Interbranch Negotiations over Policies with Multiple Outcomes

William G. Howell University of Chicago
Saul P. Jackman Vanderbilt University

Whereas presidents represent the entire nation, members of Congress serve districts and states. Consequently, presidents and members of Congress often disagree not only about the merits of different policies but also about the criteria used to assess them. To investigate the relevance of jurisdictional—and by extension criterial—differences for policymaking, we revisit classic models of bargaining under uncertainty. Rather than define uncertainty about the mapping of one policy into one outcome, as all previous scholars have done, we allow for every policy to generate two politically relevant outcomes, one local and another national. We then identify equilibria in which the president's utility is increasing in the value that a representative legislator assigns to national outcomes. As an application of this theory, we analyze budgetary politics in war and peace. We find that during periods of war, when members of Congress assign greater importance to the very same national outcomes that preoccupy presidents, congressional appropriations more closely reflect presidential proposals.

Public policies can have varying effects for different political jurisdictions: what is good for one constituency might be bad for another. When this happens, political disputes extend beyond *which* individual outcomes politicians most prefer to include *how* politicians prioritize among these outcomes. This is particularly apparent when bargaining occurs across the various branches of government. Presidents, after all, serve the nation as a whole, whereas members of Congress serve districts or states. Hence, presidents and members of Congress can be expected to disagree about policies that differentially affect their respective constituencies, even when these same presidents and members of Congress agree about the ideal outcome for each constituency.

Such observations are not new. Statesmen have long recognized the distinct perspective that presidents hold in our system of government. It figured prominently in the original constitutional debates over the construction of a separate executive branch, convinced early twentieth-century Progressive reformers that the president alone could harness the powers of the federal government to meet the distinctly national challenges of the day, and regularly appeared in presidents' own justifications for actions both contemplated and taken. As Woodrow Wilson wrote in the 1908 Blumenthal Lectures that he delivered at Columbia University, the president "is the only national voice in affairs. . . . He is the representative of no constituency, but of the whole people" (68).

In addition to their unique vantage point, presidents retain substantial informational advantages over the legislators with whom they must bargain. Scholars have written at some length about presidents' and their subordinates' superior knowledge about public policy generally and the national implications of policy in particular (Canes-Wrone, Howell, and Lewis 2008; Dahl 1950; Schlesinger [1973] 2004). According to Gailmard and Patty, information serves as the "lifeblood of executive branch action," and as a result, presidents have access to "information to which Congress and outside observers are not privy"(2012, 8, 9).

This article, therefore, is hardly the first to recognize that presidents assign greater importance to and collect superior information about the national implications of public policy than do members of Congress. It is the first, however, to characterize the specific implications of these differences for interbranch negotiations. To wit, we revisit the bargaining models that build upon Crawford and Sobel (1982). In these models, players' utilities are defined

William G. Howell is Sydney Stein Professor in American Politics, University of Chicago, 1155 E 60th Street, Chicago, IL 60615 (whowell@uchicago.edu). Saul P. Jackman is Postdoctoral Fellow, Center for the Study of Democratic Institutions, Vanderbilt University, PMB 505, 230 Appleton Place, Nashville, TN 37203-5721 (saul.p.jackman@vanderbilt.edu).

American Journal of Political Science, Vol. 57, No. 4, October 2013, Pp. 956–970

 DOI: 10.1111/ajps.12027

over outcomes rather than policies, but a priori the precise mapping of policies into outcomes is unknown, and the acquisition of expertise about this mapping process is costly. Uniformly, the existing versions of these models posit uncertainty about the mapping of one policy onto one outcome. We, by contrast, allow for a policy to generate two politically relevant outcomes (one is local in scope; the other is national) over which each player's utility is defined, albeit not necessarily equally.

The main comparative statics of previous bargaining models carry over to ours. Hence, for example, outcomes more closely approximate the proposer's (in our case, the president's) preferences as uncertainty increases. Even after fixing this parameter, however, we are able to derive conditions under which outcomes more closely adhere to the president's preferences. In particular, we find that the president can achieve greater success as Congress (in the form of a representative legislator) assigns greater importance to national outcomes (about which presidents have expertise) and less to local outcomes (about which they may not).

Our model has wide applicability. It suggests, for instance, that foreign policies or policies that attract attention from the national media will, on average, better reflect the president's preferences than will purely domestic policies or policies that attract attention only in local media markets. The former, after all, are primarily judged on the basis of their national implications, whereas the latter evoke stronger parochial interests. Similarly, those members of Congress who care more about national outcomes (e.g., party leaders or individuals who plan to run for president) will, on average, be more likely to vote with the president than those members who remain firmly ensconced in their districts or states.

In this article, we investigate another possibility: that congressional appropriations better reflect presidential preferences during periods of war than during periods of peace. A substantial body of scholarship recognizes that major wars have the potential to increase the salience of national considerations, just as they temper parochial interests (for a review, see Howell 2011). If true, and if our model's key prediction is correct, then differences between proposed and final appropriations should attenuate during times of war. Estimating a wide array of statistical models, disaggregating the data in various ways, and specifically accounting for the possibility of strategic proposal making by the president, we provide evidence that they do.

This article proceeds as follows. The first section summarizes the relevant theoretical work on bargaining under conditions of uncertainty. The second section introduces our model, solves for one equilibrium, and identifies key comparative statics. The third section applies the theoretical predictions of our model to budgetary data. The final section identifies applications to other empirical literatures and suggests theoretical extensions.

Existing Models of Interbranch Bargaining

Over the last 30 years, an extensive literature has explored how politicians bargain over policies that produce uncertain outcomes. This work specifies precise conditions under which individuals will acquire expertise about the connection between policies and outcomes, and then demonstrate how they use this expertise to their advantage in communications with others who may not share their preferences. Building off the core insights of Crawford and Sobel (1982), political scientists have constructed signaling models that investigate these communications within a wide range of strategic political environments, including committee-floor relations within Congress (Gilligan and Krehbiel 1987, 1990; Krehbiel 1992), agency oversight across the legislative and executive branches of government (Callander 2008; Huber and Shipan 2002), civil service reform (Gailmard and Patty 2007), and political debate more generally (Austen-Smith 1990).

For our purposes, three characteristics of this work warrant attention. First, and as others (e.g., Callander 2008; Hirsch and Shotts 2008) have pointed out, existing models too easily convert laypersons into experts. Under the canonical specification in which outcomes are expressed as the sum of policy and a constant stochastic shock, once a layperson learns how one policy relates to an outcome, she can infer the outcome of any policy—a feature of the mapping function understood as "full invertibility." As a result, the first mover in a game will have no incentive to signal detailed information to the layperson because the layperson will simply appropriate the information in order to shift the policy to one that produces her ideal point.[1]

Second, all of the models on offer require that each policy instrument generates one, and only one, outcome. When modeling bargaining between political actors who share the same jurisdiction, such as city council members, this simplifying assumption may be warranted. It is less defensible, however, when examining bargains struck between political actors with markedly different

[1] In these models, the first mover may convey his information noisily through partitions, in which case the layperson shifts policy to the best available option given the information revealed.

constituencies, such as presidents and members of Congress. Policies, after all, routinely yield outcomes for a particular district or state that look quite different from the outcome for the nation as a whole. Reducing steel tariffs, cutting farm subsidies, or increasing insurance regulations may benefit the country as a whole while also hurting local economies in Pennsylvania, Kansas, and Connecticut. Conversely, federal grants and aid may materially improve lives in specific communities without having much of an impact at all on the national welfare.

Third, by construction, the existing models assume that each policy outcome is equally salient for all political actors. But as soon as we allow policies to generate multiple outcomes, we confront the possibility that political actors value these outcomes differently. This is a particularly salient feature of negotiations between presidents and members of Congress. For as Lewis and Moe (2009, 371, 370) observe, because they are "national leaders with a broad, heterogeneous constituency, presidents think in grander terms than members of Congress," who themselves tend to evaluate policy "on the special (often local) interests that can bring them security and popularity in office."

Theory

Our model addresses the three limitations that characterize recent theoretical work on information acquisition and signaling. First, following Callander (2008), we incorporate a mapping function that has the desired properties generated by partial and proportional invertibility—that is, a function that offers some insurance to a layperson against uncertainty when an expert proposes a single policy; and that the amount of uncertainty that a layperson confronts increases in the extent to which she deviates from the expert's proposal. Second, we allow for a single policy to generate two outcomes: one of which concerns national affairs, the other local. Third, and finally, we allow politicians to disagree about the importance of these outcomes. With these three modifications, our model simultaneously supports equilibria in which one player will invest in expertise even when the other can amend his proposal and demonstrates that presidential bargaining success can increase even when ideal points are held constant.

Setup

The game consists of two players—a president and a representative member of Congress.[2] Hence, $I = \{P, L\}$, where P identifies the President, and L identifies the Legislator with whom he bargains. In the game, the President and Legislator interact with one another to select a policy $p \in [0, 1]$. This policy exists on a one-dimensional line, which can be thought of as denoting liberalism and conservatism (with values on the left indicating a liberal policy and values on the right indicating a conservative policy) or monetary commitments (with larger values indicating more expensive policies). We assume that policy is bounded between 0 and 1 for mathematical clarity, but in principal, the policy space should be thought of as including all possible policies.[3]

Each policy p results in both a national political outcome $x_1 \in [0, \mu_1]$ and a local political outcome $x_2 \in [0, \mu_2]$. Like the policy itself, each of these outcomes exists on a one-dimensional line. The mapping function from policy to national political outcome is ψ_1, such that $\psi_1(p) = x_1$. Likewise, the mapping function from policy to local political outcome is ψ_2, such that $\psi_2(p) = x_2$. Thus, each policy p produces a pair of relevant outcomes (x_1, x_2) for the players in the game. Both the President and Legislator have preferences over each of these outcomes, though, as we will see later, their utility need not weigh the two outcomes equally. The President's most preferred outcomes are denoted (x_1^P, x_2^P) while the Legislator's most preferred outcomes are denoted (x_1^L, x_2^L). To simplify notation, the Legislator's most preferred outcomes are normalized to $(0, 0)$. Consequently, (x_1^P, x_2^P) can be thought of as the Euclidean distance between the President's and the Legislator's most preferred outcomes.[4]

Each player may pay a cost $c_j \geq 0$ to acquire expertise about the outcome j produced by policy p. To allow for the possibility that the President and Legislator may pay different costs to acquire expertise, we denote c_1^P and c_2^P as the costs the President must pay, and c_1^L and c_2^L as the costs the Legislator must pay.

[2]The characterization of Congress as a unitary (representative) actor is made to increase the tractability and ease of exposition of the model. This assumption should not affect the analysis when the study focuses on the president's ability to extract policy concessions from Congress as a whole. If the emphasis of the study were on pork allocation to particular districts (i.e., within-Congress negotiations), scholars would do well to characterize Congress as consisting of multiple players.

[3]Keeping all policies between 0 and 1 ensures that a proportionally invertible signal from P will always reduce the uncertainty cost of any proposal relative to the uncertainty cost if neither P nor L had expertise. We will elaborate this point when we introduce the mapping function.

[4]Because the model maps a single policy into two-dimensional space, it may not be possible to realize some combinatory outcomes. Fortunately, by setting the Legislator's ideal point at the origin, we ensure the existence of a single policy that will generate her most preferred outcomes.

The game begins with the President deciding whether to acquire expertise on how policies translate into national and/or local outcomes. The President may choose to acquire expertise on one, both, or neither mapping function. In a slight abuse of notation, $S_P = \{A_1, A_2, B, \emptyset\}$, where A_1 indicates the President has acquired expertise on how policies translate into national outcomes, A_2 indicates the President has acquired expertise on how policies translate into local outcomes, B indicates the President has acquired expertise on how policies translate into both national and local outcomes, and $\emptyset$ indicates the President has not acquired any expertise. After choosing whether or not to acquire expertise, the President then proposes a policy $p^P \in [\psi^{-1}(0), \psi^{-1}(x_1^P)]$; that is, a policy that will produce an outcome between the Legislator's ideal outcome (0) and the President's ideal outcome (x_1^P).[5] In total, the President's strategy set is characterized as: $S_P = \{A_1, A_2, B, \emptyset\} \times \{p^P \in [\psi^{-1}(0), \psi^{-1}(x_1^P)]\}$.

The Legislator observes the President's actions (whether the President acquired expertise, and the President's proposal p^P). She then chooses whether to invest in acquiring expertise on how policies map onto local and/or national outcomes. Subsequently, she enacts a new policy $p^L \in [0, 1]$. Thus, the Legislator's available actions are: $\{A_1, A_2, B, \emptyset\} \times \{p^L \in [0, 1]\}$. Since the game is sequential, the strategy set for the Legislator is a mapping function from each action of the President to a set of actions of the Legislator: formally, $S_L = f : \{A_1, A_2, B, \emptyset\} \times \{p^P \in [\psi^{-1}(0), \psi^{-1}(x_1^P)]\} \rightarrow \{A_1, A_2, B, \emptyset\} \times \{p^L \in [0, 1]\}$. The enacted policy p^L yields an outcome (x_1, x_2), and payoffs are realized.

The President, we postulate, cares only about the national political outcome.[6] Hence, as the gap between the President's preferred national outcome and the actual national outcome increases, the President's utility decreases, which is captured by the expression $-(x_1^P - x_1)^2$. Because the President's utility is unaffected by the distance between his preferred local outcome and the actual local outcome, the only other relevant portions of the President's utility function are the costs he may have paid to acquire expertise on how policies translate into outcomes. The President's utility, then, is given by: $U_P = -(x_1^P - x_1)^2 - \mathbb{I}\{S_P = A_1 \cup B\} * c_1^P - \mathbb{I}\{S_P = A_2 \cup B\} * c_2^P$, where $\mathbb{I}\{S_P = A_1 \cup B\}$ is an indicator for whether the President acquired expertise on national outcomes, and $\mathbb{I}\{S_P = A_2 \cup B\}$ is an indicator for whether the President acquired expertise on local outcomes.[7]

The Legislator's utility function is slightly more complicated. Though the President remains preoccupied exclusively with national outcomes, the Legislator cares about both national and local outcomes. Therefore, the Legislator's utility is defined over the distance between policy outcomes and her ideal points along both dimensions—that is, her utility decreases when either $(x_1^L - x_1)^2$ or $(x_2^L - x_2)^2$ increases. We recognize that the Legislator may not value both outcomes equally. Indeed, such an assumption seems unlikely. We therefore introduce a parameter $\lambda \geq 0$ to scale the relative significance of national vis-à-vis local outcomes. Like the President, the other portions of the Legislator's utility function reflect the costs that may have been paid to acquire expertise. The Legislator's utility is given by: $U_L = -\lambda(x_1^L - x_1)^2 - (x_2^L - x_2)^2 - \mathbb{I}\{S_L = A_1 \cup B\} * c_1^L - \mathbb{I}\{S_L = A_2 \cup B\} * c_2^L$, where the first two terms identify the relative losses (weighted by $\lambda \geq 0$) associated with policy outcomes that diverge from the Legislator's national and local ideal points, and the latter two terms identify the costs that may have been paid to acquire expertise about either of the two mapping functions.

Players can only choose policies, but their utilities are defined over outcomes. Before we can derive their optimal strategies, therefore, we first need to characterize how policies translate into outcomes. Depending upon the behaviors of the President and Legislator, policy p^L produces outcome j as follows:

$$\psi_j(p^L) = \begin{cases} \mu_j p^L & \text{if L is an expert on } j; \\ \mu_j p^L + z_j & \text{if neither L nor } P \text{ is an expert on } j; \\ \mu_j p^L + (p^P - p^L) z_j & \text{if L is not an expert on } j \text{ but } P \text{ is.} \end{cases}$$

The mappings of policies onto outcomes, you will notice, vary across different subgames, depending upon the acquisition of expertise and the willingness of a lay Legislator to abide the policy proposal of an expert President. In each case, $\mu_j > 0$ is common knowledge and

[5] We will have more to say about the implications of this restriction later. For now, suffice it to say that this restriction rules out the possibility of strategic proposal making by the President. Note further that the President's ideal outcome, here, is defined along a single dimension. Below, we discuss the reasons for this simplifying assumption and the various ways in which it can be relaxed.

[6] For reasons we discuss later, the key derivations of our model do not depend upon the simplifying assumption that the President solely values national outcomes.

[7] Note that while the President's utility is unaffected by the location of policy along the local outcome dimension, nothing in the model precludes him from investing in the acquisition of expertise about the mapping of both national and local outcomes. For this reason, two cost expressions rather than just one appear in the President's utility function.

represents the sensitivity of outcome x_j to policy p, whereby larger values indicate greater sensitivity.[8] Last, z_j is a stochastic shock, which characterizes the uncertainty of the policymaking environment (more on this below). Players have common knowledge that z_j is a random variable, distributed uniformly with support $[-k_j, k_j]$.[9] The multiplicative combination of $(p^P - p^L)$ and z_j generates the effect of proportional invertibility discussed earlier, for as a lay Legislator's enacted policy deviates farther from an expert President's policy proposal, the uncertainty cost (which both the President and Legislator will incur) associated with the variance of z_j increases.

In three subgames, different mapping functions characterize how policy p produces outcome j. In the first, the Legislator becomes an expert on outcome j, in which case she pays no uncertainty cost, and the mapping function reduces to $\psi_j(p^L) = \mu_j p^L$. This captures the intuition that by acquiring expertise, the Legislator knows exactly what outcome a policy will produce and therefore does not care whether the President's proposal is based on expert information or not, as she will ignore it regardless.

Second, if neither the Legislator nor the President acquires expertise, then the mapping becomes $\psi_j(p^L) = \mu_j p^L + z_j$. This captures the notion that a lay Legislator does not place any stock in the proposal made by a lay President, and as a result, partial and proportional invertibility of the mapping function is lost, and all policies carry an uncertainty cost equal to the full value of the variance of z_j.

Third, and finally, if the Legislator remains a layperson and the President acquires expertise on j, then the mapping function becomes $\psi_j(p^L) = \mu_j p^L + (p^P - p^L)z_j$. By introducing $(p^P - p^L)$, the mapping function becomes partially and proportionally invertible. As $(p^P - p^L)$ increases, the Legislator's enacted policy deviates farther and farther from the President's proposal; and consequently, z_j is being multiplied by a larger number, yielding a quadratically increasing uncertainty cost. Because $p \in [0, 1]$, though, it follows that $(p^P - p^L) \leq 1$, meaning that $(p^P - p^L)z_j \leq z_j$ for all p. In words, the uncertainty cost associated with a proportionally invertible signal from the President can never exceed the uncertainty cost that the Legislator pays when both players lack expertise. Hence, when the Legislator is able to guard against some policy uncertainty, she is always made better off.

Thus far, we have considered the uncertainty cost structures of a single mapping function. Central to our theory, though, is the recognition that policies can generate multiple outcomes, each of which has its own mapping function. If a Legislator acquires expertise about only the local mapping function, she still faces potential uncertainty costs associated with the national mapping function. Provided that the President has acquired expertise about the national mapping function, of course, the Legislator can avoid this uncertainty cost by simply enacting the President's proposal. So doing, though, she may well be enacting a policy that she knows will generate a local outcome that is less preferred. And to the extent that she deviates from the President, she will have to pay an uncertainty cost on the national mapping even as she pays none at all on the local one. Hence, just as the Legislator faces an uncertainty-bias trade-off within each mapping function, so too does she face one across the mapping functions.

Why should the mappings of policies onto outcomes vary according to the expertise of the President and Legislator? The motivating intuition here is simple enough. When either the Legislator is herself an expert or if she enacts policy that perfectly represents the views of an expert President, then she can be expected to write policy that is sufficiently clear and precise so that only a single outcome will be realized. On the other hand, when a lay Legislator tries her hand at writing policy, she unavoidably introduces ambiguities and imprecisions that permit a variety of interpretations and, by extension, a variety of plausible outcomes. But to the extent that she writes policy that reflects an expert President's proposal, the lay Legislator can sharpen the language of a proposal and thereby reduce the range of possible interpretations and, again by extension, the range of resulting outcomes.

In this model, acquiring expertise on outcome j does not reveal the true value of z_j to player i. Rather, acquiring expertise affects the indicator function attached to z_j, so that the effect of z_j on a policy outcome is eliminated. In this sense, the acquisition of expertise constitutes the purchase of insurance against uncertainty rather than the translation of uncertainty into certainty. Hence, z_j itself can be thought of as a lottery that captures the uncertainty associated with a policy for laypersons. Players, under this formulation, do not update their beliefs about z_j. Rather, by becoming experts, players no longer play the lottery associated with z_j when selecting a policy.

Because this is a game of complete information, the equilibrium solution concept is subgame perfection.

[8] In future work, one might consider a model wherein $\mu_1 > 0$ and $\mu_2 < 0$, which would make gains in national outcomes unavoidably entail losses in local outcomes.

[9] We assume a uniform distribution for mere mathematical simplicity. There is no reason to believe that the key comparative statics will change under alternative distributional assumptions.

Equilibrium Analysis

Depending on the values assumed by the parameters x_j^P, μ_j, k_j, c_j^i, this game supports multiple equilibria. Here, we focus on one wherein the President invests only in national expertise (and therefore has no additional knowledge about local outcomes) and proposes a new policy, and then the Legislator invests only in local expertise (and hence has imperfect knowledge of national outcomes) and enacts a new policy. In this section, we outline the conditions needed to sustain this equilibrium and identify the resulting policy outcomes.

Theorem 1. *For sufficiently large c_1^L and sufficiently small c_2^L and c_1^P, an equilibrium exists wherein the President acquires expertise on only national outcomes and proposes a policy that produces either his ideal national outcome or, under select circumstances, the Legislator's. The Legislator then acquires expertise on only local outcomes and enacts a policy that either is closer to her ideal point (in the case when the President proposes his ideal point) or that perfectly matches the President's proposal (in the case when the President proposes her ideal point).*

Proof. See online Appendix A.

In order for this equilibrium to hold, two conditions must be met. First, given that the President has learned how policies translate into national outcomes and made a policy proposal to the Legislator, the Legislator must prefer over all other available options to learn how policies translate into local outcomes, to forsake the opportunity to learn how policies translate into national outcomes, and then to enact a new policy. This condition is satisfied when c_1^L is sufficiently large and c_2^L is sufficiently small. Second, knowing what the Legislator will do in response to each of the President's strategic options, the President must prefer over all his other options to learn how policies translate into national outcomes (but not local outcomes) and to make a new policy proposal. This will be true when the cost to the President of acquiring expertise on national outcomes (c_1^P) is sufficiently small.

Notice that this equilibrium supports two sets of actions by the President and Legislator. In the first, the President proposes the policy that induces his exact ideal point, $p^P : \psi_1(p) = x_1^P$, which the Legislator then amends to some value $p^L \leq p^P$. Consider, though, the case where p^L generates the outcome $x_1^L = 0$. In this instance, the Legislator amends the President's proposal to such a degree that the outcome, in expectation, generates her own ideal point. Given that this is her optimal strategy, however, the President would be better off just setting policy exactly at her ideal point and thereby eliminating the uncertainty cost of having a layperson set policy. As a result, there exists a basic threshold at which the President shifts from proposing his ideal point to proposing the Legislator's ideal point.[10] As a result, when concessions occur, they amount to capitulation.[11]

Other equilibria can be derived from the model. For the most part, though, such equilibria rely on parameter values that seem implausible—for instance, that the Legislator's costs of acquiring local expertise are greater than those of acquiring national expertise; and, further, that the cost to the Legislator of acquiring national expertise is lower than the cost to the President of doing so. Moving forward, therefore, we focus on the comparative statics of this particular equilibrium.

Comparative Statics on λ

In our model, presidential success is characterized as the distance between the President's ideal policy ($p^P = \frac{x_1^P}{\mu_1}$) and the Legislator's enacted policy (p^L). We denote this distance $\Theta^* = \frac{x_1^P}{\mu_1} - p^L$. Taking the partial derivative of Θ^* with respect to λ, we find that presidential success weakly increases as the Legislator attaches greater importance to national outcomes relative to local outcomes.[12] When the inequality in Theorem 1 does not hold, and the president capitulates to the Legislator, the effect of λ on Θ^* is null. Otherwise, the effect is strictly decreasing.

Alternative Characterizations of the President's Utility. It is possible to recover the key comparative static with respect to λ in a model that relaxes the strong assumption that local outcomes do not figure at all in the President's

[10] The exact cutpoint is given by the inequality $(x_1^P)^2 \geq (x_1^P - \mu_1(\frac{\lambda z_1 p^P}{\lambda(\mu_1^2+z_1)+\mu_2^2}) - (p^P - (\frac{\lambda z_1 p^P}{\lambda(\mu_1^2+z_1)+\mu_2^2}))z_1)^2$. When this inequality holds, the President prefers to propose the policy that produces his ideal outcome. If this does not hold, then the President prefers to propose the policy that generates the Legislator's ideal outcome.

[11] Note the importance of our characterization of the mapping function in generating this result. Because of proportional invertibility, the willingness of a lay Legislator to shift policy closer to her ideal point depends upon the policy proposed by an expert President. Hence, just because the President expects a Legislator to enact a policy that is less than his proposal (and thereby incur an uncertainty cost for both parties) does not mean that the President will simply want to propose that policy himself. For doing so would allow the Legislator, in turn, to shift policy even farther way from his preferred outcome. Hence, it is only when the Legislator would enact a policy exactly equal to her ideal point, or sufficiently close that the uncertainty costs incurred by the President outweigh the utility loss associated with just giving the Legislator her ideal point, that the President concedes.

[12] For full proof, see online Appendix A, "Comparative Statics on λ."

utility. Consider, for instance, a model in which both the President and Legislator each have their own λ parameter: λ_P and λ_L, respectively. In this case, the President's utility function would become $U_P = -\lambda_P(x_1^P - x_1)^2 - (x_2^P - x_2)^2 - \mathbb{I}\{S_P = A_1 \cup B\} * c_1^P - \mathbb{I}\{S_P = A_2 \cup B\} * c_2^P$, and the Legislator's utility function would become $U_L = -\lambda_L(x_1^L - x_1)^2 - (x_2^L - x_2)^2 - \mathbb{I}\{S_L = A_1 \cup B\} * c_1^L - \mathbb{I}\{S_L = A_2 \cup B\} * c_2^L$. In this setup, the core comparative static persists as long as $\lambda_P > \lambda_L$. In words, all we need to assume is that, when weighing national outcomes against local outcomes, the President assigns greater importance to national outcomes than does the Legislator.

Sincere versus Strategic Proposal Making. As specified, our model requires the President to only introduce policies in the interior space between his and the Legislator's ideal policy. As a result, the President regularly proposes the policy that produces his ideal national outcome. If we allow the President to propose any policy $p^P \in [0, 1]$, and if we further allow the Legislator to amend any proposal, strategic proposal making can optimally occur. To see this, notice that the President can anticipate the amount by which the Legislator will amend his proposal. This amount, after all, makes the Legislator indifferent between the relative policy losses to be had (which are weakly decreasing in the policy reduction toward her ideal point) and the uncertainty costs associated with deviating from an expert President's proposal (which are strictly increasing in the same policy shift). The President, therefore, has clear incentives to increase his proposal by exactly this amount, so that the Legislator will subsequently amend it back to his ideal point.[13] Moreover, because of the proportional invertibility of the mapping function, the President will rightly anticipate that the Legislator will not amend this more extreme proposal by an even larger amount. For even though the Legislator knows that the President is asking for more than he really wants whenever he proposes $p^P > \psi^{-1}(x_1^P)$, she cannot respond in kind without incurring an even larger uncertainty cost.

By allowing the President to submit any proposal within the entire policy space, the equilibrium identified in Theorem 1 and its associated comparative statics do not entirely unravel. If the Legislator simply commits up front to ignoring any proposal that is greater than the President's ideal point, and that therefore reflects not just any expertise acquired but also his effort to negate the Legislator's subsequent ability to amend this proposal, then our equilibrium is no longer subgame perfect, but it remains a Nash equilibrium, which is sufficient to support our core predictions regarding λ. Moreover, we can recover subgame perfection in this equilibrium by introducing to the players' respective utility functions costs associated with verifiably extreme proposal making, a move that is broadly consistent with the formal literature on "blame-game vetoes" (Groseclose and McCarty 2001) and scholars' widespread recognition of the importance of position taking more generally (Mayhew 1974).

[13] Note that this outcome yields an uncertainty cost that both players must pay. Both players, therefore, would be better off if an expert President proposed his ideal point, which the Legislator enacted into law. Because the Legislator cannot commit to this action a priori, however, this Pareto-improving outcome is not supported in equilibrium.

An Application: Budgetary Politics in War and Peace

Certain events can be expected to change λ and thereby alter congressional support for the president. Some events—such as regional natural disasters—may enhance certain members' concern for their local districts, yielding a lower value of λ and a Congress less disposed to support the president. Other events, though, may have a more uniform effect across legislators and, therefore, may be more amenable to empirical investigation. We consider one such possibility: major military conflicts. A significant body of research underscores the ways in which wars reorient both public and elite opinion around national considerations about security, citizens' shared status as Americans, and the competitiveness of the United States in the international arena (for a review, see Howell 2011). In conjunction, this historical work and our theory predict that policies enacted during war, all else equal, will more closely approximate the president's preferences than those enacted during peace.

Budgets provide an ideal venue in which to explore this possibility. The basic setup of our theory, after all, constitutes something of a distillation of the appropriations process, wherein each year the president proposes and Congress disposes a federal budget. Since the enactment of the Budget and Accounting Act of 1921, the president has been responsible for composing a complete budget proposal, which is submitted to Congress each year, and which initiates the actual authorization and appropriations process. Producing the president's budget is no trivial undertaking. In multiple volumes and thousands of pages, the president's budget identifies funding levels not just for individual agencies but also for individual projects and employees within those agencies. The president then supplements specific requests with extensive policy and legislative recommendations, detailed economic forecasts, and exhaustive accounts on

the performance and finances of federal agencies and programs. When they ultimately get around to crafting a final budget, members of Congress rely upon the president's budget more than any other document for information about operations within the federal government—another fact that is consistent with our model's allowance for informational asymmetries between the branches of government (Schick 2007, 90, 189–93).

Moreover, and as others (e.g., Canes-Wrone 2006) have pointed out, appropriations mitigate a host of problems endemic to empirical work on separation of powers issues. First, and perhaps foremost, budgets help attenuate endogeneity concerns associated with presidential position taking. Unlike the traditional legislative process, the appropriations process does not permit presidents to remain silent on particularly controversial bills or members of Congress to refuse to cast judgment on presidential proposals. Second, with budgets, unlike legislation, we have a reasonably clear and continuous measure of presidential success—and one, moreover, that can be readily compared across policy domains. Third, as others have argued (Fenno 1966), presidents tend to want to give more money to agencies than do legislators, an empirical regularity that lends itself to relatively clean empirical testing. Hence, the more members of Congress wish to accommodate the president's proposal, the smaller the observed differences between proposed and actual appropriations will be. And should members decide to give the president exactly what he wants, these differences will vanish altogether.

Data

We track budgetary proposals and allotments for the same 77 agencies and programs that Kiewiet and McCubbins (1991) analyzed in their work on delegation. In the empirical analyses that follow, therefore, the unit of observation is a particular agency and/or program budget in a particular year. The dataset spans 74 years, from 1933 to 2006 inclusive. In online Appendix B, we provide extensive information about the agencies included in our sample.

In total, we have 3,201 observational units, which is significantly less than the possible number of cases supported by this dataset (77 agencies times 74 years yields 5,698 observations). The cause for the drop-off is threefold. First, in just a handful of instances, budgetary data for a particular agency in a particular year are simply not available. Second, we recognize that in the first year of a president's first term, the official budget proposal comes from the previous president. We therefore drop these observations, limiting the sample to the last three years of a president's first term and all four years of the president's second term. Most commonly, though, an agency-year observation does not exist either because the year precedes the agency's establishment or because the year appears after the agency's merger with another agency, internal division, or outright termination. If an agency's entry and exit from the dataset are plausibly exogenous, then the resulting unbalanced structure of our panel is readily accommodated by our empirical model's fixed-effect specification, which we detail next.

Empirical Strategy

Our dependent variable characterizes discrepancies between proposed and final appropriations for each agency in each year. The distribution of these differences reveals substantial skewness. As our dependent variable, therefore, we take the natural log of the absolute value of the difference between proposed and final appropriations for each agency in each year—that is, $ln(|Prop_{it} - Approp_{it}| + 1)$. Larger values of this variable indicate greater discrepancy between what the president requested and what Congress ultimately granted; smaller values indicate less discrepancy.[14] When interpreting the effects of any particular covariate, positive values indicate an expansion of the difference between proposed and final appropriations, while negative values indicate a contraction.

Though Congress can readily impede executive functioning, it may have a more difficult time either galvanizing existing executive functions or jump-starting altogether new ones. To account for this asymmetry, we consider another dependent variable that continuously measures final appropriations that are lower than the president's proposal but that treats appropriations that exceed proposals as equivalent to ones that exactly meet them—that is, $|Prop_{it} - Approp_{it}| = ln(|Prop_{it} - Approp_{it}| + 1)$ if $Prop_{it} > Approp_{it}$, and zero otherwise.[15]

Our primary independent variable of interest is war, which proxies for the importance of national outcomes (λ). Following other scholars (e.g., Clark 2006; Epstein et al. 2005), we identify major wars as World War II, the Korean War, the Vietnam War, the Gulf War, and the Afghanistan War. To be identified as a war year, the United States must have been at war when appropriations were proposed. Hence, 1941 is not coded as a war year, since the United States did not enter World War II until after

[14]This characterization comports with other spatial models of the budgetary process, including Canes-Wrone (2006), Kiewiet and McCubbins (1988), and Ferejohn and Krehbiel (1987).

[15]Below, we discuss still other plausible characterizations of the dependent variable, none of which generate results that are substantively at odds with our presented findings.

the Pearl Harbor attacks of December 7. Meanwhile, 1991 is coded as a war year, as Bush issued his proposal while the Gulf War remained ongoing, even though Congress set final appropriations after that war had ended. The variable "War" therefore identifies the following calendar years: 1942–45; 1951–53; 1965–73; 1991; 2002–2006 (when our panel ends).

The likelihood that Congress accommodates the president's requests depends upon more than just the presence of peace or war. Most importantly, perhaps, it depends upon just how much money the president requests. At the margin, we expect that Congress will look more favorably upon smaller requests than larger ones. We therefore control for the logged value of the president's proposal for each agency in each year.

Congress's response to the president surely also depends upon the level of political support that he enjoys within its chambers. Presidents who confront congresses with large numbers of ideological or partisan supporters are likely to secure appropriations that more closely approximate their requests than presidents who face off against congresses dominated by the opposition party. Following Kiewiet and McCubbins (1985a, 1985b), we therefore control for the percent of House seats held by the president's party in each year.

We also include three economic indicators: the average unemployment rate during the year when appropriations are proposed and set; the national growth rate since the previous year; and the total budget deficit from the previous year. One might expect that presidents receive greater popular support when the economy is doing well, and further, that the economy might do better in times of war due to increased government spending. By controlling for these three economic indicators, we preclude their ability to bias the effect of war on presidential bargaining success.

All of our statistical models include fixed effects that account for all observable and unobservable time-invariant characteristics of individual agencies and presidents. Identification in the model, therefore, comes from changes in proposals and appropriations within agencies and within presidential administrations. Finally, to account for any serial correlation, we conservatively cluster the standard errors on agencies.[16]

Results

Table 1 presents the estimated impact of war on Congress's willingness to abide by the president's budgetary requests.

[16]When clustering the standard errors on fiscal year rather than agency, the main results reported below carry through entirely.

Table 1 Comparing War and Peace

	Logged Differences	Accounting for Asymmetries
War	−0.300**	−0.495**
	(0.129)	(0.199)
House Seat Share	−2.190***	−3.300***
	(0.744)	(1.074)
ln(Unemployment)	−0.360***	−0.615***
	(0.135)	(0.189)
Real Deficit	0.090	0.305**
	(0.057)	(0.134)
Real GDP Growth	−2.341**	−3.000**
	(1.028)	(1.450)
ln(Proposal)	1.055***	0.982***
	(0.105)	(0.150)
(Intercept)	0.761**	−5.414**
	(1.538)	(2.472)
N	3201	3201
R^2	0.74	0.32
MSE	2.11	3.84

Note: Entries are linear regression coefficients with standard errors shown in parentheses. In column 1, the dependent variable is $ln(|Prop_{it} - Approp_{it}| + 1)$. In column 2, the dependent variable is $ln(|Prop_{it} - Approp_{it}| + 1)$ if $Prop_{it} > Approp_{it}$, and zero otherwise. Though not reported, all models include president and agency/program fixed effects. *** indicates $p < .01$; ** indicates $p < .05$; * indicates $p < .10$, two-tailed tests.

The effect, as expected, is negative, substantively large, and statistically significant. During periods of war, differences between proposed and final appropriations attenuate substantially. Taking the inverse log of the point estimate, this translates into a roughly 26% decrease in the average discrepancy between proposed and final appropriations for our sample of agencies during the period under investigation.

The other variables in the model also behave as expected. Presidents who confront congresses with larger numbers of House copartisans enjoy higher levels of budgetary success than do presidents who must work with larger numbers of partisan opponents—an effect that is substantively large and statistically significant. Congress demonstrates greater accommodation to the president's proposed budget when national growth rates are large and less accommodation when available revenues (as measured by budget deficits) are relatively scarce. Consistent with expansionary fiscal policy during periods of unemployment, presidents also experience more accommodation from Congress when unemployment rates are high. We also find that Congress appropriates monies that more closely approximate smaller budgetary requests

than for larger ones—another effect that is substantively large and highly statistically significant. Finally, the agency and president fixed effects, which are not reported in order to conserve space, are both jointly significant.

General Robustness Checks

As alternative characterizations of the dependent variable, we have estimated models that consider the logged absolute value of the difference between proposed and final appropriations as a percentage of the president's proposal for each agency in each year—that is, $ln(|Prop_{it} - Approp_{it}|/Prop_{it}) + 1)$. We have estimated models with the dependent variable as the raw differences between proposed and final appropriations in columns 1 and 2—that is, as $|Prop_{it} - Approp_{it}|$. We have examined the dependent variable as the proportion of the president's proposal that is enacted into law—that is, $Approp_{it}/Prop_{it}$. In an effort to address the possibility of asymmetric effects associated with under- and overappropriations, we also have set an upper limit on this proportion at one, such that $y_{it} = Approp_{it}/Prop_{it}$ if $Approp_{it}/Prop_{it} < 1$, and $y_{it} = 1$ otherwise. And finally, we also have utilized a measure developed by Canes-Wrone (2006) in her study of the impact of public appeals on Congress's willingness to abide the president's budgetary proposals. Canes-Wrone estimates the absolute value of the difference in annual percentage changes in presidential proposals and annual percentage changes in final appropriations—that is, $|((Prop_{it} - Prop_{it-1})/Prop_{it-1}) - (Approp_{it} - Approp_{it-1})/Approp_{it-1})|$. Every one of these alternative specifications furnished comparable results.

We also have explored alternative model specifications, including ones that exclude the president's proposal from the regressors; include the raw value of the president's proposal; include subsets of the economic variables; account for the partisan composition of the Senate as well as (or in lieu of) the House; exclude the substantial number of president and agency-specific fixed effects; control for Stimson's (1999) "public mood" measure; characterize president-Congress disagreements in terms of standard ideal point estimates; and include controls for periods of unified and divided government, election years, public approval of the president, each agency's budget authority from the previous year, and the president's term in office. In nearly every instance, the main results with respect to war hold.[17]

[17]The general results are sensitive to the inclusion of unemployment. When this variable is excluded from models that span the entire time series, the estimated effect of war approaches zero. This finding, however, appears to be an artifact of the historically high unemployment rates during Roosevelt's first two terms in office. When limiting the sample to the post-WWII era, the estimated effect of war remains negative and statistically significant regardless of whether unemployment is included.

As Neustadt (1954) documents in his classic article on budgetary clearance, the president did not immediately assume full control over the proposal-making process the moment that Congress granted it to him in 1921. Rather, the construction of budgetary clearance procedures constituted a work in progress, with the most significant strides being made in 1939, when the Bureau of the Budget was officially recognized as an agent of the president with new, comprehensive oversight powers, and 1947, when James Webb, Truman's new Director of the Budget, overhauled and strengthened budgetary review processes. We therefore reestimated our main models for the post-1938 and post-1946 periods. The recovered estimates associated with war are indistinguishable from those presented in Table 1.

We also have estimated a variety of models designed to account for changes in Congress's propensity to support the president over the course of a war. To the extent that we find any evidence of temporal effects, they suggest that appropriations more closely approximate presidential proposals later in a war rather than earlier. For example, when estimating the same model as shown in column 1 of Table 1 but adding a simple counter for the number of years that had passed since the onset of war, we observe a negative effect that just misses standard thresholds of statistical significance ($p = 0.106$). Other models that include indicator variables for each year of a war, or that isolate only the first year of a war, generate comparable effects. And in no instance do we find any evidence that congressional accommodation is confined to the early stages of a war.

Disaggregating Wars and Agencies

Up until now, we have provided estimates of the average effect of five wars on the budgetary allotments of 77 agencies. In Table 2, however, we distinguish budgets for defense and nondefense agencies. In both instances, and regardless of the particular statistical model we estimate, the effect of war is negative and substantial. Wars have comparable effects on Congress's willingness to abide presidential proposals for defense and domestic agencies alike. Though the estimated effect of war is not always significantly different from zero, none of the separate estimates for defense- and nondefense-related agencies are statistically distinguishable from each other. The other background controls also tend to perform similarly in both defense and nondefense policy.

TABLE 2 Defense versus Nondefense Spending

	Logged Differences		Accounting for Asymmetries	
	Defense	Nondefense	Defense	Nondefense
War	−0.325	−0.308**	−1.710***	−0.193
	(0.207)	(0.154)	(0.591)	(0.185)
House Seat Share	−4.245**	−1.823**	−1.348	−4.268***
	(1.638)	(0.822)	(2.708)	(1.139)
ln(Unemployment)	−0.173	−0.385***	−0.922	−0.425**
	(0.233)	(0.151)	(0.772)	(0.189)
Real Deficit	0.081	0.093	0.503*	0.223
	(0.067)	(0.072)	(0.243)	(0.153)
Real GDP Growth	−6.378	−1.772**	2.398	−4.144***
	(4.952)	(0.968)	(3.469)	(1.523)
ln(Proposal)	1.136***	1.065***	1.705***	0.848***
	(0.147)	(0.121)	(0.496)	(0.143)
(Intercept)	−4.312	−3.251**	−21.825**	−2.540
	(2.771)	(1.784)	(10.167)	(2.336)
N	614	2587	614	2587
R^2	0.77	0.71	0.35	0.30
MSE	1.97	2.15	4.58	3.54

Note: Entries are linear regression coefficients with standard errors shown in parentheses. The dependent variable is $ln(|Prop_{it} - Approp_{it}| + 1)$. Though not reported, all models include fixed president and agency/program effects. *** indicates $p < .01$; ** indicates $p < .05$; * indicates $p < .10$, two-tailed tests.

Though all of these five wars raised the salience of national considerations, they did not do so equally. As discussed in Howell (2011), two of our five wars did the most to alter the terms of interbranch deliberations over domestic policy: World War II and the post-September 11 wars. Although the Korean, Vietnam, and Persian Gulf wars undoubtedly involved massive troop deployments, prolonged military commitments, and sizeable expenditures, they did not do nearly as much to alter the terms of domestic policy debates. Assuming this is right, then our theory suggests that budgetary appropriations during World War II and the post-September 11 wars, which we shall call the "High λ Wars," should even more closely approximate the president's proposals than they do during our other wars, which we refer to as the "Moderate λ Wars."

On this score, Table 3 presents supportive evidence. Columns 1 and 2 replicate the models estimated in Table 1, except this time, we disaggregate World War II and the post-9/11 wars from the Vietnam, Korean, and Persian Gulf wars. So doing, we find that the main effects of both High λ Wars and Moderate λ Wars are negative and statistically significantly different from zero for both characterizations of the dependent variable. Beyond that, though, we also find that these two estimated effects are significantly different from one another. Indeed, the estimated effects for High λ Wars are roughly three to four times larger in magnitude than those for Moderate λ Wars. In column 1, the effects of Moderate λ Wars are statistically distinguishable from High λ Wars at $p = 0.07$, while in column 2, they are statistically distinguishable at $p = 0.03$. This suggests that at least with regard to budgetary politics, the differences observed across wars can be just as significant as those observed between periods of war and peace. The coefficients on each of the control variables, meanwhile, are consistent with the results of Table 1.

TABLE 3 Comparing Types of War

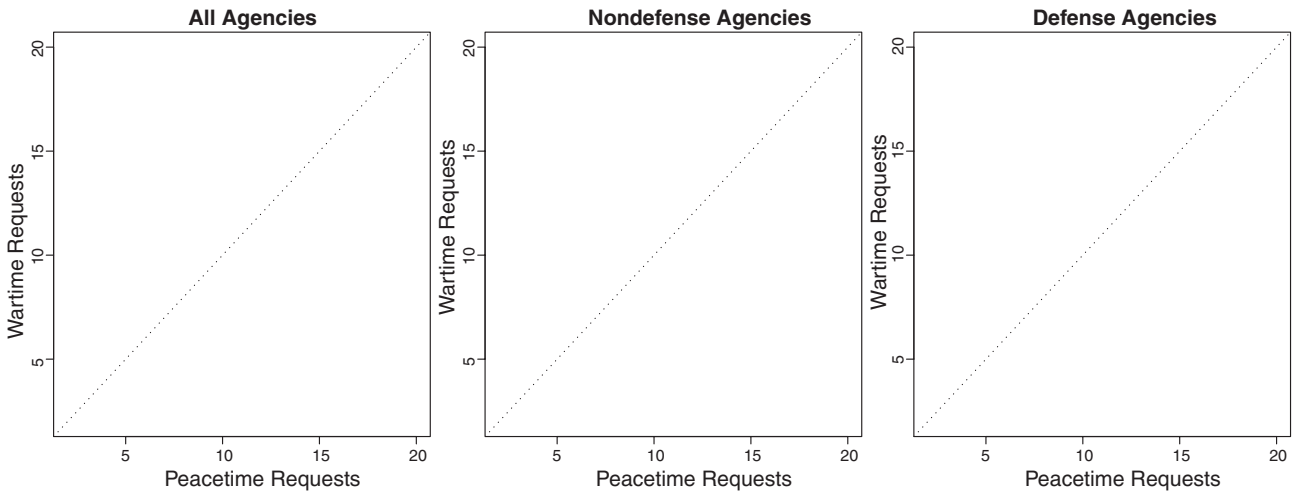
	Logged Differences	Accounting for Asymmetries
Moderate λ Wars	−0.263**	−0.421**
	(0.129)	(0.200)
High λ Wars	−0.854**	−1.600***
	(0.332)	(0.551)
House Seat Share	−2.179***	−3.277***
	(0.744)	(1.075)
ln(Unemployment)	−0.608***	−1.119***
	(0.191)	(0.306)
Real Deficit	0.107*	0.338**
	(0.056)	(0.135)
Real GDP Growth	−2.275**	−2.868*
	(1.036)	(1.476)
ln(Proposal)	1.051***	0.974***
	(0.105)	(0.150)
(Intercept)	−2.496	−4.512*
	(1.575)	(2.482)
N	3201	3201
R^2	0.74	0.31
MSE	2.12	3.84

Note: Entries are linear regression coefficients with standard errors shown in parentheses. In column 1, the dependent variable is $ln(|Prop_{it} - Approp_{it}| + 1)$. In column 2, the dependent variable is $ln(|Prop_{it} - Approp_{it}| + 1)$ if $Prop_{it} > Approp_{it}$, and zero otherwise. Though not reported, all models include president and agency/program fixed effects. *** indicates $p < .01$; ** indicates $p < .05$; * indicates $p < .10$, two-tailed tests.

Strategic Proposal Making in Budgetary Politics

In this subsection, we investigate the incidence of strategic proposal making by tracking budgetary requests for agencies in war and peace years. We then account for the biases that such strategic behavior on the part of the president can introduce by instrumenting on presidential proposals. We do not find any evidence that our core findings are an artifact of strategic proposal making.

FIGURE 1 Presidential Budget Requests during War and Peace



Note: Limiting the analyses to the six presidents (Roosevelt, Truman, Eisenhower, Johnson, Nixon, and George H. W. Bush) who submitted budget requests during times of both peace and war, we calculated the average agency budget requests for each president during peacetime and wartime. The x-axes in the above plots represent presidents' average peacetime requests, and the y-axes represent presidents' average wartime requests. Amounts shown are the logged values of the budget requests in 1983 dollars. Points located above the 45-degree line indicate that a president requested more agency funds during wartime than during peace; points below the line indicate that he requested less.

Who Accommodates Whom? If presidents scale back their proposals during war, particularly those involving domestic agencies and programs, then confidence in our preferred interpretation necessarily erodes. Such behavior, after all, might represent presidential efforts to accommodate a more provident Congress. On the other hand, if presidential proposals remain constant or increase during war, then it is hard to tell a plausible story in which our results derive from heightened presidential accommodation to Congress.

Figure 1 plots the average peace- and wartime proposals for each agency within those presidential administrations for which both observations are observed. The y-axis denotes wartime values, and the x-axis denotes peacetime values. By construction, observations from those presidents who served only in time of peace or war (Eisenhower, Kennedy, Ford, Carter, Reagan, and Clinton) are excluded from the analysis, as they do not contribute anything to our estimates of the impact of war. Most observations for all proposals (far left panel), as well as the subset of defense (middle) and nondefense (far right) proposals, are clustered right around the 45-degree line, indicating a rough equivalence of war- and peacetime proposals. Those that stray, meanwhile, almost always do so above the 45-degree line.

When estimating regressions that posit presidential proposals as a function of war along with agency and president fixed effects, the recovered effect of war is positive and statistically significant. During war, presidents request, on average, 60% more for defense-oriented programs and agencies and 19% more for domestic ones than they do during peace. But when adding to these models the political and economic controls in Tables 1 and 2, the estimated effect of war hovers around zero and does not approach statistical significance.

Presidents do not scale back their wartime budgetary requests. Presidents may even increase them. This fact bodes well for our preferred interpretation, as it suggests that Congress appropriates amounts that better reflect presidential proposals during war than during peace, even though presidential requests, depending on how they are characterized, either remain the same or increase.

Estimates from Instrumental Variables Models. Instead of directly gauging the extent of strategic proposal making on the basis of trends in actual peace- and wartime proposals, in principle it is possible to account for such unobserved behavior within our main statistical models. Following Kiewiet and McCubbins, we instrument proposals on identifiers for first-term presidents and the year of each term during which proposals are made and budgets set.[18] Each of these instruments, it bears

[18]Comparable results are recovered when using either one of the instruments individually.

emphasizing, generates estimates that are substantively large and statistically significant, both individually and jointly. First-term presidents request smaller budgets than do second-term (and in the case of Roosevelt, third- and fourth-term) presidents. And over the course of a single presidential term, presidents request larger and larger budgets.

Because presidents are more apt to recommend cuts in agencies and programs when they first assume office, these instruments also may satisfy the exclusion restriction. Presidents behave this way, after all, because a greater portion of these programs and agencies pursue mandates not of their making and include employees not of their choosing. Irrespective of their expectations about how Congress will receive their proposals, presidents should propose systematically lower proposals in the first year of their first term in office (Schick 2007, 109). Over time, though, presidents have ample opportunities to reorganize and staff their bureaucracy to their liking. Having done so, presidents can be expected to request more spending. Moreover, they do so regardless of their expectations about whether Congress will actually comply, something that we do not observe.[19]

The full complement of results based upon the resulting system of equations is presented in Table 4. The results for the first stage of the system of equations are encouraging. Individually, our instruments are highly significant; jointly, they generate an F-statistic that exceeds conventional norms. Moreover, the pattern of results broadly conforms to our rationale for using these particular instruments. Most importantly, we see in columns 1 and 2 that the estimated effect of war remains large, negative, and statistically significant.[20]

TABLE 4 Strategic Proposals

	Second-Stage Results		First-Stage Results
	Logged Differences	Accounting for Asymmetries	ln(Proposal)
War	−0.302**	−0.494**	−0.102
	(0.130)	(0.199)	(0.065)
House Seat Share	−1.702*	−3.649***	−1.175***
	(1.106)	(1.360)	(0.431)
ln(Unemployment)	−0.323**	−0.641***	−0.209***
	(0.134)	(0.191)	(0.059)
Real Deficit	0.097*	0.301**	0.076***
	(0.057)	(0.136)	(0.022)
Real GDP Growth	−2.622***	−2.796**	0.894*
	(1.015)	(1.392)	(0.476)
ln(Proposal)	1.276***	0.823**	
	(0.224)	(0.350)	
Year 1			−0.271***
			(0.057)
Year 2			−0.109**
			(0.047)
Year 3			−0.059
			(0.043)
First Term			−0.524***
			(0.048)
(Intercept)	−6.209*	−3.078	14.708***
	(3.437)	(5.184)	(0.219)
N	3201	3201	3201
R^2	0.74	0.32	0.93
MSE	2.12	3.84	0.86

Note: Entries are linear regression coefficients with standard errors shown in parentheses. Columns 1 and 2 report the results of the second stage of the two-stage least-squares model, while column 3 reports the results of the first stage of the model. In column 1, the dependent variable is $ln(|Prop_{it} - Approp_{it}| + 1)$. In column 2, the dependent variable is $ln(|Prop_{it} - Approp_{it}| + 1)$ if $Prop_{it} > Approp_{it}$, and zero otherwise. In column 3, the dependent variable is $ln(Prop_{it})$. Though not reported, all models include fixed president and agency/program effects. T_t and Yr_t serve as instruments. The F-statistic for T_t and Yr_t is 23, which satisfies the requirement for strong instruments. *** indicates $p < .01$; ** indicates $p < .05$; * indicates $p < .10$, two-tailed tests.

Conclusion

Policies routinely produce distinct local and national outcomes. This basic fact, we argue, has important implications for policymaking in a system of separated powers. Because presidents represent the country as a whole, whereas individual members of Congress represent a single district or state, interbranch negotiations can be expected to feature disagreements about both the merits of policy alternatives and the relevant criteria by which to evaluate them.

We elaborate a theory that explicitly accounts for these jurisdictional—and by extension

[19] Alternatively, if presidents have greater incentive to pander to public opinion in election years, as some have argued (Canes-Wrone, Herron, and Shotts 2001), and if in pandering presidents propose budgets to which members of Congress more closely adhere, then the exclusion restriction is violated. Two facts, however, temper this concern. First, we do not find any evidence in our models of heightened presidential success in presidential elections. And second, presidents and members of Congress serve altogether different constituencies. Hence, even if they both have incentives to pander, and even if this pandering amounts to more than just across-the-board spending increases, it is not at all clear that presidents and members of Congress will converge on a preferred set of budgetary priorities.

[20] It is worth recognizing, though, that instrumental variables recover only the local average treatment effect of war, not the overall average effect. Since our chosen instruments are not themselves direct measures of presidential preferences, it is possible that estimates based upon them—even if consistent and unbiased—do not speak to Congress's propensity to accommodate the president during periods of war and peace.

criterial—differences. We identify conditions under which presidential influence increases as legislators assign greater importance to national vis-à-vis local outcomes. Further, we find empirical support for this prediction when examining the United States appropriations process. During war—a time when the national outcomes of policy are paramount—congressional appropriations more closely align with presidential requests than they do during peace on both foreign and domestic policy. This finding is robust to a variety of measurement strategies, model specifications, and identification strategies.

Our theory, to be sure, presents a radically simplified characterization of president-Congress deliberations over public policy. As a simplifying assumption, we treat the mappings of a policy onto local and national outcomes as perfectly, positively correlated. Future work might allow for these processes to be imperfectly correlated and then estimate comparative statics on the strength of correlation.

Our theory also leaves out much of the complexity of both the executive and legislative branches. Future work might expand the role of the president by allowing him to either veto legislation or exercise an option to act unilaterally. Likewise, scholars would do well to expand the role of Congress by modeling a legislative branch composed of multiple actors, each representing a single district within the nation. Further, one could introduce features of Congress such as the committee process. Indeed, it seems clear that each added nuance of lawmaking can shed additional light on interbranch negotiations and separation of powers issues more generally. At a minimum, introducing these complexities highlights the fact that, even if Congress writ large serves the entire nation just as the president does, the president should not be thought of merely as the sum of 435 legislators.

Despite its parsimony, our theory supports an eclectic array of implications that extend well beyond war and that align with previously established empirical regularities. It suggests, for instance, that presidents should experience greater bargaining success on policies that centrally concern the nation's welfare and less success on policies that invoke stronger regional considerations. For this reason, we should expect presidents to fare better on foreign policies—noted primarily for their national outcomes—and worse on domestic policies. Though for decades the so-called "two presidencies thesis" attracted a fair measure of controversy (compare, for example, Wildavsky 1966 and Oldfield and Wildavsky 1989), recent research shows that presidents do in fact fare better on foreign policies (e.g., Canes-Wrone, Howell, and Lewis 2008). Also consistent with our model, members of Congress are more supportive of the president's policy agenda on the subset of foreign policy issues with a distinctly national focus (e.g., security) than those issues (such as foreign aid and trade) with stronger regional implications (Milner and Tingley 2010, 2011).

Suppose, further, that the national media and presidents themselves focus their attention on those policies that, by reference to some fixed criteria, evoke stronger national concerns. If true, then we should expect presidents to experience greater congressional deference on these subsets of policies, a finding that is consistent with a large literature indicating that presidents improve their bargaining leverage by "going public" (Canes-Wrone 2006; Kernell 2007; Rudalevige 2002). By a similar logic, those members of Congress who assign relatively greater importance to national outcomes, all else equal, can be expected to vote in ways that better reflect the president's policy preferences. True to form, a number of scholars (Bond and Fleisher 1990; Edwards 1989; Grofman, Koetzle, and McGann 2002; Jessee and Malhotra 2010) have found that party leaders, committee chairs, and members of Congress who plan to run for the presidency tend to vote more consistently with the president than do rank-and-file members of Congress. And finally, there may be important intertemporal dynamics to explore within wars. As the condition of war becomes commonplace—as it may now, with the persistent threat of terrorism keeping the United States on a heightened state of alert—the attention of members of Congress may drift back to their districts and states. If it does, then our theory would predict a diminution of the president's wartime influence.

References

Austen-Smith, David. 1990. "Information Transmission in Debate." *American Journal of Political Science* 34(1): 124–52.

Bond, Jon R., and Richard Fleisher. 1990. *The President in the Legislative Arena.* Chicago: University of Chicago Press.

Callander, Steven. 2008. "A Theory of Policy Expertise." *Quarterly Journal of Political Science* 3(2): 123–40.

Canes-Wrone, Brandice. 2006. *Who Leads Whom? Presidents, Policy, and the Public.* Chicago: University of Chicago Press.

Canes-Wrone, Brandice, Michael Herron, and Kenneth Shotts. 2001. "Leadership and Pandering: A Theory of Executive Policymaking." *American Journal of Political Science* 45(3): 532–50.

Canes-Wrone, Brandice, William G. Howell, and David E. Lewis. 2008. "Toward a Broader Understanding of Presidential Power: A Reevaluation of the Two Presidencies Thesis." *Journal of Politics* 70(1): 1–16.

Clark, Tom. 2006. "Judicial Decision-Making during Wartime." *Journal of Empirical Legal Studies* 3(3): 397–419.

Crawford, Vincent, and Joel Sobel. 1982. "Strategic Information Transmission." *Econometrica* 50(6): 1431–51.

Dahl, Robert. 1950. *Congress and Foreign Policy*. Westport, CT: Greenwood.

Edwards, George C., III. 1989. *At the Margins: Presidential Leadership of Congress*. New Haven, CT: Yale University Press.

Epstein, Lee, Daniel Ho, Gary King, and Jeffrey Segal. 2005. "The Supreme Court during Crisis: How Wars Affect Only Non-War Cases." *New York University Law Review* 80(1): 1–116.

Fenno, Richard F. 1966. *The Power of the Purse*. Boston: Little, Brown.

Ferejohn, John, and Keith Krehbiel. 1987. "The Budget Process and the Size of the Budget." *American Journal of Political Science* 31(1): 296–320.

Gailmard, Sean, and John Patty. 2007. "Slackers and Zealots: Civil Service, Policy Discretion, and Bureaucratic Expertise." *American Journal of Political Science* 51(4): 873–89.

Gailmard, Sean, and John Patty. 2012. *Learning While Governing: Information, Accountability, and Executive Branch Institutions*. Chicago: University of Chicago Press.

Gilligan, Thomas, and Keith Krehbiel. 1987. "Collective Decision-Making and Standing Committees: An Informational Rationale for Restrictive Amendment Procedures." *Journal of Law, Economics, and Organization* 3(2): 287–335.

Gilligan, Thomas, and Keith Krehbiel. 1990. "Organization of Informative Committees by a Rational Legislature." *American Journal of Political Science* 34: 531–64.

Grofman, Bernard, William Koetzle, and Anthony J. McGann. 2002. "Congressional Leadership 1965-96: A New Look at the Extremism versus Centrality Debate." *Legislative Studies Quarterly* 27(1): 87–105.

Groseclose, Timothy, and Nolan McCarty. 2001. "The Politics of Blame: Bargaining Before an Audience." *American Journal of Political Science* 45(1): 100–119.

Hirsch, Alexander, and Kenneth Shotts. 2008. "Policy R&D and Legislative Organization." Stanford University, Typescript.

Howell, William G. 2011. "Presidential Power in War." *Annual Review of Political Science* 14(2): 89–105.

Huber, John, and Charles Shipan. 2002. *Deliberate Discretion: The Institutional Foundations of Bureaucratic Autonomy*. New York: Cambridge University Press.

Jessee, Stephen, and Neil Malhotra. 2010. "Are Congressional Leaders Middlepersons or Extremists? Yes." *Legislative Studies Quarterly* 3(3): 361–92.

Kernell, Samuel. 2007. *Going Public: New Strategies of Presidential Leadership*. Washington, DC: Congressional Quarterly.

Kiewiet, D. Roderick, and Mathew D. McCubbins. 1985a. "Congressional Appropriations and the Electoral Connection." *Journal of Politics* 47(1): 59–82.

Kiewiet, D. Roderick, and Mathew D. McCubbins. 1985b. "Appropriations Decisions as a Bilateral Bargaining Game between President and Congress." *Legislative Studies Quarterly* 10(2): 181–202.

Kiewiet, D. Roderick, and Matthew McCubbins. 1988. "Presidential Influence on Congressional Appropriations Decisions." *American Journal of Political Science* 32(3): 712–36.

Kiewiet, D. Roderick, and Mathew D. McCubbins. 1991. *The Logic of Delegation: Congressional Parties and the Appropriations Process*. Chicago: University of Chicago Press.

Krehbiel, Keith. 1992. *Information and Legislative Organization*. Ann Arbor: University of Michigan Press.

Lewis, David E., and Terry M. Moe. 2009. "The Presidency and the Bureaucracy: The Levers of Presidential Control," In *The Presidency and the Political System*, 9th ed., ed. Michael Nelson. Washington, DC: CQ Press, pp. 367–400.

Mayhew, David. 1974. *Congress: The Electoral Connection*. New Haven, CT: Yale University Press.

Milner, Helen, and Dustin Tingley. 2010. "The Political Economy of U.S. Foreign Aid: American Legislators and the Domestic Politics of Aid." *Economics and Politics* 22(2): 200–232.

Milner, Helen, and Dustin Tingley. 2011. "Who Supports Global Economic Engagement? The Sources of Preferences in American Foreign Economic Policy." *International Organization* 65(1): 37–68.

Neustadt, Richard E. 1954. "Presidency and Legislation: The Growth of Central Clearance." *American Political Science Review* 48(3): 641–71.

Oldfield, Duane M., and Aaron Wildavsky. 1989. "Reconsidering the Two Presidencies." *Society* 26(5): 54–59.

Rudalevige, Andrew. 2002. *Managing the President's Program: Presidential Leadership and Legislative Policy Formation*. Princeton, NJ: Princeton University Press.

Schick, Allen. 2007. *The Federal Budget: Politics, Policy, Process*. Washington, DC: Brookings Institution Press.

Schlesinger, Arthur M. 1973. *The Imperial Presidency*. New York: Houghton Harcourt.

Stimson, James. 1999. *Public Opinion in America: Moods, Cycles, and Swings*. Boulder, CO: Westview Press.

Wildavsky, Aaron. 1966. "The Two Presidencies." *Trans-Action* 4(2): 7–14.

Wilson, Woodrow. 1908. *Constitutional Government in the United States*. New York: Columbia University Press.

Supporting Information

Additional Supporting Information may be found in the online version of this article at the publisher's website:

- Appendix A
- Appendix B