For the Many or the Few

The Initiative Process, Public Policy, and American Democracy

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CHAPTER ONE

Introduction

> When we consider the extent to which [political] pressure is made effective today by the greedy and highly organized few, rather than by the mere normally interested and unorganized many, a legislative system which may have been safe once comes to look decidedly defective.
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> — Lewis Jerome Johnson, *The Initiative and Referendum,* (1909)

The initiative process embodies the simple idea that ordinary citizens should have the right to propose and pass laws without the consent of their elected representatives. Support for this idea is deep and enduring. The initiative has been a part of state and local government for more than 100 years now, making it an older institution than universal women's suffrage, term limits for the president, direct election of U.S. senators, the federal income tax, and social security. None of its popular luster has diminished over time. Opinion polls consistently reveal strong support for the initiative process at all levels of government—even the federal—from residents of both initiative and noninitiative states. As of 2003, 24 states and about half of all cities provided for the initiative. All told, about 200 million Americans, some 70 percent of the population, live in either a city or state with the initiative, and by most indications the numbers are growing.

Yet despite its enduring popularity, the initiative continues to trouble some thoughtful observers. They question whether voters are sufficiently informed to decide complicated policy issues, and whether the initiative ultimately promotes democracy or works to the advantage of rich special interests who use it to hijack the policy process. As

David Broder recently argued in *Democracy Derailed* (p. 243), "the experience with the initiative process at the state level in the last two decades is that wealthy individuals and special interests—the targets of the Populists and Progressives who brought us the initiative a century ago—have learned all too well how to subvert the process to their own purposes."

This is not, of course, the view of the majority of the public that strongly supports the initiative. They believe that special interests subvert the *legislative* process in the state capitals, and that the initiative is a way for the majority to reassert its will. For example, M. Dane Waters, president of the Initiative & Referendum Institute, a nonpartisan think tank, argues in the *Initiative and Referendum Almanac* (page xix) that, "[f]or a century, the initiative and referendum process has been THE critical tool to check the power of unresponsive and unaccountable government at the national, state and local level."

The different views stem from fundamentally different beliefs about who benefits from the initiative process. Initiative defenders believe the process makes government more responsive to the public while critics believe it makes government more responsive to special interests. Which of these beliefs is correct is a matter of fact, not a matter of theory or principle. To a large extent, then, the different assessments of the initiative process hinge on an empirical question: *what does the initiative do to government policy, and who does this benefit?* The only way to address such a question is to determine the facts. That is what I attempt to do in this book. The book examines a huge amount of data on tax and spending policies of states and their local governments from 1957 to 2000 and select years in the first half of the twentieth century, and from over four thousand cities in the last two decades. With so much data it is possible to draw a fairly clear picture of how the initiative process changed fiscal policies in the twentieth century. I also examine a significant amount of opinion data to see what policies the majority of people wanted. By comparing public opinion to actual policies, we can determine whether the initiative advanced the interests of a majority or empowered narrow special interests.

You might wonder whether such an intensive look at the data is necessary. After all, everyone has heard of Proposition 13—don't we already know what the initiative does? It is true that California's famous Proposition 13 in 1978 cut property taxes, and triggered a reduction in other taxes and spending in California and other states. The problem is that there were also initiatives that *increased* taxes and spending, pushing policy in the opposite direction of Proposition 13. For example, California's Proposition 108 in 1990 allocated $2 billion for public transit, and Proposition 99 in 1988 increased tobacco taxes by $600 million a year. There is no such thing as a "typical" initiative, and the diversity of initiatives makes it inappropriate and misleading to generalize about the process from specific examples. Since the effect of the initiative cumulates over many measures and many years, the net effect can only be seen by "adding up'' all of the individual effects. This is one reason the book analyzes so much data instead of focusing on a handful of measures.

You might also think that someone, somewhere, must have supplied the relevant facts already. To be sure, the initiative has attracted the attention of numerous scholars over the years. I count at least three dozen books and articles in the last two decades alone. These studies have provided a great deal of descriptive information about voter information, initiative campaigns, and use of the initiative. Yet with exceedingly few exceptions that I will discuss later in the book, they have not attempted to document the effect of the initiative by looking at actual policies across states and across time. And none of the existing work makes use of anything more than a small fraction of the available data. The limited empirical scope of previous work is easy to explain: until about 10 years ago when low cost computing first became available, it was simply not practicable to work with data sets that were anywhere near the size of those used in this book.

The main findings are easy to summarize. First, over the last three decades, the initiative had a significant impact on state and local governments. States with the initiative spent and taxed less than states without the initiative, they decentralized spending from state to local government, and they raised more money from user fees and less from taxes. Second, opinion surveys throughout the period show that a majority of people supported each of these policy changes: the voters wanted less spending, more local disbursement of funds, and greater reliance on user fees compared to broad-based taxes. The facts, then, do not support the view that the initiative process allows special interests to distort policies away from what the public wants. The initiative appears to promote the interests of the many rather than the few.

It takes quite a bit of work to reach these conclusions. In the rest of this chapter, I provide background information on the initiative—its history and current use—partly to dispel some misconceptions. Then I discuss some important lessons from the previous literature, and explain the empirical approach of the book.

A Venerable Institution: A Brief History of the Initiative

A recurring misconception about the initiative is that it is a new and exotic form of government. For example, Broder's book begins: "At the start of a new century—and millennium—a new form of government is spreading in the United States." In fact, the initiative is an old form of government—it has been used in the United States for more than 100 years, roughly half of the life of the Republic—and its "spread" in the United States took place very early in the *twentieth* century. And it is not exotic—the initiative is now (and has been for decades) part of state and local government for a majority of the population. American democracy has been extremely successful, and we naturally venerate those parts of it that have stood the test of time while raising a skeptical eye to innovations. One purpose of the short history that follows is to clear away some common misunderstandings that make it difficult to take an objective look at the initiative.

The initiative was first incorporated into a state constitution in 1898, when South Dakota took the step. To put things in perspective, the initiative process is older than such newfangled ideas as universal women's suffrage, direct election of U.S. senators, the federal income tax, social security, the federal income tax, and the 1-person 1-vote principle. A great burst of adoption activity followed in South Dakota's wake, propelled by the Progressive movement. By 1918, 19 other states had amended their constitutions to provide the initiative. These initiative states were home to 33 million people, roughly one-third of total population of the country at the time. When Mississippi adopted the initiative (for a second time) in 1992, it brought the number of initiative states to 24. As of the 2000 census, these 24 initiative states (and the District of Columbia, which also has the initiative) were home to 136 million Americans, just shy of half the population. Figure 1.1 identifies the states that currently provide for the initiative and Appendix 1 describes in detail the key legal procedures in each initiative state. The initiative enjoys the greatest popularity in the West, but can be found in all regions of the country, from the South (Arkansas, Florida) to the Northeast (Maine, Massachusetts) to the Midwest (Michigan, Ohio).

The initiative was put into use almost as soon as it became available; it did not lie dormant until the 1970s, as is sometimes suggested. The first measures reached the voters in 1904, a direct primary law and a local option liquor law in Oregon (both passed.) The following decades saw a burst of initiative activity that peaked with 276 measures in the 1910s (Figure 1.2) and remained high through the 1930s. For reasons not well understood, the number of propositions then went into a three-decade decline, bottoming out with 88 measures in the 1960s. Initiative activity picked up again in the 1970s (also for reasons not well understood), and continued to increase as the century came to a close. In 1996, a record 93 initiatives were put before the voters, and the overall total of 378 measures for the 1990s eclipsed the previous record from the 1910s.

At the local level, cities and other governments began to adopt the initiative process about the same time as the states. It first appeared in 1893, when the California code was extended to provide the process in every county. In 1897, the state of Nebraska conferred initiative rights on all cities and municipal subdivisions in the state. The first cities to incorporate the initiative in their charters were San Francisco and Vallejo in California in 1898. By 1911, all or substantially all municipalities in ten states had been granted initiative rights, and individual cities in at least nine other states had adopted the initiative: state law granted the initiative to all cities in Colorado, Montana, Nebraska, Oklahoma, Oregon, South Dakota, and Utah, and to most cities in California, Ohio, and Wisconsin. Individual cities had the initiative in Florida (including Miami), Massachusetts, Michigan (including Detroit and Grand Rapids), Minnesota, Nevada (including Reno), North Carolina, Texas (including Austin, Dallas, and Forth Worth), Washington (including Tacoma and Spokane), and West Virginia. The process was actively used in some cities: by 1940, 33 initiatives had come before voters in Detroit, 51 in Los Angeles, and 55 in San Francisco.[1]

There is no systematic evidence on how the initiative spread through American cities after the Progressive movement crested. Beginning in 1981, however, the International City/County Manager Association (ICMA) began surveying its some-odd 5,000 member cities at 5-year intervals to determine how many had the initiative. Of the cities that responded to the survey in 1986 (the most recent year with reliable data), 50 percent had the initiative. These cities had a combined population of 66 million in 1986, far exceeding the 27 million people who lived in cities that reported not having the initiative. Figure 1.3 shows the fraction of cities in each region that reported having the initiative. Again we see that the initiative is most popular in the West, but not a stranger to any region of the country.

The initiative is especially prevalent in the largest cities. Table 1.1 lists the 20 largest cities in 2000, and whether or not they had the initiative (Appendix 2 details their procedures.) Among the 20 largest cities, 15 provided the initiative. Of the 117 cities in the ICMA survey with more than 100,000 residents, 80 percent had the initiative in 1986. Since large cities are more likely to allow the initiative, it turns out that in all regions of the country, more people live in a city with the initiative than a city without it (even though there are fewer initiative cities.)

Is the initiative exotic? One way to answer this question is to count the number of people who live in a state or city with the initiative. The exact number cannot be calculated because the ICMA survey includes only half of all cities. However, we can get a ballpark figure for 1986 by supposing that the initiative is as common for cities missing from the ICMA survey as those that are in the sample. Under this assumption, the estimate for 1986 is that 169 million Americans lived in a city or state with the initiative, 71 percent of the total population. Put differently, only 29 percent of the population had no access at all to the initiative. It seems fair to say that the initiative is a normal rather than exceptional feature of political life for most Americans.

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[1] See Bradford (1911), Oberholzer (1912), and Crouch (1943) for the early history of the initiative in cities. Matsusaka (2003) provides an overview of current initiative provisions in cities.

Another way to gauge the importance of the initiative process is by the amount of money spent on ballot proposition campaigns. In 1998, roughly $400 million was spent nationally on proposition campaigns. To put this in perspective, the 2000 presidential campaigns (primary and general elections, all parties) spent $326 million, and the federal House and Senate elections of 1998 spent $740 million. Expenditure on propositions is even more impressive considering that proposition contests only take place in part of the country, unlike the nationwide presidential and congressional campaigns.

The initiative is not unusual outside the United States either. The Swiss have been using initiatives to set policy at national, state, and local levels since the middle of the nineteenth century. Italy uses a form of the referendum that is very close to an initiative. The provinces of British Columbia and Saskatchewan brought the initiative to Canada in the 1990s. Among the 15 successor states to the Soviet Union, six provide for the initiative in their new constitutions.[2] If we consider referendums more generally (meaning a popular vote on an issue, not necessarily originating with a citizen petition), it turns out that at least 96 countries have had a national vote to resolve some public issue at one time or another in their history. The only established democracies that have never had a national referendum are India, Israel, Japan, the Netherlands, and the United States (Butler and Ranney, 1994).

Voter Competence, Money, and Majority Rule

Most research on the initiative process focuses on two issues, voter competence and the role of money. It is important to understand what we currently know about these two issues, and how they are related to the main issue in this book.

The "voter competence" question is whether voters are capable of making the right decision in the initiative process.[3] There is reason to be skeptical. Many voters do

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[2] This information is difficult to ascertain. My search of the post-Soviet constitutions indicated that the following republics allow initiatives: Latvia, Lithuania, Kirhgizia, Moldavia, Turkmenistan, and Ukraine.

[3] For nontechnical but somewhat dated discussions of the main issues, see Magleby (1984) and Cronin (1989). Lupia and McCubbins (1998) is an outstanding study of information cues using modern theory and

not understand the petitions they sign. Few read the actual text of the measures they vote on. And most people fail miserably when quizzed about the details of any given measure. Based on evidence of this sort, Magleby (1984, pp. 197-198) colorfully concluded,

> Some voters will be able to master the initiative process, but those with less than graduate-school reading ability will be unable to read and understand the voter's handbook or the actual description of the measure printed on the ballot. Those who have not learned about the measure before entering the booth will play a form of electoral roulette, casting affirmative and negative votes at random, or will decide not to vote on the measures at all. The majority of the ballot measures are decided by voters who cannot comprehend the printed description, who have only heard about the measure from a single source, and who are ignorant about the measure except at the highly emotional level of television advertising.

However, this view of voter competence seems overly simplistic. Voters may not need a detailed (or "substantive") understanding of a measure in order to accurately register their preferences in the voting booth. They may be able to cast a "competent" vote (meaning a vote that reflects their underlying interests and values) by using information cues or shortcuts, such as recommendations from trusted organizations or individuals. For example, an environmentalist can cast the "right" vote (that is, a vote consistent with his or her values) on an environmental ballot proposition simply by learning whether the Sierra Club is for or against the measure, without reading or understanding anything in the voter's handbook. By way of analogy, many of us manage to take the right medications for our ailments by relying on the advice of trusted experts (our physicians) even though we know nothing about the chemical composition of the medications or the results of clinical trials. When it comes to political matters, most people have access to numerous sources of information cues—interest groups, politicians,

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empirical techniques, and should be considered essential reading on the issue. Popkin (1991) is also valuable, and Downs (1957) contains the first rigorous theoretical study of the problem.

newspapers, coworkers, family, friends, neighbors, etc.—so they should not find it difficult to decide how to vote on most issues.[4]

This is somewhat theoretical. As a matter of practice, are voters able to use cues to overcome their substantive ignorance about issues? The evidence suggests they are.[5] In one of the most convincing studies, Lupia (1994) found that substantively uninformed people could mimic the votes of substantively informed people on five complicated ballot propositions simply by knowing the endorsements of Ralph Nader and the insurance industry. Similarly, Kahn and Matsusaka (1997) and Kahn (2002) showed that aggregate voting patterns on 18 California environmental initiatives closely reflected underlying economic interests—voters who stood to suffer an economic loss from a measure tended to oppose it. Filer and Kenny (1980) found that citizens manage to vote their interests in city/county consolidation referendums. In perhaps the most comprehensive study of information and voting in candidate elections, Peltzman (1990) found that when voting in presidential, gubernatorial, and senatorial elections, people seemed to incorporate economic information in a surprisingly sophisticated way. He concluded (page 115), "[t]he broad picture that emerges here is of self-interested voters who correctly process relevant information. Indeed, one would be hard put to find nonpolitical markets that process information better than the voting market."[6]

Even if information cues and shortcuts are less effective than the literature suggests, the implications for the initiative process are unclear. Uninformed voters will

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[4] At first blush, the use of information shortcuts might seem a shirking of citizen duty. However, I would argue instead that it represents a responsible and economical way for citizens to register their opinions about public policy, which is the purpose of voting in the first place. It is not irresponsible to rely on the opinions of others; we do it for a great many of our everyday decisions, even the most important. Even professional legislators rely on information shortcuts: their decisions to support or oppose a bill often are based on the advice of fellow legislators, trusted aids, etc., not on a detailed reading of the text.

[5] There is more evidence than what I discuss in this paragraph. See Lupia and McCubbins (1998), Bowler and Donovan (1998), and Gerber and Lewis (2002).

[6] Despite the scholarly debate, the fact that 49 of 50 states require popular approval by referendum for amendments to their constitutions—apparently without controversy—suggests that there is actually a broad consensus that ordinary citizens are capable of voting on issues. The point of contention would seem to be whether to allow ordinary citizens to make proposals or to reserve this right to the legislature.

do a poor job deciding ballot propositions but they will also do a poor job selecting candidates. Does giving them a say over issues in addition to letting them choose legislators compound the problem or make it better? The answer is not clear to me and probably varies from issue to issue: some ballot propositions are simpler to evaluate than candidates while others are more difficult.

The "money" question is whether the initiative allows rich individuals and groups to advance their agendas at the expense of the general public. Two prominent books were recently published devoted to the money question. Although the books approach the question from very different perspectives, they arrive at similar conclusions. Broder (2000) takes a journalistic approach, going inside a handful of ballot campaigns, and interviewing politicians and political activists in the initiative industry. He reports how expensive it is to place a measure on the ballot and wage a campaign in a large state like California (petition costs alone exceed $1 million), and how money has become a major factor in initiative politics. Gerber (1999) takes a scholarly approach, sifting through an impressive amount of campaign spending and polling data. She systematically corroborates Broder's impression that money is important in the initiative process, but with a twist: campaign spending turns out to be much more effective in opposing a measure than promoting one. Deep pockets provide a veto of sorts when it comes to initiatives, but do not allow the purchase of favorable legislation. From the observation that money matters in the initiative process, Broder and Gerber both draw what seems like a natural conclusion: the initiative has become a tool to advance the interests of organized and wealthy special interests instead of the broad public.[7]

However, the conclusion rests on a syllogism that is not generally correct. The syllogism is this: only the wealthy can afford to qualify and promote ballot propositions, therefore, the initiative process ends up helping the rich and hurting the (not particularly wealthy) majority. To see the problem with the argument, consider the following abstract situation. A group of people needs to make a decision that will be binding on them all (to

[7] They reach the conclusion by slightly different avenues, however. Broder seems to suggest that money can buy legislation directly by qualifying measures for the ballot and getting them approved. Gerber is more pessimistic about the direct effect of money, but suggests it matters indirectly, by allowing wealthy groups to veto changes in the status quo and by providing a way to put pressure on legislators.

get away from the details of state government for a moment, think of a family deciding what topping to order on a pizza). The group's standard procedure is to appoint one person ("the legislator") to make the decision for the group. The legislator chooses some course of action, call it X. The group hopes that X will be acceptable to a majority of its members, but there is no guarantee: the legislator might misunderstand what the group wants, or may choose a course of action that he personally favors in spite of the majority's preferences.

Now suppose the group alters its procedure so that other members can propose alternatives to X, with disagreements resolved by majority vote. Is the majority better off with the new procedure (legislator + alternatives) or with the "standard" procedure (legislator only)? To see the advantage of the new procedure, suppose someone proposes an alternative course of action Y. There are two possibilities. First, if Y is *worse* than X from the majority's perspective, Y will be voted down, and the status quo prevails (remember that disagreements are resolved by majority vote). Second, if Y is *better* than X from the majority's perspective, then Y will be accepted, and the majority is better off. Observe that the majority is never hurt and sometimes helped by having an alternative available. There is no downside to the new procedure compared to the standard procedure because alternative proposals that are detrimental to the majority are filtered out by the majority voting rule.

Now suppose that only one person (the "rich" person) is allowed to make alternative proposals and he proposes a course of action Z (to make the analogy more direct, we could imagine that it costs something to make a proposal and only the rich person can afford it). Clearly, nothing material is different about this case and the Y case. Because the majority can filter out Z proposals that are disadvantageous, the majority still can never be hurt by being able to consider Z, and may even be better off if Z is better than X. Thus, even when the proposal process is nonmajoritarian, the final outcome under the new procedure is *pro*-majoritarian.

This example makes a simple point: the fact that narrow interests dominate the initiative process (as Broder and Gerber seem to show) does not necessarily imply that the final outcomes are nonmajoritarian. Indeed, the example suggests that as long as proposals are filtered through a majority-rule election, the initiative process will tend to be pro-majoritarian, regardless of who make the proposals. In short, existing evidence on the power of money in initiative campaigns cannot tell us whether the initiative helps or hurts the majority. Previous conclusions drawn from such indirect evidence rely on a syllogism that is not generally true and lacks empirical support. What is needed is direct evidence—how does the initiative change policy, and who benefits from these changes—of the sort I attempt to provide in this book.[8]

Preview of the Findings

The central goal of the book is to establish whether the initiative makes policy more responsive to the will of the majority or increases the influence of narrow special interests. The investigation proceeds in two steps. First, I examine a set of fiscal policies and determine what changes are brought about by the initiative. Those policy changes are then compared with the expressed opinion of the electorate to determine if a majority of people like or dislike the changes.

The first step involves measuring how the initiative process changes policy. In theory, the initiative process can influence policy both directly, when a measure is passed and implemented, and indirectly, when the threat of an initiative induces the legislature to take a different path than it would have absent the initiative. My empirical strategy is to compare the fiscal policies of states with and without the initiative. The idea is that however the initiative works, directly or indirectly, the effect (if any) will show up in the final policies. Since tax and spending policies are influenced by a number of factors that have nothing to do with the initiative, such as income and federal aid, I employ

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[8] My abstract example brings up a related issue: how could a process that requires majority assent ever harm the majority? Since an initiative requires 51% of the votes, doesn't it promote the majority's interests almost by definition? It turns out there are many ways to complicate the model that can make the majority worse off when alternatives can be proposed. For example, the rich person might be able to persuade uninformed members to cast votes against their interests ("buy" their votes). Or enough people in the majority might abstain, allowing a minority group to win at the polls. Chapter 2 takes up these issues at some length.

regression analysis to isolate the effect of the initiative. Chapter 2 discusses the theory and empirical procedures underlying the analysis.

Chapters 3 contains the main evidence on fiscal effects of the initiative. I focus on the 1970-2000 period initially since the initiative was heavily used during these years (Figure 1.2). Three systematic effects of the initiative emerge from the data. First, the initiative trimmed overall spending by state and local governments. Second, the initiative shifted spending away from state and toward local government, that is, it caused a decentralization of expenditure. And third, the initiative altered the manner in which funds were raised: broad-based taxes were cut and replaced with user fees and charges for services.

With these effects in mind, I then investigate who benefits from the initiative. Critics argue that special interests are the winners—they use the initiative to subvert the governmental process and secure policies that are opposed by a majority of citizens.[9] If this view is right, then a majority of citizens should have been opposed to the policy changes induced by the initiative (lower spending, decentralization, and charges instead of taxes). If, on the other hand, the initiative promotes majority rule, then we should find that a majority favored the changes.

Chapter 4 examines opinion data to see which view is correct. I study numerous opinion polls and ask whether a majority of voters approved or disapproved of the policy changes brought about by the initiative. The polls seldom pose questions exactly as we would like, but they are close enough to paint a convincing picture of public opinion. The evidence is remarkably consistent: a majority of people *supported* each of the three policy changes associated with the initiative. The view that the initiative allows narrow special interests to override the majority is inconsistent with the evidence. In fact, the most natural interpretation of the evidence is that the initiative allows the majority to defend itself against powerful groups that receive favorable treatment in the legislature.

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[9] The term "special interest" is inherently ambiguous; in some sense we are all special interests. Throughout I operationalize the term to mean a group comprised of less than a majority of the electorate. I realize one could define the majority to be a special interest as well, but that would make the entire notion of special interest subversion vacuous.

The evidence for 1970-2000 reveals that the initiative led to policies that are usually perceived as "fiscally conservative." Does this mean that the initiative is a fundamentally conservative device, or did legislatures just happen to be more fiscally liberal than the majority of voters in the last three decades? Some prominent theories in political economy argue that governments inevitably tend to spend more than most voters would like. Chapter 5 reviews these theories and puts them to the test using data from 1902-1942. If governments systematically overspend, we should see spending cuts associated with the initiative in the first half of the century, just as in the second half. This is not what we see: initiative states in the early 20th century spent more than noninitiative states. Thus, it is inaccurate to view the initiative process as a fundamentally conservative device.

Chapters 3-5 are the empirical core of the book. They focus exclusively on establishing several important facts. Chapters 6 and 7 begin the task of developing a theoretical framework to explain the findings. Chapter 6 ventures a new theory of direct and representative democracy, proposing that legislatures occasionally fall "out of step" with their constituents in periods when voter opinion undergoes a rapid change. When this happens, legislatures may stick with existing policies against the wishes of the voters because they fail to perceive the change in the majority's sentiments or because they favor the existing policy for their own reasons. The initiative allows voters to redirect policy more quickly than in noninitiative states, where changes require elected officials to learn about the new preferences of the majority or for replacements of stubborn incumbents to take office. According to this theory of "out-of-step" legislators, the gap between initiative and noninitiative states is transitory, and reflects a faster response to voter preferences in initiative states. To prove that this is the right way to understand the evidence is beyond the scope of this book. However, Chapter 7 discusses the evolution of state fiscal policy throughout the twentieth century in order to build a circumstantial case in favor of the theory. While not formally testing the theory, I show that it provides a natural way to understand key episodes in the fiscal history of the states.

The main contribution of the book in my opinion is to raise serious doubts about the view that special interests benefit and the broad public suffers from the initiative. I believe this constitutes a genuine advance in our understanding of the initiative since the special interest subversion view attracts wide support. But in many ways it is a modest result. One particular view of the initiative is rejected, but the more fundamental question whether the initiative is a good or bad form of government is left open.

Chapter 8 and 9 offer some more subjective reflections on this larger question without trying to answer it definitively. If the initiative pushes policy toward what the majority wants, as the evidence suggests, we must grapple with whether majority outcomes are a good or a bad thing. Certainly, majority rule is a central principle of any democracy. However, American democracy is founded on a deep distrust of unchecked majorities. The puzzle of 1787 is the same one we face today: what form of government allows the majority to rule but protects minority rights? Since the initiative appears to be a majoritarian device, we need to know if it is prone to majority tyranny. Chapter 8 reviews the existing literature on the problem of majority tyranny, and the possibility that the initiative undermines the Constitutional foundations of American democracy. I outline the outstanding issues, review the meager empirical evidence so far available, and identify directions for future research.

In Chapter 9, I step back from the specifics and consider how we think about the initiative process in general. The most common approach to the initiative process is in terms of a delegation model: legislators are the agents of the voters, and the initiative gives voters a way to override unfaithful agents. I review the logic of the delegation view and its main implications. I then offer two different but complementary approaches to the initiative process that I call the information and competition views. In the information view, the problem of democracy is collecting the knowledge and preferences of ordinary citizens and bringing them to bear on the policy process. Unlike the delegation view, the information view suggests that the initiative can be useful even if representatives are faithful agents because the initiative has a superior ability to register preferences. The competition view sees the initiative as a way to introduce competition into the law-making process, a process that is otherwise monopolized by the political professionals who seek to hold elective office. I review the strengths and weaknesses of competition as currently understood in the literature. Then I show how the main intuitions about competition can be applied to the initiative, and suggest that doing so leads to a number of interesting questions about the role of the process in American democracy.

[SPACE]

A final word on the style of presentation. This is a scholarly work that pays close attention to the modern theoretical literature and adheres to the most rigorous standards of data collection and analysis. At the same time, I have endeavored to make it accessible to readers with a limited background in game theory and statistics. All of the key ideas and results are stated in plain English or displayed in figures, and the nontechnical reader should not find it difficult to follow the lines of argument. So as not to clutter the text with material that many readers will find uninteresting, all nonessential data descriptions and sources have been collected in Appendix 3.

Figure 1.1

States with the Initiative in 2003

(Initiative states are highlighted with year of adoption in parentheses.)

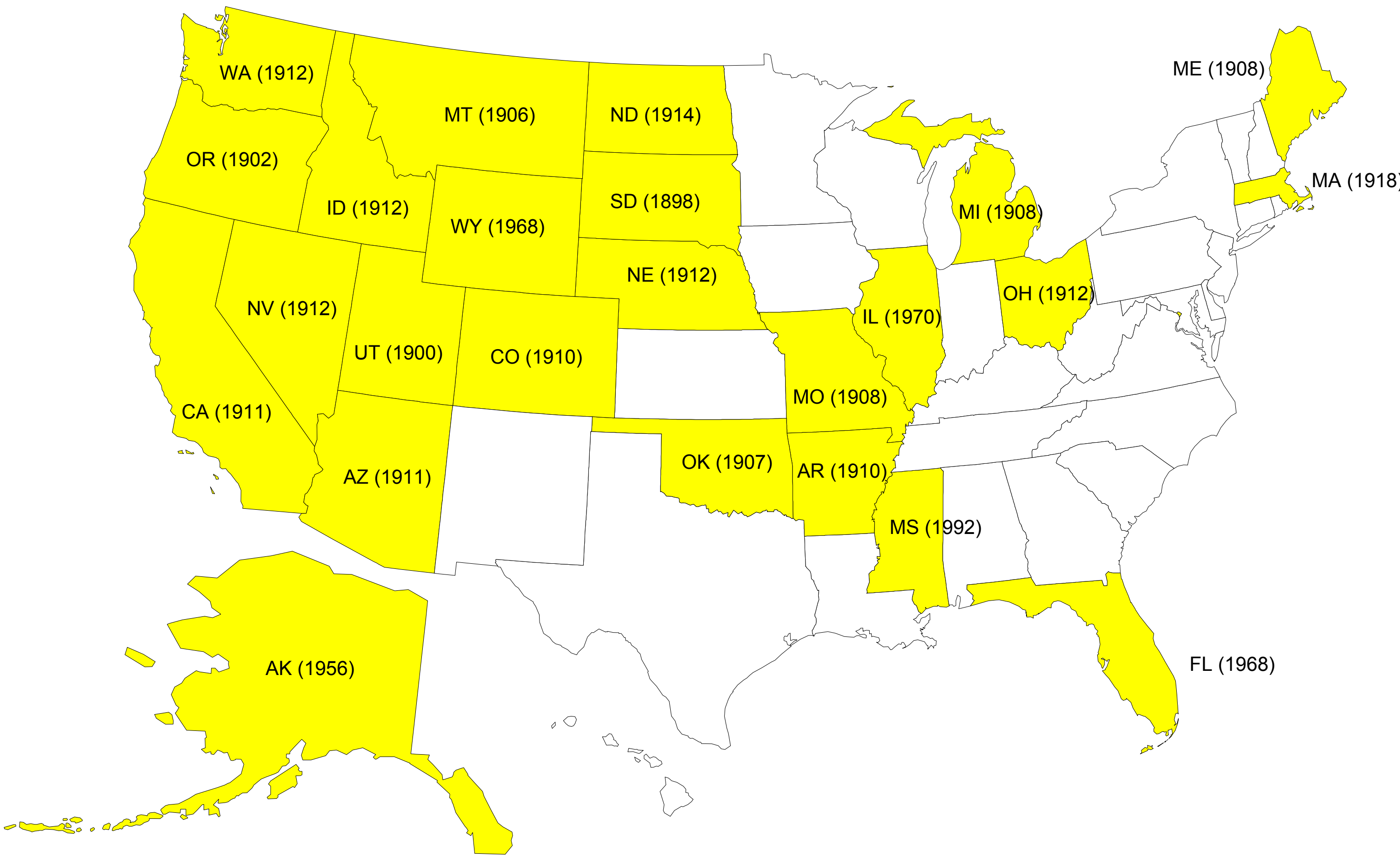

Figure 1.2

Number of Initiatives by Decade

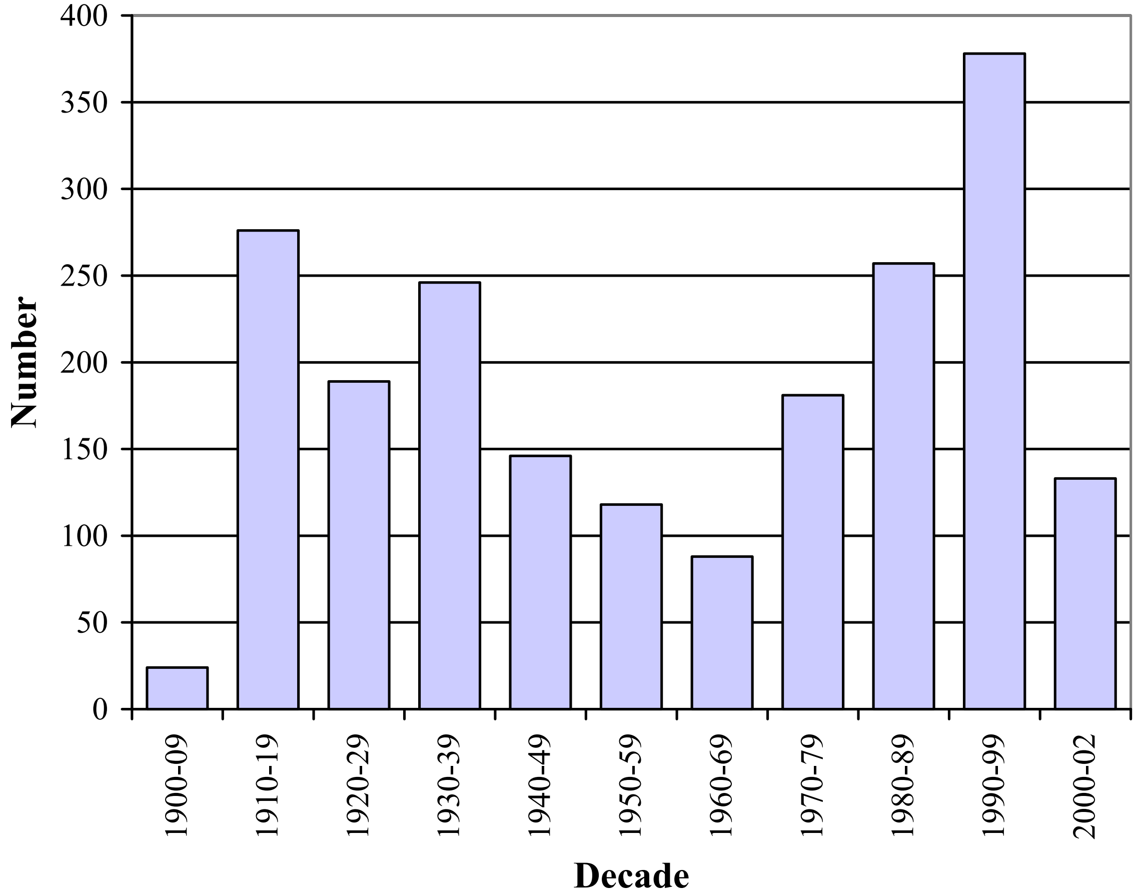

Figure 1.3

Percentage of Cities Providing the Initiative by Region, 1986

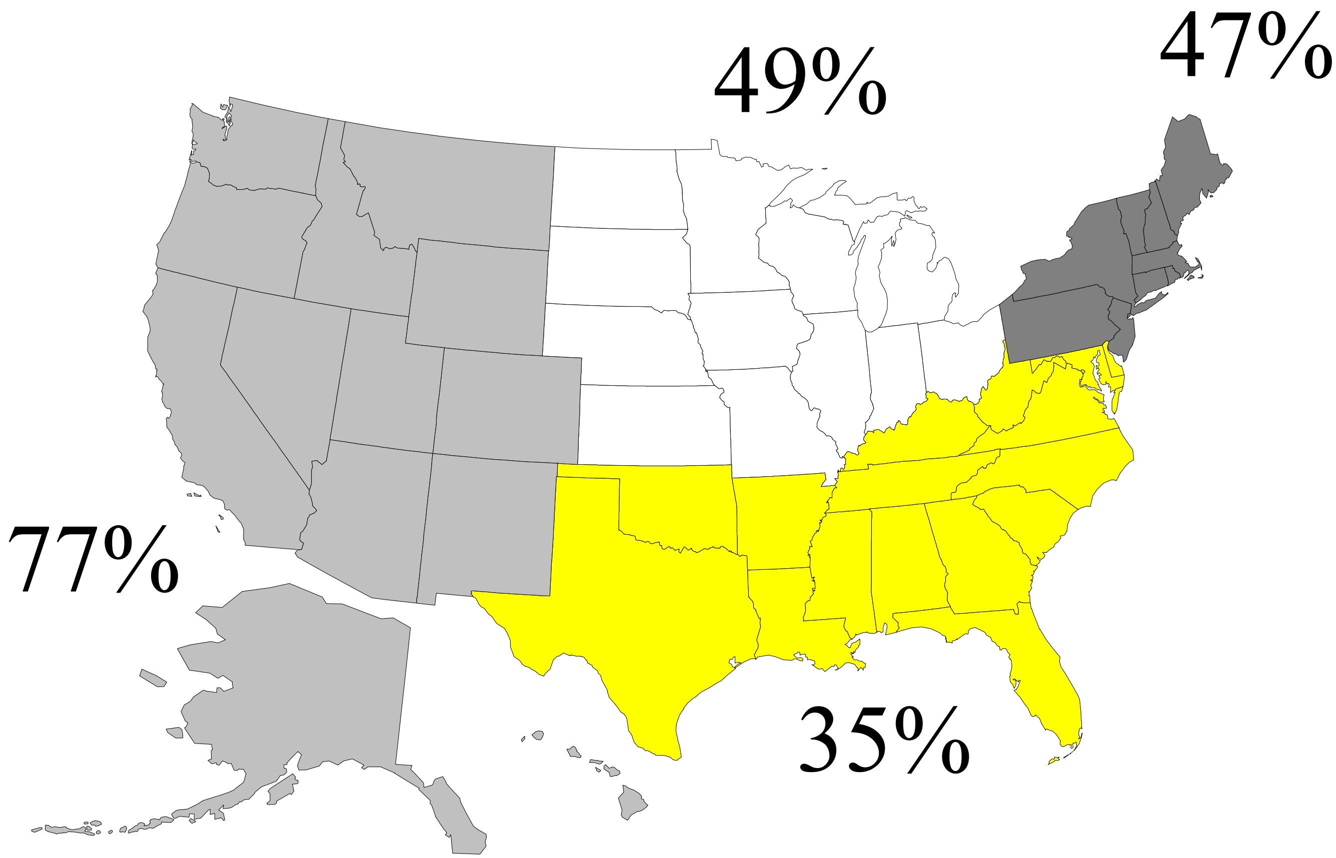

Table 1.1

Initiative Availability in the 20 Largest Cities, 2000

City	*Population, 2000*	*Initiative available?*
New York, NY	8,008,278	Yes
Los Angeles, CA	3,694,820	Yes
Chicago, IL	2,896,016	No
Houston, TX	1,953,631	Yes
Philadelphia, PA	1,517,550	No
Phoenix, AZ	1,321,045	Yes
San Diego, CA	1,223,400	Yes
Dallas, TX	1,188,580	Yes
San Antonio, TX	1,144,646	Yes
Detroit, MI	951,270	Yes
San Jose, CA	894,943	Yes
Indianapolis, IN	791,926	No
San Francisco, CA	776,733	Yes
Jacksonville, FL	735,617	Yes
Columbus, OH	711,470	Yes
Austin, TX	656,562	Yes
Baltimore, MD	651,154	Yes
Memphis, TN	650,100	No
Milwaukee, WI	596,974	Yes
Boston, MA	589,141	No

Note. Appendix 2 provides more detail.