1. Introduction

The executive branch seems like a bystander in direct democracy. The main instruments of direct democracy—the initiative and the referendum—are legislative in nature, and the ultimate purpose of direct democracy is to break the legislature’s monopoly over law making. Not surprisingly, the study of how direct democracy impacts the legislature has been a staple of the literature for decades. Little, if any, research is available that focuses specifically on how direct democracy impacts the executive branch.¹ Yet, in a system where government is fragmented between branches of government and constrained by a system of checks and balances, a reduction in the power of one branch might be expected to have repercussions on the power and functions of the other branches. The executive branch may stand to gain from a vigorous use of direct democracy. Indeed, governors have been the driving force behind adoption of the initiative and the referendum from Hiram Johnson in California in 1911 to Kirk Fordice in Mississippi in 1992.

This chapter explores the relation between direct democracy and the executive branch, with an eye toward identifying what changes, if any, are brought about in the executive branch when citizens are given the power to propose and pass laws directly. The chapter is organized around three questions. How does direct democracy change the balance of power between the legislature and the executive branch? What changes does the initiative bring about in the institutional characteristics of the executive branch? And how does direct democracy change the way voters behave when electing governors? I attempt to answer the
questions using conventional theories and straightforward empirical approaches. The evidence indicates that direct democracy brings about material changes in the functioning of the executive branch. A counter-intuitive implication of the analysis is that even though the initiative and the referendum are targeted at legislative functions, they may end up causing elected executive officials to perform their executive functions more effectively.

2. Checks and Balances

This section makes a few observations about how direct democracy affects the balance of power before turning to the more substantive empirical and theoretical analysis in the following sections. The main point is that the initiative and the referendum have an ambiguous effect on the power of the legislative branch and the executive branch relative to each other in a standard spatial model, but unambiguously reduce the power of each branch relative to the voters.

Consider a simple model along the lines of Gerber (1996b) and Matsusaka and McCarty (2001). Policy $x$ is a point on the real line, $L$ is the legislature’s ideal point, $G$ is the governor’s ideal point, $V$ is the (median) voter’s ideal point, and all actors have single-peaked preferences. Without loss of generality, suppose $L < G$. The equilibrium policy $x^*$ is the outcome of a game between the parties. The question of interest is whether $x^*$ moves closer to $L$ or $G$ when the initiative becomes available.

When the initiative is unavailable, the voter plays no role in the policy decision (as is conventional, this ignores the voter’s role in selecting $L$ and $G$, a point discussed later in this chapter). For the moment, ignore the possibility that the governor has veto power. Then the legislature simply sets the policy at its ideal point, and the policy with no initiative is $x^*_{NI} = L$.

If the initiative is available, then outside groups can propose alternatives to the legislature’s policy, and the voter chooses between the two options. A realistic case is where the governor is able to propose an alternative. This is not a constitutional right but a de facto power that stems from the governor’s ability to raise funds and marshal interest groups to qualify a measure for the ballot. Arnold Schwarzenegger in California is a recent example.

If the governor has the power to make a proposal, the ultimate policy can never be farther from the governor’s ideal point than when the initiative is unavailable (see Gerber 1996), where the governor takes the place of the interest group). A first case to consider, shown in figure 7.1(a), is where $V < L$. Here the legislature can set the policy at its ideal point and there is no alternative preferred by the governor that the voter also prefers. Given