Formal Analysis: Veto players

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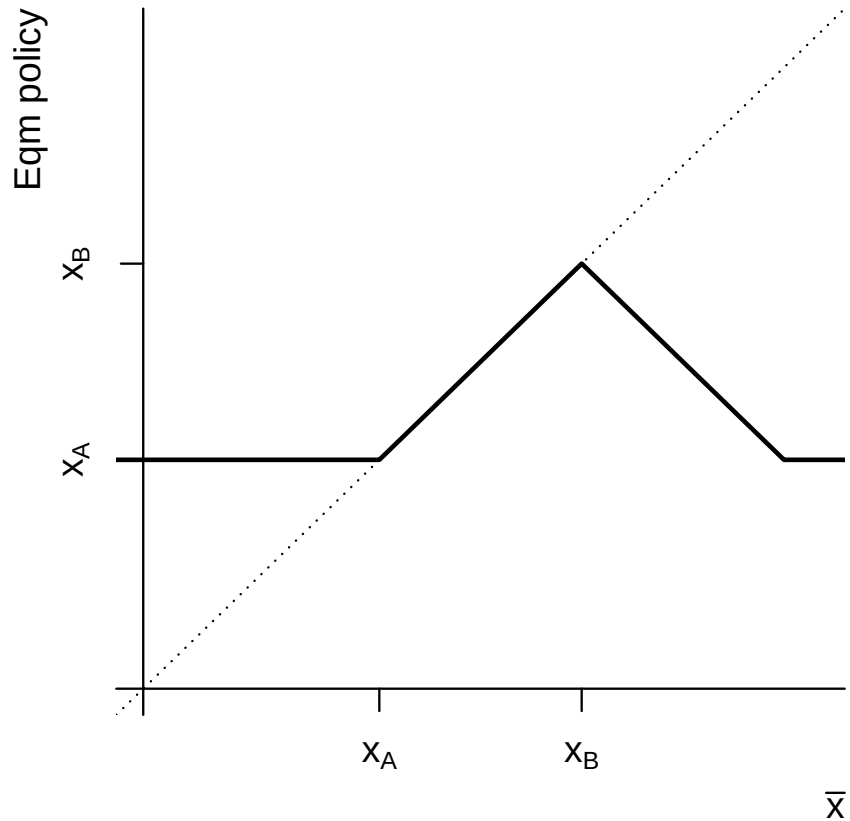
Week 7 Session 1

Quiz

This plot shows the equilibrium policy choice as a function of the status quo $\overline{x}$. x_A and x_B are the ideal points of the two veto players A and B. The dotted line is at 45 degrees.



Question: Is the agenda-setter A or B? How do you know?

Quiz response

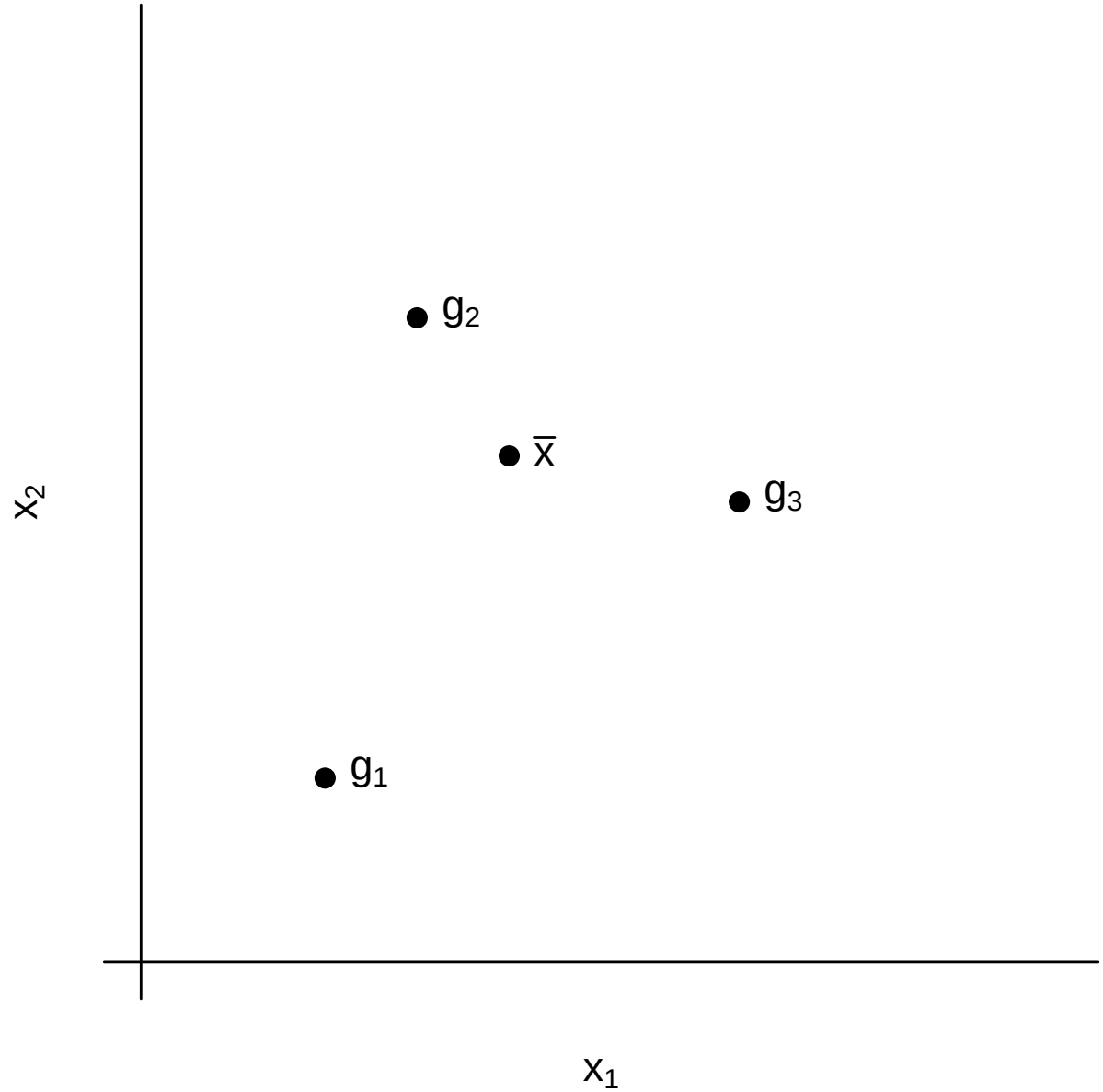
The agenda setter is A. When $\overline{x} < x_A$, the equilibrium policy is x_A. This would only be the case if A were the agenda setter.

Winset and core

General definitions

- The **winset** of $\overline{x}$, $W(\overline{x})$, is the set of policies socially preferred (by some preference aggregation rule, e.g. unanimity or majority rule) to $\overline{x}$
- The **core** is the set of policies x such that $W(x) = \emptyset$ for a given preference aggregation rule

Majority-rule winset and core with two-dimensional policy



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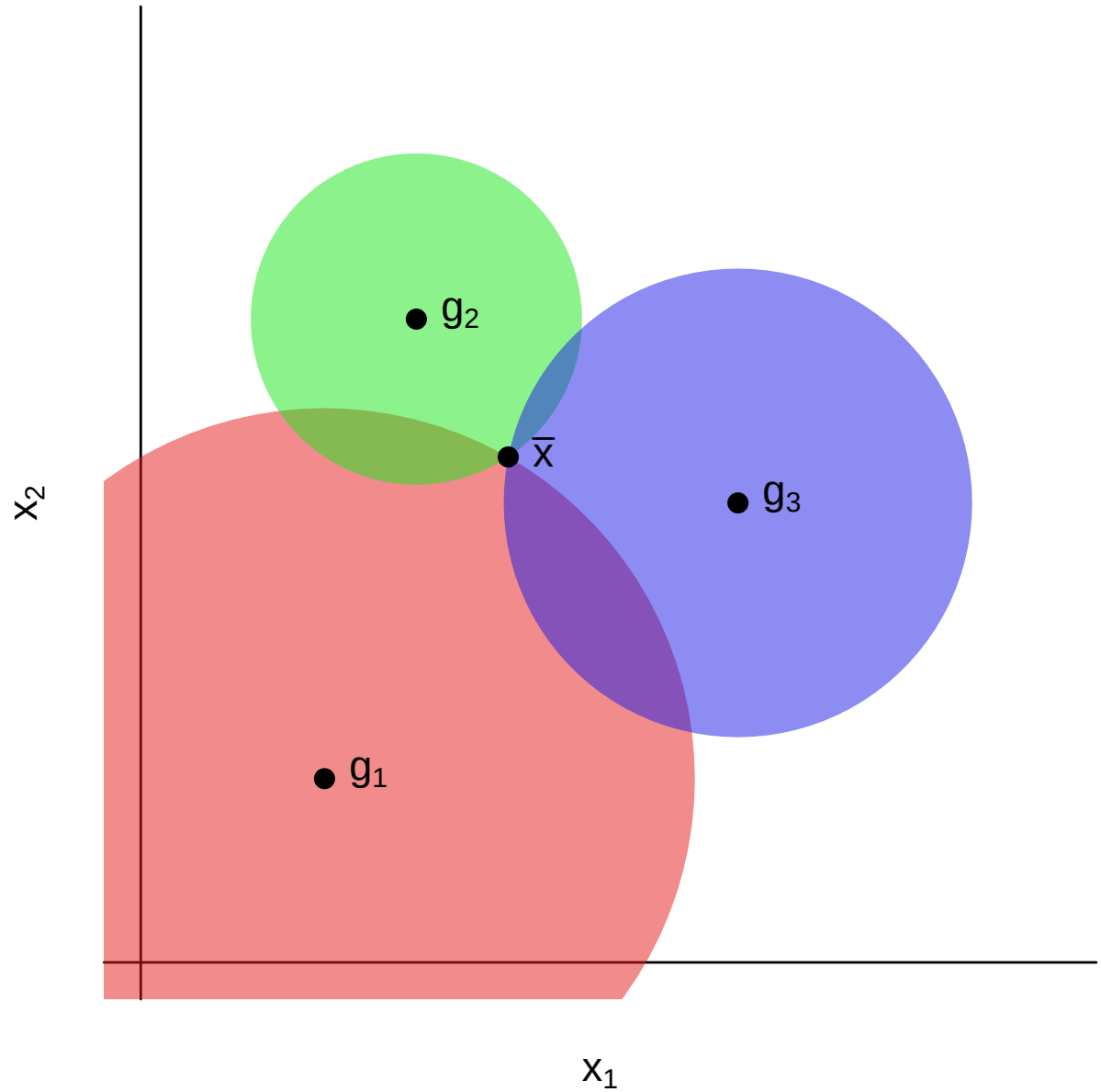
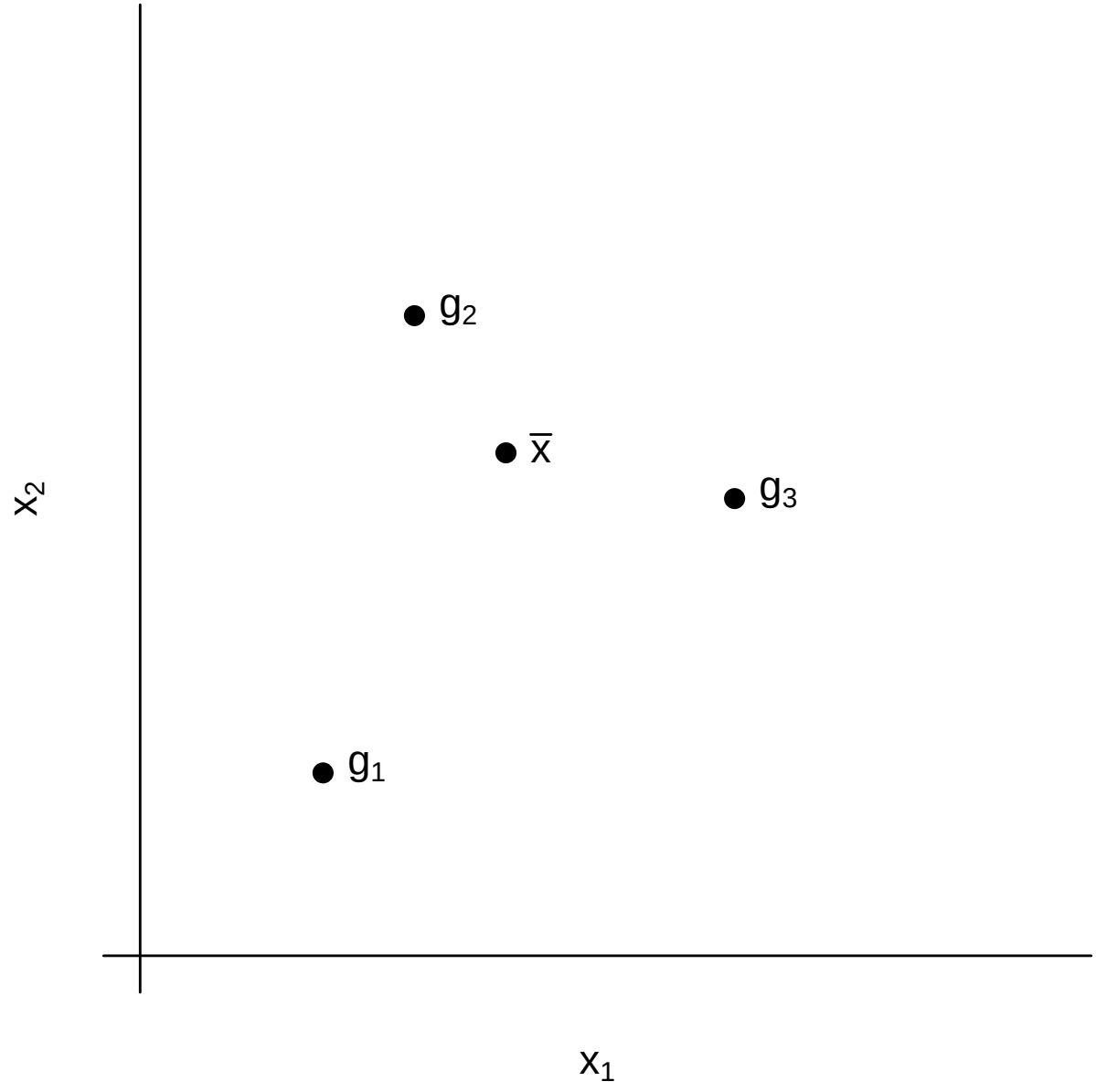


Agenda-setting

The agenda-setter **proposes** a policy x.

Gehlbach says, "in any sub-game perfect Nash equilibrium, the policy adopted must therefore be among those most preferred by the agenda setter from the union of the winset of the status quo and the status quo itself, that is, $W(\overline{x}) \cup \{\overline{x}\}$."

What if a member of g_1 sets agenda?



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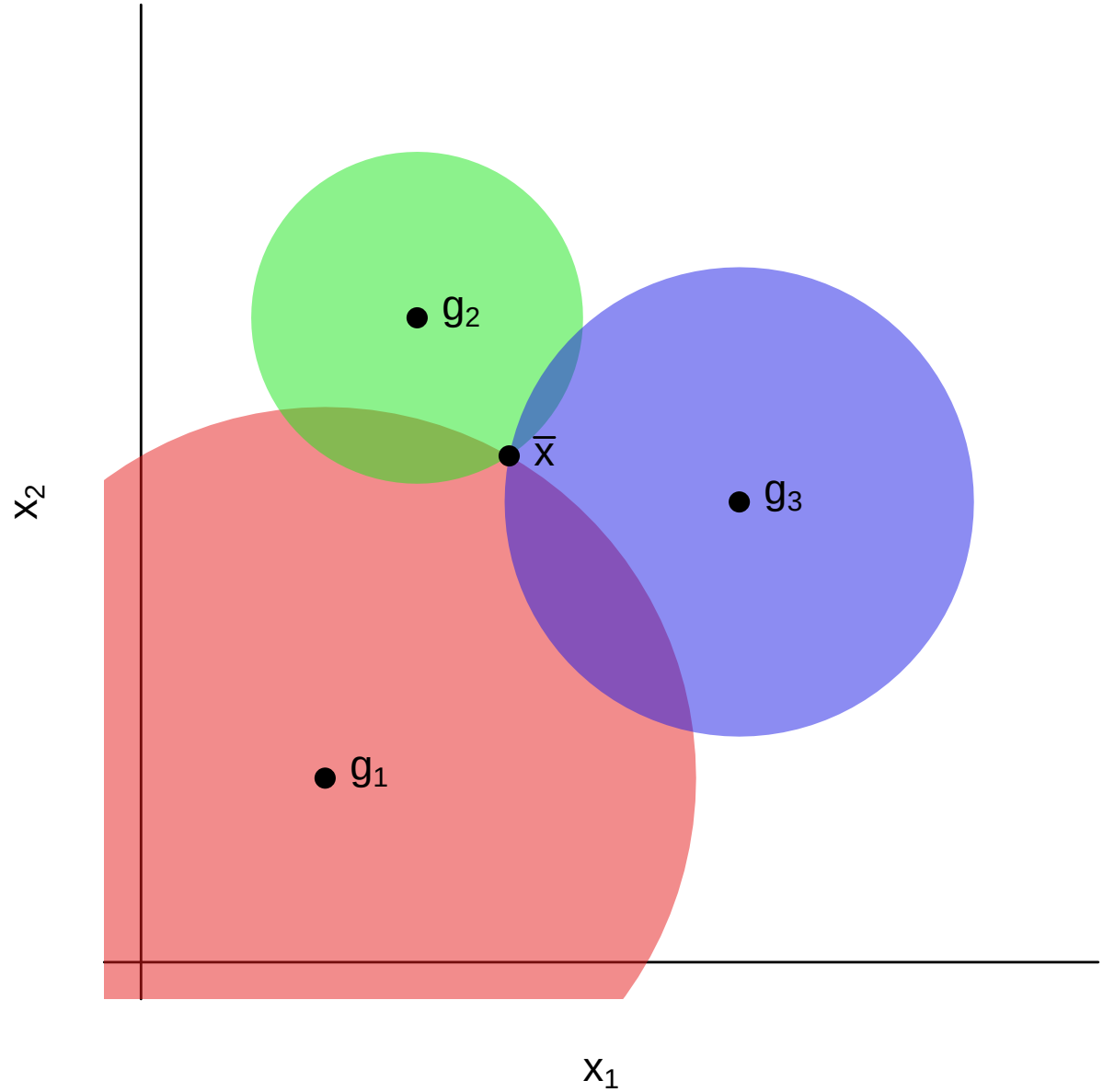

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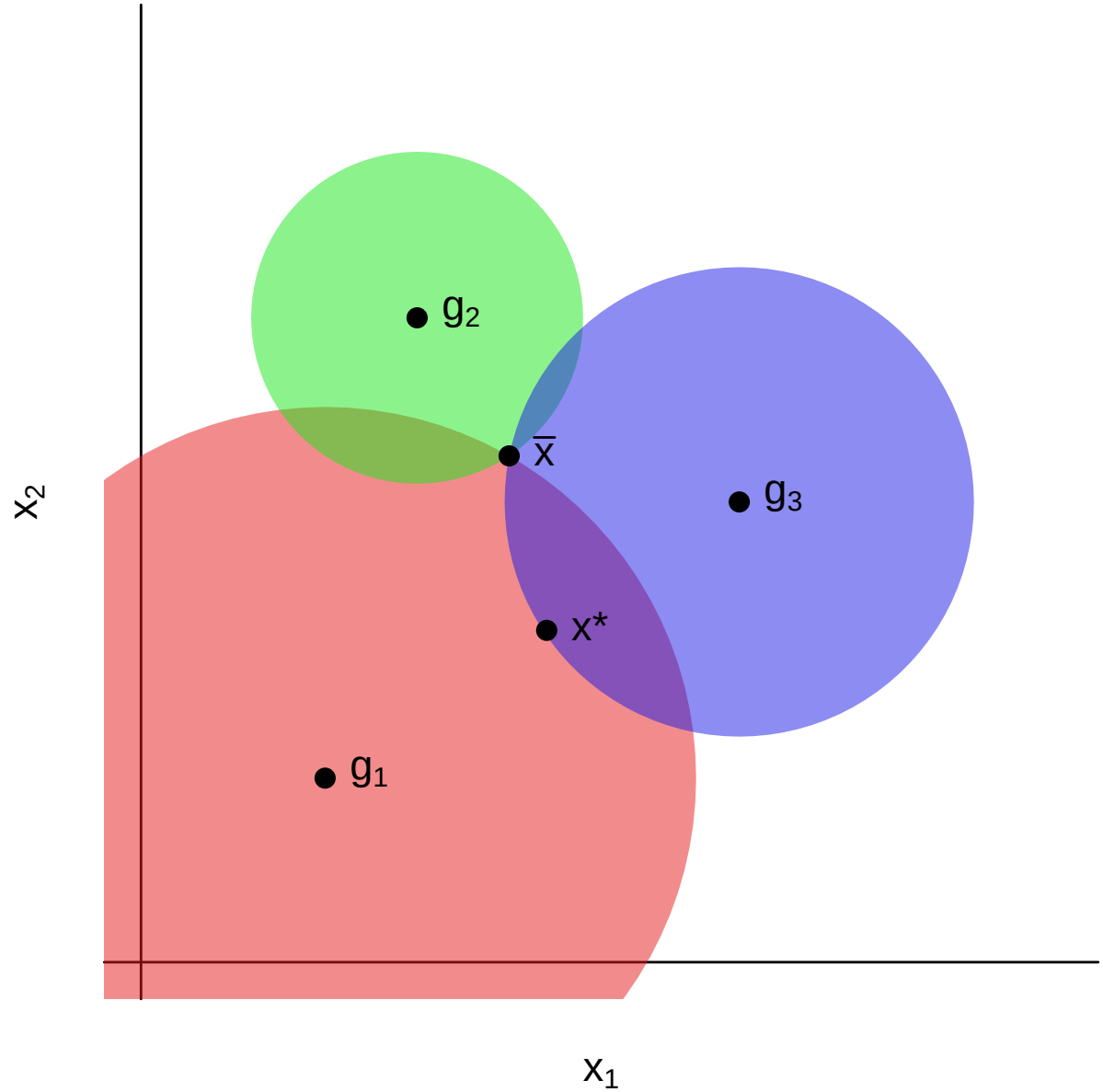

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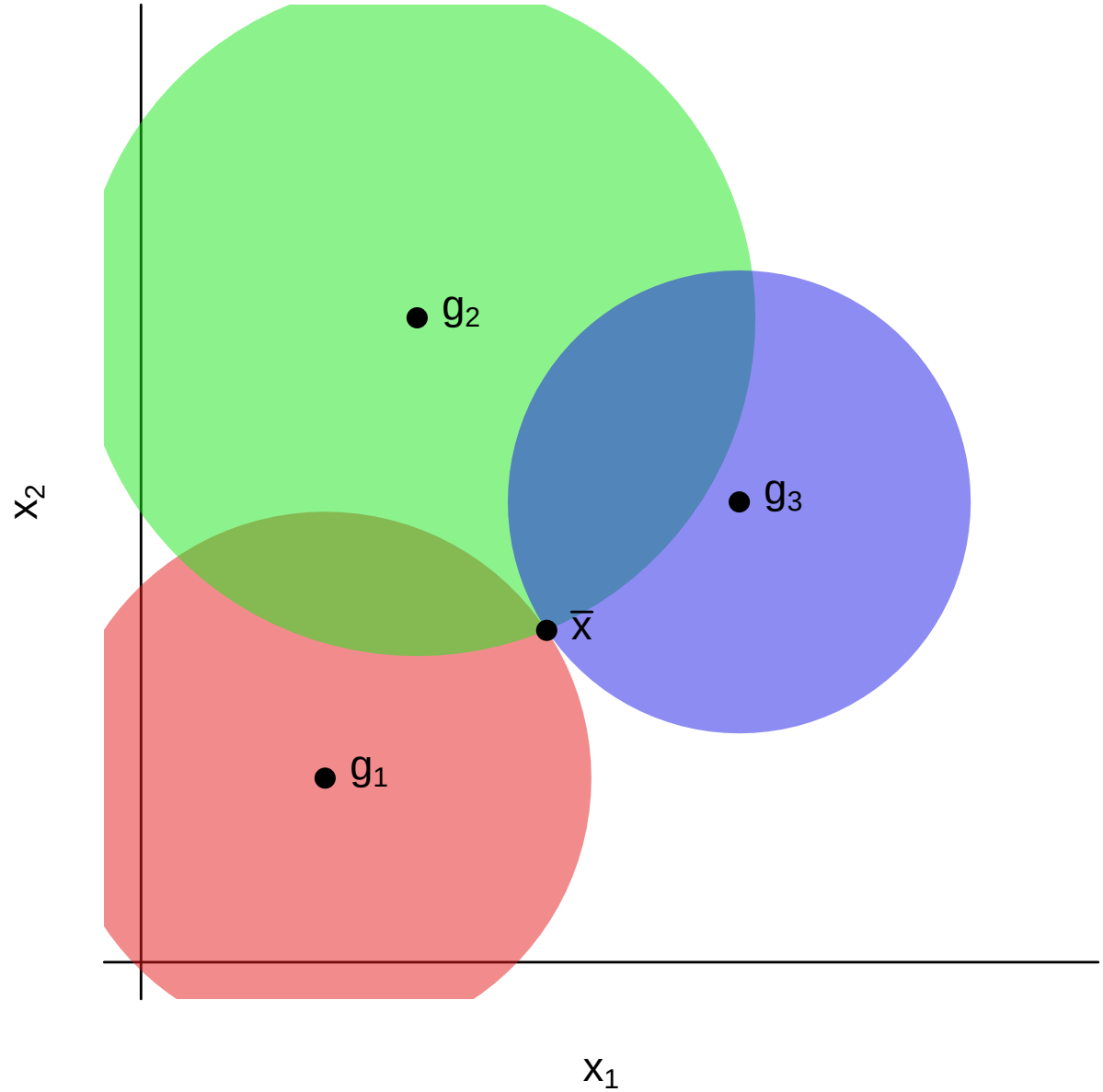

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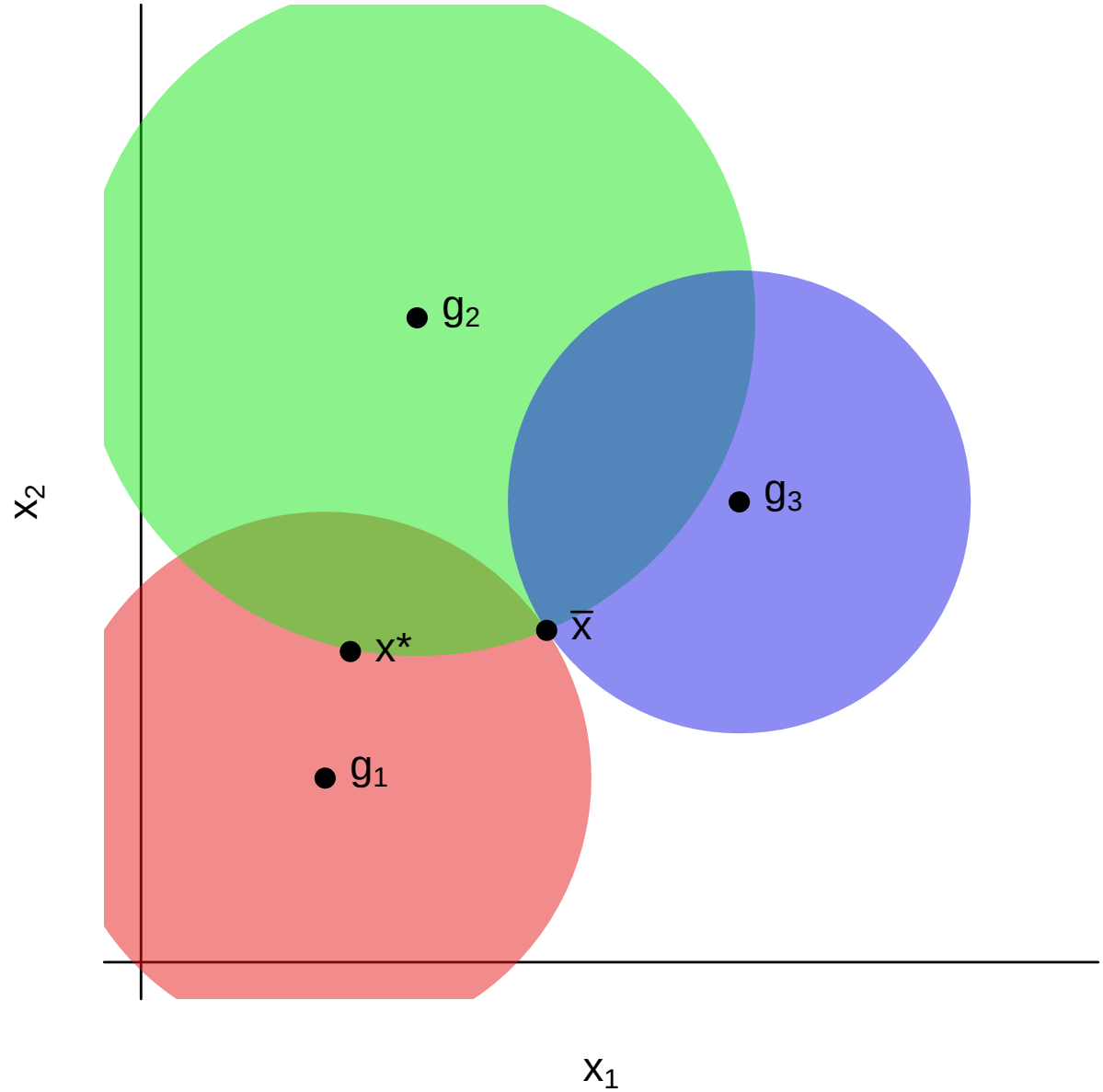

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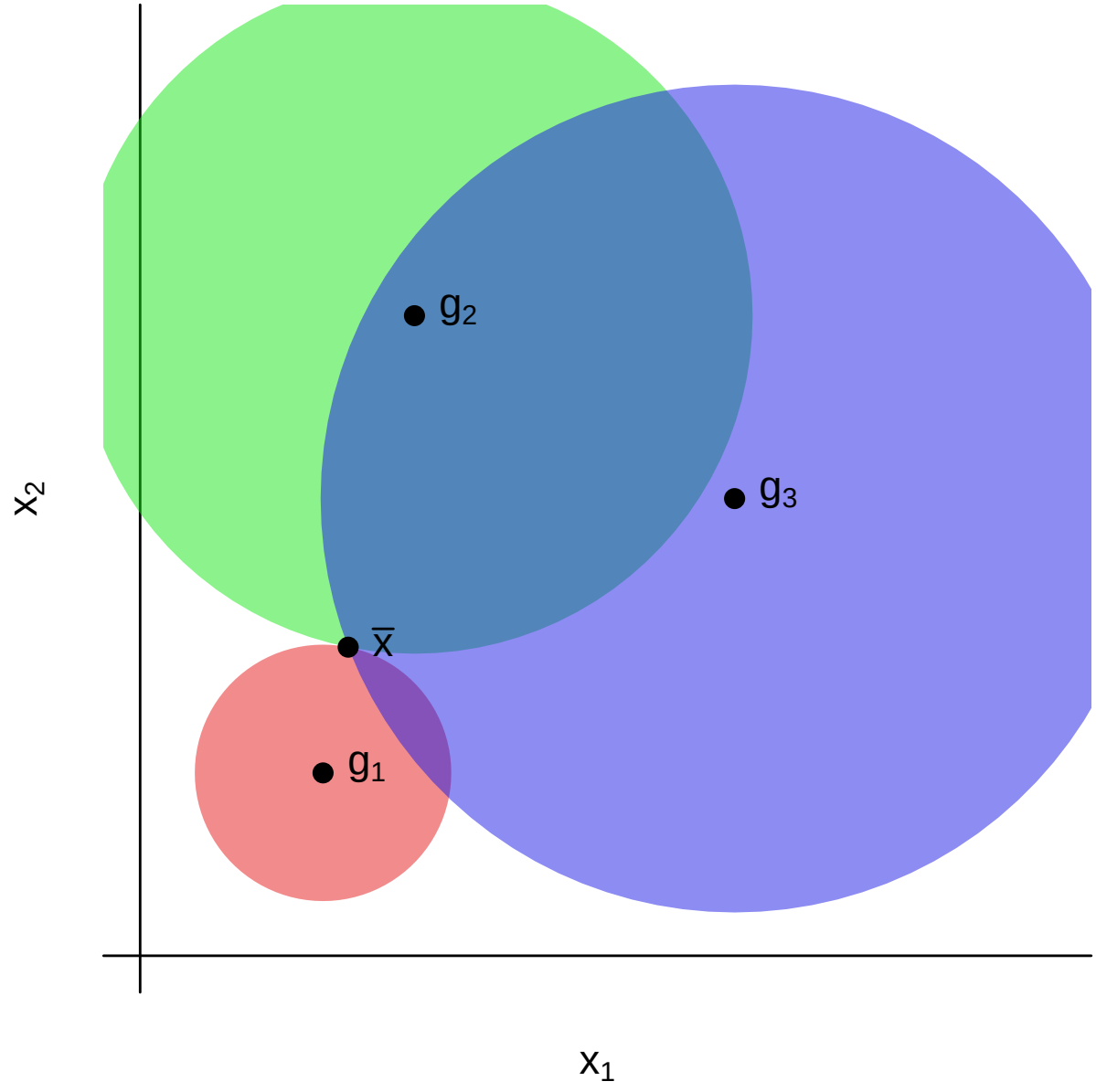
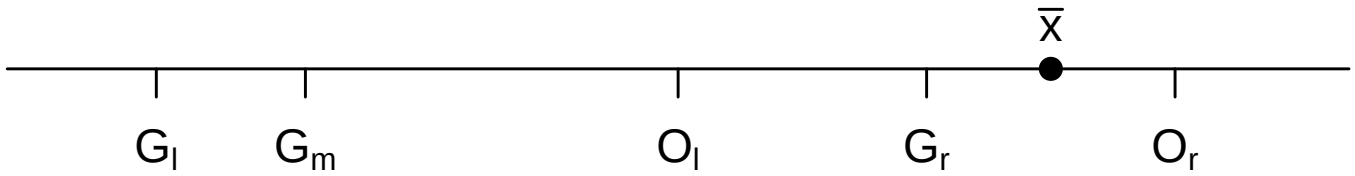


Government-opposition voting (Dewan and Spirling 2011)

Government-opposition voting

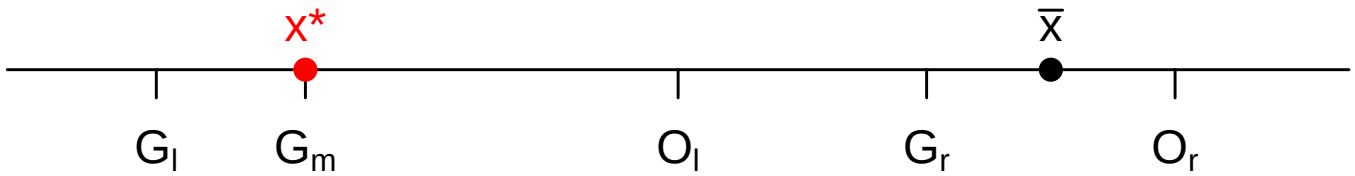


Consider a five-member legislature in which G_m is the agenda-setter and $\overline{x}$ is the status quo. Policies are adopted by majority rule.

What is the equilibrium policy if all legislators vote sincerely?

Government-opposition voting (2)

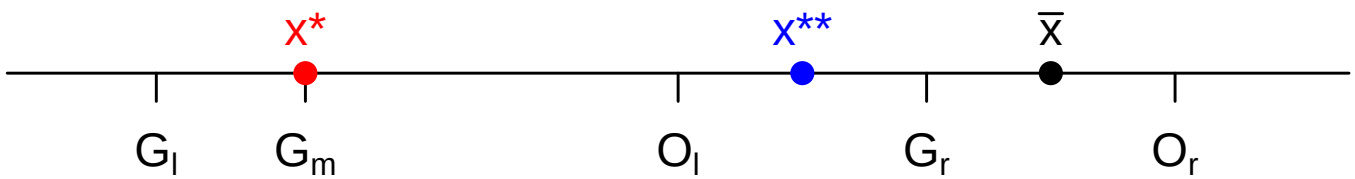
The equilibrium policy if all legislators vote sincerely is x^*.



Now, what is the equilibrium policy if members of the opposition (O_l and O_r) vote against any proposal, while members of the government vote sincerely?

Government-opposition voting (3)

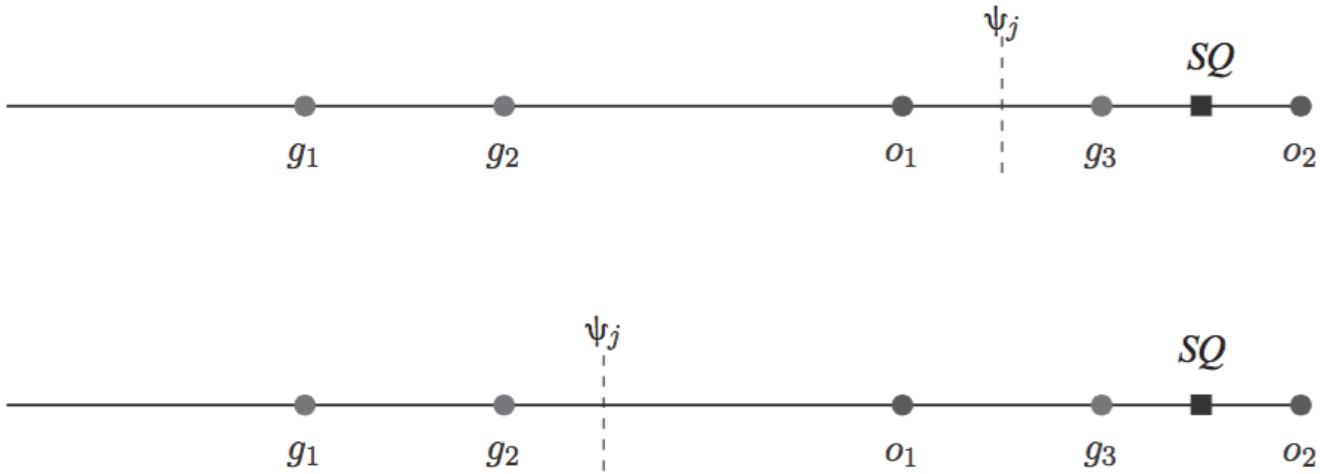
The equilibrium policy if members of the opposition (O_l and O_r) vote against any proposal, while members of the government vote sincerely, is x^{**}.



Which is preferred by the opposition?

Dewan and Spirling, 2011

FIGURE 2. Five-member Example



In both scenarios (rows), g_2 is the (government) agenda setter. The first row shows the policy outcome (dashed line, ψ_j) under opposition voting. The second row shows the outcome (ψ_j) under sincere voting. Opposition members, o_1, o_2, are better off in that the final bill passed is closer to their ideal points, when strategically opposing.

Government-opposition voting (4)

Dewan and Spirling (2011) argue that the above logic helps explain high levels of party cohesion in Westminster-style democracies, which are parliamentary systems with few checks on majority agenda-setting power.

- Under what assumptions does this argument work?
- Does the argument work in non-Westminster style democracies (e.g. presidential systems, systems with more opposition powers)?
- What else could explain high levels of party cohesion?
- How could we distinguish this explanation from others?

Portfolio allocation

Portfolio allocation model

4.4 Portfolio Allocation

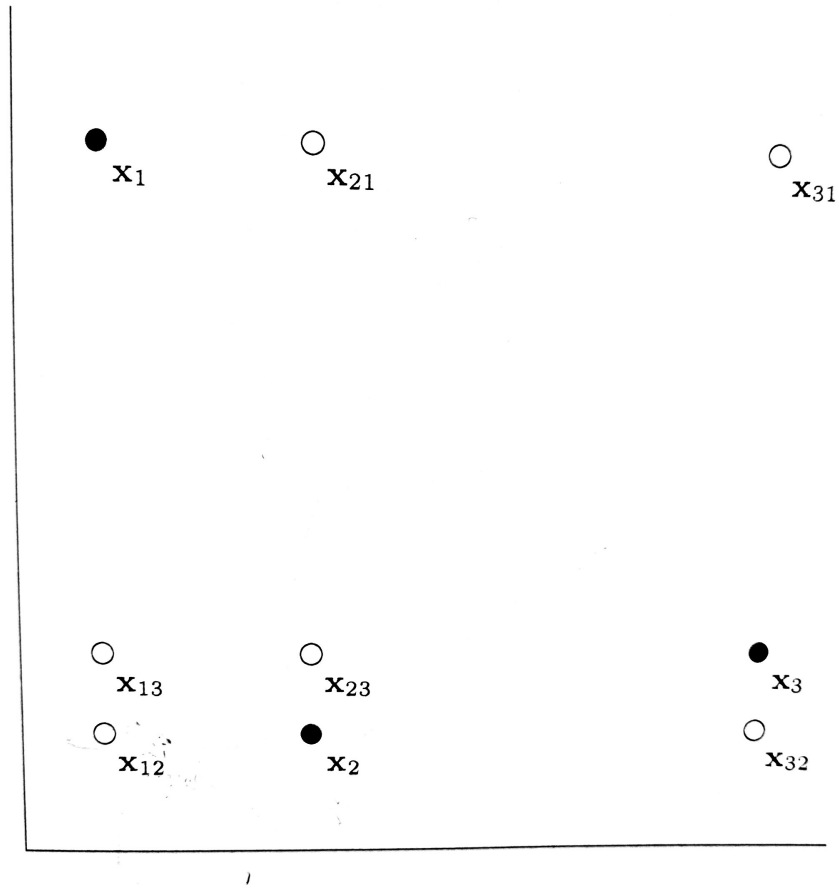


Figure 4.6. The configuration of ideal points (filled circles) and other implementable policies (open circles) in the discussion of portfolio allocation.