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The constructive veto and parliamentary discipline

Eric Magar
Instituto Tecnológico Autónomo de México
emagar@itam.mx

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Abstract

The paper shows that a non-legislative actor with a power to veto legislation can sell protection to lawmakers against opportunism in the plenary. So the veto power, especially the constructive kind that recognizes the issuer to make a counter-offer to the assembly (cf. Alemán and Schwartz 2006), turns presidents into effective brokers of legislative deals. The model is a form of Fighting Fire with Fire game (Heller 2001; Weingast 1992) where the president's threat to retaliate amendments with further amendments disciplines potentially rebellious legislators; the president becomes the residual claimant, at the expense of defectors, in case the latter renege. The model also shows two limits of a president's capacity to broker. Side payments may be required for a president who has too much ideological affinity with opportunists, so as to prevent her from siding with them. And presidents with an absolute veto only are unable to enforce deals when the status quo is Pareto sub-optimal; those with a constructive veto can do it regardless of Pareto optimality. In future iterations, the paper will draw evidence from the Uruguayan legislative process.

Note to myself: The full story can look like this (Thanks to Roger Larocca and Chris den Hartog for suggestions). The constructive veto makes presidents potentially very influential: if they had all they want from Congress, they could break coalitions and get extra policy earning as in Tsebelis and Alemán. But they don't have all they want from Congress. One important limitation comes from negative agenda power: Congress will keep gates shut if anticipates president will meddle in their internal exchanges. Can do the same on presidential agenda. Which opens room for new form of exchange: buy presidential protection (as in the model) against their commitment problems; as reward, open

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gates on bits of presidential agenda. President's side payment larger than mentioned in paper: eg. if x1 deal honored, president loses what he could achieve with selfish use of constructive veto.

Building trust among lawmakers is one of the key problems confronting the field of legislative politics. Absent a decent level of trust, legislators will be unwilling to trade votes—the *sine qua non* condition to get things done in any assembly—for fear of being victims of opportunistic behavior. While the problem of opportunism is more general (Coase 1937; Williamson 1975), I here inspect its 'open rule' incarnation: legislative bills that are open to amendment in the plenary and hence offer opportunities to abandon partners in pursuit of even juicier deals. If such behavior cannot be checked, collaboration can be expected to fail from the outset, precluding gains from trade.

Institutional scholars have devoted considerable attention to trust-building arrangements under the open rule. Three legislative arrangements feature prominently in the academic literature: cabinet government, committee government, and party government. The operative secret of all three is the introduction of inequality in the legislative arena, stripping most members of most parliamentary rights and transferring them to other, privileged members. The privileged few thus gain more or less complete control of the legislative agenda (Cox 2006). Arrangements differ with respect to the identity of the privileged group. Cabinet government centralizes agenda power among ministers, denuding private members of all parliamentary rights other than voting in the plenary and raising motions of confidence to break the present government at will.[1] Committee government, on the contrary, *de*centralizes agenda power, giving specialized organs monopoly over policy parcels and letting legislators self-select to the committee whose turf is more salient to core constituents.[2] Party government concentrates agenda power in the hands of majority party leaders, superimposing an informal hierarchy that cartelizes formal legislative institutions in order to coordinate party rank-and-file actions in pursuit of several ends.[3]

Despite academic eminence, the triad discussed above remains rather inappropriate for Latin American legislatures. Even if cabinet coalitions are frequent in the region's presidential democracies and ease policy negotiation (Amorim Neto 2006; Magar and Moraes n.d), the separation of executive and legislative branches renders cabinet government inoperative. And studies of the region's assembly's committee systems indicate a degree of agenda power insufficient for US-style committee government (Alemán 2006; Morgenstern and Nacif 2002; Samuels 2003). Finally, majority control as precondition to cartelize assembly institutions was much less probable than not in a region where legislative party systems had three and one half effective parties on average through

[1] See Cox (1987); Diermeier and Feddersen (1998); Huber (1996); Laver (2006); Laver and Shepsle (1990, 1996); Laver and Schofield (1991); Lupia and Strøm (1995).

[2] See Dodd and Oppenheimer (1981); Fenno (1973); Fiorina (1974); Mayhew (1974); Shepsle (1978, 1979); Shepsle and Weingast (1987); Weingast and Marshall (1988).

[3] See Aldrich (1995); Binder (1996); Cox and McCubbins (1993, 2005); Rohde (1991); Sinclair (2002); Snyder and Groseclose (2000); **?**.

the mid-1980s and mid-1990s, with a standard deviation of one and one third (Mainwaring and Scully 1995:30).

In such circumstances, I argue, trust for vote trading in the assembly can be supplied through another prominent feature of presidential democracies—the presidential veto. Best suited for the purpose is the constructive veto, modal among the region's presidents (Alemán and Schwartz 2006), but the absolute veto also has trust-supplying properties, albeit more limited. The model, in a nutshell, shows that a president acting as broker of some legislative agreement can use the veto to punish partners who could be tempted to renege from the deal in pursuit of bigger gains. Potential defectors who anticipate this penalty will prefer to honor their word out of pure self-interest.

The model is a straightforward extension of Heller's (2001) last-offer amendment model explaining floor cohesion among coalition partners in a parliamentary democracy. Heller's model is itself a formalization of Weingast's (1989) Fighting Fire with Fire argument of committee power in the floor of the post-reform US House of Representatives under the open rule. The paper therefore begins by shortly reviewing the underpinnings of the Heller–Weingast model in Section 1. Section 2 discusses differences between the US-style absolute veto and the Latin-American constructive veto. Section 3 then develops the model of president broker, showing that presidents with constructive vetoes can always act as effective brokers, but those with absolute vetoes can only do it when the status quo is Pareto optimal in the assembly. The model also shows that presidents who are too ideologically close to the defecting party need to have their rationality bound in order to prevent them from siding with the opportunist. Section 4 elaborates on the plausibility of this restrictive premise. Section 5 (forthcoming) will show the model's relevance for the case of Uruguay, uncovering evidence that presidents have systematically sold protection to lawmakers. Section 6 concludes.

1 Institutional checks against opportunism

> At times, amendments become more important or controversial than the bills themselves. —Oleszek (2001:159).

The US House of Representatives experienced a steep surge in amendment activity in the 1970s. Amendments by bill proponents rose by a factor of two and one half, while successful amendments by lawmakers not in the reporting committee tripled (Smith 1989). Coincidentally, there was an increased reliance in closed rules (Bach and Smith 1988). And shortly before all this, committee chairs had been stripped of some of their extraordinary powers (see Rohde 1991). Opinions split. Some saw these developments as the end of committees' ability to command deference to their proposals in the floor, and perhaps the end of committee government (Dodd and Oppenheimer 1981). Others pointed to alternative institutions preventing proponents from being rolled in the floor of the post-reform House under the open rule.

Weingast (1992) is among the skeptics. The open rule, he argues, is not as open as the name suggests. It is, in fact, a highly managed process: "when an amendment is made from the floor, the next person entitled to be recognized is a member of the majority party of the relevant committee—typically the floor manager, a proponent of the legislation" (144). This recognition right offers proponents the chance to come to the floor equipped to fight fire with fire, countering an opposition amendment with a second-degree amendment. Since no member is further recognized after the second-degree amendment (Oleszek 2001:158–68), proponents have a last move advantage.[4] Carefully designed final amendments defuse all opposition attempts to roll the proposers in the floor. Inspection of all measures sent to the floor with an open rule in the 98^{th} Congress uncovered nearly seven amendments per bill on average, five of which passed. It is noteworthy that one third of those amendments were opposed by the bill manager, and that nearly a quarter of these passed. But another pattern also emerged from the data: most successful amendments opposed by the floor manager were successfully amended afterwards by the proponents (58% of 40). The opposition, in contrast, attempted to counter only 3% of amendments accepted by proponents.

Noting that similar restrictive recognition rights for proponents exist in most West European parliaments, Heller (2001) proceeds to a formalize a model of what he dubs 'last-offer amendment power' (or LOAP for short). The model shows that, as in committee government, such parliamentary procedure is a key element of cabinet government's ability to contain opportunism in legislative exchange. The thesis is that a lawmaker endowed with LOAP *can* enforce discipline among partners and thus make policy deals stick in the plenary under the open rule. In parliamentary democracy that privileged lawmaker is a government minister. Formalization makes one important limitation of the fighting fire with fire argument stand out: while any minister can supply trust for vote trading, only a well behaved minister *will necessarily* supply it. It is meant by this that the minister must always refrain from using the last move advantage to make the final opportunistic breach of confidence—otherwise, if she could do so, partners would anticipate this and be alienated at the outset, unraveling the whole trust-generating apparatus. Holders of LOAP must, in other words, value team discipline more than the extra policy earning they could achieve by cheating.

This paper will extend the logic one step further by showing that any well-behaved actor recognized to make a final amendment, even if not a member of the assembly, can broker legislative agreements in the same fashion. The model I present in section 3 has the president as well-behaved broker and is a straightforward extension of the Heller model. Presidential vetoes take place at the end of the legislative process, and therefore recognize the executive to

[4]The exception occurs when a substitute amendment is presented, a more drastic redrafting of the proposal than the original perfecting amendment contemplated. But then this becomes a new first-degree amendment, after which only a proponent has the right of recognition to offer a second-degree amendment to the substitute, replicating the argument above.

offer one last amendment. Constructive vetoes, discussed in the next section, more literally resemble LOAP. But absolute vetoes, which can be seen as an amendment back to the status quo, also have some more limited properties to supply trust for vote trading.

2 Absolute and constructive vetoes

With the notable exception of the governor of US state of North Carolina until 1998, presidential constitutions of the Americas allow the executive to veto legislation. While the veto is generally defined as a unilateral rejection of a statutory act, many aspects of it vary substantially in practice. One source of constitutional variation of relevance to this paper involves legislative responses to a veto. Some vetoes are final: once issued, policy reverts unconditionally to the status quo ante (such was the case in the Roman Republic). Empirical referents in the Americas all establish vetoes that can be overridden by the assembly. Constitutions vary with respect to the size of the override majority (Magar 2001): whether simple (eg. Brazil, Kentucky), by three-fifths (Uruguay, Ohio), by two-thirds (Mexico, Texas), or even by three-fourths (Illinois for budgetary and appropriations bills).

Alemán and Schwartz (2006) have shown the importance of a less known source of variation that is of consequence for my argument: the content of the veto. By their classification, vetoes are of two main types, absolute and constructive. Unlike the absolute veto, which lets the president reject a bill in full, the constructive type is a qualified rejection of a bill, a vote for a presidential redraft of the bill passed by the assembly. Such veto clause lets presidents offer a final amendment that requires majority support for passage in the assembly, sometimes less. Only four constitutions in the Americas endow the president with an absolute veto (Dominican Republic, Guatemala, Honduras, and the US). The rest have constructive vetoes. In most cases, the constitution sets no limits other than germaneness to the nature of the president's counter-offer (this is the case in Bolivia, Chile, Costa Rica, Ecuador, El Salvador, Nicaragua, Mexico, Peru, Uruguay, and Venezuela). In others, the president can only delete portions of the bill deemed undesirable (in Argentina, Brazil, Colombia, Panama, and Paraguay).

A president with a constructive veto can modify legislation substantially by proposing a passable amendment. The constructive veto is just another form of LOAP, with the president recognized to send the final amendment. I take advantage of this in the next section and propose a model where the veto can be used to punish defectors, turning the president into an effective broker of vote-trading deals in the assembly.

3 Model

I stylize the legislative process as an interaction between a three-member assembly and a president. Legislators are individually called m, n, and o; p is the president. Members m and n are partners who have agreed to propose and pass new policy by statute. Unless the deal can be protected with rules restricting amendments from the floor, o, the opposition, will try to tempt one partner to renege by offering a mutually-beneficial amendment. The president sells protection for the deal, offering guarantees that partners will honor their commitment.

I represent and analyze this series of assembly votes—for the proposal, for the amendment, etc.—as a voting agenda. Agendas are finite binary trees that pit alternatives against each other sequentially, the winner of each step passing to the next step in order to compete against other alternatives until voting ends (Schwartz 2008:358). Legislative procedure determines the length of tree branches and how alternatives, including the status quo or default option, arrange along the way. This paper investigates a specific, pre-set arrangement called the *constructive veto agenda* and pictured in Figure 1. By having it preset, the fascinating but complex discussion of endogenous forward agendas is beyond the scope of this paper. The agenda runs from top to bottom. It starts with policy at the default value, denoted x_0, and branches to a first vote to either keep x_0 in place (and voting ends) or replace it with new policy at x_1. This is the deal-making step of voting, or step #1, and the winner is decided by assembly majority rule, so two of the three legislators suffice to pass bill x_1. We consider the case where m and n commit to support x_1, but any other cooperative fellowship is feasible. Next comes the temptation step #2, where a counter-proposal x_2 (an amendment) is offered by member o and competes in a second majority vote against x_1. If partners stick to the terms of their original deal, both reject the amendment and end voting with new policy at x_1. If one reneges, however, voting proceeds to step #3. We consider the case where member n is tempted.

Standard agenda analysis is bounded to the assembly stages of the legislative process. The constructive veto agenda is not standard because step 3, the veto, involves no legislators and gives the choice to the president instead: she can accept the bill on her desk and end voting with new policy at x_2; or use the veto. The veto is constructive, letting the president propose an amendment to the amendment, denoted x_3. In case of veto the agenda proceeds to step #4, where the assembly ponders the president's proposal. A majority can accept x_3, and voting ends; or proceed to the override step #5. A final vote is then held of the original amendment x_2 (ie. a veto override) against declaring a bargaining failure with policy defaulting to x_0 (the veto is sustained). Previous assembly choices were all made by majority rule, but a super-majority is required to override, as is modal in the Americas. In a three-member assembly this translates to unanimity, so any legislator can individually sustain a veto. Adding more legislators to the model would permit analysis of super-majority requirements other than unanimity, but results should generalize provided that

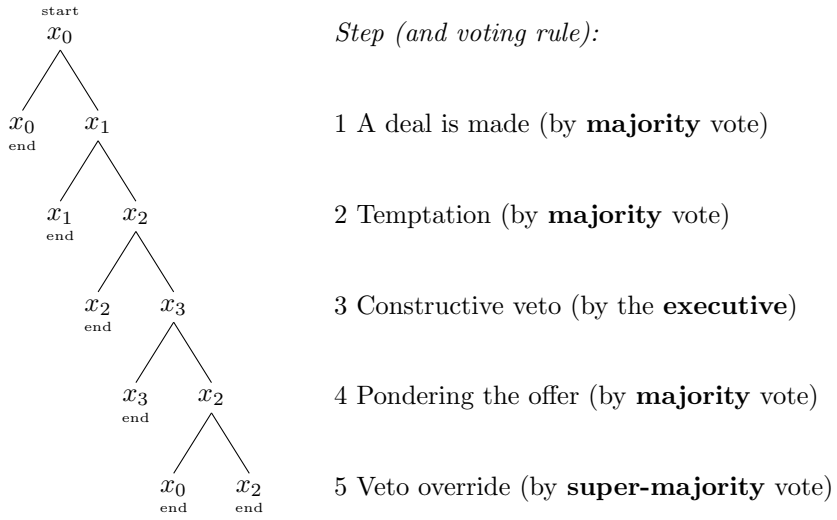


Figure 1: The constructive veto agenda

the requirement is above majority.

I explore the president's capacity to contain opportunism in the assembly by searching for feasible policy proposals and the inherent conditions under the constructive veto agenda. Analysis borrows a preference mechanism for politicians from the standard spatial theory of voting, mapping alternatives on a two-dimensional policy space ($x_0, x_1 \ldots \in \mathbb{R}^2$) while restricting preferences to a general class of Euclidian orderings. As a result, each politician is conveniently characterized by the location of her ideal point in space, her welfare decreasing as policy x moves away from that ideal point i in any direction: $u_i(x) = -||i - x||$. Letters m, n, o, and p also denote politicians' ideal points.

Politicians are foresighted and strategic, voting at each node not by its content but by its ultimate consequence. Take step 4 for illustration and suppose that member n prefers alternative x_2 to x_3 and x_3 to x_0, but also anticipates that x_0 beats x_2 in step 5. Choosing content n votes x_2 in step 4; choosing consequence she votes x_3 instead, because she foresees the final outcome of step 5 would otherwise be least-preferred x_0. The consequence or *strategic equivalent* of choosing x_2 in step 4 is therefore x_0. Proceeding backwards in this fashion uncovers strategic equivalents at each agenda node and feasible policy proposals.

Let i_j be the set of alternatives that politician i prefers to x_j. With this notation, m_0 stands for all alternatives that member m prefers to x_0, p_2 for all that the president prefers to x_2, and so forth. And the intersection of $m_0 \cap n_0$ defines the set that m and n jointly prefer to the default; since two legislators achieve majority, it is also one subset of alternatives beating x_0 by majority. The reunion of such intersections among legislators $W_0 = (m_0 \cap n_0) \cup (m_0 \cap o_0) \cup (n_0 \cap o_0)$ is the winset of the default option or set of alternatives that

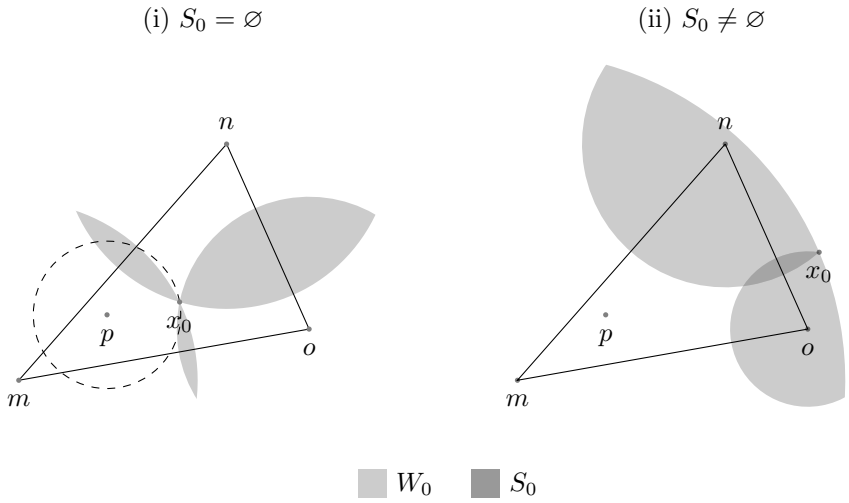


Figure 2: The winset and super-majority winset of two default options. Any $x_2 \in S_0$ beats the status quo x_0 in step 5.

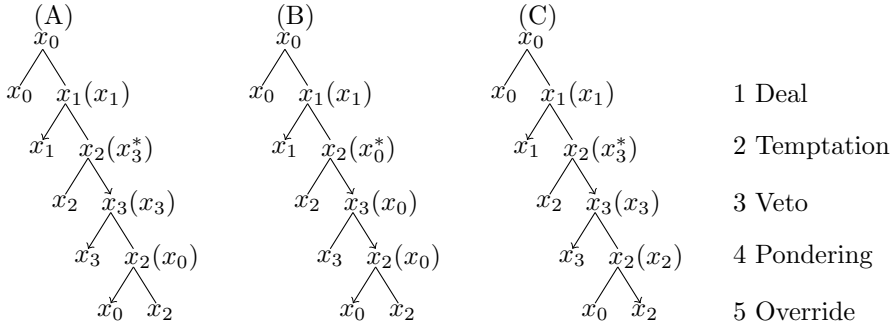
beat x_0 by majority rule. Again, changing subscripts adapts notation to other alternatives. And for the purpose of veto overrides, the intersection of all three legislators' preferences needs consideration: $S_0 = m_0 \cap n_0 \cap o_0$ are alternatives beating x_0 by super-majority (unanimity in our case) rule. Figure 2 locates W_0 and (when it exists) S_0 in space for two default options, holding the preference profile constant.

Note in the figure that m_0, the m-centered circle through x_0, is empty only when $m = x_0$. This being true for all legislators, it necessarily follows that, as long as legislators' ideal points differ, there will always be alternatives beating the default by majority ($W_0 \neq \varnothing \; \forall \; m \neq n \neq o$). The same cannot be said for overrides, S_0 is easily empty. In fact, it is so whenever x_0 belongs in the triangle connecting members' ideal points, the set of Pareto-optimal alternatives. Figure 2 illustrates. I divide analysis in two parts, when $S_0 = \varnothing$ and when it is not.

3.1 Pareto-optimal default

Figure 3 has three replicas of the agenda indicating strategic equivalents of sincere choices in parentheses. End nodes have no further consequence and, as such, lack equivalents. Each panel reports the strategic equivalents corresponding to three instances where the deal between members m and n is honored, as seen in node 1—proposing x_1 implies getting x_1 down the agenda. I proceed to list the conditions supporting the three instances, starting with panel A.

Moving backwards, one condition to honor the agreement is sustaining the veto in step 5. Call this condition five-to-four, five referring to the voting step, four referring to the step where the strategic equivalent is determined. When



* Assuming that the president is a well-behaved broker, see text.

Figure 3: Strategic equivalents (indicated in parentheses) in three general situations.

$S_0 = \varnothing$ no alternative is unanimously preferred to x_0 so the veto cannot be overridden, and condition five-to-four is always met—the inevitable outcome of step 5 is x_0. On this account, the equivalent of voting x_2 in step 4 is x_0. For strategic politicians, the choice in step 4 is really one between x_3 and x_0, as indicated in Panel A.

The next condition is that x_3 beats strategic equivalent x_0 in step 4. Since the vote at this step is by majority rule, condition four-to-three is simply that $x_3 \in W_0$—graphically, a presidential proposal situated in one of the light-grey petals of Figure 2.i. When condition four-to-three is met x_3 wins and voting ends,[5] which also entails that the strategic equivalent of $x_3 \in W_0$ in step 3 is itself, as indicated in panel A.

Next, a rational president must in step 3 have a preference for strategic equivalent x_3 over x_2, the offer already on her desk when engaging in the calculus of the veto. Failure to meet this condition implies that the president accepts x_2 instead of issuing a veto; a reminder that x_2 is the very amendment that reneging partner n and the opposition passed together, rolling partner m along the way, reveals that presidential behavior of this sort would be in frank conflict with her duty as broker. So condition three-to-two is that $x_3 \in p_2$. When met, x_3 also becomes the strategic equivalent of x_2 in step 2.

The final condition is that member n prefers x_1 to strategic equivalent x_3 in step 2, which seals the deal. Letting $\tilde{n}_1$ stand for the complement of n_1, condition two-to-one is that $x_3 \in \tilde{n}_1$ (tantamount to $x_3 \notin n_1$, but easier to

[5]The text does not elaborate individual calculations at step 4. Consider the situation from m's perspective: if offered any $x_3 \in m_0 \cap W_0$, so that both she and a majority prefer it to x_0, she votes for it. If $x_3 \in m_0$ but $x_3 \notin W_0$, m votes x_3 in step 4 in case anyone makes a mistake, but really expects a majority to opt for x_2 whose equivalent is x_0. If $x_3 \notin m_0$ but $x_3 \in W_0$, m votes x_2 in step 4 in case of someone's mistake, but expects a majority to opt for x_3 and voting ends. And if $x_3 \notin m_0 \cap W_0$, m picks x_2 in step 4 and gets x_0 at the end. This logic extends to all.

(i) No bound required (ii) Bound is required

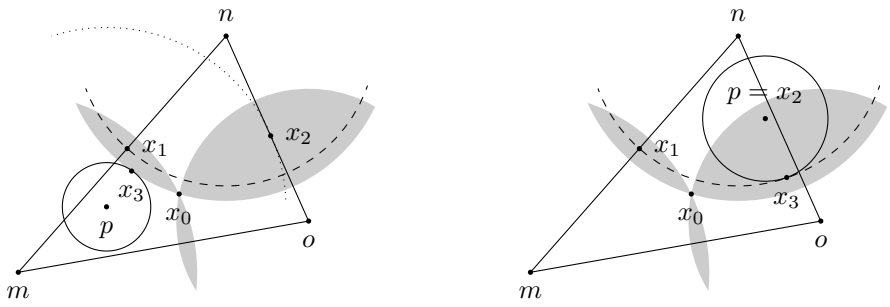


Figure 4: Bounding presidential rationality when $S_0 = \varnothing$

intersect with other conditions). Meeting condition two-to-one implies that x_1 is the strategic equivalent of itself in step 1—member n honors her word.

The start of the agenda has been reached and the next concern is whether or not x_3 can meet all the jointly sufficient conditions to contain opportunistic behavior. Formally, can $x_3 \in W_0 \cap p_2 \cap \tilde{n}_1$ when $S_0 = \varnothing$? Keep in mind that x_3's spatial location is not accidental. Alternative x_3 is the president's amendment to the amendment. So the present question is really one about the non-emptiness of $W_0 \cap p_2 \cap \tilde{n}_1$. Its emptiness augurs misery, leaving absolutely no room for the president to maneuver and succeed as broker. Take W_0 first. We have said that the winset of the default can be assumed as never empty for all practical matters ($W_0 \neq \varnothing \; \forall \; m \neq n \neq o$). In Figure 4.i, illustrating the case of a Pareto optimal default, W_0 is the three-petal shaped grey area. Take $\tilde{n}_1$ next. Because n_1 is bounded by the the n-centered dashed circumference passing through x_1 in the figure, $\tilde{n}_1$ is all area excluded from that circumference. Whenever x_1 is centrally located in the figure, that circumference has a relatively small radius, necessarily leaving a portion of the space uncovered—a non-empty $\tilde{n}_1$. And alternative x_1 is perforce centrally located, its feasibility as a deal between m and n depends upon $x_1 \in m_0 \cap n_0$. So $\tilde{n}_1$ is never empty.

The two conditions just shown to be met individually are responsible for making member n's defection costly. One makes the president's last-offer amendment a winning proposal; the other makes it unpalatable to n. Call their joint fulfilment $W_0 \cap \tilde{n}_1$ the **defector's penalty condition**. It can always be met. To verify this, note in the figure that moving the default within the Pareto-efficiency triangle changes the relative sizes of the grey petals, but the three-petal shape remains. This is important because n_1 is a circle, and that circle's edge goes through a point *inside* one of the three petals. As a consequence, that circle necessarily covers part of, and only part of W_0, and $\tilde{n}_1$ must perforce overlap the

other part of W_0. So $W_0 \cap \tilde{n}_1$ is never empty: a penalty for defecting can always be envisaged. This result is key for the argument, the president is always *able* to sell protection against opportunism. In Figure 4 the intersection of interest is the lower portion of the grey area uncovered by the dashed circumference: by placing x_3 there the president makes defection costly enough that member n will not be tempted.

All this begs the question of the president's *willingness* to protect the deal. A rational president would obviously judge whether or not she prefers the outcome of a veto (x_3 in the present case) to the offer on the table (x_2). So $x_3 \in p_2$ is really just the **president's rationality condition**. All is well when the defector's penalty and president's rationality conditions have a non-empty intersection: self-interest dictates a veto, and all that the president has to do to contain opportunism is pick a point $x_3 \in W_0 \cap p_2 \cap \tilde{n}_1$. Figure 4.i illustrates. Proposal x_1 is preferred to the default by m and by n, but n and o prefer x_2 to x_1. The intersection of W_0 (the grey petals), $\tilde{n}_1$ (everything outside the dashed n-centered circle), and p_2 (inside the dotted p-centered circle) is not empty, so the president can propose a winning x_3. (The president maximizes welfare by callibrating that proposal as close to p as possible, as in the figure.) If all goes as expected the outcome will be x_1, something the president prefers to x_2; if member n were still tempted to defect, the president would further improve her welfare by getting policy at x_3.

Alas, the intersection of the defector's penalty and presidential rationality conditions can also be empty, making the president unwilling to contain opportunism. The emptiness entails that the best outcome attainable by veto brings the president no improvement over the offer x_2 on her desk, which she therefore ought to accept in step 3 (formally, $x_3 \in W_0 \cap \tilde{n}_0 \rightarrow x_3 \notin p_2$). Panel (ii) of Figure 4 illustrates. The president's ideal point belongs in the $n_0 \cap 0_0$ petal; it also lies within the dashed n-centered circle (so $p \in n_1$). By virtue of this particular location, member o can afford to send the opportunistic proposal $x_2 = p$, which has several advantages: members n and o prefer it both to the default and to x_1, making it a viable amendment; but it also leaves p_2 empty, so the president prefers it over any other proposal. The best x_3 she could achieve through a veto—which needs to lie at the border of the dashed n_1 circle to penalize member n for defecting—implies a loss of presidential welfare over x_2. Presidential rationality dictates to abandon broker duty and accept x_2.

What all this says is that, in certain circumstances, presidential rationality will have to be *bounded* if we wish her to fulfill the role of broker instead of being a participant in the act of opportunism. Just as in Heller's model, the holder of LOAP (here it is p) must be "well-behaved." Good behavior implies that whenever the defector's penalty and presidential rationality conditions fail to overlap (as in Figure 4.ii), the latter must be abandoned. In other words, when $W_0 \cap \tilde{n}_0 \cap p_2 = \varnothing$ the president must nevertheless propose an amendment to the amendment $x_3 \in W_0 \cap \tilde{n}_0$, regardless of her preference for x_2 in step 3. By acting thus, the president would in fact be sacrificing policy welfare in order to penalize opportunism. In panel (ii) the president could achieve her ideal with boundless rationality, obtaining more distant x_3 when bounded to

stop opportunism.

But as panel (i) shows, the good behavior bound may not be needed, removing a restrictive condition from the model's operation. In fact, it is required whenever the president shares more ideological affinity with the reneging member than with other legislators. In Figure 4, this is so whenever the president's ideal lies above the dashed n-centered arc.[6] Note also that the policy sacrifice is itself will never be bigger than the widest widest part of the $W_0 \cap n_1$ intersection. So pulling p further up in Figure 4 does not imply a policy sacrificew larger than this string. The president should receive a side-payment of at most this amount to compensate her duty as broker. Section 4 discusses the plausibility of the good behavior bound to presidential rationality.

3.2 A special case of Pareto optimality: absolute veto brokers

Move to panel B of Figure 3. The backwards agenda proceeds as panel A's until node 3. This is the special case where $p = x_0$, so the best amendment to the amendment that the president can propose is $x_3 = x_0$ (or any $x_3 \notin W_0$). The outcome is the default, which becomes the strategic equivalent of x_3 in node 3; and imposing the good behavior bound when needed, the default is also the strategic equivalent of x_2 in node 2. The case would be of little interest if it were not for the fact that is represents the feasible outcome and conditions when the model is extended to a constitution where the president has an absolute veto only—the classic setting where the veto is a vote for the default.

With $x_3 = x_0$ the simpler penalty condition is now $x_0 \in \tilde{n}_1$ when $S_0 = \varnothing$. It is always met: feasibility requires that $x_1 \in m_0 \cap n_0$, which in turn implies necessarily that $x_0 \notin n_1$, the equivalent of $x_0 \in \tilde{n}_1$. Adding a good behavior bound when needed lets us conclude, with Pareto efficient defaults, the absolute veto also lets the president sell protection against legislative opportunism. (Forthcoming: When the default is Pareto sub-optimal, however, the absolute veto will no longer work to enforce legislative deals—unlike the constructive veto.)

3.3 Pareto-suboptimal default

(Forthcoming.) Whenever $S_0 \neq \varnothing$ there is a range of x_2s that beat the default in step 5, those belonging in the dark-grey petal of Figure 4. Voting proceeds as for Pareto-optimal default options if, despite this possibility, $x_2 \notin S_0$. But member o will presumably send the temptation proposal $x_2 \in S_0$ to make it victorious and therefore the strategic equivalent of x_2 in step 4. Panel C of Figure 3 considers this case, which affects calculations in step 3: to win the vote in step 4, the president must calibrate the amendment to the amendment such that

[6] More precisely, the delimiting line consists of three adjacent segments. Within the limits of W_0 (the grey area) the boundary corresponds to the arc mentioned in the text. Beyond W_0, to each side, the boundary follows straight lines connecting the acute angles where n_1 stops overlapping W_0.

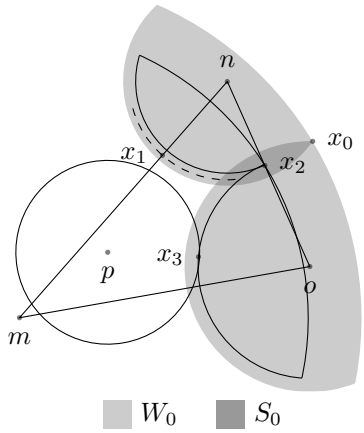


Figure 5: When $S_0 \neq \varnothing$

$x_3 \in W_2$. And W_2, which is drawn as the pair of black-edged petals in Figure 4, can be considered non-empty for all practical purposes ($W_2 \neq \varnothing \; \forall \; m \neq n \neq o$). So, as before, the president can always make a proposal that wins in step 3; the question, again, is whether a rational president ought to always do so. With this qualification, the agenda proceeds as before. The president can enforce legislative discipline when the default is Pareto sub-optimal.

4 The well-behaved president

(Forthcoming.) We have seen that the assumption of good presidential behavior is not always needed, but is a restrictive condition in the model. How plausible is this assumption? Heller's model, from which mine is built, also uses it in the context of parliamentary democracy. Is it reasonable to bound the executive's rationality in presidential democracy? I believe this is justified for several reasons.

(1) In terms of the model: some presidents may be in better shape to sell protection than others. Some affinity between president and the policy negotiated by partners makes 'good behavior' restriction unnecessary.

(2) Static: president may get an un-modeled side payment for acting as broker, ie. $u_p(x)$ has an additive term. Side payments bigger than the $x_2 - x_3$ differential make 'good behavior' rational.

(3) Dynamic: president is pure outcome oriented but plays a repeated game, possibly overcoming today's negative outcome when partners support in the future passage of parts of her agenda that would not have passed otherwise.

5 Predictions and the case of Uruguay

(Forthcoming.) A recent piece (Magar and Moraes n.d) offers evidence that policy is used systematically in Uruguay as a form of rewarding the president's cabinet partners. Compared to outside factions (they play the role of parties in that tiny country), those who join a majority cabinet experienced a three- to four-fold increase in their likelihood of passing bills they sponsored solo. But they also get clout to pass legislation with outsiders: a bill sponsored solo by an outsider had less than one chance in six of passing; co-sponsoring it with a majority cabinet faction, it had a nearly two chances in three. This exchange with outsiders is puzzling, a lone cabinet partner has no agenda control of her own. We hypothesized that the president may be using the veto to protect deals made by lone cabinet partners. This paper shows the mechanics.

I will return to the study of the Uruguayan legislative process in search for differences between bills that the president vetoed absolutely, 'partially' (Uruguay's term for amendatory), or did not veto. In particular, I will be interested in verifying that partial vetoes are more common in bills sponsored by cabinet factions with outsiders, or by cabinet factions among themselves when the cabinet lacks majority status.

I also plan to analyze override votes, the rare instance when Uruguayan legislators are obliged to record roll calls systematically. Override votes also have the advantage of making the president vote with legislators: those voting to sustain the veto are with the president, those voting to override are against the president. Ideal point estimates of absolute and 'partial' vetoes should be illuminating. In an absolute veto the president makes no effort to accommodate the preferences of assembly factions as with the amendatory veto. Some factions that are more distant from the president in absolute vetoes should tend bo be closer to the president in 'partial' vetoes. These are the factions that are buying presidential protection. Other factions should always remain away from the president. These are not buying protection.

Unanimity scores will be crucial for this test's feasibility. Unanimous votes offer no useful information and therefore have to be dropped. As in other countries, vetoes are not too common in Uruguay, so many unanimous ones would perhaps render this test impossible. Reliance on Bayesian estimation (Clinton, Jackman and Rivers 2004) allows to proceed with small-N analysis, but further breaking down observations by veto type might be problematic.

Override vote 1985–2005

	Contested	Unanimous	Yet unknown	Total	(%)
Not vetoed	—	—	—	5,590	(98.6)
Amendatory	15	17	8	40	(.7)
Absolute	19	11	9	39	(.7)
Total	34	28	17	5,669	(100.0)

Lo que he visto en stata: 1. uruvet.do prepara un archivo para ver la info de cada veto. Exporta un merger file con la info de los vetos. 2. durug.do importa la info de 1. para tenerla anexa a cada iniciativa. 3. Los elementos que pueden ser útiles para verivicar que los overrides sean menos frecuentes

en vetos parciales que en totales cson itinvet (núm de artículos enmendados por el presidente), votinvet (cuantos votos se celebraron para superar enmiendas presidenciales), votslost (veto sustained), votsavoi (veto sustained tacitly), votswon (veto overridden), itmslos avoi won, pctvlost avoi won, pctilost avoi won, vots2orr (pct AG que apoyó override) vots2sus, discpn pc fn. 4. La variable dvetosup es menos buena que la variable pctiorrn. Esta última delata lo que parecen ser varios errores de codificación en la primera. 5. Pero la info de vetos termina en 2002. Hay 20 registros que debo enviarle a Emiliano para que saque la info de itinvet, votinvet, etc. 6. Para ver la composición de los sponsors, debo enfocarme en las siguientes variables (entre otras): dincab (owner in cabinet) dallin dsomein dnonein dispresf cat= 0(non-interesting faction) 1(solo owner) 2(owner+partners) 3(2 or 3 equal) 4(minor+biggie?) 5 (atomized) dsolo dothfac dbandwagon dcoowned dwOC dwic dwPF catPFicOCmi dprfacin nspincoal nspincab szsponsors (leg weight od sponsors) szowner

El diario de sesiones del 7ene86 discute explícitamente como puede y debe entenderse el veto parcial. Se critica pero impone la interprestación de Alemán y Schwartz. Presidente quiere corregir un término (anual en vez de quinquenal) que viene desde su proyecto. Argumenta que hubo enmiendas en Parlamento que dejaron esto inconstitucional. Diputados y senadores parecen decir que era un error desde el origen. Todos concuerdan con presidente (al final se acepta por unanimidad la enmienda pdte), pero algunos discuten si veto permite enmendar o solo tachar. Se habla de precendentes en 1950s y 1970s.

6 Conclusion

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