POL 220: The American Presidency
Quantitative Reasoning Lesson on Veto Bargaining

Learning Goals:

1. Knowledge and conceptual understanding:
Students will draw a unidimensional continuum, correctly graph data points on this continuum, and calculate the distances between points.

Specifically, students will draw a unidimensional continuum (line) representing amounts of spending on a policy or sets of policies. Students will graph each actor's stated preference for spending (ideal point) on the line, as well as the reversion point for the policy (the amount of spending that results from Congress and the President not passing a new law).

2. Thinking and other skills:
Students will compare distances between sets of data points and use those calculations to explain the decisions made by different actors.

Specifically, students will compare the distances between the President, Congress, and the policy reversion point to explain why the President did or did not carry out a veto threat. Additionally, students will suggest ranges of spending on the graph representing points of compromise between the President and Congress that could have avoided a veto.

3. Attitudes, values, dispositions and habits of mind:
Students will develop the habit of representing data graphically and supporting their conclusions with visual representations of quantitative information.

Specifically, students will be presented with additional veto threat scenarios without the graphing prompts to see whether they use similar graphing procedures to answer the questions. Beyond this particular assignment, students will have lessons and assignments that involve decision making using graphs in other units of the course (e.g., elections).

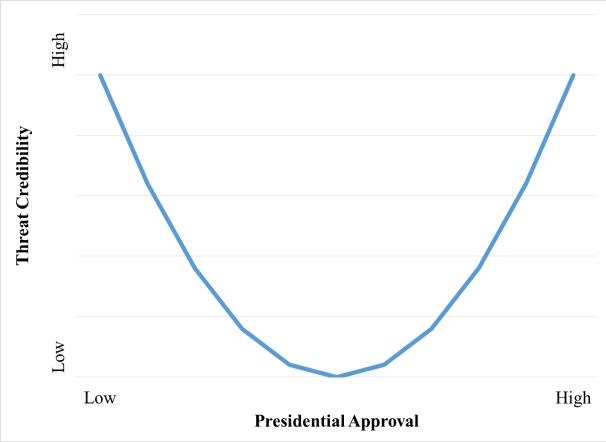
Lesson:

This lesson is on understanding veto bargaining: the president's use of veto threats to extract policy concessions from Congress. At the foundation of the bargaining relationship between the president and Congress is the fact that if the president disapproves of the policy passed by Congress, the president can veto the bill. Congress can attempt to override the veto, but the chances of two-thirds of the House and Senate agreeing to override are very small. Due to the low probability of overriding a veto, when the president threatens to veto, it is usually in Congress' best interest to bargain with the president ***only if the threat is credible***.

Several political factors contribute to threat credibility. To summarize, these are:
(1) Whether the threat is made publicly: we only usually know about public threats (for example, as issued by the White House Press Secretary during a press briefing), but most threats are private. Public threats tend to be seen as more credible because of the implications for the president's public reputation.

(2) Term limited president: threats made by term limited presidents are seen as more credible because these presidents are not as concerned with vetoes that could be considered unpopular.

(3) Presidential approval: the relationship with threat credibility is thought to be curvilinear. Threats are seen as credible from very popular presidents, because they have enough popularity to survive an unpopular veto, and very unpopular presidents, because they have little to lose similar to term limited presidents. If we graphed this relationship with approval on the x-axis and threat credibility on the y-axis, the relationship between would look "U" shaped:



(4) Policy-based factors: veto threats are seen as more credible when they are issued in policy areas in which the president has expertise.

Beyond these political factors, some important work on veto bargaining has examined the relative preferences of Congress and the president using spatial modeling to determine whether veto threats are credible or not. These examinations work very well when policy preferences can be measured using preferred levels of spending on the policy.

In the most basic sense, we can measure preferred outcomes (like amounts of spending), using a single horizontal axis (line). By convention, we label the left extreme as "Liberal" and the right extreme as "Conservative." In order to assess the credibility of a veto threat, we graph three points:

(1) We place Congress' ideal point (most preferred position) on the line, labeling the point "C."

(2) We place the president's ideal point on the line, labeling the point "P."

(3) We graph the "status quo," which is what the policy will be if nothing happens (either no bill is passed or a bill is passed and vetoed), labeling the point "SQ." This is also called the policy

reversion point since it is the position/level of spending that the policy reverts back to if nothing happens.

Once these three points are graphed, we have some general rules that help us understand when threats are credible.

(1) First, **distance matters!**

(2) Second, a veto threat is credible if the president is closer to the status quo than the president is to Congress.

(3) Third, and by extension of the second rule, if the president and Congress are on opposite sides of the status quo, the threat is credible.

(4) Fourth, if the president is closer to Congress than the president is to the status quo, the threat is not credible.

(5) Fifth, if the president's veto threat is credible, and Congress and the president are on the same side of the status quo, it is in Congress' interest to move the policy close enough to the president that the president will prefer the policy to the status quo (this is bargaining).

The following are several examples of these principles in practice. The first four scenarios are hypothetical. The fifth scenario is drawn from a real-world example.

Examples

Scenario 1:

```
Liberal  <--------C-----X----P----SQ--------->  Conservative
                  11----5----0----5  Dist. From P
```

The president is 5 spaces away from the SQ and 11 spaces away from Congress. Veto threat (VT) is credible and the compromise will be somewhere in the shaded region. The best Congress can achieve is point X. The president is 5 spaces away from SQ and 5 spaces away from X. This means the president is indifferent between the two points (SQ and X are equally preferable to the president). Of the points in the shaded region, X is closest to Congress' position.

Scenario 2:

```
Liberal  <--------SQ-------C-------P--------->  Conservative
                  17-------8-------0  Dist. From P
                   9-------0-------8  Dist. From C
```

The president is 17 spaces away from the SQ and 8 spaces away from Congress. VT is not credible and the final bill will probably be exactly what Congress wants. Although, a strong president could bargain for something closer to his ideal point since Congress is closer to the president than SQ.

Scenario 3:

```
Liberal  <--------C--------SQ------P---------->  Conservative
                  17-------8-------0  Dist. From P
```

The president is 8 spaces away from the SQ and 17 spaces away from Congress. Furthermore, the president and Congress are on opposite sides of the policy. VT is credible, but Congress would not be willing to bargain with the president. Anything "better" for Congress is worse for the president than SQ. Anything better for the President, is worse for Congress. The end result will likely be no bill passed or a veto.

Scenario 4:

```
Liberal  <--------SQ-------H---------S-----P--->  Conservative
                  17-------8-------0        Compare H & S
                  23-------14-11---------0  Dist. From P
```

This scenario includes the House and Senate separately. In negotiations, Congress is likely to pass a bill close to, if not exactly, what the House wants. The House is closer to SQ than the Senate and, therefore, has the stronger bargaining position in congressional negotiations. A compromise is possible with the House meeting the Senate no more than half the distance between them. The bill presented to the president will be in the shaded region and VT would not be credible. Whether the final bill is 11 or 14 spaces away from the president, it is better than SQ, which is 23 spaces away.

Scenario 5:
In June 2015, the Republican-controlled Congress took up consideration of an appropriations bill to fund the Department of Defense in the next fiscal year (starting 10/1/15). The bill Congress is considering would appropriate $577 billion to Defense, which is roughly $10 billion more than defense spending for this fiscal year. President Obama has threatened to veto this bill, looking for the Defense budget to increase to roughly $610 billion.

Note that on the line that follows, each space is $2 billion.

First, place Congress at $577 billion. **Next**, place the President at $609 billion. **Next**, place the status quo at $567 billion ($10 billion less than Congress' ideal point). **Finally**, note the distances between the President and Congress, Congress and the status quo, and the President and the status quo.

```
Liberal       <-----------------P---------------C----SQ--> Conservative
More spending                  ^               ^    ^     Less spending
                             $609B           $577B $567B
Distances:                     |-----$32B------|$10B|
                               |----------$42B------|
```

Based only on requested amounts of spending, President Obama's veto threat is not credible. President Obama's preference is for $42 billion greater than the status quo. Congress' preference is for $10 billion greater than status quo. The amount that Congress wants to spend ($577 billion) is closer to what the President wants than if no bill is passed (or if Congress' bill is vetoed) and the Department of Defense is funded at the same level as now ($567 billion).