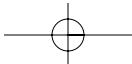
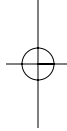


**PART  
TWO**

# **Reform Mechanisms**



## 7

## Direct Democracy and Electoral Reform

John G. Matsusaka

**D**irect democracy is emerging as one of the central institutions of modern democracy.<sup>1</sup> Roughly half of all American states and cities now allow citizens to propose and directly approve laws using initiatives, and over 70 percent of the population lives in either a city or state that allows initiatives.<sup>2</sup> Since California's famous tax-cutting Proposition 13 in 1978, initiative use has exploded across the country, and in some states appears to be eclipsing legislatures as the primary agenda-setting institution. The number of state-level initiatives going before the voters over the decade 1996–2005—more than 360—exceeded the record of the previous decade, which exceeded the record of the decade before that. The number of local measures is unknown but, as an example, there were more than 800 in four Southern

I thank Melissa Cully Anderson and Thomas Stratmann for aid in assembling the data and Michael McDonald and Brad Smith for helpful comments.

1. "Direct democracy" includes a variety of practices ranging from town meetings to different kinds of ballot propositions. To define terms, an "initiative" is a statute or constitutional amendment that is proposed by a citizen, placed on the ballot by petition, and becomes law if adopted by voters in an election. A "referendum" is a popular vote on a law proposed or adopted by the legislature.

2. These numbers and other information not otherwise attributed are taken from Matsusaka (2004, 2005a).

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California counties for the period 1991–2000, for which we do have data. In Europe, where referendums are becoming the accepted way of deciding issues related to national sovereignty, ten nations provide for initiatives in their constitutions, including at least six successor states to the Soviet Union, and the draft Constitution for the European Union allows both initiatives and referendums. Direct democracy is also gaining a foothold in Asia. In 2003, Taiwan adopted a law providing for national initiatives and referendums, and local initiatives are being used in Japan, South Korea, and Taiwan.

The growing popularity of direct democracy seems related to long-term changes in demographics and communications technology. Education levels have risen dramatically across the globe during the past fifty years, and satellites, the Internet, and a host of digital technologies have given ordinary citizens access to an unprecedented amount of information. A century ago, democracies had little alternative to appointing a group of “wise men,” sending them to the capitals, and letting them settle the public policy issues of the day. However, ordinary citizens are now capable of grappling with important policy decisions themselves, and are increasingly unwilling to turn those decisions over to elected officials and to bear the associated agency costs. Opinion surveys reveal that 70 percent or more of Americans approve of direct democracy at the state level (with majorities in every state), and a majority of Americans are in favor of federal initiatives. The numbers are comparable in Europe.<sup>3</sup>

Perhaps the main justification for initiatives and referendums is to give the people an option to override government officials when those officials fail to pursue the public interest. The early twentieth-century Progressives who brought the initiative and referendum to the United States were concerned that government might be captured by powerful special interests. If public officials willfully ignore the many to serve the few, the initiative and referendum give voters tools to take matters into their own hands. Even if elected officials are not beholden to special interests, in an increasingly complex and dynamic world government officials might make poor policy decisions simply out of ignorance, what might be called “honest mistakes.” A well-meaning representative might find it challenging to determine public opinion on a particular issue because voters elect candidates on bundles of issues and have no way of signaling their preferences on individual issues.

3. For polling information, see the websites of the Initiative and Referendum Institute at USC: [www.iandrinstitute.org](http://www.iandrinstitute.org); and IRI-Europe: [www.iri-europe.org](http://www.iri-europe.org). For additional discussion of trends, see Matsusaka (2005b).

Initiatives and referendums allow voters to correct policy “mistakes” without having to replace their representatives.<sup>4</sup>

One area in which the decisions of elected officials may be out of sync with voter preferences is on matters concerning political accountability and competition. For such electoral issues, incumbents may have a personal interest in limiting accountability and competition, an interest at odds with the preferences of their constituents. It is on these issues that allowing voters to make policy directly may matter the most.<sup>5</sup>

The first part of this essay describes and summarizes the ballot propositions concerning electoral reform in the American states over the period 1904–2005. More than 300 state-level initiatives relating to political accountability and competition have been decided since the first use of the initiative in Oregon in 1904. The most popular issues have been term limits, redistricting, and campaign finance, in that order. The main issues have changed over time, with women’s suffrage, direct elections, and legislative structure (the number of seats in the legislature and how they are apportioned) important in the early twentieth century, and term limits and campaign finance more important recently.

The second part of the essay attempts to assess the extent to which direct democracy has been important in bringing about reform of electoral institutions. There are two challenges to such an assessment. The first is the ambiguity about which laws promote competition and which entrench incumbents. For example, public funding of campaigns is touted by some reformers as a way to increase competition by leveling the financial playing field for candidates with limited resources, while others have argued that the spending limits tied to public funding can work to the advantage of incumbents who are already well known.<sup>6</sup> Rather than making a subjective assignment, I cast a wide net over fourteen laws that have attracted reformers and for which state-by-state information was available for 2005, and investigate whether the initiative has promoted adoption of the laws.

But ballot propositions alone do not determine the impact of direct democracy. In a state with initiatives, the state legislature might adopt a law it would not have otherwise voted to enact in order to avoid having an initiative on the issue on the ballot; in such an instance the initiative matters but

4. Besley and Coate (2003) and Matsusaka (2005c) explore the idea that initiatives can improve democratic policymaking in a multidimensional world by “unbundling” specific issues.

5. Garrett (2005).

6. Samples (2005).

will not leave a trace in the record of ballot propositions (what has been called the “indirect effect”). We also need a benchmark: initiatives might lead to adoption of a particular reform in initiative states, but the same reform might be adopted by legislatures in states where initiatives are unavailable. In light of these issues, scholars typically test for the effect of direct democracy by comparing policy choices in states with and without initiatives, controlling for other factors that determine policy. The idea is that however the initiative affects policy—directly or indirectly—it will show up in the final outcome.

The main finding of the second part of the essay is that the initiative does not appear to have had much effect on the adoption of laws affecting political competition and accountability, controlling for a variety of demographic and political factors. The notable exception is term limits, where availability of the initiative has been essential. This evidence confirms the general finding of Persily and Anderson, based on a study of ten separate laws, that initiative and noninitiative states have fairly similar election rules,<sup>7</sup> and extends their analysis by showing that the similarities run fairly deep, remaining even after controlling for region, demographics, and ideology. The evidence also supports the idea that initiatives are critical for adoption of term limits, but it reaches a different conclusion on commission-based redistricting by showing that differences between initiative and noninitiative states are due to factors other than the initiative.

The essay concludes by discussing why direct democracy has been largely a sideshow in electoral reform. It seems that even though initiatives give voters a tool to introduce more competition into elections, a majority of voters do not want more competition because the current officials are chosen by the majority.

## Electoral Reform Initiatives

The most comprehensive listing of state-level initiatives is the Initiative and Referendum Institute’s Initiatives Database. The database lists 2,151 initiatives that have come before the voters since 1904, when the first measure appeared in Oregon, to 2005, a virtually complete list with just a few exceptions from early in the twentieth century. I extracted from the database the 302 initiatives pertaining to electoral reform and grouped them into several categories. Table 7-1 lists the categories and gives examples of the issues included in each. Each category could contain measures that promoted or repealed the institution in

7. Persily and Anderson (2005).

**Table 7-1.** Initiatives Concerning Political Competition and Accountability

<i>Category</i>	<i>Laws (examples)</i>
Ballot access	Petition requirements for candidates; party registration deadlines
Ballot design	English-only ballots; nonpartisan ballots; party column vs. office arrangements
Campaign finance	Regulations on contributions and expenditure, disclosure, and public financing; restrictions on unions and corporations
Direct election	Direct elections for U.S. senators; party nominations by direct vote
Election administration	Bipartisan election boards, ethics commission
Initiatives and referendums	Petition requirements; amendment by legislature
Legislative structure	Number of seats; bicameral vs. unicameral; multimember versus single-member districts
Primaries	Open versus closed; instant runoff
Recall	Allowing officeholders to be recalled
Redistricting	Redistricting by commission; timing of redistricting
Term length	Shortening or lengthening terms
Term limits	Limits on the number of terms a person can hold an office
Voter eligibility	Women's suffrage; poll tax; property requirement to vote in bond elections
Voter registration	Election day registration; registration while applying for drivers license; registration by mail
Voting procedures	Absentee ballots; voting machines

Source: Compiled by author.

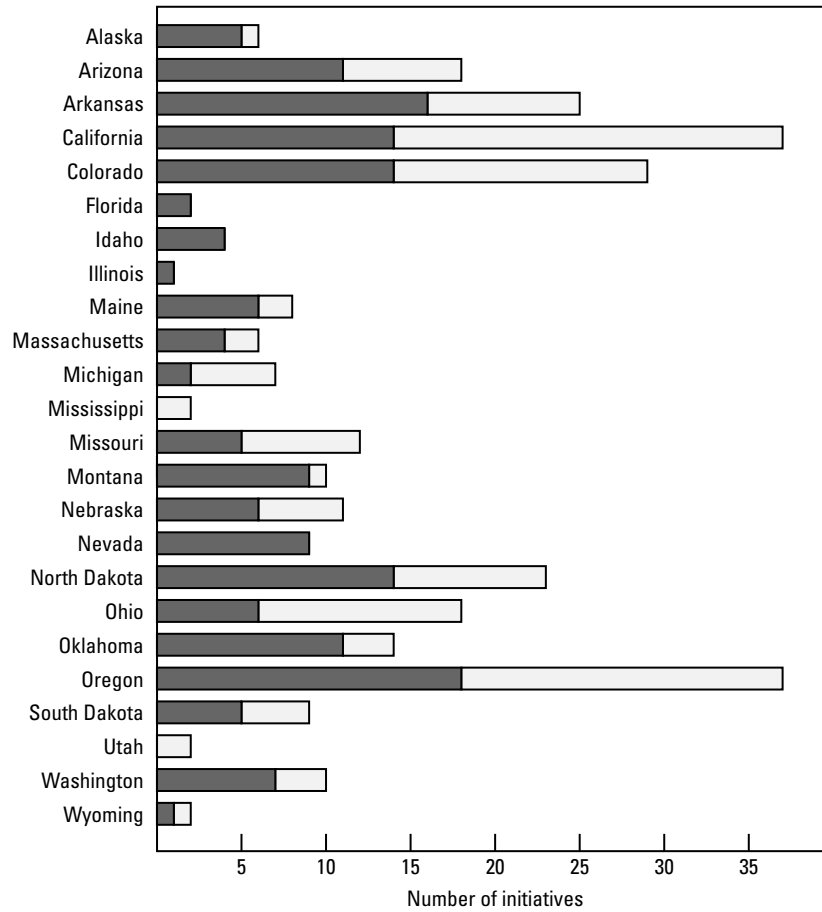
question, so there is a mix of progressive, conservative, and sometimes just unusual measures. For example, the term-limits category includes both measures to adopt term limits and measures to relax them.

Figure 7-1 shows the number of initiatives by state, and the number approved by voters. California and Oregon are the leaders, with thirty-seven electoral reform initiatives each. These states are the leading users of initiatives overall as well. Other states with more than twenty reform initiatives are Colorado, Arkansas, and North Dakota. One reason these particular states had so many initiatives is that signature requirements to qualify a measure for the ballot are fairly low.<sup>8</sup>

Figure 7-2 shows the number of measures of each type and the fraction that were approved by voters. The most popular subject was term limits, with fifty-seven measures, most of which imposed or tightened the limits. The next most popular subject was campaign finance, with forty measures, followed closely by redistricting, with thirty-six measures. Of the three, voters approved a majority of the measures concerning term limits and campaign finance, but only a little more than a third of the redistricting measures. The popularity of term-limits measures suggests that legislatures do a particularly poor job of

8. Matsusaka (2004, appendix A1.1).

**Figure 7-1. Electoral Reform Initiative by State, 1904–2005<sup>a</sup>**



Source: Initiative and Referendum Institute, University of Southern California.

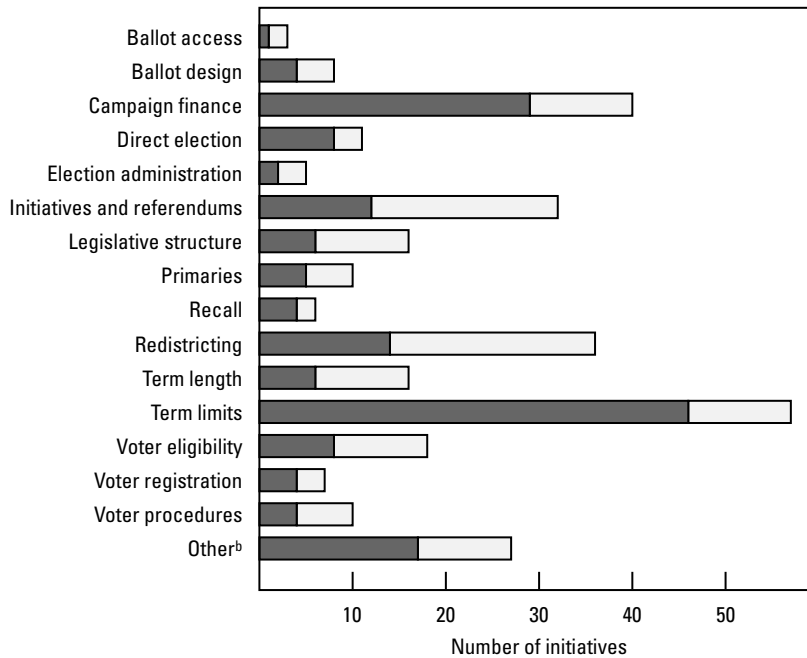
a. The figure shows the total number of electoral reform initiatives during the period 1904–2005. The dark segments indicate the number approved by the voters.

responding to constituent interests on this issue, forcing citizens to fall back on initiatives to bring about the changes they want.

Figure 7-3 shows the number of issues by decade going back to 1904.<sup>9</sup> This figure compresses the subjects into four categories: campaign finance,

9. The first “decade” is actually twelve years, incorporating the extra two years of the 102-year sample.



**Figure 7-2.** Subjects of Initiatives in the United States, 1904–2005<sup>a</sup>

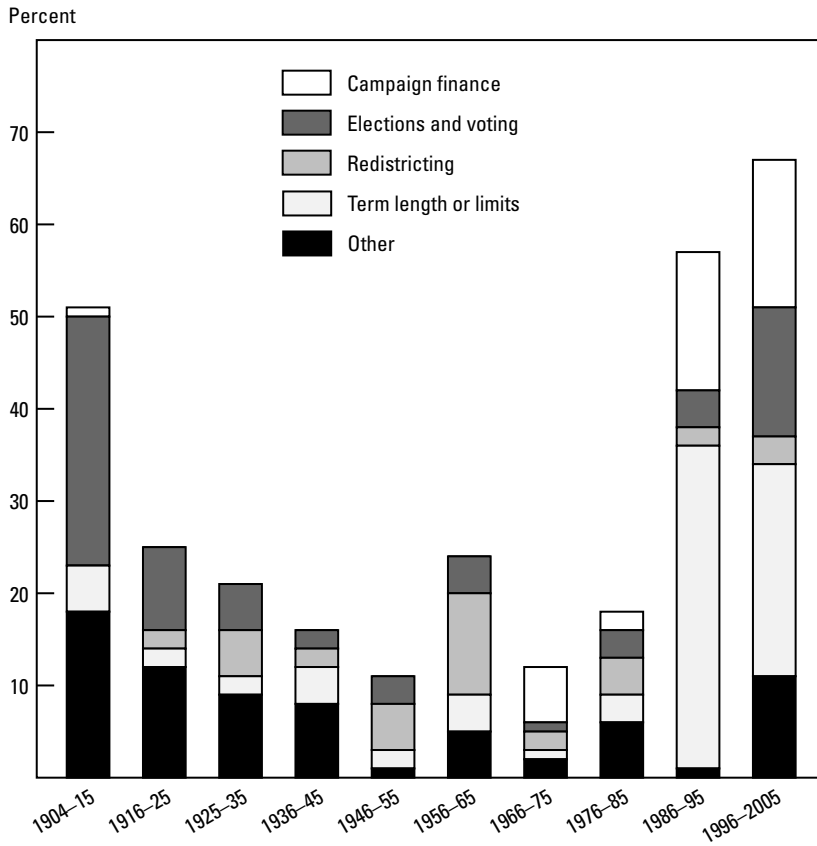
Source: Initiative and Referendum Institute, University of Southern California.

a. The figure shows the total number of electoral reform initiatives during the period 1904–2005. The dark segments indicate the number approved by the voters.

b. Includes measures such as requiring election of the commissioner of education and sheriffs, setting compensation and privileges of legislators, establishing eligibility requirements for serving in the legislature, prohibiting the use of government funds for political purposes, and allocating presidential electoral votes proportionally instead of on a winner-take-all basis.

redistricting, terms (length and limits), and elections and voting. As can be seen, there was a burst of activity in the first period, 1904–15. Even adjusting for the two extra years of this period, the total number of initiatives did not reach the 1904–15 level again until the late 1980s. The issues in the early twentieth century were somewhat different than what we saw in the most recent twenty-year period, from 1986 to 2005. Reformers were interested in elections (direct primaries), voting rights (poll taxes and women's suffrage), and legislative structure (districts based on population rather than geography). In contrast to recent experience, there was little interest in campaign finance and term limits in the first six decades of the initiative period (the early "terms" initiatives largely concerned term length, although there were some limits placed on the number of terms served by a governor). As I have

**Figure 7-3.** Initiative Subjects by Decade, 1904–2005



Source: Initiative and Referendum Institute, University of Southern California.

argued elsewhere,<sup>10</sup> much of the initiative activity in the early twentieth century was the result of malapportioned legislatures. In the days before the one-person one-vote principle was established, state legislatures tended to overweight rural interests. With the dramatic growth in cities around the turn of the nineteenth century, many states found themselves with new urban majorities but with legislatures dominated by rural interests. Reformers used the initiative to try to correct the situation by reapportioning legislatures on the basis of population and taking away the power of legislatures

10. See Matsusaka (2004, chap. 7).

to select U.S. senators. Initiatives in this period were also used to bring about substantive policies favored by the urban population, such as workers' compensation and old-age pensions.<sup>11</sup>

Reform activity was muted from 1916 to 1985, perhaps because much of the pent-up reform agenda had been adopted. A new surge in initiative activity began in the late 1970s following California's tax-cutting Proposition 13, and interest in electoral reform initiatives took off about a decade later. The character of recent activity is different than in previous decades, with an emphasis on campaign finance and term limits, both of which were largely ignored before the late 1960s. By far the most important were measures concerning terms, with a total of fifty-eight initiatives over the two decades 1986–2005.

Overall, figure 7-3 shows that reformers have embraced the initiative as a tool to advance their agendas. Whether all of this citizen lawmaking adds up to significantly different electoral institutions is the subject of the next section.

### Are Electoral Laws Different in Initiative States?

To estimate the impact of the initiative on the adoption of political institutions, it is not enough to study the propositions that were approved by voters because the threat of an initiative could influence policy choices without a measure appearing on the ballot. And even when a reform was approved by an initiative, the initiative might not have been essential. It is possible the reform would have been approved by the legislature if the initiative had not appeared. Measuring the impact of direct democracy requires tracing the effect back to *availability* of the initiative by comparing the policies of states that have direct democracy with those that do not have it. Any differences that remain after controlling for other factors, such as the ideology of state electorates, can be attributed to the availability of direct democracy.

There is a healthy literature that estimates the effect of the initiative on policy using this strategy. More than ten studies have found that initiative states spent and taxed less than noninitiative states beginning around the mid-1970s, all else equal.<sup>12</sup> My research indicates that initiative states shifted spending from state to local governments, and shifted financing from broad-based taxes to user fees and charges for services, requiring those who use

11. Matsusaka (2000).

12. These studies are listed in Matsusaka (2004, appendix 4).

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government services to pay for them.<sup>13</sup> Gerber found that initiative states were more likely than noninitiative states to allow the death penalty and to require parental notification before a minor could get an abortion.<sup>14</sup>

There is also some evidence on how the initiative affects political institutions. Initiative states pay their top officials (governor, secretary of state, attorney general, lieutenant governor, treasurer) lower salaries, controlling for population, wealth, and region of the state.<sup>15</sup> Research has also found that campaign finance regulations were stricter in initiative states than in non-initiative states;<sup>16</sup> that initiative states were more likely to adopt legislative term limits;<sup>17</sup> and that initiative states were more likely to adopt gubernatorial term limits.<sup>18</sup> In a study of ten different policies that did not control for other factors, Persily and Anderson found only three meaningful differences between initiative and noninitiative states: initiative states were more likely to adopt legislative term limits and commission-based redistricting, and less likely to adopt direct primaries (before 1915).<sup>19</sup>

My approach here is to identify laws associated with electoral reform and explore whether availability of the initiative influenced adoption of those laws. I was able to collect information on fourteen separate laws that often appear as part of a reform agenda. The fourteen laws are listed in table 7-2, and the fraction of initiative and noninitiative states with each law is reported. To bring some structure to the blizzard of information, I grouped the laws into four categories: campaign finance, elections and voting, redistricting, and terms, and constructed group indexes by summing the values for the individual laws. For example, if a state provided public funding for executive races and public funding for legislative races, and had an independent election board, then its index score was 3; if it had only two of these three laws, its score was 2, and so on. The table does not tell us if the initiative was responsible for different electoral laws because it does not isolate the effect of the initiative from other factors that influence policy choices, such as region, population, and so on. The table also does not tell us which states have more political accountability and competition because whether these laws actually

13. See Matsusaka (1995; 2004, chap. 3). These fiscal patterns—lower spending, decentralization from state to local government, and revenue shifts from taxes to fees—hold for Swiss cantons as well (Feld and Matsusaka, 2003; Schaltegger and Feld, 2001).

14. Gerber (1999).

15. Matsusaka (2005c).

16. Pippen, Bowler, and Donovan (2003).

17. Tolbert (1998).

18. Matsusaka (2005c).

19. Persily and Anderson (2005).

**Table 7-2.** Fraction of States with Laws Relating to Political Competition and Accountability<sup>a</sup>

	<i>Initiative states</i>	<i>Noninitiative states</i>	<i>p value: means are different</i>
<i>Campaign finance</i>			
Public funding, executive	0.26	0.33	.586
Public funding, legislature	0.13	0.11	.838
Oversight board for elections	0.65	0.52	.350
Campaign finance index (0–3)	1.04	0.96	.751
<i>Elections and voting</i>			
Absentee ballots allowed	0.74	0.33	.004
Ballot access fee less than \$100	0.70	0.63	.632
Ballot accessible without signatures	0.70	0.56	.319
Fusion ballots allowed	0.22	0.19	.782
Open primaries	0.70	0.59	.460
Elections and voting index (0–5)	2.65	2.19	.165
Redistricting by commission	0.39	0.15	.052
<i>Terms</i>			
Term limits, executive	0.70	0.67	.831
Term limits, legislature	0.61	0.04	<.001
Two-year terms, lower house	0.91	0.89	.782
Two-year terms, upper house	0.26	0.26	.990
Recall of executive officials allowed	0.48	0.26	.112
Terms index (0–5)	2.96	2.11	.003
Index of all	5.74	5.41	.005

Source: Public funding data come from Common Cause's "Public Financing in the States" ([www.commoncause.org](http://www.commoncause.org) [April 2005]). "Oversight boards" mean the state has an agency with statewide jurisdiction over campaign finance and ethics, taken from Council of State Governments (2005). Absentee ballot and redistricting information is from the National Conference on State Legislatures ([www.ncsl.org](http://www.ncsl.org)). Ballot access fees and signature requirements were provided by Thomas Stratmann. I follow Stratmann (2004) in using \$100 as the critical cutoff level for the ballot access fee. An open primary is anything but a strictly closed primary. Information on fusion ballots is from the New Majority Education Fund ([www.nmef.org](http://www.nmef.org)). Information on primary elections is from the National Voter Registration Application guide. Term-limits information is from U.S. Term Limits ([www.ustermimits.org](http://www.ustermimits.org)). Term-length and recall information is from Book of the States (2004).

a. The table shows the fraction of states that had adopted a given law as of 2005. Initiative states are those that allow either statutory or constitutional amendment initiatives, except Illinois, which is classified as a non-initiative state. Policies are coded 1 if the policy has been adopted, and zero otherwise. Index values are calculated by summing the individual laws within a category. Data sources are given in the text.

help is still a matter of debate in many cases. For example, public financing of campaigns is advocated by some in the belief that it will level the financial playing field, while other argue that the spending limits attached to public funding protect incumbents from unknown challengers.

Perhaps the main conclusion that can be drawn from table 7-2 is that electoral laws in initiative and noninitiative states are not that different. Only three statistically or quantitatively significant differences appear: initiative

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states are 57 percent more likely to have legislative term limits (61 percent versus 4 percent), 24 percent more likely to redistrict by commission (39 percent versus 15 percent), and 41 percent more likely to allow absentee ballots (74 percent versus 33 percent).<sup>20</sup> The terms index is significantly higher in initiative states than in noninitiative states, as is the elections and voting index, but the latter difference is not within the bounds of statistical significance.

The next question is: Were the electoral law differences between initiative and noninitiative states caused by availability of the initiative, or are initiative states different in some other dimension that is causing them to adopt different election laws? In order to provide an answer, it is necessary to separate the effect of the initiative from other factors that differ across states. I consider a variety of possible confounding explanatory factors or “control variables.” The first two control variables are whether the state is in the South or in the West. A state’s region may capture aspects of political culture that are left out of other variables. Thirteen percent of initiative states and 30 percent of noninitiative states are in the South; in comparison, 43 percent of initiative states and 7 percent of noninitiative states are in the West.<sup>21</sup>

The third control variable is the number of years since the state entered the union, as of 2005, or “years since admission” for short. To the extent that institutions and laws are sticky, older and younger states might have different laws for historical reasons. A state’s age could also capture differences in political culture. Initiative states are younger on average than noninitiative states, 140 years versus 187 years. Since the purpose of including this variable is to capture sources of variation associated with a state’s age that are unrelated to the initiative, it is not necessary to establish exactly what the variable represents, only to capture the variation. As will be seen, the variable seems to be capturing something important in explaining the prevalence of many electoral laws.<sup>22</sup>

The fourth and fifth controls are demographic variables, population and income per capita. Large states may face different problems than small states (for example, it may be more difficult for voters to monitor and control their

20. The patterns for term limits and redistricting are consistent with Persily and Anderson (2005).

21. The Southern states are Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia. The Western states are Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

22. It may be worth noting that none of the main results are materially different if the years-since-admission variable is omitted.

representatives in large states than in small states), leading them to adopt different laws. The fact that large cities are more likely to allow initiatives than small cities suggests that representative government is more difficult with a large population.<sup>23</sup> Similarly, wealthy states may face different problems than poor states. The average population of initiative states is 5.5 million and 6.0 million for noninitiative states. The average per capita income in initiative states is \$26,577, \$28,100 in noninitiative states.

The final control is a measure of state ideology developed by William Berry and his colleagues.<sup>24</sup> They calculated the ideological position of each incumbent U.S. representative using ADA (Americans for Democratic Action) and AFL-CIO ratings, and imputed ideology ratings for challenger candidates by taking the average rating of members of the same party in the state. The incumbent and challenger scores were then averaged based on election vote shares and aggregated across districts to yield a state measure. The final variable takes on values between 0 and 100, with 100 being the most liberal. I downloaded the most recent information from Berry's website and averaged the numbers from 1990 to 1999 to construct a measure of state ideology. The mean for initiative states is 41.7 and 54.7 for noninitiative states, suggesting that candidates are more conservative in initiative states than in noninitiative states.

Table 7-3 reports the effects of the initiative and other control variables on the different electoral law indexes. For each law, a state was coded 1 if the law was in place as of 2005, and 0 otherwise. A value of 1 corresponds to the legal position usually favored by reformers. The statistical tool that allows the different effects to be isolated is the cross-sectional multivariate regression, which can be thought of as calculating average differences controlling for other factors. Thus the top left entry under "Initiative" indicates that the campaign index was 0.06 higher in initiative states than in noninitiative states, controlling for region, years since admission, population, income, and ideology. Since the campaign index takes on values from 0 to 3, a difference of 0.06 is negligible. The measured effect is also not statistically significant, meaning that the difference cannot be distinguished from purely random variation. Table 7-4 reports the initiative's effect on individual policies.<sup>25</sup>

23. Matsusaka (2003).

24. Berry and others (1998).

25. Because the dependent variables in table 4 are binary, the ordinary least squares regressions reported in the table are not econometrically appropriate. All regressions were also estimated using a logistic regression, and the findings are essentially the same. I report the linear probability coefficients because they are simple to interpret.

**Table 7-3. Factors That Influence Electoral Law Indexes<sup>a</sup>**

Variable	Initiative	South	West	Years since admission	Population	Income per capita	Ideology	Intercept	R <sup>2</sup>
Campaign index (0-3)	0.06 (0.26)	-0.03 (0.35)	-1.18*** (0.35)	-0.015*** (0.004)	0.13 (0.13)	0.01 (0.04)	0.02** (0.01)	0.83 (1.76)	.343
Elections and voting index (0-5)	0.30 (0.29)	0.36 (0.39)	0.47 (0.39)	-0.001 (0.004)	-0.45*** (0.14)	-0.01 (0.04)	-0.01 (0.01)	9.86*** (1.97)	.420
Redistricting (0-1)	0.11 (0.15)	-0.12 (0.20)	0.12 (0.20)	-0.002 (0.002)	0.06 (0.07)	0.00 (0.02)	0.000 (0.003)	-0.43 (1.00)	.159
Term index (0-5)	0.95*** (0.34)	-0.26 (0.45)	-0.31 (0.46)	-0.001 (0.005)	0.08 (0.17)	-0.02 (0.05)	0.004 (0.008)	1.26 (2.30)	.190
Overall index (0-14)	1.42*** (0.53)	-0.05 (0.70)	-0.91 (0.70)	-0.02** (0.01)	-0.17 (0.26)	-0.01 (0.07)	0.01 (0.01)	11.52*** (3.53)	.416
Overall index without term limits (0-12)	0.64 (0.50)	-0.03 (0.66)	-0.45 (0.67)	-0.02** (0.01)	-0.33 (0.24)	0.05 (0.07)	0.00 (0.01)	11.65*** (3.35)	.367

Source: Author's calculations.

a. Each row is an ordinary least squares regression with fifty observations, one for each state. The main entries are coefficient estimates, with standard errors beneath in parentheses. "Initiative" is equal to 1 if the state allows initiatives and 0 otherwise. Illinois is counted as a noninitiative state. "South" and "West" are equal to 1 if the state is in the South or West, respectively, and 0 otherwise. "Years since admission" is 2005 minus the year the state entered the Union. Population is expressed as a logarithm. Ideology is the Berry and others (1998) measure of "citizen ideology."

\* significant at the 10 percent level.

\*\* significant at the 5 percent level.

\*\*\* significant at the 1 percent level.



**Table 7-4.** Effect of Constitutional versus Statutory Initiatives in Initiative States<sup>a</sup>

	<i>Type of Initiative State</i>			
	<i>Initiatives allowed for constitutional amendments and statutes</i>		<i>Initiatives allowed for constitutional amendments only</i>	
	<i>Initiative effect (percent)</i>	<i>Standard error</i>	<i>Initiative effect (percent)</i>	<i>Standard error</i>
<i>Campaign finance</i>				
Public funding, executive	3.4	1.4	1.4	13.4
Public funding, legislature	-2.9	1.0	-7.0	9.6
Oversight board	6.0	15.3	-1.6	14.3
<i>Elections and voting</i>				
Absentee ballots allowed	6.2	12.1	2.9	11.3
Ballot access fees less than \$100	-0.1	14.9	2.2	13.9
Ballot accessible without signatures	17.6	17.0	16.4	15.8
Fusion ballots allowed	9.2	13.5	3.2	12.7
Primaries, open	-2.6	16.5	-6.9	15.3
Redistricting by commission	11.2	15.0	6.2	14.0
<i>Terms</i>				
Term limits, executive	12.5	15.6	24.6*	14.1
Term limits, legislature	66.1***	12.1	66.5***	10.6
Two-year terms, lower house	-3.9	10.3	-6.0	9.6
Two-year terms, upper house	16.4	14.3	6.0	13.5
Recall for executive officials	3.4	16.1	9.3	15.0

Source: Author's calculations.

a. Each row reports the number from two regressions that differ in how an initiative state is defined. The main entry can be interpreted as the difference in the probability that an initiative state and a noninitiative state will have the law in question. The dependent variable is a dummy equal to 1 if the state adopted the indicated policy. All regressions included South and West region dummies, years since admission, log of population, income per capita, and a measure of ideology, but the coefficients on those variables are not reported.

\* significant at the 10 percent level.

\*\* significant at the 5 percent level.

\*\*\* significant at the 1 percent level.

The first cluster of policies concerns campaign finance: public funding for statewide officials, public funding for legislatures, and independent election administration or ethics boards. As mentioned, the tables show that initiative states are more likely to have each policy in place, but the differences are tiny and none of them are distinguishable from noise for either individual laws or the index. Whether a state adopts these campaign finance regulations seems to depend mainly on region, years since admission, and ideology. States are more likely to adopt if they are relatively young states outside the West with relatively liberal voters.

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The second cluster of laws concerns elections and voting: availability of absentee ballots, ballot access fees of less than \$100 for candidates, absence of signature requirements for candidate ballot access, use of open primaries, and allowing fusion ballots. The index value is 0.30 higher in initiative states than noninitiative states, indicating that election and voting reform laws are more prevalent in initiative states. However, a difference of 0.30 is quite small given that the index runs from 0 to 5, and the effect is not different from zero at conventional levels of statistical significance. Table 7-4 shows that initiative states, controlling for other factors, are more likely to allow fusion ballots and ballot access without signature requirements, but less likely to allow absentee ballots, allow ballot access with a fee below \$100, and use open primaries. However, in none of the cases are the differences statistically different from zero. The most significant factor for election and voting reform laws is population; small states are more likely to adopt them than large states.

The third category is redistricting. Recall that initiative states are more likely to employ commission-based redistricting than noninitiative states. This result does survive inclusion of controls: after taking into account that initiative states are more likely to be in the West, less likely to be in the South, and so on, we see that initiative states are only 11 percent more likely to use redistricting commissions, and this difference is not statistically significant. Unfortunately, neither table paints a clear picture of what actually causes the differences because none of the control variables are measured precisely enough to distinguish them from zero. In short, even though initiative states are more likely than noninitiative states to employ commission-based redistricting, that difference cannot be attributed to availability of the initiative.

The fourth category is terms. Here we see, for the first and only time, significant initiative effects. There are three types of laws concerning terms: term limits, term length, and recall. Backers argue that term limits remove entrenched incumbents, that short terms will make elected officials more accountable, and that recall will improve accountability by allowing voters to remove unsatisfactory officeholders. The term index is 0.95 higher in initiative states than in noninitiative states, a nontrivial difference given the range of 0 to 5, and the difference is statistically different from zero at better than the 1 percent level. We can see from the individual policies in table 7-4, however, that this effect is almost entirely driven by the effect of the initiative on term limits for legislators. Initiative states are 66.1 percent more likely to have term limits for legislators than noninitiative states, controlling for the usual factors. The initiative makes a state much more likely to adopt legislative term

limits, but does not have a significant effect on adoption of other term-related policies.

The initiative's effect on the overall index that sums the fourteen laws is positive (1.42) and different from zero at better than the 1 percent level. Initiative states appear to adopt more of these laws than noninitiative states, all else equal. However, the difference is almost entirely the result of term limits. If the overall index is constructed without the term-limits variables, as shown in the last row, the coefficient falls to 0.64 and is no longer different from zero at conventional levels of significance.

Some electoral reform policies cannot be implemented by statute and require amending the state constitution, for example, term lengths in some cases. Alaska, Idaho, Utah, Wyoming, and Washington allow voters to use initiatives only for statutes. The initiative process in these statute-only states may be too limited to bring about policy change. To check for this possibility, table 7-4 compares the effect of the initiative in states that allow initiatives to amend the constitution with all other states, controlling for the same other explanatory variables as before. This allows for the possibility that constitutional initiatives are different from statutory initiatives. As can be seen, the estimated effects are fairly similar when we consider only constitutional initiatives, and as before only significant for the term-limits variables. The only noteworthy change in the pattern is that term limits on executive officials are now also significantly more likely in initiative states. States that allow constitutional initiatives are 24.6 percent more likely to limit executive terms than states that do not allow constitutional initiatives.<sup>26</sup>

The main message of this section is that the initiative does not appear to have played much of a role in the adoption of laws related to political competition and accountability. This may not be particularly surprising. The majority that rules in initiative elections might also be able to dominate the legislature, and thus be content with a lack of competition. For example, voters in a heavily Democratic state may prefer to have redistricting performed

26. By controlling for the obvious sources of policy variation across states, these regressions go part of the way toward isolating the causal effect of the initiative on policy. They do not address what is known as the problem of endogeneity, however: an unobserved factor may have caused certain states to adopt the initiative and also be driving their policy decisions. While a serious issue, concern is ameliorated by the fact that twenty of the twenty-three initiative states adopted the process during the period 1900–20, long before 2005. Unless the hypothesized factor is of very long duration, it would not lead to a spurious correlation. As a robustness check, I also estimated the initiative effect after including an interaction term between availability of the initiative and ideology. The main story was unchanged.

on a partisan basis by a Democratic-controlled legislature than by a nonpartisan commission. Consistent with this, voters in Democratic-controlled California and Republican-controlled Ohio strongly rejected initiatives in 2005 that would have established nonpartisan redistricting commissions. The only policy where the initiative has clearly been decisive is term limits. Using the same logic, one might expect a majority of voters to prefer to keep their own incumbents secure. Why voters are willing to upset the status quo and adopt term limits but not redistricting or other competition measures is an open question.

### Concluding Comments

The evidence reported in this essay reveals that although reformers often have used ballot propositions to advance their agendas, initiatives on balance have not led to significant institutional changes in democratic rules. There is one notable exception—term limits for legislators—that has been brought about almost entirely through initiatives. The initiative's modest role in electoral reform could be because the majority of voters are not interested in competition per se. The majority of voters are perfectly happy with limited competition if it secures and extends their grip on the government. Thus reforms such as redistricting by nonpartisan commissions that tip the balance of power away from the dominant party are not likely to find any more favor with the voters than with their representatives. The only exception is reforms that allow the majority to better control their representatives. The broad implication is that if reformers are looking to direct democracy as the magic bullet for electoral reform, they are likely to be disappointed. The electorate at large is not any more inclined than legislatures to adopt laws enhancing political competition. The only obvious benefit of direct democracy is in adopting anti-incumbent rules, such as term limits.

Although the initiative does not appear to be an important factor driving adoption of electoral reforms, the initiative may increase political competition and accountability in other ways. As I have argued at length elsewhere, when the initiative is unavailable, competition over laws takes place between political professionals who run for office.<sup>27</sup> They state their policy goals and compete for votes in order to take office and push their policies through. With the initiative, policies can be formulated and proposed by individuals who are not political professionals and do not wish to hold office. A growing

27. See Matsusaka (2004, chap. 9).

body of theory and evidence suggests that the initiative does in fact make policy more responsive to voter interests.<sup>28</sup> Whether a closer correspondence between policy and public opinion is a good or bad thing is far from clear—there are reasons to fear majority rule as well as to favor it—but increasing responsiveness is one of the underlying goals of electoral reform. The initiative may play a limited role in bringing about electoral reform, but it does seem to serve the goals of reformers when it comes to policy responsiveness.

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28. See, for example, Gerber and Lupia (1995); Gerber (1999); Matsusaka and McCarty (2001); Matsusaka (2004); Lupia and Matsusaka (2004).

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