

## POLITICAL ACCOUNTABILITY UNDER ALTERNATIVE INSTITUTIONAL REGIMES

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### ABSTRACT

We analyze the interaction between electoral accountability and separation-of-powers by comparing three regimes: ‘Unilateral Authority’ (the President has exclusive decision-making power); ‘Mandatory Checks’ (the President cannot change policy without congressional assent); and ‘Opt-in Checks’ (the President may seek congressional authorization or act unilaterally). We find: (1) voters use asymmetric electoral rewards and punishments to offset the risk of politician bias, but voters rely less on this blunt instrument if there are internal checks; (2) adding a veto player need not alter the *ex ante* likelihood of policy change; and (3) voter welfare is highest under Opt-In Checks and lowest under Unilateral Authority.

KEY WORDS • electoral accountability • formal theory • separation of powers

### 1. Introduction

Political theorists have emphasized two main institutional strategies for reducing the agency slack inherent in representative government. The first focuses on enhancing *external accountability* – giving citizens the power to select leaders who share their values, and to punish or reward incumbents based on their performance. The second strategy emphasizes *internal checks and balances* – designing institutions so that multiple government entities, with potentially competing interests, participate in the policymaking process. Scholars working in the positive political theory (PPT) tradition have made significant contributions to our understanding of both external accountability and internal checks, but PPT scholars have tended to consider these different control mechanisms in isolation, without exploring their interaction. This article contributes to the development of a positive theory of the relationship between internal checks and external accountability by examining how different separation-of-powers arrangements affect voter behavior and, consequently, policy choice.

To this end, we compare three stylized regimes. First, we consider a 'Unilateral Authority' setting in which a single political agent, such as the President, has exclusive authority over some policy decision. We then examine a 'Mandatory Checks and Balances' regime in which one agent (e.g. the President) has proposal rights, but cannot enact a new policy unless a second agent (e.g. Congress) agrees. Finally, we analyze an 'Opt-in Checks and Balances' system in which the first agent *may* seek authorization from a second agent, but may also act unilaterally. In all three regimes, the voters can use electoral sanctions to discipline their political agents. These are only three of a much larger number of possible separation-of-powers arrangements, but their simple structure is useful in generating comparative insights that might then be transposed to more complex and realistic settings.

We pose the following questions: First, how do voters' electoral strategies differ under these alternative institutional arrangements? Second, how does the separation of powers affect the expected frequency of policy change? Third, which institutional arrangements are best for voter welfare? Our framework suggests the following answers to these questions.

If a voter is worried that a parochial interest group might distort a political agent's preferences, the voter may skew the amount of political credit or blame she offers the agent in case of policy success or failure in order to offset this possible bias. For example, voters who suspect the President might be too enthusiastic about military action abroad can punish the President more harshly if the intervention leads to a quagmire, and reward the President less generously if the intervention succeeds. This electoral strategy, however, is a blunt instrument. Separation of powers enables the voter to adopt a more refined strategy, with less distortion in the magnitude of political credit and blame, because voters can rely on the second agent (Congress) to screen out some undesirable policies. This leads to political behavior patterns that look superficially like responsibility shifting: when the President acts with congressional assent, the President's political penalties for failure are less severe, relative to the rewards for success, than when the President acts unilaterally. The explanation, however, is not that voters are 'fooled' by the separation of powers. Rather, internal checks and balances reduce the voters' need to rely on asymmetric electoral punishments or rewards.

This rational voter adjustment to the institutional regime explains one of our more surprising results: adding a congressional veto does not change the *ex ante* probability of policy change. Voters, as noted earlier, partially compensate for the risk that the President might be captured by a hawkish interest group by disproportionately punishing failure, but this electoral sanction is costly because it may deter unbiased Presidents from taking desirable action. If the President must get congressional authorization in order to act, Congress will block some interventions that the President would otherwise like to undertake, which would reduce the frequency of policy change all else equal.

Knowing this, however, the voter rationally reduces the asymmetry between the President's political punishment for failure and his political reward for success, which reduces the degree to which the electoral check deters the President from taking action. In our framework, this second effect offsets the first-order effect of adding the congressional veto player on the probability of policy change.

With respect to voter welfare, we find that a Mandatory Checks regime is better for the voter than a Unilateral Authority regime, but an Opt-in Checks regime is even better than a Mandatory Checks regime. Thus, a central normative implication of our analysis is that, under circumstances that correspond to the assumptions of the model, voters are better off with an institutional check that can be circumvented. The intuition is that the more the institutional environment allows the voters to fine-tune their electoral reward and punishment strategies, the better off they are. Under the Unilateral Authority regime, the voter can only adjust her strategy along one dimension: the relative rewards and punishments for the President in case of policy success or failure. Under the Mandatory Checks regime, the voter can adjust her strategy along two dimensions: the rewards and punishments for the President, and the rewards and punishments for Congress. Under the Opt-in Checks regime, the voter can adjust her strategy along three dimensions: the rewards and punishments for the President and Congress when the President acts with congressional approval, and the rewards and punishments for the President in case of unilateral action. This extra degree of freedom allows the voter to implement a more refined set of political incentives, thereby improving her expected welfare. Thus, a system in which the President (or some other politically accountable actor) can circumvent another politically accountable veto player (such as Congress) is *not* equivalent to a system in which the institutional check does not exist at all. Voters can observe the fact that the President acted unilaterally, rather than seeking congressional authorization, and can adjust their political response to the policy outcome accordingly. More generally, our analysis suggests the importance of thinking about different separation-of-powers regimes not just in terms of how they allocate agenda setting and veto power, but also in terms of how much they enable voters to fine-tune their strategies for enforcing external political accountability.

## 2. The Basic Model

Consider a representative Voter ( $V$ ) with two political agents, a President ( $P$ ) and Congress ( $C$ ). One or both of these agents are responsible for making a binary policy choice,  $x \in \{0,1\}$ , where  $x = 0$  denotes the status quo and  $x = 1$  denotes a new policy. The new policy will produce either 'failure' or 'success', and this result is observable sufficiently soon that the Voter can reward

or punish the incumbent politicians based on the outcome. For concreteness, consider the decision whether to initiate a foreign military intervention. In this case, ‘success’ might mean the swift replacement of a hostile authoritarian regime with a friendly, stable democracy (‘Mission Accomplished’), while ‘failure’ means getting bogged down in an ongoing civil war (‘No End in Sight’). The *ex ante* probability that the policy will succeed is  $p \in [0,1]$ , where  $p$  is drawn from a uniform distribution. The Voter’s payoff from policy success is 1; her payoff from policy failure is 0; and her payoff from no action is  $\frac{1}{2}$ . Under these assumptions (as well as the tiebreaking assumption that an indifferent Voter would choose the status quo), the Voter prefers adopting the new policy if and only if  $p > \frac{1}{2}$ . It follows that if the Voter were perfectly informed and had direct control over the decision, the *ex ante* probability of policy change would be  $\Pr(p > \frac{1}{2}) = \frac{1}{2}$ , and expected Voter utility would be  $\Pr(p \leq \frac{1}{2})(\frac{1}{2}) + \Pr(p > \frac{1}{2})E(p|p > \frac{1}{2}) = \frac{5}{8}$ . The problem for the Voter is that she is at an informational disadvantage vis-à-vis her agents regarding the likelihood of policy success (cf. Downs and Rocke, 1994, Canes-Wrone et al., 2001). To capture this asymmetry, assume that the President and Congress, but not the Voter, learn  $p$ .

The President and the (pivotal member of) Congress are drawn from a homogenous population of politicians; in our model, there are no intrinsic differences between politicians’ types. Each politician initially shares the Voter’s preferences over policy, receiving a payoff of 1 for success, 0 for failure, and  $\frac{1}{2}$  from the status quo. There is, however, an extremist interest group – in Madisonian language, a ‘faction’ – that strongly prefers enacting the new policy. In the military intervention example, we might think of this faction as consisting of arms manufacturers, neo-imperialists, exiled elites from the potential target country, or some coalition of such groups. This faction attempts to exert disproportionate influence over the political agents’ decision. Formally, we assume that with probability  $q \in [0,1]$ , the faction is able to alter a politician’s preferences such that his payoff from policy success becomes  $1+b$  and his payoff from policy failure becomes  $b$ , where  $\frac{1}{2} b > 0$ .<sup>1</sup> One way to interpret  $q$  is as the exogenous probability that the faction is able to mobilize effectively (e.g. to overcome its collective action problem) in order to make a credible offer of some tangible benefit,  $b$ , to the politician if the desired policy is enacted. One can also interpret  $q$  as the probability that an interest group’s lobbyists are successful in gaining access to a politician and convincing him that the new policy is more desirable than he previously thought, in which case  $b$  denotes the effect of persuasion or manipulation rather than a tangible benefit. Under either

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1. The upper bound on  $b$  guarantees that even if the faction succeeds in capturing the politician, that politician would not enact a policy that is certain to fail.

interpretation, we can say that with probability  $q$  a politician is ‘biased’ or ‘captured’, and with probability  $1-q$ , the politician is ‘unbiased’.<sup>2</sup>

Importantly, whether or not a parochial faction succeeds in capturing a politician on a particular policy issue does not affect the likelihood that that politician will be captured in the future. In our model, political agents are homogenous with respect to their susceptibility to capture – they all can be captured with exogenous probability  $q$ , which depends on external factors rather than the character traits of individual politicians.<sup>3</sup> We also assume, for simplicity, that whether Congress is captured is independent of whether the President is captured, and vice versa. Each politician knows whether he has been captured, and can also observe whether the other political agent has been captured (i.e. the President and Congress observe one another’s true policy preferences). Although the Voter knows  $q$  and  $b$ , the Voter cannot observe whether a politician has in fact been captured. This creates an agency problem.

The question then becomes what institutional mechanisms might ameliorate this agency problem. One such mechanism is *external accountability*. Although the Voter never learns  $p$ , she observes whether the policy was adopted and whether it was a success or failure.<sup>4</sup> On the basis of that information the Voter can reward or punish a politician by varying her level of political support for that politician. Formally, after the policy has been chosen and the outcome revealed, the Voter chooses political support levels  $s_i \in [0,1]$ ,  $i = \{P, C\}$ , and  $s_i$  enters additively into politician  $i$ ’s utility function. Support level  $S_i$  may be thought of as the Voter’s probability of voting for politician  $i$ ’s reelection, where the value to each politician of reelection is 1.<sup>5</sup>

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2. Although we focus on interest group capture as the source of politicians’ potential bias, in this article we do not separately model the interest group as a strategic actor, and we treat  $q$  and  $b$  as exogenous and constant across regime types. However, just as our subsequent analysis demonstrates that the Voter’s optimal electoral strategy varies depending on the institutional regime, so too may the interest group’s lobbying strategy, which suggests that  $q$  and  $b$  may be endogenous to regime type. While we consider this an important possibility, we defer endogenization of the interest group’s lobbying activity to future research.

3. This article considers only the possibility of capture by a group in *favor* of the new policy. It is also plausible, however, that a politician could be captured by a faction that *opposes* the new policy. The working paper version of this article (Stephenson and Nzelibé, 2008) considers a more complex setting in which some politicians are susceptible to bias in favor of the policy, while others are susceptible to bias against the policy. This extension generates some additional results, but does not alter the main conclusions.

4. A useful extension would make the Voter’s timely observation of the policy outcome probabilistic rather than certain (Canes-Wrone et al., 2001), but we defer that possibility to future work.

5. Most retrospective voting models focus on pure strategies in which the voter retains the incumbent if the voter’s welfare exceeds a certain threshold (e.g. Ferejohn, 1986; Austen-Smith and Banks, 1989). However, recent work has demonstrated that the voter can do better with a mixed strategy, retaining the incumbent with some probability between 0 and 1, depending on the observed outcome (e.g. Meirowitz, 2007; Bueno de Mesquita and Friedenber, 2009).

Because we assume that all politicians, including potential challengers, are drawn from a homogenous population, the Voter is indifferent between all possible support levels for each politician. This means any electoral strategy for the Voter is sequentially rational. Following the canonical retrospective voting models, we assume that the equilibrium selected is the one in which the Voter plays whichever strategy gives her the highest expected utility *ex ante* (Ferejohn, 1986; Austen-Smith and Banks, 1989; Persson et al., 1997).<sup>6</sup> A familiar problem with this class of retrospective voting models, however, is that the indifference assumption is fragile and perhaps implausible (Fearon, 1999; Persson and Tabellini, 2000; Besley, 2005). One might object in particular to our assumptions that the Voter perceives all politicians as identically susceptible to capture, and that the probability of capture on one issue is uncorrelated with the probability of capture on future issues. These are reasonable concerns, yet we think an analysis of the pure sanctioning model with homogenous types is a reasonable starting point for analysis of the interaction between electoral accountability and separation of powers, just as analysis of the pure moral hazard case in the electoral setting both generated valuable insights and laid the foundation for more sophisticated analyses that incorporated prospective type selection.<sup>7</sup>

A second political control mechanism consists of *internal checks and balances*. Constitutional rules may allocate agenda setting and veto power in different ways, influencing the circumstances under which proponents can enact, or opponents can obstruct, new policy initiatives. We focus on three simple institutional arrangements. In a *Unilateral Authority* regime, the President (whom we arbitrarily designate as the agenda-setter under all

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6. Our model differs from these canonical models in that ours is technically an adverse selection model rather than a moral hazard model (there is hidden information but no hidden action). Like these canonical models, however, ours is a retrospective sanctioning model rather than a prospective type-selection model. In that respect, our approach is most similar to that of Downs and Rocke (1994) and Meirowitz (2007).

7. Another way one might justify our framework is to suggest the Voter can commit *ex ante* to an optimal sanctioning strategy (Downs and Rocke, 1994; Persson and Tabellini, 2000). This justification is theoretically unsatisfying in that the mechanisms by which it may occur are difficult to specify and incorporate into the model. That said, there does seem to be some empirical evidence that voters engage in retrospective sanctioning behavior at least some of the time (Alesina et al., 1993; Downs and Rocke, 1994; Norpoth, 1996), and there are also anecdotal examples of high-profile elections in which some subset of the voters apparently engaged in seemingly irrational *ex post* punishment behavior (e.g. anti-war Democrats in 1968 staying home instead of voting for Humphrey, despite a clear preference for Humphrey over Nixon, or conservative independents in 2008 who preferred McCain but supported Obama in order to punish the Republican Party for its perceived malfeasance during the Bush Administration). It is also worth noting that recent theoretical advances demonstrate that one can relax the assumption of homogenous politicians and still retain the result that the voter can employ retrospective punishment strategies (Ashworth et al., 2008; Bueno de Mesquita and Landa, 2008; see also Snyder and Ting, 2008). The models that generate this result require more complexity than both the canonical model and the model we analyze here, however.

three regimes) has exclusive authority to decide whether to adopt the new policy.<sup>8</sup> Because there are no internal checks, external accountability is the only constraint on presidential policy making. In a *Mandatory Checks and Balances* regime, the President has agenda-setting power but cannot enact a new policy unless Congress approves it. This form of internal checks corresponds to a familiar PPT framework that characterizes political systems in terms of the allocation of proposal rights and the number and distribution of ‘veto players’ (Ferejohn and Shipan, 1990; Tsebelis, 1995; McCarty, 2000). Finally, in an *Opt-in Checks and Balances* regime, the President *may* seek congressional authorization for the new policy, but may also act unilaterally. We analyze the behavior of the Voter, President, and Congress under each regime, focusing on three questions. First, how does the Voter allocate political credit and blame under these different systems? Second, how does the institutional regime affect the *ex ante* likelihood of policy change? Third, which regime is best for expected Voter welfare, and why?

Before proceeding, it is useful to explain how our analysis relates to the small but important body of existing scholarship on the connection between internal checks and external accountability. First, some scholars suggest that separation of powers allows politicians to shift or obscure responsibility for controversial decisions (Fiorina, 1982; Nzeliibe, 2007). The principal insight of these contributions is that an institutional separation of powers may reduce the efficacy of voter discipline, because voters are unable to assign responsibility accurately and effectively (Powell and Whitten, 1993; cf. Bueno de Mesquita and Landa, 2008). Our approach differs, because the Voter in our model can observe the decisions made by each institution, so there is no ‘clarity of responsibility’ problem.

Second, some literature considers how rival politicians may exploit the separation of powers to make their opponents appear incompetent or ideologically extreme (e.g. Groseclose and McCarty, 2001; Glazer, 2007). This work shows that voters can sometimes use the policy positions taken by different government actors to draw inferences about those actors’ types, and that politicians may strategically adjust their behavior as a result. Related work shows that a government branch’s concern with appearing incompetent may make it too reluctant to oppose proposals by another branch (Fox and Van Weelden, 2009).

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8. We designate the President, rather than Congress, as the agenda setter in part because this better captures the real dynamics of our lead illustrative example – initiation of military hostilities – as well as many other policy areas (see Moe and Howell, 1999; Kagan, 2001). Nothing of consequence, however, turns on this arbitrary designation, and the model and the analysis would be essentially unchanged if Congress rather than the President were designated as the agenda setter. Of course, in many real-world cases *either* the President *or* Congress may act as the agenda setter, and future work might explore cases in which either branch can potentially propose a policy change. We suspect that the basic qualitative results of our analysis, and the underlying intuition, would be similar in a more complex model of that sort.

Our analysis differs because the Voter in our model chooses her political support strategy solely to create optimal *ex ante* incentives – the Voter is concerned with sanctioning poor performance rather than selecting good types (Fearon, 1999).

The work most closely related to our analysis is that of Persson et al. (1997) and Vlaicu (2008). In the Persson et al. model, a President and Legislature are jointly responsible for allocating a budget. Each agent wants to divert as much as possible to private use; the voter prefers a certain level of public goods spending, and to retain her remaining income for private consumption. The voter can discipline the politicians by replacing them if voter welfare is too low. Persson et al.'s analysis yields two important results. First, if the President and Legislature make independent decisions about how much of the budget to divert, separation of powers creates a common-pool problem that reduces voter welfare. Second, a 'two-stage budgeting' regime, in which one branch proposes a total government budget but the other branch chooses how to allocate it, improves voter welfare. Our model differs from Persson et al. in several critical respects. First, in Persson et al., the political agents do not directly benefit from the public good, whereas we assume politicians have preferences over public policy that may be at least partially aligned with Voter preferences (cf. Bueno de Mesquita and Stephenson, 2007). Second, in Persson et al., voters know the politicians' utility functions, while we assume the Voter is uncertain whether an interest group has successfully manipulated the politician's preferences (Stephenson, 2004; cf. Posner and Vermeule, 2007). Third, our analysis focuses on a fundamentally different kind of political decision – whether to adopt a specific new policy, such as a military intervention – to which Persson et al.'s two-stage budgeting process seems inapplicable. As we will see, these differences in set-up lead to striking differences in the main results.

More recently, Vlaicu (2008) compares systems in which an executive and legislature are independently elected by the voters (a 'direct control' system) to systems in which the executive is appointed by the elected legislature (a 'hierarchical control' system). This analysis, like ours, focuses on the impact of electoral accountability in systems characterized by different separation-of-powers arrangements, and in particular on the conditions under which voters might find internal checks (e.g. hierarchical control) more attractive than direct electoral accountability. Our approach differs in two principal respects. First, we compare a different set of possible institutional regimes: while Vlaicu focuses on direct versus hierarchical control, we compare systems in which the President and Congress are always directly elected, but Congress (sometimes) has the authority to veto the President's proposal. Second, Vlaicu's analysis is mainly concerned with how effectively these different separation-of-powers regimes address the problem of *pandering* (i.e. elected agents doing what the voters prefer *ex ante*, even when the agents' information indicates a different policy would actually be better for the voters), whereas our model emphasizes the risk of

policy bias or capture, a different (and in some senses opposite) control problem. That said, we do not view our model as incompatible with the analysis in PRT, Vlaicu, or the other relevant literature. Rather, we isolate a different aspect of a larger set of concerns.

### 3. Analysis

#### 3.1 Unilateral Authority

Consider the simplest of the three institutional regimes, in which there is only one political agent – let us say the President – involved in making the relevant decision. Three outcomes are possible in this case: the President might enact a policy that succeeds; the President might enact a policy that fails; or the President might take no action. Voter support for the President is contingent on which of these events occurs. The equilibrium of this ‘Unilateral Authority’ game that maximizes expected Voter utility is given by the following proposition:<sup>9</sup>

PROPOSITION 1. *In the equilibrium that maximizes the Voter’s expected utility under the Unilateral Authority regime:*

- The *Voter* gives the President maximum support ( $s_P = 1$ ) in case of policy success and minimum political support ( $s_P = 0$ ) in case of policy failure. If the President takes no action, the Voter’s political support for the President is  $\frac{1}{2} + qb$ .
- An *unbiased President* adopts the new policy if and only if  $p > \frac{1}{2} + \frac{qb}{2}$ .
- A *captured President* adopts the new policy if and only if  $p > \frac{1}{2} - \frac{(1-q)b}{2}$ .

The most important behavioral implication of Proposition 1 concerns the asymmetry in the magnitude of the political rewards and punishments for policy success and failure. It is reasonable to measure these rewards and punishments not simply in absolute terms, but relative to the default amount of support that the President would receive if he took no action. Therefore, define the President’s *credit* for success as the difference between the President’s support level when policy succeeds and his support level when he takes no action. Similarly, define President’s *blame* for failure as the difference between his support level when he takes no action and his support level in case of policy failure. Using this terminology, the political stakes for the President are as follows: if the policy succeeds, the President’s credit is  $\frac{1}{2} - qb$ ; if the policy fails, the President’s blame is  $\frac{1}{2} + qb$ . Thus, while the President’s political support is greater in case

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9. All proofs are in the Appendix.

of policy success than in case of policy failure, the blame for failure is greater than the credit for success.

This asymmetry arises because the Voter partially compensates for the possibility that the President might be captured by a hawkish faction by giving the President some ‘extra’ political support when he takes no action. If a hawkish faction capture the President, the President will be disposed to enact the new policy too often, when  $p$  is lower than  $\frac{1}{2}$ . To deal with this problem, the Voter needs to make adopting the new policy less attractive to the President, relative to the status quo. The Voter can do this by making the blame for policy failure more severe, and (equivalently) the credit for policy success less generous. If the Voter knew for certain that a hawkish faction had captured the President, she could offset the President’s bias entirely. The Voter, however, does not know for sure whether the President has been captured, so she *partially* offsets the possibility of bias with an asymmetric electoral strategy.

The *ex ante* probability that the President will enact the new policy in the Unilateral Authority case is given by the following corollary to Proposition 1:

**COROLLARY 1.1.** *In the equilibrium of the Unilateral Authority game described in Proposition 1, the ex ante probability that the President will choose  $x = 1$  is  $\frac{1}{2}$ .*

While the particular probability that the new policy is adopted ( $\frac{1}{2}$ ) is not intrinsically interesting, it provides a baseline that we use subsequently to evaluate whether adding internal checks affects the probability of policy change.

Finally, we would like to assess the Voter’s welfare under Unilateral Authority. The Voter’s *ex ante* expected utility, in the equilibrium described in Proposition 1, is given by the following corollary:

**COROLLARY 1.2.** *In the equilibrium of the Unilateral Authority game described in Proposition 1, the Voter’s ex ante expected utility is  $\frac{5}{8} - \frac{q(1-q)b^2}{8}$ .*

Recall that if the Voter were perfectly informed, or if the President were a perfect agent, expected Voter utility would be  $\frac{5}{8}$ . So, the second term in the expression in Corollary 1.2 measures the welfare loss associated with the Unilateral Authority regime. This welfare loss arises from two sorts of errors. First, if the President is captured and  $p \in (\frac{1}{2} - \frac{(1-q)b}{2}, \frac{1}{2}]$ , there is a ‘false positive’: the President acts even though the probability of success is less than  $\frac{1}{2}$ . Second, if the President is unbiased and  $p \in (\frac{1}{2}, \frac{1}{2} + \frac{qb}{2}]$ , there is a ‘false negative’: although the President is unbiased and the probability of success is greater than  $\frac{1}{2}$ , the Voter’s disproportionate punishment of policy failure deters the President from acting.

### 3.2 Mandatory Checks and Balances

Next consider a system in which the President may propose a new policy initiative, but this policy can be implemented only if Congress approves. Under this regime there are four possible situations the Voter might observe at the point when she chooses her political support levels for the President and Congress: policy success, policy failure, a decision by the President not to propose the new policy, and a congressional veto of the President's proposal. As noted earlier, we assume that the probability that the faction successfully captures the President is independent of the probability that it captures Congress. Thus the probability that both agents are captured is  $q^2$ .<sup>10</sup> The assumption of complete independence is obviously unrealistic, but it captures in simplified form the Madisonian notion that it is more difficult for a faction to capture two branches of government than to capture just one. Our results would be qualitatively similar if there were some positive correlation in presidential and congressional bias, as long as this correlation is not perfect.

In the Mandatory Checks regime, the equilibrium specified in the following proposition maximizes the Voter's expected utility:

**PROPOSITION 2.** *In an equilibrium that maximizes the Voter's expected utility under the Mandatory Checks regime:*

- The *Voter* adopts the following strategy:
  1. If the new policy is enacted, give the President and Congress maximum support ( $s_P = s_C = 1$ ) in case of success, and minimum support ( $s_P = s_C = 0$ ) in case of failure.
  2. If Congress vetoes a proposal, give Congress support  $s_C = 1/2$ , and give the President support  $s_P = \frac{1}{2} + \frac{q^2 b}{q^2 - q + 1}$ .
  3. If the President does not propose a new policy, give the President support  $s_P = \frac{1}{2} + \frac{q^2 b}{q^2 - q + 1}$ . (Voter support for Congress in this scenario is irrelevant, as Congress never has the opportunity to make a decision if the President makes no proposal.<sup>11</sup>)

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10. Because the model considers only capture by an interest group biased in favor of the new policy, issues relating to the distinction between unified and divided government do not arise. If one allowed for the possibility that some politicians (e.g. those from a conservative party) might be captured by one set of interest groups, while another set (e.g. those from a liberal party) might be captured by a different group with opposing preferences, then it would be important to know which party controlled which branches of government. The working paper version of this article (Stephenson and Nzelibé, 2008) considers this extension.

11. This irrelevance is a consequence of the (unrealistic) simplifying assumption that Congress can never act as the agenda-setter in our model. As we note above (see note 8) a richer model might extend our analysis to allow Congress to make proposals as well, in which case the Voter's support for Congress would be relevant in all cases, but the basic intuition underlying our analysis would be qualitatively similar.

- An *unbiased President* proposes the new policy if and only if  $p > \frac{1}{2} + \frac{q^2 b}{2(q^2 - q + 1)}$ .
- A *captured President* proposes the new policy if and only if  $p > \frac{1}{2} - \frac{(1-q)b}{2(q^2 - q + 1)}$ .
- An *unbiased Congress* approves a presidential proposal if and only if  $p > \frac{1}{2}$ .
- A *captured Congress* approves a presidential proposal if and only if  $p > \frac{1}{2} - \frac{b}{2}$ .

As was true under Unilateral Authority, the Voter imposes asymmetric levels of credit and blame on the President. In the Mandatory Checks case, the President's credit for success is  $\frac{1}{2} - \frac{q^2 b}{q^2 - q + 1}$ , while his blame for failure is  $\frac{1}{2} + \frac{q^2 b}{q^2 - q + 1}$ . Because the President may be biased (if he has been captured by the hawkish faction), the President's blame for failure exceeds his credit for success. Importantly, however, the difference between the magnitudes of credit and blame under Mandatory Checks,  $2qb \left( \frac{q}{q^2 - q + 1} \right)$ , is smaller than the analogous difference under Unilateral Authority,  $2qb$ .<sup>12</sup>

This result seems consistent with the familiar claim that a separation of powers allows the primary decision maker to 'shift responsibility' (e.g. Fiorina, 1982). These earlier analyses, however, derive responsibility-shifting behavior from the inability of voters to figure out which actor was responsible for the outcome; in our model the Voter can observe which actor made which decision, and so can impute responsibility accurately. So, while our model appears to predict that the congressional check allows the President to 'shift responsibility' for undesirable outcomes, this characterization is misleading. The apparent responsibility shifting we derive in our model – in which the President gets less blame for policy failure if Congress endorsed the policy – arises because the Voter rationally reduces the asymmetry in credit and blame for the President when Congress participates, since the Voter can rely on Congress to weed out some of the President's inadvisable policy initiatives.

The intuition for this smaller asymmetry in electoral punishments and rewards is instead more akin to the classic Madisonian argument that separation of powers benefits voters because it is harder for a parochial faction to capture two government institutions than to capture just one. In the Unilateral Authority case, the Voter had to worry that the government would be biased in favor of the military intervention if the President were captured, which occurs with probability  $q$ . The Voter optimally compensated for this possibility by imposing a

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12. Observe that there is no asymmetry in the credit and blame that the Voter confers on Congress. We can define Congress's credit for policy success as the difference between its support level when policy succeeds and its support level when it vetoes the President's proposal, and define Congress's blame for failure analogously as the difference between its support level in case of a veto and its support level when it approves a failed policy. In the equilibrium described in Proposition 2, Congress's credit for success and blame for failure are equal.

large asymmetry in political blame and credit, even though doing so creates a substantial risk of false negatives. In the Mandatory Checks case, the Voter knows that the government will be biased in favor of intervention only if *both* the President and Congress are captured, which occurs with probability  $q^2$ , which is smaller than  $q$ . Because the risk of government bias is lower, the Voter need not skew her punishment and reward strategy as much.

In addition to the differences in Voter allocation of credit and blame, we may be interested in whether the *ex ante* probability that the new policy will be enacted differs under the Unilateral Authority and Mandatory Checks regimes. A familiar and intuitive claim is that adding another ‘veto player’ reduces the probability of policy change (e.g. Tsebelis, 1995; Henisz, 2000). A contrary hypothesis suggests that, at least in some circumstances, adding a ‘veto player’ can *increase* the likelihood of policy change, because the primary decision maker can shift some of the responsibility onto the other agent, making action more politically feasible (Nzelibe, 2007). In our model, neither of these predictions turns out to be right, as can be seen from the following corollary to Proposition 2:

**COROLLARY 2.1.** *In the equilibrium of the Mandatory Checks game described in Proposition 2, the ex ante probability that the President and Congress will adopt  $x = 1$  is  $1/2$ .*

The reason for this result is that introducing the congressional check has two offsetting effects. First, Congress may block some initiatives that the President otherwise would have implemented. This will occur when the President is captured and Congress remains unbiased. Second, precisely because Congress will block some number of undesirable policies, the Voter rationally reduces (but does not eliminate) the degree to which the President’s blame for failure exceeds his credit for success. Because these two results offset, the probability of enacting the new policy does not change. The fact that these two effects offset exactly is not intrinsically interesting, as it is likely driven by our model’s strong (and arbitrary) functional form assumptions. The main substantive point is the existence of the two countervailing effects, which implies that the impact of adding a veto player on the probability of policy change is ambiguous.

While the probability of enacting the new policy is unaffected by the addition of the congressional veto in our model, this change does affect the Voter’s expected welfare. The Voter is better off with the congressional check than without it, as can be seen in the following corollary to Proposition 2:

**COROLLARY 2.2.** *In the equilibrium described in Proposition 2, the Voter’s expected utility is  $\frac{5}{8} - \frac{q^2(1-q)b^2}{8(q^2-q+1)}$ , which is greater than expected Voter utility under Unilateral Authority.*

As discussed earlier, this result is consistent with the Madisonian idea that separation of powers mitigates factional influence because it is more difficult – and less likely – for a single faction to succeed in capturing two branches of government at once. Furthermore, this separation of powers has a corollary benefit that is less widely appreciated: in our model, the fact that the Voter can rely on Congress to screen out some undesirable policies means that the Voter need not be quite so aggressive in using electoral threats to deter the President from acting. This means that a separation of powers not only reduces the likelihood of false *positives* (by the standard Madisonian argument), but the resulting moderation of the voter's electoral strategy means that the separation of powers also reduces the likelihood of false *negatives*.

### 3.3 Opt-in Checks and Balances

Finally, consider a system in which the President has the authority to act unilaterally, but may also 'opt in' to a congressional check by submitting his proposal to Congress, which may then approve or disapprove. This regime might initially seem less realistic, but it may correspond to a number of important real-world situations, such as our running military intervention example. The United States Constitution gives Congress the exclusive power to declare war, but it makes the President the Commander-in-Chief. Practically, this means that while the President *can* ask Congress for a declaration of war, the President can also initiate military action unilaterally, and for a variety of reasons it is difficult for Congress to disapprove of military action once troops are in the field (Moe and Howell, 1999). The Opt-in Checks regime may also capture certain areas of domestic policy, as when the President can pursue his agenda by proposing legislation to Congress, but can also initiate action by the bureaucracy in ways that do not require congressional approval, and which are practically difficult for Congress to overturn (Kagan, 2001).

Under Opt-in Checks the equilibrium that maximizes expected voter welfare is described by the following proposition:

PROPOSITION 3. *In an equilibrium that maximizes the Voter's expected utility under the Opt-in Checks regime:*

- The *Voter* adopts the following strategy:
  1. If the President adopts the new policy unilaterally, give the President maximum support ( $s_P = 1$ ) if the policy succeeds and minimum support ( $s_P = 0$ ) if it fails. (Voter support Congress in this scenario is irrelevant.)
  2. If the President seeks and receives congressional approval for the new policy, give the President and Congress maximum support ( $s_P = s_C = 1$ ) if the policy succeeds and minimum support ( $s_P = s_C = 0$ ) if it fails.

3. If the President takes no action, give the President support  $s_p = \frac{1}{2} + b$ . (Voter support for Congress in this scenario is irrelevant.)
  4. If the President proposes a new policy and Congress vetoes it, give the President support  $s_p = \frac{1}{2} + b$ , and give Congress support  $s_c = \frac{1}{2} + \frac{q^2 b}{q^2 + (1-q)^2}$ .
- An *unbiased President* adopts the following strategy:
    1. If Congress would *approve* the policy, propose it if  $p > \frac{1}{2}$ ; otherwise, take no action.
    2. If Congress would *veto* the policy, propose it if  $p \leq \frac{1}{2} + \frac{b}{2}$ ; otherwise, act unilaterally.
  - A *captured President* adopts the following strategy:
    1. If Congress would *approve* the policy, propose it if  $p > \frac{1}{2} - \frac{b}{2}$ ; otherwise, take no action.
    2. If Congress would *veto* the policy, propose it if  $p \leq \frac{1}{2}$ ; otherwise, act unilaterally.
  - An *unbiased Congress* approves a proposal if and only if  $p > \frac{1}{2} + \frac{q^2 b}{2(q^2 + (1-q)^2)}$ .
  - A *captured Congress* approves a proposal if and only if  $p > \frac{1}{2} - \frac{(1-q)^2 b}{2(q^2 + (1-q)^2)}$ .

Several features of the Voter's credit and blame allocation under Opt-in Checks are notable. First, the President's support when Congress vetoes his proposal is greater than his support when the President takes no action. This implies that when a presidential proposal is rejected, the Voter rewards the President politically even though there is no policy change. This result is broadly consistent with the argument that an agenda setter can improve his political standing by proposing a policy that is vetoed, because this makes the agenda setter look more 'moderate' and the veto player more 'extreme' (Groseclose and McCarty, 2001). However, the causal mechanism is different. In our model, the political 'reward' the President receives when his proposal is vetoed has nothing to do with the Voter learning information about the President's type. Instead, the Voter rewards the President in case of a congressional veto because the Voter needs to manipulate presidential incentives to discourage excessive unilateral action.

To see this point more clearly, recall that we defined the President's 'credit' for success as the difference between the President's support in case of success and his support if the status quo persists; we defined 'blame' analogously. In the Opt-in Checks regime, though, there are two ways we can end up with a status quo outcome. First, if Congress would approve a

proposal, then we get the status quo only if the President takes no action.<sup>13</sup> Second, if Congress would veto a proposal, then we get the new policy only if the President acts unilaterally. So, we can define two distinct pairs of credit/blame combinations. The President's *credit for joint success* is the difference between his support in case of policy success and his support when he makes no proposal. Likewise, the President's *blame for joint failure* is the difference between his support when he makes no proposal and his support when policy fails. By contrast, the President's *credit for unilateral success* is the difference between his support in case of success and his support when his proposal is vetoed, while his *blame for unilateral failure* is the difference between his support in case of a veto and his support in case of failure.

From this, it follows that the President's credit and blame in the case of joint action are symmetric: both are equal to  $\frac{1}{2}$ . When the President acts unilaterally, however, credit and blame are asymmetric: credit for unilateral success ( $\frac{1}{2} - b$ ) is smaller than blame for unilateral failure ( $\frac{1}{2} + b$ ); this asymmetry is more pronounced than was true even under the Unilateral Authority regime. The Voter achieves this asymmetry by offering the President the 'carrot' of additional support if the President makes a proposal that is vetoed. If the President passes up that opportunity by acting unilaterally, the potential gains in support if the policy succeeds are much smaller than the potential losses in support if the policy fails. This result is consistent with the claim that the President has more to lose politically by acting unilaterally when he has the option of going to Congress.

What about the Voter's assignment of credit and blame to Congress? The only comparison that matters here is between the congressional support levels in case of success or failure (1 and 0, respectively), and the congressional support level in case of a veto ( $\frac{1}{2} + \frac{q^2b}{q^2+(1-q)^2}$ ). Thus, Congress's credit for success ( $\frac{1}{2} - \frac{q^2b}{q^2+(1-q)^2}$ ) is smaller than its blame for failure ( $\frac{1}{2} + \frac{q^2b}{q^2+(1-q)^2}$ ). Note the contrast with the Mandatory Checks regime: in that regime, there was no asymmetry in the Voter's blame and credit allocations to Congress; under the Opt-in Checks regime, there is.

As before, the change in the separation of powers regime has no effect on the *ex ante* probability that new policy will be adopted:

**COROLLARY 3.1.** *In the equilibrium of the Opt-in Checks regime described in Proposition 3, the ex ante probability that  $x=1$  will be chosen is  $\frac{1}{2}$ .*

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13. This is guaranteed by the tiebreaking assumption that, if the President is indifferent between unilateral action and joint action, the President will choose joint action.

Although switching from Mandatory Checks to Opt-in Checks does not affect the likelihood the new policy will be adopted, such a switch does improve expected Voter welfare. That Voter welfare is (weakly) greater under Opt-in Checks follows immediately from the fact that the Opt-in Checks regime has both of the other two regimes nested within it. More direct comparison of equilibrium expected Voter welfare under each regime confirms that, so long as  $qb > 0$ , the Voter is better off under Opt-in Checks than either of the other two regimes:

**COROLLARY 3.2.** *In the equilibrium of the Opt-in Checks regime described in Proposition 3, expected Voter utility is  $\frac{5}{8} - \frac{q^2(1-q)^2b^2}{8(q^2+(1-q)^2)}$ ; this is greater than expected Voter utility under Mandatory Checks or Unilateral Authority.*

This result suggests that a system in which the primary decision maker *may* seek the approval of another agent is better than a system in which the primary decision maker *must* seek such approval, and also to a system in which there is no such approval mechanism. In the context of our military intervention example, our results suggest, first, that it is better to require congressional approval for military action than to give the President sole authority to intervene, with no mechanism for seeking congressional approval; and, second, that it is even better to give the President the *option* of either going to Congress or acting unilaterally.

It is worth noting that nothing in this analysis strictly requires a formal policy proposal to a second political actor, nor even that the second actor is another branch of government. The same analysis might apply to a setting in which one political actor has sole authority to implement some new policy, but voters could observe whether that policy receives the endorsement of some person, institution or group. While we welcome this possible alternative interpretation of our analysis, three considerations lead us to conclude that our model may fit better with formal separation-of-powers institutions than with non-binding endorsements or objections by outside parties. First, our model assumes that the second agent has reliable information about the likelihood of policy success, which may be more plausible when the second agent is another branch of government. Second, the Voter in our model can use electoral incentives to influence both the agenda-setting agent and the reviewing agent, and this latter feature is more plausible when the latter agent is an elected branch of government. Third, while a non-binding or informal comment on the proposed policy might serve the same function as the formal approve-or-veto decision in our model, we conjecture that voters are more likely to

focus on a more formal decision, such as a vote, than on speeches or other forms of commentary.<sup>14</sup>

#### 4. Conclusion

We have analyzed the interrelationship between external accountability and internal checks by comparing equilibrium political behavior across three stylized institutional regimes: a Unilateral Authority regime in which one actor (the President) has sole control over a policy decision; a Mandatory Checks regime in which the President must get the consent of Congress to enact a new policy; and an Opt-in Checks regime, in which the President *may* seek congressional approval, but may also circumvent the congressional check and enact a new policy unilaterally. Our analysis generates three related insights.

First, voters respond to the risk of politician bias by introducing asymmetries in the rewards and punishments for policy success or failure. Voters, however, need not rely so heavily on this blunt instrument in the presence of institutional checks. Hence, separation-of-powers regimes may induce behavior patterns that look superficially like ‘responsibility shifting’: when Congress is involved in a decision, the President gets less blame when things go badly. But, crucially, this occurs because of voters’ rational retrospective reward and punishment strategies, not because of voter uncertainty about which agents are responsible for the policy choice.

Second, when voters’ rational responses to different institutional regimes are considered, adding a veto player may not alter the *ex ante* probability of policy change, because voters reduce the asymmetry in their assignment of political blame and credit when they can rely on other institutions to screen out some undesirable proposals. When this rational adjustment is taken into account, the addition of a veto player need not – and in our model does not – alter the *ex ante* likelihood of policy change. This is not

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14. A related concern is that by focusing on the formal policy proposal and veto process, our analysis may omit consideration of other forms of political communication between the agents and the Voter that might support equilibria that perform even better than the Opt-in Checks regime. For instance, if both the President and Congress could make simultaneous public speeches ( $m_P$  and  $m_C$ ) announcing (as cheap talk) the perceived level of  $p$ , and the Voter can condition her political support for each agent on these speeches as well as the final action, then there is an equilibrium in which the Voter can achieve the first best. In that equilibrium: (1) the President and Congress truthfully (and simultaneously) announce their observation of  $p$  (i.e.,  $m_P = m_C = p$ ); (2) if  $m_P = m_C$ , both the President and Congress support  $x = 1$  if  $m_P = m_C > 1/2$  and support  $x = 0$  if  $m_P = m_C \leq 1/2$ ; (3) if  $m_P \neq m_C$ , the President and Congress make whatever choice they prefer given  $p$  (irrelevant in equilibrium); and (4) the Voter’s strategy specifies that if  $m_P = m_C > 1/2$  and  $x = 1$ , or if  $m_P = m_C \leq 1/2$  and  $x = 0$ , then  $s_P = s_C = 1$ , but in any other event,  $s_P = s_C = 0$ .

to say that the separation of powers makes no difference in the frequency of policy change in the real world. We have shown, however, that consideration of this issue cannot neglect voters' strategic response to different institutional settings.

Third, our model implies that expected voter welfare is highest under Opt-in Checks and lowest under Unilateral Authority. Thus, adding a second political agent with the power to review the primary agent's policy initiatives improves voter welfare, but the voter is better off if the primary agent can circumvent this second agent. The intuition is that a voter is better off (in expectation) when she can calibrate her political reward and punishment strategy more precisely. Under Unilateral Authority, the voter can only condition her support for the President on the observed outcome of the policy process (success, failure, or no action), and voter uncertainty leads to many false negatives and false positives. When a mandatory congressional check is added, the voter can rely on Congress to screen out some of the undesirable policies. This means that the voter has less need to distort the amount of blame and credit she confers on the President. Finally, if the President is permitted to circumvent the congressional check, and the voter can observe whether the President acted unilaterally or with congressional assent, then the voter can condition the President's rewards and punishments not only on the outcome, but also on whether the President acted with congressional approval.

This normative conclusion is intriguing and (as far as we know) novel, but it is subject to numerous qualifications. Our stylized model assumes that voter responses to policy choices and outcomes can effectively discipline political agents. We also assume that the President and Congress have good information about the likelihood of policy success and about each others' preferences. These strong assumptions never hold absolutely; where they are completely inapposite, the model's results may not apply. Additionally,

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While we acknowledge this possibility (and thank a referee for suggesting it), there are two reasons we think that our framework, which rules out equilibria of this type, is substantively relevant. First, in the real world, it may be difficult for voters to infer the precise content of politicians' speeches. For example, politicians can use vague or qualified language that may make it difficult to determine whether they agree or disagree on the likelihood of policy success. In more formal terms, the Voter's observation of a politician's cheap-talk message  $m_i$  may contain a significant stochastic component, which makes any strategy that depends on whether messages are the same or different vulnerable to significant error. Second, equilibria of the sort just described depend crucially on the political agents announcing their messages *simultaneously*. If the messages are not fully simultaneous, then if the Voter were to adopt a strategy of the sort described above, the second-moving agent would always agree with the first-mover, and the model would reduce to the Unilateral Authority model analyzed earlier. In the real world, we doubt that truly simultaneous announcements are typically feasible. For these reasons, we think it is appropriate to restrict the analysis as we have, though we acknowledge that future research can and should allow for a richer message space than we do here.

while our analysis demonstrates a benefit of adding more players to the policymaking process and creating more alternative ways a policy choice might be made, this additional complexity may entail unmodeled costs. For example, increasing the number of actors and choices may increase voter monitoring costs. Indeed, the existence of such monitoring costs explains why, despite our central normative conclusion, we do not believe that voters would be better off with an arbitrarily large number of institutional actors (cf. Berry and Gersen, 2008). Those caveats notwithstanding, we believe that the central normative insight still has broad significance: All else equal, the more freedom an institutional regime gives voters to craft refined political reward and punishment strategies, the greater the efficacy of public accountability mechanisms in aligning the preferences of political agents with voters.

## APPENDIX

We first establish the following lemma, which applies in all three regimes:

**LEMMA 1.** *The Voter always weakly prefers to set agent  $i$ 's political support level at its maximum value ( $s_i=1$ ) in the event of a policy success, and at its minimum value ( $s_i=0$ ) in the event of a policy failure.*

*Proof of Lemma 1.* Consider agent  $i$ . If  $i$  is captured, he will prefer the new policy if:

$$p > \frac{\frac{1}{2} + D - F}{1 + S - F} - \frac{b}{1 + S - F}, \quad (1)$$

where  $p$  is the probability of policy success,  $S$  is the political support associated with success,  $F$  is the political support associated with failure, and  $D$  is the support level for the status quo. If  $i$  is unbiased, he will prefer the new policy if:

$$p > \frac{\frac{1}{2} + D - F}{1 + S - F} \quad (2)$$

Let  $\pi$  be the conditional probability  $i$  is unbiased, given that  $i$ 's approval threshold is the binding constraint on whether the policy is enacted. Fix  $F$  and define  $\alpha = 1/(1+S-F)$ . Using this notation, the Voter's expected utility, conditional on  $i$ 's approval threshold being the binding constraint, is:

$$\frac{1}{2} \left[ \pi \left( \alpha b - 2\alpha^2 b \left( \frac{1}{2} + D - F \right) + \alpha^2 b^2 \right) + \left( \alpha \left( \frac{1}{2} + D - F - b \right) - \alpha^2 \left( \frac{1}{2} + D - F - b \right)^2 + 1 \right) \right] \quad (3)$$

Taking the derivative of (3) with respect to  $D$  yields the optimal  $D$ :

$$D^* = \frac{1}{2\alpha} - \frac{1}{2} + F + b - b\pi \tag{4}$$

Substituting this expression for  $D^*$  into (3) yields:

$$\frac{5}{8} - \frac{\pi(1 - \pi)b^2\alpha^2}{2} \tag{5}$$

Observe that (5) is decreasing in  $\alpha$ , and no  $S$  or  $F$  terms appear elsewhere in (5). Because  $\alpha$  is strictly decreasing in  $(S-F)$ , the Voter always strictly prefers  $S = 1$  and  $F = 0$ , so long as  $\pi \in (0,1)$  and  $b > 0$ .

If  $\pi=1$ ,  $\pi=0$ , or  $b=0$ , the second term in (5) is equal to zero, meaning the Voter can always achieve her maximum expected utility of  $5/8$ ; moreover, achieving this result can always involve the voter without setting  $S = 1$  and  $F = 0$ . To see this, we can substitute these values into equations (1) and (2). Doing so indicates that if  $\phi \pi=0$  and/or  $b=0$ ,  $S = 1$ , and  $F = 0$ , the Voter induces the correct incentives by setting  $D = 1/2$ . If  $\pi=1$ ,  $S = 1$ , and  $F = 0$ , the Voter induces the correct incentives by setting  $D = 1/2 + b$ . As these strategies yield the Voter her maximum feasible expected payoff of  $5/8$ , the Voter weakly prefers these strategies (though in these cases there may be other strategies that yield an equivalent payoff). We adopt the (benign) equilibrium selection rule that in such cases the Voter would select the equilibrium in which  $S = 1$  and  $F = 0$ .

This establishes the Lemma.

PROOF OF PROPOSITION 1. Let  $N = s_p(UA, \text{no action})$  (where  $UA$  denotes the Unilateral Authority regime). Using Lemma 1, an *unbiased* President would enact the new policy iff  $p > 1/4 + N/2 \equiv T$ , while a *captured* president would enact the new policy iff  $p > 1/4 + N/2 - b/2$  (i.e.,  $p > T - b/2$ ). Expected Voter utility is thus:

$$\frac{(1 - q)}{2} (T + (1 - T^2)) + \frac{q}{2} \left( T - \frac{b}{2} + \left( 1 - \left( T - \frac{b}{2} \right)^2 \right) \right) \tag{6}$$

Taking the derivative of (6) with respect to  $T$  yields the Voter's optimal  $T$ :

$$T^* = \frac{1}{2} + \frac{qb}{2} \tag{7}$$

Given the definition of  $T$ , it follows that  $N^* = 1/2 + qb$ . Substituting  $T^*$  into (6) yields the Voter's equilibrium expected utility under the Unilateral Authority regime:

$$\frac{5}{8} - \frac{q(1 - q)b^2}{8} \tag{8}$$

*Proof of Corollary 1.1.* The *ex-ante* probability that the President will choose  $x = 1$  is:

$$(1 - q)(1 - T) + q\left(1 - T - \frac{b}{2}\right) \quad (9)$$

Substituting the  $T^*$  established by Proposition 1 into (9) yields a probability of  $\frac{1}{2}$ .

*Proof of Corollary 1.2.* The Voter's expected utility is given by (8) in the proof of Proposition 1.

We first prove the following lemma, which will be useful in proving Proposition 2.

**LEMMA 2.** *Under Mandatory Checks, the Voter weakly prefers the President's support level following a congressional veto to be equal to the President's support when the President takes no action.*

*Proof of Lemma 2.* Consider first the case where Congress would approve any presidential proposal. In this case the President's support level in case of a veto is irrelevant, because that event never occurs in equilibrium.

Next consider the case where Congress would veto a presidential proposal. If the President's political support for no action exceeds that for a veto, the President will not act. If the support the President receives in case of a veto exceeds the support he receives if he does not act, he will propose a policy and Congress will veto it. The policy outcome, and hence the Voter's utility, is the same in both cases.

From this, it follows that under Mandatory Checks, the Voter can set the support levels for veto and no action to be equal in equilibrium. This establishes the Lemma.

*Proof of Proposition 2.* From Lemma 1,  $s_i(MC, \text{joint success}) = 1$ , and  $s_i(MC, \text{joint failure}) = 0$  (where *MC* denotes the Mandatory Checks regime).

Using Lemma 2, without loss of generality define  $N = s_p(MC, \text{no action}) = s_p(MC, \text{veto})$ . Also define  $V = s_c(MC, \text{veto})$ ,  $T_p = \frac{1}{4} + N/2$ , and  $T_c = \frac{1}{4} + V/2$ .

An *unbiased* Congress upholds a proposed action iff  $p > T_c$ ; a *captured* Congress upholds a proposed action iff  $p > T_c - b/2$ . An *unbiased* President proposes action iff Congress would approve it and  $p > T_p$ . A *captured* President proposes action iff Congress would approve it and  $p > T_p - b/2$ .

Next, define the following condition:

CONDITION 2.1.  $T_P \geq T_C \geq T_P - \frac{b}{2}$

When Condition 2.1 is satisfied, then:

- If the President and Congress are both *unbiased*, the policy is enacted iff  $p > T_P$ .  
(Under Condition 2.1, Congress would approve any policy the President favors.)
- If the President and Congress are both *captured*, policy is enacted iff  $p > T_P - b/2$ .
- If the President is captured and Congress is *unbiased*, policy is enacted iff  $p > T_C$ .
- If the President is *unbiased* and Congress is *captured*, policy is enacted iff  $p > T_P$ .

Therefore, if Condition 2.1 holds, the Voter's expected utility is:

$$\frac{1}{2} \left[ (1-q)(T_P - T_P^2 + 1) + q^2 \left( T_P - \left( T_P - \frac{b}{2} \right)^2 + 1 - \frac{b}{2} \right) + q(1-q)(T_C - T_C^2 + 1) \right] \quad (10)$$

Solving for the optimal  $T_P$  and  $T_C$  by taking the derivative of (10) with respect to each yields:

$$T_C^* = \frac{1}{2} \quad (11)$$

$$T_P^* = \frac{1}{2} + \frac{q^2 b}{2(1-q+q^2)} \quad (12)$$

These values satisfy Condition 2.1. From the definitions of  $T_C$  and  $T_P$  it follows that  $V^* = 1/2$  and  $N^* = 1/2 + q^2 b / (1-q+q^2)$ .

To find expected Voter utility under the equilibrium of the Mandatory Checks regime that satisfies Condition 2.1, substitute (11) and (12) into (10), which yields:

$$\frac{5}{8} - \frac{q^2(1-q)b^2}{8(1-q+q^2)} \quad (13)$$

Next, consider the following alternative condition:

CONDITION 2.2.  $T_C \geq T_P \geq T_C - \frac{b}{2}$

Condition 2.2 is analogous to Condition 2.1, except that the subscripts are reversed. It follows that there is an equilibrium that yields the same expected utility to the Voter as that given in (13), except that the values of  $T_P$  and  $T_C$  given in (11) and (12) are reversed.

Finally, suppose neither Condition 2.1 nor 2.2 holds. If  $T_P - b/2 > T_C$ , the conditions for the policy being enacted are the same as under Unilateral Authority,

because Congress would approve any policy the President would propose. Likewise, if  $T_C - b/2 > T_P$ , we also have a variant of the Unilateral Authority case, except that Congress supplies the binding constraint. Therefore, to show that the Voter maximizes her expected utility in the Mandatory Checks case by imposing the equilibrium consistent with Condition 2.1 (or 2.2), we can subtract (8) from (13), which yields:

$$\frac{q(1-q)^3 b^2}{8(1-q+q^2)} \geq 0 \quad (14)$$

*Proof of Corollary 2.1.* Under the equilibrium consistent with Condition 2.1 (which is the equilibrium described in Proposition 2), the *ex ante* probability that the new policy will be adopted is:

$$(1-q)(1-T_P^*) + q^2 \left( 1 + \frac{b}{2} - T_P^* \right) + q(1-q)(1-T_C^*) \quad (15)$$

Substituting in the  $T_C^*$  and  $T_P^*$  from (11) and (12) into (15) yields a probability of  $1/2$ .

*Proof of Corollary 2.2.* This is established by (13) and (14) in the proof of Proposition 2.

The following lemma will be useful in proving Proposition 3:

**LEMMA 3.** *Under Opt-in Checks, the Voter never has an incentive to set the President's support level in case of a congressional veto ( $V_P$ ) lower than the support level when the President makes no proposal ( $N_P$ ).*

*Proof of Lemma 3.* Consider the case in which Congress would approve a presidential policy proposal. In this case,  $V_P$  irrelevant, because congressional vetoes never occur in equilibrium. The new policy is enacted if and only if the President prefers enactment to no action.

Next, consider the case in which Congress would veto a presidential policy proposal. If  $V_P < N_P$ , the President would never propose a policy to Congress, because the President can achieve the same policy outcome ( $x = 0$ ) with higher political support by taking no action.

Thus, setting  $V_P < N_P$  can never alter the President's behavior or the expected policy outcome, so the Voter never has an incentive to do so. This establishes the Lemma.

*Proof of Proposition 3.* From Lemma 1,  $s_i(OC, \text{joint success}) = s_P(OC, \text{unilateral success}) = 1$  and  $s_i(OC, \text{joint failure}) = s_P(OC, \text{unilateral failure}) = 0$

(where  $OC$  denotes the Opt-in Checks regime). Adopt the following notational simplifications:  $N_i = s_i(OC, \text{ no action})$ ,  $V_i = s_i(OC, \text{ veto})$ ,  $T_U = 1/4 + V_p/2$ ,  $T_J = 1/4 + N_p/2$ , and  $T_C = 1/4 + V_c/2$ . Make the tiebreaking assumption that if the President would prefer to enact the policy and Congress would approve it, and the expected electoral consequences of joint and unilateral action are the same for the President, then the President will seek congressional approval rather than acting unilaterally.

By Lemma 3, we can ignore cases in which  $V_p < N_p$  and restrict consideration to cases in which  $T_U \geq T_J$ .

An *unbiased* Congress upholds a proposal iff  $p > T_C$ ; a *captured* Congress upholds a proposal iff  $p > T_C - b/2$ . An *unbiased* President proposes action to Congress iff Congress would approve it and  $p > T_J$ ; an *unbiased* President acts unilaterally iff Congress would veto a proposed action and  $p > T_U$ . A *captured* President proposes action to Congress iff Congress would approve it and  $p > T_J - b/2$ ; a *captured* President acts unilaterally iff Congress would veto a proposed action and  $p > T_U - b/2$ .

Next, define the following two conditions:

CONDITION 3.1.  $T_U > T_C \geq T_U - \frac{b}{2}$

CONDITION 3.2.  $T_C \geq T_J \geq T_C - \frac{b}{2}$

If Conditions 3.1 and 3.2 are both satisfied, then:

- If the President and Congress are *unbiased*, policy is enacted (jointly) iff  $p > T_C$ .
- If the President and Congress are *captured*, policy is enacted (jointly) iff  $p > T_C - b/2$ .
- If the President is *captured* and Congress is *unbiased*, policy is enacted iff  $p > T_U - b/2$ . It is enacted jointly if  $p \geq T_C$ , and unilaterally if  $T_C > p > T_U - b/2$ . (This follows from Condition 3.1.)
- If the President is *unbiased* and Congress is *captured*, the policy is enacted (jointly) iff  $p > T_J$ . (This follows from Condition 3.2.)

Therefore, if Conditions 3.1 and 3.2 hold, then the Voter's expected utility is:

$$\frac{1}{2} \left[ \begin{aligned} &(1-q)^2(T_C - T_C^2 + 1) + q^2 \left( T_C - \left( T_C - \frac{b}{2} \right)^2 + 1 - \frac{b}{2} \right) \\ &+ q(1-q) \left( T_U - \left( T_U - \frac{b}{2} \right)^2 + 2 - \frac{b}{2} + T_J - T_J^2 \right) \end{aligned} \right] \quad (16)$$

Solving for the optimal  $T_J$ ,  $T_C$ , and  $T_U$  by taking the derivative of (16) with respect to each yields:

$$T_J^* = \frac{1}{2} \quad (17)$$

$$T_U^* = \frac{1}{2} + \frac{b}{2} \quad (18)$$

$$T_C^* = \frac{1}{2} + \frac{q^2 b}{2((1-q)^2 + q^2)} \quad (19)$$

These values are consistent with Conditions 3.1 and 3.2. From the definitions of  $T_J$ ,  $T_U$ , and  $T_C$ , it follows that  $N_P^* = 1/2$ ,  $V_P^* = 1/2 + b$ , and  $V_C^* = 1/2 + q^2 b / ((1-q)^2 + q^2)$ . Substituting these values into (16) yields expected Voter utility in the Opt-in Checks equilibrium that satisfies Conditions 3.1 and 3.2:

$$\frac{5}{8} - \frac{q^2(1-q)^2 b^2}{8((1-q)^2 + q^2)} \quad (20)$$

Observe that if either Condition 3.1 or Condition 3.2 is not satisfied, the Voter's equilibrium expected utility is equivalent to expected Voter utility under either Unilateral Authority or Mandatory Checks. Specifically:

- If  $T_J - b/2 \geq T_C$ , Congress is irrelevant, because the President favors joint enactment of any policy that Congress would accept. Because the only binding constraint is the President's joint action threshold, the Voter's expected utility is equivalent to her expected utility under Unilateral Authority.
- If  $T_C - b/2 > T_U$ , the President's willingness to act unilaterally is the only binding constraint, since the President's unilateral action threshold is always lower than Congress's approval threshold. Expected Voter utility is therefore the same as under Unilateral Authority.
- If  $T_U - b/2 > T_C > T_C - b/2 \geq T_J$ , the President's willingness to enact policy jointly is never a binding constraint, since any policy that Congress would approve the President would be willing to enact jointly, and any policy that the President would be willing to enact unilaterally would be approved by Congress, and so could be enacted jointly. Because Congress's willingness to approve is the only binding constraint, expected Voter utility is the same as under Unilateral Authority.
- If  $T_U > T_C > T_U - b/2 > T_C - b/2 \geq T_J$ , the President's willingness to enact policy jointly is never a binding constraint, since any policy that Congress would approve the President would be willing to enact jointly. The binding constraint is Congress's willingness to approve, except when the President is captured and Congress is

unbiased, in which case the President's threshold for unilateral action is the binding constraint. Therefore, expected Voter utility is equivalent to expected utility under Mandatory Checks.

- If  $T_U - b/2 > T_C$ , the President never acts unilaterally, because any policy that the President is willing to enact unilaterally, he can also enact jointly with Congress. Therefore, expected Voter utility is equivalent to expected utility under Mandatory Checks.
- If  $T_J > T_C > T_U - b/2$ , Congress is irrelevant, because when the President is captured and Congress is unbiased, the President's threshold for unilateral action is lower than Congress's approval threshold, and in all other cases Congress would approve anything the President would favor enacting. Therefore, expected Voter utility is equivalent to expected utility under Mandatory Checks.
- If  $T_C > T_U \geq T_J > T_C - b/2$ , Congress is irrelevant, because the President's threshold for unilateral action is lower than Congress's threshold for approval, except when the President is unbiased and Congress is captured. In that case Congress's approval threshold is lower than the President's joint action threshold. Therefore, expected Voter utility is equivalent to expected utility under Mandatory Checks.

We can compare the Voter's expected utility from Opt-in Checks to her expected utility under Mandatory Checks by subtracting (13) from (20). Doing so yields:

$$\frac{q^5(1-q)b^2}{8(1-q+q^2)((1-q)^2+q^2)} \geq 0 \quad (21)$$

Because (21) is positive, and recalling from Corollary 2.2 that (13) is greater than (8), it follows that the Voter always prefers the equilibrium consistent with Conditions 3.1 and 3.2 to any other equilibrium under Opt-in Checks.

*Proof of Corollary 3.1.* Under the equilibrium consistent with Conditions 3.1 and 3.2, the *ex ante* probability that the new policy will be adopted is:

$$(1-q)^2(1-T_C^*) + q^2\left(1-T_C^* + \frac{b}{2}\right) + q(1-q)\left(\left(1-T_U^* + \frac{b}{2}\right) + (1-T_J^*)\right) \quad (22)$$

Substituting in the  $T_C^*$ ,  $T_J^*$ , and  $T_U^*$  from (17)-(19) into (22) yields a probability of  $1/2$ .

*Proof of Corollary 3.2.* This is established by (20) and (21) in the proof of Proposition 3.

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