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.

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. Committee government, on the contrary, decentralizes 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. 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.

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 nd), 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 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

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


3See Aldrich (1995); Binder (1996); Cox and McCubbins (1993, 2005); Den Hartog and Monroe (2010); Rohde (1991); Sinclair (2002); Snyder and Groseclose (2000).
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. 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 98th 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 proponents. 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.
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 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 pre-set, 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
Step (and voting rule):

1 A deal is made (by majority vote)

2 Temptation (by majority vote)

3 Constructive veto (by the executive)

4 Pondering the offer (by majority vote)

5 Veto override (by super-majority vote)

Figure 1: The constructive veto agenda

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
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 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 \((W_0 \neq \emptyset \forall m \neq n \neq o\) \(x_0\). 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 \(S_0 = \emptyset\) 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
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.

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

* Assuming that the president is a well-behaved broker, see text.
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 \( S_0 = \emptyset \) 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 2.1. 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 \( \hat{n}_1 \) stand for the complement of \( n_1 \), condition two-to-one is that \( x_3 \in \hat{n}_1 \) (tantamount to \( x_3 \notin n_1 \), but easier to 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 \( x_3 \in W_0 \cap p_2 \cap \hat{n}_1 \) when \( S_0 = \emptyset ? \) 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 \( W_0 \cap p_2 \cap \hat{n}_1 \). 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 (\( W_0 \neq \emptyset \) \( \forall m \neq n \neq o \)). In Figure 4.1, illustrating the case of a Pareto optimal default, \( W_0 \) is the three-petal shaped grey area. Take \( \hat{n}_1 \) next. Because \( n_1 \) is bounded by the the \( n \)-centered dashed circumference passing through \( x_1 \)

\(^5\)The text does not elaborate individual calculations at step 4. Consider the situation from \( m \)'s perspective: if offered any \( x_3 \in m_o \cap W_0 \), 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.
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 calibrating 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 $W_0 \cap \tilde{n}_0 \cap p_2 = \emptyset$ 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.\textsuperscript{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.

\textsuperscript{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 $W_0$. 
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 it 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 \( S_0 = \emptyset \). 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 $S_0 \neq \emptyset$ there is a range of $x_2$s 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 $x_3 \in W_2$. 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 ($W_2 \neq \emptyset \forall m \neq n \neq o$). 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, i.e. $u_p(x)$ 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 nd) 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 to 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.

<table>
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<tr>
<th>Override vote 1985–2005</th>
<th>Contested</th>
<th>Unanimous</th>
<th>Yet unknown</th>
<th>Total</th>
<th>(%)</th>
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<tbody>
<tr>
<td>Not vetoed</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5,590</td>
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<tr>
<td>Amendatory</td>
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<td>17</td>
<td>8</td>
<td>40</td>
<td>(.7)</td>
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<tr>
<td>Absolute</td>
<td>19</td>
<td>11</td>
<td>9</td>
<td>39</td>
<td>(.7)</td>
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<tr>
<td>Total</td>
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<td>28</td>
<td>17</td>
<td>5,669</td>
<td>(100.0)</td>
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6 Conclusion

References


