The Efficacy of Ballot Initiatives

Wesley Chen, Eitan Fattal, James Brink, Milo Hammer, and Ambika Nuggihalli
Research Question:
Is the ballot initiative system an effective method of governance?
Background Information
The Initiative System

- California Initiative System
  - The initiative is the power of the people of California to propose statutes and amendments
  - Five steps:
    1. Draft the text
    2. Submit Draft
    3. Circulation
    4. Verification
    5. Voter Approval
The Good and The Bad

● Advantages
  ○ The vote actually counts
  ○ Total transparency
  ○ Government Accountability
    ■ Additional check on the government
    ■ Citizen line of defense

● Shortcomings
  ○ Inflexible
    ■ Article II, Section 10 (c) of the California Constitution
    ● Makes it incredibly difficult to amend or repeal a law passed via this system
    ● Difficult to amend or repeal passed propositions
  ○ Voter fatigue
Proposition Focus

Proposition 10

- Expands local governments’ authority to enact rent control on residential property

Proposition 6

- California Gas Tax Repeal
Initiatives and US Democracy
Different Forms of Direct Democracy

- Types of Direct Democracy
  - Initiated State Statute
  - Veto Referendum/Citizen
    - Referendum/Statute
    - Referendum
  - Statewide Recall
Progressive Direct Democracy Across the US

- Most Direct (CA, AZ, OR, and more)
  - In CA in particular → Convoluted
- Least Direct (TX, WI, MN, and many more)
  - Only 1 form of direct democracy that is seldom used
  - More streamlined, but at a cost?
- Correlation between direct democracy and voter turnout is weak or non existent
  - Voter turnout → voting culture, demographics more than method of governance
Efficacy and Voter Education

- Conflicting Accounts
  - “Progressive Federalism” (Pro)
  - “Nonconsequentialism” (Con)

- Progressive Federalism:
  - Additional Check, appeals to political minorities
  - Less “opaque” laws means better understanding, should increase voter awareness
  - Potential to increase voter education (disputable)

- Nonconsequentialism:
  - Logrolling is good, makes for less consequential laws (which is a Federalist ideal)
  - Initiatives need more regulation
Internal vs. External Efficacy

Sources: JJ Dyck & EL Lascher 2008, Gallup 2012
Interest Groups and Ballot Initiative Financing
Why Interest Groups Use Ballot Initiatives

- Unlimited spending
- Differing paths to policy goals
  - Initiative
    - Support
    - Block
  - Legislature
    - Pass
    - Block
  - Pressure legislature to compromise
  - Support policies legislature is unwilling to address
- Uninformed voters preferred to legislators
  - Initiatives are better than referendums
How Successful are Interest Groups?

- Types of interest groups
  - Citizen groups
    - Tend to support ballot initiatives to change status quo
    - Generally have broad public coalitions
  - Economic groups
    - Tend to oppose ballot initiatives in order to preserve status quo
    - Generally have acute backing from enterprises financially associated

<table>
<thead>
<tr>
<th>Contributor Type</th>
<th>Total, $</th>
<th>% For</th>
<th>% Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>$98,680,452</td>
<td>22</td>
<td>78</td>
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<tr>
<td>Citizen</td>
<td>$33,483,959</td>
<td>88</td>
<td>12</td>
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Source: Gerber (1999)
How Successful are Interest Groups?

<table>
<thead>
<tr>
<th>Source of Majority Support</th>
<th>Passage Rate %</th>
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<tr>
<td>Economic</td>
<td>22</td>
</tr>
<tr>
<td>Citizen</td>
<td>60</td>
</tr>
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</table>

- Economic interest groups fail to consistently pass ballot initiatives without grassroots support

Source: Gerber (1999)
How Successful are Interest Groups?

<table>
<thead>
<tr>
<th>Source of Majority Opposition</th>
<th>Failure Rate %</th>
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<tbody>
<tr>
<td>Economic</td>
<td>58</td>
</tr>
<tr>
<td>Citizen</td>
<td>59</td>
</tr>
</tbody>
</table>

- Economic and citizen interest groups are equally capable of opposing ballot initiatives

Source: Gerber (1999)
How Successful are Interest Groups?

<table>
<thead>
<tr>
<th></th>
<th>Citizen Support</th>
<th>Economic Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizen opposition</td>
<td>43%</td>
<td>29%</td>
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<tr>
<td>Economic opposition</td>
<td><strong>64%</strong></td>
<td><strong>20%</strong></td>
</tr>
</tbody>
</table>

- Economic interest group opposition is significantly more successful against economic interest group support

Source: Gerber (1999)
Case Study: Proposition 10
Proposition 10: California Rent Control

- **Summary of Prop 10 action**
  - Repeal Costa-Hawkins legislation
  - Allow cities the option to enact rent control

- **History**
  - Rent control measures passed in California cities during 1970’s and 1980’s
  - Costa-Hawkins passed in 1995 banning future rent control measures
  - California facing major housing crisis/shortage
  - Legislative stall
    - Legislation died in committee in January 2018
Support for Prop 10 - $26M

- Housing advocates
- AIDS Healthcare Foundation
  - Provided majority of funding

Opposition to Prop 10 - $75M

- Housing advocates
- Both candidates for California Governor 2018
  - John Cox (R)
  - Gavin Newsom (D)
- Real estate companies
  - Provided majority of funding

[Real estate companies fueling the campaign against Prop. 10]

Some of the largest donors to the campaign against a rent control initiative are also California's biggest landlords.

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of apartments in California</th>
<th>Contributions against Prop. 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tha Irvine Co.</td>
<td>63,782</td>
<td>$0*</td>
</tr>
<tr>
<td>Essex Property Trust</td>
<td>48,505</td>
<td>$9 million**</td>
</tr>
<tr>
<td>Equity Residential</td>
<td>37,702</td>
<td>5.2</td>
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<tr>
<td>AvalonBay Communities</td>
<td>29,832</td>
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<tr>
<td>UDR Inc.</td>
<td>14,336</td>
<td>1.8</td>
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<td>Western National Group</td>
<td>13,231</td>
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<tr>
<td>Brookfield Asset Management</td>
<td>11,783</td>
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<td>G.H. Palmer Associates</td>
<td>11,722</td>
<td>2.0</td>
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<td>AIMCO</td>
<td>10,997</td>
<td>0.5</td>
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<tr>
<td>The Blackstone Group LP</td>
<td>10,665</td>
<td>7.5***</td>
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</table>

(Figures are current as of Oct. 25.)

* Has not reported direct contributions to the campaign.
** Includes money donated by an affiliate of Essex board Chairman George M. Marcus.
*** Includes money donated by affiliate Invitation Homes, which owns 12,000 single-family home rentals in California.

Sources: CoStar Group, California secretary of state
Proposition 10: California Rent Control

- Public opinion
  - Support for rent control (LA Times - January 2018)
    - “Why is California housing unaffordable?”
      - 28% said rent control (#1 answer)
  - Opposition to prop 10
    - September PPIC poll: 36% will vote yes
    - October PPIC poll: 25% will vote yes
  - Voter confusion
    - “The measure could inadvertently make the existing housing crisis even more extreme”

- Outcome: Failed by vote of YES 40% to NO 60%
  - Advocates intend to work with Newsom
  - 2020 ballot

- Demonstration of ineffective direct democracy
Case Study: Proposition 6
Proposition 6: California Gas Tax Repeal

- **Summary**
  - Repeal SB1 (RRAA), fuel taxes initiative and vehicle fees
  - Require voter approval for future fuel taxes

- **Interest groups**
  - Yes on 6
    - State and national Republicans
  - No on 6
    - Construction firms

- **Substantial money raised**

<table>
<thead>
<tr>
<th></th>
<th>California Proposition 6 (2018) campaign finance</th>
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<td></td>
<td>Contributions</td>
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<td>Proposition 6</td>
<td>$4,862,812.15</td>
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<td>Support Committees</td>
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<tr>
<td>Opposition Committees</td>
<td>$46,326,809.51</td>
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</table>
Proposition 6: California Gas Tax Repeal

- Predictions
  - The “no” effect
  - The Tax effect

- Public opinion polls
  - Most leaned “no” on prop 6
  - Results varying on wording of questions
    - People didn’t realize gas tax repeal; issue in wording

- Outcome
  - “No” won: prop 6 failed, gas tax still in place.
  - “No” had most money

<table>
<thead>
<tr>
<th>Poll</th>
<th>Support</th>
<th>Oppose</th>
<th>Undecided</th>
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</thead>
<tbody>
<tr>
<td>Public Policy Institute of California 10/12/2018 - 10/21/2018</td>
<td>41.0%</td>
<td>48.0%</td>
<td>11.0%</td>
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<tr>
<td>SurveyUSA 10/12/2018 - 10/14/2018</td>
<td>58.0%</td>
<td>29.0%</td>
<td>13.0%</td>
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<tr>
<td>USC Dornsife/Los Angeles Times 9/17/2018 - 10/14/2018</td>
<td>41.0%</td>
<td>42.0%</td>
<td>17.0%</td>
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<td>Public Policy Institute of California 9/9/2018 - 9/18/2018</td>
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<td>52.0%</td>
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<td>Probolsky Research 8/11/2018 - 8/16/2018</td>
<td>35.8%</td>
<td>48.3%</td>
<td>14.6%</td>
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<td>SurveyUSA 6/26/2018 - 6/27/2018</td>
<td>46.0%</td>
<td>33.0%</td>
<td>22.0%</td>
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</tbody>
</table>

AVERAGES 43.47% 42.05% 14.27%
Conclusion and Policy Recommendations
Pros and Cons of Initiatives

CONS

● Inflexible
  ○ Hard to amend or repeal
● Lack of transparency
  ○ Misinformation, fearmongering
  ○ Confusing process
● Voter fatigue
  ○ Excessive amounts of initiatives
● Voter turnout
  ○ Doesn’t increase voter turnout

PROS

● Direct democracy
  ○ Policy changes that politicians may not enact
  ○ Check on elitism
● More transparent than legislation
Policy Recommendations

- Clean up the Secretary of State’s website
  - Clear money links
- Fact and checked voter guide and advertisements
  - Govt deals with voter guide; bias check
  - Media accountability
  - Other sources providing facts about the propositions
- Explaining the rules of voting
  - Less confusion about process on the whole
- Fewer propositions on the ballot
  - Depth over breadth
  - Lessens voter fatigue
- Constitutional amendment
  - Allow the CA state govt to repeal or amend propositions
Concluding Remarks

Synthesized Account:

- **Progressive + Bipartisan Federalism**
  - Keep the system, introduce reforms that will limit the role of factions
  - Indirect initiatives and legislatively referred initiatives
  - Allow some degree of logrolling but put the onus on legislatures whose job it is to stay informed.
  - Factions are unavoidable but the signature gathering process should not be so skewed.
Thank You!