Constitutional Political Economy, 15, 359–370, 2004.

A Theoretical Basis for the Consideration of Spending Thresholds in the Analysis of Fiscal Referendums

MARC-JEAN MARTIN[1,2] mmartin@idheap.unil.ch.
Swiss Graduate School of Public Administration – IDHEAP, University of Lausanne, Route de la Maladière 21, CH-1022, Chavannes-Lausanne, Switzerland

Abstract. This paper concerns the political economy of budget balances and focuses on fiscal referendums. It specifically suggests – on the basis of theoretical arguments – that any analysis of fiscal referendums must take their spending thresholds into account. Thus, it claims that mandatory fiscal referendums can impose greater constraints than optional fiscal referendums. In conclusion, various recommendations based on this observation are proposed.

JEL classification: D70, H72.

Key words: analysis of collective decision-making, state and local budget and expenditure, political economy, budget systems, referendum, fiscal policy

1. Introduction

In recent years, there have been remarkable developments in the area of the political economy of budget balances. These can be explained both by the desire to understand how the financial situation (financial balances, debt etc.) of public authorities evolves, and by the need to counter problems in the area of budgetary control, in particular, the increasing share of budgets accounted for by passive interest and the resulting loss of room for manoeuvre caused by an accumulation of deficits.[3]

Since the 1990s, this theoretical field has been developed by commentators paying particular attention to the role of institutions in determining public balances (deficits or surpluses). This focus is the result of recent advances in theory,[4] the introduction of convergence criteria by the European Union (Poterba and von Hagen 1999: 1–2), and empirical research demonstrating that economic and structural dimensions (demographic, geographical etc.) alone cannot provide a complete explanation for the recent financial growth of the OECD countries (Alesina and Perotti 1995: 2).

Consequently, it is important to take institutional factors into account when discussing the preventive or corrective measures needed to deal with an excessively high level of debt.[5] The evaluation of measures previously undertaken must take institutional design into account: one and the same measure can have different effects depending on a public authority's institutional arrangement. Furthermore, this facilitates the evaluation of the impact of the institutional instruments themselves (do they influence balances and by how much etc.).[6] The knowledge of their impact makes it possible to evaluate fully the effectiveness of such institutions as instruments of fiscal control.

The institutions most studied include the normative rules concerning various aspects of fiscal policy (expenditure, balance etc.) and fiscal referendums.[7] This paper focuses on the latter and, using theoretical arguments, demonstrates that in order to analyze (or take into account) the influence of a community's plebiscitary tool, it is necessary to take both the spending threshold and effort involved in the launch of fiscal referendums into account.

The paper uses the traditional explanations of the influence of fiscal referendums from the literature in support of this argument (Section 2). Specifically, it explains firstly why fiscal referendums have such an influence. It then goes on to explain why mandatory fiscal referendums can exercise greater constraints than optional fiscal referendums.

While the comments on referendums conclude at that point, it continues (Section 3) by showing that optional referendums can be more restrictive than mandatory referendums if their spending thresholds are taken into account.

The final section summarizes the main points of the paper and concludes by proposing various recommendations based on the presented findings.

2. Fiscal Referendums

2.1. Characteristics of Fiscal Referendums

Fiscal referendums are instruments of direct democracy that allow citizens to approve or reject new projects which have fiscal consequences for them as taxpayers. In fact, when certain conditions are met, such referendums can result in the implementation of a project being made subject to its acceptance by the people. These conditions depend on the existence of specific characteristics.

For the most part, these characteristics are either mandatory or optional and concern single or periodical expenditure. The different types of fiscal referendum are presented in Figure 1.

A referendum becomes mandatory in cases in which the proposed spending on a given project exceeds a defined amount, which can vary from one public authority to another or from one period to another (for the same public authority). This limit can be fixed for single expenditure or periodical expenditure. Thus, there are single mandatory referendums and periodical mandatory referendums. The latter are distinguished from each other by the duration of the period considered.

Optional referendums (single or periodical) also concern spending proposals that exceed a certain limit. The difference here is that citizens can only initiate optional referendums if they succeed in collecting a certain number of signatures from their peers in the course of a defined period of time.

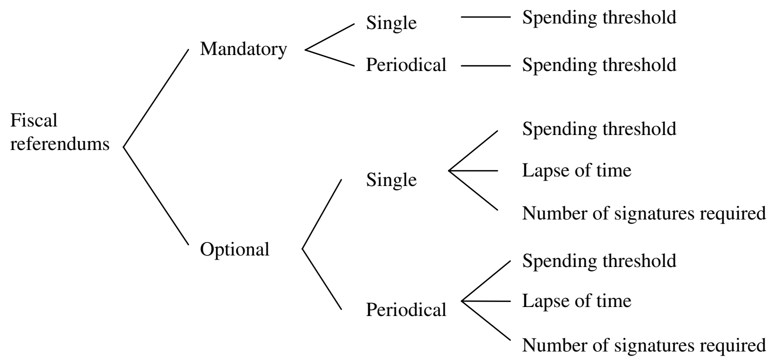

Figure 1. Characteristics of fiscal referendums.

Before going any further, it makes sense to present the mechanism by which fiscal referendums influence public choices. This mechanism is the same for each of the types of referendum under examination.

2.2. How do Referendums Influence the Decision-making Process?

The answer to this question depends on the possibility of the public decision-making process leading to proposals that differ from the hypothetical median voter's choice. Indeed, if such a possibility did not exist, all of the projects resulting from the political-administrative process would correspond to the median voter's wishes and no project would ever be refused.[8] However, in reality, some projects are refused as a direct result of fiscal referendums. In fact, by giving the voters a right of veto on certain spending proposals (Kriesi 1995: 88), fiscal referendums influence public decision-making in two substantial ways:[9]

(1) first, through the refusal of projects involving a level of expenditure that exceeds what the voters are willing to pay. Voters can be expected to refer to the spending thresholds of fiscal referendums when evaluating the projects that are submitted to them.[10] Consequently, it is possible that the probability of a project being considered excessive will differ according to whether it has been subject to a fiscal referendum or not. Thus, if the costs associated with a project are higher than the spending threshold, the probability that it will be considered excessive will be higher in a public authority where a referendum is held. On the other hand, if the costs are lower the probability should also be lower;
(2) the second factor is the self-restraint of the actors involved in the decision-making process: project initiators internalize the constraint represented by fiscal referendums and moderate their proposals so that they will either not be subject

to a referendum or, if they are, that they will not be considered too excessive and rejected.[11]

2.3. *Illustration of the Influence of the Fiscal Referendums*

The horizontal axis locates the costs associated with the proposed projects; the further to the right a project is located, the higher its associated costs. The point "S" indicates the status quo.[12] The point "MV" locates the costs associated with what would be the median voter's optimal choice.[13] In this situation, the median voter prefers any project associated with the segment "a" instead of the status quo (denoted as "S"): the points of this segment correspond to solutions, that are closer to his ideal solution than "S". At the point "I", the median voter is indifferent between the status quo and the project corresponding to it. In other words, point "I" corresponds to the maximum spending proposal that the median voter will approve. From this point on, the status quo is preferred by the median voter over all new proposals (starting from "I", the higher utility yielded by the new project does not compensate for its cost). As a result, the median voter prefers any point of the segment "b" instead of point "S".[14] On that basis, we must consider the position occupied by the proposal resulting from the public decision-making process. If "P" is on the right-hand side of "I", the project would be refused in the case of fiscal referendums. If it is on its left-hand side, it would be approved. Thus, fiscal referendums would have an observable impact (refusal of a project) only if the public decision-making process leads to a proposal considered to be excessive by the voters (on the right side of "b").[15] If this were not the case, it would be wrong to conclude that fiscal referendums do not exert an influence; it is possible that the referendum triggered an effect at an earlier stage (that was not directly observed) by limiting the claims to the level of the decision-making process (thus restricting the project to the segment "a" or "b").[16]

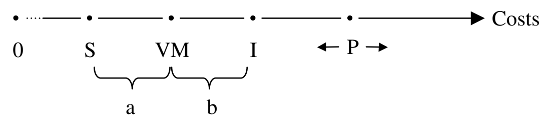

Figure 2. Mechanism of the fiscal referendum. (Feld and Matsusaka, 2000).

2.4. *Comparative Illustration of the Influence of Mandatory and Optional Fiscal Referendums*

Figure 3 presents an initial comparison between the potential constraint exercised by mandatory fiscal referendums and optional fiscal referendums. It is identical to the preceding figure with a few exceptions: "Im", the point of indifference in the event of a mandatory referendum, plays the role previously played by "I", and a point "Io" appears. This corresponds to the threshold of indifference in the event of an optional referendum and a segment "c" connecting "Im" and "Io" can be traced. Furthermore, this time "S" is placed at the origin of the costs axis.[17]

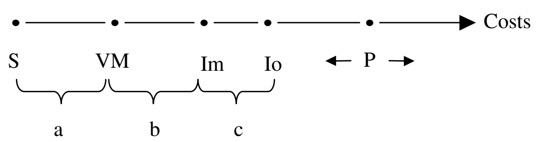

Figure 3. Comparison of mandatory fiscal referendums and optional referendums. (Feld and Matsusaka, 2000).

This figure is generally used – with no explicit mention of the underlying assumption on which it based – to show that optional referendums are less restrictive than mandatory referendums. However, this assertion is only true if it is assumed that their spending thresholds are not higher than "Im" (a discussion of this assumption, which constitutes the core of this paper, is advanced later on).

Everything else being equal, optional referendums impose fewer constraints than mandatory referendums because of the opportunity costs involved in the collection of the signatures necessary to initiate an optional referendum.[18] In fact, as this cost enters into the calculation of the voters, it appears as a new category of project for which the disutility generated by the spread to the optimal solution is lower than that generated by the collection of the signatures (these are the projects associated with the segment "c").[19]

Consequently if "P" had been located in segment "c", the proposal would have been rejected in the context of a mandatory referendum. In fact, its potential opponents would conclude that it was not worth the effort of initiating an optional referendum and the proposal would have been accepted: i.e. the potential opponents would judge the cost of the status quo (in terms of a variation to their preferred solution) lower than that of collecting the necessary signatures.[20]

3. The Importance of Taking Spending Thresholds into Account

3.1. Importance of the Spending Threshold When Comparing Referendums of the Same Type[21]

To illustrate the role of the spending threshold, it is sufficient to take another look at Figure 2 and discuss the limit position on the axis. This is precisely what Figure 4 does. "L" corresponds to the limit sum from which the fiscal referendum starts: projects whose associated costs are lower than this limit are not subject to the referendum and the others are.[22] Consequently:

- if the limit ("L_1" on the figure) were on the left of "I", all proposals implying a cost lower than "I", but higher than "L_1" would be subject to a referendum and approved by the people. All those whose cost would be higher than "I" would be rejected by a fiscal referendum;
- if the limit ("L_2" on the figure) were on the right of "I", all proposals lying between "I" and "L_2" can be imposed although they would have been rejected by citizens (if they had expressed themselves). This difference is explained by the internalization of the cost of collecting the signatures needed to initiate the optional referendum.

These few lines demonstrate that the lower the spending threshold of a referendum, the greater the potential constraint it can exercise.[23] They also show that: the higher the spending threshold of a referendum, the weaker the potential constraint it can exercise.[24]

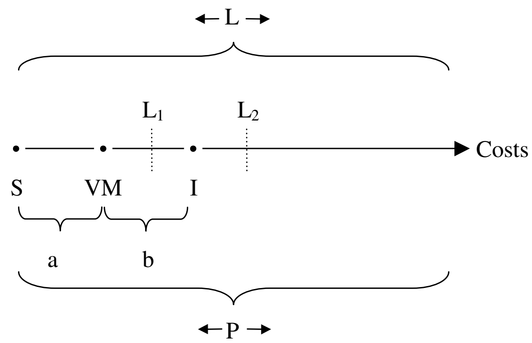

Figure 4. Influences of the spending threshold of a fiscal referendum I.

This point can also be demonstrated by reversing the logic of Figure 4 (that is to say the discussion of the possible outcomes for a specific project) and to discuss what might happen to projects from different areas operating within a given limit (as is the case in Figure 5).

This figure takes two areas of public intervention (domain A and domain B) into consideration. The status quo, the costs associated with the median voter's optimal choice and the point of indifference are reciprocally: "SA", "SB", "MVA", "MVB", "IA" and "IB".[25] In the case of domain A, the referendum could allow the voters to

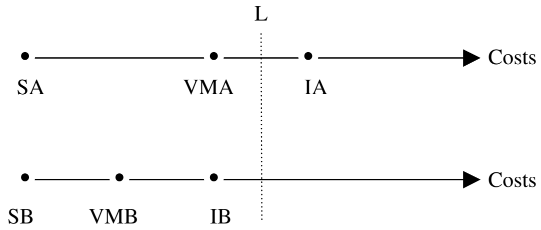

Figure 5. Influences of the spending threshold of a fiscal referendum II.

refuse all of the proposed projects involving costs higher than "IA", whereas, in domain B, voters could express their opposition starting only from "L". Thus, voters could not be opposed to proposals whose costs lie between "IB" and "L", whereas if they had been in a position to express themselves, they would have opposed it.

3.2. The Significance of the Spending Threshold When Comparing Mandatory Referendums and Optional Referendums

Figure 6 adapts the elements of Figure 3 to illustrate the case of a public authority that holds a mandatory referendum and an optional referendum.[26] As well as demonstrating the importance of taking spending thresholds into account, it shows that optional referendums can involve greater constraints than mandatory referendums.

"Lm" indicates the limit sum for the start of the mandatory referendum and "Lo" that for the optional referendum. In a public authority that has two types of referendum, "Lo" is always on the left of "Lm". If this were not the case, there would be no reason to hold an optional referendum, since the projects which would be likely to be subject to it would have already been subject to a mandatory referendum.[27]

Before discussing the possible outcomes, let us remember that all proposals involving costs higher than "Im" in the event of a mandatory referendum would be

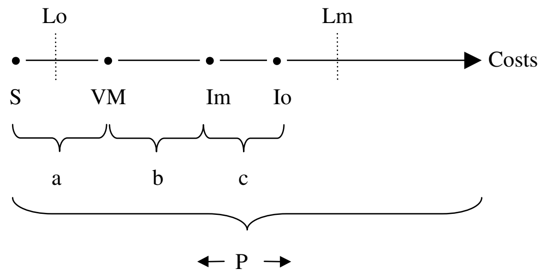

Figure 6. The case of a public authority having mandatory and optional fiscal referendums.

refused and, in the case of an optional referendum, all those involving costs higher than "Io" would also be refused.[28]
Thus:

- all proposals associated with costs higher than "Lm" would be rejected, whatever the form of the referendum taking place (i.e. mandatory or optional);
- those projects whose costs are higher than "Io" and lower than "Lm" are imposed, although the median voter would have rejected them if he had been able to vote;
- proposals whose costs are lower than "Im" would be passed without any difficulty, since the voters would prefer them to the status quo. Thus, each time "Lm" is lower than "Im", a mandatory referendum is initiated and the public authority bears an unnecessary fiscal cost: it must organize a fiscal referendum, although the project will be accepted. In addition to this organizational cost, the unnecessary referendum could lead to harmful delays in the implementation of the project.

Although other situations are possible (it would be necessary to discuss these in relation to the position of "MV"), it is possible to confirm here that the level of constraint imposed by an optional fiscal referendum is greater than that imposed by a mandatory fiscal referendum whenever "Lm" is greater than "Io" and "Lo" is less than or equal to "Io".[29]

4. Conclusion

This paper analyses fiscal referendums. More precisely, it stresses – using theoretical arguments – the importance of taking the spending thresholds for fiscal referendums into account. However, it does not imply that this dimension alone must be considered. In fact, it shows that it is necessary to take into account both the spending threshold and the effort involved in the collection of the signatures for the launch of a fiscal referendum.

As a result, it shows that optional referendums may be more restrictive than mandatory referendums, and that there is a certain continuity, or, to be more precise, an overlap between the constraint imposed by mandatory fiscal referendums and that imposed by optional fiscal referendums.

Thus, the analysis of the influence of a community's plebiscitary tool is a rather tricky exercise. It requires the identification of a method that makes it possible to verify all of the following requirements:

- *ceteris paribus*, a fiscal referendum with a lower spending threshold must be regarded as more restrictive than other fiscal referendums whose spending thresholds are higher;
- likewise, the greater the effort required to launch a fiscal referendum (or collect the required number of signatures), the more restrictive it will be.

- the existence of a form of "cumulative coherence" must also be acknowledged. With the same spending thresholds, a single fiscal referendum accompanied by a periodical one imposes more constraints than a single fiscal referendum. In the same way, with equal limits, a mandatory referendum accompanied by an optional referendum should impose more constraints than a mandatory referendum on its own;[30]
- finally, the selected method must also take account of the fact that mandatory fiscal referendums may be more restrictive than obligatory ones.

Of course, the quest for a method of this kind is only rendered necessary if the argumentation presented in this paper is deemed valid. Thus, in the absence of any arguments for is rejection or significant alteration, it is necessary to find a method that makes it possible to take both the spending threshold and the effort involved in the launch of a fiscal referendum into account. Thus, the conclusions of studies that do not do this must be relativized, unless they use methods other than those utilizing one or more variables to measure the potential constraint of fiscal referendums.

Furthermore, assuming that the findings of this paper are correct, it is possible to make two recommendations to public authorities. On the one hand, they ought not to define the spending thresholds for their mandatory referendums at a too low level. In fact, the lower the spending threshold of a fiscal referendum, the more participative the public decision-making process (more people have the opportunity to express their opinion), however the lower it is, the more likely it is that a mandatory referendum will be initiated unnecessarily (for a project that would have been accepted). Such outcomes constitute a waste of resources (cost of organization etc.) and hamper the public decision-making process. On the other hand, public authorities allow themselves optional fiscal referendums so as to regain a share of the democratic legitimacy they lose by defining a relatively high limit for mandatory referendums.

Notes

1. Tel.: +41-(0)21-694-06-56; fax: +41-(0)-21-694-06-09.
2. The author gratefully acknowledges the encouragement and helpful comments of Sonja Barcala, Professors Pascal Sciarini and Nils Soguel. He would also to thank an anonymous referee for his valuable comments and suggestions.
   This research was carried out within the framework of the project "Analysing the relationship between revenue and expenditure: impact on budgetary balance and econometric modelisation" (12-67064.01) financed by the Swiss National Science Foundation.
3. OECD countries have endured repeated deficits since the 1970s. This gave rise to significant increases in their national debt and in the share of their budgets accounted for by passive interest (Tanzi and Schuknecht 2000).
4. For a long time, budget rules and institutions were considered as factors that did not affect fiscal outcomes (Poterba 1996: 395). Currently, authors (for example, von Hagen and Harden 1994: 341) consider that institutional design can shape the outcome of budgeting decisions.
5. The notion of excessive debt is not theoretically well defined. Shaviro (1997) and Novaresi (2001) present the various arguments advanced in the debate for and against fiscal discipline. It emerges from

these studies that the management of debt is not merely a matter of fighting deficits. Consequently, we should not evaluate budgetary measures by this dimension alone.

6. Poterba (1997), Alesina and Perotti (1999) and Kirchgässner (2002) review the empirical studies of the impact of institutional factors.
7. Among the studies that deal with the influence of fiscal referendums, the following are particularly worthy of note: Bohn and Inman (1996), Kiewiet and Szakaly (1996) and Bails and Tieslau (2000) for the USA, and Stutzer and Frey (2001), Feld and Kirchgässner (2001) and Feld and Matsusaka (2003) for Switzerland.
8. This would be the case in a world that can be explained by the theory of the median voter (Feld and Matsusaka 2003: 2721).
9. They also have a cosmetic influence to the extent that the actors involved in the decision-making process may try to avoid the constraint of the fiscal referendum by splitting projects up and thus keeping the project costs below the threshold defined for the launch of a fiscal referendum.
10. According to Bowles (1998: 75), a stable institutional framework can play a role in influencing the preferences of citizens.
11. This effect is not (very) observable, because it is spread upstream of the decision-making process.
12. As fiscal referendums relate to new spending proposals only, there is no reason for including this point. Consequently, the status quo corresponds in such situations to zero expenditure (i.e. at the origin of the axis). The usual figure does not place "S" at the origin, this is why it is also the same on this first figure. However, this is no longer the case in the subsequent ones. Until we come to the next figure, it is necessary to keep in mind that cases for which "MV" would be on the left of "S" do not exist.

    If a fiscal referendum did not only concern new proposals, proposals located on the left of "S" would be rejected. Thus fiscal referendums could restrict deviations from median voter preferences that lead to too little spending as popular initiatives do (Matsusaka 2000).
13. Insofar as all individuals do not vote, this point does not correspond to that which would be chosen by a benevolent dictator (or planner) who might wish to maximize the collective well-being by taking the utility of each citizen into account.
14. In this paper, the length of "*a*" is considered equal to the length of "*b*". Nevertheless, the median voter model assumes continuity and unimodality, but not symmetry of the voter's preferences (Drazen 2000), thus those lengths can be different according to the spread of the voter's preferences.
15. The Public Choice school would explain this in terms of the interaction of interests groups (Holcombe 1985: 130) and by that of the bureaucrats (Niskanen 1971). In fact, the latter constitute nothing more than a particular interest group.
16. Kriesi (1995: 89) argues, for example, that the presence of instruments of direct democracy in Switzerland played a significant role in the structuring of the decision-making processes. In fact, the influence of these instruments could be observed indirectly by measuring the importance of pre-parliamentary consultation phases. Sciarini et al. (2002) adopted this type of approach.
17. As mentioned in endnote 10, the status quo must be placed at the origin of the costs axis, because fiscal referendums concern only new projects.
18. There can be no doubt that this opportunity cost would be an increasing function of the absolute number and the relative number (compared to the number of potential voters) of signatures necessary to launch optional referendums. Similarly, it would be a decreasing function of the importance of the time available to collect the required signatures.
19. The number of signatures required for the launch of mandatory referendums being zero, this effort is zero for the latter.
20. It should be noted that under some circumstances, the case of the optional referendum almost comes down to that of a mandatory referendum. Indeed, it could arise that an interest group was so opposed to a project that the opportunity cost of collecting the signatures would appear relatively low (compared to the spread of its preferred solution) and the group would go ahead and initiate an optional referendum. In this case, the cost of collecting the signatures would almost not be internalized by the voters and "Io" would be close to "Im".

21. This means comparisons between mandatory referendums or between optional referendums. To switch from one case to the other, it is sufficient to consider that "I" represents "Im" and "Io" respectively.
22. Although it does not affect the understanding of the subject, it may be noted that this relates to a mandatory referendum.
23. It is even possible to assert that this constraint would be maximal if all new proposals were be subject to a mandatory referendum (which would be equivalent to a situation wherby the spending threshold is zero).
24. Thus, it would not be excessive to suggest that from a spending threshold of a certain level, the fiscal referendum will not be any more effective or, at least, that its influence would be merely slight.
25. It could also be that "MV" is located on the right of "L". This would not alter the logic of the explanation.
26. These results hold true even for political authorities that do not have both mandatory referendums and optional referendums.
27. From a practical point of view, the limit sum for the optional referendum is often considerably lower than that for the mandatory referendum. For example, in 1980, in Swiss cantons that had two types of referendum, the spending thresholds of the optional referendum were on average seven times lower than the spending thresholds of the mandatory referendum (this represented a ratio of 2 for the lowest and of 25 for the highest).
28. As stated previously, when groups particularly opposed to a project initiate optional referendums, it is possible that "IO" is close to "Im".
29. Or every time that the spending threshold of an optional fiscal referendum is lower than that of a mandatory fiscal referendum and the effort necessary for its launch does not compensate for the difference between their spending thresholds.
30. It should be noted that this cumulative reinforcing effect is not applicable for communities in which all new spending is automatically subject to a fiscal referendum (or for communities with a mandatory referendum whose spending threshold would be zero), as in this case the constraint exercised would be already maximal.

References

Alesina, A., and Perotti, R. (1995) "The Political Economy of Budget Deficits." *International Monetary Fund Staff Papers* 42(1): 1–31.

Alesina, A., and Perotti, R. (1999) "Budget Deficits and Budget Institutions." In: Poterba, J. M., and von Hagen, J. (eds.) *Fiscal Institutions and Fiscal Performance*, pp. 13–36 Chicago: Press for NBER.

Bails, D., and Tieslau, M. A. (2000) "The Impact of Fiscal Constitutions on State and Local Expenditures." *The Cato Journal* 20(2): 255–77.

Bohn, H., and Inman, R. (1996) "Balanced Budget Rules and Public Deficits: Evidence from the U.S. States." *NBER Working paper* No. 5533.

Bowles, S. (1998) "Endogenous Preferences : The Cultural Consequences of Markets and other Economic Institutions." *Journal of Economic Literature* 36: 75–111.

Drazen, A. (2000) *Political Economy in Macroeconomics*. Priceton New Jersey: Priceton University.

Feld, L. P., and Kirchgässner, G. (2001) "The Political Economy of Direct Legislation: Direct Democracy and Local Decision Making." *Economic Policy* 33: 329–67.

Feld, L. P., and Matsusaka, J. G. (2000) "Budget Referendums and Government Spending : Evidence from Swiss Cantons." *CESifo Working paper Series* No. 323.

Feld, L. P., and Matsusaka, J. G. (2003), "Budget Referendums and Government Spending: Evidence From Swiss Cantons." *Journal of Public Economics* 87(12): 2703–24.

von Hagen, J., and Harden, I. (1994) "Towards Greater Fiscal Discipline: National Budget Processes and Fiscal Performance." *European Economy Reports and Studies* 3: 311–418.

Holcombe, R. G. (1995) *An Economic Analysis of Democracy*. Carbonale: Southern Illinois University Press.

Kiewiet, D. R., and Szakaly, K. (1996) "Constitutional Limitations on Borrowing : An Analysis of State Bonded Indebtednes." *Journal of Law and Economics and Organisation* 12: 62–97.

Kirchgässner, G. (2002) "The Effects of Fiscal Institutions on Public Finance: A Survey of the Empirical Evidence." In: Winer, S. L., and Shibata, H. (eds.) P*olitical Economy and Public Finance*, pp. 145–77 Cheltenham: Edward Elgard.

Kriesi, H. (1995) *Le système politique suisse*. Paris : Economica.

Matsusaka, J. G. (2000) "Fiscal Effects of the Voter Initiative in the First Half of the Twentieth Century." *Journal of Law & Economics* 43(2): 619–50.

Niskanen, W. A. Jr. (1971) *Bureaucracy and Representative Government*. Chicago: Aldine-Atherton.

Novaresi, N. (2001) *Discipline budgétaire : Etude de l'influence du référendum financier et des règles d'équilibre budgétaire sur les finances publiques des 26 cantons suisses*. Fribourg: Université de Fribourg.

Poterba, J. (1996) "Budget Institutions and Fiscal Policy in the U.S. States." *American Economic Review* 86(2): 395–400.

Poterba, J. (1997) "Do Budget Rules Work?" In: Auerbach, A. J. (ed.) *Fiscal Policy*, pp. 53–100 Massachusetts: MIT Press.

Poterba, J. M., and von Hagen, J. (eds.) (1999) *Fiscal Institutions and Fiscal Performance*. Chicago: Press for NBER.

Sciarini, P., Nicolet, S. and Fischer, A. (2002) "L'impact de l'internationalisation sur les processus de décision en Suisse: Une analyse quantitative des actes législatifs 1995–1999." *Revue suisse de science politique* 8(3): 1–34.

Shaviro, D. (1997) *Do deficits matter?* Chicago: University of Chicago Press.

Stutzer, A., and Frey, B. S. (2001) "Outcome, Process and Power in Direct Democracy." *Public Choice* 107: 271–93.

Tanzi, V., and Schuknecht, L. (2000) *Public Spending in the 20th [twentieth] Century: A Global Perspective*. Cambridge: University Press.