**Teaching Note**

**Augusta**

06/2024-6906

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This document is for the course instructor only, and should not be distributed to participants in the class. It provides an overview of the case, list of materials to prepare before the session, suggested timeline, and guideline for debriefing the exercise.

Overview

Augusta is a multiparty coalition-forming case enacted in groups of four participants. Each participant represents one of the four political parties in the fictional country of Augusta: the Labour party, Liberal party, Conservative party, or Libertarian party. Each party representative must negotiate and attempt to form a coalition government with one or more other parties, requiring at least 61 seats of the total 120 in the Parliament to form a majority government. In the process, the emerging governing coalition must agree on how to divide between themselves the 6 ministers who will vote on major decisions. Each party won different numbers of seats in the most recent election, and their voters are more open to partnerships with some other political parties than with others, creating asymmetries in power as well as numerous potential coalition governments and divisions of ministers.

Pre-Lecture Preparations

* Distribute political party roles – one for each party in each negotiation group. If using hard copies, these should be printed in different colours for each party. Each role includes:
  + General information – same for all roles, and includes an overview of the situation, and sequence of meetings
  + Specific party role – different for each of the four political parties
* If possible, bring name tags in advance, one per participant plus extras in case someone loses their nametag. This will help participants keep track of who is who during their negotiation.
* Each negotiation group receives 1 outcome form to be submitted to the instructor after the negotiation.

Setting Up The Exercise In Class:

* If the total number of participants in the class does not divide evenly by four, have pairs of participants represent a party if needed. For example, two participants could represent the Libertarian or Liberal party together. When doubling up participants with the same role, it is advisable to have them represent one of these two weaker parties with fewer votes in Parliament.
* Together with their case role, participants should ideally receive a name tag to help them keep track of who is representing which party. They should be instructed to write their party (e.g., Conservative party) on the nametag and stick it on their shirt.
* The instructor should stress the importance of maintaining the meeting timeline.
* Regarding the points-payoffs, emphasize to the class that:

Points awarded reflect change from initial 100 points awarded to each party

No other factors besides the points-payoffs will affect the final score

* Emphasize that an agreement does not need to be signed by all 4 parties, only by parties that among themselves hold 61 or more seats in the Augusta Parliament. In other words, individual parties do not hold a veto power over the agreement and can be excluded from the coalition altogether.
* Emphasize that when participants return from the exercise, they must submit their outcome form. The instructor will then create the results slide or spreadsheet in order to facilitate the debrief of the exercise.

Recommended Timeline Of Session For Live Teaching (3 hours total)

Setup in class, reading case, 15 minutes

transition to meeting rooms

Negotiate 1 hour 30 minutes

Break 15 minutes

Debrief in class 1 hour

* Ideally, the case will be given more time with the extra time being allocated for a more thorough preparation, and for the potential for private meetings between the parties before the joint negotiation starts. Alternatively, the whole exercise can be done as homework outside of class time, thus giving the students more time and flexibility to devote to different stages of this role-play.

Debriefing The Exercise

* To facilitate discussion, the instructor should display the results from their negotiation groups to the class.
* The instructor should highlight disparate results across negotiation groups— for instance cases of groups that failed to reach an agreement, where all four parties formed a government together, where two-party and three-party coalitions were formed, and where specific parties had an unusually high or low numbers of ministers.
* The instructor should note that the starting positions of the different parties are not symmetrical – some parties are better positioned to form a coalition, while others face challenges being part of a final agreement that includes the number of ministers they want. Since the parties enter the negotiation with different relative power, outcomes are most meaningfully compared to others with the same role in other negotiation groups in the class.
* For example, the instructor might compare Libertarians to other Libertarians, noting how this weaker party fared very different across negotiation groups.
* She might also ask how the Libertarian party representative handled the discovery that their preferred coalition partner, the Conservatives, was disinterested in forming a government together.
* Some potential questions to ask participants to facilitate discussion:
* What were your individual strategies going into the exercise? What worked? What didn’t?
* How did the group dynamic develop as time went on?
* How did you get to the final result?
* How do you behave if you were the strong player, the Conservative party? This party holds the most seats and is best positioned form a government. However, they still need to guard against a three-party way government without them. Did any Conservatives get cut out of the deal by others, and if so why?
* How do you behave as one of the weaker parties, for example the Libertarians? Weaker parties will often get creative and make bold moves, knowing they are at risk of getting cut out of a deal and/or ministers by the others. Did this happen in any of your groups?
* Let’s discuss your confidence levels in the final coalition.
  + - Who lacks confidence in the long-term stability of their coalition? Why?
    - Who is confident about the future of their coalition? Why?
* If you needed to go and do a second negotiation now with new election results, how would the current group dynamic and relationships affect this process?
* The instructor should reveal that that the Augusta coalition case is deliberately designed not to have a “optimal” solution. In every possible outcome, at least one of the participants has a better solution they could obtain through cooperating with other parties. This is often the case in real-life multiparty negotiations— there simply isn’t enough value on the table to satisfy everyone’s needs and goals, creating an unstable situation with many possible outcomes.

Debrief Lecture On Coalitions

* **Multi-party negotiations** involving more than 2 counterparts lead to geometric, rather than linear increases in complexity.
* A **coalition** involves two or more parties who agree to cooperate to achieve a shared goal. Coalitions form when power is distributed evenly, and parties cannot accomplish their goals or hold power alone. Coalitions are often **mixed-motive** situations in which the participants need to cooperate with one another, but must also divide value among themselves, and may be tempted by alternative arrangements with other parties. Coalitions tend to be unstable and temporary.
* In two-party (dyadic) interactions, negotiators must always consider their **BATNA or Best Alternative to a Negotiated Agreement**. This is what happens if the two parties fail to reach an agreement and must go outside the negotiation to seek alternative means to satisfy their goals. Multi-party negotiations often have the added complexity of the **Internal BATNA**. That is, counterparts will often have the option of cutting one or more counterparts out of the agreement and reaching a deal with an alternative set of partners within (i.e., internal to) the negotiation. This tends to increase suspicion and reduce trust in multiparty situations, since everyone is afraid of being excluded from the deal.
* Coalitions and agreements involving only a subset of the parties are especially likely to form when **private communication** is possible. To avoid parties being excluded from the deal, you should encourage **public communication** as much as possible (Swaab et al 2008). Virtual communication settings can promote coalition formation since the multiple channels available (e.g., video meetings, emails, text messages, voice calls) can facilitate private communications between subsets of parties.
* Establishing trust in multiparty situations involving relative strangers (or known rivals) is often very difficult, or at least unrealistic in a brief time frame. **Trust** involves a willingness to expose oneself to unilateral harm or betrayal from someone else, and is slow to build and easily lost. Far more feasible is to foster **interdependence**, the sense that we are *better off together*. In other words, you should try to convince a given counterpart that her or his individual goals are most likely to be satisfied by forming an alliance and coalition with you. Build coalitions around shared interests.
* Having developed a positive prior reputation helps build your coalition, as does convincing the other that you are likely to do repeat (iterative) deals together and that this could be a fruitful long-term partnership. Demonstrating that your coalition is already forming and that others are best served joining now and getting a better deal (“more ministers”), rather than waiting until it is too late and getting a bad deal or being cut out entirely, can be especially persuasive.
* The instructor might discuss example scenarios in Augusta that illustrate ways to leverage your position to get desirable outcomes (see below).
* She might further discuss the historical origins of the case, which provides examples of real-life negotiations that illustrate coalition-building.

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Example of Leveraging Alliances in Augusta:

Suppose the Liberals and Conservatives agree to cooperate. If a Liberal + Conservative coalition is formed, with the Liberals receiving 2 ministers and Conservatives 4 ministers, then we have the example scenario below.

Scenario 1:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **In coalition (points)** | **Number of ministers (points)** | **Total points obtained** |
| **Labour** | NO (-5) | N/A (0) | -5 |
| **Liberal** | YES (0) | 2 ministers (8) | +8 |
| **Conservative** | YES (3) | 4 ministers (20) | +23 |
| **Libertarian** | NO (-10) | N/A (0) | -10 |

Once this scenario is agreed as baseline by the Liberal and Conservative parties, they could encourage the Libertarian or the Labour parties to enter the coalition too, leveraging the poor BATNA they have now created for the other two parties (i.e., exclusion from the government). For example, they could approach the Labour party and offer them to enter the coalition with 1 minister, improving the score for all three members of the new coalition compared to the baseline.

Scenario 2:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **In coalition (points)** | **Number of ministers (points)** | **Total points obtained** | **Change from baseline scenario (scenario 1)** |
| **Labour** | YES (5) | 1 minister (-8) | -3 | +2 |
| **Liberal** | YES (15) | 1 minister (0) | +15 | +7 |
| **Conservative** | YES (12) | 4 ministers (20) | +32 | +9 |
| **Libertarian** | NO (-15) | N/A (0) | -15 | -5 |

Alternatively, they could approach the Libertarian party to join their coalition instead of the Labour party.

Scenario 3:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **In coalition (points)** | **Number of ministers (points)** | **Total points obtained** | **Change from baseline scenario (scenario 1)** |
| **Labour** | NO (-20) | N/A (0) | -20 | -15 |
| **Liberal** | YES (3) | 2 ministers (8) | +11 | +3 |
| **Conservative** | YES (3) | 4 ministers (20) | +23 | 0 |
| **Libertarian** | YES (10) | 0 ministers (-10) | 0 | +10 |

The new BATNA created for the Labour party could be used to force them to enter a Labour + Liberal + Conservative coalition, with no ministers for Labour.

Scenario 4:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **In coalition (points)** | **Number of ministers (points)** | **Total points obtained** | **Change from 3rd scenario** |
| **Labour** | YES (5) | 0 ministers (-15) | -10 | +10 |
| **Liberal** | YES (15) | 2 ministers (8) | +23 | +12 |
| **Conservative** | YES (12) | 4 ministers (20) | +32 | +9 |
| **Libertarian** | NO (-15) | N/A (0) | -15 | -15 |

If the Libertarian and the Labour parties decide to cooperate, they can offer the Liberal party the option to defect from its alliance with the Conservative party and join them in a Labour + Liberal + Libertarian coalition.

Scenario 5:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **In coalition (points)** | **Number of ministers (points)** | **Total points obtained** | **Change from baseline scenario (scenario 1)** |
| **Labour** | YES (-10) | 3 ministers (+30) | +20 | +25 |
| **Liberal** | YES (+20) | 0 ministers (-10) | +10 | +2 |
| **Conservative** | NO (-50) | N/A (0) | -50 | -73 |
| **Libertarian** | YES (-10) | 3 ministers (+30) | +20 | +30 |

This deal could be leveraged by the Liberal party to get a better baseline offer from the Conservatives (e.g. 3 ministers for each party in a two-party government). And so on and so forth, highlighting the unstable nature of coalitions.

Summary of the above example scenarios:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Labour** | **Liberal** | **Conservative** | **Libertarian** |
| **Scenario 1** | **-5** | **+8** | **+23** | **-10** |
| **Scenario 2** | **-3** | **+15** | **+32** | **-15** |
| **Scenario 3** | **-20** | **+11** | **+23** | **0** |
| **Scenario 4** | **-10** | **+23** | **+32** | **-15** |
| **Scenario 5** | **+20** | **+10** | **-50** | **+20** |

Historical Cases On Coalitions

The Augusta exercise captures coalition dynamics seen across the world and throughout history. Below are three examples of coalition politics, in the Israeli Parliament, ancient Byzantium, and New Zealand Parliament, that the instructor can leverage when debriefing the case. Please also see the PowerPoint slides with a full instructor script in the notes beneath each slide.

Case 1: Israeli Parliament Under Netanyahu

Benjamin “Bibi” Netanyahu, prime minister of Israel and head of the Likud party, won four straight elections (2009, 2013, 2015, 2019). The four parties in the case roughly mirror the four major parties in the Israeli political system during this time period.

**2009** –

In 2009, Netanyahu led the right-wing Likud party against the governing Centre party. In those elections, Netanyahu won 27 seats, making his the 2nd largest political party, while the Centre party won 28 seats. In addition to those two parties, two other important parties for the negotiations were the “Israel is our home” party, which can be characterized as a Centre-Right party, receiving 15 seats, and the Israeli Labour party, which is a left-wing party, receiving 13 seats.

The 2009 political map after the elections:

The Likud had 54 guaranteed votes for a new coalition, while the Centre party had 51 votes. Both parties tried to persuade the Centre-Right party to join them. Netanyahu managed to get their agreement, then leveraged that agreement to also get the Labour party to join, allowing him to remove some of the more extreme right- wing parties from his coalition.

The 2009 coalition:

2013 –

In 2013, Netanyahu led the Likud party into the coming election. Knowing that the deciding factor last time was the support of the Centre-Right party, Netanyahu did a bold move a combined their two parties into one before the elections, making major political concessions to the Centre-Right party in the process, but securing himself the next governing coalition, according to all pundits.

However, the new united Likud party only received 31 seats in the elections, much less than the combined 42 the two parties had before, reflecting the apathy of the voters given the expected victory. Also in this election, a new party emerged, led by the former chief of staff of Netanyahu, Naftali Bennett. Called “New Right”, this new political party obtained 12 seats in the elections. The new Centre party (not the one from the 2009 elections – that party collapsed and disappeared) – received a surprising 19 seats, and the Labour party received 15 seats.

Believing there is no one else who can easily form a viable coalition, Netanyahu entered the negotiations in a seemingly dominant position, with the open questions being the structure of the coalition and the political concessions needed to achieve it. Netanyahu did not want the New Right party in his new government, and the leader of the Labour party declared they would not join his coalition this time around. Knowing these two facts, the New Right leader and the leader of the Centre party formed a political alliance, leaving Netanyahu no option besides conceding to many of their political demands in order to form a governing coalition.

2015 –

In 2015, Netanyahu again led the Likud party into the coming election, this time after firing the ministers of both Centre parties. One of the Centre parties joined forces with the Labour party, leaving just one Centre party. The results of the elections, again, crowned Likud as a clear winner with the most seats in Parliament of any individual party. However, Netanyahu again needed to construct a coalition to form a government.

Going into the negotiations, Netanyahu fuelled by his hatred towards the leaders of the New Right party, did not include them in the conversation, believing that they would not support any other political party in the negotiations. After securing commitments from parties that represent 59 seats, he met with the New Right a few days before the deadline for the negotiations. Knowing his position and weak BATNA (failing to form a government), the New Right leveraged their position to get the best deal possible, including top ministers, even though they only contributed 8 seats in Parliament to the coalition.

2019-2021 Israeli Political Events

The political system subsequently become more fragmented, leading Israel to hold 4 elections in less than 2 years, with still no stable coalition in place.

***April 2019 Election***

In the April 2019 elections neither the right wing bloc nor the centre-left wing bloc were able to form a government. Although his party (Likud) was again the largest in the Israeli parliament, Netanyahu failed to reach 61 seats to support him as Prime Minister. Initially, the right had 66 seats made of parties that previously supported Netanyahu. However, one of those parties broke ranks with the right wing bloc, believing that Netanyahu could not be trusted after breaking his promises in previous coalition governments. The failure to form a coalition sent the Israeli political system into another election cycle.

***September 2019 Election***

Another election was held in September 2019, with another failure to form a government. No bloc secured the greater than 60 seats needed, driven by the fact the although 65 seats opposed Netanyahu as Prime Minister, those 65 parliament members were not willing to cooperate with each other, sending Israel to a 3rd election cycle with the political system in deadlock.

***March 2020 Election***

In another election in March 2020, the blocs found themselves again in the same deadlock, with no bloc being able to assemble a greater than 60 seat coalition and form a government. The deadlock ended when Netanyahu managed to reach an agreement with the leader of the Left-Centre bloc, causing him to break out of the bloc and join a right wing government, based on the principle of parity. Although the blocs are uneven (59 for the right and 16 for the Centre bloc within the government), each of them would have equal power in the government, and veto over all issues. Further, the Prime Minister position would be held by both leaders, Netanyahu in the first 2 years and then Benny Gantz, the leader of the centre bloc that joined the government in the following 2 years.

This government held for about 7 months before dissolving after accusations from the centre bloc that Netanyahu was violating the agreement on purpose in order to dissolve the government and enter into another election in order to avoid handing over the prime minister position to Benny Gantz.

***March 2021 Election***

Yet another election was held in March 2021, with no party obtaining a 61-seat majority sending them into yet another cycle of political maneuvering and coalition formation. Finally in June 2021, Naftali Bennett formed a 1-seat majority coalition between his New Right party and seven other parties and became Prime Minister of Israel. In the terms of Augusta case, a Libertarian, Labour, and Liberal coalition excluded the Conservatives from the government, with the head of the Libertarian party becoming leader of the coalition government.

Selected References and Further Reading

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Israel's Netanyahu poised to lose power to new government

<https://www.bbc.com/news/world-middle-east-57396990>

Israel swears in new coalition, ending Netanyahu's long rule

<https://www.channelnewsasia.com/news/world/israel-swears-in-new-coalition-ending-netanyahu-long-rule-15008144>

*Note: More detailed supporting links are provided in the notes beneath the PowerPoint slides.*

Case 2: Augusta Theodora, Empress of Byzantium

The “Augusta” role play is named after Augusta Theodora who rose from a commoner to become one of the most powerful people in the world, and one of history’s most fascinating figures. Historians widely believe that Theodora was at least as important, and if not more important than her husband Justinian to their joint leadership success.

The most critical moment in Justinian’s early rule came 532 A.D., when massive riots threatened to overthrow him. Half of the capital city was burned down. The emperor packed up as much gold as he could and prepared to flee the empire by ship. Theodora refused to abandon the city, famously saying that “Royal purple is the best colour for a funeral,” preferring death to giving up her throne. She shamed Justinian and his advisors into staying and attempting to hold on to power.

The coalition of protestors was too strong to confront head on, so Theodora and Justinian sought to divide them. They managed to convinced the Blues faction of rebels that the most likely new emperor to emerge after Justinian would be Hypatius, who happened to be from the Greens faction. To enhance their persuasive impact, they offered the Blues faction gold to change sides, which the Blues accepted. With the Blues now with the Empress and Emperor, Theodora and Justinian offered the Greens the opportunity to negotiate with them at the Hippodrome. The Greens, their coalition of rebels diminished, agreed to meet to have their grievances heard and remedied. But Theodora and Justinian pulled a double cross. Instead of negotiating a resolution, they sent their most loyal generals Belisarius and Mundus and their soldiers to slaughter all 30,000 Greens. They also assassinated Hypatius, at Theodora’s insistence.

In the subsequent years, Theodora and Justinian built the spectacular Hagia Sophia, one of the wonders of both the ancient and modern worlds. They also reconquered some of the Western Roman Empires lands, lost during the fall of Rome, expanding the Byzantine empire greatly. Today Theodora is remembered as “Theodora the Great” and “The Golden Queen,” one of history’s most powerful and memorable characters. Whether self-motivated or socially motivated, her refusal to abdicate likely saved the Byzantine empire from civil war and chaos. Her joint rule with Justinian also boasts major achievements in architecture and infrastructure, not just the Hagia Sophia but also other churches and numerous aqueducts and bridges that returned tremendous economic value over the centuries. Theodora’s time as empress is also noted for feminist laws, such as expanded property, guardianship, & divorce rights for women; bans on sex trafficking and “honour” killings of female adulterers; and the death penalty for rape along with seizure of all of perpetrator’s property as compensation to the victim. After Theodora’s death at the age of 48, most likely of cancer, historians note the lack of major accomplishments in the last 17 years of Justinian’s rule as further evidence of her importance.

Theodora leveraged deception and cutthroat coalition tactics to achieve and retain power. She also did many praiseworthy things with that power and created huge value that benefited millions. Win-win negotiation tactics are the key to creating value and building relationships and reputation. However, it is also important to be able to play win-lose when the situation calls for it. Sometimes there is not enough value to go around and someone will need to be excluded from the deal. Also, sometimes you will face adversaries who are ethically compromised win-lose negotiators who do not respond to overtures to collaborate and create value together, and do not care about their reputation or the relationship or the long term. In such situations, build a coalition of people you can trust, people with shared interests, and people who respond to legitimate arguments.

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*Note: More detailed supporting links are provided in the notes beneath the PowerPoint slides.*

Case 3: Jacinda Ardern, Prime Minister of New Zealand

The case also captures political dynamics in the New Zealand parliament spanning the early 1990s to the 2020s. The four parties in Augusta mirror the major political players in New Zealand politics at the time. The Conservatives in Augusta are the New Zealand National party, the largest and most powerful political party for most of the country’s modern history. The Labour Party in Augusta are the New Zealand Labour Party, the Liberals are the New Zealand Green Party, and the Libertarians are the New Zealand First party which broke away from the National Party in the 1990s.

In 1992, Jim Bolger, the Prime Minister of New Zealand and leader of the conservative National Party, fired his former political ally and Member of Parliament Winston Peters from his cabinet. The next year, the angry and resentful Peters launched his own political party, New Zealand First.

In 1996, Peters positioned his new splinter party in the queenmaker/kingmaker role. He negotiated with then Labour party leader Helen Clark for a month about potentially forming a coalition government, apparently loathe to enter a coalition with his former boss Jim Bolger. However, he ultimately did form a right-wing coalition government with the National party, becoming Deputy Prime Minister. Peters was subsequently accused of playing both sides in a strategic manner.

In 2017, Labour politician Jacinda Ardern rose to power by building a wide-ranging coalition. In 2017, National won 45% of the party vote to Labour’s 37%, a clear victory. But a small but crucial minority of seats were held by New Zealand first, with 9 seats, and the Greens with 8. Even though the conservative National party got the most votes and hence the most seats in parliament, Ardern cut them out of the government by forming a partnership with Peters’ New Zealand First party as well as the small Green Party led by Marama Davidson. In the terms of the Augusta case, she built a “Liberal-Labour-Libertarian” coalition of the weaker players, with the “Conservatives” not in the government at all.

Ardern successfully split the conservative coalition between the National and NZ first parties, which as noted above had previously formed a government together. Winston Peters became her deputy Prime Minister, and served as acting Prime Minister for 6 weeks in 2018 while Ardern was on maternity leave. The case of New Zealand first illustrates how weaker parties can get a great deal in coalition negotiations if they are in the queenmaker or kingmaker position and part of the winning coalition.

Several years into her first term as Prime Minister, Ardern led her government to a historic success combating the COVID-19 pandemic, further cementing her legitimacy and political support. In the 2020 election, her Labour party won an outright majority of Parliament seats – 65 of 120 seats – and the plurality of the party vote in 72 of 73 electorates. The 2020 election was also historic for her rivals the conservative National party, their second-worst result ever. Winston Peters’ New Zealand First party didn’t win any seats and was out of the New Zealand government as of 2021. Notably, Ardern did not cut Peters out of the coalition or fire him as Deputy Prime Minister, the New Zealand voters did.

A lot of people feel uncomfortable with multi-party coalition situations, feeling– sometimes correctly– that they promote win-lose or even ethically compromised tactics that are inconsistent with their personality and values. Interesting, Ardern was initially one of them. Her case shows different kinds of people and approaches can succeed in building coalitions.

“I didn't know that I was tough enough for politics. I had it in my head… that you had to be quite thick skinned — you certainly can't be the emotional type. My advice would be: do not change yourself, do not think that to succeed you have to fit the mould of what you see around you… And perhaps in doing so you might better reflect a whole other part of society that hasn't felt reflected or seen in that place.”

--Jacinda Ardern, Prime Minister of New Zealand, 2021

Individuals with reputations as trustworthy coalition partners, who put legitimate proposals with a value proposition for others on the table, are often the most successful in building coalitions. This is especially true in iterative negotiations you see in Parliaments and workplaces, where the same players meet again and again.

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