BACKGROUND PAPERS

Interest Group Influence in the California Initiative Process

Elisabeth R. Gerber

Public Policy Institute of California

Foreword

In recent years, Californians have turned to the initiative process with increasing frequency to shape public policy. From taxes to bilingual education, voters are being asked to take policymaking into their own hands. The use of initiatives has grown fourfold since the decades of the fifties and sixties, and today millions of dollars are spent in a typical campaign to pass or defeat an initiative. California has become one of the leading states to use “direct democracy” in such a wholesale fashion.

More than one observer has noted that the initiative process—designed by Progressive Era reformers to circumvent the power of narrow economic interests—may well have been captured by those very same economic interests. Elisabeth Gerber, one of PPIC’s first adjunct fellows, examines the issue in this background paper. She concludes that economic interests are severely constrained in their ability to pass new laws through the initiative process. Instead, they use the process most often and most effectively to fight ballot measures they oppose—and they are moderately successful in this role as “showstoppers.” Professor Gerber suggests that some strategic rebalancing of power between citizen groups and economic interests might be in order.

This work is part of a larger groundbreaking study by Professor Gerber that will be presented in *The Populist Paradox: Interest Group Influence and the Promise of Direct Legislation*, soon to be published as a book by Princeton University Press. This background paper explores the unique aspects of the initiative process in California in greater detail than presented in the book. The theoretical framework is the same.

Conducted under the aegis of PPIC's Extramural Research Program, this study is part of the Institute's ongoing program of research in governance and public finance. The initiative process is just one element in the process of governance in California that has received both widespread support and criticism. Through a series of empirical studies, PPIC is seeking to clarify the facts in our system of governance in the state and thereby improve both the policymaker's and the public's understanding of the system's strengths and weaknesses.

David W. Lyon
President and CEO
Public Policy Institute of California

Contents

Figures

Tables

1. Introduction

To observers of the California political process, perhaps the most dramatic change over the past two decades has been the remarkable increase in the use of the initiative process.[1] As illustrated in Figure 1, Californians voted on 106 statewide ballot initiatives

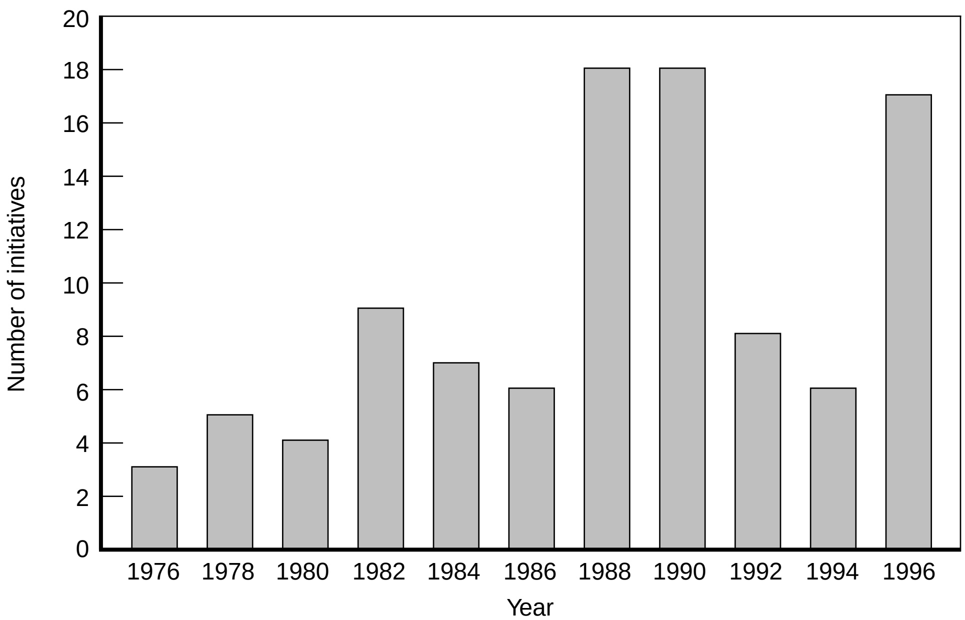

Figure 1—Use of Initiatives, California, 1976–1996

[1]Initiatives are a form of direct legislation. They are laws proposed by economic or citizen interest groups and placed on the ballot by citizen petition. The other major form of direct legislation is the referendum. Referendums are laws passed by elected representatives and referred (either automatically or by petition) to voters for ratification or rejection.

between 1976 and 1996, exceeding the number of initiatives in any other state during this period. By comparison, the preceding two-decade period from 1954 to 1974 witnessed only 29 initiatives (Allswang, 1991). Many of the recent initiatives contain legislation of great social, economic, and political importance, and many have had implications reaching far beyond the state's borders.[2]

Along with this increase in the number of initiatives has come a simultaneous increase in spending in initiative campaigns, as shown in Figure 2. Total spending hit $127 million in 1988, dropped to $49 million and $45 million in 1992 and 1994, respectively, and then peaked at an all-time high of $140 million in 1996.[3] Average per-measure spending increased from $3 million in 1976 to over $8 million in 1996.[4]

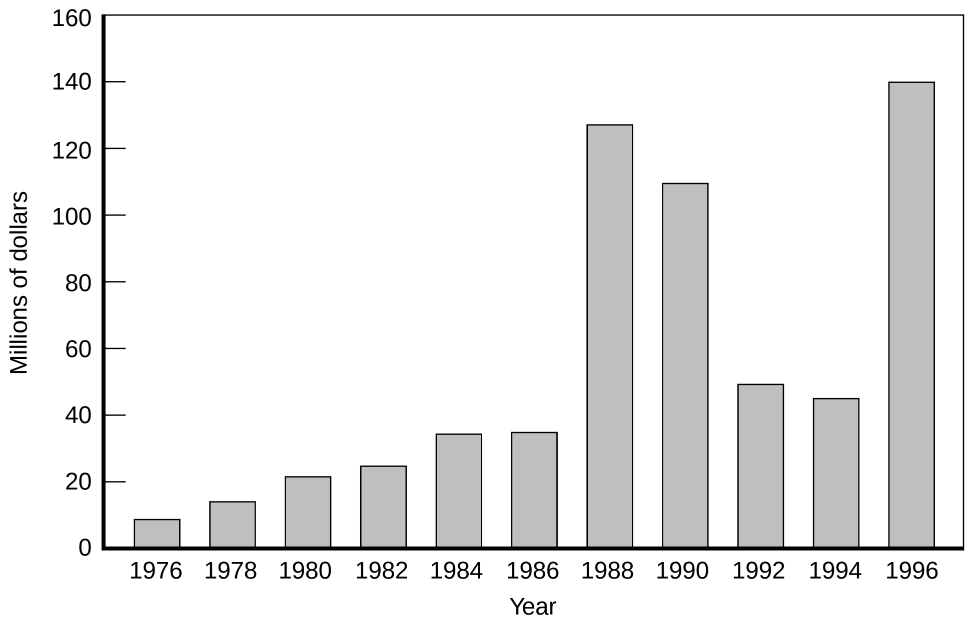

Figure 2—Spending in Initiative Campaigns, California, 1976–1996

[2]Some of the best-known initiatives with national implications include Proposition 13 of 1978, which began the "tax revolt" and led to tax-limitation measures in several other states, and Proposition 187 of 1996, which resulted in national efforts at immigration reform.

[3]Spending figures for 1978 include the special election of 1979. Figures for 1992 include the special election of 1993.

[4]This average masks enormous variance in spending on individual initiatives. In 1994, for example, spending ranged from $1.3 million on Proposition 184 (the three strikes initiative) to $20.9 million on Proposition 188 (the statewide smoking/local preemption initiative).

This dramatic increase in the incidence and expense of initiatives in California has attracted national attention. To many observers, the most immediate concern is the vast sums of money being spent to influence direct legislation outcomes. Of course, concern about the influence of money in politics is not new, nor is it limited to influence over initiatives in California. Nevertheless, several factors make spending on initiatives of particular concern. First, contributions to and spending by direct legislation campaigns are constitutionally unlimited.[5] By contrast, contributions to congressional campaigns and campaigns for most state legislatures are limited by law.[6] Hence, groups can spend as much as they wish to attempt to influence direct legislation campaigns and consequently may see the initiative process as a more attractive way to pursue their policy goals than traditional legislative strategies.

Second, the dynamics of direct legislation campaigns make voters especially susceptible to interest group influence. Many of the cues voters rely on in candidate campaigns are absent in direct legislation campaigns. Most important, the major parties seldom formally endorse ballot measures, so voters lack partisan cues that are so important in guiding their choices of candidates. In addition, most initiatives deal with new and complex issues on which voters lack experience and information. Therefore, they rely to an even greater extent on information provided by interest groups during the campaign.

Third, much of the money spent in direct legislation campaigns comes from narrow economic special interests such as businesses, trade associations, and wealthy individuals. These contributors have interests and preferences that are often at odds with consumers or broad-based citizen interests. Thus, many critics conclude that the initiative process—designed by Progressive Era reformers to circumvent the power of narrow economic interests in the state legislature—has been paradoxically captured by those very same sorts of economic interests. This concern led pollster Mervin Field to exclaim that “the initiative process is now at odds with its original purpose—the special interests have taken

[5]The U.S. Supreme Court has ruled decisively that contributions to and expenditures by direct legislation campaigns are forms of political expression protected by the First Amendment. The initial precedent for this position is *Buckley v. Valeo*, 424 U.S. 1 (1976). The court applied the logic of *Buckley* to direct legislation campaigns in *First National Bank of Boston v. Bellotti*, 435 U.S. 765 (1978) and extended it in *Citizens Against Rent Control v. City of Berkeley*, 454 U.S. 290 (1981).

[6]Contributions to candidates for the California State Assembly and Senate are currently unlimited. Several initiatives have attempted to limit these contributions (Propositions 68, 73, and 208; however, all have been invalidated by the courts or, in the case of 208, are currently pending a final ruling).

over . . . .” (Roberts, 1994) and for political scientists Larry Berg and Craig Holman to conclude that “the initiative process tends to become an instrument of the same special interests it was originally intended to control” (*Los Angeles Times*, February 16, 1988).

Besides journalistic speculation and some colorful anecdotes, however, there has been little systematic analysis of the role and influence of special interests, and the money they spend, in the direct legislation process. By any measure, interest groups now spend vast sums of money in initiative campaigns. Presumably this spending has some effect; the precise nature of this effect, however, is not well understood.

To better understand the role of money in direct legislation campaigns, my research develops and tests a theory of interest group influence in the direct legislation process.[7] The theory is based on the notion that groups use direct legislation for different purposes, depending upon the resources they can mobilize and the expected costs and benefits of various political strategies. Most important, I argue that economic interest groups such as those that contribute heavily to direct legislation campaigns usually lack the nonfinancial resources required to pass new laws by initiative. These groups may consequently be limited to other forms of influence such as blocking initiatives or using direct legislation to pressure state legislators. Citizen groups, by contrast, have a comparative advantage at mobilizing personnel and other resources, which makes it relatively easy for them to pass new initiatives.

In this background paper, I briefly describe my theory of interest group influence. I then present data analyzing interest group influence in 31 California initiative campaigns. The analysis provides empirical support for my theoretical hypotheses: When citizen groups can mobilize sufficient monetary resources to run effective campaigns, they are able to use direct legislation to pass new initiatives; economic groups, regardless of their ability to mobilize monetary resources, are often unable to pass new initiatives and are instead limited to blocking initiatives or to using the direct legislation process to pressure other policy actors.

This research has important implications for the study of direct legislation, interest group influence, and the functioning of democratic government in California. It provides a framework for assessing the role of interest groups in the direct legislation process and

[7]Much of the theoretical discussion in this paper is adapted from Gerber (forthcoming). The empirical analyses reported herein are unique.

for understanding their ability to influence policy outcomes in various ways. It shows that money may in fact have an important influence in direct legislation campaigns, but not in the ways that many critics claim. As such, this research provides a basis for assessing recent developments in California politics and for developing appropriate prescriptions for reform.

2. Research Approach

Conceptual Framework

The key to understanding interest group influence in the direct legislation process is to identify (1) the various ways interest groups can influence policy through the use of direct legislation and (2) the conditions under which they can achieve such influence. To this end, my research develops and tests a theory of interest group influence that relates a group's resources to the forms of influence it can achieve. The main theoretical insight is that groups with different resource bases use direct legislation in different ways, undertake different activities, pursue different forms of influence, and ultimately achieve different levels of success. The theory highlights a major distinction between economic interest groups that can raise and mobilize monetary resources and citizen interest groups that can mobilize personnel resources. This distinction is important because it corresponds to the distinction between groups that can and cannot mobilize monetary resources and spend vast sums in direct legislation campaigns.

Premises

My theory of interest group influence is based on three basic premises.[8] Together, the premises imply several testable hypotheses about how interest groups will use direct legislation and what influence they will be able to achieve.

[8]The more extensive theoretical framework developed in Gerber (forthcoming) has several additional premises. To motivate the empirical analyses in this paper, the three premises described in this chapter suffice.

Premise 1: Interest groups use direct legislation to achieve four forms of influence. Groups can use direct legislation to modify or preserve the status quo policy. Modifying influence involves passing new initiatives. In the June 1998 Primary Election, for example, proponents passed Proposition 227, the bilingual education initiative (officially titled the "English Language in Public Schools" initiative). This measure requires that public schools change their current policy of extended bilingual education for non-native speakers to a new system limiting native language instruction to one year. Preserving influence involves blocking new initiatives. In the same June 1998 election, opponents blocked Proposition 226, the union donations initiative (officially titled the "Political Contributions by Employees, Union Members, Foreign Entities" initiative). This measure would have required union members to explicitly authorize the use of their dues for political purposes.[9] The opponents' success in blocking this initiative meant that the status quo policy of not requiring authorization from union members was preserved.

Modifying influence can be *direct* or *indirect*. Direct modifying influence means that the change in policy comes about as an immediate consequence of the initiative (i.e., the measure passes and takes the force of law).[10] Indirect modifying influence means that the state legislature or other policy actors pass a new law in response to a group's use of the direct legislation process. Groups can use the direct legislation process to achieve indirect influence in at least two ways. Groups that lack the resources to pass an initiative directly but that are considered valuable constituents by the legislature can spend on initiative campaigns to signal the intensity of their preferences on an issue. This very dynamic appears to have occurred in the area of health maintenance organization (HMO) reform in 1996. In the November 1996 election, labor organizations placed two initiatives on the ballot—Propositions 214 and 216. Nearly identical in content, the two measures dealt with various aspects of HMO regulation. After a grueling campaign period and expensive campaigns for and against the initiatives, both measures failed. There is some evidence, however, that the efforts of the measures' proponents were not wasted. In the

[9] Groups can achieve preserving influence in several ways. In this example, opponents of a proposed initiative ran an opposing campaign and successfully blocked its passage. Other ways to achieve preserving influence include proposing "killer" initiatives designed to draw support away from existing ballot measures and petitioning to qualify "popular referendums" to repeal recently passed legislation (see Gerber, forthcoming).

[10] In recent years, most successful initiatives have been challenged in court. This means that to actually change policy, proponents must prevail both at the ballot box and in the courtroom.

twelve-month period before the 1996 election, only one HMO regulation bill was introduced in the state legislature. In the three months immediately following the election, by contrast, 27 HMO regulation bills were introduced in the legislature, many containing provisions of the failed initiatives. This flurry of activity suggests that the legislature observed the importance of HMO regulation to key constituents (especially nurses' unions, other labor organizations, and some voters) and responded by initiating comparable legislation of its own.

Groups that possess the resources to pass a law directly can achieve the same results at lower cost if they can pressure the legislature to preempt the initiative and pass a law instead. A classic example of this second form of indirect modifying influence occurred in the spring of 1998 with charter school reform. Frustrated with years of inaction in the state legislature, a coalition of Silicon Valley executives formed an organization called the "Technology Network" and began circulating petitions to qualify an initiative for the ballot. From the beginning, the proponents made it clear that if the legislature passed legislation that met their goals of liberalizing restrictions over the establishment and control of charter schools, they would withdraw the initiative. The legislature responded and passed AB 544, which contained provisions virtually identical to the initiative proposal. As promised, the proponents withdrew their petitions.[11]

Preserving influence can also be direct (i.e., opponents block passage of an initiative) or indirect (other policy actors block similar measures in the legislative process). Hence, as shown in Table 1, interest groups can pursue four distinct forms of influence through

Table 1

Forms of Influence

	Direct	Indirect
Modifying	Pass new initiative	Pressure legislature
Preserving	Block new initiative	Pressure legislature

[11]Groups may be able to use direct legislation to achieve indirect influence in numerous other ways. For example, a group may force its opponents to spend millions of dollars to defeat an initiative, in the process depleting opponents' valuable resources and thereby weakening their ability to pursue other issues. I focus on the two forms of indirect influence in this paper because they correspond to important mechanisms for pressuring policy actors in the theoretical political science literature and appear to be important empirically.

their use of direct legislation: direct modifying, direct preserving, indirect modifying, and indirect preserving.

Premise 2: Groups' internal characteristics (i.e., their membership) determine their ability to mobilize monetary and personnel resources. Groups use a combination of *monetary* and *personnel* resources to pursue their political goals. Monetary resources include cash and other financial resources. Monetary resources are analogous to a firm's capital in classical economics. Personnel resources include members, volunteers, and expertise that derive directly from a group's membership. Personnel resources are analogous to a firm's labor.

The nature of a group's membership base determines its ability to mobilize monetary and personnel resources (Olson, 1965). Here, a major distinction exists between economic interest groups and citizen interest groups. I define economic interest groups as organizations in which the participating members represent their businesses or employers. In other words, members of economic groups are, by definition, organizational representatives (Walker, 1991). Thus, individuals join the Chamber of Commerce, the California Restaurant Association, the National Association of Home Builders, or the California Egg Commission as representatives of their business interests. They join these interest groups as part of their professional or occupational obligations, and their businesses or employers often pay their costs of membership and subsidize their membership activities. As such, organizational representatives need not absorb the personal opportunity costs of their membership, so it may be relatively easy for economic groups to extract monetary resources from those members. However, since they join for professional reasons, members of economic groups lack the psychological motivations present in many citizen groups to volunteer their personal time and energy to pursuing the group's political agenda. Economic groups therefore find it difficult to mobilize personnel resources.

I define citizen interest groups as organizations whose members join for reasons other than their professional or occupational status. In other words, members of citizen groups are autonomous individuals as opposed to organizational representatives.[12] Thus, citizens

[12]Citizen groups may be involved in policies with important economic consequences (i.e., taxation, economic regulation, and the environment). However, their members join not as official representatives of their employers or organizations but rather as independent citizens. I categorize labor unions as citizen groups

join the Sierra Club, CalPIRG, and Common Cause not as agents of their employers or businesses, but as autonomous independent citizens. Citizen groups often deal with social issues such as abortion, civil rights and civil liberties, capital punishment, and the environment that involve a strong emotional or psychological appeal to potential members. As such, citizen groups have a relative advantage in mobilizing personnel resources. However, since their members join as autonomous individuals and must absorb the costs of membership, citizen groups may find it extremely difficult to mobilize monetary resources.

Note that this distinction does not imply that citizen groups will be able to raise only personnel resources and economic groups only monetary resources. In fact, both types of groups can and do mobilize a mix of both monetary and personnel resources. The point of the distinction is that economic groups will have a *comparative advantage* at mobilizing monetary resources and citizen groups will have a comparative advantage at mobilizing personnel resources. By this, I mean that it is easier for economic groups to mobilize monetary resources than personnel resources, and for citizen groups to mobilize personnel resources than monetary resources. Using membership distinctions alone, however, it is not possible to say whether a given citizen group will be able to mobilize more resources of either type than a given economic group. In absolute terms, in fact, a given citizen group may be able to mobilize vast monetary resources—perhaps even more than most economic groups. The point is that, in relative terms, it is more difficult for citizen groups to mobilize these monetary resources than to mobilize comparable levels of personnel resources.

In addition to their ability to mobilize monetary and personnel resources, other important differences arise because of a group's membership base. Because of their members' preferences, economic groups and citizen groups tend to pursue policies in different issue areas. They allocate their resources to different priorities, engage in different activities, and organize their internal affairs in different ways. The important point, however, is that all of these differences relate back to the primary distinction

---

because their members join not as official organizational representatives but as autonomous dues-paying individuals. Like other citizen groups, labor unions have a comparative advantage at mobilizing personnel resources.

between groups whose members are organizational representatives and groups whose members are autonomous individuals.

Premise 3: Groups use resources to try to overcome hurdles created by institutions and other actors. To achieve each form of influence, groups must overcome institutional hurdles at some or all stages of the direct legislation process. Overcoming hurdles requires expending monetary resources, personnel resources, or both. I report the most important hurdles groups face at each stage of the direct legislation process in Table 2.

Two points are evident from Table 2. First, overcoming drafting, qualifying, and postelection stage hurdles requires groups to expend *either* monetary or personnel resources. In the drafting stage, groups must either recruit experts to write their legislation or hire consultants to do this for them. In the qualifying stage, groups must either recruit volunteers to gather signatures or hire professionals to circulate petitions.[13] In the postelection stage, groups must either recruit expertise to defend their legislation against court challenges and legislative amendments or hire professionals to defend the legislation.

Second, by contrast, overcoming campaign stage hurdles requires groups to expend *both* monetary and personnel resources. In the campaign stage, groups must run a campaign and mobilize voters. How many voters they need to mobilize, and for what

Table 2

Direct Legislation Hurdles

Stage	Hurdles	Resources
Drafting	Write legislation	Either
Qualifying	Obtain signatures	Either
Campaign	Run campaign	Monetary
	Mobilize voters	Personnel
Postelection	Defend in court	Either
	Protect against amendments	Either

[13]Given the large number of signatures required to qualify initiatives in California, currently 433,269 for statutory initiatives and 693,230 for constitutional amendments, and the short circulation period of 150 days (California Secretary of State, 1998), virtually all initiative campaigns now rely to some extent on paid signature gatherers. Many but not all also employ volunteer signature gatherers.

purpose, depends upon the forms of influence groups hope to achieve. Given the size and complexity of the California electorate, all initiative proponents must expend some monetary resources to purchase television, radio, or direct mail advertisements. To mobilize a statewide electoral majority in favor of an initiative (i.e., to achieve direct modifying influence), however, monetary resources are not sufficient for two reasons. First, groups need to do more than advertise—they need to build grassroots support and develop networks with other groups. As I show in Gerber (forthcoming), virtually all initiatives—successful and unsuccessful—rely on a coalition of support from many diverse interests. Building these coalitions is more difficult for groups with primarily monetary resources because (1) such groups have little appeal to grassroots organizations, and (2) the paid consultants that run their campaigns have little incentive to cultivate long-term relationships with other groups. Second, spending vast sums of monetary resources may send the wrong signal to voters. Spending by narrow economic interest groups to pass an initiative signals to voters that the interests that support the measure are opposed to their own (Lupia, 1994). Similarly, voters need to see other "people like me" mobilized around the issue. When only narrow economic interests spend to support an initiative, these important cues are lacking. Hence, to run an effective campaign and mobilize a statewide electoral majority to support a new initiative, interest groups require both monetary and personnel resources.

Other forms of influence require less than a statewide electoral majority. Achieving direct preserving influence involves mobilizing a majority *against a measure*. All else constant, this is easier than mobilizing a majority in support of a measure because voters' uncertainty about a new initiative biases them against change (Bowler and Donovan, 1998). Achieving indirect influence (both modifying and preserving) involves signaling the group's preferences or potential to propose an initiative. If the legislature views the interest group as a valuable constituent, it may respond to the group's "signal" even if the measure receives less than majority support on Election Day. In other words, the legislature responds not to the number of votes, but rather to the group's influence. Similarly, when interest groups threaten to propose an initiative, the legislature may respond to the threat after observing only a relatively small expenditure of actual resources if it expects that the group can and will mobilize more resources to actually pass the measure. Thus, both preserving and indirect influence may be more feasible than direct modifying influence for groups with primarily monetary resources.

Hypotheses

Together, these premises imply that economic groups and citizen groups use the direct legislation process in very different ways. I state these conclusions as a set of testable hypotheses:

Hypothesis 1: Economic groups use direct legislation to protect the status quo or to pressure the legislature.

Hypothesis 2: Citizen groups use direct legislation to pass new laws by initiative.

The data analysis is designed to test these hypotheses against the alternative that economic groups and citizen groups use direct legislation in the same ways.

Data and Methods

To test whether economic interest groups use direct legislation to achieve preserving and indirect influence, and whether citizen groups use it to achieve modifying influence, I analyze contributions to support and oppose California statewide ballot measures between 1988 and 1990.[14] For each of these elections, the California Fair Political Practices Commission published reports detailing every contribution over $250 from businesses, individuals, interest groups, political parties, and candidates to every committee formed to support or oppose every initiative and referendum on the ballot.[15] The reports identify each contribution by the contributor's name, city, industry group, and amount. This

[14]Although contributing to ballot measure campaigns is only one of the several ways groups can attempt to achieve influence through the direct legislation process, it is undoubtedly the most important for most groups, especially economic interest groups.

[15]In California, contributors to direct legislation campaigns are required to establish campaign committees or contribute to existing committees. These committees then spend on behalf of the campaign and are responsible for reporting and disclosing campaign activities.

results in records of thousands of individual contributions to 31 initiatives over four elections (1988 primary, 1988 general, 1990 primary, 1990 general).[16]

I coded each contribution to each ballot measure committee by the contributor's type. The main contributor types include *economic interests* (businesses, economic groups, and professional groups), *citizen interests* (individuals, citizen groups, and labor unions), and other (candidates, etc.). Table 3 reports the total spending by each contributor type on the 31 initiatives in the sample.

Table 3 shows that of the $147 million spent in conjunction with the 31 measures in my sample, 67 percent of those contributions came from economic interests (economic interest groups, professional interest groups, and individual businesses), with individual businesses accounting for nearly $91 million. Twenty-three percent came from citizen

Table 3

Total Spending by Contributor Type, California Initiatives, 1988–1990

Contributor Type	Amount, $	% of Total
Economic interests		
Economic groups	7,812,501	
Professional groups	279,535	
Businesses	90,588,416	
Subtotal	98,680,452	67
Citizen interests		
Citizen groups	9,214,540	
Unions	11,173,440	
Individuals	13,095,979	
Subtotal	33,483,959	23
Other		
Candidates	12,302,156	
Indistinguishable	3,079,190	
Subtotal	15,381,346	10
Total	147,545,757	100

[16] I exclude the five insurance initiatives (Propositions 100, 101, 103, 104, and 106) from 1988, since several committees were formed to support or oppose multiple measures, rendering it impossible to attribute contributions to a single proposition. See Lupia (1994). Further, since spending for and against these five measures totaled over $80 million, I am concerned that their inclusion would swamp evidence of other important effects.

interests (citizen interest groups, labor unions, and individuals), with each of the three contributor types accounting for roughly equal parts. Finally, 10 percent of the contributions came from “other” contributors, largely candidates.

3. Findings

I analyze the contributions summarized in the previous chapter to test whether economic interests and citizen interests use direct legislation to achieve different forms of influence. Three major findings result from my analysis.

Spending Patterns

Economic interests spend to preserve the status quo, whereas citizen interests spend to promote change.

Economic interests and citizen interests reveal very different patterns in their direct legislation campaign contributions. Table 4 shows that economic interests spent over 78 percent of their $99 million in direct legislation contributions to defeat ballot measures. In other words, their resources were directed heavily toward preserving (that is, toward defeating changes to) the status quo. Citizen interests, by contrast, spent overwhelmingly to support initiative measures, with 88 percent of their $33 million in direct legislation contributions going to support changes to the status quo.

Table 4

Spending For and Against Initiatives by Contributor Type

Contributor Type	Total, $	% For	% Against
Economic	98,680,452	22	78
Citizen	33,483,959	88	12

Advocacy Spending and Passage Rates

Spending by citizen interests to support initiatives leads to higher passage rates, whereas spending by economic interests to support initiatives leads to lower success rates.

My theory of interest group influence suggests that citizen and economic interests pursue different forms of influence because of their differential ability to translate resources into electoral success. Table 5 provides evidence for this point. The table shows that spending to support initiative measures by citizen interests translates into a relatively high passage rate—60 percent—whereas spending to support initiative measures by economic interests results in only a 22 percent passage rate.[17] Thus, economic interests devote few of their resources to supporting initiatives, and the initiatives they do support rarely pass. Citizen groups devote a higher share of their contributions to supporting initiatives, and these contributions translate readily into success.

Table 5

Initiative Passage Rates by Source of Majority Support

Source of Majority Support	Passage Rate, %
Economic	22
Citizen	60

Opposition Spending and Blockage Rates

Spending by economic and citizen interests to oppose initiatives leads to moderate blockage rates.

Although citizen interests have a clear advantage in passing initiatives they support, the same cannot be said about the ability of economic groups to block initiatives they oppose. Economic interests devote a large share of their direct legislation campaign contributions to opposing initiatives. These resources translate into a moderate failure rate—58 percent of the measures that receive majority opposition from economic interests

[17] Since nearly all measures receive some support from both economic and citizen interests, I operationalize "economic support" and "citizen support" as majority support from those contributor types. This analysis includes only a subset of the full sample of measures, since several received a plurality of support from several contributor types but not a majority.

fail. At the same time, the data show that citizen groups are equally able to defeat measures they oppose—59 percent of initiative measures opposed by citizen interests fail. Thus, both major contributor types—economic interests and citizen interests—are able to block initiatives they oppose more often than not. When they can mobilize effective opposition campaigns, both economic and citizen interests can protect themselves from the proposals of interests they oppose (see Table 6).

Table 6

Initiative Failure Rates by Source of Majority Opposition

Source of Majority Opposition	Failure Rate, %
Economic	58
Citizen	59

Table 7 combines the information from Tables 5 and 6 to report the passage rates of measures that received support and opposition from each combination of contributor types.[18] Reading down the first column of Table 7, we see that measures supported by citizen groups and opposed by other citizen groups passed 43 percent of the time. In the lower cell of the first column, we see that propositions supported by citizen groups and opposed by economic groups passed at an even higher rate—64 percent. This result is contrary to conventional wisdom and reflects the severe limits economic groups in California face in achieving even preserving influence.

Table 7

Passage Rates by Support and Opposition

	Citizen Support	Economic Support
Citizen opposition	43% (N=7)	29% (N=7)
Economic opposition	64% (N=11)	20% (N=5)

[18]One measure had no opposition spending. Hence, Table 7 includes data for only 30 propositions.

The second column of Table 7 reports the passage rates of measures that received majority support from economic groups. When opposed by citizen groups, these measures passed 29 percent of the time. When measures supported by economic groups were opposed by other economic groups, they passed only 20 percent of the time. Thus, economic groups were most successful at defeating propositions that were supported by other economic interests and at passing measures that were opposed by citizen groups.

Sources of Support

Successful initiatives receive 2.5 times greater support from citizen interests than from economic interests. Unsuccessful initiatives receive equal support from citizen and economic interests.

Finally, I consider the extent that the sets of initiatives that ultimately pass and fail reflect the support of economic and citizen interests. Table 8 reports aggregate support to the set of successful initiatives and to the set of unsuccessful initiatives. It shows that the 14 successful initiatives received a far greater share of their support from citizen interests. Successful initiatives received 62 percent of their $19 million in supporting contributions (or $12 million) from citizen interests and only 25 percent of their aggregate support from economic interests. The 17 unsuccessful initiatives received nearly equal support from economic and citizen interests, with 43 percent of their $38 million in aggregate support coming from economic interests, 46 percent from citizen interests, and 11 percent from other contributors. In other words, the measures that ultimately passed received a much larger share of their support from citizen interests. The measures that ultimately failed received support from both citizen and economic interests.

Table 8

Sources of Support for Successful and Unsuccessful Initiatives

Source of Support	Percent Successful	Percent Unsuccessful
Economic	25	43
Citizen	62	46
Other	13	11

4. Conclusions and Policy Implications

The analysis of direct legislation campaign contributions shows that economic interests are severely constrained in their ability to pass new initiatives. They direct a much larger share of their campaign contributions toward opposing than toward supporting initiatives and referendums. When they do spend in favor of new initiatives, the measures they support pass at a low rate. And, in the end, the set of measures that ultimately passes reflects the support of citizen groups. In short, economic interests in California are severely constrained in their ability to pass new laws by initiative.

These results are sharply at odds with allegations of direct legislation's modern critics who claim that the very interests it was intended to circumvent have captured the process. Despite their vast monetary resources, economic interests use direct legislation most often, and most effectively, to fight off ballot propositions they oppose. Admittedly, this defensive positioning may have negative consequences, such as clogging the airwaves with negative political advertisements at election time, breeding public cynicism about the political process, and ultimately blocking many initiatives that would otherwise receive broad-based public support. It does not, however, represent the sort of unbridled influence at the expense of the broader public that so concerns direct legislation's critics.

My theoretical discussion suggests that in addition to these direct forms of influence, interest groups may also be able to use direct legislation to influence policy in more indirect ways. One possibility is that they spend on direct legislation campaigns to signal to policymakers their support for or opposition to an issue. Another possibility is that they induce the legislature to pass or block legislation to preempt their initiative proposals. To the extent that economic interests are able to use direct legislation to achieve indirect influence, the process provides these interests with an additional tool for augmenting their already substantial influence in the legislative process.

These findings have important implications for political reform. They suggest that if we are concerned with the role of money in the political process in general, and the direct legislation process in particular, we ought not focus on limiting the money groups spend in direct legislation campaigns. The findings suggest that, instead, we should focus on (1) empowering citizen interests in the face of economic group opposition or on (2) limiting the power of economic interests in the *legislative* process. In terms of the former, one reform that would empower citizen interests is the indirect initiative. In the indirect initiative, groups petition the state legislature to consider legislation; if the legislature passes the measure, it becomes law, otherwise it is placed on the ballot and treated as a direct initiative. Effectively, the indirect initiative formalizes the second form of indirect influence described above (inducing the legislature to pass or block legislation) by forcing the legislature to consider preempting all initiative proposals. To the extent that citizen interests can most effectively achieve this second form of indirect influence by credibly threatening to propose an adverse initiative, the indirect initiative institutionalizes this power.

Reforms that would limit the power of economic interests in the legislative process include some public financing of candidate campaigns or changes in campaign finance laws to increase the financial role of the parties in state legislative campaigns. Both of these changes would reduce the reliance of state legislative candidates on the monetary resources offered by economic interest groups and potentially decrease their influence over legislators' behavior.

Bibliography

Allswang, John, *California Initiatives and Referendums, 1912–1990*, Los Angeles: Edmund B. "Pat" Brown Institute of Public Affairs, California State University, Los Angeles, 1991.

Bowler, Shaun, and Todd Donovan, *Demanding Choices: Opinion, Voting, and Direct Democracy*, Ann Arbor: University of Michigan Press, 1998.

California Fair Political Practices Commission, *Summary of Receipts and Expenditures by Committees Primarily Formed to Qualify, Support, or Oppose a State Measure*, Sacramento, 1988, 1990.

California Secretary of State, *Statement of the Vote*, Sacramento, 1976–1996.

California Secretary of State, 1998. Internet address http://www.ss.ca.gov/elections/elections_h.htm.

Gerber, Elisabeth R., *The Populist Paradox: Interest Group Influence and the Promise of Direct Legislation*, Princeton: Princeton University Press, forthcoming.

Los Angeles Times, "Changing the Petition Rules," Metro Edition, part 2, p. 6, February 16, 1988.

Lupia, Arthur, "Shortcuts Versus Encyclopedias: Information and Voting Behavior in California Insurance Reform Elections," *American Political Science Review*, Vol. 88, pp. 63–76, 1994.

Olson, Mancur, *The Logic of Collective Action*, Cambridge: Harvard University Press, 1965.

Roberts, Jerry, "Hiram Johnson, Please Call Home," *San Francisco Chronicle*, editorial, p. A20, September 10, 1994.

Walker, Jack L., *Mobilizing Interest Groups in America: Patrons, Professionals, and Social Movements*, Ann Arbor: University of Michigan Press, 1991.

About the Author

ELISABETH R. GERBER

Elisabeth Gerber is an associate professor of political science at the University of California, San Diego. She has written numerous papers on the use of initiatives and referendums in California and other states. Her expertise in this area led to her involvement with the California Constitution Revision Commission and their efforts to restructure the state's constitution. She has also studied differences in electoral laws in the United States and their effects on election outcomes and representation. This work led to her involvement as an expert witness in the state's defense of Proposition 198, The Open Primary Act. Gerber holds an A.B., M.A., and Ph.D. in political science from the University of Michigan.