

Abstract

In political economy, the seminal contribution of Baron-Ferejohn bargaining model constitutes an important milestone for the study of legislative policy-making. In this paper, we analyze a particular equilibrium characteristic of this model, equilibrium uniqueness. The Baron-Ferejohn framework yields a class of payoff-unique stationary subgame perfect equilibria (SSPE) in which players' equilibrium strategies are not uniquely determined. We first provide a formal proof of the multiplicity of equilibrium strategies. This also enables us to establish some important properties of SSPE. We then introduce veto players into the original Baron-Ferejohn model. We state the conditions under which the new model has a unique SSPE not only in terms of payoffs but also in terms of players' equilibrium strategies.