
Katrin Schermann
katrin.schermann@univie.ac.at

Laurenz Ennser-Jedenastik
laurenz.ennser@univie.ac.at

University of Vienna
Department of Government

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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 over the distribution of offices and the shape of future government policy. The centrality of this process for the workings of parliamentary democracy is the main reason why the study of office and policy payoffs has been at the core of coalition research for several decades. Yet, there is a striking imbalance between the amount and the level of systematicity that has accrued from the analysis of office payoffs on the one hand and policy-related research on the other. While studies on office payoffs have long featured prominently on the research agenda and uncovered strong empirical regularities (Browne and Franklin 1973; Carroll and Cox 2007; Laver and Schofield 1990; Schofield and Laver 1985; Warwick and Druckman 2001), relatively little systematic knowledge has been gathered on policy payoffs. This research gap may in large part be due to the fact that measuring policy outcomes from coalition bargaining is considerably harder and more time-consuming than observing the distribution of ministries. The few existing studies have typically adopted a spatial framework and operationalized policy payoffs as the inverse distance between parties’ ideal points and the policy position of the coalition government (Budge and Laver 1992; Debus 2008; Warwick 2001). There is, however, a fundamental problem that besets this approach: Not only is it a notoriously difficult task to estimate the policy position of a coalition government from documents such as government declarations or coalition agreements, it is also crucial to take into account the varying levels of specificity at which statements are made in such texts – an aspect that is usually ignored by existing measurements based on the manual or computer-assisted coding of these documents.

The goal of the present paper is to circumvent this problem by proposing an alternative approach to explaining policy outcomes from coalition bargaining. In combining coalition theories with the methodology from the party mandate literature (Costello and Thomson 2008; Royed 1996; Thomson 2001), we measure the coalition bargaining outcome as 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.

We base our analysis on concrete policy pledges made by government parties in Austria between 2002 and 2008. We conduct a quantitative content analysis 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 these single pledges 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 explains 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. Aside from the question of coalition formation, the distribution of payoffs is arguably the most thoroughly analyzed feature of coalition bargaining (Browne and Franklin 1973; Carroll and Cox 2007; Druckman and Warwick 2005; Laver and Schofield 1990: 164-194; Schofield and Laver 1985; Warwick and Druckman 2001; 2006). Yet, the prominence this research strand has acquired over the years is almost exclusively based on the progress that has been made in explaining the distribution of office payoffs in coalition governments. Based on the proportionality proposition put forward by Gamson (1961), a number of studies have shown that there is a strong relationship between a party’s legislative seat share and the share of portfolios it receives (Browne and Franklin 1973; Browne and Frendreis 1980; Schofield and Laver 1985; Warwick and Druckman 2006). This pattern has been shown to persist even within parties (Leiserson 1968; Mershon 2001a; Mershon 2001b).

However, the strong empirical support that has been found for the proportional relationship between legislative seat shares and portfolio shares stands in stark contrast to the sketchy evidence that has been gathered on policy payoffs in coalition governments. In the light of the ‘hitherto disappointing empirical results on coalition policy payoffs’ Laver and Schofield (1990: 194) called for a ‘comprehensive research programme to assess the relationship between the policies of a coalition and the preferences of its members’ – a call that has to date remained largely unanswered. One of the main reasons for this lack of progress is, of course, due to the fact that policy outcomes from coalition bargaining are notoriously difficult to measure, whereas counting each party’s cabinet posts is a rather
simple task. However, even the few studies that have been conducted have produced mixed evidence as to the relationship between party preferences and coalition policy.

Budge and Keman (1990: 132-158), for instance, find that the 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 models 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 found in studies of 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. Based on policy positions generated through the automated content analysis of manifestos and coalition agreements (Laver, Benoit and Garry 2003), it is found that multidimensional models of government formation (Laver and Shepsle 1990; 1996; Schofield 1993; 1995) 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, it is reasonable to assume 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 believe that the difference between these two statements needs to be considered in any analysis of policy bargaining that draws on data derived from political text. We therefore suggest drawing on the methodological approach applied in the party mandate literature (e.g. Costello and Thomson 2008; Royed 1996; Thomson 2001). Instead of using abstract policy positions we identify every single pledge in the coalition parties’ manifestos and compare these data to the bargaining outcome written down in the coalition agreement.

In order to provide a more nuanced and in-depth account of coalition bargaining, this paper thus 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 transfer many of the existing theoretical assumptions from the party level to the pledge level. While this approach is less conducive to large-scale comparative analyses, it allows us to gain a better understanding of the micro-mechanisms that are at work in inter-party coalition bargaining.

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 ‘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. 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 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. 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. in order to discourage future attempts by its coalition partners to bring about change in the respective policy area). To test this assumption our first hypothesis reads:

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

A prime example of a promise to keep up the status quo is the People’s Party’s pledge in 2006 to maintain the policy of keeping shops closed on Sundays. Although this pledge is rather uncontroversial in Austrian politics and requires no action whatsoever to be taken by the government, it was put down as a policy measure in the 2007 coalition agreement.

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, Green-Pedersen and Jones 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). The rationale behind 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. 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 two.

\[ H2 \quad \text{A pledge is more likely to be adopted the more important it is to the pledge-making party.} \]

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). Laver and Shepsle 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:

\[ H3 \quad \text{A pledge is more likely to be adopted if the pledge-making party controls the corresponding portfolio.} \]

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.

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 (e.g. 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:

**H4**  
*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 minister that is given to 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. Additionally, 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.†

† Note, however, that pledges covered by H5 are a subset of those covered by H6.
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.

**Case selection and data**

We test our expectations about the adoption of policy pledges on data from Austrian election manifests and coalition agreements between 2002 and 2008, thus covering bargaining outcomes from the second ÖVP-FPÖ coalition in 2003 (cabinet Schüssel II), and the two SPÖ-led grand coalition governments taking office in 2007 (Gusenbauer) and 2008 (Faymann), respectively. 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 manifests and coalition agreements. Since party manifests 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 (Strøm and Müller 1999: 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’. 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; Strom and Müller 1999). 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 ÖVP-BZÖ cabinet.2 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 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.

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2 The BZÖ was founded by the FPÖ’s cabinet ministers and the majority 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.
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

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

In accordance with this definition, several studies concerning the fulfillment of election promises have been conducted (e.g. 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 to introduce a needs-based minimum benefit system the coder would select the appropriate issue \textit{basic income} which itself is assigned to the issue category \textit{welfare}.

As to the pledge variable, each statement is coded into one of three categories: \textit{no pledge, soft pledge} and \textit{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).\(^3\) 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.

\(^3\) 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 a set of specific normative assumptions and thus requires a subjective evaluation of the matter at hand.
Table 1: Number of 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 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</th>
<th>ÖVP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>-</td>
<td>321</td>
<td>264</td>
</tr>
<tr>
<td>2006</td>
<td>167</td>
<td>212</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>166</td>
<td>82</td>
<td>-</td>
</tr>
</tbody>
</table>

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.  

Table 3: Number of pledges in coalition agreements

<table>
<thead>
<tr>
<th></th>
<th>Fully adopted</th>
<th>Partly adopted</th>
<th>Not adopted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>2002/3</td>
<td>ÖVP</td>
<td>128</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>FPÖ</td>
<td>100</td>
<td>38</td>
</tr>
<tr>
<td>2006/7</td>
<td>SPÖ</td>
<td>62</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>ÖVP</td>
<td>100</td>
<td>47</td>
</tr>
<tr>
<td>2008</td>
<td>SPÖ</td>
<td>71</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>ÖVP</td>
<td>42</td>
<td>51</td>
</tr>
</tbody>
</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.

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 a 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.
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 cut receives the finance portfolio, see 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 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. 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.

Table 4: Summary statistics of the independent variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Status quo</td>
<td>904</td>
</tr>
<tr>
<td>Pledge saliency</td>
<td>638</td>
</tr>
<tr>
<td>Pledge-making party has portfolio</td>
<td>439</td>
</tr>
<tr>
<td>Consensus of coalition parties</td>
<td>997</td>
</tr>
<tr>
<td>Parliamentary majority</td>
<td>903</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3.949</td>
<td>0.793</td>
</tr>
</tbody>
</table>

Finally, we code two dummy variables pertaining to H5 and H6. The ‘consensus’ variable takes on the value 1 for all pledges that are made by both coalition parties, and 0

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5 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).
otherwise. Similarly, we code the ‘parliamentary majority’ predictor to indicate all 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 the coalition agreement**

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status quo</td>
<td>1.703***</td>
<td>1.642**</td>
</tr>
<tr>
<td></td>
<td>(3.39)</td>
<td>(3.15)</td>
</tr>
<tr>
<td>Pledge saliency</td>
<td>1.182*</td>
<td>1.234**</td>
</tr>
<tr>
<td></td>
<td>(2.45)</td>
<td>(3.26)</td>
</tr>
<tr>
<td>Pledge-making party has portfolio</td>
<td>1.437**</td>
<td>1.478**</td>
</tr>
<tr>
<td></td>
<td>(2.87)</td>
<td>(3.11)</td>
</tr>
<tr>
<td>Log of policy distance</td>
<td>0.781**</td>
<td>0.788**</td>
</tr>
<tr>
<td>(Y=0 vs. Y=1/2)</td>
<td>(-3.11)</td>
<td>(-2.98)</td>
</tr>
<tr>
<td></td>
<td>0.912</td>
<td>0.922</td>
</tr>
<tr>
<td></td>
<td>(-1.16)</td>
<td>(-1.02)</td>
</tr>
<tr>
<td>Consensus of coalition parties</td>
<td>3.082***</td>
<td>2.442***</td>
</tr>
<tr>
<td></td>
<td>(4.58)</td>
<td>(5.41)</td>
</tr>
<tr>
<td>Parliamentary majority</td>
<td></td>
<td>2.442***</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(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

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*Controlling both models for multicollinearity we obtain variance inflation factors (VIFs) of 1.30 or lower. Thus, multicollinearity is not a problem in our models.*
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 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.

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7 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.
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>Variable</th>
<th>Effect on Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status quo=1</td>
<td>Increase by 0.14</td>
</tr>
<tr>
<td>Status quo=0</td>
<td>Decrease by 0.14</td>
</tr>
<tr>
<td>Consensus=1</td>
<td>Increase by 0.26</td>
</tr>
<tr>
<td>Consensus=0</td>
<td>Decrease by 0.26</td>
</tr>
<tr>
<td>Majority=1</td>
<td>Increase by 0.20</td>
</tr>
<tr>
<td>Majority=0</td>
<td>Decrease by 0.20</td>
</tr>
<tr>
<td>Portfolio=1</td>
<td>Increase by 0.20</td>
</tr>
<tr>
<td>Portfolio=0</td>
<td>Decrease by 0.20</td>
</tr>
</tbody>
</table>

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

**Concluding remarks**

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.8

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.

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 bringing together the party mandate literature with 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 office payoffs in coalition formation, policy has been given comparatively little attention in coalition research. What is more, the few analyses that exist have typically adopted a spatial framework based on some sort of text analysis that does not take into account the level of abstraction at which policy statements are made in a manifesto. We believe that there is analytical value added by distinguishing, for instance, between a party’s call for ‘fair treatment of the elderly’ and a pledge of a ‘four percent increase in

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8 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.
pensions’. The first example provides only a vague and effectively subjective stance towards a social group, whereas the second requires government parties to take very specific policy action. General and unspecific statements, while potentially intriguing to voters and partisans, should, however, be of minor interest for the student of coalition policy. Only the adoption of a concrete pledge in the coalition agreement – and its subsequent implementation – presents a real policy gain for a party.

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.

Literature


