

APPLICATIONS: TWO PLAYER GAMES

Government Reform in Latin America

The reform game

- A model of administrative reform in Latin American Democracies.
- Two parties: majority party and minority party.
- Each member always votes with their party.
- Patronage continues until a majority of the legislature supports reform (i.e., until the majority party supports reform).



Government Reform in Latin America

		Minority Party Legislator	
		Reform	Patronage
Majority Party Legislator	Reform	$v_1,$ v_2	$v_1 + e,$ $v_2 - e$
	Patronage	$v_1 + x_1 - x_2 - e,$ $v_2 - x_1 + x_2 + e$	$v_1 + x_1 - x_2,$ $v_2 - x_1 + x_2$

Where:

v_i is the base probability of the party being elected without patronage.

- Ex: demographics, policies, etc.

x_i is the increased probability of party i winning when it uses patronage.

e is the electoral benefit from supporting reforms (if you support) or cost of not supporting proposed reforms (if you don't support).

- Think of this as increased support among those who are not bought.

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Minority's best response function

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Majority's best response function

Empirical implications

Condition for reform equilibrium, $e > x_1 - x_2$, implies:

1. There must be some electoral benefit from reform, $e > 0$ is a necessary condition.
2. All else equal, reforms are more likely when there is greater electoral benefit from reform (i.e., greater public demand).
3. All else equal, reforms are more likely when patronage resources are (relatively) evenly distributed between parties.

Marbury v Madison (1803)

- Significance.
 - Gives the Supreme Court the power of judicial review.
 - Rather than analyzing court doctrine, we will analyze the strategic interaction between the Supreme Court and the Presidency.

Marbury v Madison (1803)

- Background
 - a. Sedition Act (1798): fine and imprison anyone who publishes “false, scandalous, or malicious” statements against the government.
 - b. First Kentucky Resolution (1798): each state had a right to determine whether a national act applied in their state.
 - c. The Virginia Resolution (1798): It is the “duty” of each state to declare Congressional acts unconstitutional if they might lead to the destruction of the states.
 - Point: states asserted the right to Constitutional review prior to Marbury v Madison.

Marbury v Madison (1803)

- Three “M” Characters



Marbury

Appointed
Justice of the Peace
by John Adams (F)



Madison

Secretary of State
for Jefferson (R)



Marshall

Chief Justice of the
Supreme Court (F)

Marbury v Madison (1803)

- Facts:
 - a. William Marbury is appointed justice of the peace for D.C. by John Adams (F), but commission never signed.
 - b. When Jefferson (R) becomes President, Marbury asks that his commission be signed, by the Secretary of the State, James Madison (R). Madison / Jefferson refuses.
 - c. Marbury asks the Supreme Court (headed by Marshall) to issue a Writ of Mandamus.

Marbury v Madison (1803)

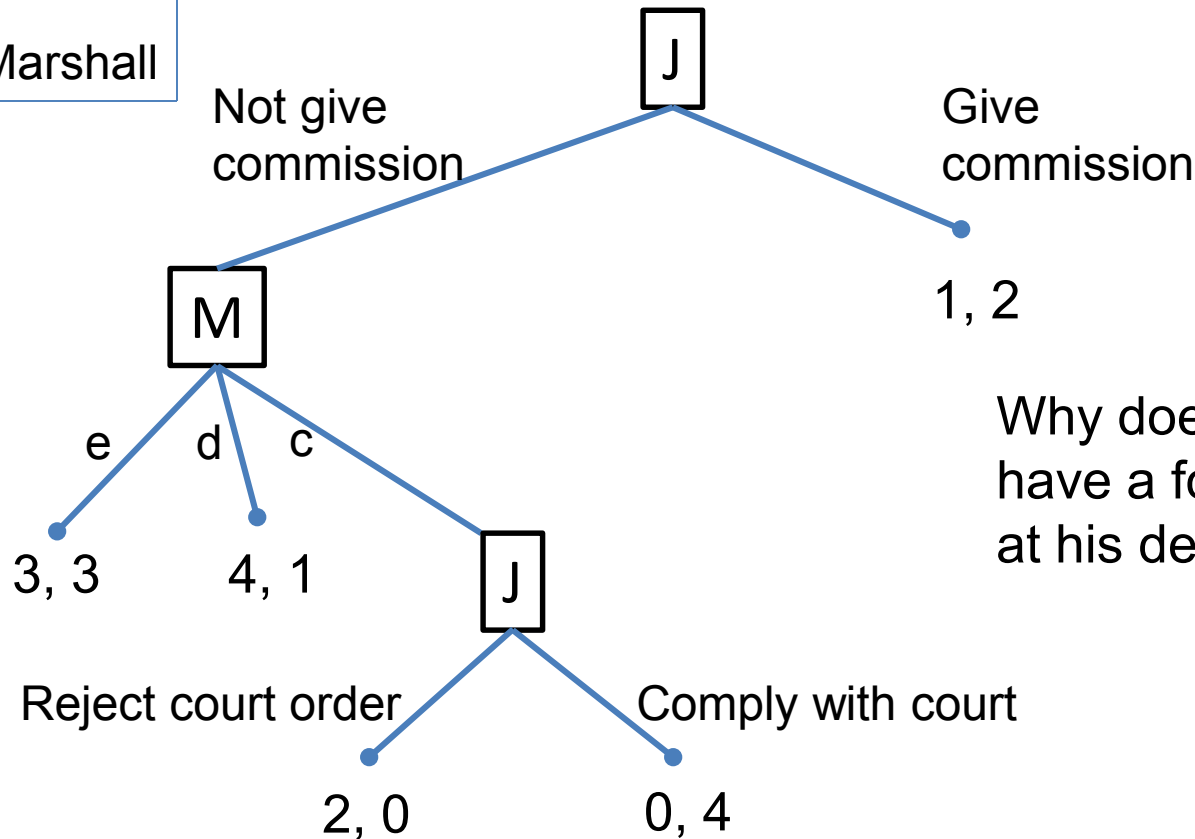
- Preferences.

President Jefferson
Writ not issued, judiciary act upheld
Writ not issued, judiciary act unconstitutional
Writ issued, Jefferson disobeys
Commission Marbury without a fight
Writ issued, Marbury commissioned

Chief Justice Marshall
Writ issued, Marbury commissioned
Writ not issued, judiciary act unconstitutional
Commission Marbury without a fight
Writ not issued, judiciary act upheld
Writ issued, Jefferson disobeys

Marbury v Madison (1803)

J: Jefferson
M: Justice Marshall

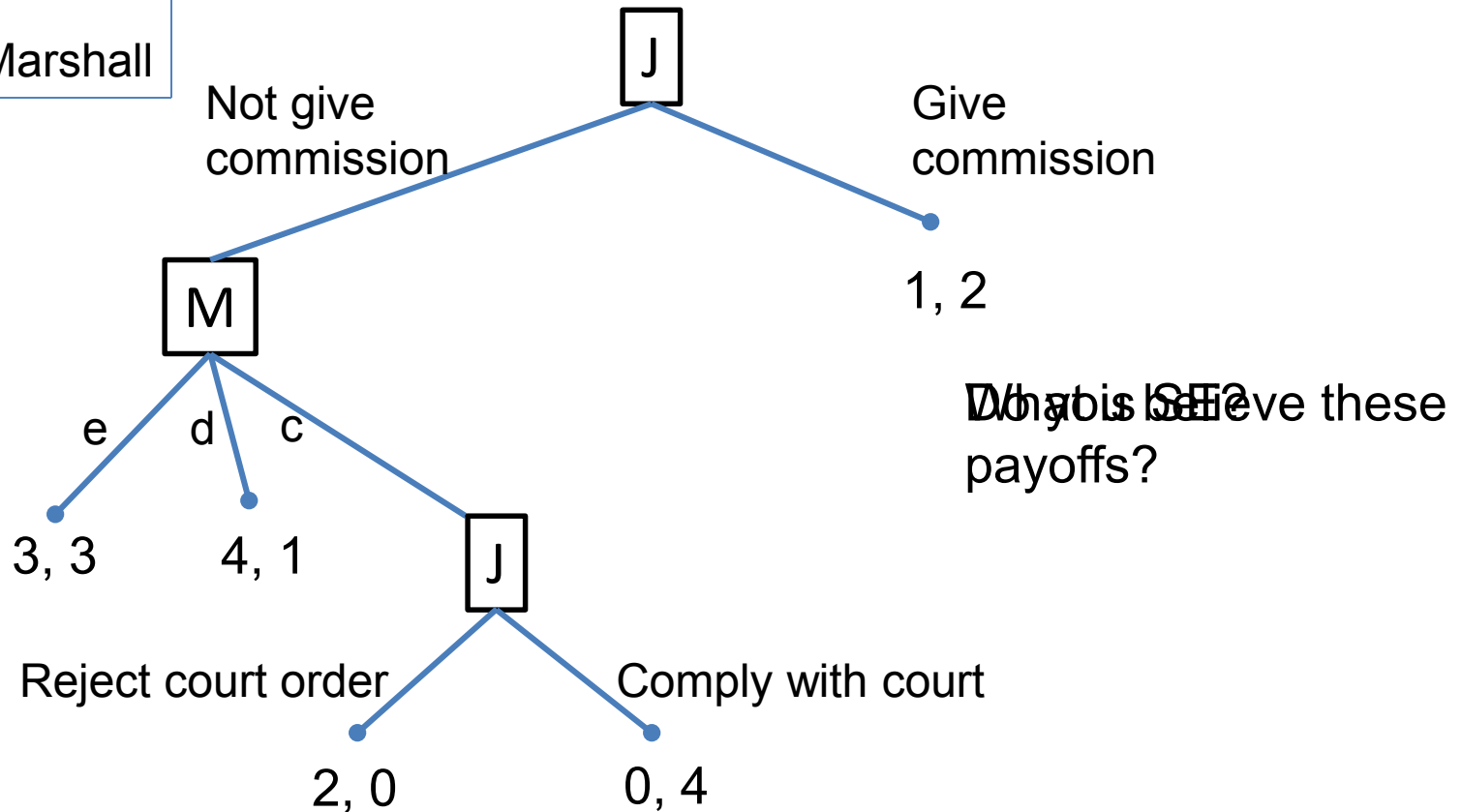


Why doesn't Marshall have a fourth action at his decision node?

- c: issue writ and uphold judiciary act.
- d: not issue writ and uphold judiciary act.
- e: not issue writ and declare judiciary act unconstitutional.

Marbury v Madison (1803)

J: Jefferson
M: Justice Marshall



c: issue writ and uphold judiciary act.

d: not issue writ and uphold judiciary act.

e: not issue writ and declare judiciary act unconstitutional.

Marbury v Madison (1803)

- Decision
 - When two laws conflict, judges should decide how to resolve the conflict.
 - The Constitution is superior to any legislation.
 - Judges are to interpret what the Constitution means.
- Strategic Behavior
 - We have always thought of this as a case where Marshall outfoxed Jefferson like a “thief in the night,” but perhaps their strategic interaction lead them to a rational outcome.