PLEBISCITES AND THE PUBLIC PURSE:

U.S. EXPERIENCE WITH DIRECT DEMOCRACY

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Abstract

The United States is a distinctive case for studying the way extensive direct democracy can affect fiscal policy. Every state in the union allows voters to decide certain ballot questions about how to raise and spend public revenue. The U.S. record shows that large-scale plebiscites fail to produce reliably "pro-poor" government finance. Direct citizen involvement in fiscal policy has not led to uniformly equitable or financially sustainable state budgets. Nor has it mobilized low-income groups to express and defend their economic interests. When called upon to make decisions about the amounts and purposes of statewide government spending, the electorate is apt to disregard any hardship for poor people. Political parties and advocacy organizations, working through traditional representative institutions, are usually a more promising avenue for fighting poverty.

The United Nation's Millennium Development Goals commit countries to do more to reduce the rate of poverty and to improve education and health care for all. To reach these objectives, national fiscal policy must be made more "pro-poor" than it has been in most countries in the past. Greater citizen participation has been offered as a promising means of bringing taxes and expenditures into closer alignment with the resources and needs of lower-income people (for discussion, see Brinkerhoff and Goldsmith 2003). Indeed, greater participation in public affairs is itself an important element of the Millennium Development Goals.

Participatory budgeting has worked reasonably well at the neighborhood and municipal level, for example in the widely cited example of Porto Alegro, Brazil (Inter-American Development Bank 2000). Participation in national budgets presents different challenges due to the greater scale of activities. One possible way to engage large numbers of people in fiscal policy is through plebiscites or direct democratic action. But how do countrywide fiscal plebiscites work out in actuality?

The United States presents a unique case for exploring this question. Although no federal system of direct democracy exists in the United States, every state in the union allows voters themselves to decide certain laws in the polling booth, including questions about how to raise revenue and on what to spend it. Some states are bigger than many independent countries; notable is California, whose population today is about the same as Sudan's, which would make California the 33rd largest country in the world, ranked by population. Depending on the jurisdiction, American voters have been taking part in decisions about state government revenue and expenditure for more than a century. While direct democracy is expanding around the world (Scarrow 2001), no other country has comparable experience of extensive plebiscitary fiscal policy.[1]

U.S. state governments thus offer what may be the most relevant perspective on how direct democracy might affect nationwide budgeting in present-day developing and transitioning countries – political units that are just beginning to experiment with plebiscitary policymaking (Barczak 2001, Frey 2003). The U.S. record is cautionary: When voters take hold of the government's purse strings, they are apt to be even more tight-fisted regarding the poor than legislative bodies are. While other societies may be different, they most likely will need to look beyond direct democracy to fashion pro-poor fiscal positions.

Origins and Scope of Direct Democracy in the United States

American direct democracy has its genesis in the populist and progressive movements of the nineteenth and early twentieth centuries. These movements were a reaction to the large and impersonal organizations that were taking over the United States, and they sought political remedies to the perceived loss of small-town and individualistic values (Hofstadter 1955). Populists and progressives believed the nation's official leaders had lost touch with ordinary

[1] There is also plenty of direct democratic participation in local fiscal matters in the United States. Literally thousands of cities and towns across the land have an initiative (citizens can place laws on the ballot for approval or disapproval) and referenda (citizens can vote on public legislation). that determine service fees, property tax rates, special local taxes or bond issues. Since this local political history is less relevant to national fiscal policymaking, no more will be said about it here.

people and that wealthy, entrenched economic interests were setting the policy agenda for government. It was urgent and necessary, in this view, to open up or circumvent the institutions that stood between citizen and government.

Activists at the time were very creative in thinking up new approaches they thought would revitalize democracy, reduce corruption and make leaders more responsive and accountable. Among the well-known innovations in governance from that period are the secret ballot, the non-partisan primary election, the city-manager system of local government, and, of principle concern in this paper, three related institutions of direct democracy. Each of the latter offered a somewhat different way for going over the heads of the elite and bringing important public decisions down to the grassroots for approval or disapproval. Fueled by popular discontent, this trio of direct democratic institutions was enacted into law across the United States in the early 1900s (Goebel 2002, Piott 2003, Farmer 2001).

The most radical institution is the initiative, which allows voters to *initiate* legislation through a petition drive. To put a proposed law on the ballot, a group only needs to come up with legally acceptable wording and to gather a predetermined number of legitimate signatures, thereby bypassing the representative organs of government. Twenty-four states and the District of Columbia have the initiative (though their exact procedures differ in many particulars).[2] Since voters first placed a statewide measure on Oregon's ballot in 1904, over two thousand statewide voter-initiated ballot questions have appeared across the nation (IRI 2002). The number of citizen initiatives has exploded since the late 1970s, though they still total just a tiny fraction of the laws considered by state legislatures. The odds are against approval: about 60% of these ballot measures have been rejected. Sometimes thought of as the "fourth branch of government" in the United States, a similar initiative process is almost unknown anywhere else in the world.[3]

The second, less extreme, device for direct democratic action is the referendum, by which legislatures may *refer* a statute to the voting public for ratification. Because elected officials have a hand in the process, a referendum does not sidestep formal, representative bodies to the same extent that a citizens' initiative does. All 50 states now allow for referenda in one form or another, and the process has become commonplace.[4] In 2000, for instance, there were 133 statewide questions placed on the ballot by state legislatures, versus 71 placed on the ballot by petition. In 2002, the figures were 149 statewide referenda, versus 53 ballot questions from the people (IRI 2000, 2002). The approval rate of

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[2] Some states have an indirect initiative, where a group drafts and qualifies a proposition, then submits it to the legislature for consideration.

[3] New Zealand is the only other country with a similar initiative process, but has only used it twice (Qvortrup 2001). Switzerland also has a federal initiative process, but only for consitutional amendments, not for ordinary legislation. Several German *lander* provide for citizen initiatives, but they must pass through legislative review first. See Dubois and Feeney (1998: 51-66).

[4] A somewhat different type of referendum is the popular referendum, where a group petitions to have a law already passed by the legislature submitted to the voters for approval.

legislatively referred measures is higher than for initiatives, with about 60% winning voter endorsement (Cronin 1989: 197). Other countries besides the United States make use of referenda, but only Switzerland does so with anything close to the same frequency.

The third facet of direct democracy is the recall, which allows voters to start a process to remove an elected official before his or her term of office expires. Fifteen states and the District of Columbia have the recall. This institution is generally less relevant to fiscal issues (though the recent recall of California's governor was partly motivated by discontent with his handling of the state budget deficit) and it will not be discussed further. For the balance of this paper, the focus will be on statewide ballot questions and, in particular, on voter initiatives.

An odd coalition made up the direct democracy movement in the early days. In most states, the first proponents were on the left, and included labor unions and suffragists. Conservative temperance organizations and religious groups also took up the cause of direct democracy as a means to circumvent the establishment or, at a minimum, to force it to pay attention to widely held but out-of-favor views. This bimodal pattern continues today, with many ballot issues springing from the far sides of the political spectrum. Rightwing issues (tax limitations, mandatory sentencing, school vouchers) have attracted the most attention, but leftwing causes (animal rights, medical marijuana use, environmental controls) also have resonated with the electorate. Elite opinion (political leaders, judges, editorial page writers) tends to reject as simplistic ballot proposals from all quarters.

Citizen initiatives span a range of specific issues and causes. Most are unrelated to the public purse, and concern election reform, public morality, business regulation or other non-financial problems. Over one initiative in four, however, is about a revenue or tax measure (Tolbert 2001: 43). Also, having a fiscal impact are ballot initiatives that affect access to or management of public schools, health or other social services used by the general population. In 2002, for example, Colorado voters rejected and Massachusetts voters approved initiatives that mandated English language in the classroom. Though not a spending issue per se, any prohibition on bilingual education implies budget savings or, perhaps, more resources for other education programs. English-only policies disproportionately affect low-income students, who are most likely to speak a foreign language at home, though whether the effect on them is more positive or negative is hotly debated.

Legislative referenda also cover a diverse range of issues that regularly embrace fiscal affairs. Mandatory questions on proposed state bond issues are very common. The New York State Constitution since 1846, for example, requires statewide voter approval for the incurrence of public debt. Provisions for mandatory questions on proposed levying or increases in taxes are found in many state constitutions, as well (Zimmerman 2001: 26-27, 230).

Pro-poor Fiscal Policy

It is not hard to sketch the outlines of fiscal rules and budget systems that serve the Millennium Goals. A recent British White Paper (DFID 2000) defines "pro-poor policies" as "decisions, programs and processes that put poor people at the centre of development policy and focus on empowering and enabling poor people to take charge of their futures." While this definition is too vague to have operational meaning, it implies that pro-poor budgets should meet two broad standards.

First, fiscal outcomes ought to work for the have-nots in society, not just the haves. On the revenue side, taxes should be progressive (based on ability to pay, with the rich paying a greater share of income) and high enough to pay for an expansive public sector. Some borrowing is called for, particularly for capital improvements to schools, hospitals and similar facilities. On the spending side, pro-poor budget outcomes mean generous funding to run social service programs. Finally, income and expenditure should be roughly in balance to avoid long-term credit problems, which might disrupt social services in the future.

The second criterion of a pro-poor fiscal policy is that an inclusive process exists for establishing tax, debt and expenditure priorities. Recognizing that "the poor" is a diverse category, we should observe widespread access to and participation in fiscal policy. Elites should not dominate budget decisions.

Fiscal Outcomes

To what extent has U.S. direct democracy met the first standard of pro-poor fiscal policy, that it be egalitarian? Many successful fiscal initiatives in the United States are aimed to limit taxes (often to make them more regressive, too) and cap government spending. These fiscal constraints generally reward the well-to-do and penalize the working poor and the unemployed, who tend to pay few taxes while making heavy use of government services.

California's famous Proposition 13 is a case in point. Passed in 1978, this ballot question provides property tax relief for homeowners – few of whom would classify as low-income. Kuttner (1980) called the initiative a "revolt of the haves" in the title of his book on Proposition 13. Upset by rising property taxes, California voters opted to check the capacity of local governments to raise revenue, which forced cuts in municipal services, including schools.

There is not much for the deprived and downtrodden in this popular law. Proposition 13 encourages local governments to favor retail development, which produce sales-tax receipts, over other residential or commercial projects, which might provide housing and jobs but only limited property-tax payments. A key feature of Proposition 13 allows reassessments to market value only when a property changes hands, creating an incentive for property owners to sit on real estate they might otherwise want to sell. Moreover, owners can deed their homes to children or other close relatives without changing the assessments. Therefore, Proposition 13 rewards established property-owning families at the expense of first-time homebuyers, who must pay market-rate property taxes. With the supply of new and used housing artificially restricted, and prices soaring, non-property owners also have an increasingly difficult challenge breaking into California's housing market. Finally, commercial proprietors gain disproportionately from Proposition 13, because they tend to hold onto their properties for long periods (Schrag 1998).

Populist mythology to the contrary, law-making assemblies are not averse to restricting taxes or putting a cap on spending. One study finds, however, that tax and expenditure limitations enacted by state legislatures are apt to be less restrictive and contain more loopholes than those passed by citizen initiative (New 2001). Sometimes elected representatives limit taxation to preempt possible petition drives. For example, when faced with the likelihood that an initiative known as the Taxpayer Bill of Rights would succeed in the upcoming election, the Colorado Legislature passed a new statutory expenditure limit in 1991.

This does not mean that every tax initiative is an attack on the poor, or that the body of voters supports every proposal to hinder government's taxing authority. The passage rate for citizen tax initiatives is roughly one in three – about the same rate as all citizen initiatives. Legislative referenda on revenue issues likewise have varied results. The Initiative and Referendum Institute (2000: 3-4) reports the following outcomes from the last Presidential Election year:

> Tax cutters suffered some big defeats with voters in Alaska (property tax relief), Colorado (lower taxes on certain items) and Oregon (allowing for the full deduction of federal income taxes off your state taxes) choosing not to go along with these changes. However, these losses are offset by big victories in Massachusetts (reducing income taxes), South Dakota (abolishing the inheritance tax) and in Washington State (declaring null and void certain tax or fee increases adopted without voter approval by state and local governments).

The electorate is much more willing to endorse additional government borrowing than it is to approve tax hikes. In 2002, for example, voters around the United States approved nearly 86% of bond authorizations considered on ballots. Two-thirds of the bonds would finance education facilities (Finestone 2002). School construction projects are likely to help reduce poverty, all other things being equal. But the debt does need to be repaid, so there are opportunity costs for other pro-poor programs.

Voters are also amenable to greater government spending – though again without necessarily considering how to pay for it. A good recent example is California's After School Education and Safety Program Act (2002). The act, which had noteworthy support from actor (later Governor) Arnold Schwarzenegger, intends to make after-school programs available to every child in California's elementary, middle or junior high school. This is clearly a pro-poor outcome, but since the initiative does not provide any new revenues, funding will have to come out of other government programs. Poor people may not be net beneficiaries once these other cutbacks are factored in.

On balance, successful initiatives seem particularly tilted against the poor. Some of the most striking proof for this assertion comes from Matsusaka's (1995) comparison of initiative states and referendum-only states over a 30-year period. He discovered that initiatives led to significantly lower taxes and spending, after controlling for other factors. In initiative states, broad-based taxes were lower than in referendum-only states, while fees for services (such as state college tuition) were higher. Lascher et al. (1996) also find evidence that initiative states have less progressive taxation systems than other states. In addition, initiative states spend less on welfare and public education.[5]

[5] Also see Zax (1989). Camobreco (1998) makes a contrary finding.

A final adverse outcome from direct budgetary participation is its tendency to undermine fiscal discipline. Alt et al. (2001) report that initiative states have significantly higher public debt than other states. Unchecked deficit spending has potentially harmful repercussions on all residents, including the poor.

Again, California illustrates the problems. Voters there have taken away government revenue *and* mandated new government programs (as the after-school program mentioned earlier). The burden of budget cuts must then fall entirely on the unprotected areas of the budget, which is bound to rile one constituency or another. Caught it a fiscal squeeze, the state has tried to buy time through extra borrowing, but the day of financial reckoning must eventually come. California's credit rating is currently the lowest of any U.S. state's – just above "junk bond" status (Kasler 2003). Were a developing country to follow similar policies, the international financial institutions would undoubtedly insist that it adopt a structural adjustment program to bring revenues into line with expenditures.

Inclusive Decision Processes

What about the second criterion of pro-poor fiscal policy, whether economically disadvantaged persons have an important say in deciding the amounts and purposes of government spending? Again, U.S. direct democracy comes up short. Poor people are prone to be inactive bystanders in election contests over public finance.

Because they may not be registered to vote, many low- and medium-income adults are ineligible to sign the petitions that qualify initiatives. We should not romanticize how these qualification drives work, either. As a rule, registered voters are the targets, not the sources of initiative campaigns. Most qualifying initiatives originate from an interest group or a wealthy individual – some of whom, such as George Soros, are actually quite sympathetic to poor people's issues (Broder 2000). Successful *volunteer* drives to circulate petitions and gather signatures are rare. A careful reading of history reveals this is nothing new: No Golden Era of volunteerism ever existed for the initiative process (Smith and Lubinski 2002). Special interests and paid experts have always dominated the qualification stages of ballot questions.

The signature-gathering phase is intended to weed out frivolous proposals. Yet, individuals sign ballot petitions for many reasons, and their signature need not signify a favorable opinion about the substance of the request. Many qualification campaigns try not to describe issues in too much detail. Often, people endorse a proposed question simply because they think voters ought to have the opportunity to decide the issue later. Therefore, it is entirely possible for fiscal questions that enjoy thin or lukewarm support to qualify for the ballot – where they always have a chance of prevailing due to the vagaries of voters' behavior.

Once an initiative has been qualified, or a referendum readied for popular approval, every citizen must make three important decisions: whether to vote at all, whether to vote on the ballot question, and how to vote on the question should he or she choose to answer it. American election turnout is low by international benchmarks, and people of lower socio-economic status are the most likely to abstain. According to the U.S. Census Bureau (2000) fewer than four in ten eligible voters living in families whose total income is under $10,000 report voting, compared with more than 70% of those with a family income over $50,000. Some evidence suggests that the presence of propositions on a ballot may give a slight boost to overall voter turnout (Tolbert et al. 2003). It is doubtful this would have much effect on the fraction of low-income people registering and showing up on Election Day, however.

The voting disparity between rich and poor is especially pronounced for initiatives and referenda. There is a well-known phenomenon of "voter drop-off" – the tendency for voters to skip the ballot questions. The drop-off rate runs between 10% and 20% (Magleby 1984: 86). Studies show that voters with lower incomes are somewhat more likely to behave this way, preferring to vote only for the candidates for public office (Cronin 1989: 76-77). The drop-off problem, combined with skewed voting rates, mean the citizenry does not join equally on deciding most ballot propositions.

It is nonetheless conceivable that the final tally on a proposition does reflect poor people's preferences, if the issue cuts across class lines and the wealthier voters take a stand similar to that of the silent or absent citizens from the other end of the income distribution. Research suggests this rosy scenario is rare. For one thing, tax and spending policies produced by ballot questions need not reflect majority public preferences in the state. The largest part of society often likes alternative fiscal policies better than the ones endorsed by a majority of voters (Camobreco 1998). In a study of California propositions, socioeconomic class was found to affect marginally the likelihood that a voter will end up on the losing side of a ballot question. Poorer voters fare somewhat worse than wealthier voters do, though the relationship is too weak to draw firm conclusions (Hajnal et al. 2002).

Understanding the Pattern of Participation

While U.S. reformers of the early 1900s were not primarily concerned with poverty reduction, they would likely be surprised by how the initiative and referendum have worked in practice. Citizen involvement in fiscal policy has generally failed to “soak the rich” or to reduce deficit spending. Nor have ballot questions proven effective devices for educating and mobilizing low-status individuals to articulate and defend their main financial and economic concerns. It is hard to avoid the conclusion that direct democracy as practiced in the United States has an anti-poor policy bias. No single factor can fully explain why direct democracy has led to these outcomes, but there are several partial explanations. Here are some possibilities, in no particular order:

Influence of money: Money is critical in qualifying ballot questions. Most initiatives never make it that far. Between 1988 and 2000 in Oregon, for example, only one in eight volunteer-only initiatives qualified for the ballot. Among the groups for whom money was no obstacle, however, the success rate in qualifying questions approached 100% (Ellis 2002: 50). The cost of placing an initiative on the ballot varies depending on the state, but averages around $1 million in California, the most expensive state (Waters 2003). Poor people’s organizations may not have deep enough pockets.

The power of money is even more evident in defeating a ballot question. As Waters (2003) explains, all the opposition needs to do is spend substantial sums raising doubt about what the proposition might do, which prompts the voters to cast a no vote because they want to be cautious. In 1998, $400 million was spent on ballot measures across the country, much of it for media and public relations (Engle 2000). Anyone without funds to buy television and radio time, to pay for direct mailings and phone calls, or to canvass door-to-door is at a marked disadvantage in getting out a message on a ballot question.

For sure, the high-spending side does not invariably get its way on fiscal or other matters. In Oregon in 1996, for instance, the tobacco industry was unable to block a cigarette tax increase despite outspending proponents by ten to one (Gerber 1999: 61). On balance, however, well-heeled groups have a strong edge in stopping ballot questions they believe will hurt their business or other interests. Poor citizens tend to be onlookers not participants in these struggles.

Lack of organization: The individualistic goals of populism and progressivism notwithstanding, we should not expect unorganized amateurs to determine what questions make it onto the ballot – any more than we should expected amateurs to control the legislative process. Gerber (1999) dubs the professionalization of direct democracy the “populist paradox.” In truth, there is nothing illogical or inconsistent about elites and experts taking over the initiative process. Direct lawmaking takes planning, and established groups are in the best position to sponsor ballot issues and garner support for them.

Poor citizens tend to lack organizational assets that might capitalize on their numbers and offset their financial disadvantage. They are disunited because of language, culture and religion. They no longer work in large worksites and factories, where they might develop a common awareness or class-consciousness. It is therefore hard to rally them around complicated fiscal issues. They cannot compete on an even footing with better-led, better-prepared groups.

Uncertainty about the issues: With respect to most political issues and economic policies, the average American voter is poorly informed. Some evidence suggests that the initiative process may lead to greater general political knowledge among the electorate (Tolbert et al. 2003). Nonetheless, ballot questions are the subject of widespread confusion and misunderstanding. Less-educated, lower-income people are the least likely to be familiar with the complex implications of many specific questions, which adds to their low voting and high drop-off tendencies, discussed earlier.

On ballot questions, constituents also have trouble translating their views into votes, leading many to vote *against* their intentions. For example, 60% of Massachusetts voters agreed in principle with a graduated state personal income tax. But when faced with the actual language of a proposition to introduce a graduated income tax, support dropped to 43% (Magleby 1984: 116). Because of education level, a lower-income person probably has a greater likelihood of making this type of mistake.

Confusing language: Contributing to the air of confusion, many ballot questions are very long and written in technical language. Sometimes the wording is ambiguous or deceptive on purpose. Seldom is it obvious what the effect of a positive or negative vote will be. Like most people, low-income citizens rarely look carefully at the official brochures provided by government to provide objective information on ballot questions.

Misleading campaigns: Additional obfuscation comes from the opposing campaigns, with their pollsters, media experts and political strategists. Adversaries on a ballot question will distort and simplify, raise peripheral issues and play on the voters' prejudices and fears. Voices that seek merely to illuminate and clarify the issues may be drowned out or ridiculed. To the extent that a poor person relies on television for political information, he or she is more likely to be taken in by political advertising.

Economic "irrationality." Even if poor people were well-informed and they voted in large numbers, there is no guarantee they would support their "objective" interests on ballot questions. Voters try to satisfy many values in the voting booth, not simply to maximize personal income. For example, an overwhelming number of South Dakotans repealed the state's inheritance tax, even though just a handful of wealthy residents ever paid it. The loss in revenue contributed to a state budget deficit the first year it took effect. Perhaps voters in South Dakota were motivated by a sense of fair play or by respect for the deceased, rather than by their own pocketbooks.

Apathy: Low-income Americans often feel powerless and alienated from the political system. Experience has taught them that politics has no effect on their lives. Ballot questions do not change these attitudes very much. The barrage of overstated charges and countercharges on some propositions may conceivably reinforce a widespread sense of skepticism or indifference about voting.

Strengthening the Voice of the Poor

There are no easy ways to tinker with the U.S. model of direct democracy to open it up to persons from the lower income brackets. One seeming solution would be to impose spending limits or provide public funding to level the field for ballot measures. At present, most states only require that donations be reported, but without caps. The difficulty, however, is that any regulation of political spending would favor the status quo, since it is less expensive to block an initiative than it is to pass one. Control of political advertising might also violate constitutional protection of free speech. U.S. experience with campaign finance reform for presidential and congressional elections suggests that private money would probably find its way back into the initiative and referendum process, anyway.

Another reform that looks good at first glance would be to use the Internet to qualify ballot questions. The United Nations (2003) has been particularly interested in E-government, but the approach is problematic. On-line petitioning would obviously help financially strapped groups gather the necessary signatures. The drawback would be many more propositions cluttering the ballot, introducing even more mystification and apathy than exists under the current system. Besides, poor people are the least likely people to have access to the Internet.

Given these snags, emerging market countries should not look to countrywide direct democracy as a wonder drug to reduce poverty or stabilize national fiscal policy. A more reliable approach would be to strengthen *representative* democracy. Even in the United States, the legislative branch has proven the better safeguard of poor people's interests. (So has the judicial branch, by declaring some voter-initiated laws unconstitutional, but that is another topic.) One set of ideas is to push the legislature to reflect more fully the range of public opinion. Pressure could come through electoral reform (proportional representation, mandatory voting), campaign finance reform (public funds, spending caps), lobbying reform (public disclosure) and term limits. In nations where big disparities exist in income and social status, however, new rules for representation might not make much of a difference in poor people's influence.

The progressives and populists who introduced direct democracy overestimated the political capacity of individuals. Because better organized groups in society usually try take advantage of the less organized, real power for the poor depends on their having strong organizations. The most influential political participation does not take place one-by-one in the ballot box, but collectively through groups that speak up for specific constituencies. Solitary people lack the time or expertise to monitor and intelligently challenge ballot proposals – and ordinary legislation, too. They need organizational help to assemble and communicate their interests. The U.S. experience with direct democracy shows what can happen to poor people who lack effective agents working on their behalf.

Labor unions once fulfilled this advocacy function for lower-income Americans. Even today, unions can stop ballot initiatives when they marshal their members, as occurred with the recent "payroll protection" initiative in California (Broder 2000). However, union membership is down in the United States, and unions have not been as active recently in grassroots organizing as they have in the past. Conditions may be different in some developing or transitional countries today. Community organizations, charities and churches are other types of organizations that frequently lobby on behalf of the poor – both in the United States and around the world.

The United Nations (2003) has been encouraging participation of civil society in government meetings and workshops. But poor people's organizations are likely to have greater success by seeking alliances with middle-class groups outside of government, to identify and promote fiscal programs with broad political appeal. While the give-and-take of pressure group politics is never reliably pro-poor, societies are unlikely to move toward the Millennium Goals unless there is a wide coalition of support for anti-poverty policies that includes sympathetic elements of the middle and upper classes.

Stable political parties, particularly those with a leftwing ideology and a working class or peasant membership base, have been another important element in pro-poor government programs around the world (Moore and Putzel 1999). One of the incongruities of U.S.-style direct democracy is that it was consciously intended to *weaken* parties. That is exactly what has happened (though there are many causal factors, not just direct democracy). The Democrats in particular have grown fragmented and undisciplined. When U.S. political parties were more united, propositions did not stand as much of a chance of making it to the ballot. Politicians saw citizen-enacted legislation as a threat to their control and took steps to head off ballot questions. Nowadays, party leaders often use the initiative and referendum process to gain partisan advantage. The poor seem to fare better under a less directly participatory, but more predicable, partisan system for establishing budget priorities.

Conclusion

U.S. direct democracy has not furnished "power to the people" in quite the ways its original advocates hoped. The privileged few, not the common citizens, have taken the greatest advantage of these plebiscitary institutions. Resulting fiscal policies have often been imprudent about balancing government income and expenditure. Populist reformers elsewhere in the world would be advised to come to terms with these facts ahead of time so they will avoid the mistakes made in the United States.

Responsible and pro-poor citizen participation works best through organizations, including political parties and membership-based groups. Organizations are in a better position than individuals are to look at the tradeoffs among taxation, debt and spending, rather than treating these issues in isolation. When have-nots band together, they can have more bearing on budget decisions than they can on their own, trying to make up their minds whether to sign an initiative petition or to vote yes on a ballot question. Giving each voter a specific say in fiscal matters is no substitute for collective action. Mainstream representative institutions are usually the most promising avenues for arriving at prudent, pro-poor budget decisions.

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