Stonewalling: Explaining Behavior During Presidential Scandals

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Abstract

Existing scholarship on the presidency has focused on presidents’ “offensive” strategies of communication in order to achieve their policy or legislative goals (e.g., going public). In this article, our interest is in presidential “defensive” strategies of communication. Despite a wealth of descriptions of political scandals, we have little theoretical understanding of how the White House apparatus acts when confronted with scandal. We provide a game-theoretic, incomplete-information model of the relationship between the president and his adversaries. We utilize the model to predict when the White House will choose to stonewall and how adversaries (e.g., the media, Congress) will react. To investigate the model empirically, we identify conditions under which a president will stonewall in major and minor scandals and we describe four case studies of presidential behavior during the Carter and Clinton Administrations. The conclusions have implications for political accountability and the president as public actor.
1. Introduction

When do presidents choose to not communicate with the public? Existing scholarship on presidential communications has focused on presidents’ “offensive” communications strategies, aimed at achieving legislative or policy goals (Cohen 1995; Cohen 1999; Edwards and Wood 1999; Edwards 2003). This scholarship is still stimulated by Neustadt’s seminal study that emphasized presidential weakness, “in the sense of a great gap between what is expected of a man (or someday a woman) and assured capacity to carry through” (1990, ix). For modern presidents, a fundamental means of overcoming these handicaps is through going public, by engaging in activities that are “intended principally to place presidents and their messages before the American public in a way that enhances their chances of success in Washington” (Kernell 2007, xiii). Research on presidential communications has rigorously studied public appeals on behalf of budget proposals (Kernell 2007; Canes-Wrone and Shotts 2004), legislation (Rivers and Rose 1985; Barrett 2005), individual agencies’ appropriations (Canes-Wrone 2001), funding for foreign policy initiatives (Canes-Wrone 2006), and vetoes and veto threats (Cameron 2000). In each case, the issue is presidential success at “inciting” or “arousing” or “persuading” the public; accumulated evidence reveals that presidential efforts may not always succeed (Baum and Kernell 1999; Edwards 2003; Young and Perkins 2005). Presidents might also opt for silence because they fear advertising an unpopular position (Canes-Wrone 2001) or because “staying private” improves chances of winning legislative concessions (Covington 1987).

In this article, our interest in this article is in the obverse of “offensive” strategies: presidential “defensive” strategies. In particular, how much information will presidents choose to share with the public when the White House comes under attack? Neither the scholarship on presidential communication nor the literature on scandals has explained why presidents choose
different defensive strategies in different political situations. This gap is significant because no political event has greater potential to shape and define a presidency than a scandal, a prototypical “defensive” situation that all presidents confront, albeit to varying degrees. In the short term, scandal can affect a president’s legislative influence by sinking the president’s approval rating (Zaller 1999; Andolina and Wilcox 2000) or by priming the public on related issues, as occurred with the Reagan’s Central America policy after the Iran-Contra disclosures (Krosnick and Kinder 1990). In the long term, scandals often play a central historical role in the political fortunes of presidents, and can undermine the public’s trust in government (Miller 1999; Busby 2001), especially when the scandal touches on matters of political accountability (Smist and Meiers 1997). The consequences of presidents lying (Alterman 2004) or perpetuating secrecy in government (Graubard 2004) have been documented, yet these accounts tend toward the legalistic or the impressionistic, rather than drawing from or contributing to scientific scholarship on the president as rational public actor.

In what follows, we address two questions that are amenable to scientific inquiry. First, how do presidents react when alleged misbehavior by administration officials (including the president) is brought to public or media attention? Several works have addressed the use of public opinion polling during scandals (Heith 1998, 2004; Rottinghaus and Bereznikova 2006) or the rhetorical strategies used for recovery after scandals (Quirk 1998; Busby 1999; Dunn 2000; Blaney and Benoit 2001; Hacker, Giles and Guerrero 2003). However we can find no studies of the most important decision that can be made by a president: whether to stonewall or cooperate. Our second question is, how does the political environment shape presidential strategies? 

Existing literature on executive branch scandals mainly consists of isolated case studies,

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1 This is distinct from the “character issue” question addressed by Pfiffner (2004).
including descriptions of the events (Stewart 1996; Woodward and Bernstein 1976; Woodward 1999), evaluations of the events by participants (Walsh 1997) and speculative hypotheticals.

This topic is starving for more rigorous empirical examination.

This article proceeds in four parts. First we define scandal and related concepts, and outline our assumptions about presidential behavior during scandal. Second, we offer a formal model of stonewalling, treating scandal politics as a game of incomplete information. The model’s theoretical precepts will expand our view of the president\(^2\) as a rational public actor in a domain understudied yet critical to political power and authority. From the model’s equilibrium predictions, we derive hypotheses about the factors affecting presidential stonewalling. Third, we examine presidential behavior in four cases: two financial scandals in the Carter Administration and two personal scandals in the Clinton Administration. Fourth, we conclude with implications for decision-making analysis and for studies of presidential behavior during times of crisis.

II. Definitions and Assumptions

In this section, we begin by presenting a definition of scandal, and then discuss the types of scandals, the forms of presidential action, and the forms of media and adversarial reactions. We define a scandal as *misbehavior by the president, a senior administration official, or a nominee, that comes to light during the president’s term in office, and that occurred before or while the individual occupied office.*\(^3\) Scandalous behavior comes in many varieties, ranging from infidelity to illegality. Thompson (2000) distinguishes three major categories: sex scandals, financial scandals, and scandals involving political power. Scandals also come in differing degrees of seriousness. A scandal might be perceived as trivial, creating a distraction and

\(^2\) Or other elected public actors, such as senators, House members, or governors

\(^3\) This definition excludes rumors or conspiracy theories; see Schultz (2000).
engendering public criticism. More serious scandals might lead to congressional scrutiny including subpoenaed testimony, appointment of special prosecutors or independent counsels, legal fights over procedures or executive privilege, and possibly resignations or termination of key staff. The most significant scandals might threaten the president with impeachment.

Pfiffner argues “Just as most people lie, so do most presidents” (2004, 18). However, “not all lies are equal” (Alterman 2004, 2). Some instances of deception might aim merely to “prevent embarrassment and preserve political viability,” which includes “less serious” lies such as President Kennedy’s untruth about having Addison’s disease. Other deception might aim to protect national security. When a U2 spy-plane was shot down in Russian airspace in February of 1960, President Eisenhower claimed it was merely a weather research plane. Eisenhower and his staff agreed that lying was the best option in order to save his effectiveness during a summit meeting (Pfiffner 2004, 41). After Premier Khrushchev produced the remnants of the aircraft and its unfortunate pilot, Francis Gary Powers, the administration admitted that the President had in fact authorized the intelligence-gathering missions (Pach and Richardson 1991, 218). Though these disclosures might create embarrassment or undermine policy goals, we choose to exclude private health matters and controversial policy decisions, such as the U2 episode or the “Pentagon Papers.” In other words, scandal and secrecy are not identical.

Our interest is in scandals, as defined above, and particularly in the president’s actions and the media’s reactions once a scandal comes to light. We assume that ‘the buck stops’ with the president, even though there are many players within the confines of the White House, including senior staff, cabinet officials or military advisory personnel.4 We assume the president

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4 This definition takes on importance in instances where the president himself apparently had no knowledge of the events surrounding the scandal. One example of this is the Iran Contra
can adopt two main strategies when confronted with an alleged a scandal: he can cooperate or he can stonewall. In cooperating, the White House provides a full accounting of the situation as understood by the participants, and allows the truth to be brought to light. Some readers may be surprised to discover that presidents have at times allowed and even encouraged investigations into alleged misbehavior. In October of 1964, Chief of Staff Walter Jenkins was arrested on a morals charge – “a polite way of saying that he has been caught in a compromising sexual encounter with another man” (Schultz 2000, 363). President Johnson invited the FBI to investigate whether Jenkins’s behavior created a security risk, and later concluded that national security had not been compromised. In September of 1979, Chief of Staff Hamilton Jordan was accused of using cocaine at Studio 54. Utilizing the new provisions of the Ethics in Government Act (Garment 1991), President Carter appointed an Independent Counsel, who found no concrete evidence to support the allegations. In April of 1991, when Chief of Staff John Sununu was accused of using military aircraft for personal trips, President Bush asked the Comptroller General to investigate. Sununu was required to repay the government, and later resigned when further financial improprieties came to light.

The alternative to cooperating is stonewalling, which covers a range of actions from misleading statements (“I don’t recall…”), claims of executive privilege, cover-ups that interfere with the whole truth coming to light, and outright lying. Impeding investigators and selectively releasing information in order to create false impressions are also forms of stonewalling. President Nixon’s actions after the Watergate Hotel break-in during June of 1972 provide a multifaceted example. Although Nixon did not specifically authorize the break-in, his approval scandal, where Lieutenant Colonel Oliver North and Admiral John Poindexter established a trading program of “arms for hostages” without the president’s knowledge or consent.
of the Huston plan to expand domestic intelligence-gathering was the genesis for the operation. President Nixon delayed the release of the truth from the very first moment he found out about the connection between the burglars and the White House (Small 1999, 276). The President and his White House Counsel, John Dean, decided that they could insure the continued silence of those involved in the cover-up by providing them “hush money” (Woodward and Bernstein 1976, 14). Several of those under indictment (including James McCord) alleged that they were “pressured” to remain silent and to plead guilty. White House staff obstructed the congressional investigation by denying the Senate Watergate Committee (and the White House lawyers) access to the White House tape recordings, citing executive privilege. The President further impeded the investigation when he fired Special Prosecutor Archibald Cox. Ultimately, in a statement in May of 1973, Nixon took lied about his role in the cover-up.

Importantly, although there are rich empirical descriptions of the emergence and aftermath of political scandal, we find no general theoretical propositions about when presidents will stonewall. One possibility is that presidents’ personalities differ: some presidents are willing to endure an investigation, while others are unwilling to cede political ground to opponents. Another possibility is that whether a president stonewalls depends on the type of misconduct alleged: presidents may be particularly defensive of some facet of their reputation or more sensitive about some character traits than others (Pfiffner 2004). Likewise, we can speculate that actions directly affecting the president or related to presidential actions may be handled differently than actions of other staff. Another possibility is that it depends on the seriousness, particularly whether the involved officials are “expendable.” The political environment and contemporary political practices also condition presidential strategies, including relations with Congress and the media (Ginsberg and Shefter 2002). To move beyond speculation, however,
we require a stronger theory to predict and explain under what conditions presidents are likely to engage in stonewalling tactics.

III. A Signaling Model of Stonewalling

While our primary interest is in the White House’s reactions to being confronted with scandal, the media and the partisan opposition also have important roles in the outcome of a scandal. The media influences whether the public perceives the president to be culpable during the scandal (Brody and Shapiro 1989; Maurer 1999). The public looks to elites in the media to judge the importance of an alleged scandal (Miller 1999; Kiousis 2003; Woessner 2005). In our view, formalized in a game-theoretic model, the media’s anticipated reactions are a critical determinant of the president’s actions. When the president decides to stonewall, the media has a choice of whether to back down or to pursue the story. Therefore, in this section we formulate and solve a game-theoretic model of the interaction between the president and the media and political opposition. We hope to illuminate the factors affecting the president’s decision of when and whether to stonewall. Our model treats the interaction as a sequential game of incomplete information. More specifically, we use a signaling game, because the better-informed player acts, and the worse-informed player reacts after potentially updating his or her information.

Let us begin by describing the origins of the asymmetric information. When the media or partisan opposition first catches the whiff of scandal, it does not know how politically damaging it might be to the president if it is true. The president also might not initially know how serious the scandal is, but can interview implicated individuals and conduct public opinion polls to discover the likely impact (Rottinghaus and Bereznikova 2006). We assume that some scandals are minor while others are major; we assume that the prior probability that a scandal is major is common knowledge, based on shared experience. The president knows whether the scandal is
minor or major before acting, but the media and opposition only update based on the president’s action. To elaborate, when an administration official is accused of some malfeasance, the official might be encouraged or allowed to resign, which reveals guilt (implicitly or explicitly), or the official might be encouraged to remain in office and mount a defense. In the model below we refer to accepting blame and suffering consequences as “cooperating” and shunning blame and withholding information as “stonewalling.”\(^5\) After the president acts, the media and political opposition have two possible reactions: the media and opposition must decide whether to “pursue” the matter and continue to investigate, or “accept” the president’s action and turn their attention to other matters.

The extensive form representation of this game is illustrated in **Figure 1**. Following the approach to games of incomplete information developed by Harsanyi (1967), the game begins with “Nature” selecting whether the scandal is major or minor; this decision is observed by the president but not by the opposition. The president acts under a condition of full information, but by combining pairs of the opposition’s choice nodes into “information sets,” we are assuming that the opposition observes only whether the president stonewalls or cooperates.

**Figure 1 about here.**

Solving the model requires identifying a pair of strategies – one for each player – that are mutual best-responses. A strategy for either player is a complete, contingent plan, which means that it must specify an action whenever a player hypothetically would have a choice, regardless of whether that choice node is reached along the equilibrium path. A strategy for the president requires two decisions: (1) to cooperate or stonewall if the scandal is minor and (2) to cooperate

\(^5\) We assume that, in the context of a hearing for a nominee, the continuation of confirmation hearings is tantamount to “stonewalling,” and the withdrawal of a nominee is “admitting.”
or stonewall if the scandal is major. Allowing mixed strategies, the president’s strategy can be represented by two variables: \( \alpha \equiv \text{pr}(\text{cooperate} | \text{major}) \) and \( \beta \equiv \text{pr}(\text{cooperate} | \text{minor}) \).\(^6\) The opposition does not observe the scandal’s type, but does observe the president’s action. A strategy for the opposition requires two decisions: to accept or pursue if the president cooperates, and to accept or pursue if the president stonewalls. Allowing mixed strategies, the opposition’s strategy is represented by two variables: \( \theta \equiv \text{pr}(\text{accept} | \text{cooperate}) \), and \( \phi \equiv \text{pr}(\text{accept} | \text{stonewall}) \).

Solving the model also requires identifying posterior beliefs about the scandal’s “type” for both players. The president observes Nature’s choice and therefore is fully informed when he must act; the opposition knows that the president observes Nature’s choice and can use the president’s action to update its belief about the scandal’s type. Let \( p \equiv \text{pr}(\text{major}) \) denote the common prior belief about the probability that the scandal is major, for \( 0 < p < 1 \). Using Bayes’ Theorem, we define the following posterior distributions:

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\begin{align*}
    r &\equiv \text{pr}(\text{major} | \text{cooperate}) = \frac{\text{pr}(\text{cooperate} | \text{major}) \cdot \text{pr}(\text{major})}{\text{pr}(\text{cooperate} | \text{major}) \cdot \text{pr}(\text{major}) + \text{pr}(\text{cooperate} | \text{minor}) \cdot \text{pr}(\text{minor})} \\
    &= \frac{\alpha \cdot p}{\alpha \cdot p + \beta \cdot (1-p)} \\
    s &\equiv \text{pr}(\text{major} | \text{stonewall}) = \frac{\text{pr}(\text{stonewall} | \text{major}) \cdot \text{pr}(\text{major})}{\text{pr}(\text{stonewall} | \text{major}) \cdot \text{pr}(\text{major}) + \text{pr}(\text{stonewall} | \text{minor}) \cdot \text{pr}(\text{minor})} \\
    &= \frac{(1-\alpha) \cdot p}{(1-\alpha) \cdot p + (1-\beta) \cdot (1-p)}
\end{align*}
\]

We assume that the president anticipates that the opposition uses his actions to update its beliefs.

Before the model can be solved, the payoffs must be specified. We assume that the president’s cost and the opposition’s benefit of revealing a scandal are equal in magnitude and opposite in sign. We can normalize payoffs such that if the president admits to a major scandal, \( 6 \text{ Consequently, } \text{pr}(\text{stonewall} | \text{major}) \equiv 1 - \alpha \), and \( \text{pr}(\text{stonewall} | \text{minor}) \equiv 1-\beta. \)
he loses 1 utile and the opposition gains 1 utile; if the president admits to a minor scandal he
loses \( x \) utiles and the opposition gains \( x \) utiles. The payoff of “no scandal” is 0 utiles, which only
occurs if the president stonewalls and the opposition accepts. If the president stonewalls and the
opposition pursues the matter, however, assume that the truth is not certain to be revealed. Let \( q \)
denote the probability that the president loses and the opposition gains the aforementioned utiles,
for \( 0 < q < 1 \), if the president stonewalls and the media pursues. We assume that if the opposition
pursues, then both actors pay additional fixed costs, which represent the idea that the president
loses prestige or popularity while the opposition expends effort and opportunity costs. If the
opposition pursues the scandal, \( k \) utiles are subtracted from the president’s payoff, and \( e \) utiles
are subtracted from the opposition’s payoff. Payoffs are displayed at each terminal node of
Figure 1, with the president’s payoff listed first and the opposition’s payoff listed second.

A solution to this game will take the form of a “perfect Bayesian equilibrium,” which
specifies the following six items: two actions for the president (\( \alpha \) and \( \beta \)), two actions for the
opposition (\( \theta \) and \( \varphi \)), and two posterior beliefs for the opposition (\( r \) and \( s \)). Two conditions must
be satisfied in computing the equilibrium: *sequential rationality* requires that each action by each
player maximizes its utility given its beliefs and given the other player’s actions and beliefs;
*consistency* requires that beliefs be calculated from priors and the first actor’s strategy, using
Bayes Theorem, along the equilibrium path (Kreps 1990). A pure-strategy perfect Bayesian
equilibrium can either be “pooling” if the president adopts the same action regardless of the
scandal’s type, or can be “separating” if the president adopts a different action when the scandal
is minor than he does when the scandal is major. We find one separating equilibrium (under
certain conditions) in which the president admits if the scandal is minor and stonewalls if the
scandal is major. We also find three pooling equilibria (under different parameter conditions).
Let us describe the four equilibria and the sets of parameter conditions delineating which equilibrium is attained.

**Pooling Equilibrium 1: Above the Law**

**Strategies and beliefs**
\[ \{ \alpha = 0; \beta = 0; \theta = 1, \varphi = 1; r \geq 0, s = p \} \]

**Parameter condition i)** \( p < \frac{(e - qx)(q(1-x))}{q} \)

**Parameter condition ii)** \( e > q(s + (1-s)x) \)

In the “Above the Law” equilibrium, the president stonewalls regardless of whether the scandal is minor or major. The opposition reacts to stonewalling by accepting the president’s decision, consequently the truth behind the scandal is never revealed and consequences are never suffered. Because the president takes the same action for both minor and major scandals, the opposition cannot update its beliefs, therefore its posterior probability that the scandal is major equals its prior (i.e., \( s = p \)). For the opposition to accept the president’s stonewalling, it must be that the probability that the scandal is major is low (condition i) and that the opportunity cost of pursuing is high relative to the probability that the truth is revealed (condition ii). As long as these conditions on \( p \) and \( e \) are met, this equilibrium obtains for all values of \( k \).

**Pooling Equilibrium 2: Under Siege**

**Strategies and beliefs**
\[ \{ \alpha = 0; \beta = 0; \theta = 1, \varphi = 0; r \geq 0, s = p \} \]

**Parameter condition iii)** \( p > \frac{(e - qx)(q(1-x))}{q} \)

**Parameter condition iv)** \( e < q(s + (1-s)x) < q \)

**Parameter condition v)** \( k < x(1-q) < (1-q) \)

In the “Under Siege” equilibrium, the president also stonewalls regardless of whether the scandal is minor or major. Unlike the “Above the Law” equilibrium, in “Under Siege” the opposition reacts to stonewalling by pursuing the story. Because the president or the administration never fully cooperates, the truth is only revealed by chance, with probability \( q \). Again, because the president takes the same action (stonewall) for both types of scandals, the opposition cannot update its beliefs (\( s = p \)). The new parameter conditions are that the probability that the scandal is major is high relative to the costs of pursuing the story (condition iii), the cost
of pursuing the story is low relative to the probability that the truth is revealed \((\text{condition iv})\), and the president’s cost of continued conflict is low \((\text{condition v})\). Sufficiently large increases in the opposition’s cost of pursuing the issue or sufficiently large decreases in the probability that the scandal is major would cause the opposition to drop the story, leading back to “Above the Law.”

\textbf{Separating Equilibrium: Out for Justice}

\begin{itemize}[noitemsep]
  \item \textbf{Strategies and beliefs} \(\{\alpha = 0; \beta = 1; \theta = 1, \varphi = 0; r = 0, s = 1\}\)
  \item \textbf{Parameter condition iv)} \(e < q(s + (1-s)x) = q\)
  \item \textbf{Parameter condition vi)} \(x(1-q) < k < (1-q)\)
\end{itemize}

In the separating equilibrium, the president cooperates if the scandal is minor but stonewalls if the scandal is major. Because the president takes these different actions, the opposition learns with certainty that the scandal is major if and only if the president stonewalls (i.e., \(s = 1\) and \(r = 0\)). Consequently, the opposition will pursue the story when the president stonewalls, as long as the costs of pursuing the story further are sufficiently low and that the probability that the truth is revealed \((q)\) is sufficiently high \((\text{condition iv})\). This credible threat induces the president to admit when the scandal is minor, for the cost of continued hostilities outweighs the president’s expected net gain, once we take into account the probability that the truth will \textit{not} be revealed (i.e., \(\text{condition vi}\) can be rewritten as \(-qx-k < -x\)).

\textbf{Pooling Equilibrium 3: Executive Decision}

\begin{itemize}[noitemsep]
  \item \textbf{Strategies and beliefs} \(\{\alpha = 1; \beta = 1; \theta = 1, \varphi = 0; r = p, s \geq (e - qx)/(q(1-x))\}\)
  \item \textbf{Parameter condition vii)} \(e < q\)
  \item \textbf{Parameter condition viii)} \(k > (1-q) > x(1-q)\)
\end{itemize}

In the final, pooling equilibrium, the president does not stonewall in any case, but instead cooperates when the scandal is minor and when the scandal is major. The opposition accepts, but \textit{would have} pursued the matter had the president chosen to stonewall. This threat is credible because the opposition’s cost of pursuing is low relative to the probability that the truth is revealed \((\text{condition vii})\). This credible threat that the opposition would pursue combined with a high fixed cost for continued hostilities induces the president to admit \((\text{condition viii})\).
The parameter conditions that divide the equilibria are illustrated in Figure 2. In the figure, we assign values of the president’s cost of continuing hostilities \( k \) on the horizontal dimension, and we assign values of the opposition’s cost of continuing hostilities \( e \) on the vertical dimension. The formal model contains five parameters; we move towards generating testable hypotheses by studying how variations in the exogenous parameters affect the endogenous variables (i.e., both players’ behavior in equilibrium), noting that changes between equilibria occur at key thresholds.

**Figure 2 about here.**

In our opinion, the best way to understand the various parameters’ effects is to look at how they affect increases in potential stonewalling behavior. That is, we ask, how do parameter changes shift the prediction away from the “Executive Decision” equilibrium in which presidents always cooperate? First, suppose we hold \( e < q(p + (1-p)x) \), so that the opposition always responds to stonewalling by pursuing. The important parameters that have direct effects on the president’s action are the president’s cost for continued hostilities \( k \) and the probability that the truth is revealed \( q \). Sufficiently large decreases in \( k \) or \( q \) would lead to the “Out for Justice” separating equilibrium, in which the president stonewalls in major scandals only. Further decreases in \( k \) or \( q \) would lead away from “Out for Justice” to “Under Siege,” in which the president to stonewalls in both major and minor scandals. Second, suppose we waive the condition that \( e < q(p + (1-p)x) \), which had assured that the opposition would pursue if the president stonewalled. Then, the vital parameters are those that affect the opposition’s willingness to pursue (and therefore indirectly affect the president’s willingness to stonewall), which are the opposition’s cost for continued hostilities \( e \) and the probability that the scandal is major \( p \). Sufficiently large increases in \( e \) or decreases in \( p \) will lead away from any of the three
equilibria discussed above to “Above the Law,” in which the president always stonewalls because the opposition will always accept.

One variable that we have not yet discussed, and that has complicated effects, is the relative political cost to the president and gain to the opposition from a minor scandal that is revealed to be valid \((x)\). We view this as a variable that potentially varies across types of scandals, the proximity of the accused official to the president, and the political environment. From the president’s perspective, if we hold \(k\) and \(q\) constant, an increase in \(x\) will reduce the likelihood of surpassing the threshold between “Under Siege” and “Out for Justice.” Thus, an increase in \(x\) should have the direct effect of making it more likely that the president will stonewall. From the opposition’s perspective, if we hold \(e\) and \(p\) constant, an increase in \(x\) will increase the likelihood of surpassing the threshold between “Above the Law” and the other three equilibria, that is, it will make more credible the opposition’s threat to pursue the story if the president stonewalls. Thus an increase in \(x\) will, indirectly, make stonewalling less likely.

Perhaps the easiest way to describe the effects of \(x\) is to contrast the equilibrium that would obtain when \(x\) is at its lowest levels against the equilibrium that would obtain if \(x\) was at its highest level. If \(x\) is very low then \(e\) is more likely to exceed the \(q(p + (1-p)x)\) threshold, which implies that we should observe “Above the Law.” If \(x\) is very high, then \(e\) is less likely to exceed the \(q(p + (1-p)x)\) threshold, while from the president’s perspective, a high level of \(x\) forces \(x(1-q)\) to converge to \((1-q)\), which squeezes the range in which the separating equilibrium is possible. Consequently, if \(x\) is very high and either \(k\) or \(q\) is low then we will observe “Under Siege,” but if \(x\) is very high and \(k\) and \(q\) are also high then we will observe “Executive Decision.” In short, an increase in \(x\) intensifies the effects of \(k\) and \(q\), but generally pushes the equilibrium towards outcomes in which the president stonewalls.
To summarize this discussion we draw the following three testable inferences from the formal model. First, presidents are more likely to stonewall when the scandal is major (i.e., when the president is involved) than when the scandal is minor. Second, the president is more likely to stonewall when the media and political opposition expect little gain from revealing the scandal (low $x$, low $p$) or face high opportunity cost for pursuing the scandal (high $e$). Third, presidents are more likely to stonewall when it is improbable that the truth is revealed (low $q$) or when the president will not suffer much if the media and opposition pursue (low $k$). Reversing any of these stated conditions will lead to greater honesty and cooperation on the part of the president.

IV. Case Study Methodology

The attention of this paper now shifts from presenting our theory of presidential behavior to testing the theory. Before we begin, however, it is valuable to address the role that case studies can play in evaluating theories, including formal models. A case study can be defined as “an intensive study of a single case where the purpose of the study is – at least in part – to shed light on a larger class of cases” (Gerring 2007, 20). Many scholars have expressed the opinion that case studies as being useful in the process of theory construction, but not evaluation. For instance: “Case-study analysis is a useful first step toward building a connection between a formal model and the empirical world. In no way are the illustrations a substitute for rigorous empirical analysis” (Morton 1999, 133-4). During this decade, however, cynicism and hostility towards case studies has withered, even in American politics (Pierson 2004). With the help of recent treatises and how-to manuals on qualitative research (Brady and Collier 2004; George and Bennett 2005; Gerring 2001, 2007), it is no longer taken as gospel that “rigorous empirical analysis” can only be attained by large-N cross-sectional observational studies or controlled laboratory experiments.
So how does one utilize a case-study to test a theory? Our response to this question has two components. First, we utilize the technique known as “analytic narrative” (Bates et al. 1998), which provides an actor-centric orientation towards the research process. “By reading documents, laboring through archives, interviewing, and surveying the secondary literature, we seek to understand the actors’ preferences, their perceptions, their evaluation of alternatives, the information they possess, the expectations they form, the strategies they adopt, and the constraints that limit their actions,” state Bates et al. (1998, 11, 14). Second, we utilize the technique of comparative statics (Bates et al. 1998: 232-6). In its traditional sense, comparative statics analysis consists of evaluating an equilibrium’s robustness in the face of parameter shifts. That is, it asks how the equilibrium would vary if an underlying factor varied in a particular way, taken one factor at a time. This question is primarily utilized when the equilibrium involves continuously variable actions. When we are dealing with discrete actions, we might be better off asking, under what conditions would we observe a shift from one equilibrium set of actions to a different equilibrium set of actions? In presenting our formal model in section III, we identified conditions under which each equilibrium obtained. Were the underlying conditions to change, we would make a different prediction. This is the approach we adopt in the case studies.

Specifically, the focus of the case studies is on illustrating presidential behavior in minor and major scandals. The formal model assumes that presidents are strategic, and are particularly sensitive to the likelihood of the opposition pursuing if the White House does not cooperate. One conclusion drawn from the formal model is that presidents are more likely to stonewall in a major scandal than in a minor scandal, all else being held constant. By stonewalling, the president can force the opposition to choose between paying opportunity costs to pursue the

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7 McCarty and Meirowitz 2007, 126-138
matter, or to drop it. Given the president’s better information, he knows what the result of their inquiry might uncover, but the media and partisan opposition are uncertain. As a result, we might observe presidents asking officials to “fall on their swords” for the good of the administration in a minor scandal, while the president caught in the identical predicament chooses to stonewall and obstruct in a major scandal.

In what follows, we examine two financial scandals during the Carter Administration, and two personal scandals during the Clinton Administration. Each pair of cases is formed by one minor scandal in which a cabinet member is accused, and one major scandal in which the president himself is accused of almost identical misdeeds. By focusing on two administrations, and by holding the type of scandal constant within the administration, we minimize variation in the prior expectation that the scandal is major \((p)\).\(^8\) We chose four scandals that involve behavior alleged to have occurred before the accused person took office. Although this characterization applies to a minority of recent executive branch scandals (roughly 20%), the allegations were sufficiently grave to result in formal investigations. In all four cases, a Special Counsel or an Independent Counsel was appointed to investigate the allegedly illegal activity, which minimizes variation in the prior expectation that the truth would be revealed by continued investigation \((q)\).

5. Carter’s Financial Scandals: The Bert Lance Affair and “Goobergate”

The first person that President Carter asked to serve in his Administration was his campaign advisor and close friend, Bert Lance, who he nominated to be the Director of the

\(^8\) For instance, the Carter White House desired to run a “purely ethical” White House in the aftermath of Watergate (Kaufman 1993) while, on the other hand, President Clinton’s time in office, beginning as far back as the 1992 presidential campaign, was besieged by accusations of several types (Woodward 1999), making his administration’s prior probability of scandal high.
Office of Management and Budget (OMB). Lance was tasked with returning fiscal austerity to the nation, and was to serve as Carter's behind-the-scenes intermediary with the nation’s business leaders. According to Carter (1995, 133), “the business community looked on him as one of their own,” since Lance had served as Director of the National Bank of Georgia and the First National Bank of Calhoun. But in July of 1977, a *New York Times* article (Safire 1977) accused Lance of financial improprieties stemming from his time in Georgia. Lance was accused of additional infractions during his 1974 gubernatorial campaign and inaccuracies in his financial disclosures (Kaufman 1993). The scandal did not involve President Carter and therefore is considered minor. The public agreed: White House pollster Patrick Caddell polled the public on whether President Carter tried to cover up “improper” things that Lance had engaged in. He found that 67% disagreed with that statement, while only 23% agreed.9

The President chose not to stonewall in the Bert Lance affair. From the beginning, President Carter emphasized openness with the media, Congress and the public. He required White House Press Secretary Jody Powell to become “an expert on Bert’s background… in order to provide the answers” that the media sought (Carter 1995, 136). Carter urged Lance to list the accusations against him and his responses, and to testify in front of the Senate Government Affairs Committee, arguing that “an honest man could explain his own position” (Carter 1995, 140). The President endorsed an internal investigation by the Comptroller of Currency (part of the Treasury Department); his report determined that Burt Lance had done nothing illegal but identified some unsound banking practices, such as making loans with insufficient collateral.

President Carter released the report to the media on August 18 but their appetite was not sated,  

9 Jimmy Carter Library, Chief of Staff Files, “Caddell, Patrick [1], “Caddell to the President,” November 2, 1977, Box 33, page 4.
particularly the *Washington Post*’s (according to the President’s diary entry on September 1, 1977). The President initially publicly supported his friend and resisted public pressure to fire Lance but he eventually relented to private pressure from Senate Majority Leader Robert Byrd (Carter 1995, 139-140). After Lance testified before the Senate on September 15 and 16, Carter decided to ask Lance to resign, which he did with great reluctance.

Although Lance had departed, the saga was not over for the President: allegations soon surfaced that Lance’s former bank had made improper loans of up to $4.6 million to the Carter peanut warehouse in Plains, Georgia. For months, Attorney General Griffin Bell contended that the Justice Department could conduct the investigation. But on April 1, 1979, he appointed Paul Curran as Special Counsel (*Time* 1979). Curran’s main focus was an inquiry into whether there had been improper commingling of funds from a $1 million loan to the Carter family business in 1975, and Carter’s presidential campaign (Greenberg 2000, 46). A contractor later claimed that construction costs amounted to no more than $700,000, leaving $300,000 unaccounted-for (Gerth 1979a). Given the suspicious timing of the loan, opponents theorized that the money was funneled to the campaign. Because the scandal involved the president directly, it is considered a major scandal. As part of the criminal investigation, Special Counsel Curran deposed President Carter under oath, the first time this has occurred in our nation’s history. Nonetheless, in October Curran announced that no improprieties had been uncovered and ended the investigation.

Although Carter was ultimately cleared, the White House’s had chosen a strategy of stonewalling. Jody Powell initially indicated he was “unable to respond to a request for a detailed explanation of how the $1 million, which he had publicly described as a loan for improvements to the Carter business, was supposed to be spent” (Gerth 1979a). Unlike the Lance affair, which regularly consumed the majority of the White House press briefings, the White House staunchly
refused to comment on the new accusations. The President’s brother, Billy, also refused to answer questions (Gerth 1979b). The President “denied that any of the bank funds were used in the campaign,” although several others contradicted this assessment (Gerth 1979a). Ultimately, the White House declined “repeated requests” for an itemized accounting of the $300,000 in question and ignored questions about the specific improvements made with the original loan.

The Burt Lance and “Goobergate” affairs both involved financial fraud or corruption, and they occurred contemporaneously. The above model correctly predicted that the Carter White House would admit in the Bert Lance affair, but would stonewall on Goobergate. By forcing Bert Lance to take the fall, the president accepted some cost (-x) to his reputation, but avoided what he perceived was the even greater cost (-k) of continuing to fight against the media and the opposition. The media’s own actions are revealing, for their most serious criticism followed the Comptroller’s decision to close his investigation prematurely, from which the media inferred (falsely) that the White House was stonewalling. The Comptroller reopened his investigation, and Lance testified before the Senate, signaling cooperation. By contrast, the White House stonewalled on the question of loans to Carter and the commingling of funds.

President Carter might have believed that, because he had been forthcoming in the Bert Lance affair, the media should perceive that there was no validity to the accusations (low p) and let the matter drop. On the other hand, because Lance had been asked to resign rather than stay and fight, the media could have perceived that Carter was attempting to truncate the controversy in order to protect himself from further inquiries (high p). Unfortunately for Carter, the media’s and opposition’s cost (e) was low enough, and their belief that the allegations were valid (p) was high enough, to push the equilibrium away from “Above the Law” (where the opposition accepts stonewalling) towards “Under Siege” (where the opposition rejects stonewalling). In this case,
the media continued to press the White House for specific answers to their questions related to where and how the loan was spent. The fact that President Carter was ultimately cleared by the investigation (high $q$) is immaterial to the strategies that the two sides adopted.

6. Clinton’s Personal Scandals: Henry Cisneros, and Paula Jones

While the Carter Administration was forced to contend with rumored financial improprieties involving friends from Georgia, the Clinton Administration was plagued by rumors of Clinton’s philandering and allegations of sexual harassment of state employees in Arkansas (Stewart 1996). The Gennifer Flowers episode that erupted during the campaign foreshadowed what lay ahead, and revelations by Arkansas state troopers during Clinton’s first term (Brock 1994) poured fuel on the fire. Clinton consistently responded to accusations by stonewalling, which contrasts sharply to the strategy adopted in a scandal involving Housing and Urban Development (HUD) Secretary Henry Cisneros.

Like Clinton, Cisneros had long been shadowed by rumors of sexual misbehavior. His affair with Linda Medlar, a campaign fundraiser, had begun in 1987 while Cisneros was Mayor of San Antonio. The affair sidetracked Cisneros’s political career; he made a public admission and retreated to the private sector when his term ended in 1988. The relationship continued until November of 1989, when Cisneros returned to his wife after being hospitalized (Jones 1998). Cisneros agreed to pay Medlar; whether this was compensating her for her lost reputation and job opportunities, or hush money, is unclear.10 In the meantime, Cisneros re-entered politics by campaigning actively for Clinton’s election in 1992. With a Ph.D. in Public Administration and his track record of success at redeveloping San Antonio, Cisneros was an ideal pick for Secretary

of HUD. When forced to divest of his real estate holdings to avoid conflict-of-interest, Cisneros sent Medlar nearly $80,000 during the first ten months of 1993 before abruptly cutting off his support in October. She then filed a breach-of-contract lawsuit on July 29, 1994, which was later settled out of court for $49,000. Medlar also sold her story to Inside Edition for $15,000, and in a program that aired September 12, she alleged that Cisneros lied on the FBI questionnaire about the his payments to her in the course of his routine background check. At issue was not the affair itself, but rather misrepresentations made during the vetting process (Woodward 1999, 279).

Because the scandal did not involve the President, but rather a cabinet secretary, the scandal is considered minor. Similar to the Bert Lance affair discussed above, the White House chose to “admit” in the scandal, concurrent with the predictions from the model. Attorney General Janet Reno conducted a five-month long review within the Justice Department, which indicated that “Cisneros told the FBI before his Cabinet confirmation that he had never paid [his mistress] more than ‘$2,500 at a time, and no more than $10,000 per year, when in fact many of his payments were substantially larger’” (Thomas and Gugliotta 1995). Reno referred the Cisneros case to the three-judge panel selected to appoint an Independent Counsel, which appointed David Barrett on March 15, 1995. The twenty-one-count indictment against Cisneros and co-defendants was handed down on December 11, 1997; it contained the nineteen counts of false statements, a conspiracy charge, and an obstruction of justice charge (because Cisneros induced two former aides to lie to the FBI). Cisneros eventually pled guilty to a misdemeanor count of lying to the FBI. He resigned from office and was fined $10,000 (Schultz 1999, 449).

President Clinton himself was also dogged by persistent rumors about his personal life. Independent Counsel Kenneth Starr (who succeeded Robert Fiske) was originally tasked with investigating the President’s and First Lady’s involvement in the Whitewater Development land
deal, but the investigation expanded to include several other possible legal and ethical violations, including allegations that Clinton sexually harassed Paula Jones (Greenberg 2000, 324). Because the illegalities were alleged to have been committed by the President himself, the scandal is considered major. The President was eventually impeached because of allegations he lied in the Jones sexual harassment case (listed in two of the four articles of impeachment) and in his testimony before Starr’s grand jury (Shultz 2000). Clinton was held in civil contempt on April 12, 1999 for having offered false testimony in the Paula Jones case (Greenberg 2000, 194).

In response to the allegations, President Clinton stonewalled in several ways. First, the President and his attorneys attempted to obtain immunity for prosecution while he was in office. This bid failed, as the Supreme Court allowed the lawsuit against the President to proceed (Woodward 1999, 257). Second, White House Press Secretary Dee Dee Myers denied the charges and claimed that the President “does not recall meeting [Jones]” (Hedges 1994).11 Third, the President indicated in written answers to the House Judiciary Committee that his testimony to the grand jury was “not false and misleading” (Schultz 1999, 454). Congress responded to Clinton’s stonewalling by pursuing the matter, granting Independent Counsel Starr formal approval to investigate whether President Clinton suborned perjury or obstructed justice in the sexual harassment investigation. The media and the partisan opponents in Congress pursued the using all means at their disposal (Ginsberg and Shefter 2000), which ultimately resulted in President Clinton being impeached on December 19, 1998, and then tried in the Senate (Greenberg 2000, 326).

11 Similarly, the President denied the allegations to his attorney (William Bennett) and said “I swear to God, it didn’t happen” (Woodward 1999, 255).
The Cisneros and Clinton scandals both involve accusations of perjury and obstruction of justice to cover-up personal indiscretions; the alleged misdeeds occurred well before either man took office. Our model predicted that the White House would admit in the Henry Cisneros affair but would stonewall on Clinton’s alleged misdeeds. Cisneros’s resignation damaged the administration’s reputation \((-x)\) but saved the cost of continuing to fight \((-k)\) after the Independent Counsel’s report had been released. When the White House stonewalled regarding Paula Jones, the media continued to pursue the matter, because its perceptions that the allegations were valid \((p)\) were very high. The expansion of the partisan press, including such magazines as *American Spectator*, which first published the allegations regarding Paula Jones, meant that the media’s cost of pursuing the matter \((e)\) was low. The equilibrium resembles the “Under Siege” situation, in which the model predicts that the opposition will pursue the scandal if the probability of the scandal being major is high relative to the cost of pursuing. Having been through similar allegations during the 1992 campaign, the White House knew that the charges and allegations would not disappear quickly, but nonetheless, “for years, Clinton went into a full Watergate defense. He denied, stonewalled, parsed the language, belittled, and attacked. In the course of defending himself, he lost control of his presidency” (Woodward 1999, 516).

7. Conclusion and Implications for Presidential Behavior

This article has advanced the analysis of presidential scandal as more than a journalistic inquiry, and has clarified presidential behavior in response to political scandal. This work has also extended our understanding of presidential behavior in the context of presidential defensive behavior instead of presidential offensive behavior. For a political environment obsessed with political “spin” resulting from scandal (Quirk 1998), there has been little scholarly work on how presidents play rhetorical defense when confronted with allegations of scandal. Our formal
model provides a framework for understanding presidential public behavior in these politically damaging situations. The findings here shed light on political accountability: the truth regarding the president (and his staff’s) troubling behavior may not be revealed under some circumstances, causing a mutiny of justice and dislocating the proper course of constitutional governance.

One clear implication to this research is that the political environment matters a great deal. As is clear from the case studies, the costs of the scandal continuing are critical in presidential decision making when confronted with scandal. The likelihood the scandal is valid and major also significantly factor into the president’s decision to stonewall or tell the truth. IN future research, we aim to expand the number of scandals under study, and fit them into a typology, to allow us to more clearly investigate how presidents handle these political moments that can shake public trust in the political system. A second implication is that the president’s dominant strategy is not always to hide the truth, nor is the dominant strategy always to tell the truth. Although the media and Congress are argued to always be “on the hunt” and presidential perceptions of being “hunted” never dissipate (Stewart 1996; Sabato 1998), stonewalling is rational under certain conditions. At sufficiently high cost to the opposition of pursing their investigation, increases in the president’s cost of continued conflict does tend to decrease stonewalling. At higher costs to the president of the investigation continuing, the president’s preference for stonewalling decreases, unless the opposition’s costs are extremely high. The formal model thus focuses our attention on the contextual factors that induce presidents to stonewall or cooperate.
Figure 1. Formal Model in Extensive Form

\[
\begin{align*}
\text{Chance} & \\
\text{Minor } (1-p) & \quad (p) \quad \text{Major} \\
\text{President} & \\
\text{Stonewall } (\beta=0) & \quad \text{Admit } (\beta=1) \\
(1-s) & \quad (s) \\
\text{Opposition} & \\
\text{Accept } (\varphi=1) & \quad \text{Reject } (\varphi=0) \\
0 & \quad -qx-k \\
0 & \quad qx-e \\
\text{Opposition} & \\
\text{Stonewall } (\beta=0) & \quad \text{Admit } (\beta=1) \\
(1-r) & \quad (r) \\
\text{Accept } (\varphi=1) & \quad \text{Reject } (\varphi=0) \\
0 & \quad -q-k \\
0 & \quad q-e \\
\text{Accept } (\varphi=1) & \quad \text{Reject } (\varphi=0) \\
0 & \quad -1 \quad -1-k \\
0 & \quad q-e \quad 1 \quad 1-e
\end{align*}
\]
Figure 2. Conditions Delineating Equilibria

<table>
<thead>
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<th>( q(p + (1-p)x) )</th>
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<th>Above the Law</th>
<th>Above the Law &amp; Executive Decision</th>
</tr>
</thead>
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<tr>
<td>( q )</td>
<td>Above the Law</td>
<td>Above the Law &amp; Out for Justice</td>
<td>Above the Law &amp; Executive Decision</td>
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<td>Under Siege</td>
<td>Out for Justice</td>
<td>Executive Decision</td>
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</tbody>
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\[ \uparrow \text{Value of } e \quad x(1-q) \quad (1-q) \]

Value of \( k \rightarrow \)
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