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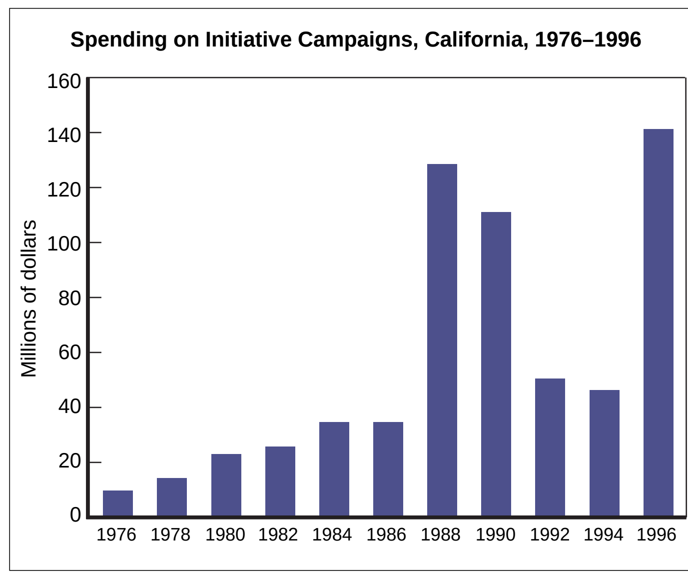
How Interest Groups Use the Initiative Process in California

Progressive Era reformers designed the initiative process around the turn of the century to circumvent the power of wealthy economic interests in the state legislature. Today, many observers argue that the initiative process has been captured, paradoxically, by those very sorts of special interests. Elisabeth R. Gerber, however, provides compelling evidence to the contrary in *Interest Group Influence in the California Initiative Process*. Her analysis indicates that economic groups do not have the unbridled influence commonly claimed by critics of this form of legislation. Economic groups are generally unable to enlist the sympathy of a sufficiently large number of people to pass new laws through the ballot box. In fact, vast sums of money poured into a campaign by special interest groups, such as the insurance or tobacco industries, may be self-defeating, suggesting to voters that the proposed legislation is unlikely to be in their own best interest. Hence, economic groups' use of the initiative process is largely limited to blocking measures or to signaling their preferences to the state legislature. In contrast, citizen groups, which often deal with social issues that involve strong emotional appeal and which rely on a coalition of support from many diverse interests, have a relatively easier time passing ballot measures.

Why There Is Concern

Perhaps the most dramatic change in the California political system over the past two decades has been the increasing use of the initiative process. Between 1976 and 1996, Californians voted on 106 statewide ballot initiatives. By comparison, in the preceding two decades, from 1954 to 1974, only 29 initiatives were placed on the ballot. The growth in the number of initiatives has been matched by a similar growth in spending on initiative campaigns, which peaked at an all-time high of $140 million in 1996, as shown in the figure. Although concern about the influence of money in politics is not new, several factors make spending on initiatives seem more worrisome. First, contributions to



The large sums of money spent on initiative campaigns have raised the question of whether economic interests are able to "buy" favorable initiative legislation.

and spending by initiative campaigns are constitutionally unlimited. Second, most initiatives deal with new and complex issues, which voters may not well understand. Thus, voters may rely heavily on information provided by interest groups during the campaign. Third, a large majority of the money spent in initiative campaigns comes from special interest groups whose motivations and preferences are often at odds with broad-based citizen interests.

Differences in Spending by Economic Groups and Citizen Groups

To analyze differences between economic groups and citizen groups in both behavior and outcomes, the author examined all contributions over $250 to support or oppose California statewide ballot measures between 1988 and 1990. This included tens of thousands of contributions targeted at 31 initiatives in four elections.

Spending Patterns. Economic interests generally spend to preserve the status quo, whereas citizen interests spend to promote change. As Table 1 shows, economic interests spent over 78 percent of their $99 million in contributions to defeat ballot measures and thereby preserve the existing environment. In contrast, citizen interests spent overwhelmingly to support the passage of initiative measures, with 88 percent of their $33 million in contributions supporting proposed changes in the status quo.

Table 1—Spending For and Against Initiatives

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

Initiative Passage Rates. Economic interests not only devote few resources to support initiatives but also have low success rates in passing those they do support. Whereas citizen groups are able to pass 60 percent of the initiatives they support, economic groups are able to pass only 22 percent.

Initiative Failure Rates. Economic and citizen interests are both moderately successful in defeating initiatives. Fifty-eight percent of the measures opposed by economic groups fail to pass, compared to 59 percent of the measures opposed by citizen groups.

These statistics reflect the overall success rates of economic and citizen interest groups in passing and defeating initiatives. However, the initiative process is not dichotomous, with citizens always on one side of an issue and economic groups on the other. Hence, it is useful to also examine how initiatives fare when the various combinations of contributors are taken into account.

The first column of Table 2 shows that measures supported by some citizen groups and opposed by others passed 43 percent of the time. Propositions supported by citizen groups and opposed by economic groups passed at an even higher rate, 64 percent. The second column of the table reports passage rates of measures that received greater support from economic groups. When opposed by citizen groups, these measures passed 29 percent of the time. When economic measures were opposed by other economic groups, they passed only 20 percent of the time. These results reflect the tough sledding economic groups in California face, even in preserving the status quo.

Table 2—Percentage of Initiatives Passing by Group Support and Opposition

	Citizen Support	Economic Support
Citizen opposition	43	29
Economic opposition	64	20

Conclusions and Policy Discussion

Despite their vast monetary resources, economic interests are severely constrained in their ability to pass new laws through the initiative process. They use the process most often and most effectively to fight ballot propositions they oppose. However, interest groups (whether citizen groups or economic groups) may also use the initiative process to influence policy in more indirect ways. For example, they may use the process to signal to policymakers their preferences on certain issues. Thus, the initiative process provides economic groups with an additional tool for augmenting their already substantial influence in the legislative process.

The study's findings have several implications for political reform. They suggest that those who are concerned about the role of money in the initiative process should worry less about trying to limit the amount of money that special interest groups spend and focus instead on (1) empowering citizen interests in the face of economic group opposition and (2) limiting the power of economic interests in the *legislative* process.

One reform that would empower citizen interests is the indirect initiative. In this political process, a citizen group faced with an adverse initiative proposed by economic interests could simply petition the state legislature to consider an alternative measure. If the legislature passes the measure, it becomes law; otherwise, it is placed on the ballot and treated as a direct initiative, subject to campaign opposition.

Reforms that would limit the power of economic interests in the legislative process include allowing some public financing of candidate campaigns or changing campaign finance laws to increase the role of party funding in state legislative campaigns. Both of these reforms 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.

This research brief summarizes a forthcoming report by Elisabeth R. Gerber, Interest Group Influence in the California Initiative Process. *The report may be ordered by calling (800) 232-5343 [mainland U.S.] or (415) 291-4415 [Canada, Hawaii, overseas]. A copy of the full text is also available on the Internet (www.ppic.org). The Public Policy Institute of California is a private, nonprofit organization dedicated to independent, nonpartisan research on economic, social, and political issues that affect the lives of Californians. This project was supported by PPIC through an Extramural Research Program contract.*

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