

Norms in Bargaining: Evidence from Government Formation in Spain

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Abstract

We present findings that are difficult to reconcile with existing theories of bargaining in legislatures, where a party's bargaining power derives from its number of seats. Using data from 2,900 local Spanish elections in which two parties tie in seats, we show that the party with slightly more votes is substantially more likely to appoint the mayor (form the government). Given tied parties should on average have equal bargaining power, this identifies a norm of “first-place forms government”. This effect overrides other natural considerations in coalition formation, such as ideological affinity. Second-placed parties that form the government are punished by voters in future elections, suggesting the norm is enforced by voters. We also document a similar second-versus-third place effect, compare the effect of the norm to that of obtaining an additional seat, provide suggestive evidence that similar norms exist in other countries, and discuss how such norms affect the comparison between plurality and proportional electoral rules and their policy consequences.