Direct Democracy for Transition Countries

Summary

Theoretical arguments and empirical evidence are advanced to bolster the claim that direct political participation via referenda and initiatives constitutes an advanced form of democracy with beneficial effects for transition countries. Direct democracy raises trust and honesty and improves social outcomes. Per capita incomes and subjective well-being are improved. Standard arguments against direct democracy (citizens’ incompetence and lack of interest, danger of manipulation and emotionality, hindering progress and destroying civil rights, and high cost) are rejected. Elements of direct democracy can be introduced at the national and local levels, and then be expanded further. Citizens should have the right to govern this process.

I. Democracy, Social Capital and Economic Development

Democracy affects social capital and in turn social capital affects the economic development of transition economies: this is the key proposition made in this paper. It moreover argues that, by inducing civic participation, direct democracy is particularly effective in raising trust between citizens and government. It thus strongly contributes to social capital. The paper suggests that the extended direct participation rights of citizens via popular referenda and initiatives is a desirable goal.

Consider the two causal relationships involved in turn: (A) the effect of direct democracy on trust; and (B) the effect of social capital on economic development.

A. The Effect of Direct Democracy on Social Capital

1. What is Direct Democracy?

There are many different meanings, conceptions and also misunderstandings of ‘direct democracy’.

The two following aspects of the way the term ‘direct democracy’ is used here are crucial.

a. Referenda and Initiatives as Additional Rights

Direct democracy (or, more precisely, semi-direct democracy) is no substitute for parliament, government, courts and all the other features known in representative democracies. Instead, it shifts the final right to determine issues to the citizens. The extent of direct participation rights may vary but they always include constitutional changes normally made by an obligatory referendum. Optional referenda and initiatives (to put issues onto the political agenda) require a predetermined number of signatures by citizens before they can take place.

In a historical perspective, three main stages of democracy can be distinguished:

- Classical democracy first developed in Athens and other Greek city states. Participation rights were restricted to male citizens, therefore excluding a large part of the population, and extended only over a small area of towns. Yet the principles of democracy still revered and used today were developed there.

*Economics at the Institute for Empirical Economic Research, University of Zurich, CREMA - Center for Research in Economics, Management and the Arts

I am grateful for the intensive discussion at the Collegium Budapest project on ‘Honesty and Trust’ in particular to Bruce Ackerman, Russell Hardin, Cynthia Horne, Margaret Levi, Margit Osterloh, Bo Rothstein, Karoly Takacs, Alexandra Vaeux and Laszlo Zsolnai. Alois Stutzer went through a earlier version of the manuscript and provided excellent suggestions for improvement. I specially thank Susan Rose-Ackerman for carefully checking the manuscript and making suggestions for improvement.

There may, of course, be other types of democracy leading to similar beneficial results, say some form of discursive democracy; see Dryzek 1990. But, as will be argued, these types do not necessarily exclude each other. A case in point is that direct democracy strongly induces a particularly effective way of political discourse.

- The French Revolution extended democracy to a larger area and population. The principle of representation made it possible to introduce indirect political participation to the nation-state.

- Direct democracy combines these two earlier types of democracy by giving the right to decide on particular issues to every citizen. The extreme (classical) form of having citizens decide on every issue is practiced nowhere today but the extent of issues on which citizens may vote varies widely among countries. Over the period 1990 to 2000, no less than 405 popular referenda at the national level were recorded (see Gross and Kaufmann 2002, Butler and Ranney 1994). More than half took place in Europe, namely 248 (and again half of these were in Switzerland); 78 in America, 37 in Africa, 26 in Asia and 16 in Oceania. In the decade before (1980 to 1990) there were only 129 national referenda. There is a very large number of popular referenda at lower levels of government. In 2001, for instance, there were almost 10,000 local referenda in the United States, or 500 in the German state of Bavaria. In Switzerland there are thousands of referenda at all three levels of government: local, cantonal and federal. Up to August 2002, issues of European integration led to no less than 30 national referenda.

Most of the new constitutions adopted by the Central and Eastern European transition economies were approved by a popular referendum. Almost all of them include elements of direct democracy. The most intensive use was seen in Lithuania. Between 1991 and 1996 there were 17 national referenda on such important issues as independence, the withdrawal of Russian troops, and the new constitution. Important steps towards direct democracy have also been taken in Slovenia, Latvia, Slovakia, Hungary and Poland. A more extensive account of the situation in transition economies is provided in the Appendix.

Many important decisions in most democracies are not taken by letting the general electorate decide. Nowhere (except in Switzerland and Liechtenstein) are popular referenda used in a regular and systematic way at the national level. In the United States, despite its many local popular decisions, and its frequent use in some states such as California and Oregon, there is no referendum at the national level. Many important decisions shaping a country’s fate for decades to come are not subject to a popular referendum. A telling example is Germany. The citizens had no say either with respect to the conditions for the integration (if at all) of the former GDR or the dumping of the deutsche mark and introduction of the euro. In any case, directly democratic decisions are often not taken seriously by the politicians in power. A revealing example is the Irish vote on the Nice Treaty of the European Union. The citizens rejected its acceptance in June 2001. Before the second vote on the issue due to take place in August 2002 EU politicians made it clear they would go ahead with the Treaty’s programme irrespective of whether the Irish vote was positive or negative (even though unanimity within the EU is required).

b. Referenda and Other Forms of Consulting Citizens

Referenda are a right given to citizens by the constitution. Government and parliament are bound by these rights: they are not free to ask the opinion of citizens only when they please. This distinguishes referenda from plebiscites undertaken by governments to ex post sanction a decision already taken by them. The citizens are thus not asked to decide an issue but only to express support for the government. Referenda also fundamentally differ from opinion surveys which are on-the-spot views of people without any consequence for the government: they can follow or disregard the results. In contrast, when citizens have taken a decision in a referendum the constitution obliges the government to put the corresponding policy into practice.

2. Two Types of Trust between Citizens and Government

The institution of direct democracy establishes two quite different concepts of trust between the citizens and government.

a. Citizens' Low Trust in Government

Past experiences of citizens with oppressive, authoritarian governments are often vivid. The politicians in these governments showed no regard for the populations’ wishes and demands but rather autocratically imposed their own preferences. Moreover, they used public means for their private benefit. The citizens were well aware that the classe politique materially exploited them. Only a limited part of the available resources was used to improve the situation of the population; much was used for the benefit of the ruling (communist) class and its
followers as well as for projects that enhance national prestige and for military purposes. Consequently, the citizens have low levels of trust in government⁶.

b. Politicians' Low Trust in Citizens

Decision-makers in all political areas, be it the executive, legislative or legal branch, find it difficult or even impossible to imagine that the citizens are motivated and capable of participating in politics. This is a general feature of all such decision-makers - once they are in power. The reason is simple: they do not want to share power with the population. Many opposition parties and opposition movements strongly favour citizen participation in politics but, once they get into power, they very quickly see things differently and no longer want to give up part of their power.

Politicians in transition economies are also influenced by past experiences. In authoritarian states politicians encountered little open opposition or resistance. Citizens rightly feared negative consequences and hid their true views (Kuran 1995). As a general strategy, it made more sense to circumvent the official sector, and to rely on informal channels, in particular the family and friends. Many politicians therefore thought - and perhaps liked to fool themselves - that the population was indifferent to their decisions. This belief was only rarely shaken when dissatisfaction of the population exploded in the form of uprisings as in the GDR in 1952, in Hungary in 1956, and in Czechoslovakia in 1968. But once these revolts were crushed, the politicians were rarely confronted with much open opposition. Many politicians in today's transition economies are therefore not used to facing, and democratically dealing with, different views. They only learn slowly that in a democracy differences in views are perfectly legitimate and provide an important source of information helping them to do well in a democratic system in which politics consists of the peaceful competition of ideas.

3. Direct Democracy Raises Social Capital

When citizens have political participation rights extending to issues of content social capital is raised with regard to both aspects discussed above:

(a) Citizens have higher trust in government because politicians are constitutionally restricted in their actions. They must behave more closely in line with citizens' wishes.
(b) Politicians exhibit higher trust levels in citizens by granting them the right to codetermine current political decision-making.

Section II of this paper presents strong empirical evidence in favour of these statements.

B. Social Capital and Economic Development

There is considerable literature available discussing the effects of social capital on economic development⁶. These results are consistent with econometric analyses for a large cross-section of countries in which a significant number of determinants potentially influencing economic development (such as capital investment, infrastructure, education etc.) are simultaneously taken into account⁷.

Research undertaken over the last few decades has demonstrated the crucial importance of social capital for economies in transition as well as for developing countries. Particularly prominent is the work by Putnam (1993, 2000) who showed in a comparison between Southern and Northern Italy, and then for the United States, that social capital is a crucial element of economic development⁸.

To privatise and to deregulate is certainly not sufficient to spark economic development. What is also needed is social capital in the form of mutual trust and honesty⁹. A market economy needs strong political institutions to set the rules governing private transactions. In transition economies the state may still be intervening in many areas of life but it is at the same time weak in the sense that it is unable to guarantee the rule of law. In particular, property rights are not well-established and private contracts are enforced only at high cost, or not at all. The state is weak because it is no longer dictatorial but trust has not (yet) emerged. This holds both for the trust of citizens in the state and the trust of political actors in the citizens. In the perception of the people, and in reality, democracy is not (yet) working well. As a result there is widespread illegality and crime.

---


⁹ More recently see e.g. Hjollund, Svendsen and Paldam 2001.

An important reflection of this lawlessness is the large size of the shadow or underground economy\(^{10}\). Table 1 indicates that the shadow economy is estimated to be much larger in transition economies.

**Table 1: Size of the Shadow Economy, 2000/2001. Percent of GDP**

<table>
<thead>
<tr>
<th>Central Europe(selection)</th>
<th>Western European Countries(selection)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia</td>
<td>Switzerland</td>
<td>9</td>
</tr>
<tr>
<td>Poland</td>
<td>Ireland</td>
<td>16</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Sweden</td>
<td>19</td>
</tr>
<tr>
<td>Hungary</td>
<td>Netherlands</td>
<td>13</td>
</tr>
<tr>
<td>Romania</td>
<td>Finland</td>
<td>18</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Norway</td>
<td>19</td>
</tr>
<tr>
<td>Belarus</td>
<td>Belgium</td>
<td>22</td>
</tr>
<tr>
<td>Ukraine</td>
<td>Britain</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Spain</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Austria</td>
<td>11</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>Average</strong></td>
<td><strong>17</strong></td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td><strong>Median</strong></td>
<td><strong>16/18</strong></td>
</tr>
</tbody>
</table>

Note: Percent of GDP; Source: Schneider 2002

On average, the shadow economies in developed Western countries are about half the size (17 percent of GDP) of those found in European transition economies (33 percent). While some Western countries have quite large underground economies (in particular Italy, Spain and Belgium), in transition economies the smallest such sectors start at that level while in some of them (in particular Belarus and Ukraine) the shadow economy is up to half of the officially measured GDP.

Another important consequence of a lack of social capital is dishonesty and corruption. As this consequence has been treated extensively elsewhere\(^ {11}\) it is not further discussed here.

**C. Propositions**

This paper deals with the relationship between direct democracy and social capital in the form of trust and honesty, and economic conditions in transition economies.

The general proposition is: Direct democracy is a social innovation with economically beneficial effects for transition economies.

The more specific propositions are:

1. Direct democracy systematically raises trust and honesty (social capital).
2. High trust and social capital contribute to economic growth.
3. If the first two propositions hold, direct democracy systematically improves social outcomes (economic conditions and subjective well-being).
4. The standard arguments against direct democracy (citizens’ incompetence and lack of interest, danger of manipulation and emotionality, hindering progress and destroying civil rights, and high cost) are not convincing.
5. Directly democratic decisions require time and opportunity for intensive discussion.
6. If (3) and (4) hold, transition economies can and should introduce elements of direct democracy beginning with the national and local levels, and then proceeding further.
7. If (3) and (4) hold, citizens should have the right to govern the process of introducing popular initiatives and referenda.

The remainder of the paper involves an effort to convince the reader that propositions 3 and 4 are generally valid and that it is hence worth taking the time and trouble to make directly democratic processes a reality in the transition economies.

**D. Procedure**

Section II discusses the main features of a direct democracy. Section III compiles the econometric evidence about the consequences of direct democracy on the economy and society. Possibilities of introducing elements of direct democracy in transition economies are considered in Section IV. The last section draws conclusions. The Appendix presents a short survey on the institutions of direct democracy that already exist in transition economies.

**II. Features of Direct Democracy**

On 6 December 1992 Swiss citizens voted in a referendum to decide whether their country should join the European Economic Area. This date was preceded by a heated discussion in the public media.


who initiate it whenever they expect it to be advantageous to them.

(D) Many arguments have routinely been advanced against referenda. But it will be argued that these arguments are invalid.

A. Referendum against Politicians' Cartel

People acting within the confines of a political system have incentives to exploit it to their advantage. It need not be assumed at all that politicians are 'bad', or any worse than other people, but they tend - like anyone else - to opportunism. They endeavour to further their own interests consisting of material wealth but also in recognition and prestige.

In a democracy, politicians can use three main actions to gain benefits at the citizens' cost, or to 'exploit' the general population:

(1) Politicians may take decisions they know to deviate from the voters' preferences. Political actors may so act because they have an ideology of their own or because they reap material and non-material advantages by so acting. For instance, politicians systematically prefer direct interventions in the economy over employing the price system because regulations generally allow them to derive larger rents.

(2) Politicians secure themselves excessive privileges in the form of direct income for themselves or their parties, pensions and fringe benefits (cars, houses etc.).

(3) Citizens' exploitation may finally take the form of corruption, i.e. direct payments for special services provided to payers but not to others.

Politicians have a common interest to protect and, if possible to extend, these rents, i.e. they have an incentive to form a cartel against the ordinary citizens. There is, however, a public-good problem involved: an individual politician has an incentive to break out if such action finds favour with the electorate. But this rarely happens. Politicians in most countries form

---

12 The main exception was the Zurich section of a bourgeois party (Schweizerische Volkspartei) but the delegate of this party in the Swiss national government composed of seven members of equal rank (Bundesrat) strongly supported entry.

13 Both a majority of the population and of the cantons is required for adopting a proposal.

14 The state of knowledge is well-summarised in Mueller (1989). It contains a large number of references to the relevant literature.

Public Choice is part of the economic approach to social problems (Becker 1976, Kirchgässner 1991; Frey 1999, 2001, Lazear 2000) ranging from education (Blaug 1968/69), the environment (e.g. Cropper and Oates 1992), family (Becker 1981), history (North 1981), women (Blau and Ferber 1992), sport (Goff and Tollison 1991), art (Frey and Pommerichne 1989, Frey 2000), and many other areas.

15 See Buchanan and Tullock (1962), and many subsequent works by Buchanan (e.g. 1975, 1977, 1991) and by Brennan and Buchanan (1980, 1985). Also relevant is the literature on rent-seeking as developed by Tullock (1967), Buchanan, Tollison and Tullock (1980), and surveyed by Tollison (1982).

16 Empirical evidence for the extent of rent appropriations by politicians is provided e.g. for Germany by von Arnim (1988).
a close-knit group of people separated from the rest of the population. They mainly have contacts with each other so that the social disapproval of those few who dare to break out of the cartel imposes major costs on the "defectors". Moreover, the cartel is administered by the leaders of the parties. Defecting politicians are quickly and effectively sanctioned by other members of the cartel, for instance, by restricting access to parliamentary positions (in particular powerful commissions) or by reducing the monetary support provided by the parties. An individual politician is forced to form part of the cartel because the leadership of the party has many means available to control them, including forced resignation.

All the actors involved, in particular the voters, are well aware that there are strong and ubiquitous incentives for the politicians to form a cartel and to exploit the voters. In response, one finds three quite different forms of institutions in democratic constitutions designed to check such action:

(1) Rules prohibiting the (excessive) appropriation of rents by the politicians, the most stringent ones being against corruption. Obviously, such rules are only effective if they cannot easily be circumvented and if they are well enforced. Such provisions are completely useless against the first stated type of exploitation, namely the systematic deviation from citizens' preferences. Since the privileges accorded by politicians to themselves are extremely varied and are made difficult to detect, experience shows that politicians' rent-seeking can thereby be scarcely prevented. With respect to corruption, only the most blatant cases are ever detected. It must be concluded that while such rules are of some use, they certainly are not able to prevent the citizens' exploitation to any significant degree.

(2) The establishment of special courts with the task of preventing citizens' exploitation. All democratic countries know some institution of courts of accounts but it may well be shown that they only fulfill their role to a small extent. They are obviously less effective the more directly they depend on the politicians they are supposed to control. In this respect, it does not help much if members of the court of accounts are elected and must answer to the parliament. Even courts of accounts formally independent of government and parliament have little incentive and possibility to check the exploitation of the citizens by the voters. This particularly applies to a deviation from citizens' preferences. Courts of accounts necessarily have to focus on the formal correctness of politicians' and administrators' behaviour. This may tend to widen the gap between what politicians provide and what the population wishes.

(3) In representative democracies the competition between parties is the classical institution to prevent politicians' from pursuing their own goals at the population's cost. Constitutions know various devices to enhance competition and make a coalition between politicians more difficult. One is the division of power between the executive, legislative and judicial branches, another is the establishment of two houses of parliament. Because of the many types of interactions that exist, and the well-defined gains to be expected, these devices are relatively ineffective to check the interests of the 'classe politique'.

An important constitutional device to stimulate competition between parties is to facilitate the entry of new parties to the political system. While this certainly forces the established parties in a democracy to better care for the population's wishes and to be more careful with respect to privileges and corruption, the effect tends to be short-lived. The previous outsiders quickly realize that many advantages are to be gained by tolerating the politicians' cartel, and even more from participating in it. The experience in many countries supports this theoretical proposition (e.g. with respect to the 'Green' parties in Western European countries that first fought against the political establishment but within surprisingly little time have learnt to take advantage of the taxpayers' money).

These arguments strongly suggest that neither constitutional rules, nor courts, nor party competition are successful in reducing the exploitation of the general population by politicians. It is not argued, of course, that the constitutional features elaborated are useless but that they do not provide a sufficient safeguard against politicians' rent-seeking.

A referendum in which all citizens have the possibility to participate meets the crucial requirement that it gives decision-power to people outside of the politicians' cartel. The individuals deciding are not integrated into the 'classe politique' and they evade control by politicians. In an initiative, the demands are explicitly directed against the political establishment represented in parliament and government. Optional and obligatory referenda serve more a controlling function since, if successful, they overrule the decisions taken by the executive and legislative branches.

A popular referendum (in the wide sense) can only serve its purpose if the 'classe politque' cannot block it. In many countries, the supreme court has the power to decide whether a referendum is admissible. While the criteria are purely formal in fact, members of the court (who form part of the 'classe politque') have considerable incentives to forbid referenda threatening the position of the politicians' cartel, often using vague concepts based on what they consider to be the 'raison d'etat'. In other countries, almost no
such possibility exists, and therefore issues are brought to the vote which meet almost unanimous opposition from the politicians.

Politicians are well aware that the institution of a popular referendum severely restricts their chances to pursue their own goals. They are therefore basically inclined to oppose direct democratic elements.

B. The Referendum as a Process

It would be a mistake to consider a referendum as merely a vote. Indeed, two important stages before and after the vote must be considered.

1. The Pre-referendum Process

The constitutional setting largely determines which issues are put on the political agenda, and which ones are prevented from emerging. In representative democracies, politicians are often very skilful in not letting problems be discussed in the democratically legitimised institutions which are to their disadvantage. As has been shown both theoretically and empirically, agenda-setting power has a significant effect on vote outcomes. An important feature of referenda is the discussion process stimulated among the citizens, and between politicians and citizens. Pre-referendum discussion may be interpreted as an exchange of arguments among equal persons taking place under well-defined rules. This institutionalised discussion meets various conditions of the ‘ideal discourse process’ as envisaged by Habermas (1983). The relevance of discussion for politics induces citizens to participate depending on how important the issue in question is considered to be. The experience of Switzerland shows that some referenda indeed motivate intensive and far-reaching discussions (such as the referenda on whether to join the European Economic Area with a participation rate of almost 80 percent compared to an average of roughly 40 percent). Other referenda considered to be of little importance by the voters engender little discussion and low participation rates (down to 25 percent). This variability in the intensity of discussion and participation overrides the much studied ‘paradox of voting’ (Tullock 1967, Riker and Ordeshook 1968).

Clearly, the main function of the pre-referendum process is to raise the level of information of the participants. Benz and Stutzer (2002) have shown that the level of information of the citizens is indeed higher the more extensive the political participation rights of citizens is in the various Swiss cantons. It may, moreover, be hypothesised that the exchange of arguments also forms the participants’ preferences. What matters most is that this preference formation can be influenced, but cannot be controlled, by the ‘classe politique’.

2. Post-Referendum Adjustments

In a referendum a political decision is formally taken but this does not necessarily mean that the politicians and the public administration then take the appropriate action to implement it. The more legitimate the constitution is taken to be in a political system, the higher are the costs of not following it. The politicians may also be induced to so act by the threat of not being re-elected by the voters, but ultimately the extent of implementation depends on whether the constitutional rules are voluntarily obeyed by those in power.

The question of which side gets a majority in a referendum is not the only thing that matters. A referendum also clearly reveals how the population feels and where and how large the minorities are. Groups dissenting from the majority are identified; their preferences become visible and become part of the political process (see Gerber 1997). This makes it more likely that particular parties start to champion their cause in order to win additional support, and for referenda in particular regions to take place.

Switzerland again provides a suitable example. In 1989 a popular initiative demanded that the Swiss Army be completely dismantled. This was considered by many Swiss as an attack against one of the almost ‘sacred’ institutions of the country. The ‘classe politique’ was solidly against the initiative, and the generals threatened they would retire if the initiative was not overwhelmingly rejected (they spoke of a share of no-votes between 80 and 90 percent). The referendum outcome was a surprise to all because one-third of the voters (and a majority among the young voters eligible for military service) voted for the dissolution of the army. After a short period of shock, several parties suggested changes to the army which were put into reality within a short time - changes which before the referendum were considered to be impossible to achieve by everyone.

---

17 See Romer and Rosenthal (1978, 1979) for Oregon school budget referenda, and Weingast and Moran (1983) for congressional Committees. The two groups of researchers do not consider the general role of referenda in agenda-setting but concentrate on its effect on bureaucratic decisions. Our emphasis is on its role as a means to break the politicians’ cartel.

18 The essential role of discussion in a direct democracy is more fully discussed in Frey and Kirchgässner 1993, Bohnet and Frey 1994. For democracy in general, see Dryzek 1990.
C. Referenda and Federalism

The institution of citizens directly deciding an issue and the decentralisation of decision-making are closely connected. On one hand, federalism is an alternative means to better fulfil voters' preferences: individuals tend to leave dissatisfying jurisdictions while they are attracted to those caring for the population's preferences at low cost. The possibility to vote with one's feet (Tiebout 1956; also see Buchanan 1965; Hirschman 1970) tends to undermine regional cartels by politicians provided, of course, the persons concerned have political rights.

Federalism is simultaneously a prerequisite for effective referenda rather than a substitute. In small communities, much knowledge needed for informed political decision-making is impacted in every-day life. The citizens are well aware of the benefits and costs of particular public programmes. Moreover, as taxpayers they have to carry the burden, provided there is a sufficient amount of fiscal equivalence (Olson 1969, 1986).

D. Common Arguments against Direct Democracy

Referenda can hardly be considered a generally accepted institution. Not surprisingly, the members of the 'classe politique' are quick to raise strong objections. They realise that referenda constitute a threat to their power by limiting their rent-seeking potential. Many intellectuals also reject referenda with a variety of arguments. The basic reason is that they consider themselves better judges of what is 'good' for the people than the citizens themselves. They tend to see themselves in the role of a 'philosopher-king' determining what 'social welfare' is. Consequently, they prefer decision-making systems where they have a larger say. Thus, their opposition against referenda is due to the same interests as the one against the market (see Stigler 1984). The following statement by a political scientist illustrates the widespread feeling among intellectuals that referendum democracy 'reduces the governmental efficiency of performance and the capacity to innovate' (Hertig 1984, pp. 254-5; my translation). This is, however, a purely technocratic view of efficiency. It disregards the inclination of politicians to deviate from citizens' preferences, and to engage in rent-seeking for their own benefit.

The following ten arguments are raised against direct democracy:

1. Citizens fail to understand complex issues

The average voter, so it is argued, is not well-informed and educated so that they cannot reasonably be allowed to determine political issues; this is the task of a specialised group, politicians, who represent the voters.

This view can be refuted in various ways.

First of all, it is inconsistent to trust citizens to be able to choose between parties and politicians in elections but not between issues in referenda. If anything, the former choice is more difficult as one must form expectations about politicians' choices on issues forthcoming in the future.

Secondly, voters need not have any detailed knowledge about the issues at stake. Rather, they must only grasp the main questions involved. These main questions are not of a technical nature but involve decisions of principle which voters are just as qualified to take as the politicians.

Thirdly, the general intelligence and qualification of politicians should not be overrated. They can hardly be considered to be much and consistently superior to other people. Moreover, the average member of parliament has little choice; they are normally forced to vote according to what their party superiors and a few specialists have decided before.

Finally, a number of institutions have emerged in direct democracies helping citizens to take reasoned decisions. These parties and interest groups make suggestions for how to decide, which the citizens may consider. Even more importantly, the discourse in the pre-referendum stage brings out the main aspects and puts them into perspective.

2. Citizens have little interest in participating

Participation in initiatives and referenda is often quite low. Sometimes, only a few eligible voters go to the polls. It is thereby concluded that citizens are not interested in the issues to be decided.

This is, however, a mistaken conclusion for three reasons.

Firstly, voter participation is not always so low. When citizens feel an issue is important the voter participation rises strongly. Switzerland provides a good example of this variability: while average participation over all issues at the federal level is around 45 percent, it can be as low as 25 percent. But sometimes it rises up to 80 percent or more as was the case when in 1992 Swiss citizens had to decide whether they wanted to join the European Economic Area.

Secondly, high voter participation is not necessarily a good thing. Citizens are perfectly rational in not participating when they find the issues unimportant.
or when they are undecided. It could even be argued it is socially beneficial that citizens do not participate in these conditions but rather leave the decision to those for whom the issue matters. Voter participation then reflects citizens' preference intensities which makes the vote more socially valuable.

Thirdly, it would be naive to think that freely chosen voter participation in parliaments is much different from how citizens behave with respect to popular referenda. Today’s members of parliament are highly specialised and seriously consider the pros and cons of a few issues. In the case of all other issues they (have to) follow the dictates of the party leadership, i.e. they do not cast a voluntary vote. This is reflected in the often extremely low participation in parliamentary sessions. The members of parliament have to be herded together from the lobby or their offices to cast the dictated vote.

3. Citizens are easy to manipulate

Financially potent parties and pressure groups are better able to start initiatives and engage in referendum propaganda than are poor and non-organised interests. This cannot be denied. However, the perspective is mistaken because it takes an absolute stance: it is always true that the rich and well-organised groups wield more power. The crucial question is whether they have more or less power in a direct than in a representative democracy. It is well-known that well-organised and well-financed pressure groups exert considerable power over the politicians sitting in parliament and in government. It may even be argued that it is cheaper to influence the small number of legislators and government politicians than the total electorate.

4. Citizens are prone to decide emotionally

Voters are often supposed to be unduly influenced by emotional considerations. Again, this charge must be considered in a comparative perspective. There is little reason to believe that politicians are less subject to emotions. After all, parliaments are known to have highly emotional debates, sometimes even erupting into fist fights. For that reason, many parliaments have formal procedures to consider a proposal two or even three times, with considerable time elapsing in between. The same holds for popular referenda. Before taking the vote there must be time for intensive discussion in which the various sides of a question can be brought up. This strongly increases the chance of a decision dominated by rational aspects.

5. There are too many referenda confusing the voters

When the citizens have to simultaneously decide over a great many issues (in California, for instance, voters often have to deal with forty or even more propositions) they focus on a few visible issues. The decisions on all the other issues are then haphazard and defy rationality.

This is indeed a situation to be avoided. However, the number of referenda put to the vote can be steered by the number of signatures required for an initiative or optional referendum. If the number of issues to be decided about gets too large, the number of signatures required can be raised. Such a decision should be taken by a constitutional referendum to prevent the ‘classe politique’ fixing such a high a number of signatures that referenda become improbable.

6. Political leadership is impossible

Politicians are sometimes supposed to take unpopular decisions. An example would be a restrictive fiscal policy where the budget deficit is growing too high or where inflation reaches high rates. Such a policy pays off only over the medium or even long term. It is therefore claimed to be opposed by the population as it imposes hardships. It is argued that such unpopular policies would be impossible in a direct democracy.

This conclusion does, however, not necessarily hold. In a direct democracy the politicians are forced to explain their policies to the citizens. If they can give good reasons why they propose to undertake such a seemingly unpopular policy the citizens will not oppose it. There are many examples for Switzerland where citizens are prepared to support policies burdening them provided the politicians make an effort to explain why the sacrifice is necessary to improve the situation over the long term.

7. Referenda are inadequate for major issues

As the voters are taken to be poorly educated and ill-informed, subject to both manipulation and emotional decisions it is often argued that referendum should only be allowed for small and unimportant issues. In contrast, issues of great consequence - such as changes to the constitution - should be left to professional politicians.

---

79 In July 2002, the German Bundestag debated (and rejected) a proposal to introduce elements of direct democracy at the federal level. For fear of emotional decisions, introduction of the death penalty was from the very beginning excluded as a subject of a referendum. This overlooks that an extensive discussion among the citizens, and with experts and politicians, brings to the fore all sides of the issue. A purely emotional decision is unlikely to occur. Moreover, many countries using executions follow the representative principle (the United States being an example) while the country with most extensive direct democracy (Switzerland) prohibits the death sentence.
The opposite position makes more sense. Major issues can be reduced to the essential content. Evaluation is then not a matter of (scientific) expertise but of value judgements. Following methodological individualism, only the citizens may be the final judges when it comes to preferences, and a substitution by representatives is, at best, a second-best solution. Since politicians have a systematic incentive to deviate from voters' preferences, a substitution leads to biased outcomes.

8. Referenda hinder progress

Asking the population to take a decision is often rejected because it is argued that 'ordinary citizens' do not like changes and that they prevent the adoption of 'bold, new ideas'.

It may well be true that many new propositions are rejected in referendum but this does not mean that this constitutes a disadvantage. That proposals contain new ideas is no proof of their quality. Indeed, citizens are right in rejecting them when they are in favour of the 'classe politique'. The concept of 'bold, new' solutions is not rarely the result of technocratic thinking and of a planning mentality. They strengthen the politicians' and bureaucrats' positions but need not be in the voters' interest.

Referenda are a well-proven procedure to break deadlocks in societal decision-making and in this sense they are progressive. There are cases in which an issue is difficult to resolve in parliament and by the government, and where a referendum helps to clear the issue. An example is the demands by regions for more independence. These demands are often accompanied by considerable violence and bloodshed. The Basque country is just one of many cases. In a direct democracy, such heated issues may be brought to a solution acceptable to a large majority. In Switzerland, for instance, the secession of the Jura from the Bern canton was achieved by undertaking a number of referenda. While some minor violence took place, the issue was settled with much less strife and bloodshed than normally occurs in representative democracies, let alone autocratic systems.

9. Referenda destroy civil rights

One of democracy's fundamental problems is the 'tyranny of the majority'. This danger is seen to be particularly acute in the case of referendum where the will of the majority is unrestricted. As a result, civil rights may be thwarted. But this is not necessarily the case. Most importantly, if there are economic, social and political cross cleavages no part of the citizens is always in the majority and will therefore be careful not to antagonise other social groups. Empirically, some evidence for the suppression of civil rights has been found in local and state ballots in the United States (Gamble 1997) but there is also contrary evidence for the USA and Switzerland (Cronin 1989, Frey and Goette 1998).

10. Referenda are expensive

The last argument against referenda is the alleged high cost of undertaking them administratively. It is argued that parliamentary decisions are much less expensive and should therefore be favoured.

There are two reasons why this reasoning is fallacious.

Firstly, referenda are not expensive compared to the large cost of entertaining a professional parliament with its accompanying party system (see e.g. von Arnim 1988 for Germany). Since in a direct democracy the last say is with the citizens, less money needs to be spent on parliament and the parties. Moreover, the administrative costs of referenda are not high because several propositions can be bundled into one weekend, and citizens can be asked to actively participate in organising the vote and counting the votes. While the citizens so drafted suffer some opportunity cost, such participation has the advantage of getting them more directly involved in governing their state which tends to raise their sense of citizens' duties.

Secondly, the administrative cost of running referenda is immaterial compared to their key advantage, namely to significantly reduce the deviation of political decisions from individual preferences. That this is indeed the case has been established by careful econometric investigations (for a survey, see Schneider 1992; also see Steunenberg 1992).

III. Consequences of Direct Democracy

Over the last few years substantial empirical evidence has been collected about the effects on the economy and society of having the institution of referenda. As only a few countries consistently use direct democracy for political decisions, the research has concentrated on two countries, namely, the United States and Switzerland. In both of them the analysis proceeds by identifying different degrees of participation rights between states and cantons, and between communes. The results show a consistent effect on important economic and social variables of direct democracy. These analyses are well-summarised in a recent book (Kirchgaessner, Feld and Savioz 1999). Some results have special relevance for transition economies:

(1) Political outcomes correspond more closely to voters' preferences the more directly democratic they are (Pommerehne 1990).
The growth of public expenditure is more strongly determined by demand factors (i.e., by the citizens' willingness to pay) than by supply factors (in particular by the politicians' and bureaucrats' own interests) (Pommerenehe and Kirchgasse 1991).

Public supply is less costly the more direct the democratic institutions are (Pommerenehe 1978).

Tax morale is higher the more extensive are citizens' participation rights (Torgler 2001, 2003). 'Tax morale' measured by responses to the question: 'Is it always justified (never justified, sometimes justified) to cheat on taxes?' gathered by the World Value Survey over a cross-section of countries.

Tax evasion is lower the more citizens have direct participation rights (Frey 1997).

Per capita incomes in cantons with more strongly developed direct participation possibilities of the citizens (all other factors being equal) are significantly higher than in cantons with less developed forms of direct participation (Feld and Savioz 1997). This result is, of course, specially important for transition economies seeking to catch up with more developed economies.

Inhabitants of cantons with more extended participation rights experience higher self-reported subjective well-being than the people in cantons with fewer directly democratic institutions (Frey and Stutzer 1999, 2002a). Direct democracy systematically raises happiness.

In order to clarify the methodology with which these empirical results have been gained, the effect of the extent of citizens' direct participation rights on subjective well-being - which may be most surprising to some readers - is sketched here (for a more complete discussion, see Frey and Stutzer 1999, 2002a).

The dependent variable is self-reported subjective well-being, or happiness, measured by careful surveys among representative individuals. The following question is asked: 'Overall, how happy do you feel with the life you lead?' Answers rank from 1 ('extremely unhappy') to 10 ('extremely happy'). Careful research, especially by psychologists, suggests that answers to this question are reliable, valid and consistent.

These individual happiness indicators are explained by a large number of explanatory variables (depending on the specific estimation equation, up to 30 variables). The most important are:

- socio-economic determinants such as age, sex, marital status, number of children and education level;
- economic determinants, in particular income, employment status, rate of inflation;
- institutional determinants. In our context, the crucial factor is the extent of direct political participation rights in the various Swiss cantons. They vary considerably. In some cantons (e.g., Kanton Basel Landschaft) they are extensive, in others (e.g., Geneva) they are more restricted, e.g., only some types of issues but not others may put to a referendum.

All these data refer to the cross-section of the 26 cantons of Switzerland. The overall number of observations is 6,000. The econometric estimation technique employed is non-linear multivariate probit as the dependent variable is discontinuous and restricted. The results yield a statistically significant and large positive effect on individual well-being of the extent of political participation rights.

This result can be attributed to two factors:

(a) The political outcomes are closer to the wishes of the population, and the public services are produced more efficiently. The population is therefore more satisfied with the government. This result is consistent with the more partial results reported above, e.g., that public provision corresponds more closely to individual preferences or that per capita income is higher.

(b) The citizens value the direct participation possibilities in their own right thus producing procedural utilities. This result was derived by comparing the life satisfaction of the Swiss (who do have participation rights) with that of foreigners (who have no political participation rights), keeping all other influences constant.

This discussion reveals that there exists considerable empirical evidence of the beneficial effects of direct democracy on social capital and on political outcomes. Most results refer to Switzerland because this is the country where referenda and initiatives are most often used. But there are similar results for some American states, in particular California, Oregon and Washington (see the careful discussion in Kirchgasse. Feld and

20 Studies of subjective well-being in transition economies include e.g. Ravaillon and Lo shin (2001) and several contributions in the special issue of the Journal of Happiness Studies (2001).


22 See the work by Tyler 1990 dealing with procedural justice. A general survey of procedural utility is provided in Frey, Benz and Stutzer 2003.
Savioz (1999). While it is certainly true that conditions differ in other countries, the existing evidence suggests at least that such beneficial effects do exist and that they constitute one possibility to raise trust in government in transition economies.

IV. Introducing Direct Democracy in Transition Economies

Any attempt to introduce popular initiatives and referenda faces the basic problem of interdependence. Social capital is both a precondition and consequence of direct democracy.

Precondition

- It is impossible to successfully run directly democratic institutions where there is no adequate basis in society. One condition under which direct democracy\(^3\) works well is when there are strong cross-cutting cleavages (e.g., with respect to per capita income, religion, and culture or language). This guarantees that it is not always the same group of persons who find themselves in the minority and therefore feel exploited. As has also been emphasised, citizens must have sufficient trust in politicians that they will turn the referenda decisions into a reality, while politicians must trust that the citizens will take reasonable decisions when voting on issues. This trust must develop over time and cannot simply be instilled from the outside. Therefore, the 'grand' solution of jumping from a representative democracy straight into a fully developed direct democracy is both unrealistic and undesirable. Rather, direct participation rights for citizens should be introduced gradually\(^2\) so that a learning process of the citizens, parliament and government can then take place.

Consequence

- As has been documented above the use of initiatives and referenda by citizens is a major factor in raising social capital especially in the form of the trust citizens have in the government. Direct democracy thus helps create the necessary conditions for its own functioning provided the learning effect does indeed take place.

A. Gradual Procedure

There are five ways direct democratic rights can be gradually introduced into transition economies.

1. Decision level

Direct democratic elements can be restricted by initially granting them only at a particular level of the state.

One possibility is to start at the local level, giving citizens the right to launch initiatives and vote in referenda in political communes. This allows the citizens to benefit from everyday or impacted information to form a reasoned opinion. Moreover, the issues often have immediate relevance to the population. But this procedure only makes sense if the political communes have a sufficient amount of autonomy. Preferably, they should be able to decide on both taxes and public expenditures. As documented by Swianiewicz (2001), there are some quite extensive referenda rights in certain transition economies, particularly Hungary and Poland.

Another possibility is to start at the national level, when major issues are at stake. This has indeed happened in several transition economies where the decision whether to join the European Union has been relegated to the citizens as a whole. As these decisions have crucial importance, the citizens are well aware of their relevance and will certainly be inclined to participate in the vote.

2. Issue Domain

Some questions can be excluded from direct voting for fear of 'irresponsible' or 'uncontrollable' outcomes. One could restrict the domain in the following way:

- basic parts of the constitution such as those referring to human, political and civil rights can be excluded\(^2\);
- Supposedly sensitive issues may be removed from citizens' voting. This may refer to problems relating to particular minorities, ethnic or religious groups, but also, for example, to the death penalty (as in Germany);
- Issues thought to be beyond the competence of the citizens. This may, for instance, be assumed to apply to economic problems such as taxation. (In Germany, from the very beginning the recent proposal to introduce national referenda excluded tax issues).

\(^2\) But this condition is not specific to direct democracies but holds for all types of democracy.

\(^3\) To gradually introduce direct democratic elements in a political system dominated by the government may, however, induce the risk that the government on purpose undermines its functioning in order to 'demonstrate' to the citizens that it cannot work. I owe this point to Bo Rothstein.

\(^2\) Such restriction may also make sense in fully developed direct democracies but it should be noted that in Switzerland this is not the case. But it should be immediately added that the Swiss voters have had not the inclination to fiddle with such basic rights.
3. Time

The referendum process may be shaped by requiring a sufficient amount of time to pass between the start of an initiative or referendum process, the vote and the decision becoming effective. This is a move towards the constitutional idea (e.g., Mueller 1996) of putting people behind the veil of uncertainty, and therefore inducing them to take a more ‘objective’ position.

A more innovative idea is to proceed as (many) parliaments do, namely to have a first, second and sometimes even a third reading of a law. In a direct democracy, one could first have an informative vote, and after sufficient time to allow a discussion of the outcome, a decisive vote.

4. Size of the majority

Passing a proposal in a popular vote may require a supermajority, for instance two-thirds of the participants. Alternatively, one may require a simple majority but of the whole electorate, including those abstaining. Such quorums exist in many transition economies (see Appendix). In several of them, referenda have received a majority of the votes cast, but not of the electorate.

A strong restriction on popular initiatives and optional referenda is the number of signatures required. A balance between having a low required number (and therefore many referenda) and a high required number (and therewith excluding citizens) is needed.

5. Co-determination

The citizens’ decision may only become effective if supported by a corresponding vote in the parliament (and perhaps even in the two houses). Another possibility would be to accord a veto right to either the citizens or to the parliament. One may also consider a double majority in the form of the popular vote and in the regions (cants or states). This latter requirement applies, for instance, in Switzerland where both the majority of all Swiss voters and the majority of the cantons must approve a constitutional referendum.

B. Governing Gradual Introduction

The restrictions just discussed constitute a considerable danger for direct democracy. Most importantly, the restrictions introduced may stay for good. In the case of several of the restrictions this would amount to a destruction of the whole idea of citizens’ participation in political decision-making. The institutions of direct democracy would not be able to develop their strength. The outcome of politics would not correspond any more closely to citizens’ preferences than under a traditional representative system. Moreover, the citizens would be unable to learn well the special features of a direct democracy. If, for instance, only very unimportant issues are put to the vote, or if the number of signatures required for an initiative or optional referendum is simply too high, the citizens cannot experience the advantages of a direct democracy. On the other hand, the politicians can always claim that they gave direct democracy a chance but that it did not work. In the case of tight restrictions a vicious circle could possibly develop. The way popular participation is introduced leads to unsatisfactory results and experiences providing the opponents of direct democracy (in particular the politicians in power) with a good reason to introduce even more severe restrictions. In these circumstances, of course direct democracy cannot work.

Applying limitations to the levels at which elements of direct democracy are to be introduced makes the most sense. The rights for initiatives and referenda should first be introduced at the local level and at the same time at the national level, and perhaps only later at the regional level. At the local level, citizens tend to be well-informed about the issues, while at the national level the decisions to be taken have obvious importance. As the Appendix shows, these are indeed the levels where direct democratic elements have been introduced in several transition economies, although only to a limited degree. But it is noteworthy that the decision most strongly affecting national sovereignty and the future development of the economy and society, namely accession to the European Union, will be subjected to a popular referendum in most, if not all transition countries.

The crucial question is who governs the step-wise introduction of direct democratic instruments. Several political actors may be in charge.

The government.

As has been pointed out repeatedly, politicians in power find popular participation rights to be against their interests as their own decision power is thereby reduced. Governments therefore tend to block or undermine direct democracy whenever possible, especially in periods between elections. Granting governments the right to determine the process of introducing direct democracy therefore means thwarting it.

The parliament.

A similar situation as for government applies to legislators and parties. It may be that some members of parliament who have outside positions of power favour direct citizen participation. In contrast, powerful members of parliament resent sharing power with an outside group, the ordinary citizens, and
therefore make every effort to oppose the elements of a direct democracy.

Parties may also instrumentalise institutions of direct participation for their own short-term factional interests. In several transition countries, particularly Hungary, the experience with referenda is therefore considered in a relatively negative light by the citizens. They tend to look at referenda as just another way to gain advantages in politically motivated fights. The essential feature of referenda, namely to enable citizens to participate in deciding between issues of content, is thereby lost. For these reasons, it is unadvisable to give parties and parliament the right to govern the introduction of direct democracy.

The constitutional assembly.
Ideally, its members are not directly involved in current politics, allowing them to take a more objective stance. They do not have to fear a reduction of their own power if direct democracy is introduced in the future. In reality, however, a considerable share of the members is likely to belong to the ‘classe politique’. They served in the past, currently do, or hope to do so in the future, in political decision-making. In all cases they tend to oppose popular participation in political decision-making.

It may be argued that in most transition economies the period in which such a constitutional assembly was possible has passed. On the other hand, the European Union – which Hungary and other transition economies will soon join – has summoned a Constitutional Convention in which the basic rules governing the relationship between the citizens and the Union is to be discussed.

The citizens.
These are the only actors not forming part of the ‘classe politique’, and they are the main beneficiaries of a direct democracy. It can therefore be expected that if citizens have the right to govern the step-wise introduction of the right to undertake popular initiatives and referenda the outcome will be most favourable. This is consistent with the conclusions drawn by an observer of local affairs for the transition economies in the Czech Republic, Hungary, Poland and Slovakia: ‘although public opinion on local government is usually better than on central government institutions, there is a relatively modest satisfaction level regarding local government activity. This goes together with limited feelings of inclusion in local public affairs. The solution for increasing this limited level of satisfaction with local governments’ activities might be to intensify communication between local authorities and the general public’ (Swianiewicz 2001:29). The most effective way to intensify communication is to strengthen citizens’ direct political participation rights.

V. Conclusions

This paper advances the proposition: Direct political participation rights via referenda and initiatives constitute an advanced form of democracy with potentially beneficial effects for transition countries.

Theoretical arguments and empirical evidence have been used to bolster this claim. It has been shown specifically that:
1. Direct democracy systematically raises trust and honesty. Both are crucial elements of social capital.
2. Direct democracy systematically improves social outcomes. Economic conditions, in particular per capita incomes and subjective well-being (citizens’ happiness), are raised.
3. The standard arguments against direct democracy (citizens’ incompetence and lack of interest, danger of manipulation and emotionality, hindering progress and destroying civil rights, and high cost) are not convincing.
4. Direct democratic decisions require the time and opportunity for intensive discussion.
5. Elements of direct democracy can be introduced in transition countries beginning with the national and local levels, and then expanding further.
6. The gradual introduction of the features of direct democracy is quite possible and advisable because this supports the necessary learning process.
7. Citizens should have the right to govern the process of introducing popular initiatives and referenda.

The paper does not argue that direct democracy is a necessary or the only institution capable of raising trust in government in transition economies (or elsewhere). There are many other fruitful possibilities in need of exploring. The paper’s goal is achieved if the reader has become aware that the institutions of direct democracy have already had beneficial effects on social capital and political outcomes in some countries and that this represents a worthwhile direction in which democracies can be further developed.

Appendix

Elements of Direct Democracy in Transition Economies

The Appendix closely follows the survey presented in Gross and Kaufmann (2002). Also see the extensive evidence presented in Swianiewicz (2001).
Slovenia
Citizens can subject all laws passed by parliament or by local community councils to popular approval via facultative referenda. A referendum may also be called before a law is passed to give the parliament a general direction; such referenda may or may not be legally binding. There is also a non-binding initiative right. There was a referendum on accession to NATO and the EU.

Latvia
10 percent of the electorate can initiate a change to the constitution or a new law and a parliamentary decision can be subjected to a referendum. Certain issues are excluded and there is a 50-percent participation quorum. There was a referendum on accession to NATO and the EU.

Lithuania
There is an obligatory referendum for constitutional changes, a popular initiative and a facultative referendum. Between 1991 and 1996 there were 16 national referenda. The participation quorum is 50 percent. There was a referendum on accession to NATO and the EU.

Slovakia
This country knows a binding initiative right. The participation quorum is 50 percent and there is moreover a 50-percent approval quorum.

Hungary
There is an initiative right for laws. The collecting of 200,000 signatures within four months gives the right to launch a popular referendum. A wide-ranging list of exemptions and the right of courts to intervene strongly restrict these rights. In 1997, the government reduced the 50-percent participation quorum to 25 percent for NATO and future referenda, such as accession to the EU.

Poland
Two reform referenda in 1987 helped to bring down Communist control. However, when in 1996 600,000 citizens gave their signatures to demand a referendum on privatisation, the government used its constitutional veto right to deny the citizens' demand (although the constitutional requirement is only 500,000 signatures). High participation quorums at the local level result in referendums often being declared invalid.

Estonia
There is an obligatory constitutional referendum to be invoked for the decision to enter NATO and the EU. Otherwise, citizens have no rights of initiative or referendum.

Czech Republic
This country is one of the few in the world to have never held a referendum. However, a new law of initiative and referendum is being worked out for the forthcoming decision on entry to the EU.

Romania
There is a right for constitutional referenda and for petitioning a parliamentary debate. A referendum has a 50-percent participation quorum.

Bulgaria
There are no direct democratic rights at the national or local levels. Only accession to the EU will be put to a popular vote.

References


**JEL classification:** H0, P2

**Key words:** direct democracy, referenda, initiatives, political participation, citizens, democratic rights, transition economies