian Christian Democracy, Mershon (2001b: 561), argues that the resources of party factions should be measured by examining their representation in the party executive as elected by the party congress, since this provides the ‘closest approximation’ to the competitive process by which voters award parties with their resources (i.e. legislative seats). This argument resembles Sartori’s (1976: 71) analogy that the party subunit relates to the party in a similar fashion as the party relates to the system of government. Following this line of thought, we need to find at the sub-party level the best functional equivalent for what the parliamentary arena constitutes at the party system level in order to identify the most valid indicators of regional party strength.

If the crucial feature that makes parliamentary seat shares the best possible operationalization of Gamson’s ‘resources’ lies in the cabinet’s dependence on them, then we should examine the mechanisms by which parties hold their leader accountable in order to identify the resources of regional party branches. At the risk of oversimplification, we could argue that the party leader is for the party what the cabinet is for the parties in government. Once we equate parties with party subunits (i.e. regional branches), and the cabinet with the party leader, it becomes clear, that party subunits’ resources depend on the intra-party institutional setup, or more specifically, on the regulations guiding the selection of party leaders. To be sure, this analogy has its
limitations. Yet, the purpose that it may nevertheless fulfill is to help us identify the best possible way of measuring the strength of regional party branches.

Clearly, most parties in modern democracies do have a set of rules in place by which the leader is selected at first, held accountable during its time in office, and eventually deselected. Depending on the exact specification of these rules, the ‘resources’ that may determine intra-party portfolio allocation are those that warrant control over the selection and deselection of the party leader. A sustained tendency to decentralize decision-making within parties has, if anything, rendered territorial party subunits more powerful (e.g. Bille 2001).

In a recent article, Kenig (2009) put forward a classification of party leader selection and deselection methods that provides a comprehensive list of leadership selectorates (and deselectorates). An examination of the composition of these selectorates provides a useful starting point in determining the resources that regional party branches control.

Table 1: The composition of party leadership selectorates

<table>
<thead>
<tr>
<th>Selectorate</th>
<th>Composed of …</th>
<th>Composition determined by …</th>
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</thead>
<tbody>
<tr>
<td>General electorate</td>
<td>Enfranchised population (the same)</td>
<td>(the same)</td>
</tr>
<tr>
<td>Party members</td>
<td>(the same)</td>
<td>(the same)</td>
</tr>
<tr>
<td>Selected party agency</td>
<td>Delegates</td>
<td>Population size, party members, vote shares</td>
</tr>
<tr>
<td>Parliamentary group</td>
<td>Members of parliament</td>
<td>Vote shares, party members, (population size)</td>
</tr>
<tr>
<td>Party elite</td>
<td>High party/public officials</td>
<td>Vote shares, party members</td>
</tr>
<tr>
<td>Single individual</td>
<td>(the same)</td>
<td>(unclear)</td>
</tr>
</tbody>
</table>

As Table 1 shows, all relevant modes of selecting party leaders are based on either the party membership, the party voters, or the general population – assuming that selection by a single individual (usually the outgoing party leader) is ‘exceptional today for parties that operate in modern democracies’ (Kenig 2009: 435). We can thus conclude from Table 1 that the composition of the selectorates – and hence the resources of regional party branches – is determined by the size of one or several of three groups (members, voters, population).

This is evident at first sight for selection by the general electorate or party members. If, for instance, the latter have the final say over the installation and the
survival of the party leader, the strength of an intra-party group is determined by the number of party members it organizes.

Yet, things may be different for selected party agencies – typically party congresses or conventions. These are composed of delegates that are awarded to party subunits on the basis of some combination of the three above criteria. In the Austrian case, for instance, we find that regional party branches send delegates to the respective national party congress (the common arena for selecting and deselecting party leaders) according to their membership shares (SPÖ, FPÖ, BZÖ), their number of votes in the last parliamentary election (ÖVP), or the size of the population that they comprise (Greens). All parties even provide for representation of regional party branches in their executive bodies, in some cases (SPÖ and FPÖ) even in proportion to regional membership shares. This means that membership in party executive bodies (as used as an explaining variable by Mershon 2001a, b) is, typically a reflection of the three types of resources discussed here.

Evidently, the composition of a party’s parliamentary group is dependent on the distribution of votes. However, depending on the specific mode of intra-party candidate selection, party members may have considerable influence over their representatives in the legislature. Also, most electoral systems provide for a minimum amount of representation for each regional entity according to its population size.

Finally, in case the party leader is selected by party elites, we can safely assume that these elites are composed of high party and public officials who are, in turn, chosen by the electorate or the party membership.

It can therefore be argued that all (non-autocratic) modes of party leadership selection (and deselection) are determined by the distribution of either party members, vote shares, or the size of the population segment represented by a party subunit. Therefore, the relative sizes of these three groups will serve as measures for intra-party group strength in the analysis below.

More pragmatic arguments for this mode of operationalization focus on the financial resources of parties the centrality of which are obvious in modern politics (Katz 2002: 111-115; Mair 1994: 9-10). A party’s financial resources are mostly determined by a combination of its membership size (via the members’ fees) and its vote shares (via public party financing). Hence, to the extent that a party subunit’s
strength corresponds to its financial power, we can expect it to vary with its shares of members and votes. A similar case can be made for campaign capacities that largely depend on the amount of capital and labor parties (or party subunits) have at their disposal, and therefore, again, correlate with their electoral or membership strength.

Based on these arguments, we can be confident that, by measuring regional membership size, regional vote shares, and regional population size, we can obtain valid indicators for the resources that the party branches bring to the intra-party portfolio allocation game.

Case selection and data

I test the explanatory power of the three types of resources (members, voters, population size) on data from 25 post-war cabinets in Austria (see Table 2). Following the literature on government survival, a new cabinet is counted after every change in the chancellorship or in the partisan composition of the cabinet, and every parliamentary election (Laver 2003: 26). While, arguably, not every such instance will yield a configuration of the cabinet that is completely independent of the preceding one (e.g. when the Chancellor resigns well before the next election), it can be argued that all these events provide the party leaders with an opportunity – and, indeed, quite often the necessity – of a cabinet reshuffle. The regional affiliation of ministers and junior ministers was determined by consulting electoral lists for the parliamentary elections as well as a wealth of biographical information (such as the official CVs available from the Austrian parliament’s website).

The two traditional parties of government are the Social Democratic Party of Austria (SPÖ) and the Austrian People’s Party (ÖVP). Also included in the analysis is the Freedom Party (FPÖ) that held cabinet office from 1983 to 1986 and from 2000 to 2007. The Communist Party (KPÖ) is omitted due to the fact that, not considering the transitional all-party cabinet of 1945, it occupied only a single portfolio in the first regular post-war cabinet (Figl I).

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3 In April of 2005 the FPÖ’s leadership split from the party and founded the Alliance for the Future of Austria (BZÖ). As of that time the Schüssel II cabinet was effectively a coalition between ÖVP and BZÖ. The analysis, however, always refers to the initial configuration of a cabinet.
While it has long been recognized in the literature that there is considerable variation in the importance of portfolios as well as between senior and junior ministers (e.g. Laver and Hunt 1992), accounting for this variance has not resulted in tremendous gains of analytical leverage (Druckman and Warwick 2005; Warwick and Druckman 2006). Therefore all cabinet posts (including junior ministers) enter the analysis unweighted. A re-run of all regressions excluding junior ministers did not lead to any substantive alterations of the conclusions drawn.

Table 2: Ministers in Austrian post-war cabinets

<table>
<thead>
<tr>
<th>Cabinet</th>
<th>Year</th>
<th>Parties</th>
<th>Ministers</th>
<th>ÖVP</th>
<th>SPÖ</th>
<th>FPÖ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figl I</td>
<td>1945</td>
<td>ÖVP-SPO-KPÖ</td>
<td>17</td>
<td>8</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Figl II</td>
<td>1947</td>
<td>ÖVP-SPO</td>
<td>17</td>
<td>8</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Figl III</td>
<td>1949</td>
<td>ÖVP-SPO</td>
<td>13</td>
<td>7</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Raab I</td>
<td>1953</td>
<td>ÖVP-SPO</td>
<td>16</td>
<td>9</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Raab II</td>
<td>1956</td>
<td>ÖVP-SPO</td>
<td>18</td>
<td>10</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Raab III</td>
<td>1959</td>
<td>ÖVP-SPO</td>
<td>16</td>
<td>8</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Gorbach I</td>
<td>1961</td>
<td>ÖVP-SPO</td>
<td>16</td>
<td>8</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Gorbach II</td>
<td>1963</td>
<td>ÖVP-SPO</td>
<td>18</td>
<td>10</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Klaus I</td>
<td>1964</td>
<td>ÖVP-SPO</td>
<td>18</td>
<td>10</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Klaus II</td>
<td>1966</td>
<td>ÖVP</td>
<td>18</td>
<td>17</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kreisky I</td>
<td>1970</td>
<td>SPÖ</td>
<td>16</td>
<td>-</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>Kreisky II</td>
<td>1971</td>
<td>SPÖ</td>
<td>17</td>
<td>-</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>Kreisky III</td>
<td>1975</td>
<td>SPÖ</td>
<td>19</td>
<td>-</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>Kreisky IV</td>
<td>1979</td>
<td>SPÖ</td>
<td>19</td>
<td>-</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>Sinowatz</td>
<td>1983</td>
<td>SPÖ-FPÖ</td>
<td>24</td>
<td>-</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>Vranitzky I</td>
<td>1986</td>
<td>SPÖ-FPÖ</td>
<td>22</td>
<td>-</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>Vranitzky II</td>
<td>1987</td>
<td>SPÖ-ÖVP</td>
<td>17</td>
<td>8</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Vranitzky III</td>
<td>1990</td>
<td>SPÖ-ÖVP</td>
<td>20</td>
<td>9</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Vranitzky IV</td>
<td>1994</td>
<td>SPÖ-ÖVP</td>
<td>21</td>
<td>10</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Vranitzky V</td>
<td>1996</td>
<td>SPÖ-ÖVP</td>
<td>17</td>
<td>7</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Klama</td>
<td>1997</td>
<td>SPÖ-ÖVP</td>
<td>16</td>
<td>7</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Schüssel I</td>
<td>2000</td>
<td>ÖVP-FPÖ</td>
<td>16</td>
<td>8</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Schüssel II</td>
<td>2003</td>
<td>ÖVP-FPÖ/BZÖ</td>
<td>19</td>
<td>13</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Gusenbauer</td>
<td>2007</td>
<td>SPÖ-ÖVP</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Faymann</td>
<td>2008</td>
<td>SPÖ-ÖVP</td>
<td>18</td>
<td>9</td>
<td>9</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: Figures include junior and non-partisan ministers and refer to the initial configuration of the cabinet.

There are a number of reasons why Austria presents a useful case for the purpose of this study. First, the organizational density of Austrian parties is practically unrivalled across Europe. According to Mair and Van Biezen (2001: 9), 17.7 percent of the Austrian electorate were party members in 1999 (with runner-up Finland far behind at
9.7 percent). Given that party membership has been in steep decline since the early 1980s (Müller 1992; Müller et al. 2004), this figure is all the more striking. Still, we can assume that in parties with such large memberships, the variation in membership size across party subunits remains a potentially relevant factor.

Second, Austria is a federal state comprised of nine Bundesländer which do not only serve as administrative entities but also constitute distinct political arenas where Land parties compete with each other. These Land parties are powerful intra-party actors, in particular when they are at the helm of the Land government. While Austrian federalism may be more or less shallow from an institutional perspective, some scholars have argued that Austria is a case of ‘party federalism’ (Hadley et al. 1989: 97) where the federal structure of the polity, rather than accommodating ethnic, linguistic or denominational cleavages, serves mostly partisan interests (see also Erk 2003). It is worth pointing out that the strength of these regional party branches is also due to the extremely high stability of Land party systems for most of the post-war period. Between 1945 and 2010, the 131 elections held at the Land level have brought about no more than five changes in the governor’s partisanship, four of which occurred in the past 25 years.

Especially the Austrian People’s Party is characterized by a high degree of internal division. Indeed, the ÖVP constitutes a textbook example of a party dominated by regional and factional interests (Müller 2006a; Müller and Steininger 1994; Stirnemann 1969). The party’s dominance in most rural areas of Austria has made for the establishment of powerful regional party branches. Thus, it has become commonplace to portray the ÖVP leadership as dependent on the support of the ÖVP’s factions and Land parties (Müller and Steininger 1994).

The Social Democratic Party is a much more unitary party than the ÖVP and gives high priority to a cohesive appearance (Müller 1996: 296). Yet, it has throughout its post-war history seen alliances between different regional branches bearing on the party’s internal balance of power. Müller (1997: 298) gives the example of one major instance of party change (the 1967 election of Bruno Kreisky as party chairman) coming about as a consequence of realignment between the Land parties. Typically, the division between the dominant Viennese Social Democrats and the bulk of the remaining regional party branches presented a significant line of intra-party conflict.
Although having experienced two major breaks-aways during the past two decades (the Libeal Forum in 1993, and the Alliance for the Future of Austria, or BZÖ, in 2005, see Luther 2011: 465-466), the Freedom Party is not so much structured by clear-cut internal divisions. However, it needs to be acknowledged that the 2005 party split happened not only between the party leadership and the rank-and-file, but also between the Carinthian Freedom Party (joining the BZÖ) and the rest of the Land parties remaining loyal to the ‘old’ FPÖ⁴. To be sure, the FPÖ had been a diverse party for most of the post-war period with (German) nationalism and liberalism marking the endpoints of the ideological spectrum (Luther 2006). Also, there is considerable regional variation in both, membership figures and electoral support, with the southernmost Bundesland of Carinthia constituting a significant provincial stronghold.

The analysis of the role of regional parties in portfolio allocation requires data on the membership, vote shares for each party branch. Population figures for the nine Bundesländer between 1945 and 2008 come from Statistics Austria (www.statistik.at) and regional vote shares from the official records of parliamentary elections (www.bmi.gv.at/wahlen). Membership statistics for the regional branches of the three parties are taken from various sources in the literature (Dachs 1992a, b, 1997, 2006; Dachs et al. 1997; Luther 1992, 2006; Müller 1992; Müller and Maderthaner 1996; Stirnemann 1969; Zeller 2006).

Membership figures for the ÖVP’s regional party branches are notoriously hard to come by and thus sparsely found in the literature. Yet, at least for some points in time, figures could be obtained from reports to the party congresses between 1970 and 1999, in order to complement the data set.

⁴ The Freedom Parties in Vorarlberg and Upper Austria initially refrained from taking sides before eventually returning into the ranks of the FPÖ, though not without extracting concessions to alter the party statutes in their favor. In late 2009, the Carinthian Land party split from the BZÖ, renamed itself FPK (Freedom Party of Carinthia) and announced a close cooperation with the FPÖ in both, the legislative and electoral arenas. For all practical purposes, the ‘old’ FPÖ has thus been restored in full organizational strength, leaving the BZÖ void of any significant financial or human resources outside of the national parliament.
**Statistical analysis and discussion of results**

This section will use the data presented above to test the explanatory power of the three types of resources (membership, vote shares, and the population segment represented) for the allocation of cabinet posts (including junior ministers) to regional party branches in Austrian post-war governments from 1945 to 2008.

**Table 3: Average share of cabinet posts (percentages)**

<table>
<thead>
<tr>
<th>Land</th>
<th>SPÖ</th>
<th>ÖVP</th>
<th>FPÖ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burgenland</td>
<td>3.0</td>
<td>2.6</td>
<td>4.2</td>
</tr>
<tr>
<td>Carinthia</td>
<td>0.9</td>
<td>8.8</td>
<td>22.3</td>
</tr>
<tr>
<td>Lower Austria</td>
<td>24.7</td>
<td>20.7</td>
<td>16.1</td>
</tr>
<tr>
<td>Upper Austria</td>
<td>7.0</td>
<td>7.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Salzburg</td>
<td>2.9</td>
<td>4.4</td>
<td>3.6</td>
</tr>
<tr>
<td>Styria</td>
<td>3.6</td>
<td>10.5</td>
<td>14.0</td>
</tr>
<tr>
<td>Tyrol</td>
<td>0.3</td>
<td>8.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Vienna</td>
<td>56.4</td>
<td>28.3</td>
<td>29.5</td>
</tr>
<tr>
<td>Vorarlberg</td>
<td>0.0</td>
<td>5.9</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Table 3 presents the cabinet shares across Länder and parties. Despite some uniform patterns (e.g. a ‘capital effect’ by which the Viennese Land parties are the best represented in all three parties⁵), the aggregate figures show that there is substantial cross-party variation in the allocation of ministerial posts to regional party branches. The SPÖ, for instance, recruits a staggering 80 percent of its ministerial candidates from Vienna and the surrounding Land of Lower Austria. This pattern of geographically centralized allocation conforms to the common assumption that the SPÖ is the most centralized of all parties in Austria (Müller and Maderthaner 1996). In contrast, the ÖVP allocates ministerial posts much more evenly across its regional branches, which aptly reflects its more decentralized internal power structure. In this respect, the FPÖ is more similar to the ÖVP, while at the same time awarding an extraordinarily large share of posts to Carinthia, its long-standing electoral and organizational stronghold.

To provide further inside into these patterns of intra-party portfolio allocation, data on regional party membership, vote shares, and population are employed to predict the share of ministers allocated to each Land party. In following the standard method in

⁵ However, all results of the subsequent analysis hold when controlling for Vienna in the regressions.
the portfolio allocation literature (e.g. Browne and Franklin 1973; Warwick and Druckman 2006), a simple OLS model is presented, with standard errors clustered on cabinets. Due to the high correlations between the three explanatory variables (members, votes, population), three separate models are estimated. The data set comprises 405 observations, resulting from the number of government participations (SPÖ: 22, ÖVP: 18, FPÖ: 4, total: 45) times nine regional party branches.

Table 4: OLS regression of cabinet shares

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient</td>
<td>S. E.</td>
<td>Coefficient</td>
</tr>
<tr>
<td>Share of party members</td>
<td>0.92***</td>
<td>0.06</td>
</tr>
<tr>
<td>Share of party voters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of population</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Intercept</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>R²</td>
<td>0.40</td>
<td>0.46</td>
</tr>
<tr>
<td>N</td>
<td>405</td>
<td>405</td>
</tr>
</tbody>
</table>

Note: Figures are unstandardized regression coefficients with standard errors clustered on cabinets; *** p-value < 0.001.

Clearly, there is a strong and persistent relationship between the resources a Land party commands and the share of ministerial posts it receives, thus confirming the central

6 Due to the fact that the number of seats at the cabinet table is limited, some Land parties are awarded no portfolio at times. As the dependent variable thus contains a considerable number of zeros and hence violates the normality assumption, a simple OLS regression may not be the most appropriate estimation strategy. The OLS models are, however, reported in order to facilitate comparison with the classic portfolio allocation literature. As an alternative, Tobit models that can accommodate truncated dependent variables were estimated. The results do not suggest any substantive alteration of the conclusions drawn from the OLS models:

Table 4a: Tobit regression of cabinet shares

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient</td>
<td>S. E.</td>
<td>Coefficient</td>
</tr>
<tr>
<td>Share of party members</td>
<td>1.34***</td>
<td>0.10</td>
</tr>
<tr>
<td>Share of party voters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of population</td>
<td>-0.12***</td>
<td>0.02</td>
</tr>
<tr>
<td>Intercept</td>
<td>0.54</td>
<td>0.71</td>
</tr>
<tr>
<td>N</td>
<td>405</td>
<td>405</td>
</tr>
</tbody>
</table>

Note: Figures are tobit regression coefficients with standard errors clustered on cabinets; *** p-value < 0.001.

7 Values range from r=0.75 to r=0.93
hypothesis of this study. Also, the results suggest that all three types of resources have roughly similar explanatory power (which is unsurprising given the high intercorrelations), although the explained variance is somewhat higher for party vote shares. The overall fit, however, is not as strong as typically observed in models of inter-party portfolio allocation. As an intuitive alternative measure to the R-squared values in the context of portfolio allocation models, one could evaluate the model fit by comparing the average absolute deviations from the Gamson line. The values are 0.086, 0.087, and 0.089 for members, vote shares, and the population, respectively, indicating that, by all three measures, the cabinet share received by the average Land party is about nine percent off its predicted share of ministerial posts. This, too, suggests that the three models in Table 4 have roughly equal explanatory power.

The figures in Table 4 reveal another interesting phenomenon. Contrary to the well-established finding in the literature of ‘overpayment’ for smaller parties (by which parties with low seat shares are overcompensated in relation to their larger coalition partners, see Browne and Franklin 1973: 461; Warwick and Druckman 2006: 647), the intra-party distribution of ministerial posts is, if anything, biased against smaller party subunits. This is evidenced by Models 2 and 3 which yield regression coefficients larger than one and statistically significant negative intercepts.

Figure 1 illustrates this finding, while at the same time showing (in the right half) that this effect is party-specific and mostly driven by the data referring to the SPÖ. The regression slopes are much steeper for the SPÖ than for the two other parties, thus indicating that the Social Democrats bias the intra-party distribution in favor of their large Land parties (notably Vienna and Lower Austria as already shown in Table 3). In contrast, the slopes for the ÖVP and FPÖ are close to (for vote and population shares) or below the ‘Gamson line’ (for membership size).

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8 The author would like to thank one of the anonymous reviewers for this suggestion.
Figure 1: Scatterplot of Land party resources and cabinet shares

Note: Grey line indicates perfect proportionality ($Y = 0 + 1\times X$). Other regression lines are based on OLS models in Tables 4 and 5.
In order to provide a more detailed account of these party-specific differences, Table 5 presents separate OLS models for each party. The results display considerable variation across parties and types of resources. First and foremost, it turns out that the three models perform substantially better for the Social Democrats than for the ÖVP and especially the FPÖ. The SPÖ thus seem to follow more closely some rule of intra-party portfolio allocation than the two other parties, albeit that larger Land parties in the SPÖ benefit at the expense of smaller ones. Also, party membership appears to be the best predictor of the distribution of ministerial posts within the SPÖ, which, in principle, corresponds well with its membership-based mode of allocating party conference delegates to Land parties. Yet, it should be kept in mind that all three resource indicators have high explanatory power for the SPÖ.

Table 5: OLS regressions of cabinet shares by party

<table>
<thead>
<tr>
<th>Party</th>
<th>Share of party members</th>
<th>Coeff.</th>
<th>SE</th>
<th>Share of party voters</th>
<th>Coeff.</th>
<th>SE</th>
<th>Share of population</th>
<th>Coeff.</th>
<th>SE</th>
<th>Intercept</th>
<th>Coeff.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPÖ</td>
<td>1.51*** 0.06</td>
<td></td>
<td></td>
<td>1.81*** 0.07</td>
<td></td>
<td></td>
<td>2.01*** 0.07</td>
<td></td>
<td></td>
<td>-0.06*** 0.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R^2</td>
<td>0.75</td>
<td></td>
<td>0.62</td>
<td>0.49</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>N</td>
<td>198</td>
<td></td>
<td>198</td>
<td>198</td>
<td></td>
</tr>
<tr>
<td>ÖVP</td>
<td>0.29*** 0.05</td>
<td></td>
<td></td>
<td>0.76*** 0.08</td>
<td></td>
<td></td>
<td>0.96*** 0.10</td>
<td></td>
<td></td>
<td>0.08*** 0.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R^2</td>
<td>0.09</td>
<td></td>
<td>0.36</td>
<td>0.37</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N</td>
<td>171</td>
<td></td>
<td>171</td>
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<td>FPÖ</td>
<td>-0.09 0.18</td>
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<td>0.92* 0.23</td>
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<td>0.12** 0.02</td>
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<td>R^2</td>
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<td>N</td>
<td>36</td>
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<td>36</td>
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</tr>
</tbody>
</table>

Note: Figures are OLS regression coefficients with standard errors clustered on cabinets; *** p-value < 0.001, ** p-value < 0.01, * p-value < 0.05.

Judging by the R^2-values, portfolio allocation amongst ÖVP Land parties is best explained by population shares, yet all three predictors yield statistically significant coefficients (a glance at the average deviations from the Gamson line supports this finding). Vote shares – the party’s method for awarding party conference delegates –
perform only second best as a predictor of Land party cabinet shares. Also, the coefficients suggest that, if anything, large Land parties in the ÖVP are undercompensated. Yet, in comparison to the SPÖ, some larger regions (e.g. Styria or Upper Austria) are much better represented among ÖVP ministers than among their SPÖ colleagues – a finding that reflects the more federal (in the European sense) and decentralized organizational make-up of the party.

The overall explanatory power of the three models is weakest for the Freedom Party, with vote shares faring best in comparison to the other predictors. Quite strikingly, membership shares (used as allocation rule for party conference delegates) are virtually uncorrelated to the share of ministers a Land party receives. To be sure, the FPÖ’s four participations in government yield a mere 36 cases for the analysis, thus providing a narrower empirical basis than the two traditional parties of government. However, the result may as well be due to the fact that many the FPÖ ministers in the Schüssel I and II cabinets who constitute the majority of FPÖ cases in the data owed their appointment to Jörg Haider ‘for whom region was secondary to his (often flawed) assessment of the loyalty to him’ (Luther 2011: 460).

We can therefore conclude that, while there is substantive evidence for a relationship between the resources of regional party branches, the strength and nature of this relationship varies with general party-organizational characteristics, but not necessarily the intra-party mechanisms of allocating party conference delegates. The overcompensation in the SPÖ of regional branches in and around Vienna conforms to its more centralized intra-party structure. In contrast, the ÖVP’s higher degree of internal power-sharing that is reflected in the fact that it allocates cabinet posts much more evenly across Land parties, by some measures even overcompensating smaller units to a considerable degree. The weak correlations found for the FPÖ can partly be explained by the detachment under Jörg Haider of ministerial appointments from the intra-party territorial balance of power.

**Conclusion**

Given the huge amount of scholarly interest in the subject of portfolio allocation, it is astounding that studies of intra-party portfolio allocation are quite rare and have hitherto
largely focused on a few well-known textbook examples of party factions in Italy and Japan (Leiserson 1968; Mershon 2001a, b). This article adds to the research on intra-party portfolio allocation by providing, to the best of my knowledge, the first analysis to take into account the regional dimension of office payoff distribution within parties.

Whereas Austria clearly presents a fruitful case for such an analysis, each single-country study is necessarily limited in terms of generalizability. However, for at least two reasons it can credibly be argued that the results presented here are not only due to the specifics of the Austrian case.

First, the territorial structure of Austrian party organizations is by no means unique. Quite to the contrary, most well-established parties in Europe organize along territorial lines (Deschouwer 2003). They have, therefore, to accommodate party branches at the regional and local levels. Note, however that the power of these sub-national party units varies not only across parties but also with the degree of federalism across political systems (Thorlakson 2009). Hence, the generalizability to other countries of the findings in this article is likely to be a function of political systems’ degree of decentralization. From a delegation perspective (Houten 2009), one could argue that the patterns of regional portfolio allocation examined here may serve as a control mechanism by which the loyalty of the regional party branch to the national government is secured. It would therefore be reasonable to expect such patterns to be even more prevalent in countries with higher degrees of regional autonomy and devolution than Austria (see e.g. Fabre 2011), where it may be even more necessary to ensure that regional branches remain loyal to the national party organization. A cross-national investigation of regional intra-party portfolio allocation should therefore take into account the variation in the vertical structure at the party and the country level.

Second, there is good evidence that parties in many political systems strive for some balance in the regional make-up of cabinets (e.g. Kempf and Gloe 2008: 16). Such regional proportionality often serves as a means to accommodate ethnic or linguistic divides in the population. While some countries – notably ethnically diverse states such as Switzerland and Belgium – provide for a high degree of proportionality along ethno-territorial lines in their constitutions, regional balance may simply be a party-political necessity in others. The Canadian experience, for instance, demonstrates that ‘the
importance of regional considerations in the appointment of cabinet members […] can be ignored by prime ministers only at their peril’ (Bakvis 1988: 542).

On these grounds, it is reasonable to assume that other countries, too, display a non-random regional distribution of cabinet posts within parties. In any case, the subject of intra-party portfolio allocation along regional lines is well worth scrutinizing beyond the scope of this article.
THE POLITICS OF PATRONAGE AND COALITION
HOW PARTIES ALLOCATE MANAGERIAL POSITIONS IN STATE-OWNED ENTERPRISES

Abstract. While commonly regarded as a democratic pathology, party patronage can also be understood as an inherent feature of party government and thus as a linkage mechanism between political parties and the government executive. Therefore, theories of government formation, portfolio allocation, and coalition governance can potentially add analytical leverage to the study of party patronage. Starting from this presumption, this article derives a number of hypotheses from the field of coalition theory and tests them on an original data set of over 2000 appointments made to managerial boards in 92 Austrian state-owned enterprises between 1995 and 2010. The empirical analysis strongly supports the hypotheses, showing that patronage appointments vary with the partisan composition of government, the allocation of portfolios and junior ministers, as well as the importance of corporations.

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Introduction

In a most general way, party patronage can be understood as ‘the use of public resources in particularistic and direct exchanges between clients and party politicians’ (Müller 2006b: 189). It is hence typically viewed as an immoral, if not outright illegal, activity. Most early accounts of patronage have therefore been generated under the assumption that patronage is a democratic pathology, characteristic of a malfunctioning political system (Bearfield 2009: 67; Boissevain 1966; Eschenburg 1961; Sorauf 1956), which is why studies of patronage are often focused on developing countries (Kopecký 2011). Due to the perception of patronage as an evil, theorists of party politics have been reluctant to recognize that it constitutes an inherent feature of party government. However, as Blondel (2002: 240-5) argues, party patronage is one of several forms of linkage between the government and the parties who support it (for a similar argument with regard to clientelism, see Kitschelt 2000; Kitschelt and Wilkinson 2007). As such, it represents one link in the chain of delegation between voters, parties, and the state apparatus (Müller 2000b: 311-12), even though this link is typically not regarded as strengthening the process of democratic representation or accountability (see, however, Flinders and Matthews 2010). Yet, the notion of patronage as a linkage mechanism between parties and government opens up new theoretical perspectives on party patronage. Specifically, it leads to the conclusion that a better understanding of party patronage can be developed once it is conceived of as a manifestation of party government.

All conceptualizations of party government crucially revolve around the relationship between political parties and the executive (Katz 1986; Mair 2008; Rose 1974). One of the subfields of political science most comprehensively concerned with this relationship is coalition research. It examines the processes by which parties form governments, distribute ministerial offices, bargain over policy output, and manage the termination of cabinets (Laver and Shepsle 1990; Strøm et al. 2008). Even more importantly for the present purpose, coalition research has over the past decades developed a rich arsenal of theories and concepts for the study of how parties enter and act in government. If one regards patronage as a linkage mechanism between political parties and the executive, then it becomes clear that coalition theory can add analytical leverage to the study of party patronage. The purpose of this paper is therefore to add to
our understanding of party patronage by applying concepts derived from theories of government formation, office distribution and coalition governance to the analysis of top-level appointments in Austrian state-owned enterprises between 1995 and 2010. Coalition theory thus becomes an analytical tool to enhance our knowledge of party patronage.

The paper proceeds as follows. First, the theoretical section discusses the concept of party patronage and relates it to coalition theory, thus generating systematic expectations about patterns of patronage in the empirical data. The following section outlines the case selection, explains the process of data collection, and presents an overview of the variables for the analysis. Next, the statistical analysis submits the hypotheses outlined in the theoretical section to a multivariate test. After a discussion of the results, the final section concludes.

Party patronage and coalition theory
As cited above, patronage can be conceptualized as an exchange relationship in which a variety of goods may be traded between the patron and the client: A party politician may offer expertise, legislation, access to the bureaucratic apparatus, public subsidies, housing or jobs in exchange for (alleged) electoral support, labor, campaign contributions, party membership, or information available to the client.

Yet, the empirical focus of this paper is on a very specific patron-client relationship, namely the appointment of party loyalists to managerial boards in state-owned corporations. This perspective is very much compatible with the definition offered by Kopecky and Scherlis (2008: 356) who understand ‘party patronage as the power of a party to appoint people to positions in public and semi-public life’ (see also Kopecký et al. 2012; Kopecký et al. 2008: 4). They thus delineate the concept of patronage from related concepts such as clientelism (the exchange of material goods in return for votes), pork barrel politics (the distribution of funds and legislation to territorial units in return for electoral support), and corruption (making public decisions in exchange for private gain). While, in practice, these concepts overlap to some degree,

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10 This is what Müller (1989: 334) refers to as power patronage (see also Eschenburg, 1961).
the narrower definition of patronage fits the focus of this paper and thus serves as a theoretical starting point.

However broad, all conceptualizations of patronage revolve around four elements: the characteristics of the two actors involved (patron and client) and the nature of the two goods to be exchanged (from patron to client and vice versa); the patrons in the present study are political parties, and the clients are party loyalists. The goods that parties as patrons award their clients are positions on managerial boards in state-owned enterprises. Yet, what parties receive from their clients in return is, in essence, contingent on the purpose of the respective patronage appointment. Previous studies broadly distinguish between two motivations for patronage: reward and control (Kopecký et al. 2012). The former implies that parties hand out jobs and appointments to fellow partisans in return for their loyalty,\footnote{Note that this may imply a non-simultaneous exchange between patron and client, where the partisan’s loyalty precedes the reward of a patronage appointment.} whereas the latter suggests that parties intend to exert influence over some area of public policy.

At a most general level, this distinction provides a first link between patronage research and coalition theory. The reward-control dichotomy is clearly related to the notions of office- and policy-seeking that drive theories of rational party behavior (Müller and Strøm 1999; Strøm 1990) which, in turn, inform the large bulk of theoretical concepts in coalition research. Yet, as party patronage, according to the above definition, involves the distribution of appointments, it is even more apt to equate reward and control with the concepts of \textit{intrinsic} and \textit{instrumental} office-seeking (Strøm and Müller 1999b: 8-11). Parties that are instrumental office-seekers will use patronage as a means to an end, most typically as a mechanism to exercise control over public policy, whereas intrinsically office-oriented actors will perceive of patronage appointments as an end in themselves. Party leaders may also use appointments to buy support from party activists, thus mitigating the risk of intra-party rebellion in the face of electoral defeat or unpopular decisions made by the government.

Empirically, the most obvious intersection between research on coalition governments and patronage is the thus the study of office payoffs, even if this line of research has largely been limited to analyzing the distribution of ministerial portfolios. There are only a few exceptions that have extended scholarly scrutiny to junior
ministers (Lipsmeyer and Pierce 2011; Manow and Zorn 2004; Thies 2001; Verzichelli 2008) or members of parliamentary boards (Carroll and Cox 2012). This is in stark contrast to the vast range of other office-related payoffs that coalition parties have at their disposal. Laver and Schofield (1990: 42-3) provide an idea of the scope of office perks that are potentially at stake:

Our search might extend to the judiciary and to the civil service, senior appointments to both of which typically require at least formal executive approval. Probably the most important sphere of patronage, however, can be found in the parastatal agencies, such as the many nationalized industry boards; water, electricity, and other service authorities; health boards; development authorities, and so on. […] This, to the best of our knowledge, is a largely unresearched area […]

In supplementing the study of party patronage with a theoretical perspective drawn from coalition theory, this paper aims at addressing this research gap. Despite the lack of such studies on non-ministerial office payoffs, the underlying assumption here is that coalition research provides the analysis of party patronage with a firm theoretical footing. Specifically, it is theories and concepts of quantitative and qualitative portfolio allocation, portfolio salience, ministerial government, and coalition governance that inform the development of hypotheses for this study.

The single most important finding in the literature on office payoffs is the empirical regularity termed ‘Gamson’s Law’. As Gamson (1961: 376) famously conjectured, ‘[a]ny participant will expect others to demand from a coalition a share of the payoff proportional to the amount of resources which they contribute to a coalition’. The most powerful resource that parties in parliamentary systems have is, of course, their share of legislative seats (Browne and Franklin 1973: 457). Along these lines, the proportionality proposition has been tested time and again, and it has been found that parties in coalition governments distribute portfolios in almost perfect proportion to their parliamentary seat shares (Browne and Franklin 1973; Browne and Frendreis 1980; Schofield and Laver 1985; Warwick and Druckman 2006). Intuitive as this finding may seem, it has sparked a lively debate about the gap between the predictions derived from bargaining power theory (Banzhaf 1965; Shapley and Shubik 1954; von Neumann and Morgenstern 1953) and the regularities found in the real-world data.
(Carroll and Cox 2007; Schofield and Laver 1985; Verzichelli 2008: 240-2). A recent effort by Ansolabehere et al. (2005; see also Snyder et al. 2005) to reconcile bargaining power models with empirical data has not only been criticized on theoretical grounds but also shown to rely on operationalizations that are empirically problematic (Laver et al. 2011). The evidence thus clearly supports the notion of a proportionality norm guiding the quantitative allocation of ministerial portfolios in coalition governments. The first hypothesis is therefore a simple translation of Gamson’s proportionality proposition to the realm of top-level positions in public sector corporations:

H1 The partisan composition of managerial boards reflects the partisan composition of government in a proportional manner.

The second hypothesis concerns the effect that individual ministers have on the composition of managerial boards within their jurisdiction. The theoretical foundation for this argument is drawn from the literature on ministerial government (Laver and Shepsle 1994: 8), most prominently elaborated in the portfolio allocation approach to government formation. According to Laver and Shepsle’s (1990, 1996) concept of ministerial discretion, cabinet ministers are policy dictators within their jurisdictions and thus have considerable leeway in shaping the policy output of their departments (for an empirical application of this approach to local government coalitions, see Laver et al. 1998). This argument can easily be translated from the policy domain to the realm of appointments, which then creates the expectation that the partisan composition of managerial boards is biased in favor of the party whose minister is directly responsible for the respective corporation.

H2 The partisan composition of managerial boards reflects the partisan affiliation of the minister under whose jurisdiction a corporation falls.

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12 More specifically, it was shown that the empirical evidence for the formateur advantage, one of the prime implications of bargaining power models, is due to endogeneity in the coding of the formateur status variable.
One of the more recent developments in coalition theory is the focus on coalition governance (Kim and Loewenberg 2005; Müller and Meyer 2010; Strøm et al. 2010; Timmermans 2006; Timmermans and Moury 2006). This line of research examines the means that parties employ to safeguard the policy bargain struck during the process of government formation. Applying a principal-agent perspective, it theorizes that, as the divergence of policy preferences among coalition parties increases, the danger of incurring agency loss in the delegation from parties to individual ministers rises. However, politicians have a range of *ex-ante* and *ex-post* control mechanisms at their disposal that can be employed in order to minimize agency loss.

One widely used monitoring device is the appointment of ‘watchdog’ junior ministers (Lipsmeyer and Pierce 2011; Manow and Zorn 2004; Thies 2001) for the purpose of containing the discretion of senior ministers. With respect to party patronage, this would mean that the freedom of individual ministers to hand out positions on managerial boards is constrained if there is a junior minister belonging to a different party in the same department. The third hypothesis thus postulates that the presence of a ‘hostile’ junior minister will diminish the share of board members held by the senior minister’s party:

**H3** The presence of a ‘hostile’ junior minister in a department leads to a decrease in board member shares for the senior minister’s party.

The first three hypotheses concern primarily the quantitative inter-party distribution of appointments, thus mirroring the classical portfolio allocation literature. Yet, coalition researchers have long argued that not all payoffs are equal in value. Some ministerial posts are clearly more prestigious and/or influential than others. The first systematic attempt to gather data on ‘portfolio salience’ was Laver and Hunt’s (1992) expert survey that included a question on the ordinal ranking of a substantial number of ministries for each country. Warwick and Druckman (2001) used these measures to reassess the proportionality proposition against the predictions from bargaining power models. Yet, dissatisfied with the limitations inherent in the data provided by Laver and Hunt, the same authors conducted a more comprehensive expert survey on the salience of portfolios in 14 West European countries (Druckman and Warwick 2005), which
allowed for a more convincing demonstration of the empirical validity of ‘Gamson’s Law’ (Warwick and Druckman 2006).

For the present purpose, the main implication of the research on portfolio salience is that, just as the value of ministerial portfolios differs, there is clearly variation in the importance of corporations in the public sector. However, absent a genuine measure of the importance of state-owned enterprises, one needs to resort to proxy indicators. Two most simple and intuitive indicators of the importance of a corporation are its capitalization and its number of employees. Whereas the former may be indicative of its relevance for the delivery of public services (think of state-owned railway corporations, banks, or electricity producers), the latter may be a reasonable proxy for a company’s value as a patronage resource. From the perspective of an intrinsically office-seeking politician, there is yet another measure by which corporations may vary in ‘salience’: the value of a board membership in a public sector company may, first and foremost, be determined by the remuneration that comes with it. Hypotheses four to six are therefore contingent on the extent to which a party values policy-making capacities, patronage resources, or the most immediate perks of office:

H4 Party patronage in state-owned enterprises is more pronounced the higher a corporation’s capitalization.
H5 Party patronage in state-owned enterprises is more pronounced the larger a corporation’s staff.
H6 Party patronage in state-owned enterprises is more pronounced the higher a corporation’s remuneration for board members.

These three hypotheses account for the notion that, as ministerial portfolios vary in importance, so do public sector companies. To be sure, the idea of varying portfolio salience can be developed further. The importance of ministries may not only vary in general terms, but also across parties. Indeed, coalition research has produced good evidence that parties are not only interested in how large a share of ministerial posts they are awarded, but also care about the qualitative distribution of ministries. Browne and Feste (1975) were the first to show that parties do seem to have specific preferences as to which portfolios they are assigned. This finding was later corroborated by Budge
and Keman (1990: 89-131) in their study of twenty Western democracies. More recently, Bäck, Debus and Dumont (2011) provided the hitherto most comprehensive evidence that variation in issue emphasis is a significant predictor of the qualitative allocation of ministerial portfolios in coalition governments. In other words, parties genuinely care for some policy areas more than for others – a notion that also lies at the heart of the saliency theory of party competition (Budge 1982; Budge and Farlie 1983b).

To the extent that parties understand patronage as an instrumental good for the purpose of influencing policy, this argument can be translated to the realm of public sector patronage. One would, for instance, expect a party with a specific interest in farming and forestry to have a higher presence in the agricultural sector, whereas a party that emphasizes transport and mobility may be more inclined to appointing loyal adherents to corporations in the railway and roadwork sectors. This is the logic behind hypothesis seven:

\[
\text{H7 The partisan composition of managerial boards reflects variation in policy emphases across parties.}
\]

**Case selection, data, and method**

By all standards, Austria is a most likely case with respect to the occurrence of party patronage (Müller 1988, 1989; 2000a: 148-9; 2006b). In part, this is due to the fact that, historically, the state-owned industries accounted for a sizable share of economic activity. During the 1970s, a whopping twelve per cent of the Austrian labour force was employed in state-owned enterprises (OECD 1985: 76). In the aftermath of World War II most industries engaged in iron and steel manufacturing, coal mining, oil extraction, electricity generation, and banking\(^\text{13}\) were nationalized, thus providing patronage resources that parties were quick to exploit. While it may thus be a trivial statement to assert that parties in Austria engage in patronage activities, the degree of partisan penetration of state-owned corporations may still be mind-boggling to anyone not

acquainted with the functioning of the Austrian party state (Dobler 1983; Fehr and Van der Bellen 1982). As a case in point, consider that all coalition agreements during the first era of grand coalition governments (1945 to 1966) explicitly stated that managerial positions in the state-owned industries be allocated to the government parties according to their seat shares in parliament, thus indicating that control over these positions was, in fact, subject to inter-party bargaining. While such direct evidence for party patronage is nowhere to be found in today’s coalition agreements, there is little reason to suggest that control over these appointments is no longer a substantial part of the coalition bargain. To be sure, the public sector has undergone substantial transformation since the heyday of the post-war grand coalition governments, and so has the nature of patronage (Treib 2012). One of the most important institutional changes was that the formal power to make appointments nowadays rests with the minister under whose jurisdiction a public sector corporation falls.\footnote{See, for instance, BGBl. 439/1986 of the Federal Law Gazette.} For much of the early post-war decades, appointments to the corporations in the nationalized industries were under the control of the Ministry of Transport and Public Enterprise, the Ministry of Finance, or the Federal Chancellery, and had to take the parliamentary strength of parties into account (Dobler 1983: 326).

During the past decades privatization and reorganization efforts have substantially shrunk the share of corporate activity directly controlled by the federal government (Aiginger 2003; Meth-Cohn and Müller 1994). Still, a substantial number of corporations remains under government control, not least since the rise of regulatory capitalism in Western Europe (Gilardi 2008; Thatcher and Stone Sweet 2002) has found its expression in the establishment of new regulatory agencies in Austria.

The seven hypotheses outlined in the theoretical section are tested on data from state-owned corporations in Austria between 1995 and 2010, including only firms that were majority-owned by the federal state. These corporations can easily be identified in the annexes to the federal budgets of the respective years. The names and tenures of all members of executive and supervisory boards\footnote{Like Germany, Austria has a two-tier system which requires all stock companies (Aktiengesellschaften) to have two separate boards, an executive (Vorstand) and a supervisory board (Aufsichtsrat). Similar regulations apply to limited liability corporations (GmbH).} are taken from the official commercial register (Firmenbuch). This yields more than 2000 individuals nested in 92 corporations, ranging from large entities such as the Austrian Federal Railways (with a
capitalization of almost two billion euro and a staff of around 45,000) to small regulators such as the Railroad Control (0.75 million euro, 12 employees). The distribution of corporations across business sectors is presented in Figure 1 (see Appendix for a complete list of corporations).

To be sure, there are some formal differences in the appointment procedures of these individuals. Most importantly, executive appointments in stock corporations (Aktiengesellschaften) can only be indirectly controlled by politicians through their influence over the composition of supervisory boards. Even so, anecdotal evidence gathered during the data collection process suggests that Austrian politicians still have a firm grip on these appointments. Also, since these formal differences concern only a tiny minority of all posts (88 individuals), excluding these cases from the analysis does not alter the results significantly.

Through an extensive research of biographical encyclopedias, official government documents, election lists, parliamentary records, media databases and party and government websites the partisan affiliation for each individual board member was determined. These data were then supplemented with information provided by a number of well-informed journalists and (former) civil servants working in the ministerial bureaucracy.\footnote{Three journalists and four (former) bureaucrats assisted in the data collection process on condition of anonymity. These experts were asked to specifically provide information on individuals where little or no information was available from other sources.} Party affiliation was operationalized as a person (1) having held public or party office, (2) having served as an aide to an MP or in a ministerial cabinet, (3) being a member of a party, or (4) being closely affiliated with a party. Overall, about half of all individuals in the data have identifiable party ties.

Two caveats need to be discussed here: First, while the three former categories of affiliation are objective, the latter is potentially problematic in terms of validity as it is usually based on information found in journalistic accounts. However, given the importance of party in the Austrian public economy, it can be assumed that domestic and economic journalists are among the best informed sources when it comes to identifying the partisan ties of public sector managers. Also, some anecdotal evidence in the data suggests that these ‘close affiliates’ are often, in fact, party members whose ‘true’ degree of affiliation is not perfectly observed by journalists.
Second, it is perfectly possible, even likely that the data gathered on individual party affiliation is incomplete. Not each party affiliation may be discernible, especially for low-profile individuals. Yet, in coding as non-partisan those individuals that could not be identified as party adherents, the analysis, if anything, understates the level of party patronage in the data, thus loading the dice against the expectations outlined above.

As additional evidence for the validity of the data collection, consider the fact that the thousands of documents researched for this study returned contradictory information on party affiliation only in one case (which could be resolved after some additional research).

Figure 1: Distribution of corporations across business sectors

![Graph showing the distribution of corporations across business sectors.]

Each of the seven hypotheses is operationalized through one independent variable. Seat shares are calculated from the initial distribution of parliamentary seats (H1); two dummy variables indicate ministerial responsibility, one pertaining to unconstrained ministers (H2) and one to ministers monitored by watchdog junior minister (H3). Data on capitalization (H4) and staff (H5) are taken from official government reports and
annual reports obtained from the corporations; data on the remuneration of board members (H6) is obtained from reports compiled by the Austrian Court of Audit (www.rechnungshof.gv.at), ministers’ responses to parliamentary questions, and corporations’ annual reports.\textsuperscript{17} However, due to the absence of uniform standards for the disclosure of financial information, remuneration data are missing for about 100 observations.

Finally, the policy emphasis variable (H7) is operationalized as the percentage of statements in a party’s most recent election manifesto that refers to the sector in which a corporation operates (see Figure 1). For example, the SPÖ devoted 3.5 per cent of its 1999 manifesto to research-related matters. During the first measurement period, the policy variable thus takes on the value 3.5 for all observations relating to the SPÖ’s share of board members in research-oriented corporations (e.g. the Austrian Space Agency or the Austrian Research Centers).\textsuperscript{18} Note that the policy, capitalization, staff, and remuneration variables have been log-transformed in order to conform to the normality assumption. The summary statistics are reported in Table 1.

\begin{table}
\centering
\caption{Summary statistics of independent variables}
\begin{tabular}{lcccc}
\hline
Variable & Mean & Std. deviation & Minimum & Maximum \\
\hline Seat share & 0.500 & 0.155 & 0.185 & 0.814 \\
Minister, no watchdog JM & 0.377 & 0.485 & 0 & 1 \\
Minister plus watchdog JM & 0.134 & 0.342 & 0 & 1 \\
Capitalization (logged) & 0.548 & 2.753 & -3.352 & 7.550 \\
Staff (logged) & 4.430 & 2.008 & 0 & 10.867 \\
Remuneration (logged) & 7.430 & 1.260 & 4.605 & 9.923 \\
Policy emphasis (logged) & -0.148 & 1.765 & -4.605 & 1.923 \\
\hline
\end{tabular}
\textit{Note: N=424, except for remuneration where N=326.}
\end{table}

\textsuperscript{17} The remuneration variable uses the average annual remuneration paid to members of supervisory boards, since those make up the vast majority of all appointments.

\textsuperscript{18} This operationalization is based on an analysis of election manifestos conducted by a team of researchers within the framework of the Austrian National Election Study (AUTNES). The AUTNES manifesto coding scheme comprises more than 650 issue categories and thus allows for a measurement of policy saliency specifically tailored to the present purpose.
Analysis

In analogy to the portfolio allocation literature, the following analysis uses the share of partisan board members for each corporation and government party as the dependent variable. The period of observation stretches from January 1995 to December 2010. During that period, Austria had six governments.

In principle, one could take measurements of the dependent variable for each of the cabinets. However, this would likely lead to distorted results, since the two periods of grand coalition government in the data (1995 to 2000 and 2007 to 2010) display very little variation, e.g. with regards to the relative strength of parties and the distribution of portfolios. Therefore, the dependent variable will be measured only for those four periods that are delimited by ‘major’ changes in the government composition (see rightmost column in Table 2).

<table>
<thead>
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<th>End</th>
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<th>Junior party</th>
<th>Measurement periods</th>
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</thead>
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<td>Mar 1996</td>
<td>SPÖ (55.6)</td>
<td>ÖVP (44.4)</td>
<td>Period I (grand coalition)</td>
</tr>
<tr>
<td>Vranitzky V</td>
<td>Mar 1996</td>
<td>Jan 1997</td>
<td>SPÖ (57.7)</td>
<td>ÖVP (42.3)</td>
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<td>Jan 1997</td>
<td>Feb 2000</td>
<td>SPÖ (57.7)</td>
<td>ÖVP (42.3)</td>
<td></td>
</tr>
<tr>
<td>Schüssel I</td>
<td>Feb 2000</td>
<td>Feb 2003</td>
<td>ÖVP (50.0)</td>
<td>FPÖ (50.0)</td>
<td>Period II (center-right)</td>
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<td>Schüssel II</td>
<td>Feb 2003</td>
<td>Jan 2007</td>
<td>ÖVP (81.4)</td>
<td>FPÖ/BZÖ (18.6)</td>
<td>Period III (center-right)</td>
</tr>
<tr>
<td>Gusenbauer</td>
<td>Jan 2007</td>
<td>Dec 2008</td>
<td>SPÖ (50.7)</td>
<td>ÖVP (49.3)</td>
<td>Period IV (grand coalition)</td>
</tr>
<tr>
<td>Faymann</td>
<td>Dec 2008</td>
<td>-</td>
<td>SPÖ (52.8)</td>
<td>ÖVP (47.2)</td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures in parentheses are percentage shares of the coalition’s parliamentary seat total.

Also, it needs to be taken into account that, unlike ministerial portfolios, patronage appointments are not necessarily determined – much less effected – on day one of a cabinet. Depending on their specific status, the tenure of board members is regulated by law or contract. Early dismissals may therefore impose costs, which is why many appointments are made with considerable time lag. In addition, parties may be constrained by having earlier campaigned on an anti-patronage platform or by low

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19 In April of 2005, the FPÖ’s ministers and most MPs split from the party to form the BZÖ. The bulk of the party’s rank-and-file, however, remained loyal to the Freedom Party.

20 Members of supervisory boards, for instance, can be appointed for a maximum term of four years. Appointments can, however, be renewed indefinitely.
organizational capacities that impede the recruitment of adequately qualified personnel. Figure 2 illustrates how, after the FPÖ enters government in early 2000, its share of board members rises only slowly. By contrast, the proportion of SPÖ affiliates picks up rather quickly after the party returns to power in early 2007. Given these time lags, the values of the dependent variable are specified as averages across the last six months of each measurement period. This constitutes a reasonable approximation to the supposed ‘equilibrium distribution’ of patronage appointments as resulting from the bargaining process between coalition parties.

Figure 2: Aggregate share of board members by party, 1995-2010

Note: Horizontal grey bars indicate government composition; remainder is share of non-partisan board members.

To be sure, not all corporations were in existence or under federal control during all four measurement periods. Some were established only very recently, while others were privatized, merged or simply abolished at some point in time. The data set hence contains 54, 59, 48, and 51 corporations for the four respective measurement periods; with two parties present in each cabinet, this results in a total of 424 observations ((54+59+48+51)*2=424).

21 The author would like to thank one of the anonymous reviewers for having pointed out this argument.
Since the dependent variable is measured as each party’s proportion of board members, it takes on values between 0 and 1 (see Figure 3). Furthermore, the fact that not each and every managerial position is held by a partisan leads to a heavily skewed distribution (skewness=1.19). Given that the dependent variable therefore violates the assumptions for OLS regression, generalized linear models (GLM) are used in the multivariate analysis.

**Figure 3: Histogram of dependent variable**

![Histogram of dependent variable](image)

*Note: mean=0.16, median=0.13, skew=1.19.*

The GLM framework requires the choice of a distributional family and a link function. A modified Park test (Manning and Mullahy 2001) suggests that the Poisson distribution is the most appropriate modeling choice.\(^{22}\) A link test based on Pregibon (1980) identified the log function as the most preferable link function. In line with the portfolio allocation literature (Warwick and Druckman 2006), standard errors are clustered on corporations and measurement periods. The analysis thus accounts for the

\(^{22}\) For the modified Park test, the squared residuals from a GLM model with a gamma distribution and a log link function were regressed on the log of the predicted values. This yields a coefficient of 1.18 (SE=0.14), suggesting that the variance of Y conditional on X is roughly proportional to the mean. Hence a Poisson distribution is appropriate (see Manning and Mullahy 2001: 471).
fact that, at any point in time, one party’s share of board members is not independent of another’s.

### Table 3: Explaining party patronage in state-owned enterprises

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
<th>Model 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seat share</td>
<td>1.83***</td>
<td>1.09***</td>
<td>1.06***</td>
<td>0.85**</td>
<td>1.10***</td>
<td>0.87**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(7.95)</td>
<td>(3.72)</td>
<td>(3.82)</td>
<td>(2.83)</td>
<td>(3.84)</td>
<td>(2.93)</td>
<td></td>
</tr>
<tr>
<td>Minister, no watchdog JM</td>
<td>1.06***</td>
<td>0.95***</td>
<td>0.93***</td>
<td>0.90***</td>
<td>0.94***</td>
<td>0.90***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(10.64)</td>
<td>(8.84)</td>
<td>(8.66)</td>
<td>(7.25)</td>
<td>(8.80)</td>
<td>(7.22)</td>
<td></td>
</tr>
<tr>
<td>Minister plus watchdog JM</td>
<td>0.61***</td>
<td>0.64***</td>
<td>0.66***</td>
<td>0.55**</td>
<td>0.65***</td>
<td>0.56**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3.69)</td>
<td>(4.00)</td>
<td>(4.19)</td>
<td>(3.22)</td>
<td>(4.08)</td>
<td>(3.26)</td>
<td></td>
</tr>
<tr>
<td>Capitalization (logged)</td>
<td>0.08***</td>
<td>0.08***</td>
<td>0.07***</td>
<td>0.07***</td>
<td>0.07***</td>
<td>0.008</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(5.84)</td>
<td>(5.84)</td>
<td>(5.84)</td>
<td>(5.84)</td>
<td>(5.84)</td>
<td>(5.84)</td>
<td></td>
</tr>
<tr>
<td>Staff (logged)</td>
<td>0.08***</td>
<td>0.08***</td>
<td>0.08***</td>
<td>0.08***</td>
<td>0.08***</td>
<td>0.08***</td>
<td></td>
</tr>
<tr>
<td>Remuneration (logged)</td>
<td></td>
<td>0.25***</td>
<td>0.25***</td>
<td>0.25***</td>
<td>0.25***</td>
<td>0.25***</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(5.21)</td>
<td>(5.21)</td>
<td>(5.21)</td>
<td>(5.21)</td>
<td>(5.21)</td>
<td></td>
</tr>
<tr>
<td>Policy emphasis (logged)</td>
<td>-0.057*</td>
<td>-0.044+</td>
<td>-0.053+</td>
<td>-0.055*</td>
<td>-0.055+</td>
<td>-0.053+</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-2.34)</td>
<td>(-1.89)</td>
<td>(-1.88)</td>
<td>(-2.27)</td>
<td>(-1.87)</td>
<td>(-2.27)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-2.76***</td>
<td>-2.40***</td>
<td>-3.00***</td>
<td>-3.30***</td>
<td>-4.58***</td>
<td>-3.16***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-21.11)</td>
<td>(-30.10)</td>
<td>(-19.30)</td>
<td>(-17.93)</td>
<td>(-17.54)</td>
<td>(-17.12)</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>424</td>
<td>424</td>
<td>424</td>
<td>424</td>
<td>326</td>
<td>424</td>
<td></td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-168.9</td>
<td>-163.9</td>
<td>-161.2</td>
<td>-162.0</td>
<td>-127.2</td>
<td>-161.1</td>
<td></td>
</tr>
<tr>
<td>cor (Y, Ŷ)</td>
<td>0.23</td>
<td>0.45</td>
<td>0.51</td>
<td>0.49</td>
<td>0.53</td>
<td>0.52</td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures are coefficients from generalized linear models using a Poisson distribution and a log link function; t statistics in parentheses; standard errors clustered on corporation-years.

* p < 0.05, ** p < 0.01, *** p < 0.001, + p < 0.1

The overall picture suggests that the hypotheses referring to the institutional make-up of cabinet (H1 to H3) have substantial explanatory power. Likewise, the assumptions pertaining to the relevance of corporations (H4 to H6) are supported by the data, albeit that these variables are correlated to a certain degree (between 0.44 and 0.63) so that the effects of the capital and staff predictors are cancelled out by the remuneration variable in model 7. The policy-related hypothesis (H7) must be rejected on the basis of the figures in Table 3.

To begin with, the seat share predictor (H1) is positive and highly significant, thus indicating that, while the influence of individual ministers to bias the partisan
composition of managerial boards in their favor is considerable, the proportionality norm can clearly be detected in the data. To be sure, the relationship between parliamentary seat shares and the dependent variable is much weaker than has been found in the traditional portfolio allocation literature. Figure 3 shows that, compared to the ‘Gamson line’, the predicted share of board members rises rather slowly as the value of the seat share variable increases from 0 to 1. While Gamson’s (1961) proportionality proposition thus clearly has its relevance with regard to the allocation of board memberships, the relative strength of parties impacts only moderately on the share of board members.

**Figure 4: Predicted share of board members by seat share**

![Graph showing the predicted share of board members by seat share](image)

*Note: Calculations based on model 6; all other variables held constant at their respective means or modes. Solid lines indicate 95-per cent confidence intervals*

As a simple and intuitive measure of the model fit, Table 3 reports the correlations between the predicted values and the dependent variable (Zheng and Agresti 2000). The value for model 2 suggests that ministerial responsibility is the single most important determinant of patronage patterns in state-owned corporations. While the overall distribution of power in a coalition is far from irrelevant (as evidenced by the highly
significant seat share variable and a correlation of 0.23 between Y and Ŷ from model 1), ministers appear to have great leeway over appointments to public corporations. To some extent, this finding, which is extremely robust across all model specifications, is indicative of a departure from the strict proportionality norm that structured patronage appointments during the golden age of the Austrian nationalized industries (Dobler 1983: 327-331). It suggests that patronage today is primarily structured along ministerial jurisdictions.

However, not all ministers are created equal. The predictor for ministers constrained by watchdog a junior minister yields coefficients that are consistently lower than the dummy variable for unconstrained ministers, which is consistent with H3. There is thus good reason to believe that the presence of a ‘hostile’ junior minister has a negative effect on the share of board members in a corporation that are affiliated with the senior minister’s party. This finding is all the more important since earlier studies (Lipsmeyer and Pierce 2011; Thies 2001) have generally tested the observable implications of the assumed ‘watchdog’ role of junior ministers without actually demonstrating the empirical effects of this assumption. The models in Table 3 thus provide some of the first evidence that watchdog junior ministers do have a practical impact on the governance of coalition cabinets.

In order to illustrate the relationship between ministers and junior ministers in more detail, Figure 4 shows the marginal effect of the two minister variables based on model 6, with all other variables held constant at their mean. All else being equal, the predicted share of board members thus increases from 9 to 23 per cent when the respective party holds the portfolio with no interference by a watchdog junior minister. In the presence of a ‘hostile’ junior minister, the senior minister’s party is predicted to control only 17 per cent of the board members. In terms of party patronage, the net effect of the average watchdog junior minister is therefore a reduction in the share of board members affiliated with the minister’s party by no less than six per cent.23 Taken together, this is strong support for the assumption that, to a considerable extent, party patronage in public corporations follows the logic of ministerial government. Hence, ministerial partisanship is arguably the single most important predictor of the partisan

23 This reduction is statistically significant at p=0.053.
composition of management boards in state-owned enterprises, albeit that the freedom of individual ministers to hand out appointments can be severely constrained by watchdog junior ministers.²⁴

Figure 5: Predicted board member share conditional on ministers/junior ministers

<table>
<thead>
<tr>
<th></th>
<th>0.00</th>
<th>0.05</th>
<th>0.10</th>
<th>0.15</th>
<th>0.20</th>
<th>0.25</th>
<th>0.30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister, no watchdog JM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister plus watchdog JM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No minister</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Calculations based on model 6; all other variables held constant at their mean. Solid lines indicate 95-per cent confidence intervals.

Also, the predictors for the saliency of corporations do yield significant results. When regressing the dependent variable on each of these predictors individually, the model fit measures (correlations between Y and \( \hat{Y} \)) yield values of 0.20 (capitalization), 0.17 (staff), and 0.24 (remuneration). This suggests that their explanatory power is similar to that of the seat share variable, but considerably lower than ministerial partisanship. Also, it should be noted that the three variables (capitalization, staff, and remuneration) correlate to a considerable degree. Indeed, larger corporations tend to have higher amounts of capitalization, employ more people, and pay higher reimbursements to their board members. Thus, the remuneration variable cancels out the effects of the other two variables when all three predictors are included in one single model. It is hence difficult to empirically disentangle the effects of these three variables. Still, with regard to hypotheses four to six, it can be concluded that the ‘value’ of a corporation corresponds with the overall level of patronage.

This argument can be supported by a closer inspection of some corporations that do not score above average on any of the measures of ‘corporation saliency’ employed

²⁴ Interestingly, however, the appointment of watchdog junior ministers does not result in higher board member shares for the junior minister’s party in corporation under the jurisdiction of the respective portfolio (results not shown). In terms of patronage, their role is thus limited to curtailing the actions of the senior minister.
in the analysis, but can be said to be of special importance due to their cultural significance or for other reasons. Corporations such as the Spanish Riding School, Schönbrunn Palace or the Schönbrunn Zoo, all three epitomes of Austrian cultural identity (and pompous tourist attractions), display considerably higher levels of patronage than the average corporation. An even more extreme case is the Wiener Zeitung, the government’s official gazette, which displays one of the highest patronage levels of all corporations. The motivation here appears to be a desire to exert control over the distribution of information.

The negative and (weakly) significant coefficient for the policy emphasis variable runs counter to H7. Also, at \( \text{cor}(Y, \hat{Y}) = 0.07 \) the model fit for a simple regression of the dependent variable on this predictor is very low. Yet, one should be cautious to dismiss the underlying theoretical argument and interpret these results as indicating that parties do not politicize boards in those policy realms that they deem important. Rather, the findings may be due to the fact that many corporations operate in sectors that are not politically salient, such as transport, culture, or administration. Measuring policy emphasis through references in election manifestos may therefore fall short of capturing adequately the party-specific importance of a policy sector that features low in electoral contests.

Taken together, the results of the above analysis suggest that party patronage in public sector corporations is structured by a number of factors: the relative parliamentary strength of the government parties plays a certain role, although the influence of individual ministers is dominant. Junior ministers, however, can constrain their departmental superiors in handing out appointments. As a general rule, patronage is more pronounced in corporations with higher capitalization, larger staff, and more extensive reimbursements for board members. Yet, the net effect of each of these variables is difficult to determine due to high inter-correlations. The assumption that patronage patterns reflect parties’ policy emphases is not borne out by the data.

**Conclusion**
The analysis above presents one of the most extensive single-country studies of patronage appointments to date. In light of the evidence gathered, there is ample support
for the presumption that theories of government formation, portfolio allocation and coalition governance have substantial explanatory power when it comes to analyzing party patronage. This, in turn, reinforces the conceptualization of patronage as a linkage mechanism by which parties exert control over integral parts of the state apparatus beyond the cabinet. Patronage patterns can thus be expected to co-vary with changes in the partisan make-up of the executive. To be sure, the present analysis focuses exclusively on the patron’s activity (handing out appointments) and disregards the reciprocal part of the exchange relationship between patron and client. Since it thus remains unclear what type of good government parties receive in exchange for the appointments they make, one cannot draw definite conclusions as to whether reward or control are the central motivational drivers of party patronage. Yet, some of the findings (e.g. those relating to the varying importance of public sector corporations) suggest that control aspects are an important determinant of patronage (Treib 2012).

Also, some qualifications with respect to the generalizability of the above findings are in order. Given that the analysis is limited to one country that is not necessarily representative of other West European democracies in terms of party patronage, it remains to be seen to what extent the findings generalize to other political systems. To be sure, one could be more confident about the general validity of the hypotheses if they had been found confirmed in a low-patronage political system. This implies that the extent to which the above findings can be generalized is likely to be a function of the extent of party patronage that is present in a political environment. For the present purpose, however, the ‘likely case’ of Austria provides a fertile testing ground for the application of theoretical concepts from coalition theory to the study of patronage.

Furthermore, it is not the main ambition of this study to extrapolate from the substantive results generated for the Austrian case to other countries, but to demonstrate the analytical potential of coalition theory for the study of patronage. The generalizability of this theoretical approach may therefore be higher than that of the actual results. While the findings presented above may be specific to the country under study, it is conceivable that the benefits of studying party patronage through the lens of coalition theory apply to a larger set of cases, thus providing a useful framework to explain not only variation in patronage patterns between but also within countries. Since
most concepts in coalition theory have been developed and tested on a wider sample of (West) European post-war democracies, it can plausibly be argued that they can be employed for the study of patronage in a variety of contexts, even if the specific results may differ substantially from the ones presented here. This perspective opens up new possibilities for research on party patronage and encourages further empirical investigation of a phenomenon the dynamics of which are still insufficiently understood.

Appendix to Paper 2: List of Corporations

AIT Austrian Institute of Technology GmbH
ASFINAG Autobahn- und Schnellstraßenfinanzierung-AG
Austria Wirtschaftsservice GmbH
Austria-Film und Video GmbH
Austrian Business Agency GmbH
Austrian Development Agency GmbH
Austrian Space Agency GmbH
AustriaTech - Gesellschaft des Bundes für technologiepolitische Maßnahmen GmbH
Austro Control GmbH
BIG Bundesimmobilien-GmbH
Brenner Eisenbahn GmbH
Buchhaltungsagentur des Bundes
Bundesbeschaffung GmbH
Bundespensionskasse AG
Bundesrechenzentrum GmbH
Bundessport einrichtungen GmbH
Bundestheater Holding GmbH
BÜRGES Förderungsbank für wirtschaftliche Angelegenheiten GmbH
BUWOG Bauen und Wohnen GmbH
EBS Wohnungs-GmbH Linz
Eisenbahn Hochleistungsstrecke AG
Energie-Control Austria
Entwicklungsgesellschaft Aichfeld-Murboden GmbH
ESG Wohnungs-GmbH Villach
Familie & Beruf Management GmbH
Felbertauernstraße AG
Finanzierungsgarantie-GmbH Ost-West-Fonds
Gemeinnützige Wohnbau-GmbH Villach
Gesundheit Österreich GmbH
Graz-Köflacher Bahn und Busbetrieb GmbH
Großglockner Hochalpenstraßen AG
Hypo Alpe-Adria-Bank International AG
IEF-Service GmbH
Innovationsagentur GmbH
Internationales Amtssitz- u Konferenzzentrum Wien AG
KA Finanz AG
Kärntner Flughafen Betriebs-GmbH
Lagereibetriebe GmbH
Landwirtschaftliche Bundesversuchswirtschaften GmbH
Lokalbahn Lambach-Vorchdorf-Eggenberg AG
Marchfeldschlösser Revitalisierungs- und Betriebs-GmbH
Monopolverwaltung GmbH
MuseumsQuartier Errichtungs- und Betriebsgesellschaft mbH
ÖBB Holding AG
Österreich Institut GmbH
Österreichische Agentur für Gesundheit und Ernährungssicherheit GmbH
Österreichische Autobahnen- und Schnellstraßen AG
Österreichische Bibliothekenverbund und Service GmbH
Österreichische Bundesbahnen
Österreichische Bundesfinanzierung AG
Österreichische Bundesforste AG
Österreichische Donau-Betriebs-AG
Österreichische Forschungsförderungs-GmbH
Österreichische Industrieholding AG
Österreichische Mensen Betriebs-GmbH
Österreichischer Austauschdienst GmbH
Österreichischer Bundesverlag GmbH
Österreichischer Exportfonds GmbH
Rundfunk und Telekom Regulierungs-GmbH
Schienen-Controle GmbH
Schienenninfrastruktur-Dienstleistungs-GmbH
Schienenninfrastruktur-Finanzierungs-GmbH
Schlöss Schönbrunn Kultur- und Betriebs-GmbH
Schönbrunner Tiergarten GmbH
Spanische Hofreitschule - Bundesgestüt Piber
Technologieimpulse GmbH
Telekom-Control GmbH
Timmelsjoch Hochalpenstraße AG
Umweltbundesamt GmbH
Verbund AG
via donau – Österreichische Wasserstraßen GmbH
Villacher Alpenstraßen Fremdenverkehrs-GmbH
WBG Wohnen und Bauen GmbH Wien
Wiener Zeitung GmbH
Wohnungsanlagen-GmbH Linz
POLITICAL CONTROL AND MANAGERIAL SURVIVAL IN STATE-OWNED ENTERPRISES

Abstract. This article explores the impact of political determinants on the survival of managers in state-owned enterprises (SOEs). Drawing on theories of bureaucratic delegation it is argued that preference divergence between principals and agents as well as among principals is a major driver of managerial turnover. In the context of a parliamentary system of government, this implies that the partisan affiliation of SOE-managers with the government, the opposition, or individual ministers can serve to explain the length of their tenure. The analysis employs Cox proportional hazard regressions to test these hypotheses on an original data set of 1673 managers serving in 87 public corporations in Austria between 1995 and 2010, thus presenting one of the first large-n analyses of political appointments in a parliamentary system. The results strongly support the proposition that partisan affiliation drives managerial survival.

Status of manuscript:
April 20, 2012 Submission to Governance

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The author would also like to thank the participants of Wolfgang C. Müller’s research seminar at the University of Vienna’s Department of Government for their helpful comments.
Introduction

Even though today’s advanced industrial democracies are largely organized around the principles of free markets and private ownership of corporations, the state often retains a central role in some sectors of the economy, especially utilities and infrastructure. This remains true even after massive privatization efforts during the past decades have considerably shrunk the share of GDP contributed by state-owned enterprises (SOEs) in most developed countries (OECD 2005: 23-26; see also Toninelli 2000). Although many of these corporations are run according to market principles, they are ultimately controlled by political actors who may seek to bring corporate policy in line with their preferences. As evidenced by the vast literature on political appointments (e.g. Chang et al. 2001; Cohen 1986; Lewis 2008; Wood and Marchbanks 2008), the most effective way to do so is to staff the management of state-owned corporations with party affiliates (see also Anastassopoulos 1985: 534).

This article aims at exploring the impact of changes in the partisan composition of government on the survival of managers in state-owned enterprises. In so doing, it focuses explicitly on a European parliamentary system. This is because the studies concerned with the impact of political change on the tenure of top-level managers in the public sector are almost exclusively dedicated to a single country, the United States. Yet, due to the fact that the American separation-of-powers system operates quite differently from most parliamentary democracies with respect to political appointments, one can draw only limited generalizations from this case to European-style parliamentary systems. To be sure, there is a substantial literature dealing with the survival of cabinets and individual ministers in European democracies (Berlinski et al. 2007, 2012; Huber and Martinez-Gallardo 2008; Laver 2003). However, below the cabinet level, there is little research that examines the survival of senior officials in the public sector. In addressing this research gap, this article aims to make two contributions:

First, it argues on a theoretical level that it is essential to make explicit the causal mechanism that one assumes behind the relationship between political change and...
managerial turnover. In this respect, research on bureaucratic delegation has identified the *ally principle* as a crucial concept (Epstein and O’Halloran 1996, 1999; Huber and Shipan 2002, 2006). It is based on the notion that politicians as principals prefer agents with similar policy preferences. Hence, one needs to take into account that individual managers are not necessarily ideologically neutral but may be more or less inclined towards a specific policy course of action – especially in cases where their loyalty is with a political party. In translating this basic concept to the context of parliamentary systems, this study tries to bridge the gap between the (largely Americanist) literature on bureaucratic delegation and the European-oriented research on party patronage (Kopecký et al. 2012). The impact of changes in the political composition of government should thus be contingent on the partisan congruence between cabinets as a whole, individual ministers, and managers in state-owned enterprises, since politicians can be assumed to minimize agency loss by removing managers with divergent policy preferences while retaining those with whom they agree. Put simply, managers should be more likely to be replaced the smaller the political influence of ‘their’ party on the respective corporation. By contrast, managers’ tenures should be longer the more direct political control ‘their’ party has over a corporation.

Second, this theoretical argument has major implications for the empirical approach to the matter at hand. Most importantly, it is necessary to establish a direct link between the political leanings of managers in SOEs and their odds of being removed from office as a result of political change. This entails a research design that examines the partisan affiliation of public sector managers at the individual level – a requirement that poses significant challenges in terms of data collection which have hitherto been largely disregarded.

In order to address these challenges, this article draws on studies of delegation and accountability in parliamentary democracies to set forth a theoretical framework that conceives of managers in state-owned enterprises as a part of the parliamentary chain of delegation. They are thus in a principal-agent relationship with the government and individual ministers. Drawing on this conceptualization, a number of individual-level hypotheses pertaining to managerial survival are derived. These hypotheses are then tested on a data set that covers over 1600 individuals serving on executive and supervisory boards in 87 Austrian state-owned enterprises between 1995 and 2010. The
analysis yields strong support for the notion that the partisan congruence between managers, cabinet and individual ministers is a major determinant of managerial survival.

**Theoretical framework**

The theoretical starting point of this study is the assumption that managers in state-owned enterprises are in a principal-agent relationship with their political superiors. This argument plainly rests on the fact that public corporations are owned by the state, which establishes a principal-agent relationship between the government (as representative of the shareholders) and the management of a corporation. In management studies, agency theory has been an important tool to analyze the relationship between shareholders and firm executives (Eisenhardt 1989), especially in cases when both actors’ interests may diverge (e.g. hostile takeovers).

**Figure 1: Chain of delegation in parliamentary democracies**

![Figure 1: Chain of delegation in parliamentary democracies](image)

*Note: Figure adapted from Müller (2000b: 312)*

However, for the analysis of managerial turnover in state-owned enterprises it is crucial to acknowledge that the governments and ministers who function as principals to the managers in SOEs are themselves part of a more evolved chain of delegation. In parliamentary systems of government this chain of delegation runs from voters and their representatives in parliament to the cabinet and individual ministers, and further to the
administered apparatus of the state (Huber 2000; Lupia 2003; Müller 2000b; Strøm 2000, 2003). Figure 1 depicts this cascade of principal-agent relationships.  

Empirically, political parties become less important a factor as one moves down the chain of delegation (Müller 2000b: 312). From a normative perspective it is often required that partisan influence plays no role in the final step between ministers and their subordinates. However, there are plenty of real-world examples of politicians who actively politicize the state apparatus to their benefit (e.g. Meyer-Sahling 2006; Remmer 2007). While such patterns of party patronage may be solely driven by the need for politicians to hand out spoils to party followers in order to secure electoral or intra-party support (Pappas 2009), the present framework starts from the assumption that partisan appointments are primarily motivated by policy considerations. Recent research has identified both, reward and control, as drivers of patronage appointments (Kopecký et al. 2012). Yet, for the case under study, there is empirical evidence that control over public policy has in the last decades become the more important motivation (Treib 2012). This is because the principle of accountability warrants that government politicians have strong incentives to ensure effective delegation of political decisions to the bureaucracy and other government-run institutions. Such delegation is facilitated if the principal-agent relationship between ministers and their subordinates is reinforced by partisan ties – even if this runs counter to the ideal of a value-neutral Weberian bureaucracy.  

The most elaborate framework to study principal-agency relationships between a policy-motivated government executive and subordinate institutions can be found in the U.S.-based literature on bureaucratic delegation (Calvert et al. 1989; Epstein and O’Halloran 1994, 1996, 1999; Huber and Shipe 2002, 2006; Lupia and McCubbins 1994a, b; McCubbins 1985; McCubbins et al. 1987). One of the most important conclusions emerging from this literature is the centrality of the ally principle. This principle is based on the notion that politicians are policy-oriented and therefore grant greater autonomy to those bureaucrats with preferences similar to their own (Bendor et al. 2012).
al. 2001: 254). Empirical support for the ally principle is solid (e.g. Wood and Bothe 2004), even though it has been found that the appointment of political allies may have an adverse impact on the performance of the public sector (Lewis 2007; 2008: 172-201)

While there are substantial institutional differences between the system of executive appointments in the United States and parliamentary government in Europe, the basic logic of the ally principle can easily be translated to the research question at hand. Managers in public corporations enjoy a certain amount of autonomy when making day-to-day decisions about corporate policy. To be sure, they typically have even greater independence than the average bureaucrat (Van Thiel 2012: 19-20), which makes the application of the ally principle all the more plausible. To the extent that the decisions made by the SOE management enter the governments’ utility calculus, one would thus expect that politicians seek to avoid preference divergence between SOE-managers and themselves. Yet, given that information on policy preferences is costly to come by, and since politicians lack the time to scrutinize the ideological credentials of each (potential) appointee, they may resort to information shortcuts. One such shortcut is the party affiliation of an individual. Politicians may hence use the party affiliation of managers as an information cue when making decisions about which managers to keep and which to remove from their positions. To be sure, successful delegation may not necessarily require partisan congruence between the politician and the manager. However, there are good reasons to believe that agency problems are greatly reduced if the agent is favorably predisposed to the policy advocated by the principal (Brehm and Gates 1994, 1997).

The first two hypotheses thus conjecture that the congruence (or incongruence) between a manager’s party affiliation and the partisan composition of government is a major determinant of managerial survival in state-owned enterprises:

H1 Managers in state-owned enterprises are less likely to be removed if they are affiliated with a government party.
H2 Managers in state-owned enterprises are more likely to be removed if they are affiliated with an opposition party.\textsuperscript{29}

These two hypotheses resonate with much of the research that stresses the role of party patronage as a control mechanism over public policy (Flinders and Matthews 2010; Kopecký et al. 2012; Meyer-Sahling 2006; Müller 1989: 333-5). Patronage enhances political control since the principal-agent relationship between politicians and SOE-managers is reinforced by a patron-client relationship between a party official and a loyal affiliate. Blondel (2002: 239-45) argues that patronage thus becomes a form of linkage between the government and its supporting parties. Appointments to management boards in public corporations hence constitute an exchange relationship in which politicians trade jobs for influence over corporate policy in SOEs. To be sure, this exchange relationship works only so long as the patron holds government office. If a change in the composition of government disrupts the coincidence between the principal-agent link and the patron-client relationship, the manager is likely to be removed.

Thus far, the theoretical argument has focused on government politicians as principals without considering the possibility of policy conflict \textit{within} the cabinet. However, in parliamentary democracies with proportional electoral systems, coalition governments made up of two parties or more are the norm rather than the exception (Mitchell and Nyblade 2008: 206). The partisan division of labour within cabinets should therefore be taken into account, especially if it appears plausible that cabinet does not function as a coherent collective actor but that government decision-making is fragmented along departmental lines (Andeweg 1993, 1997). In this case, preference divergence may also occur in the delegation from the cabinet as a whole to individual ministers, leading to ministers preferring their own party affiliates over those of the coalition partners. Since most studies of delegation to the bureaucracy have hitherto emerged from the Americanist research tradition, the effects of preference divergence between parties in government have been analyzed mostly in the context of divided government in the United States (Epstein and O’Halloran 1996, 1999; Huber et al.\textsuperscript{29}

\textsuperscript{29} Note that not, empirically, not all managers are affiliated to a party. The analysis will therefore evaluate \textit{H1} and \textit{H2} through a comparison against this reference group of non-affiliated managers.
2001; Volden 2002). Yet, already Huber and Shipan (2002: 205) demonstrate that coalition governments grant less statutory discretion to the bureaucracy than single-party governments. This is because the risk of policy drift in the delegation from cabinet to ministers is far greater if not all ministers are from the same party. Presuming that managers in public corporations are appointed not only for patronage purposes but also in order to exert influence over corporate decision-making, it appears plausible that policy-oriented ministers will try to influence the composition of management boards so as to minimize agency loss for themselves, which potentially comes at the expense of the coalition partner.

Given the theoretical and empirical relevance of ministerial government for the case at hand (Müller 1994), one can theorize that the allocation of ministerial portfolios thus has an impact on the tenure of managers in public corporations. Assuming that individual ministers have substantial leeway in making decisions within their jurisdiction (Laver and Shepsle 1990, 1994, 1996), it can be expected that managers affiliated to the party of the minister responsible for their corporation survive longer than those affiliated to other government parties. This assumption is captured by $H3$.

$H3$ Government-affiliated managers in state-owned enterprises are less likely to be removed if they are affiliated with the party holding the minister under whose jurisdiction the respective corporation falls.

In what follows, two interactive hypotheses are presented to further specify the conditions under which the mechanisms assumed behind $H1$ and $H2$ are more or less likely to become observable. The core assumption here is that not all appointments to management positions in public corporations are of equal relevance (e.g. Lewis 2008: 148). In addition, politicians face the classical ‘principal’s problem’ of limited capacity (or high costs) to monitor the actions of their agents (Miller 2005: 204-5). Working under serious constraints concerning the amount of time and attention they can devote to overseeing their agents on SOE boards, they may focus on the most significant positions before investing time and energy to concern themselves with the lesser ones. Also, given that appointments in the public sector are a potentially delicate matter with regard to public opinion (Flinders and Matthews 2010: 642), the incremental
substitution of managers may be a more promising strategy than abrupt replacement across the board. Yet, such a more subtle strategy forces politicians to make decisions about which management posts to target first and which to leave for later. Again, this requires a prioritization that is likely to be a function of how relevant the respective post is to the politician. The effects posited in the first two hypotheses should therefore be contingent on the importance of a managerial position. Given that cabinet ministers are accountable to parliament with regard to the performance of SOEs, it is rational for them to maximize their influence in those corporations that are most relevant in terms of public service provision.

While there is no perfect measurement for the ‘importance’ of a managerial position (which may depend on the politician’s agenda as much as on the scope of influence of the manager), there are some criteria that can serve as proxies. SOEs differ in terms of policy impact and their relevance for the provision of public services as well as with regard to the scope of patronage opportunities they offer. A politician may therefore value control over a large electricity provider or a nation-wide public transport company more than influence over some minor agency concerned with development aid or a small housing corporation. To turn this assumption into a testable hypothesis, a corporation’s relevance is equated with its size. \(H_4\) and \(H_5\) hence assume that, ceteris paribus, government politicians will remove opposition-affiliated managers quicker and retain their own affiliates for a longer period of time the larger a corporation:

**H4** Government-affiliated managers are less likely to be removed the larger a corporation.

**H5** Opposition-affiliated managers are more likely to be removed the larger a corporation.

Before submitting the five hypotheses outlined above to an empirical test, the following section discusses the case selection and presents the data collection. It also discusses a number of control variables that later enter the multivariate models.

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\(^{30}\) In addition, politicians may face considerable expenses when dismissing SOE managers before the end of their contract. At times, however, these costs may be considered worth paying.
Case selection and data

The five hypotheses outlined above are tested on a data set comprising all managers serving on supervisory and executive boards in corporations that were majority-owned by the Austrian federal government at some point between January 1995 and December 2010. This yields over 1600 individuals nested in 87 state-owned enterprises (see Appendix for a list of corporations).

There are at least two reasons why Austria presents a fruitful testing ground for the propositions outlined in the theoretical section. First, it has throughout the postwar era entertained a large sector of state-owned corporations (Müller 1981; OECD 1985; Stiefel 2000). While massive privatization efforts have considerably limited the reach of the state (Aiginger 2003; Meth-Cohn and Müller 1994), the share of GDP contributed by enterprises under federal government control has, until recently, been among the highest in the Western world. At four per cent of GDP, Austria ranked fifth among 31 OECD countries in 2003 (OECD 2005: 25), although subsequent privatization efforts have diminished the size of the public economy. Yet, as of January 2012, the Austrian federal government still owned corporations engaged in, inter alia, oil production and refinement, telecommunications, rail transport, road construction, banking, and the newspaper industry. In addition, there are dozens of minor corporations that perform regulatory tasks or provide administrative services. Also, some of Austria’s most prominent cultural institutions are state-owned enterprises.

The second reason for selecting Austria is that the country has a long-standing tradition of party patronage and politicization within the public sector (Liegl and Müller 1999; Müller 1988, 1989). Dobler (1983) and Fehr and Van der Bellen (1982) provided the first systematic accounts of the partisan logic that guided appointments to the management of nationalized industries during the early postwar decades. While the heyday of party patronage in the state-owned enterprises is long gone, the appointments to management positions in public corporations remain stubbornly politicized, albeit that control over corporate policy is a more important motivation today than the

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31 As in Germany and several other European countries, Austrian corporate law requires companies to adopt a two-tier board system.
32 To be sure, this is a direct consequence of the 2008 financial crisis. However, up until the late 1990s, the Austrian state had been the owner of some of the largest banks in the country.
33 These include Schönbrunn Palace, the Vienna State Opera, the Burgtheater, and the Spanish Riding School.
rewarding of loyal partisans (Treib 2012). To be sure, Austria clearly represents a likely case with respect to the hypothesized effects of political change on managerial survival. Yet, the prevalence of partisan appointments in Austria also allows for an in-depth examination of the mechanisms discussed in the theoretical section that would be difficult to conduct in other contexts.

The data collection was performed in two steps. First, all corporations that were majority-owned by the Austrian federal government between January 1995 and December 2010 were identified from annexes to the federal budget. Only corporations directly controlled by the government were included, since subsidiary enterprises cannot be considered independent cases. While some corporations are relevant to policy-makers merely because of their size (e.g. the national railway corporation or the country’s largest providers of electricity, telecommunications, and air travel), others perform important regulatory tasks (e.g. in the energy, telecommunications, aviation, food, and environmental sectors) or are of other value for politicians (e.g. a state-owned newspaper). The names, birth dates, and tenure dates of all persons serving on the supervisory and executive boards of these corporations were obtained from the official commercial register. Excluding workers’ representatives on supervisory boards, this yields 1673 individuals.

In a second step, an extensive research in biographical encyclopedias, official government documents, election lists, parliamentary records, media databases and party and government websites was conducted to identify the partisan affiliation of each individual. Party affiliation was operationalized as a person (1) having held public or party office, (2) having served as an aide to an MP or in a ministerial cabinet, (3) being a member of a party, (4) being closely affiliated with a party. While the three former categories of affiliation are objective, the latter is potentially problematic in terms of validity as it is usually based on information found in journalistic accounts. However, given the importance of party in the Austrian public economy, it can be assumed that domestic and economic journalists are among the best informed sources when it comes to identifying the partisan ties of public sector managers. Also, some anecdotal evidence in the data suggests that these ‘close affiliates’ are often, in fact, party members whose ‘true’ degree of affiliation is not perfectly observed by journalists. However, the substantive results of the analysis hold even when these cases are excluded from the
data set. As additional evidence for the validity of the data collection, consider the fact that the thousands of documents researched for this study returned contradictory information on party affiliation only in one case.\(^{34}\)

About half of all 1673 managers have no discernible party ties. Depending on the type of corporation this group usually consists of lawyers, businesspeople, practitioners, civil servants or other policy experts, many of whom have private sector experience. To be sure, most of these persons will have clear political or even ideological preferences; some may even have ties to a party that remain unobserved. However, even for those cases it is safe to assume that their partisan loyalty is much less pronounced than for individuals who are publicly known to be party affiliates.

With respect to this group, the data contain 379 persons with ties to the Social Democratic Party (SPÖ), 359 individuals affiliated with the conservative Austrian People’s Party (ÖVP), and 141 individuals affiliated with the right-wing populist Freedom Party (FPÖ). Yet, for the hypotheses to be properly operationalized at the individual level, changes in the composition of government during the period of observation need to be taken into account. The ÖVP held office during all 16 years under study. The FPÖ, a traditional opposition party, entered government in 2000, thus banishing the SPÖ to the opposition benches. Together, ÖVP and FPÖ served two terms, albeit that the balance of power shifted massively towards the ÖVP after the 2002 snap election.\(^{35}\) In early 2007, the notorious grand coalition between SPÖ and ÖVP was re-established. There is therefore variation in the partisan composition of government, as well as in the relative strengths of government parties.

\(^{34}\) One individual was portrayed by a newspaper as having ties to the FPÖ. However, the bulk of available information on this case plausibly suggested that the person was, in fact, a social democrat.

\(^{35}\) Serious conflict within the FPÖ led to a party split in 2005. The newly established Alliance for the Future of Austria (BZÖ) continued the centre-right coalition with the ÖVP. Despite massive turmoil within the rank-and-file, there was almost perfect elite continuity in cabinet and parliament. Therefore, the analysis treats all managers with ties to the FPÖ as government affiliates throughout the whole period until early 2007.
The dependent variable in the analysis is the tenure of managers, measured in days (see Figure 2). Observations are left-censored if an individual served on a board before January 1995. Right-censoring is applied if one or more of three criteria are met: (1) a person’s tenure extends beyond December 2010; (2) the corporation is privatized or disbanded during the tenure of an individual; (3) the person dies.

The independent variables are: three dichotomous predictors indicating whether an individual is affiliated with a government party, an opposition party, and the party of the minister under whose jurisdiction a corporation falls. In order to test the interactive hypotheses (H4 and H5), the size of a corporation is operationalized with its capitalization. Log-transformation is applied in order to reduce the skew of this variable (as could be expected, there are only a few very big corporations and many medium-sized and smaller ones). All these covariates vary over time.

Note: Mean=1644 days, SD=1351 days, Median=1244 days.

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36 This information is available from annexes to the federal budget.
Table 1: Descriptive statistics of independent variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliated with government party</td>
<td>0.42</td>
<td>0.49</td>
</tr>
<tr>
<td>Affiliated with opposition party</td>
<td>0.10</td>
<td>0.29</td>
</tr>
<tr>
<td>Affiliated with minister’s party</td>
<td>0.28</td>
<td>0.45</td>
</tr>
<tr>
<td>Capitalization (logged)</td>
<td>1.34</td>
<td>2.84</td>
</tr>
<tr>
<td>Type of board (supervisory=0, executive=1)</td>
<td>0.19</td>
<td>0.39</td>
</tr>
<tr>
<td>Civil servant</td>
<td>0.29</td>
<td>0.45</td>
</tr>
<tr>
<td>Higher education (post-secondary degree)</td>
<td>0.83</td>
<td>0.37</td>
</tr>
<tr>
<td>Gender (male=0, female=1)</td>
<td>0.09</td>
<td>0.29</td>
</tr>
<tr>
<td>Age (years)</td>
<td>52.65</td>
<td>9.75</td>
</tr>
</tbody>
</table>

Note: n=3718, except for Age (n=3650)

In addition to the variables that are of substantive interest, a number of control variables are specified. These include the type of board a person serves on (executive vs. supervisory), civil service status, level of education, gender, and age. The descriptive statistics are reported in Table 1. Note that due to the presence of time-varying covariates the number of observations is considerably larger than the number of individuals in the data set. Also, age information is missing for 38 persons.

Analysis

The analysis employs Cox proportional hazards regressions to model the duration of managers’ tenure (Cox 1972). Since it is a semi-parametric modeling technique, Cox regression is especially useful if one has no strong assumptions about the distribution of the duration times to be modeled (Box-Steffensmeier and Jones 2004: 47-8). The Cox model specifies the hazard rate for each individual $i$ as

$$ h_i(t) = h_0(t) \exp(\beta'x) $$

where $h_0(t)$ represents the baseline hazard function, $x$ is a set of covariates, and $\beta$ a set of regression parameters. The results in Table 2 are presented in the form of hazard ratios which can be written as:

---

37 It is common practice that ministers assign some of their top civil servants to supervisory boards, especially if those civil servants are affiliated with the minister’s party.
\[
\frac{h_i(t)}{h_0(t)} = \exp(\beta'(x_i - x_j))
\]

Hazard ratios above 1 indicate a rising hazard as the covariate takes on higher values, whereas hazard ratios below 1 suggest the opposite. Thus, variables with values above 1 in Table 2 can be interpreted as having a negative effect on managerial survival, and values below 1 are indicative of a positive effect on tenure.

From the four models it becomes clear that there is good support for some of the hypotheses whereas others are not borne out by the data. When interpreting the results, it is important to keep in mind that not all individuals in the analysis are party affiliates. The models are specified so that these nonpartisans represent the baseline category against which other groups are compared.

The results for the first covariate show that affiliation with a government party has no significant impact on managerial tenure in any of the models. None of hazard ratios reported for \(H1\) is statistically distinguishable from 1. Thus, while a substantial number of government-affiliated individuals are appointed to managerial positions in state-owned enterprises, these persons do not seem to enjoy smaller risks of being removed as a result of their partisan ties.

By contrast, there is a large and significant effect of being affiliated with an opposition party. Hazard ratios of around 2 indicate that, all else being equal, opposition-affiliated managers are twice as likely as the nonpartisan reference group to lose their position. This effect is extremely robust across all model specifications. Judging from the hazard ratios reported in Table 2, affiliation with the opposition is the strongest predictor of managerial removal out of all covariates tested. While not necessarily granting longer tenure to government-affiliated managers, the data thus strongly suggest that politicians, once they have assumed office, are eager to get rid of managers whom they consider loyal to an opposition party.
Table 2: Cox proportional hazards regressions: managerial survival in SOEs

<table>
<thead>
<tr>
<th>Model</th>
<th>H1 Affiliated with government party</th>
<th>H2 Affiliated with opposition party</th>
<th>H3 Affiliated with minister’s party</th>
<th>H4 Affiliated with government party × Capitalization (logged)</th>
<th>H5 Affiliated with opposition party × Capitalization (logged)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.939 (0.92)</td>
<td>1.984*** (7.56)</td>
<td>0.800* (-2.14)</td>
<td>0.942* (-2.41)</td>
<td>0.956 (-1.37)</td>
</tr>
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<td></td>
<td>1.084 (0.88)</td>
<td>1.985*** (7.56)</td>
<td>0.782* (-2.30)</td>
<td>0.946* (-2.19)</td>
<td>0.946 (-1.62)</td>
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<tr>
<td></td>
<td>0.972 (-0.33)</td>
<td>2.022*** (6.87)</td>
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<tr>
<td></td>
<td>1.072 (0.63)</td>
<td>1.984*** (6.63)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controls</td>
<td>Capitalization (logged)</td>
<td>1.077*** (4.43)</td>
<td>1.077*** (4.20)</td>
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<tr>
<td>Controls</td>
<td>Type of board (supervisory=0, executive=1)</td>
<td>0.629*** (-4.73)</td>
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<tr>
<td>Controls</td>
<td>Civil servant</td>
<td>0.699*** (-4.70)</td>
<td></td>
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<tr>
<td>Controls</td>
<td>Higher education</td>
<td>0.959 (-0.50)</td>
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<td>Controls</td>
<td>Gender (male=0, female=1)</td>
<td>0.941 (-0.53)</td>
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<tr>
<td>Controls</td>
<td>Age (years)</td>
<td>0.985*** (-4.09)</td>
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<table>
<thead>
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<th>1673</th>
<th>1635</th>
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<tbody>
<tr>
<td>Log likelihood</td>
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<td>-6966.6</td>
<td>-6958.4</td>
<td>-6679.0</td>
<td></td>
</tr>
<tr>
<td>AIC</td>
<td>13941.7</td>
<td>13939.3</td>
<td>13926.9</td>
<td>13379.9</td>
<td></td>
</tr>
</tbody>
</table>

Note: Entries are hazard ratios from Cox proportional hazard regressions with robust standard errors; t statistics in parentheses; * p < 0.05, ** p < 0.01, *** p < 0.001.

The basic distinction between nonpartisans, government-, and opposition-affiliates hence already produces valuable insight into the determinants of managerial survival. The results reported for $H3$ further specify these findings. With a significant hazard ratio below 1, it can be held that there is a substantive difference between affiliation with a government party ($H1$) and the link between managers and the minister.

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38 Cox proportional hazard regression requires the proportional hazard assumption to hold. A test of this assumption (conducted with Stata’s `estat phtest` command) reveals that only the age variable and the interaction term between government affiliation and capital fail to meet this requirement. Excluding these two variables from the estimation, however, does not alter the results.
Managers thus do not benefit from being affiliated with any government party, but only have longer tenures if they are affiliated with the party who controls the ministry responsible for the respective corporation. To be sure, the regression models in Table 2 are set up so that the comparison group is the nonpartisan group of managers, thus leaving it unclear whether there is a significant difference among government-affiliated individuals. Yet, alternative specifications of Models 2 and 4 (not reported) with dummy variables for nonpartisans instead of government-affiliates (thus making managers affiliated with the non-ministerial government party the reference group) yield practically identical results with hazard ratios of about 0.8 that are statistically significant at the five percent level. The results with respect to $H_3$ thus constitute an important qualification of the insignificant effects reported for $H_1$.

Taken together, the findings for the first three hypotheses allow one to draw interesting distinctions. At the risk of oversimplification, one can delineate three groups of managers along party lines: those affiliated with the opposition face the highest hazard of removal; those affiliated with the minister’s party face the lowest risk of being replaced; the third, more heterogeneous, group has intermediate prospects of survival and consists of nonpartisans and managers affiliated with the non-departmental government party.

Models 3 and 4 also yield support for the first of the two interactive hypotheses ($H_4$). While government-affiliation has no significant effect ($H_1$), and the capitalization variable has a decreasing impact on managerial tenure, the interaction term of government-affiliation and capitalization has a positive and significant effect on the duration of a manager’s term. Managers in larger corporations thus benefit from being affiliated with a government party. Yet, the opposite effect (as posited in $H_5$) cannot be found in the data. Opposition-affiliated managers are not penalized disproportionally when they serve in larger corporations. Not only are the hazard ratios statistically indistinguishable from 1, the actual numbers point, if anything, in the opposite direction than suggested by $H_5$. Thus, it appears quite plausible that, while managerial tenures are shorter in larger corporations, this is not true for party-affiliated managers, irrespective of whether they are affiliated with a government or an opposition party.

A cursory inspection of the control variables suggests that the risk of replacement is smaller for civil servants and for older individuals. The latter effect may
be due to age serving as a rough proxy for experience. As to the former it appears that the fact that civil servants are bound to the instructions of their ministers mitigates the potential for agency loss.

In order to provide a more intuitive presentation of the most important findings emerging from the analysis in Table 2, Figure 3 plots the survival function for different groups of individuals over time. All estimations are based on Model 4, with all remaining covariates held at their respective means (continuous variables) or modes (discrete variables). The plotted survival functions can be interpreted as the proportion of individuals in a group surviving beyond some point in time on the x-axis. The curve for opposition-affiliated managers in the left-hand graph, for instance, shows that, all else equal, this group reaches the 50-percent-threshold after 851 days.

**Figure 3: Survival functions contingent on party affiliation**

![Survival functions](image)

The numbers are almost twice as high for government-affiliated managers (1447 days) and nonpartisans (1525 days). As evidenced by the right-hand graph in Figure 3, the differences among government-affiliated managers are much less pronounced. The group of individuals affiliated with the ministerial party reaches the 50-percent-threshold 331 days after those managers with ties to the other coalition party. While this is clearly an empirically relevant difference, it also shows that the government-opposition divide is far more relevant than the departmental split between coalition parties.
To sum up, the analysis has thus far provided good support for \( H2 \) (affiliation with opposition), \( H3 \) (affiliation with minister), and \( H4 \) (affiliation with government \( \times \) size), whereas \( H1 \) (affiliation with government) and \( H5 \) (affiliation with opposition \( \times \) size) are not borne out by the data. Yet, the large amount of individual-level data collected for this study allows for an even more in-depth examination of the patterns of managerial survival in Austrian state-owned enterprises.

In order to detect changes in the impact of covariates over time, Table 3 breaks down the analysis into three parts, one for each period of government types during the time of observation. The years until early 2000 were the last of a thirteen-year long SPÖ-ÖVP cooperation in government (Grand coalition I). The subsequently formed center-right cabinets (ÖVP-FPÖ/BZÖ) lasted from February 2000 to January 2007 and were followed by a re-installation of the grand coalition between SPÖ and ÖVP (Grand coalition II).

### Table 3: Managerial survival in SOEs by government composition

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliated with government party</td>
<td>0.639* (-1.98)</td>
<td>1.309+ (1.68)</td>
<td>1.562* (2.06)</td>
</tr>
<tr>
<td>Affiliated with opposition party</td>
<td>0.389 (-0.87)</td>
<td>1.775*** (4.49)</td>
<td>3.732*** (6.75)</td>
</tr>
<tr>
<td>Affiliated with minister’s party</td>
<td>1.234 (1.01)</td>
<td>0.742+ (-1.87)</td>
<td>0.529** (-2.83)</td>
</tr>
</tbody>
</table>

Other covariates included (not reported)

<table>
<thead>
<tr>
<th></th>
<th>812</th>
<th>1045</th>
<th>577</th>
</tr>
</thead>
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<td>N</td>
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<tr>
<td>Log likelihood</td>
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<td>-3046.1</td>
<td>-1057.7</td>
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<tr>
<td>AIC</td>
<td>3248.3</td>
<td>6114.2</td>
<td>2137.3</td>
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</table>

Note: Entries are hazard ratios from Cox proportional hazard regressions with robust standard errors; \( t \) statistics in parentheses; + \( p < 0.1 \), * \( p < 0.05 \), ** \( p < 0.01 \), *** \( p < 0.001 \). The censoring regime applied to each of the three models is identical to the one adopted for the models in Table 2. Also, note that within the three time periods there is still variation across time in the partisan distribution of ministries (especially after the 2002 snap election) and the ministerial jurisdictions.

The models suggest that, starting with the Schüssel I cabinet in 2000, there is an important shift in the relationship between cabinet parties. Before 2000, government-
affiliated managers had longer tenures irrespective of the partisan relationship with their respective minister (opposition-affiliated managers were a negligible quantity in those days). This represents the traditional Proporz pattern by which positions in the state industries were allocated proportionally not only across enterprises but, by and large, also within each corporation (Dobler 1983; Stiefel 2000: 243-5). Starting in 2000, managerial survival became much more structured along departmental lines, with minister-affiliated managers enjoying a substantive advantage over their colleagues with ties to the coalition partner. The third model in Table 3 suggests that, if anything, this pattern has only strengthened under the SPÖ-ÖVP governments between 2007 and 2010 (the values of all hazard ratios move further away from 1, also the levels of significance rise). These results do not only conform with the perception that the recent grand coalition governments have been more conflict-laden than ever (Fallend 2009, 2010), they also provide an important qualification as to validity of some of the hypotheses across time. While $H_1$ could not be confirmed in the aggregate analysis, it clearly holds for the first five years of the observational period. By contrast, the impact of partisan ties with the responsible minister ($H_2$) is limited to the post-1999-period.

Most importantly, the figures reported in Table 3 thus point to the fact that there has been a substantive transformation of intra-cabinet relations during the past two decades. Prior to the year 2000, there is no discernible impact of preference divergence within cabinet. Delegation problems between cabinet and individual ministers do not become observable in the data. The tenures of party-affiliated managers in public enterprises were guided by a (possibly implicit) nonaggression pact between the cabinet parties. In essence, managers affiliated with either party lasted equally long, irrespective of ministerial responsibilities. By contrast, the past decade has been characterized by marked differences in the duration of managers’ tenures according to the responsible minister’s preferences. This suggests that the governance of top-tier personnel decisions in public corporations has changed from following the logic of cabinet government to exhibiting the characteristics of ministerial government.

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$^{39}$ In 1956, parliament even passed a law that required that ‘the relative strengths and preferences of political parties in parliament’ be taken into account when appointing managers to SOE boards (Issue 134/1956 of the Federal Law Gazette).
Conclusion
This article presents one of the first large-n analyses of the political determinants of managerial survival in the public sector outside the United States. It argues that managers in public corporations are part of the chain of delegation that structures much of the political process in parliamentary democracies. Based on the notion of the ally principle that has been identified as a key concept in principal-agent theory it sets out a number of hypotheses concerned with the impact of the partisan composition of government on the survival of managers in state-owned enterprises. Overall, the results lend strong support to the idea that the logic behind the ally principle can be plausibly transferred to phenomena outside the U. S. context from which the principle originates. In addition, the data have been used to demonstrate that the nature of Austrian intra-cabinet decision-making about managerial survival has undergone a transformation from a collective logic (cabinet government) to a more fragmented logic (ministerial government).

As with all single-country studies, there remain questions about the degree to which the results generalize beyond the case under study. Given that (1) Austria has a sizeable share of state-owned enterprises and (2) presents a likely case with respect to the occurrence of politicized appointments, it is probable that the generalizability of the findings presented above is a function of the size of the public economy and the extent to which the state apparatus is politicized in a specific country. Taking these two criteria into account, it can be argued that similar patterns of managerial survival are more likely to emerge in countries such as France, Belgium, and much of Southern and Eastern Europe than in the Nordic countries or the United Kingdom. To fully answer this question, however, requires a comparative research design that combines a broad cross-national perspective with the country expertise needed to gather data on party affiliations at the individual level.

Appendix to Paper 3: List of Corporations
AIT Austrian Institute of Technology GmbH
Alpen Straßen AG
ASFINAG Autobahn- und Schnellstraßenfinanzierung-AG
Austria Tabakwerke AG
Austria Wirtschaftsservice GmbH
Austria-Film und Video GmbH
Austrian Airlines – Österreichische Luftverkehrs-AG
Austrian Business Agency GmbH
Austrian Development Agency GmbH
Austrian Space Agency GmbH
AustriaTech - Gesellschaft des Bundes für technologiepolitische Maßnahmen GmbH
Austro Control GmbH
Austro-Milchexportabwicklungs-GmbH
BIG Bundesimmobilien-GmbH
Brenner Eisenbahn GmbH
Buchhaltungsagentur des Bundes
Bundesbeschaffung GmbH
Bundespensionskasse AG
Bundesrechenzentrum GmbH
Bundessporteinrichtungen GmbH
Bundestheater Holding GmbH
BÜRGES Förderungsbank für wirtschaftliche Angelegenheiten GmbH
BUWOG Bauen und Wohnen GmbH
Dachstein Fremdenverkehrs-AG
EBS Wohnungs-GmbH Linz
Eisenbahn Hochleistungsstrecke AG
Energie-Control Austria
Entwicklungs gesellschaft Aichfeld-Murboden GmbH
ESG Wohnungs-GmbH Villach
Familie & Beruf Management GmbH
Fellertauernstraße AG
Finanzierungsgarantie-GmbH Ost-West-Fonds
Gemeinnützige Wohnbau-GmbH Villach
Gesundheit Österreich GmbH
Graz-Köflacher Bahn und Busbetrieb GmbH
Großglockner Hochalpenstraßen AG
Hypo Alpe-Adria-Bank International AG
IEF-Service GmbH
Innovationsagentur GmbH
Internationales Amtssitz- u Konferenzzentrum Wien AG
KA Finanz AG
Kärntner Flughafen Betriebs-GmbH
Lagereibetriebe GmbH
Landwirtschaftliche Bundesversuchswirtschaften GmbH
Lokalbahn Lambach-Vorchdorf-Eggenberg AG
Marchfeldschlösser Revitalisierungs- und Betriebs-GmbH
Monopolverwaltung GmbH
MuseumsQuartier Errichtungs- und Betriebsgesellschaft mbH
ÖBB Holding AG
Österreich Institut GmbH
Österreichische Agentur für Gesundheit und Ernährungssicherheit GmbH
Österreichische Autobahnen- und Schnellstraßen AG
Österreichische Bibliothekenverbund und Service GmbH
Österreichische Bundesbahnen
Österreichische Bundesfinanzierungsgesellschaft mbH
Österreichische Bundesforste AG
Österreichische Donau-Betriebs-AG
Österreichische Fernmeldetechnische Entwicklung- und Förderungs-GmbH
Österreichische Forschungsförderungsgesellschaft GmbH
Österreichische Industrieholding AG
Österreichische Mensen Betriebs-GmbH
Österreichische Salinen AG
Österreichische Weinmarketingsservicegesellschaft mbH
Österreichischer Austauschdienst GmbH
Österreichischer Bundesverlag GmbH
Österreichischer Exportfonds GmbH
Post- und Telekom Austria Beteiligungs-GmbH
Post- und Telekombeteiligungsverwaltungs-GmbH
Radio-Austria AG
Rundfunk und Telekom Regulierungs-GmbH
Schienen-Control GmbH
Schieneninfrastruktur-Dienstleistungs-GmbH
Schieneninfrastruktur-Finanzierungs-GmbH
Schloß Schönbrunn Kultur- und Betriebs-GmbH
Schönbrunner Tiergarten GmbH
Spanische Hofreitschule - Bundesgestüt Piber
Technologieimpulse GmbH
Telekom-Control GmbH
Timmelsjoch Hochalpenstraße AG
Umweltbundesamt GmbH
Verbund AG
via donau – Österreichische Wasserstraßen GmbH
Villacher Alpenstraßen Fremdenverkehrs-GmbH
Vorarlberger Illwerke AG
WBG Wohnen und Bauen GmbH Wien
Wiener Zeitung GmbH
Wohnungsanlagen-GmbH Linz
EXPLAINING COALITION BARGAINING OUTCOMES:
EVIDENCE FROM AUSTRIA, 2002–2008

Note: This paper has been co-authored with Katrin Schermann

Abstract. Most analyses of policy outcomes from coalition bargaining have hitherto been conducted within a spatial framework that requires the aggregation of coalition policy into a small number of point estimates. Such an approach, however, is limited in terms of the level of specificity at which it can operate. This article therefore draws on the methodology from the pledge fulfillment literature in order to provide a more in-depth examination of coalition bargaining outcomes. We are thus able to take advantage of the fact that contemporary coalition agreements provide a wealth of detailed information on the government’s prospective course of policy action. Based on a quantitative text analysis of election manifestos, a data set of over 1000 election pledges is used to test a number of hypotheses on the adoption of policies in Austrian coalition agreements between 2002 and 2008. The multivariate models yield strong support for the hypotheses and suggest that the methodological approach has the potential to enhance our understanding of coalition bargaining.

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Note: Both authors contributed equally to this paper.

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Excellent research assistance was provided by Andreas Frössel and Anita Bodlos. The authors would also like to thank Markus Wagner and the participants of Wolfgang C. Müller’s research seminar at the Department of Government, University of Vienna, as well as three anonymous reviewers for their helpful comments.
Introduction
Coalition governments are a regular feature of parliamentary democracies with electoral systems of proportional representation. In order to set up a viable coalition government, the parties involved need to strike a deal not only over the distribution of offices but also over the shape of future government policy. In most West European democracies, it has become a common procedure to put down and publish the result of these negotiations in written form (Müller and Strøm 2008; Strøm and Müller 1999a). Recent studies indicate substantial agenda setting power of such coalition agreements (Moury 2009, 2011; Timmermans 2003, 2006). Thus, for the general public they provide an outlook of the prospective government’s intended course of action for a wide range of policy areas. In addition, for researchers focusing on negotiation outcomes they represent one of the most detailed and comprehensive data sources. Taking advantage of this wealth of information, this article uses coalition agreements to examine bargaining outcomes.

Our study is embedded in the broader theoretical context of the literature on policy payoffs in coalition bargaining (Budge and Laver 1992; Debus 2008; Warwick 2001). These analyses typically adopt a spatial framework and operationalize bargaining outcomes as the stated policy position of the coalition, thus following an approach that allows for the testing of hypotheses derived from policy-related theories of coalition formation (Axelrod 1970; de Swaan 1973; Schofield 1995) and payoff distribution (Laver and Shepsle 1990, 1996). Yet, while the literature on policy payoffs provides us with important insights on the overall ideological direction of stated government policy, it can contribute little to understanding the specifics of the policy deals struck between the coalition parties.

The present paper aims at explaining coalition bargaining outcomes at a more detailed level. In so doing, we examine the link between specific election promises and coalition bargaining outcomes by drawing on studies of pledge fulfillment and party mandates (Costello and Thomson 2008; Royed 1996; Thomson 2001). Bringing together coalition research with the methodology from the party mandate literature, we examine the coalition bargaining outcome in terms of the adoption of parties’ policy pledges in the coalition agreement. Following Terry Royed’s (1996: 79) widely-used
definition, we understand a pledge as an objectively testable statement to enact a
specific policy or effect a desired outcome.

Given the impetus of our research, we opt for an in-depth examination of a few
instances of government formation rather than a broad and comparative design that
would necessarily remain superficial in terms of policy detail. We conduct a
quantitative content analysis of election manifestos in Austria between 2002 and 2008
to extract a data set of over 1000 pledges from the government parties’ election
manifestos and compare them to the bargaining outcome as written down in the
coalition agreement. Using a single pledge as our unit of analysis, we are able to explain
in a particularly detailed manner the coalition deals struck between the People’s Party
(ÖVP) and the Freedom Party (FPÖ) in 2003, and the Social Democratic Party (SPÖ)
and the ÖVP in 2007 and 2008, respectively.

The paper proceeds as follows. First, we present the theoretical framework and
derive our hypotheses concerning the adoption of policy pledges in the coalition
agreement. The following section outlines our case selection and gives a brief
introduction to the coding process. We discuss the results of the analysis in section
three. The last section concludes.

Theory and hypotheses
Over the past decades coalition bargaining has drawn considerable interest from
scholars across the discipline of political science. In terms of bargaining outcomes,
much attention has been devoted to the distribution of ministerial portfolios, both, in
terms of quantity (Browne and Franklin 1973; Browne and Frendreis 1980; Carroll and
Cox 2007; Druckman and Warwick 2005; Laver and Schofield 1990: 164-194;
Schofield and Laver 1985; Warwick and Druckman 2001, 2006) and quality (Bäck et al.
2011; Browne and Feste 1975; Budge and Keman 1990: 89-131). Some scholars have
even examined the allocation of portfolios within parties (Ennser-Jedenastik
forthcoming; Leiserson 1968; Mershon 2001a, b).

While considerably more difficult to measure than the allocation of ministerial
posts to parties, some studies have taken on the task of examining the outcome of
coalition bargaining in terms of (stated or effected) government policy.
Budge and Keman (1990: 132-158), for instance, find that the partisan composition of a cabinet goes some way towards explaining variation in government policy, with socialist governments pursuing a more dirigiste fiscal policy and producing higher welfare expenditures than conservative governments. However, their operationalization of cabinet composition is somewhat crude in that it relies on party family labels rather than on, for instance, measurements of party policy positions. Also, the data that Budge and Keman assemble do not allow for the testing of the very specific predictions that can be derived from theories of coalition formation and payoff distribution.

Budge and Laver (1992, 1993) follow a spatial approach and rely on manifesto data to assess the relationship between the policy positions of coalition parties and governments. While they find that, in a few countries, a party by entering cabinet can move the government’s policy position towards its own, ‘the policy payoffs of going into government are not at all clear’ (1992: 424) in places such as Germany, Italy, or Sweden. Overall, such a policy payoff, measured as the inverse distance between party and government policy position, can only be found for 19 out of the 31 parties (61 percent) for the general left-right dimension and 15 out of 30 parties (50 percent) for a twenty-dimensional spatial model (Budge and Laver 1993: 515-6). Given that chance alone would put a government’s policy position closer to that of each party in half of all cases (and further away in the other half), these results are not all too encouraging.

However, a reexamination of the same data showed that, once other factors (e.g. formateur status, supporting parties, or the weighted mean position of all parties in parliament) are accounted for in a multivariate design, the cabinet-weighted mean of the party positions is a significant predictor of the government’s policy position (Warwick 2001). While there thus seems to be a robust link between party and government policy, the exact nature of the relationship is not as clear as the one-to-one association between parliamentary seat shares and cabinet ministers found in studies of quantitative portfolio allocation.

One of the most recent analyses of policy in coalition bargaining is Debus’ (2007, 2008) study of coalition formation in five European countries during the past three decades. Also, it is the first systematic account to use coalition agreements as a data source on the policy position of coalitions (for a recent case study, see Quinn et al.
2011). Based on positional data generated through the automated content analysis of manifestos and coalition agreements (Laver et al. 2003), he finds that multidimensional models of government formation (Laver and Shepsle 1990, 1996; Schofield 1993, 1995), once they are adapted to account for institutional and political constraints on bargaining, do a reasonably good job in predicting which party will be closest to the government policy position among the coalition partners.

Judging from these studies, there is good empirical evidence that coalition bargaining outcomes vary systematically with the policy preferences of the parties involved. Beyond that, however, we have very little understanding about how specific policy outcomes come about in coalition bargaining. This is largely to do with the fact that spatial models of coalition formation — which form the theoretical basis of most analyses — are limited in terms of the level of specificity at which they can operate. The myriad of policies that parties cover in coalition negotiations is typically aggregated into a small number of point estimates on some policy dimension. Much of the complexity and detail of policy bargaining in coalition formation is therefore lost.

Neither hand-coding nor automated estimation techniques take into account the level of abstraction at which a statement in a political document is made. Whether a party pledges to its voters ‘greater social justice’ or ‘a raise in unemployment benefits’, may technically not make a difference for the estimation of that party’s policy position (both statements move its ideal point to the left), yet the latter statement commits the party to deliver an objective change in policy whereas the former statement does not. We contend that such differences between statements need to be considered in any analysis of policy bargaining that intends to draw inferences beyond the broad conclusions that have emerged from the studies of policy payoffs. We therefore suggest drawing on the methodological approach adopted by the party mandate literature (e.g. Costello and Thomson 2008; Royed 1996; Thomson 2001) when examining coalition bargaining outcomes in more detail. Instead of using abstract policy positions that allow for inferences only at a very aggregate level we propose a more in-depth approach by identifying every single pledge in the coalition parties’ manifestos and compare these data to the bargaining outcome written down in the coalition agreement.

This paper therefore aims to test systematically a number of hypotheses pertaining to the adoption of policy pledges in coalition agreements. Changing the unit
of analysis from the instance of government formation to the single pledge made by a party also requires us to transfer some of the existing theoretical assumptions from the party level to the pledge level. Also, while this approach is less conducive to large-scale comparative analyses, it enables us to gain a better understanding of the micro-mechanisms that are at work in inter-party coalition bargaining, thus allowing for the testing of more specific hypotheses.

Our first hypothesis relates to the fact that new governments do not start from a **tabula rasa**. Rather, they find themselves confronted with a myriad of policies that are already in place at the time they enter office. A substantial part of governing is therefore to make decisions about whether to keep or alter the status quo in a specific policy area. Warwick (2001: 1217) terms the influence of former governments the ‘dead weight of past policy’. He understands this as restrictions of new governments to substantially change the status quo, because they fear confusion or adaptive difficulties. Also, studies of pledge fulfillment have found consistent support for the persistence of the status quo (Costello and Thomson 2008: 250; Mansergh and Thomson 2007: 319; Royed 1996; Thomson et al. 2010: 18).

Probably the most intuitive way of looking at this argument is from a veto player perspective (Tsebelis 1995, 2002). The all-important implication of veto player theory is that the stability of the status quo is higher the more veto players there are. In coalition bargaining, each party – to the extent that its parliamentary support is crucial – is a veto player and can therefore impede any change to the policy status quo. If a party in its manifesto actively supports the status quo, it should thus be more likely that such a pledge is adopted, since the consent of all actors is needed to move away from the status quo. Also, one could put forward two more pragmatic arguments relating to the bargaining advantage that comes with advocating the status quo: first, there is virtually no policy uncertainty attached to the status quo since it has already been implemented and its technical feasibility thus demonstrated. The second argument refers to an asymmetry in costs induced by the status quo: The damage to one’s image among supporters (or the general public) may, *ceteris paribus*, be smaller for a party that favors policy change but fails to enact it than for a party that favors the status quo but bows to its opponents’ pressure for change. This is because a party leader may, for instance, find
it much easier to explain to her followers why change was impossible given the coalition partners’ objections than to sell her giving ground against her own preferences.

One could of course argue that the maintenance of the status quo need not be written down in the coalition agreement at all, thus making it more likely that non-status quo pledges are adopted. Yet, we assume that coalition agreements are comprehensive accounts of the bargaining outcome and that a party pledging to keep up the status quo has every incentive to use its veto player advantage to have such a pledge adopted, e.g. to avoid moral hazard (i.e. future attempts by its coalition partners to bring about change in the respective policy area). Our first hypothesis thus reads:

H1 A pledge is more likely to be adopted if it represents the status quo.

The power of the status quo can be illustrated by a decade-long political controversy over university tuition fees in Austria. Introduced by the ÖVP-FPÖ government in 2001, tuition fees were fiercely opposed by the opposition Social Democrats who pledged to abolish them were they to return to power. However, when the party re-entered government in 2007, the ÖVP blocked any changes to the status quo. The Social Democrats’ failure to honor their pledge led to street protests and the resignation from the party by the head of the SPÖ-affiliated student organization. Eager to make good on its promise, the SPÖ used the short period after the 2008 government breakdown to form a legislative coalition with the FPÖ and the Greens that succeeded in *de facto* abolishing the tuition fees just four days before the general election. The new status quo also prevailed in the subsequent coalition talks between SPÖ and ÖVP. However, in late 2011 the ÖVP’s then new Minister of Science released an expert opinion written by a leading constitutional scholar claiming that universities had the right to autonomously mandate tuition fees even in the absence of a legal requirement to do so. This anecdote shows that, when compromise seemed impossible, both major parties attempted to unilaterally alter the status quo in their favor, recognizing that they could impede any future changes in coalition bargaining.

Next, we take into account the fact that parties differ not only in terms of the positions they take on specific issues but also in the importance they ascribe to certain policies (Baumgartner et al. 2006; Green-Pedersen 2007). In fact, a whole line of
research has been developed around the idea that parties compete not by taking diverging positions in the policy space but by emphasizing different policy areas (Budge 2001; Budge and Farlie 1983a; 1983b). Our second hypothesis is thus a very simple transfer of this saliency logic to the level of policy pledges: the more important a specific policy to a party, the more likely it is to find its way into the coalition agreement. Again, the rationale behind this argument lies in the asymmetric distribution of costs between the parties involved in the negotiation. Putting great emphasis on one specific pledge drives up the costs of failing to implement it for the pledge-making party, whereas the other actors’ calculus remains unaffected. Since we expect parties to stress those policies where they are perceived as being especially competent or credible, we can safely assume that it is of particular (electoral) importance for a party to deliver on those core issues when entering government. We aim to account for this with Hypothesis 2.

H2 A pledge is more likely to be adopted the more important it is to the pledge-making party.

Our third hypothesis is a test of the ministerial discretion assumption that is at the heart of the portfolio allocation model. Laver and Shepsle (1990, 1996) theorize that cabinet ministers are policy dictators within their jurisdictions, and will therefore implement their party’s ideal policy in the policy area under their control. In other words, the portfolio allocation approach is based on the notion that policy payoffs correspond closely to office payoffs. We therefore hypothesize:

H3 A pledge is more likely to be adopted if the pledge-making party controls the corresponding portfolio.

To be sure, causality in H3 might very well run in the reverse direction, since it is quite common in Western Europe that policy bargaining precedes the allocation of portfolios (Budge and Laver 1992: 415). What H3 therefore does is to test one major observable implication of the assumption that parties align policy and office benefits. From a theoretical perspective, however, it is important to stress that we do not assume the
inter-party allocation of portfolios to directly cause certain pledges to be adopted. Rather, we expect the alignment of office and policy payoffs to become observable as a correlation between the adoption of pledges and the distribution of ministerial posts.

To clarify the rationale behind $H_3$, consider the example of the 2006/7 coalition negotiations between SPÖ and ÖVP. One of the SPÖ’s most prominent (and popular) pledges was to cancel the 18 Eurofighter Typhoon interceptor aircrafts ordered by the preceding ÖVP-FPÖ/BZÖ government. The ÖVP strictly opposed any changes to this policy. The prominence of the issue in the public debate required a face-saving compromise to be found. Eventually, the parties agreed that, while the fighter planes would still be bought, attempts would be made to re-negotiate the purchase contract in order to bring down the number of aircrafts. The ÖVP, however, unwilling to implement this compromise, insisted that the defense ministry – an ÖVP domain in all previous grand coalition governments since 1945 – be given to the SPÖ. Even though it had only given little ground in terms of policy, the ÖVP thus still felt the need to abandon a traditional conservative portfolio in order to align policy preferences and the allocation of ministries.

Our next hypothesis accounts for the fact that policy disagreement is a major factor in coalition bargaining. The significance of policy in coalition formation has been acknowledged since the seminal works of Axelrod (1970) and de Swaan (1973). More recent approaches have transferred this logic into a multidimensional policy space where policy distances between parties may vary considerably across dimensions (Laver and Shepsle 1990, 1996; Schofield 1993, 1995; Sened 1996). The implication of these models for the present purpose is that compromise can be reached more easily in those areas where the policy distance between parties is small. A socialist and a liberal party, for instance, may find it easy to agree on the introduction of same-sex marriage but at the same time struggle to implement a coherent economic policy. We thus conjecture:

$H_4$ A pledge is more likely to be adopted the smaller the distance between the coalition parties on the respective policy dimension.

The fifth hypothesis is based on the notion that, contrary to office payoffs, policy payoffs are not necessarily distributed according to zero-sum logic. Whereas each
ministerial post acquired by one party cannot be held by another party, the implementation of a specific pledge may increase the policy payoff for all parties in the coalition. More specifically, we should expect that pledges made by all coalition parties in their election manifestos have a very high probability of being adopted in the coalition agreement. This is also supported by the party mandate literature which finds that pledges are more likely to be acted upon if there is consensus between the coalition parties (Thomson 2001: 191).

**H5** A pledge is more likely to be adopted if it is supported by all coalition parties.

A number of studies have also examined the role of opposition parties in forming government policy. Warwick (2001: 1228), for instance, found that the government’s policy position is significantly influenced by the weighted policy position of all parliamentary parties. In a similar vein, the party mandate literature has produced evidence suggesting that ‘pledges made by government parties are also more likely to be fulfilled when they are in consensus with pledges made by opposition parties’ (Costello and Thomson 2008: 254). The underlying rationale here is that majority support in parliament increases the bargaining power of the pledge-making party vis-à-vis its prospective coalition partners. In addition, some policies, such as constitutional changes, may even require qualified majorities and thus the support of opposition parties. We therefore conjecture:

**H6** A pledge is more likely to be adopted if it has majority support in parliament.\(^{41}\)

The hypotheses put forward above provide the analytical guidelines for our analysis. After presenting the case selection, the next section outlines our mode of operationalization for the six hypotheses.

\(^{41}\) Note, however, that pledges covered by **H5** are a subset of those covered by **H6**.
**Case selection and data**

We test our expectations about the adoption of policy pledges on data from Austrian election manifestos and coalition agreements between 2002 and 2008. By most accounts, Austria represents a typical case among West European democracies with a long-standing tradition of multiparty governments. The period of observation covers two instances of the emblematic grand coalition (Gusenbauer, Faymann) as well as the center-right cabinet formed between the People’s Party and the former ‘pariah’ Freedom Party in 2003 (Schüssel II), thus providing variation in terms of ideology and the pattern of competition between government and opposition (center vs. extremes and left vs. right).

For most of the post-war period, Austria has been governed by such two-party coalitions, with the two major parties (SPÖ and ÖVP) taking the lion’s share of cabinet responsibility and the Freedom Party (FPÖ) being granted only occasional access to government office. Although the two traditional parties of government thus share years of common cabinet experience, they remain quite distinct in policy terms. Yet, policy differences – especially with respect to European Integration – were substantial for the ÖVP-FPÖ coalition, too. Given the diversity of preferences among parties, it is thus reasonable to expect that the negotiators in the three cases under study needed to overcome major policy obstacles in order to reach agreement on a comprehensive government programme. Also, the policy-related outcomes of coalition bargaining are intensely scrutinized by the media in terms of ‘winners’ and ‘losers’, thus providing additional incentive for the parties to follow through on their election promises during the negotiation process. This is in line with Laver’s (1998: 6) observation that ‘nearly all recent theoretical accounts [of coalition formation] are based on the assumption of policy seeking’. There are thus good theoretical and empirical reasons why policy can be viewed as a key factor in coalition bargaining.

We derive the data for our study from a quantitative content analysis of election manifestos and coalition agreements. Since party manifestos may be seen as the most comprehensive and up-to-date aggregation of the proposed agenda for the upcoming legislature of each party (Jenny 2006), they provide a good starting point for our analysis. Coalition agreements are, of course, not equal to the concrete policies implemented by the government. However, there is good indication in the literature that
these documents severely constrain the actions of government ministers (Moury 2009, 2011) and thus help translate party pledges into government policy. While they can hardly ever be all-encompassing, they clearly limit politicians’ room to manoeuvre and thus serve as a control mechanism that reduces agency problems between parties and cabinet ministers (Müller and Meyer 2010: 1074; Strøm and Müller 1999a: 271-2). Also, Timmermans (2006: 280) finds in his study of Belgian and Dutch cabinets that coalition agreements ‘formed a major part of the coalition agenda in all cases’ (see also Timmermans 2003). Likewise, Müller and Strøm (2008: 176) show that the bulk of coalition agreements in Western Europe contain comprehensive policy programs. We therefore argue that the analysis of coalition agreements is a reasonably good approximation to measuring coalition bargaining outcomes.

In the past decades, Austrian parties have tended to produce ever more extensive election manifestos and even lengthier coalition agreements that give great attention to policy detail (Dolezal et al. 2012; Strøm and Müller 1999a). This development is beneficial for the present study in two respects: First, it indicates that the documents we use as data sources are taken seriously by the parties themselves. If, on the contrary, election manifestos were just cheap talk and coalition agreements were inconsequential in terms of government policy output, our analysis would be pointless. Second, since the documents that constitute the prime sources for this study are not only relevant but also comprehensive and rich in detail, they yield a wealth of observations on which we can base our inferences.

Indeed, we extract over 1000 policy pledges made in the run-up to last three elections in Austria. We then compare them to the content of the respective coalition agreements, starting with the renewal in 2003 of the ÖVP-FPÖ coalition after the 2002 snap election. The ÖVP emerged as the clear winner of this election and only turned to the FPÖ (which had been reduced to just over a third of its 1999 vote) after talks with the SPÖ and the Greens had failed. The government that formed subsequently was seriously disturbed by intra-party dissent which, in early 2005, led to a party split in the Freedom party. As a consequence, the ÖVP-FPÖ coalition was transformed into an
The 2006 election resulted in severe losses for the ÖVP and thus brought the equally underperforming SPÖ to first place. Hence, after six years of right-wing governments facing a left-wing opposition, the lack of viable alternatives forced the two reluctant major parties to revive the grand coalition. The SPÖ-ÖVP cabinet formed in early 2007 was arguably the most conflict-laden in recent history. Its early termination in the summer of 2008 led to a snap election that failed once again to produce any other viable coalition alternative. Thus, the two major parties returned to the bargaining table after having been reduced to their respective all-time lows by the electorate.

The data from the parties’ manifestos and coalition agreements are analyzed in two steps: First, we identify concrete pledges in the party manifestos and then we check if they are adopted in the coalition agreement. Following Terry Royed’s (1996: 79) definition, a pledge is

\[\ldots\] a commitment to carry out some action or produce some outcome, where an objective estimation can be made as to whether or not the action was indeed taken or the outcome produced.

In accordance with this definition, several studies concerning the fulfillment of election promises have been conducted (e.g. Artés forthcoming; Costello and Thomson 2008; Moury 2009; Thomson 2001), showing that the restriction to testable statements is not only useful but necessary for such analyses. Thus, the criterion for coding a statement as a pledge is its testability, that is, whether it is possible to verify the fulfillment of that pledge.

The identification of pledges in the manifestos is based on the unitizing procedure developed by the AUTNES manifesto coding project. This approach requires coders to extract from each grammatical sentence one or more statements that capture the core policy content of the sentence. These statements are then coded into a multilevel categorical scheme that contains several hundred specific issues that can then be subsumed into a range of broader issue categories. For example, if a party promises

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42 The BZÖ was founded by the FPÖ’s cabinet ministers and all but two of its MPs, thus preserving the parliamentary majority for the coalition. However, most of the rank-and-file and lower-level elites refused to join the new party.
to introduce a needs-based minimum benefit system the coder would select the appropriate issue *basic income* which itself is assigned to the issue category *welfare*.

As to the pledge variable, each statement is coded into one of three categories: *no pledge, soft pledge* and *hard pledge*. Statements without pledges are mostly descriptions of the current state of politics or the economy, or criticisms of the political opponent. Soft pledges are promised actions whose fulfillment cannot be verified objectively (e.g. because verification requires some value judgment to be made).\(^{43}\) We therefore use only hard pledges for our analysis. The argument here is that only the adoption of a hard and objectively testable pledge in the coalition agreement can be considered a real policy gain in coalition bargaining.

### Table 1: Number of hard pledges in the election manifestos

<table>
<thead>
<tr>
<th>Year</th>
<th>SPÖ</th>
<th>ÖVP</th>
<th>FPÖ</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>-</td>
<td>321</td>
<td>264</td>
<td>527</td>
</tr>
<tr>
<td>2006</td>
<td>167</td>
<td>212</td>
<td>-</td>
<td>352</td>
</tr>
<tr>
<td>2008</td>
<td>166</td>
<td>82</td>
<td>-</td>
<td>225</td>
</tr>
</tbody>
</table>

The first three columns in Table 1 report the number of *different* hard pledges extracted from each manifesto per party and year (i.e. counting only once pledges that are made several times in a manifesto). The rightmost column presents the total number of different pledges per year. Since there are some pledges in every election year that are made by both coalition parties, the total number of pledges is lower than the party sums across rows. For example, in 2002 the ÖVP made 321 and the FPÖ 264 pledges, thus yielding 585 pledges overall. However, since 58 of those pledges are identical across parties, the total number of pledges in 2002 is 527.

All coding was done by the authors with the support of two trained graduate students. The inter-coder reliability measured on a sentence-basis and the percentage agreement regarding the identification of hard pledges are reported in Table 2. Applying

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\(^{43}\) Consider, for instance, the ÖVP’s pledge in 2006 to work towards a fairer tax code. In order to assess the fulfillment of this pledge, one would need to make a judgment about what constitutes ‘fairness’ with respect to taxation – a judgment that cannot be made without referring to a set of specific normative assumptions and thus requires a subjective evaluation of the matter at hand.
a benchmark of $\alpha \geq 0.8$ it can be concluded that the method applied yields highly reliable results, with one very close outlier. Our average percentage agreement concerning the identification of hard pledges is 90 percent, which compares well with existing studies using a similar data collection method that reach percentage agreements between 80 and 88 percent (Costello and Thomson 2008: 255; Royed 1996: 79; Thomson 2001: 194).

Table 2: Inter-coder reliability

<table>
<thead>
<tr>
<th>Year</th>
<th>SPÖ $\alpha$</th>
<th>SPÖ %</th>
<th>ÖVP $\alpha$</th>
<th>ÖVP %</th>
<th>FPÖ $\alpha$</th>
<th>FPÖ %</th>
<th>BZÖ $\alpha$</th>
<th>BZÖ %</th>
<th>Greens $\alpha$</th>
<th>Greens %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0.84</td>
<td>85.2</td>
<td>0.88</td>
<td>91.0</td>
<td>0.85</td>
<td>87.6</td>
<td>-</td>
<td>-</td>
<td>0.88</td>
<td>92.5</td>
</tr>
<tr>
<td>2006</td>
<td>0.85</td>
<td>90.0</td>
<td>0.77</td>
<td>86.1</td>
<td>0.64</td>
<td>86.3</td>
<td>0.89</td>
<td>90.9</td>
<td>0.90</td>
<td>90.8</td>
</tr>
<tr>
<td>2008</td>
<td>0.87</td>
<td>96.1</td>
<td>0.81</td>
<td>88.8</td>
<td>0.85</td>
<td>91.6</td>
<td>0.93</td>
<td>95.4</td>
<td>0.87</td>
<td>91.5</td>
</tr>
</tbody>
</table>

Note: Figures represent Krippendorff’s alphas and percentage agreements. Due to the suboptimal reliability of the coding, the extraction of pledges from the 2006 FPÖ manifesto has been given extra scrutiny by the authors.

Having extracted hard pledges from the party manifestos, the second part of the data generating process consists of relating these to the policies put down in the coalition agreement. Here, we code each pledge as being fully adopted, partly adopted or not adopted. In order to be considered fully adopted, the action outlined in the pledge needs to be manifestly written down in the coalition agreement. We allocate a pledge to the partly adopted category when we find a limited version of the proposed action in the agreement (e.g. a tax cut of only half the size that was originally promised). In case no policy action relating to the pledge was mentioned in the coalition agreement, the category ‘not adopted’ was used. The figures in Table 3 indicate that in 2002 both parties managed to put down an equal part of their pledges. In 2006 and 2008 the ÖVP was more successful compared to the SPÖ. The People’s Party enforced almost two thirds of its pledges in either coalition agreement. However, since the parties’ manifestos differ in length and subsequently in the total number of hard pledges, overall
conclusions concerning the ‘winners’ or ‘losers’ of the coalition negotiations are not easy to draw.\textsuperscript{44}

\begin{table}
\centering
\caption{Number of pledges in coalition agreements}
\begin{tabular}{lccc}
\hline
 & Fully adopted & Partly adopted & Not adopted \\
 & N & % & N & % & N & % \\
\hline
2002/3 & \\
ÖVP & 128 & 40 & 30 & 9 & 163 & 51 \\
FPÖ & 100 & 38 & 28 & 11 & 136 & 52 \\
\hline
2006/7 & \\
SPÖ & 62 & 37 & 30 & 18 & 75 & 45 \\
ÖVP & 100 & 47 & 34 & 16 & 78 & 37 \\
\hline
2008 & \\
SPÖ & 71 & 43 & 10 & 6 & 85 & 51 \\
ÖVP & 42 & 51 & 10 & 12 & 30 & 37 \\
\hline
\end{tabular}
\end{table}

Having presented the distribution of the dependent variable, we still require a number of operational issues to be clarified with respect to the independent variables in our analysis. For the first hypothesis, we specify a dummy variable indicating whether a pledge represents the policy status quo at the time of coalition bargaining. Whereas, for instance, all pledges to alter levels of public spending or to bring down unemployment, inflation, or crime are easy to identify as non-status quo pledges, other policy measures may be formulated in such ambiguous terms that they require additional research in media archives or legal data bases to determine whether these measures had already been in place at the time of writing the manifesto.

To measure the importance of single pledges ($H2$), we count the times a pledge was made by a party in the manifesto. In order to mitigate the right-skewness of this ‘pledge saliency’ variable, we recode it to four categories: a pledge is made once (0), twice (1), three times (2), or four times or more often (3).

A dummy variable indicates whether the pledge-making party received the portfolio responsible for implementing the pledge (e.g. when the party promising a tax

\textsuperscript{44} Another reason why a quantitative assessment of the overall distribution of policy payoffs is difficult to make is the fact that, in contrast to negotiations over office, policy bargaining does not necessarily conform to zero-sum logic. The ‘policy gain’ that one party incurs from the adoption of a specific pledge does not automatically generate a ‘policy loss’ of equal size for the other party – especially if both parties view the implementation of the pledge favorably.
cut receives the finance portfolio, see \textit{H3}). Yet, a small number of pledges do not fall under a specific ministerial jurisdiction (e.g. promises to hold a referendum on EU-related matters or to expand parliamentary minority rights). These pledges were assigned a value of zero.

In order to test \textit{H4}, each pledge was allocated to one of 13 policy dimensions created by the AUTNES manifesto coding project (taxes & services, regulation, labour vs. capital, security, social values, multiculturalism, education, environment, urban-rural, Europe, foreign policy, defense, and constitutional issues relating to the diffusion vs. concentration of power within the state). The dimensions range from -1 to 1 and capture the core policy conflict within a specific policy area, e.g. pro- vs. anti-European integration, left- vs. right- wing economic policy, liberal vs. conservative social values.\textsuperscript{45} The policy distance between two parties was then measured as the absolute difference between the policy positions of the two coalition partners in the respective year. In the multivariate model, we use the log of the policy distance variable to make it conform to the normality assumption.

\begin{table}[ht]
\centering
\begin{tabular}{lrrrr}
\hline
\textbf{Variable} & \textbf{Values} \\
\hline
Status quo & 904 & 200 & - & - \\
Pledge saliency & 638 & 265 & 97 & 104 \\
Pledge-making party has portfolio & 439 & 665 & - & - \\
Consensus of coalition parties & 997 & 107 & - & - \\
Parliamentary majority & 903 & 201 & - & - \\
\hline
\end{tabular}
\end{table}

Finally, we code two dummy variables pertaining to \textit{H5} and \textit{H6}. The ‘consensus’ variable takes on the value 1 for all pledges that are made by both coalition parties, and 0 otherwise. Similarly, we code the ‘parliamentary majority’ predictor to indicate all

\footnote{The fact that no policy dimension exists in the AUTNES scheme that accommodates pledges referring to infrastructure (e.g. the building of roads or railway tracks) leads to a small drop in the overall number of cases (from 1104 to 1071).}
observations where a pledge has majority support in parliament. This was achieved through the analysis of pledges in the manifestos of opposition parties.

Table 4 presents the summary statistics for the independent variables.

**Statistical Analysis**

In order to examine whether our hypotheses hold up in a multivariate test, we specify a regression model with adoption in the coalition agreement as the dependent variable (0: not adopted, 1: partly adopted, 2: fully adopted). Note, however, that due to the high correlation of the consensus and the majority variables ($r=0.69$), we run separate models including only one of the two predictors at a time. Since the dependent variable ‘adoption in the coalition agreement’ is ordinal, an ordered logistic regression model seems to be an appropriate choice for the statistical analysis. Yet, a Brant test (Brant 1990) reveals that the policy distance variable violates the parallel regression assumption that posits an equal effect of the predictors across all values of the dependent variable (Orme and Combs-Orme 2009: 129).

**Table 5: Partial proportional odds model: pledge adoption in coalition agreements**

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status quo</td>
<td>1.703*** (3.39)</td>
<td>1.642** (3.15)</td>
</tr>
<tr>
<td>Pledge saliency</td>
<td>1.182* (2.45)</td>
<td>1.234** (3.26)</td>
</tr>
<tr>
<td>Pledge-making party has portfolio</td>
<td>1.437*** (2.87)</td>
<td>1.478** (3.11)</td>
</tr>
<tr>
<td>Log of policy distance (Y=0 vs. Y=1/2)</td>
<td>0.781*** (-3.11)</td>
<td>0.788** (-2.98)</td>
</tr>
<tr>
<td>Log of policy distance (Y=0/1 vs. Y=2)</td>
<td>0.912 (-1.16)</td>
<td>0.922 (-1.02)</td>
</tr>
<tr>
<td>Consensus of coalition parties</td>
<td>3.082*** (4.58)</td>
<td></td>
</tr>
<tr>
<td>Parliamentary majority</td>
<td></td>
<td>2.442*** (5.41)</td>
</tr>
<tr>
<td>$N$</td>
<td>1071</td>
<td>1071</td>
</tr>
<tr>
<td>Pseudo $R^2$</td>
<td>0.042</td>
<td>0.045</td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-1000.7</td>
<td>-996.9</td>
</tr>
<tr>
<td>$\chi^2$</td>
<td>78.29</td>
<td>86.78</td>
</tr>
<tr>
<td>Cases correctly predicted</td>
<td>573 (53.5 %)</td>
<td>583 (54.4 %)</td>
</tr>
</tbody>
</table>

*Note: Figures are odds ratios; $t$ statistics in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$
We therefore estimate a partial proportional odds model that constrains all variables except for the policy distance variable to impact equally on all values of the dependent variable (see Williams 2006 for a more detailed account of the procedure used). Therefore, Table 5 reports two odds ratios for the policy distance variable and one for all other predictors.

From the results in Table 5 we can see that all of our six hypotheses are borne out by the data. Odds ratios above one indicate a positive effect of the independent variable on the likelihood of adoption, whereas odds ratios below one suggest the opposite. Policy pledges are thus more likely to be adopted if they represent the status quo, if they have a high saliency for the pledge-making party, if they correspond to the distribution of portfolios, if they were made by both coalition parties, if they have majority support amongst parties in parliament, and – with some caveats – if parties are closer together on the respective policy dimension. Both models predict the correct category for over half of the cases.

Looking at the results in more detail, we find a strong positive effect on pledge adoption for the status quo variable. The odds ratios indicate that status quo pledges are between 64 and 70 percent more likely to be in a higher category of adoption than pledges that refer to an alteration of the status quo. This finding is of great relevance not only for coalition researchers but also for students of government policy change. It gives support to the notion that, aside from economic factors and external shocks, government policy is not only influenced by the partisan composition of the present cabinet, but also by that of its predecessors (see, for instance, Bräuninger 2005).

We also find that the saliency of each individual pledge is positively associated with its chances of adoption. In their manifestos parties put more emphasis on some policies than on others and this variation is clearly reflected in the bargaining outcome. While this is hardly surprising, it corroborates the assertion that election manifestos are valid representations of parties’ policy preferences (Volkens 2001: 94).

The odds ratio for the portfolio variable suggests that there is a substantial correlation between the allocation of portfolios and the policy package that coalition

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46 Alternatively, we specified simple binary logistic regression models with a dichotomized dependent variable (not adopted=0, partly/fully adopted=1). All variables in these models yielded statistically significant coefficients with effects in the hypothesized direction.
parties agree upon. There are thus good reasons to believe that policy and office payoffs correspond to a certain degree. In theoretical terms, this supports Linhart and Pappi’s (2009: 26) assumption of a mutually reinforcing relationship between office and policy benefits. It also highlights the need for integrating models of office and policy payoff distribution.

As to the policy distance variable, both odds ratios in Table 5 take on values smaller than zero, thus conforming to the assumptions outlined in H4. Yet, only the coefficient that differentiates between ‘not adopted’ and ‘partly’ or ‘fully adopted’ is statistically significant. The coefficient that contrasts the two lower categories combined against ‘full adoption’ fails to reach conventional levels of statistical significance. Relative to the category ‘not adopted’, a pledge is thus more likely to be in either of the two higher categories of adoption if the coalition parties are located closer to each other on the respective policy dimension. Yet, this effect weakens considerably when comparing only the ‘fully adopted’ category against the two lower values of the dependent variable combined. Whereas smaller policy distances thus do not necessarily account for pledges being fully adopted, the go at least some way towards explaining coalition bargaining outcomes. This may be unsurprising given the strong expectations that can be derived from policy-related theories of coalition formation. However, it is still noteworthy that the effect of policy disagreement, operationalized in spatial terms, can be traced even at the most disaggregate level of analysis.

Finally, the consensus and majority variables both yield large odds ratios at high levels of statistical significance. This is because, to some degree, these two predictors capture a similar empirical phenomenon, namely that parties agree on a substantial part of the policy agenda. Yet, it should be noted that the effect for the majority variable holds up even when removing all consensual pledges from the analysis. This means that policy pledges that have substantial opposition support are more likely to enter the coalition agreement even if they are not actively promoted by one of the government parties.

In order to illustrate some of our findings, Figure 1 plots the effect of the four dichotomous independent variables on the probability of a pledge being in the fully adopted category, with all other variables held constant at their means or modes, respectively.
The graph shows that there are substantial effects associated with these four variables. Consensual and majority-supported pledges, especially, are much more likely to be fully adopted in the coalition agreement than pledges that have less support among parties. We can see that, *ceteris paribus*, changing the value from 0 to 1 on the consensus variable raises the probability of full adoption by 27 percent. Likewise, majority-supported pledges have a 22 percent higher probability of being contained in the coalition agreement.

The influence of the other dichotomous independent variables is similar, but not quite as strong. The probability of full adoption increases from 34 to 47 percent for pledges that embrace the status quo; it rises from 27 up to 34 percent if the pledge-making party receives the corresponding ministerial portfolio.

**Figure 1: Effects of four dichotomous variables on probability of full adoption**

<table>
<thead>
<tr>
<th>Status quo=1</th>
<th>Status quo=0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consensus=1</td>
<td>Consensus=0</td>
</tr>
<tr>
<td>Majority=1</td>
<td>Majority=0</td>
</tr>
<tr>
<td>Portfolio=1</td>
<td>Portfolio=0</td>
</tr>
</tbody>
</table>

Note: Predicted probabilities of full adoption (Y=2), all other variables held at their respective means (continuous variables) or modes (dichotomous variables). Values based on Model 1 except ‘Majority’ based on Model 2; lines indicate 95-% confidence intervals.

**Conclusion**

In the present paper we attempt at explaining coalition bargaining outcomes through examining the adoption of policy pledges from party manifestos in the coalition agreement. As with all studies that are confined to a single country, we need to be
cautious about the extent to which our results generalize beyond the case of contemporary Austria. There is thus without question room for further analysis to test the general validity of our findings in a more comprehensive research design. However, we can offer some contextual information to demonstrate that the outcomes of the above analysis are empirically plausible.

First, it is quite easy to explain why status quo pledges should be relevant in the Austrian context. While government stability is not extremely high (early elections are a well-known scenario), the partisan turnover in cabinet is very low. In 2008, the ÖVP had been in government for 22 consecutive years. From 2000 to 2007 it held the dominant position in cabinet, which enabled it to move the policy status quo even closer to its ideal point. The return of the grand coalition in 2007 thus basically institutionalized a permanent conflict between an SPÖ striving to overturn many of the reforms enacted by the Schüssel I and II cabinets and an ÖVP eager to defend its political heritage. Since the ÖVP made good use of its veto power in many areas, major policy change was not to be expected to arise from the 2006/7 and 2008 coalition negotiations.47

Second, the finding that the portfolio allocation is relevant for the adoption of policy pledges is very much in line with previous research that emphasizes the relevance of ministerial autonomy in the Austrian cabinet. As Müller (1994: 31) points out, ministerial government ‘in quantitative terms must be seen as the dominant [model of government]’ in Austria.

Third, the policy distance variable accounts for the fact that, despite the country’s long-standing tradition of consensual decision-making, Austrian parties are still markedly different when it comes to economic or social policy, as well as attitudes towards European integration. By most accounts, Austrian politics has grown more conflict-laden since the early 1990s (e.g. Müller and Jenny 2004), which is reflected in the adoption of very distinct policy profiles by the political parties. It is therefore unsurprising to find policy distances to have some effect on coalition bargaining outcomes.

47 Correspondingly, status quo pledges also constitute a somewhat higher share of the total number of pledges in ÖVP manifestos than in the other party documents for all three elections.
The results for the consensus and majority variables can be contextualized in a different manner: While some issues in these categories are quite contentious (e.g. comprehensive schools, referendums on EU-treaties), the bulk of these pledges represent either valence issues (Stokes 1963) such as the reduction of unemployment, inflation, and crime, or areas of ‘national consensus’, such as opposition to nuclear energy or the use of genetic engineering (Preglau 1994; Seifert 2009). Thus, it is unsurprising that policies embraced by both coalition parties and/or a parliamentary majority have a higher chance of adoption in the coalition agreement.

To sum up, our study constitutes an attempt in applying the methodology developed by the party mandate literature to a central aspect of coalition research. To the best of our knowledge, it represents the most detailed account of the determinants of policy outcomes from coalition bargaining to date. While numerous studies exist about policy payoffs in coalition formation at a very general level, little attention has been devoted to examining coalition bargaining outcomes in more detail, thus leaving the ‘information depth’ in election manifestos and coalition agreements underutilized. We therefore conclude that measuring coalition policy at the level of concrete pledges is worthwhile as it is closer to actual coalition bargaining over specific issues and allows for analytical insights that more abstract models might miss.
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ABSTRACT: GERMAN

Die vorliegende kumulative Dissertation bearbeitet zwei zentrale Gebiete der Koalitionsforschung anhand des österreichischen Falles: die Verteilung von Ämtern (office payoffs) und politischen Inhalten (policy payoffs). Während die klassischen Studien zur Ämterverteilung sich zumeist auf die Analyse der Allokation von Ministerposten zwischen den Koalitionsparteien beschränken, werden in dieser Arbeit zwei neue Aspekte beleuchtet:


Im Rahmen dieser vier Artikel möchte die vorliegende Dissertation nicht nur durch das Erfassen bisher wenig analyserter empirischer Phänomene einen Beitrag im Feld der Koalitionsforschung leisten, sondern sie auch durch Brückenschläge mit angrenzenden Forschungsfeldern (Parteiorganisationen und innerparteiliche Strukturen, Patronage und politische Postenvergabe, sowie die Erfüllung von Wahlversprechen) bereichern.
This article's dissertation examines office and policy payoffs in Austrian coalition governments. Its main contribution is to extend coalition research to domains that have largely been neglected in extant studies of coalition politics and to find synergies with neighboring subfields of comparative politics (e.g. research on party organizations, intra-party politics, party patronage, political appointments, pledge fulfillment, and the party mandate).

First, the allocation of ministerial posts to regional party branches (Land parties) in Austria between 1945 and 2008 is examined. The strength of Land parties is demonstrated to be a significant predictor of their share of cabinet ministers. However, important differences emerge between parties: The Social Democrats (SPÖ) – arguably the most centralized party in Austria – overcompensate their larger Land parties (notably Vienna and surrounding Lower Austria) and thus display a geographical centralization in addition to the organizational concentration of power that characterizes the party. Likewise, the People’s Party’s (ÖVP) more decentralized power structure is reflected in a more progressive distribution of ministers, meaning that larger Land parties are significantly undercompensated. By contrast, intra-party portfolio allocation in the Freedom Party (FPÖ) is not structured along regional lines.

The second and third papers extend research on office payoffs to the realm of state-owned enterprises. Partisan appointments to the management boards of all corporations majority-owned by the federal state between 1995 and 2010 are used as the data basis for these analyses. In a first step, it is shown that the share of partisan board members in a state-owned enterprise can be explained by the relative strengths of the parties in government, by variation in the partisan control over ministerial jurisdictions, and by the presence of watchdog junior ministers. In addition, patronage appointments are more prevalent in corporations with larger capitalizations and staff, and higher remunerations for board members. In a second step, the individual tenures of board members are analyzed. It is demonstrated that opposition-affiliated managers are twice as likely to be removed from their position as non-partisans and government-affiliated individuals. Among government-affiliated managers, those with partisan ties to the
minister under whose jurisdiction the respective corporation falls face a slightly lower risk of removal.

The fourth paper examines policy outcomes from coalition bargaining. The few extant studies in this field have typically adopted a spatial framework and operationalized coalition policy as a point estimate in a one- or multi-dimensional policy space. While useful in principle, this approach requires a drastic simplification of the actual bargaining outcome. In order to mitigate this problem, the methodology from the party mandate literature is adopted for this paper. Based on a quantitative analysis of election manifestos between 2002 and 2008, more than 1000 concrete and testable pledges are identified. The adoption of these pledges in the coalition agreement is then coded as the dependent variable. The multivariate analysis shows that the policy status quo, the saliency of a pledge, the policy distance in the respective policy area, control over the relevant portfolio, consensus between the coalition parties, and support by a parliamentary majority have a significant impact on the likelihood of a pledge being adopted in the coalition agreement.

Since this dissertation is confined to the Austrian case, the generalizability of the results remains an open question. Future research may find it worthwhile to address these research questions in a comparative design, thus allowing for more conclusive generalizations.
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Summer term 2012 Introduction to Comparative Politics
Winter term 2011 Introduction to Quantitative Methods
Winter term 2010 Introduction to Quantitative Methods

Reviewer
Comparative Political Studies