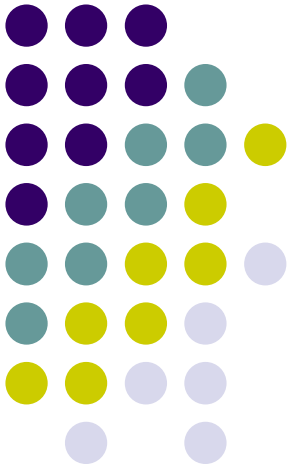
Polimetrics

The Veto Players Theory



Veto player (a short resume)

Starting assumption: political actors (once again) care about policy (either directly or indirectly…cause voters **care** after all about policy!)

Veto players are individual or collective actors whose approval is necessary to **change the (policy) status quo**

Veto player (a short resume)

In political systems we can have:

- **Institutional veto players**: parliamentary assemblies, constitutional courts etc.

Veto player (a short resume)

In political systems we can have:

- **Partisan veto players**: such as government coalition parties

In this sense, veto player theory assume that governments have a **collective responsibility** (each **cabinet party is a veto player**) and select and implement the agreements they make

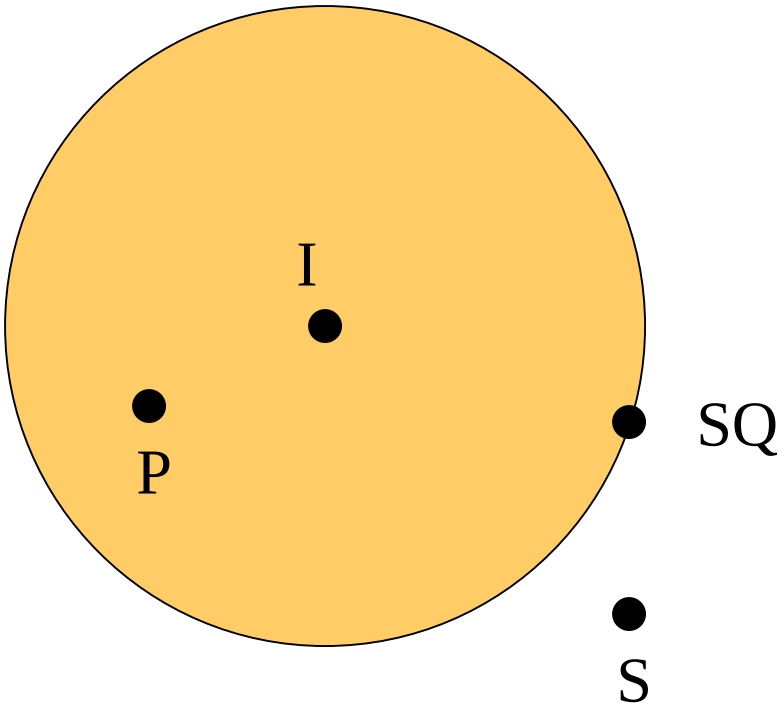
The enforceability problem is therefore solved by the veto power of each single cabinet party, rather then by the institutional structure of the cabinet (as in the portfolio theory)

Veto player (a short resume)

We generally consider veto players with single-peaked Euclidean utility functions (but **not necessarily so, as we have already discussed**…) in a uni- or bi-dimensional space

As a result, we have circular indifference curves in a bi-dimensional space with respect to a status quo policy

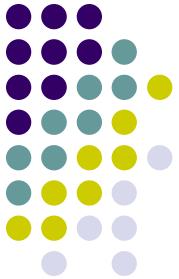
Preferences for reform



Veto player **I** accepts to change the SQ only if the alternatives are in the colored area

For instance, it will accept policy P (with respect to SQ) but rejects policy S

Winset of SQ



It is the **set of alternative policies** that can beat the status quo according to some voting rule (do you remember???)

If we focus on a set of veto players, the voting rule is of course…which one?

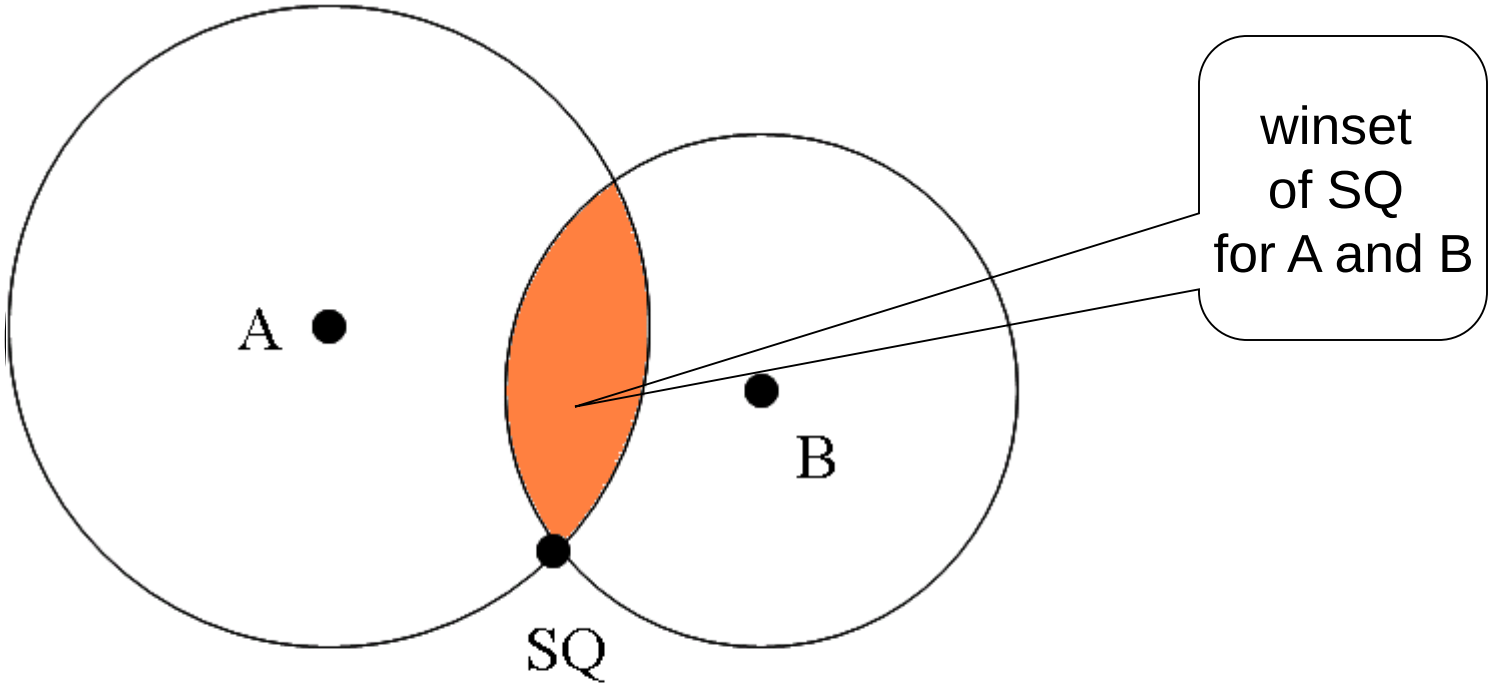
Unanimity Rule!

Winset of SQ

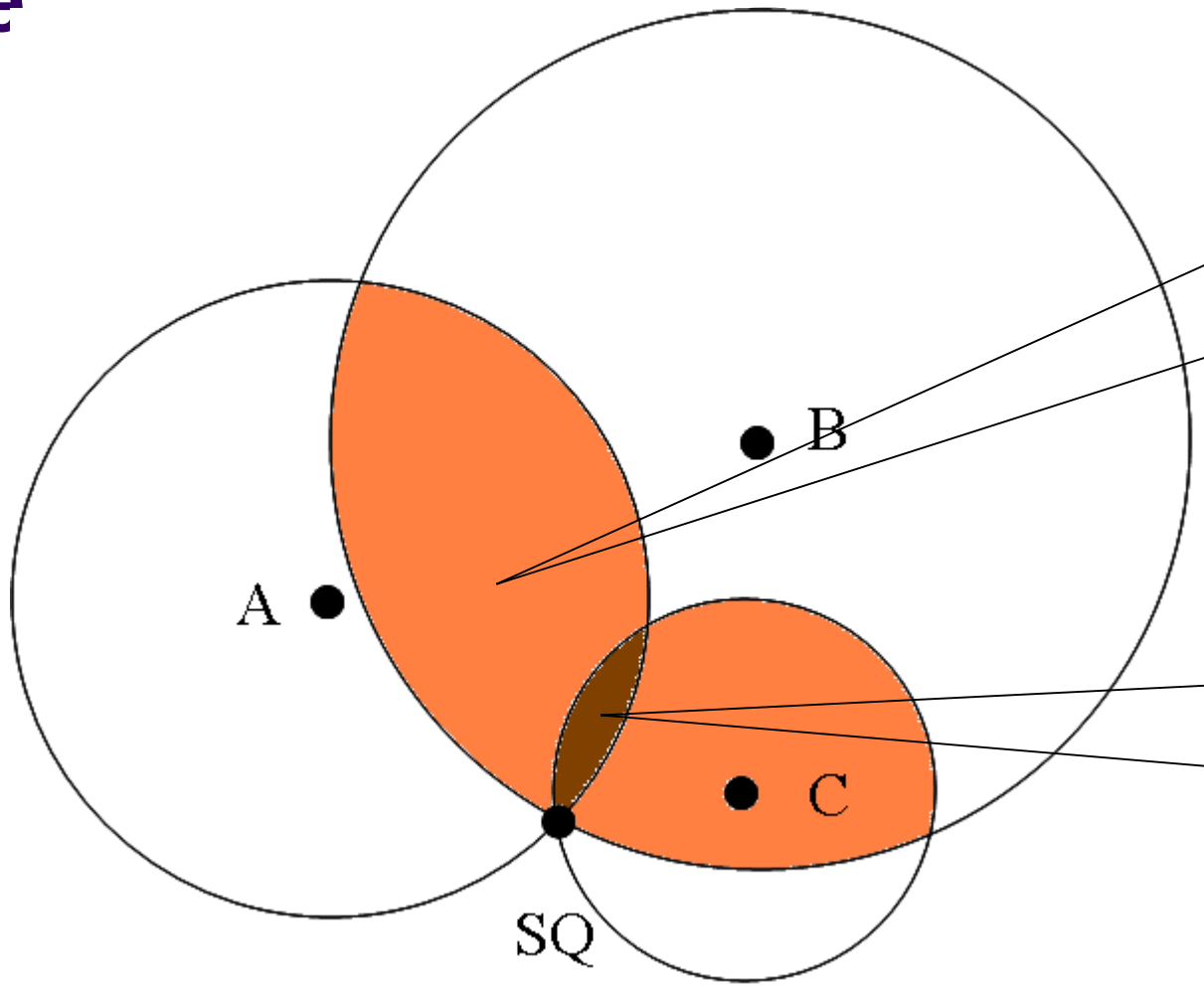
For a single veto player, the winset of the SQ is the set of the alternatives **inside the circle** centered on the ideal point and passing through the SQ

For more veto players **it is the intersection** of these circles

Winset of SQ for two veto players A and B



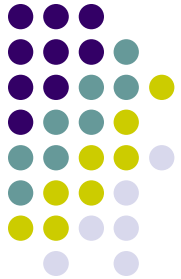
Changing voting rule: Simple Majority Rule (SMR) vs. Unanimity Rule



SMR winset

Unanimity winset

Unanimity Core



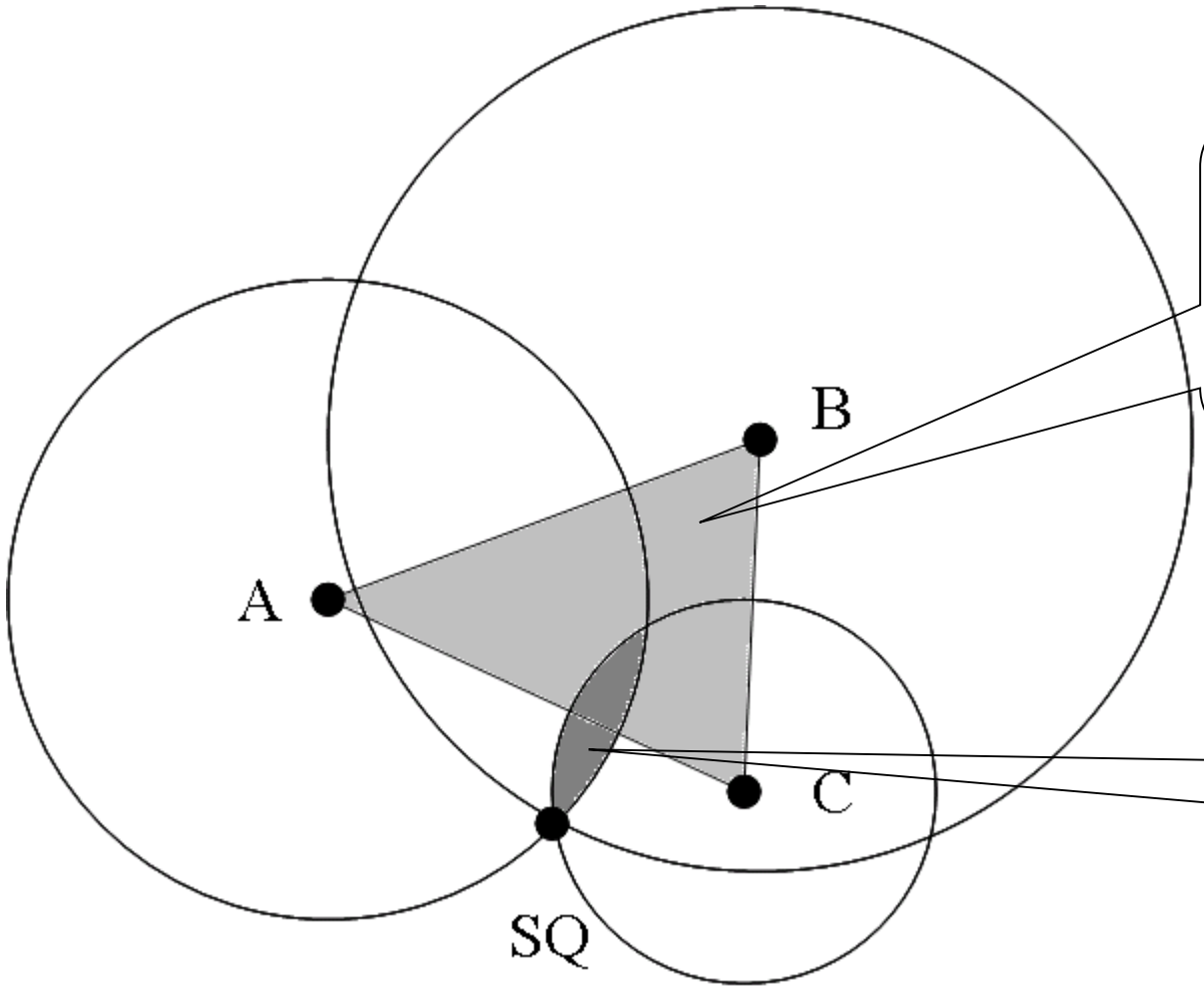
The set of points that **cannot be beaten** if decisions are taken by unanimity

It therefore coincides with the **Pareto set of a given coalition**

In our current case, it is the smallest convex polygon with angles on VPs ideal points

The unanimity core **does not depend** on the SQ, but only on the VPs ideal points

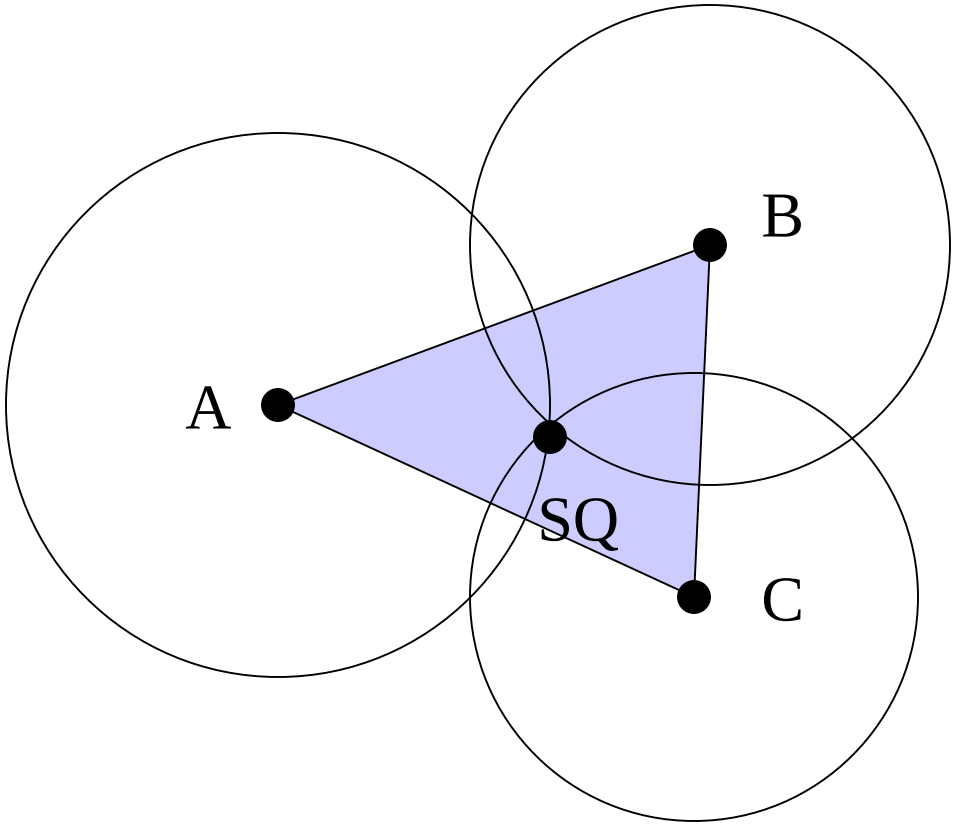
Unanimity core and W (SQ)



Unanimity core (Pareto set)

W(SQ)

What happens if the status quo lies inside the unanimity *core*

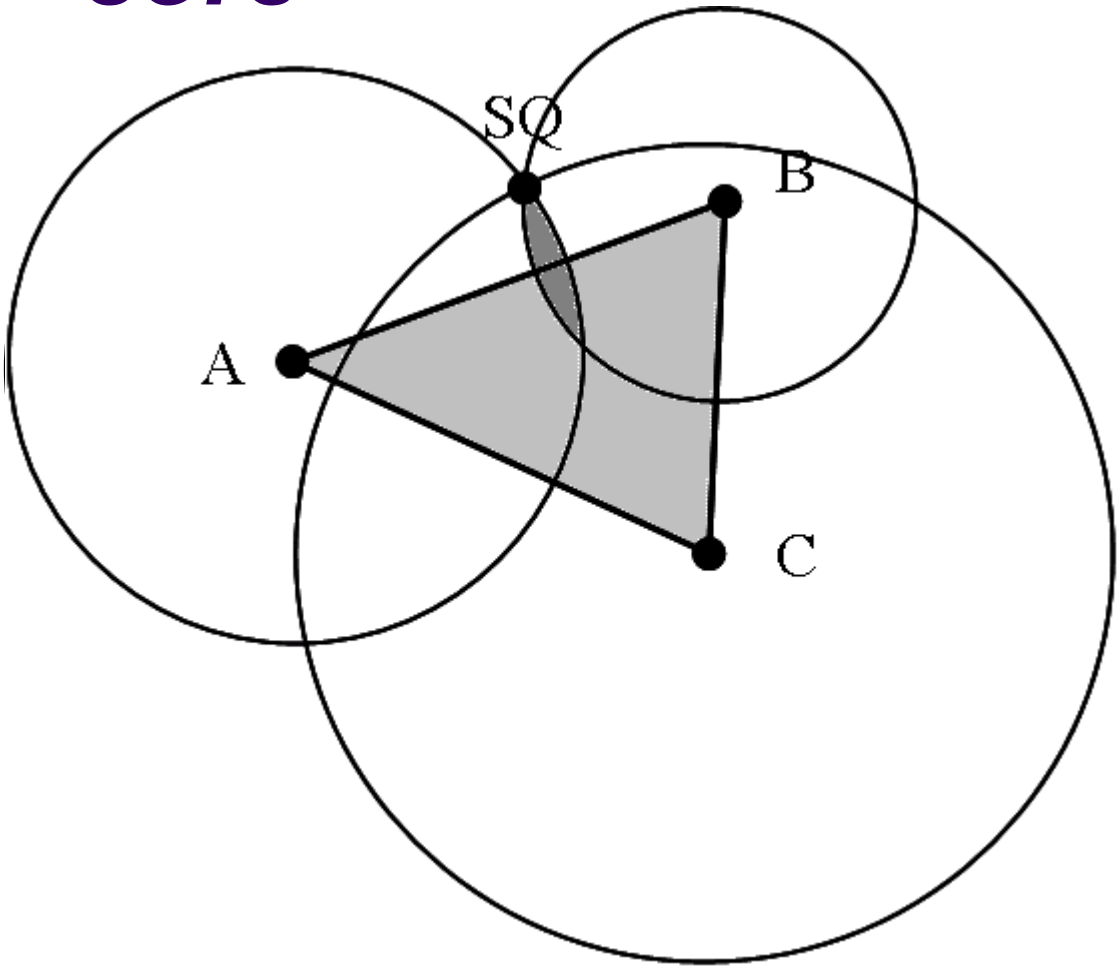


W(SQ) is always empty!

No policies are preferred to the SQ by all the three VPs

The **necessary** condition for change is not satisfied ➔ **stability**

What happens if the status quo lies outside the unanimity *core*

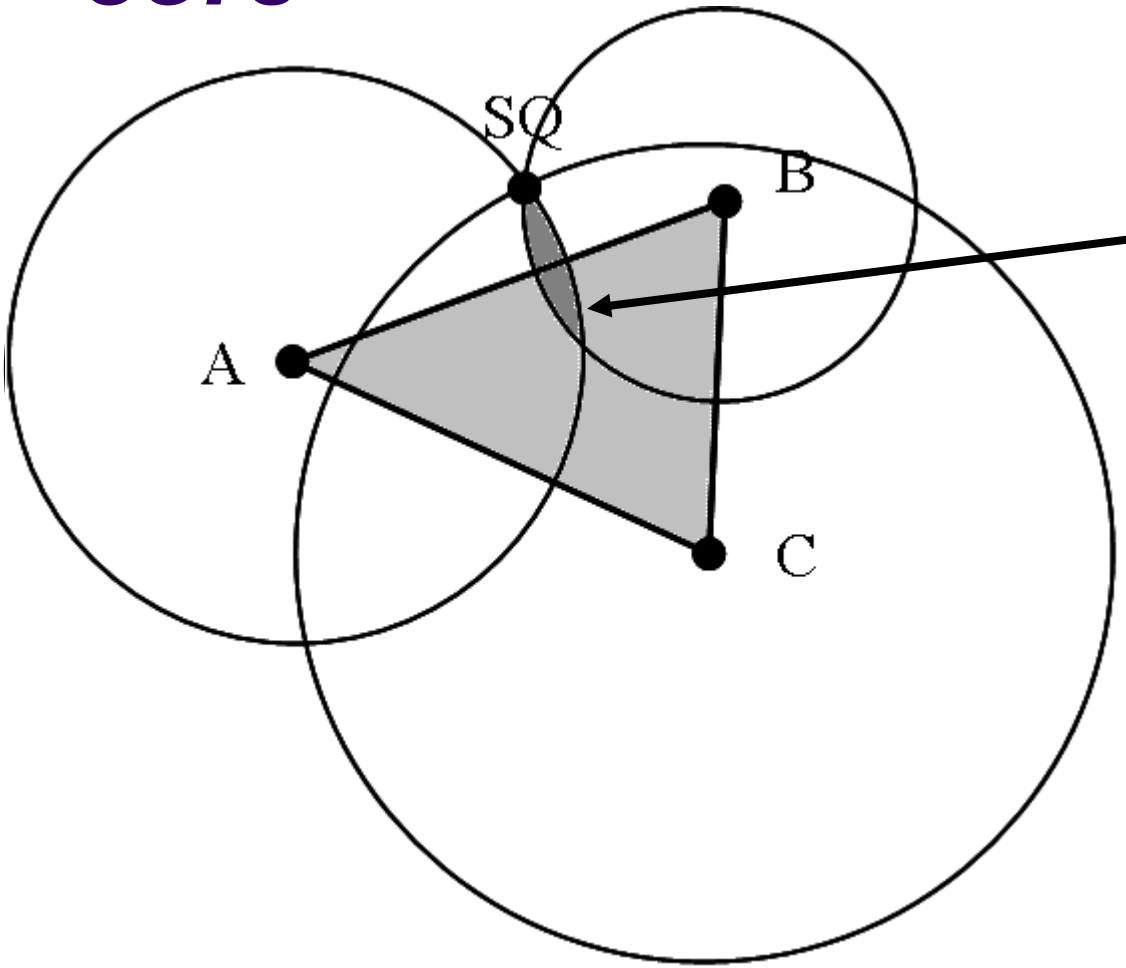


W(SQ) is always not empty!

VPs can find alternatives that they all prefer to the SQ

The sufficient condition for change is satisfied, the SQ is not a **stable equilibrium**

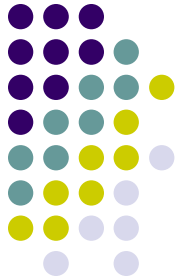
What happens if the status quo lies outside the unanimity *core*



W(SQ) is not empty

Which point will be reasonably selected?

Winset, unanimity core and policy stability



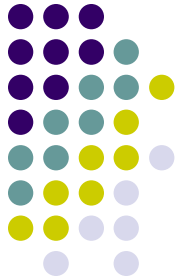
Which consequences?

1. The dimension of the W(SQ) and of the unanimity core are proxies for **policy stability**

The size of W(SQ) is **negatively** related to stability: when the winset is **very small** it is highly likely that **no policy change** takes place because of the transaction costs

The Unanimity core is **positively** related to stability (given that the larger is the Unanimity core, the higher the probability that the SQ lies within it)

Winset, unanimity core and policy stability



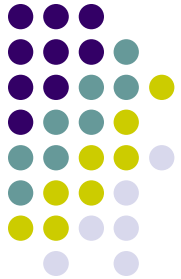
Which consequences?

Whether or not more policy change is a positive or normative good **depends on one's perspective**.

Economists, for instance, tend to argue in favor of less policy change, which they argue allows for the stability that businesses need in order to make long-term investments.

Others have different opinions (i.e., cabinet's ability to react to sudden exogenous shock is related to the size of the W(SQ))

Winset, unanimity core and policy stability



Which consequences?

2. The size of W(SQ) tell us also if we are dealing with an **incremental change** or a (possible) **major policy change is feasible**

Winset, unanimity core and policy stability

Which consequences?

3. The size of W(SQ) tell us also something about the expected variance of **policy change**

When the **size** is small, the **policy change** will be always rather limited

When the **size** is large, the **policy change** can be **rather limited or rather large**. We will observe therefore in this latter scenario a **larger variance** in the actual policy change

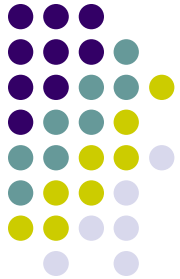
Winset, unanimity core and policy stability

Which consequences?

4. The size of W(SQ) tell us also something about the **agenda-setting power**

The **agenda setter** is a veto player who can make a *"take it or leave it offers"* to other veto players - in other words, the veto player that decides first

Winset, unanimity core and policy stability



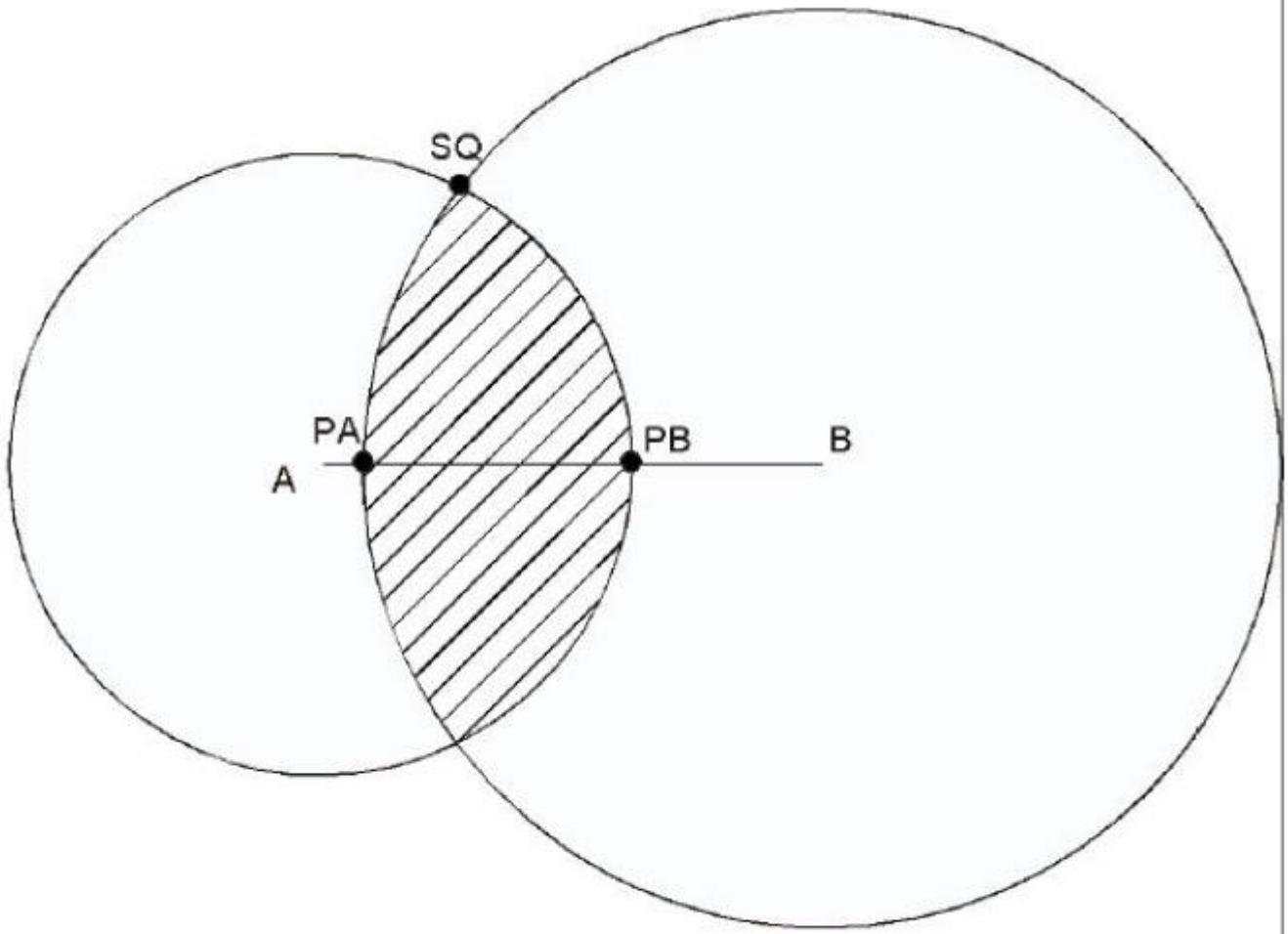
Which consequences?

4. The size of W(SQ) tell us also something about the **agenda-setting power**

The veto player who sets the agenda has therefore a **considerable advantage**: she can consider the winset of the others as his constraint, and select from it the outcome he prefers

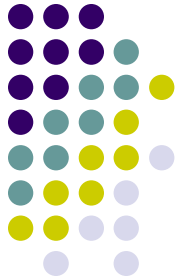
Usually the **cabinet** has such power within a parliamentary democracy; and, within the cabinet, the **party of the PM**

Significance of Agenda Setting



Location of winning proposal when the agenda is controlled by A (PA) or B (PB)

Winset, unanimity core and policy stability

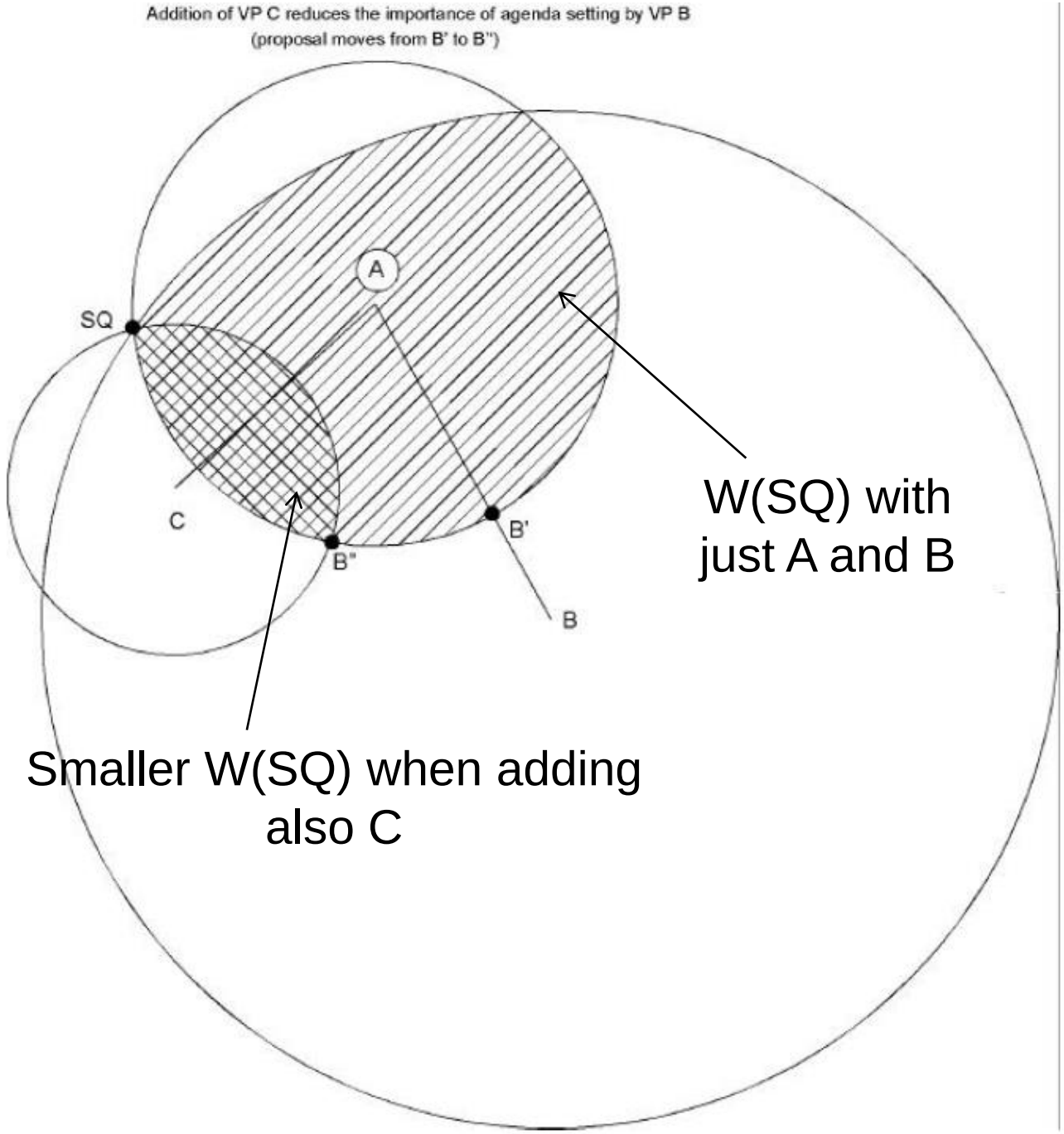


Which consequences?

4. The size of W(SQ) tell us also something about the **agenda-setting power**

The policy-advantage of the **agenda setter** is however **positively related** to the size of W(SQ)

The significance of agenda setting declines as policy stability increases (and viceversa)

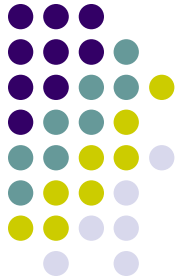

Addition of VP C reduces the importance of agenda setting by VP B
(proposal moves from B' to B'')
A
SQ
C
B''
B'
B
W(SQ) with
just A and B
Smaller W(SQ) when adding
also C

Winset, unanimity core and policy stability

Given the relevance played by the size of W(SQ) (and of the unanimity core), it becomes important to understand which factors could affect it…

1. **The position of the SQ: the farther the SQ is** (i.e., the more is eccentric from a policy point of view), the more likely we'll have significant policy change (given that this increases, ceteris paribus, the size of W(SQ))

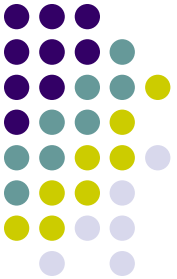
Winset, unanimity core and policy stability



What does affect the size of W(SQ) (and of the unanimity core?)

2. **The policy positions of the VPs: the closer are the policy positions** of actors, the more likely we'll have significant policy change (given that it increases, ceteris paribus, the size of W(SQ) and it decreases the unanimity core)

Winset, unanimity core and policy stability

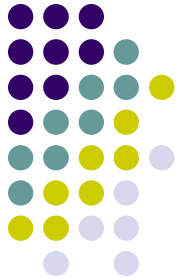


What does affect the size of W(SQ) (and of the unanimity core?)

3. **The number of the VPs: the higher the number**, the less likely we'll have significant policy change (given that it decreases, ceteris paribus, the size of W(SQ) and it increases the unanimity core)

- This implies what for a "Grosse Koalition"?
  - That unless the SQ is really eccentric, a government with "all-in" will not be able to change the SQ!!!
- The funny thing is that a "Grosse Koalition" is often advocated precisely for its "supposed" ability to implement a reform!

Winset, unanimity core and policy stability

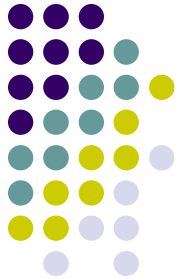


What does affect the size of W(SQ) (and of the unanimity core?)

3. **The number of the VPs: the higher the number**, the less likely we'll have significant policy change (given that it decreases, ceteris paribus, the size of W(SQ) and it increases the unanimity core

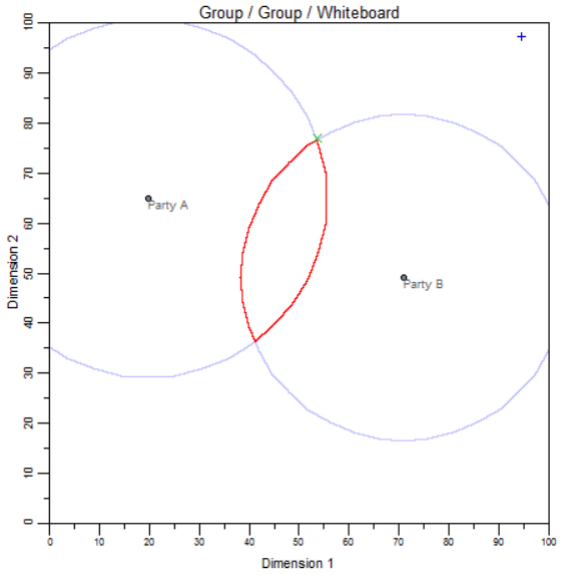
Note that this is always true **unless** some VP is "**absorbed**" by other VPs

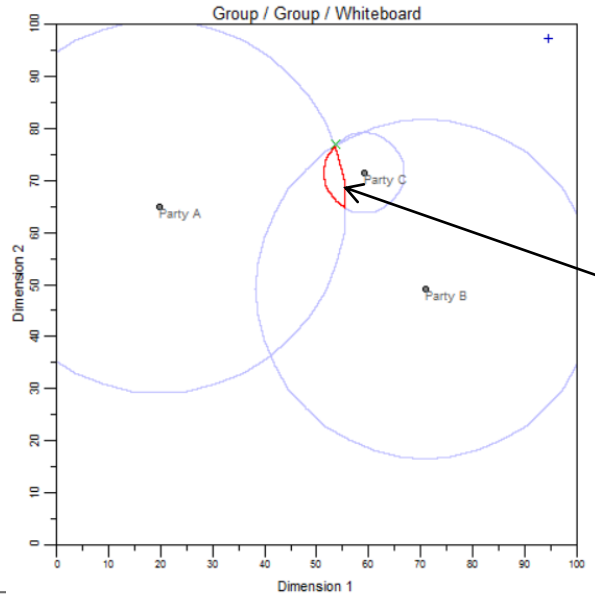
Winset, unanimity core and policy stability



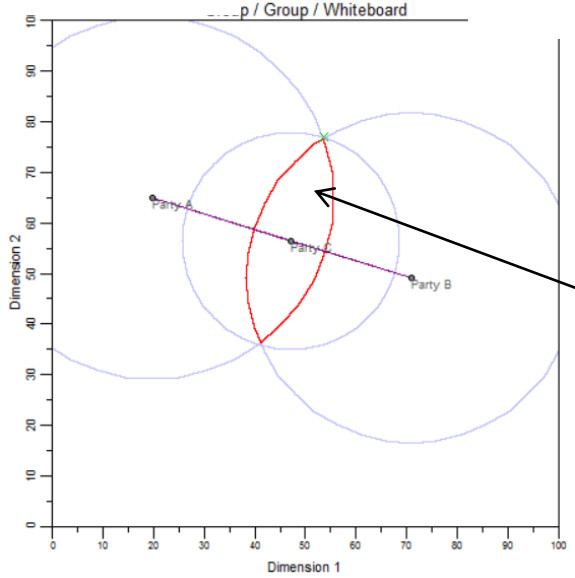
Absorption rule: If a new veto player C is added within the unanimity core of any set of previously existing veto players, C **has no effect on policy stability** (i.e., it does not change the size of W(SQ))

Winset, unanimity core and number of VPs





The introduction of Party C **reduces the winset** compared to the previous situation



The introduction of Party C **does not reduce** the winset compared to the 2 party situation (Party C is absorbed)

Winset, unanimity core and policy stability

Note that also the **type of preferences** of political actors (Euclidean, city block or elliptic ones) can affect the size of W(SQ) (and of the unanimity core (more on this later)

Veto Players Theory: an application

Veto Players Theory and the proposed 2016 Italian Constitutional Reform

In Italy there is a system of **full and symmetric bicameralism**

This also implies that both chambers of the legislature must approve identical bills in order for them to become law

The consequences of bicameralism

Bicameralism is known to generally reduce policy change, as it **adds an additional veto player** to a system of governance

Illustrated another way, bicameralism works in much the same way as a **qualified majority** in a unicameral legislature

The consequences of bicameralism: SMR winset in one or two Chambers

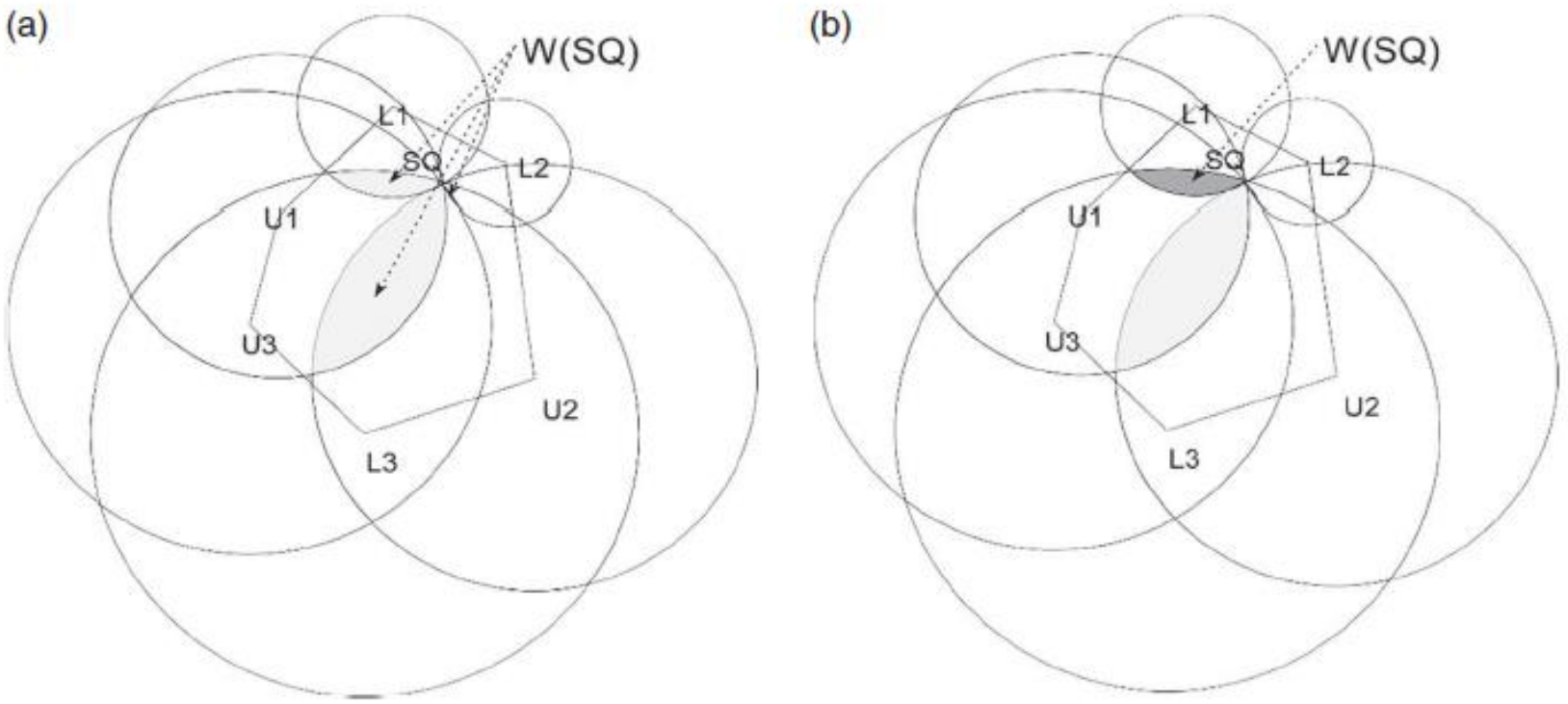
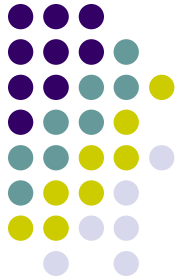


Figure 1 Winsets under a unicameral and bicameral arrangement. (a) Winset under a unicameral arrangement, (b) winset under a bicameral arrangement.

The consequences of bicameralism



The **distance** between chambers in a bicameral system **also restricts** the level of policy change possible within a legislature

Lower and upper chambers may drift apart for any number of reasons, such as differences in election cycles or the size of their districts

Regardless of the reason, however, a growing distance between the chambers will exacerbate bicameralism's quality of reducing policy change

The consequences of bicameralism

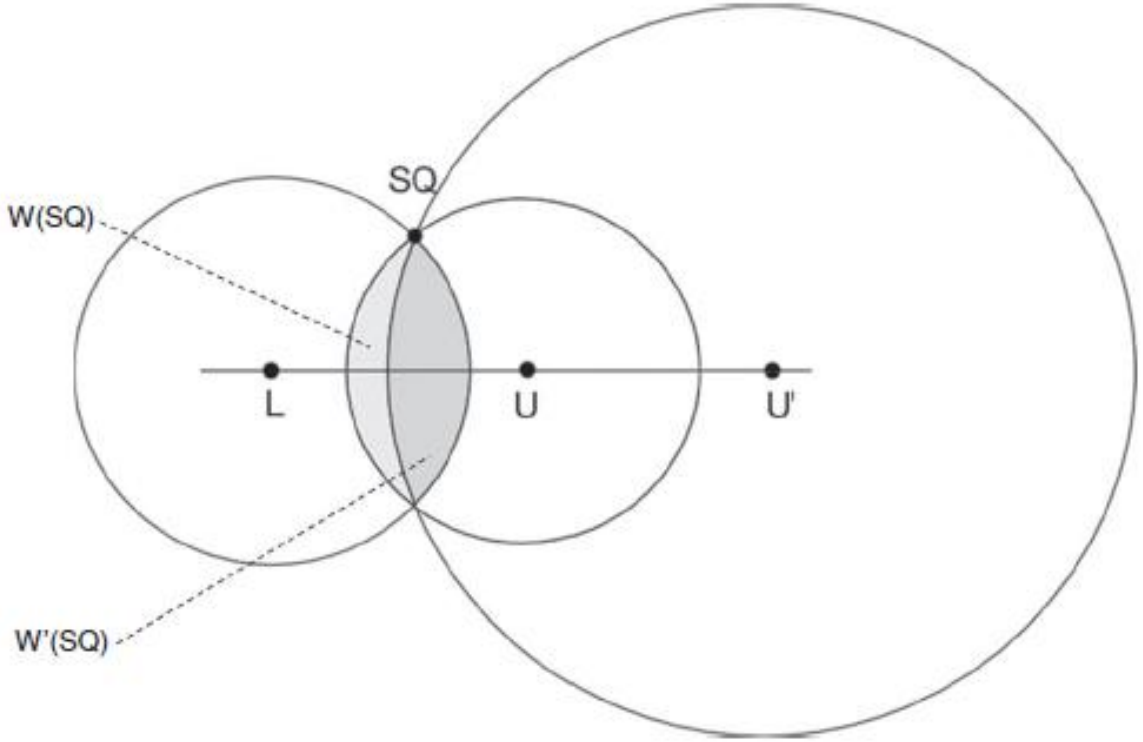
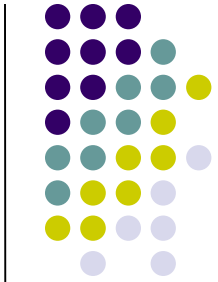


Figure 2 Winset of veto players (VPs) L and U' is contained within winset of VPs L and U.

The aim of the proposed 2016 Italian Constitutional reform



Get rid (among the other things) of a perfectly symmetric bicameral system, stripping the Senate of most of its legislative veto powers

Which are the consequences of reducing the number of institutional veto players in the Italian system of governance?

The consequences of the Constitutional reform

Consequences for policymaking:

1. Experiencing far **more policy change** than it has in years past
2. An **increase in the power of the government** (given that it **controls the agenda**, in a system where the number of **veto players decreases**)

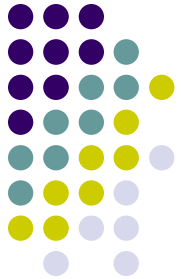
The consequences of the Constitutional reform

Consequences for constitutional revision:

In Italy **constitutional revisions** may occur via two-third majorities in both chambers of the legislature, or by simple majorities plus a referendum

Under the proposed reforms, the Senate would have been elected in a **method far different** from the lower chamber of the legislature: Senators indirectly elected through regional councils

The consequences of the Constitutional reform



Consequences for constitutional revision:

Likely consequence: the difference in electoral make-up of the upper and lower chambers would have increased the **distance** between these two constitutional veto players

As a result, **constitutional change more** difficult in Italy, increasing the rigidity of an already rigid constitution

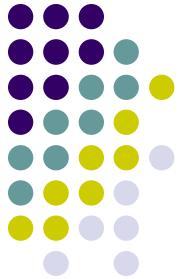
The consequences of the Constitutional reform

Consequences for institutional balance of power:

Balance of power between the legislature and judiciary (and bureaucracy…)

While the reform would have decreased the **statutory interpretation power of the judiciary**, they would have amplified the courts' power in **constitutional interpretation**

The consequences of the Constitutional reform



The statutory interpretation power of the judiciary:

If judges (and/or other veto players) hold the power to interpret existing statutes, they can move the status quo unilaterally, and then wait for the legislature to respond

As a consequence, the **power of a judge to move policy** increases with the **size of the legislative core**. Why that?

The **larger the core**, the larger the number of status quo relocations to which the legislature will be **unable to respond**

The consequences of the Constitutional reform

Assume (see Fig. 5a) for a moment that there are three legislative veto players such as 1, 2, 3

Assume also that **J** and **K** represent statutory interpreters (namely, judges)

Remember: a legislative override is not possible against any points inside of the core

The consequences of the Constitutional reform

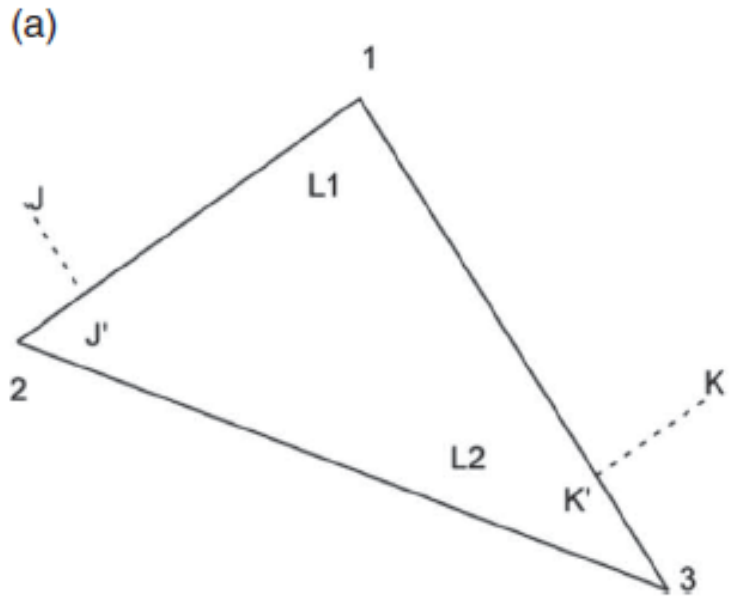


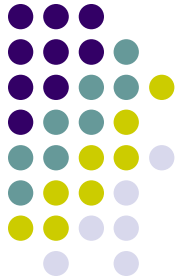
Figure 5 Policy selection by judiciary within legislative and constitutional cores. (a) Policy selection by first movers (judges) within legislative core, (b) policy selection by judges within legislative and constitutional core.

The consequences of the Constitutional reform

You can have two different possibilities

1. the judge's ideal points **J** and **K** are **outside the legislative core**, and they select the closest core point to them (J' and K', respectively). **Despite the fact** that these two choices are significantly different from each other, the legislative veto players are incapable of changing either of them
2. the judge is located **inside the legislative core**, but changes her mind and moves from point L1 to point L2. Since her ideal point is inside the core, she can select it. Here again, the legislative veto players can do nothing to stop her

The consequences of the Constitutional reform



Of course if the **core shrinks** thanks to the elimination of one institutional veto player, then the **power of a judge to move policy** decreases!

Still, while the proposed constitutional reforms would decrease the judiciary's statutory interpretation power, they would increase the courts' power in another realm: **constitutional interpretation**

The consequences of the Constitutional reform

The courts' power in constitutional interpretation:

Once again the triangle 123 represents the legislative core, and actors **J** and **K** are the 'first movers' (judges in our case, though they could also be bureaucrats)

Now you have a new veto player (see Fig. b), actor 4, that represents the additional approval needed for constitutional revisions – i.e., additional approval in the legislature (up to two-thirds of now much more ideologically different two-chambers)

With the addition of 4, the core grows – now encompassing the quadrilateral 1234!

Which consequences?

The consequences of the Constitutional reform

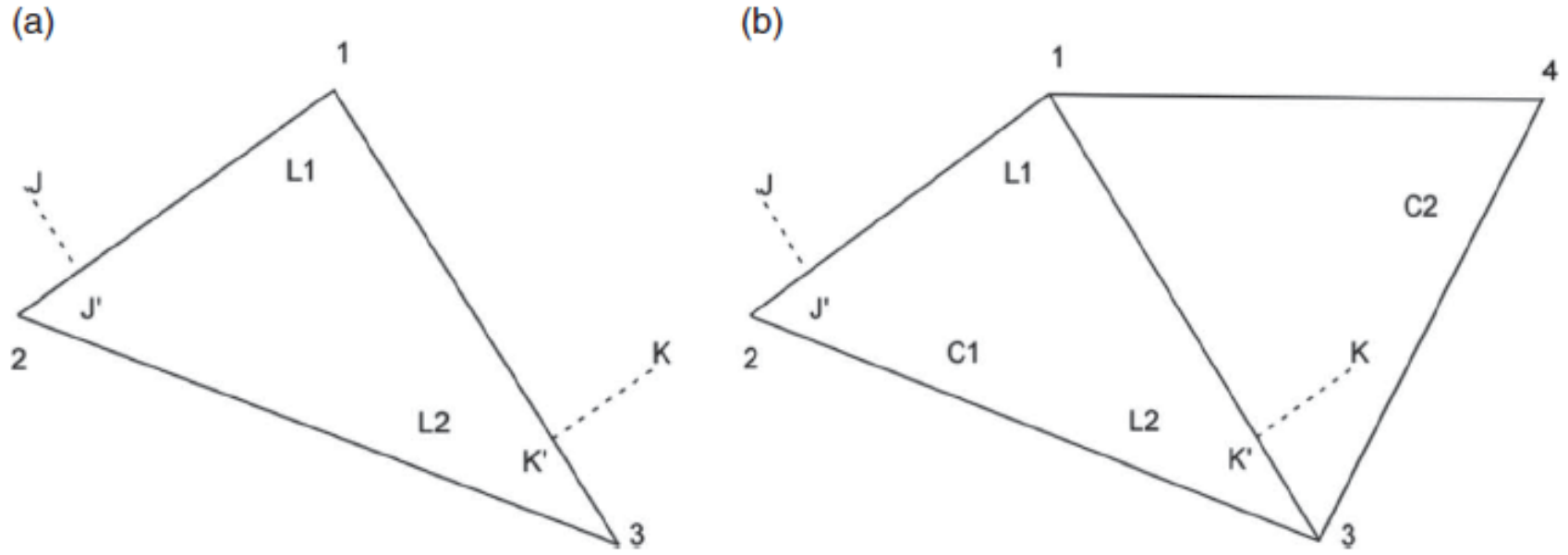
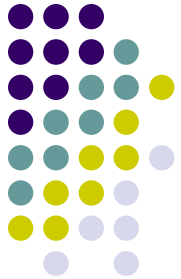


Figure 5 Policy selection by judiciary within legislative and constitutional cores. (a) Policy selection by first movers (judges) within legislative core, (b) policy selection by judges within legislative and constitutional core.

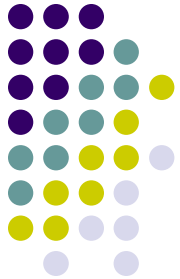
The consequences of the Constitutional reform



J and **K**'s **power of interpretation increases**: instead of having to project her ideal point onto the perimeter of 123, **K** (for example) may now select her ideal point

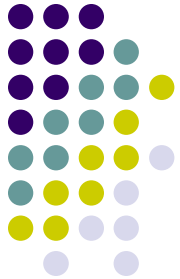
And on **constitutional issues** the preferences of the Court may shift from C1 to C2 (or conversely) without the possibility of reaction by the political system (constitutional revision)

As before, when the size of the core increases, the ability of the legislature (and/or other veto players) to overrule a court's decision decreases – ultimately **empowering the courts**



Veto Players Theory and coalition formation

Veto Player Theory and coalition formation

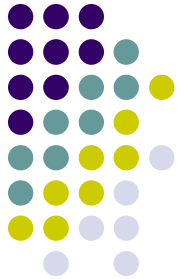


The VP Theory does not say anything per-se on the **formation of a cabinet**

It is mainly interested in explaining the degree of policy (in)stability given a particular configuration of veto players (being them part of a cabinet or not)

However, if parties participate in government because they are **interested in policies**, and if each of them (as already discussed) is a veto player on cabinet's action, then…

Winset, unanimity core and policy stability

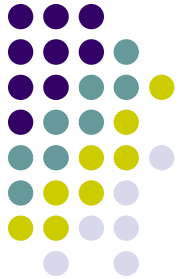


VP (possible) implications for cabinet stability

A cabinet with a small W(SQ) or a large Unanimity Core is expected to **survive** less than under different situations. Why?

Cause it will be **unable** to effectively implement its program and/or to **react** to sudden exogenous crisis, given that it has a relative lower number of viable alternative for policymaking

Veto Player Theory and coalition formation



VP (possible) implications for cabinet participation

Moreover, if parties are interested in policymaking, they will have an incentive to increase the winset of the SQ (or to decrease their unanimity core), cause by doing this they increase the number of alternatives they have for policymaking

For doing that, coalition partners have **to minimize** the ideological distance among them (and/or the number of cabinet parties, as long as they are not absorbed…)