

Dealers of Direct Democracy

Strategic Initiation, Popularity and Agenda-Setting in Top-Down Referendums

Advaita Singh

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Abstract

Direct democracy has experienced a revival over the past century, primarily through top-down referendums initiated by political elites. This paper presents a framework to analyze the intersection of direct democratic instruments and representative politics, focusing on the strategic incentives that drive politicians to employ referendums for political gain. Using a three-stage sequential game, the study underscores the importance of agenda-setting power and political popularity in shaping this trend. In doing so, it accounts for global variation in the use of referendums—ranging from their deployment by autocrats and populists to fringe actors and re-election-seeking executives.

1 Introduction

The complexity of modern politics renders direct democracy unsustainable as the primary model of collective decision-making. Yet its elements survive, as institutional features embedded within representative systems. These mechanisms are designed to return political authority to the public and enhance citizen participation in policy-making. Despite their intent to empower *the people*, such instruments are paradoxically controlled by political elites, who retain the authority to initiate their use (Qvortrup, 2024). In their hands, referendums can become instruments of strategy that are deployed to further electoral ambitions. Such politicization is enabled by a hybrid institutional arrangement, born from the fusion of traditionally opposing models of governance. In their synthesis, contemporary direct democracy becomes entangled with representative politics. Understanding this entwined relationship is essential for explaining global variation in the use of direct measures by different political agents and regimes. In this paper, we present a formal theoretical model that unpacks such mixed democracies where direct institutions interact with general elections. We explore the decision problem of initiators in top-down referendums and the incentives politicians face to use these institutions for electoral gain.

A growing body of literature emphasizes the role of initiators in shaping the purpose and outcome of direct democratic processes. Smith (1976) observed early on that referendums are not simply neutral channels of gauging public opinion, but instruments shaped by those who trigger them. This places political actors — particularly elected officials — at the center of any analysis since most referendums are initiated by governments. According to the IDEA Direct Democracy Dataset, 171 countries maintain some form of direct democracy, and in 131 of them, elected representatives possess the authority to initiate these procedures. This echoes Franklin et al. (1995) who note, "In most countries it is governments who are most clearly identified with the decision to hold a referendum and governments who almost invariably call for a 'yes' vote. As a consequence, the government is perhaps the real object of many referenda".

When elected officials control the initiation of referendums, it becomes crucial to consider the political purposes this power might serve. Walker (2003) argues, "political actors use referendums to achieve their goals. They do so deliberately and sometimes manipulatively with respect to the general public." Indeed, referendums can serve as powerful tools for resolving intra-party conflicts, weakening political opposition, and reshaping the salience of electoral issues. As a result, politicians frequently turn to direct democracy for various strategic purposes, but most famously in pursuit of legitimacy.

Legitimacy in political life is defined, derived, and determined through *the people*. As the lifeblood of credibility and authority, legitimacy fuels public trust, institutional stability, and electoral viability (Walker, 2003). In this context, referendums are valuable instruments of legitimacy construction for political leaders seeking to cultivate public approval (Gherghina, 2019b). Indeed, the seal of approval granted through a successful referendum can be a catalyst for popularity and positive media coverage. Nemčok and Spač (2019) illustrate this through

the Slovakian referendums held in 1994, 1998, and 2010, which were strategically initiated to bolster the public standing of Prime Minister Mečiar, and the political parties ZRS and SaS. Similar patterns can be observed in Bulgaria (Stoychev and Tomova, 2019), Poland (Hartliński, 2019), and Romania (Gherghina, 2019a).

While popularity remains a central motive for initiating referendums, it is far from the only strategic consideration. Politicians may also leverage referendums as agenda-setting tools to structure the political landscape. Referendums allow initiators to selectively segment the policy space — delegating certain issues to direct public vote while reserving others for the general election campaign (Damore et al., 2012). As Nemčok and Spač (2019) argue, “the ability of political actors to set the agenda and to define the choices facing citizens constitutes a device, among many others, that is simply used to achieve their own goals.”

The strategic motivations behind referendums — particularly agenda-setting and popularity-seeking — have been discussed in the literature, but are yet to be formally integrated into a unified framework. In particular, there is limited theoretical effort in exploring the decision-making process of initiators to answer: under what conditions do political elites choose to call referendums in the first place? This gap exists, in part, because existing scholarship has overwhelmingly focused on citizen-initiated mechanisms (Besley and Coate, 2000; Matsusaka, 2005, 2009). Much of this research evaluates the normative implications of direct democracy on voter welfare (Olken, 2010), policy congruence (Leemann and Wasserfallen, 2016; Gerber, 1996), and voter competence (Lupia and McCubbins, 1998; Lupia and Matsusaka, 2004). At an even broader level, there is a lacuna in theoretical literature that altogether misses the entwined nature of representative politics and direct democracy. To the best of our knowledge, Buisseret and Van Weelden (2024) offer one of the few formal models addressing the electoral politics of referendums. We carry forward their efforts in shifting the focus to elite behavior, offering a framework that captures the strategic logic of government-initiated referendums — an intuition long recognized but not rigorously theorized.

In our model, a re-election-seeking incumbent holds the authority to call a referendum on an issue of their choosing. The game unfolds over three periods: (1) the incumbent decides whether to initiate a referendum, (2) if called, the referendum is held, and (3) a general election follows. Voters possess binary preferences over a two-dimensional policy space, where individual bliss points are drawn by nature and remain unobserved by the incumbent. If a referendum is initiated, the incumbent resolves one policy dimension *ex ante*, effectively reducing the general election to a one-dimensional policy contest. We introduce a popularity shock such that winning the referendum improves the incumbent’s standing in the subsequent election. To model voting behavior in referendums, we incorporate heterogeneity in voters’ propensity to express partisanship in second-order elections. Sophisticated voters vote sincerely based on policy preferences, while partisan voters make probabilistic choices influenced by ideology and popularity. This distinction captures the longstanding debate on how people make decisions during referendums, contrasting the second-order voting model with issue-based decision-making.

We demonstrate that, in equilibrium, referendums are initiated only if they increase the incumbent’s probability of electoral success, relative to the baseline of probabilistic voting without a referendum. The model isolates two mechanisms through which referendums affect electoral outcomes: the *agenda-setting effect* and the *popularity effect*. The former reflects the incumbent’s ability to restructure policy competition in the general election by resolving one dimension in advance, effectively unbundling the issue space in their favor. Meanwhile, the popularity effect captures the increase in public support that results from a successful referendum outcome, often interpreted as a signal of legitimacy. The interaction of these two forces determines when referendums are initiated, offering rich insights into political environments that breed frequent use of direct measures.

The baseline results indicate that referendums motivated by popularity concerns are sustainable with a highly sophisticated electorate. In a political landscape that offers sizable popularity rewards for referendum wins, incumbents can bolster their standing by initiating referendums they are favored to win. They rely on sophisticated issue-based voters to deliver an easy victory that will reinforce their legitimacy. In contrast, agenda-setting referendums are more likely to arise in partisan voting environments. Incumbents will be tempted to subtract issues on which their position clashes with the will of the public. By submitting these issues to a direct vote, they improve their average political platform in the general election. Even though a referendum loss is likely, it becomes a gamble where they can still rely on partisan voters and large variations in referendum voting to deliver a win. Therefore, electoral sophistication and the nature of policy advantages jointly shape the incentives for initiating a referendum.

We further extend the baseline model to shift the source of uncertainty from policy preferences to issue salience. In the extension, preferences are known and symmetric such that the electorate prefers the incumbent on one policy dimension and the challenger on the other. However, the salience of each issue is randomly determined by nature. While the strategic dynamics remain largely consistent, equilibrium outcomes are now shaped by relative policy advantages rather than aggregate voter preferences. In this context, the agenda-setting and popularity effects are often in tension, and the type of referendum that is initiated depends on the force that dominates in the trade-off. Using insights from this extension and the baseline, we provide a four-fold characterization of strategically motivated referendum use.

Our study makes three key contributions to the literature on direct democracy and institutional design. Firstly, we address a critical blind spot in existing research by shifting the focus from the effects of referendums to the strategic logic behind their initiation. While much of the literature examines referendums once they occur, we model the decision-making process that determines whether and why they are called. In doing so, we propose a more holistic view of mixed democratic systems where referendums are treated as living organisms within the broader political ecosystem — shaped by their environment and, in turn, actively shaping it. This framework of two-way interaction provides a basis for normative reflection on designing direct democracy within representative systems.

Secondly, we offer testable empirical predictions about the growing use of referendums in contemporary politics (Qvortrup, 2024). Our model identifies a clear typology of strategic referendum use and how they are shaped by the political environment. Certain kinds of referendums emerge in settings with high levels of voter sophistication, while others are more common in deeply partisan or polarized electorates. Therefore, this framework can help explain the global variation in how referendums are deployed — ranging from executive-led popular consultations in Latin America to ballot propositions by U.S. legislators, to populist-driven referendums in Eastern Europe, and plebiscitary tools in authoritarian regimes across the Middle East and Africa.

Lastly, this paper can be positioned within a broader literature on the strategic manipulation of democratic institutions, speaking to urgent concerns in contemporary democratic theory. Across history, democracy has constantly been renewed, scrutinized, and transformed. In their relatively short global existence, political systems are now confronting challenges of democratic decline, backsliding, and institutional de-consolidation (Svolik, 2013; Bermeo, 2016). Central to this trend is a mounting *crisis of representation* where party systems lose credibility and citizens grow disillusioned with traditional forms of political mediation. In response, both theorists and practitioners have often turned to direct democracy as a potential solution to restore legitimacy and increase citizen participation. The framework of our model lays bare both the merits and vulnerabilities of referendums as tools of democratic engagement. In doing so, it contributes to a critical reassessment of the role of direct democracy in an era marked by institutional strain and political polarization.

The rest of the paper proceeds as follows: Section 2 reviews the literature on direct democracy, including its historical development, institutional typologies, and debates surrounding initiator incentives and voter behaviour. Section 3 presents the baseline model and characterizes its equilibrium. Section 4 extends the model by introducing salience-based uncertainty. Section 5 provides a broader discussion, with particular attention to the role of populism, and Section 6 concludes. The appendix outlines proofs and relevant case studies.

2 Literature Review

2.1 Brief Typology of Direct Democracy

“In Greece, all that the populace had to do, it did for itself; it was constantly assembled in the public square.

[...] the moment a people allows itself to be represented, it stops being free—it stops being.”

— Jean-Jacques Rousseau (1762)

Direct democracy stands as a normative model in its own right. Rousseau (1762) envisioned it as a *government by the people*, with no room for delegation. Such classical democracy

was symbolized by small-scale polities with direct participation, for example, the Athenian city-states (Cartledge, 2018; Hansen, 1999). However, these self-governing communities succumbed to demands of scale and practical constraints, normalizing the need for representatives in modern nation-states (Held, 2003). Yet, constitutional engineers were able to retain the charm of self-determination through select institutions, nested within the world of representatives (Qvortrup, 2017).

Institutions of direct democracy broaden the avenues through which citizens participate in the republic, enabling them to express their views beyond simply electing intermediaries (Altman, 2010). By participating in referendums or initiatives, citizens bypass their delegates in the policymaking process. Therefore, if summoned to the ballot, citizens have the opportunity to directly engage with substantive policy questions and influence legislative outcomes. However, significant variation in institutional design makes it difficult to study these instruments.

Across countries, direct institutions differ based on rules, procedures, and powers. In fact, the problem with consolidating modern direct democracy begins with terminology itself. Suksi (1993) warns, "There exists no universal referendum terminology". Important technical distinctions are hidden behind veils of 'synonymous' labels — *plebiscites*, *initiatives*, *referendums* (or *referenda*), *ballot measures*, *direct popular votes* — making them virtually different institutions (Gallagher and Uleri, 1996; Altman, 2010). At the same time, these devices are bound by a similar metaphysical and operational flavour (Qvortrup, 2024). We rely on the definition provided by Altman (2010), which offers a broad understanding of these institutions. He defines the mechanism of direct democracy (MDD) as 'a publicly recognized institution wherein citizens decide or emit their opinion on issues — other than through legislative and executive elections — directly at the ballot box through universal and secret suffrage'.

Under similar definitions, various scholars have attempted to provide a comprehensive typology of direct democracy institutions. Comparative schemes have been constructed using one or more of the following criteria:

Initiator The primary dimension of classification distinguishes between top-down and bottom-up institutions based on the agent who can trigger the procedure (Altman, 2010; Gherghina and Silagadze, 2020; Hug, 2004). Top-down mechanisms are initiated by members of the political establishment, like executives, legislative majorities, legislative minorities, local government leaders, etc. For instance, Article 11 of the French Constitution empowers the President to place a referendum on a bill, with a recommendation from the Parliament. In Greece, the President can organize a referendum under extraordinary circumstances upon the proposal of the Cabinet (Article 44, Greek Constitution). This constitutional option was availed in 2015 during the country's debt crisis when the decision to accept the bailout conditions was left to the public (Walter et al., 2018). Beyond Europe, such provisions are particularly common in Latin America, with notable examples like Ecuador (Article 104), Colombia (Article 104), Brazil (Article 44), and Peru (Article 182).

On the other hand, bottom-up procedures are initiated by citizens, often by collecting signatures to bring their issue of choice to the ballot. A well-known example is Switzerland, where citizens can design propositions and bring them into the public forum with 100,000 signatories (Kriesi and Wisler, 1996; Stadelmann-Steffen and Vatter, 2012; Feld et al., 2010). Recently, citizen initiatives were also introduced in Bulgaria through the Direct Citizen Participation in State and Local Government Act (2010), empowering Bulgarians to initiate votes by collecting 400,000 signatures on a petition.

Scope Direct democracy can further be classified based on the administrative level of implementation. Legal provisions for referendums or initiatives may be found at the national, regional/sub-national, or local level (Mendez and Germann, 2018). In the United States, ballot initiatives were adopted at the subnational level by several states as part of a broader effort to expand citizen participation (Smith and Tolbert, 2007). California's Proposition 13 — an anti-tax initiative — remains one of the most well-known examples. Similar mechanisms exist in states such as Oregon, Colorado, Arizona, and Nevada. Alternatively, some countries allow direct democracy that applies to municipalities or regions. Japan, for instance, lacks provisions for national referendums but permits referendums at the local level, under specific legal conditions. Article 95 of the Constitution stipulates, "A special law, applicable only to one local public entity, cannot be enacted by the Diet without the consent of the majority of the voters of the local public entity concerned, obtained in accordance with law", thereby making a case for municipal-level referendums. In the past, local referendums have been held on issues like nuclear energy and the management of industrial waste (Kobori, 2009).

Institutional Features Referendums are often automatically triggered by constitutional requirements. For example, in Ireland, all constitutional amendments must be ratified through a mandatory referendum (Article 47). When referendums are not compulsory, they may vary in legal force — being either binding or non-binding (consultative). For instance, the 1992 Canadian referendum on proposed constitutional amendments was non-binding in nature. Typically, referendum outcomes are binding only if they meet validity conditions, which often depend on voter turnout and quorum thresholds. As noted by Corte-Real and Pereira (2004), turnout is exceptionally volatile in referendums, raising concerns about legitimacy. Consequently, several states impose minimum participation requirements to validate outcomes (Herrera and Mattozzi, 2010). For example, the 1998 Portuguese Abortion was considered invalid due to the minuscule turnout of 31 percent.

Issue Nothing illustrates the power and versatility of direct institutions better than the range of issues it has been used to tackle. Mechanisms of Direct Democracy have determined important issues of *sovereignty* (1995 Quebec Referendum) and *regional integration* (EU membership Referendums like 1994 Austrian European Union Membership Referendum, 1994 Finnish European Union Membership Referendum, etc.). They have also been used to settle questions

on *citizenship and immigration* (2016 Hungarian Migrant Quota Referendum), *political structure and electoral rules* (2015 Luxembourg Constitutional Referendum and 2007 Romanian Electoral System Referendum), *environmental & energy policy* (1980 Swedish Nuclear Power Referendum), *crime measures* (2024 Ecuadorian Security Constitutional Referendum) and *social issues* like gay marriage or divorce (1974 Italian divorce referendum). Some scholars have sought to classify referendums based on the substantive issues they address. Using a panel dataset, Silagadze and Gherghina (2018) developed a classification system consisting of 12 categories like constitutional issues, independence, economic issues, political systems, foreign affairs, environment, etc.

The analysis presented in this paper is largely agnostic to certain classifications of referendums. We focus on non-mandatory, top-down procedures, through which political elites initiate referendums to pursue strategic objectives. The forces discussed in our framework — namely, agenda-setting and popularity — can be applied across a range of policy issues and administrative levels. For the sake of semantic clarity, we use the term referendum throughout the paper to refer specifically to these elite-initiated, non-compulsory mechanisms of direct democracy. We acknowledge that the term may carry different institutional meanings in various political systems, but we ask that it be interpreted in light of the specific criteria outlined here.

2.2 Politicians as Initiators

“Parties can employ all means to achieve power.”

“The pursuit of politics implies that the inactive but sympathetic masses of electors or voters are mere fodder during elections or referenda (passive “collaborators”), whose votes are only taken into account as a way of orienting the party staff’s electoral strategy when engaged in an ongoing power struggle”

— Max Weber (1978)

Politicians have vested interests in achieving and maintaining power. Weber (1978) cautions that they are likely to use all means at their disposal to achieve this end. When members of the government possess the ability to initiate referendums, they may use them to fuel their political ambitions. Jenssen and Listhaug (2001) assert, “it must be acknowledged that the referendum is a tool that competing elites (including elected representatives) can use to further their own agendas”. The primary concern lies in the potential instrumentalization of direct democracy as a strategy to bolster political popularity.

Leaders are locked in a quest for legitimacy. All politicians seek to establish credibility and authority in their position, to prevent rebellion or to strengthen their status. The masses are a powerful source of conferring this political status. Indeed, “The governing powers of the representative organs can be greatly restricted and legitimated through approval by direct reference

to those who are ruled: provision for referenda” (Weber, 1978). Therefore, when politicians’ own policy positions are well-known — as they often are through party alignment, campaigns, and direct endorsement — the referendum outcome becomes a barometer of the leader’s consonance with the electorate’s collective will. Hence, “when incumbents win a referendum they can attribute it to their skill and competence in handling the entire issue, thus improving their popularity.” (Gherghina, 2019a). Therefore, public confirmation and approval of a leader through a referendum provide grounds for a boost in popularity.

Romania is an excellent example of a political landscape where top-down referendums were systematically used by executives and political parties for electoral gain. In the early 2000s, seven referendums were held, of which three were directly triggered by President Traian Băsescu. In 2007, the President narrowly survived an impeachment vote before announcing his re-election. When seeking a second term, Băsescu centered his political platform on electoral reform and reducing the number of lawmakers, for which he initiated a national referendum to alter the electoral system. While the referendum outcome was invalidated due to low turnout, of those who voted, 81 percent of voters approved the measure. Scholars argue that this referendum “served as an accurate instrument to legitimize the position of the president in its dispute with the government.” The President ordered another referendum on parliamentary reforms, which was held concurrently with the 2009 election. Both of Băsescu’s propositions were approved with large margins (Gherghina, 2019a) while he sealed his re-election. His case highlights how incentives for renewed legitimacy provide an important incentive for politicians to deploy direct measures.

While the Romanian case represents a successful gamble for the President, the crucible of referendums has burnt politicians in the past. Indeed, if the candidate’s associated position is not echoed by the populace, their congruence with the electorate is called into question. Such moments are quickly capitalized on by political opponents who can use the referendum loss to undermine the initiator. The most popular example of this is David Cameron, whose defeat in the Brexit Referendum cost him the premiership of the UK. Cameron is not alone; Renzi and De Gaulle’s political careers suffered similar fates. Therefore, referendums represent a distinctive gamble for initiators because popularity dynamics create both risks and opportunities. The promise of legitimacy, while attractive, is not always sufficient to explain their use, given the existence of numerous other tools for cultivating political favor. What ultimately distinguishes referendums is that they combine such popularity effects with the strategic leverage of agenda-setting.

In multi-dimensional policy environments, referendums enable political actors to compartmentalize issues — assigning some to direct public decision-making while delegating others to representatives — thereby shaping the scope of general election debates. This concept of issue unbundling has been explored in the context of citizen initiatives (Besley and Coate, 2000; Prato and Strulovici, 2017). However, in the case of top-down referendums, this feature takes on a distinct strategic form: it allows politicians to define the terrain of political competition to their advantage.

The agenda-setting potential of referendums is most clearly illustrated in the context of European integration. Oppermann argues that EU referendums have been used to shift contentious decisions away from party politics and onto the public (Leruth et al., 2018). As he puts it: "EU referendum commitments serve to remove European policy from the realm of discretionary government choices and thus from legitimate party political contestation. They discharge governments from the responsibility for contentious European policy decisions and shield them from the Eurosceptic critique against such decisions." Aylott (2002) refers to this as a 'strategy of compartmentalization' describing the attempt of 'quarantining the EU issue within limited parts of the different arenas in which parties operate'.

While agenda-setting and popularity are the primary forces of this paper, other strategic purposes of referendums deserve a brief mention as well. Romer and Rosenthal (1979) frame agenda-setting as a form of monopoly control, whereby bureaucrats craft referendum options to steer outcomes toward their preferred policy, particularly in budgetary contexts. Political elites may also deploy referendums to defuse intra-party tensions or marginalize opposition forces by externalizing contentious issues. Crucially, however, the realization of these strategic advantages is contingent on how voters interpret and respond to referendums. Ultimately, the effectiveness of strategic referendum use depends on patterns of voter behavior — both in direct democratic settings and in subsequent representative elections.

2.3 Voters

"People systematically vote differently at different types of election [...] Whatever story we tell about these variations, institutional features of elections will emerge as important influences on voting behaviour"

— Patrick Dunleavy (1990)

Dunleavy (1990) contends that the institutional features of electoral systems shape voter behavior. Therefore, before delving into patterns of voter response, it is essential to clarify the specific ways in which referendums differ from general elections. Referendums are ad hoc, less frequent, and have different stakes. More importantly, they operate in a fundamentally distinct institutional context, in that they compare policies instead of people (Leduc, 2002). Voters circumvent their representatives to determine the policy they prefer. Therefore, their decision-making is adjusted to a unique institutional context, yielding a distinct way of voting.

Two competing theories on referendum voting controvert the relevance of partisanship. Since referendums are held on individual policy issues, voters are emancipated from their partisan allegiances. The *issue-voting model* argues that by "rational self-interest", citizens choose their preferred policy devoid of any partisan affiliations, especially since parties are not presented on the referendum ballot. For example, under the Utilitarian Expectations framework, Gabel (1998) argues that support for European Integration is a function of individual competitiveness and advantages in a liberalized market. According to this rational economic actor

model, individuals who believe they will benefit economically from European integration are more likely to vote “yes” in an EU referendum (Hobolt, 2005). Some scholars have used the 1992 Danish Maastricht Treaty and subsequent referendums in Denmark to highlight how non-partisan factors have driven voting in EU-treaty referendums (Siune and Svensson, 1993; Siune et al., 1994; Svensson, 2002).

The alternative school of thought places parties at the centre of analysis. The *second-order voting model* argues that voter behaviour “is heavily influenced by first-order considerations” where citizens use referendums “as mechanisms for signalling their support, or lack of support, for their domestic political parties and government” (Garry et al., 2005). Franklin has been a vocal advocate of such voting patterns, presenting his hypothesis that “partisan identification plays the same primary role in referenda that it does in general elections.” His analysis of the 1992 Danish Maastricht Treaty argues, “the legitimacy of the Treaty of Union was put into question purely as a result of government unpopularity” (Franklin et al., 1995). Similar empirical evidence is offered by Pierce et al. (1983) who evaluate the relevance of parties in the 1972 Norwegian referendum and 1975 British Referendum on Membership in the European Community. They determine that “partisan attachments are almost surely the primary force in referendum voting” and emphasize the role played by the Norwegian Labour Party in mobilizing support for EC (also see Jenssen and Listhaug, 2001).

Given the mixed evidence in support of either model, the true nature of voter behavior in referendums is an ongoing debate. An analysis of the Nice Treaty Referendums in Ireland (in 2001 and 2003) reveals small but significant evidence in favor of second-order concerns, mixed with actual issue-voting (Garry et al., 2005). Similarly, De Vreese (2006) explored the Danish referendum on adopting the Euro to find that issue-based voting, i.e, attitudes on EU-scepticism and personal economic expectations, were the main predictors of voting behavior while party affiliation and ideology followed closely in importance.

More recent empirical work brings nuance to this discussion by arguing that domestic politics can influence opinion formation in referendum voting. Leduc (2002) theorizes that voter opinions on a referendum depend on familiarity and existing cognitive engagement with the issue. In a costly information environment, voters rely on a variety of cues, and endorsements from domestic political leaders can be relevant in opinion formation. He writes, “Where the positions of parties on an issue are well known, or where a referendum debate follows clearly understood ideological lines, voting behaviour may tend to conform to familiar and relatively predictable patterns. In such situations, the voting choice may be driven by partisan or ideological cues, or by familiarity with one or more of the issues in a longstanding political debate”. Therefore, leaders and parties can influence referendum outcomes through political campaigns and public position-taking (Bowler and Donovan, 1998) ¹.

Within the framework of incomplete information, Schneider and Weitsman (1996) discuss the *punishment trap* where referendums become popularity contests. Incomplete information

¹Literature on the effectiveness of political campaigns is large and diverse. For more on this, see papers like: Bowler and Donovan (2002), LeDuc and Pammett (1995), and Semetko and De Vreese (2004)

on the issue at hand forces voters to rely on positions adopted by politicians they trust. As the government and referendum become entwined in the voter’s mind, any dissatisfaction with the incumbent is reflected in their vote. Therefore, they reward and punish governments through the vehicle of referendums.

Ultimately, within this larger debate, we contend that actual voter behaviour depends on the degree of voter sophistication in separating partisanship from direct democracy. Such an approach in modelling voter types is common in theoretical work, as outlined below.

2.4 Existing Theory

Given the concerns regarding imperfect voter behaviour, existing theory has concentrated on providing a verdict on direct democracy and its welfare implications. The most common framework discusses the effects of citizen initiatives on improving policy congruence. Besley and Coate (2000) construct a theoretical model that examines the unbundling effect of citizen initiatives. They argue that, in a multi-dimensional policy space, electoral competition can fail if representative preferences diverge from those of citizens on certain issues. Therefore, congruence can be improved if citizens can bypass the politician to correct policy on issues with large divergence. They formalize this intuition using a simplified sequential game with two policy dimensions (public spending and regulation). Agents have binary preferences over regulation (t) and spending (k), therefore, they are split into types represented by tuples (k, t) . Each party has fixed preferences on public spending but diverse preferences on regulation. Outcomes of the election are stochastic because there are two types of voters (rational and noise), and noise voters respond to non-policy relevant features of candidates, drawn from a probability distribution.

In the set-up, non-majoritarian outcomes can arise on one of the issues due to a variety of reasons — when the issue is not salient (or salient for a minority of voters), there are single-issue voters or interest groups. Therefore, parties can end up nominating candidates with certain non-majoritarian preferences without suffering an electoral cost. Under these conditions, the introduction of citizen initiatives can improve congruence. Firstly, triggering an initiative can directly bypass the representative and allow voters to unbundle the policy from public spending and choose the majoritarian preference. Additionally, the threat of an initiative can force parties to internalize the non-majoritarian preferences even if they do not suffer a direct electoral cost. Hence, they will nominate leaders who are aligned with the majority on non-salient issues as well.

While Besley and Coate argue that initiatives improve voter welfare and convergence, Matsusaka (2001) has the opposite assessment. His model with three stakeholders — voters, representatives, and interest groups — argues that the effect of initiatives depends on the power and preferences of interest groups. In this institutional context, interest groups make initiative proposals and bear the associated costs. Voters then decide between the interest group’s proposal and the representative’s proposal. Voters have Euclidean preferences; however, there is uncer-

tainty about the bliss point, which is determined by nature from a discrete space. On average, he assesses that the presence of initiatives is not damaging, especially ‘when preferences are very uncertain, or when there is no agency problem’. However, he warns that when preferences are uncertain, the threat of an initiative can cause the representative to adopt a policy closer to the interest groups to avoid an initiative. Therefore, policies farther from the ideal may be adopted in the presence of extreme interest groups.

Matsusaka’s contradictory prediction questioned the merits of direct democracy by emphasising the relevance of interest groups. His work highlighted the narrow focus of previous literature on simple institutions — namely, citizen-initiatives — which ignore the role of other stakeholders in the political arena. Hug (2004) continues this effort in drawing attention to other important political agents. His model is among the few that examine top-down institutions where the government can hold a referendum on its proposed policy, or the opposition can call for a referendum. In the sequential game, the government proposes a policy, and the initiator (government or opposition) may call for a referendum where voters can opt for the initiator’s proposal (or status quo). Initiating referendums is costly; therefore, under perfect information, only mandatory referendums are initiated in equilibrium as the government internalizes the opposition’s preferences in setting their policy. Hence, his model finds that the government should ‘never call for a referendum voluntarily’. Therefore, this framework fails to explain the existence of consultative referendums or cosmetic votes initiated by the government, and the motivations that underscore it.

Buisseret and Van Weelden (2024) extend the initiator-centered approach to referendums pioneered by Hug, offering a model that explores the strategic conditions under which governments choose to initiate referendums. Like our framework, theirs focuses on the electoral implications of referendum use, emphasizing how the binding nature of a referendum influences initiation decisions. The model features two political parties and a two-dimensional policy space, divided into traditional and emerging issues. Voters possess heterogeneous preferences but also exhibit stable party affiliations. Crucially, emerging issues introduce intra-party and inter-party divisions, prompting parties to weigh whether a referendum might strategically defuse electoral tension. Their findings indicate that binding referendums are more likely to be used by parties with internal disagreement on emerging issues and dominant support on traditional ones, as a way to shift the focus of electoral competition. By contrast, non-binding referendums serve as a mechanism for eliciting voter preferences, offering informational benefits without altering the formal policy process.

The Buisseret and Van Weelden model offers compelling insights into the electoral manipulation potential of referendums. However, it overlooks an important component of strategic behavior: the role of popularity-seeking. By focusing on intra-party conflict, the analysis remains confined to a narrower strategic context. In contrast, our framework seeks to broaden the scope of strategic motivations by integrating both agenda-setting and popularity-based incentives, thus filling an important gap in the literature on elite-initiated referendums.

3 Theoretical Model

3.1 Narrative

Before presenting the formal description of the theoretical model, we outline the institutional landscape we are interested in. We aim to unpack a political life where direct democracy measures interact with general election processes. Referendum votes are seldom detached from concurrent political dynamics; instead, they reverberate through subsequent political developments and exert downstream influence on electoral outcomes. Therefore, provisions for government-initiated top-down referendums provide a strategic opportunity for political actors to mould the environment around them. To demonstrate this, we build a framework that relies on assumptions that are either standard in formal political theory or substantiated by empirical findings.

Firstly, we assume that politicians' preferences are common knowledge. This is a reasonable presumption, given that party positions are typically well-established and, during referendums, political actors frequently publicize their platforms through endorsements and active campaigning. This allows us to frame referendum outcomes as victories and defeats of affiliated political agents. We further assume that these publicly interpretable signals exert tangible effects on candidate popularity. Such effects may be negative — manifesting as declines in approval ratings or forced resignations — or positive, where political figures leverage referendum success to bolster their legitimacy. These shocks are incorporated into the popularity dynamics that influence the general election.

In modelling referendum voting behaviour, we integrate issue-based and second-order voting theories to capture the complexity of electorates. Similar to Besley and Coate's classification of voters into rational and noise types, we distinguish between issue-oriented voters and partisan voters. Sophisticated voters follow issue-based voting, whereas Partisan voters are noisy and have a preference for expressing party affiliations, in line with the second-order voting model. The distribution of voter types serves as an indicator of the electorate's level of voting sophistication during referendums.

It is within this conceptualization of voter behaviour and political popularity structures that we design our model. The core forces and trade-offs emerge organically from this simple framework. Remaining assumptions on the political environment are drawn from standard literature and outlined in the formal description.

3.2 Model Set-Up

Imagine a democracy with provisions for two types of elections: referendums and general elections. The model is a three-stage sequential game with identical voters (i), a non-strategic *Challenger* (C), and an *Incumbent* (I) in office who can initiate top-down referendums before the general election.

Stage 1 Referendum Initiation: *Incumbent* in office chooses to call for a referendum, or not.

Stage 2 Referendum Voting: Voters decide between the proposed policy and the status quo in the referendum.

Stage 3 General Election: Voters decide between *Incumbent* and *Challenger* in the general election.

Political Environment Consider a political environment with a two-dimensional policy space consisting of binary issues, A and B , denoted by $q_A \in \{0, 1\}$ and $q_B \in \{0, 1\}$. Voters have common preferences over the policy space, and their bliss point depends on the state of the world. Nature determines the state $s = (s_A, s_B)$ drawn from the state space $\mathcal{S} = \{(0, 0), (1, 0), (0, 1), (1, 1)\}$. The probability that the state takes the value 0 for either issue is given by γ , which remains constant across both periods and issues. Consequently, the associated probability distribution over the state space is $\mathcal{P} = \{\gamma^2, \gamma(1 - \gamma), \gamma(1 - \gamma), (1 - \gamma)^2\}$. The state of the world is revealed after Stage 1; hence, it is observed by voters before voting but unobserved by the *Incumbent* at the time of initiation.

Voters prefer policies to match the state of the world. These preferences are well-behaved and remain constant across time periods. The relative importance of issues is reflected in the policy weight $\alpha = (\alpha, 1 - \alpha)$ where $\alpha \in [0, 1]$. The weights are common to all voters, exogenously assigned, and stable throughout the game.

The politicians — *Incumbent* and *Challenger* — are policy-motivated candidates seeking election. Their policy positions are fixed by ideological affiliation, where the *Incumbent* prefers $q^I = (1, 1)$ and the *Challenger* prefers $q^C = (0, 0)$. There are no policy announcements or commitment powers; therefore, the candidates are locked into their preferred policy positions.

Referendum Initiation The game begins in $t = 1$ with the *Incumbent* in office who will be seeking re-election in $t = 3$. The *Incumbent* moves first and has the power to initiate a referendum on the policy issue of their choice from the two-dimensional policy space. Therefore, they can choose $r \in \{A, B\}$ to bring issue r to vote in the next period $t = 2$. If no referendum is called, the game skips to the general election in $t = 3$. If a referendum was called, the game proceeds to the referendum voting stage in $t = 2$.

Referendum Voting Empirical evidence demonstrates that voting in second-order elections is starkly different compared to first-order elections. To incorporate these differences in voter behaviour, we introduce voter types that are relevant only for the referendum voting.

Let there be two types of voters who differ in their preference for expressing partisanship, denoted by $z \in \{S, P\}$. Partisan voters, $z = P$, prefer expressing their views on the *Incumbent*

through the referendum. Therefore, they vote probabilistically and assign some weight on their ideological bias σ^i (distributed uniformly with mean 0 and density 1) and popularity shocks denoted by δ , distributed uniformly with mean 0 and density ψ^r . In contrast, sophisticated voters, $z = S$, have no preference for partisanship and are able to objectively evaluate the referendum policy. The proportion of sophisticated voters is θ . Types are exogenously assigned by nature at the beginning of the game, and the proportion of sophisticated voters is common knowledge.

The referendum presents a choice between the *Incumbent's* proposed policy ($q^1 = 1$) or the status quo ($q^0 = 0$). Voter i casts a vote $v_i^r \in \{q^0, q^1\}$ using referendum voting behavior that includes sophisticated individuals voting sincerely on policy and also probabilistic voting by partisan voters. If the majority of voters choose q^1 , then the referendum is accepted; otherwise, it is rejected in favour of the status quo.

General Election In the last stage, the general election is held and voters choose between the *Incumbent* and the *Challenger*: $v_i^g \in \{I, C\}$. General election voting does not depend on sophistication. All voters use probabilistic voting where citizen i has individual ideological bias toward candidate I denoted by σ^i , uniformly distributed with mean 0 and density $\phi = 1$ (as a simplifying assumption).

If there was a referendum in stage 2, then it would have an impact on the general election in stage 3. The *Incumbent* experiences a bump in popularity if their proposed policy was affirmed in the referendum. We incorporate this in the standard popularity shock, which we decompose as $\delta = \tilde{\delta} + \delta^r$ where δ^r takes a positive value $\lambda > 0$ if the referendum is won in the previous round and $-\lambda$ if lost in the previous round. The parameter λ reflects the size of the popularity bonus (or penalty) that initiators experience from taking the referendum gamble. $\tilde{\delta}$ is the non-referendum related exogenous shock where average popularity of I relative to C is mean 0, distributed with density ψ .

Note that voters observe the referendum outcome before general elections and vote on the residual policy whose bliss point was determined by the state of the world $s = (s_A, s_B)$. The candidate with the majority of votes wins and implements their preferred policy.

3.3 Equilibrium Strategy

The relevant solution concept is the Subgame Perfect Nash Equilibrium (SPNE). While the game features asymmetric information, the equilibrium analysis does not require a Bayesian framework. The only agent with incomplete information is the Incumbent, who suffers from uncertainty about voter preferences. Crucially, their only decision is at the point of referendum initiation. As there are no opportunities for learning and no belief updating, the game is tractable via standard backward induction.

We begin solving the model at the final stage when voters participate in the general election, having observed both the realized state of the world and the referendum outcome. In the

preceding stage, they also decide on the referendum outcome, with full knowledge of the state. Thus, at no point do voters operate under uncertainty. Voter decisions are state-contingent and depend on a candidate's policy advantage when their policy matches the state.

Lastly, we solve the Incumbent's decision problem. Unaware of the realized state, the politician chooses whether to call for a referendum or not. By anticipating voter behaviour, in both the referendum and the general election, the Incumbent maximizes utility (probability of being re-elected) by integrating over the distribution of states. Thus, the equilibrium features a distinction between voters' deterministic, state-dependent choices and the Incumbent's probabilistic, expectation-based strategy.

All proofs can be found in Appendix A.

3.4 A World Without Referendums

As a benchmark, we examine the case when no referendum is initiated in $t = 1$. Consequently, the referendum voting stage is omitted, and the game advances directly to the general election. Individual i is a voter deciding between the *Incumbent* and the *Challenger* with a personal ideological bias denoted by σ^i . Define the policy welfare function $W^J(s)$ as the indirect utility derived when candidate $J \in \{I, C\}$ emerges victorious and implements their preferred policy when the realized state is s . The policy welfare is characterized as a quadratic loss function that incorporates both policy dimensions. Issues A and B are evaluated with respect to the state of the world, as revealed by nature, and weighted using the salience vector α . For instance, if the *Incumbent* wins the election, they will implement the policy vector $(1, 1)$ associated with indirect utility $W^I(s_A, s_B) = -\alpha(1 - s_A)^2 - (1 - \alpha)(1 - s_B)^2$. Policy competition among candidates is structured around these welfare functions that depend on state realizations. Voters are inclined to support the politician whose policy mirrors the state. Hence, we define the concept of *policy advantages* to indicate which candidate is aligned with the state of the world.

Definition 1. For a given state realization, a politician J has a **policy advantage** in the election if the state matches their preferred policy. As a result, voters prefer their policy over their opponents, i.e., $W^J(s) > W^{-J}(s)$, $J \in \{I, C\}$.

Policy advantages improve a candidate's electoral prospects. However, by the probabilistic voting model, other shocks and biases influence the voting calculus. An individual i will vote for the *Incumbent* if and only if the combined effect of the personal ideological bias, popularity shock, and policy welfare outweighs the *Challenger's* policy welfare. Since no second-order election is held, the referendum-associated popularity effect is zero $\delta^r = 0$. Hence, voter i prefers the Incumbent if the following condition is satisfied:

$$W^C(s_A, s_B) < W^I(s_A, s_B) + \sigma^{II} + \tilde{\delta}$$

This decision problem mirrors the standard probabilistic voting model, where the *Incumbent*'s state-contingent win probability is $p^I(s_A, s_B) = 1/2 + \psi[W^I(s_A, s_B) - W^C(s_A, s_B)]$. Therefore, the politician with the policy advantage is more likely to win the election. Taking the expectation over the state space, the overall probability of the *Incumbent* winning is a function of state probability γ , as derived in Lemma 1.

Lemma 1. *In any equilibrium where no referendum is initiated, the Incumbent wins with probability $p^I = 1/2 + \psi[1 - 2\gamma]$.*

Intuitively, the *Incumbent*'s probability of winning reduces if they are unlikely to possess the political advantage, i.e, voter preferences are likely to mirror the *Challenger*'s platform ($\gamma > 0.5$). Therefore, the nature of uncertainty around state realizations (γ) determines who is likely to enjoy a policy advantage in the election. Hence, a political landscape is favourable for a candidate if they are already primed to possess the policy advantage based on the γ . We formalize this concept by defining *natural advantages* over the distribution of state realisations. If $\gamma < 0.5$, the *Incumbent* has a *natural advantage* over the state space since voters are likely to echo their preferred policy.²

Definition 2. *A politician has a **natural advantage** over the state space if, by the parameter that captures state uncertainty (γ), voters are ex-ante likely to favour the politician's policy position.*

3.5 Strategic Initiators

In this section, we show the existence of equilibria where referendums are initiated. In doing so, we argue that direct democracy measures are triggered only when they offer strategic gains to the initiator. In equilibrium, consequences of referendums on general elections are internalised by the *Incumbent* and reflected in their choice to deploy this tool such that their chance of re-election is maximised. We illustrate this using backward induction and begin by solving the probabilistic voting model in the general election.

²While the policy space is defined over two dimensions, the state for both policies is determined by the same probability parameter γ . This simplification reduces analytical complexity and induces a correlation between advantages across dimensions—an advantage in one axis implies an advantage in the other. As such, the baseline setup approximates a two-dimensional policy space that effectively collapses into competitiveness over a single dominant dimension. This structural assumption is relaxed in the extended model presented later.

3.5.1 Popularity and Agenda Setting

"Plebiscites are not for making the leader accountable but for making him popular."

— Nadia Urbinati (2014)

Assume, without loss of generality, that policy issue $r = B$ was settled via referendum in period 2. Unlike the benchmark case, the two-dimensional policy agenda is now unbundled and resolved sequentially. As a result, the general election is strategically reduced to one-dimensional policy competition. Voter i favours the *Incumbent* if and only if the combined influence of policy welfare on Issue A, general popularity shocks, individual ideological bias, and referendum-induced popularity effects outweighs the corresponding factors favouring the *Challenger*.

$$W^C(s_A) < W^I(s_A) + \sigma^{il} + \tilde{\delta} + \delta^r(s_B)$$

As shown by the above equation, the introduction of referendums has fundamentally altered the voter's decision calculus. Compared to the baseline, this shift in voter behaviour can be decomposed into two primary elements:

- (1) Popularity Effect: a referendum win or loss introduces a non-zero popularity shock of δ^r , and
- (2) Agenda-setting Effect: by resolving one policy issue before the general election, the *Incumbent* alters both the dimensionality and composition of the policy welfare function, simplifying it from $W^J(s_A, s_B)$ to $W^J(s_A)$.

These two effects represent an opportunity for the *Incumbent* to influence voter behaviour with their initiation choices. It further allows them to distribute the risk of uncertain policy preferences across time periods by staggering policy determination over two stages. By triggering a referendum, the relevance of the state on issue B is restricted to policy competition in the referendum. Hence, state B only exerts an indirect influence on the general election through the referendum and the associated popularity shock. By applying the probabilistic voting procedure and defining referendum-induced shocks as a function of state $\delta^r(s_B)$, we derive the *Incumbent's* conditional win probability as: $p^I(s_A, s_B) = 1/2 + \psi[W^I(s_A) - W^C(s_A) + \delta^r(s_B)]$.

Lemma 2. *All else constant, a positive referendum-induced popularity shock increases the Incumbent's probability of winning the general election, i.e., $p^I(\delta^r = \lambda) > p^I(\delta^r = 0) > p^I(\delta^r = -\lambda)$.*

Lemma 2 demonstrates the existence of the popularity effect, which presents an opportunity and a risk for the *Incumbent*. A successful referendum outcome can enhance the *Incumbent*'s standing in the general election, whereas a referendum defeat introduces an additional obstacle for the politician to overcome. Consequently, we conceptualize the referendum as a lottery and outline the corresponding probability of winning it in Stage 2.

3.5.2 Gambling on a Referendum

From the *Incumbent*'s perspective, referendum outcomes are stochastic for two reasons: the randomness inherent in voter preferences as determined by nature, and the noise introduced by partisan voters' probabilistic decisions. As a result, the probability of winning a referendum is influenced by the proportion of sophisticated voters, θ , and the prevailing state of the world on the referendum issue.

For voters, the referendum offers a choice between the status quo $q^0 = 0$ and the *Incumbent*'s proposed policy $q^1 = 1$. Recall that voting decisions are based on types and preferences for partisanship. Sophisticated voters cast their votes based on their policy preferences, while partisan voters express their biases and views through probabilistic voting. Since the politician's stance is well known, the *Incumbent* seeks to increase the likelihood that their proposed measure is approved.

The policy with the majority vote share wins the referendum. The aggregate vote share in favour of the proposed policy (π^1) is calculated by weighting the vote shares of individual voter types: $\pi^1(s_B) = \theta \pi_S^1(s_B) + (1 - \theta) \pi_P^1(s_B)$. Notice that both types of voters care about policy welfare and state realisations, except that partisan voters incorporate other voting concerns too. Hence, how much policy advantage predicts voting decisions depends on the voter's preference for partisanship. If $s_B = 1$, sophisticated voters will sincerely vote for this preferred policy and reliably support the *Incumbent*, ensuring a vote share of at least θ . Moreover, partisan voters are also inclined to support the politician with the *policy advantage*, even probabilistically. Consequently, the *Incumbent* is likely to win the referendum. Conversely, if $s_B = 0$, favouring the status quo is observed, then the *Incumbent* is disadvantaged. Sophisticated voters will certainly oppose the proposed policy. Nevertheless, there remains a non-zero probability that the *Incumbent* can still win the referendum due to partisan voters, whose decisions are subject to biases and noise.

Lemma 3. *In the referendum voting stage, outcomes are contingent on policy advantage. Therefore, the probability that the status quo policy is preserved increases if the state of the world is 0. The extent to which the outcome is determined by the state, i.e. $p^0(1) - p^0(0)$, is dampened by a larger share of Partisan voters (lower θ).*

(1) If $s_B = 0$, the status quo has the policy advantage. Hence, conditional probability of status quo being retained is $p^0(0) = 1/2 + \psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]$

(2) If $s_B = 1$, the proposed policy has the policy advantage. Hence, the conditional probability of status quo being retained is $p^0(1) = 1/2 - \psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]$

Lemma 3 illustrates how a partisan electorate makes referendum outcomes more stochastic. As $\theta \rightarrow 0$, the population becomes entirely *Partisan* and win probabilities reduce to small deviations from $1/2$, driven largely by popularity shocks during the referendum (ψ^r). Hence, state realisations have minimal impact as voters focus on non-welfare components. In contrast, if the population were entirely *Sophisticated*, i.e. $\theta \rightarrow 1$, the state of the world would perfectly predict the referendum outcome. The *Incumbent* would win with certainty if the state of the world is 1, and lose with certainty if the state of the world is 0. This non-linear relationship between electorate sophistication and referendum outcomes leads to a natural question: how can the *Incumbent* exploit the electoral landscape to win the referendum?

The *Incumbent* observes electorate sophistication and makes decisions based on expected states. By Lemma 3, when voters are likely to prefer the *Incumbent's* ideal ($\gamma < 0.5$), a referendum is advantageous if the electorate is sophisticated and can deliver a predictable victory. Conversely, if the *Incumbent* is likely to face an unfavourable state ($\gamma > 0.5$), a referendum win is viable only with partisan voters that dilute the influence of policy considerations. Therefore, policy advantage on the state space determines the impact of electorate sophistication on the *Incumbent's* chance of winning the referendum. Since the *Incumbent* does not observe state realisation at the time of initiation, they make decisions based on the unconditional win probability. Therefore, natural advantage, conjoint with electorate sophistication, informs their sense of winning the referendum.

Proposition 1. *The probability that the Incumbent loses the Referendum depends on the natural advantage on the state space γ :*

$$p^0(\gamma) = 1/2 + (2\gamma - 1) \cdot [\psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]]$$

(1) If $\lambda > 0.5$, then $\frac{\partial p^0}{\partial \theta} > 0$. Hence, if the natural advantage lies with the status quo, then its probability of being preserved is increasing in voter sophistication.

(2) If $\lambda < 0.5$, then $\frac{\partial p^0}{\partial \theta} < 0$. Hence, if the natural advantage lies with the proposed policy, then the probability of the status quo being preserved is decreasing in voter sophistication.

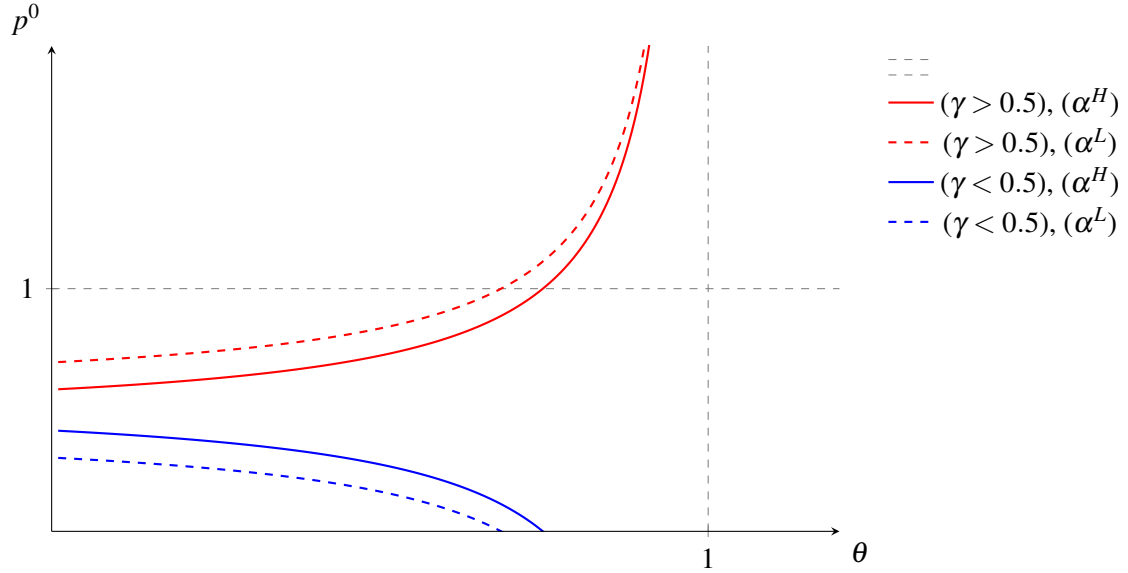


Figure 1: Proposition 1 (Relationship between Status Quo Retention probability p^0 and Electorate Sophistication θ depending on Natural Advantage)

Note: The graph shows the relationship between electorate sophistication (x-axis) and probability of the Incumbent losing the referendum (y-axis). We depict the impact of natural advantages in determining this relationship. Red lines denote situations where the Incumbent lacks natural advantage ($\gamma > 0.5$) and blue lines represent situations where Incumbent holds natural advantage ($\gamma < 0.5$). To further show the impact of the salience of the referendum issue, we distinguish between solid and dashed lines. Solid lines correspond to win probabilities when unimportant issues are voted on during referendums, and dashed lines correspond to salient issues.

Proposition 1 highlights the first key result of this paper by demonstrating the role of environmental factors — like electorate sophistication and natural advantages — on referendum outcomes. It argues that the *Incumbent* wins referendums by targeting sophisticated voters when possessing a natural advantage and focusing on partisan voters when lacking said advantage. This distinction becomes more pronounced when the referendum issue is salient. Non-linearities of these relationships inform the *Incumbent's* initiation choice to optimally harness the provision for direct measures in light of upcoming elections.

3.5.3 To Call or Not to Call

As discussed above, referendum outcome dynamics are complex and uncertain. Hence, the decision to call for a referendum is non-trivial. We now explore the initiator's decision problem in the context of previous results on referendum voting behaviour. The *Incumbent* triggers a referendum when the probability of winning the general election with it is higher than the win probability without it. In doing so, the politician internalises the agenda-setting and expected popularity effects.

The expected popularity effect, for a given state of the world, is $\mathbb{E}[\delta^r|s] = -\lambda \cdot p^0(s) + \lambda \cdot (1 - p^0(s))$ where $p^0(s)$ is the conditional probability of status quo being retained. We incorpo-

rate this popularity effect to calculate the conditional probability of the *Incumbent* winning the general election, following a referendum. Then, by taking expectation over the state space, the *Incumbent's* overall probability of winning the election with a referendum is:

$$p^I = 1/2 + \psi(1 - 2\gamma)[\alpha + \lambda \psi^r \frac{\theta}{(1 - \theta)} + 2\lambda \psi^r(1 - \alpha)]$$

In equilibrium, the referendum is initiated if and only if the above probability exceeds the win probability in the benchmark case of no referendums. Therefore, referendum initiation is optimal if:

$$1/2 + \psi(1 - 2\gamma)[\alpha + \lambda \psi^r \frac{\theta}{(1 - \theta)} + 2\lambda \psi^r(1 - \alpha)] > 1/2 + \psi[1 - 2\gamma]$$

In the above expression, notice how the referendum distributes the effect of state realisations on win probability through the term $[\alpha + \lambda \psi^r \frac{\theta}{(1 - \theta)} + 2\lambda \psi^r]$. The lone α captures the agenda-setting effect while $\lambda \psi^r \frac{\theta}{(1 - \theta)} + 2\lambda \psi^r$ represents the expected popularity effect. Therefore, a referendum is called when either effect dominates, such that gambling on a distributed policy space is better than a regular election.

Proposition 2. *In any equilibrium, the Incumbent's optimal choice of initiating a referendum is characterized using the following threshold function:*

$$f(x) = \begin{cases} \text{Initiate Referendum,} & T(\cdot) \geq 0. \\ \text{No Referendum,} & T(\cdot) < 0. \end{cases} \quad (1)$$

where $T(\cdot) = \alpha + \lambda \psi^r (\frac{\theta}{(1 - \theta)} + 2(1 - \alpha)) - 1$

Based on the threshold function $T(\cdot)$, we can characterize two broad types of situations where referendum initiation is optimal. These cases highlight the political environment where referendums are deployed in equilibrium to boost an *Incumbent's* chance at re-election.

Wave of Victory: Such referendums are initiated in equilibrium when the *Incumbent* holds a natural advantage ($\lambda < 0.5$) and leverages the direct process as a means to generate a surge in popularity. Since the state of the world is likely to fall in the *Incumbent's* favour, they are well-positioned to secure both electoral and referendum victories. Therefore, referendums are strategically valuable in constructing a positive shock that boosts the *Incumbent's* popularity and legitimacy, compounding the advantage against the *Challenger*. These referendums are viable in electorates marked by a high degree of political sophistication (i.e., large θ), wherein sincere voting behaviour yields a predictable and favourable result for the initiator during the referendum.

Wave of Victory referendums are instrumentalized primarily for their capacity to generate fame, and as such, their strategic value increases with the magnitude of the popularity premium, λ . Given their primarily symbolic or cosmetic function, the substantive importance of the issue at stake tends to be minimal. Accordingly, the *Incumbent* has an incentive to submit a low-salience issue (low α) to the referendum, preserving high-salience issues for the general election. The referendum thus becomes a low-stakes, strategically orchestrated event designed to secure an easy win and manufacture momentum when a sophisticated electorate (large θ) can be trusted to vote sincerely.

Leap of Faith: When *Incumbent* operates from a position of structural disadvantage ($\lambda > 0.5$), their electoral prospects — both in referenda and general elections — are inherently weak. Yet, they can adopt a defensive strategy, employing referendums not to win, but to restructure the battlefield. By strategically diverting high-salience issues from the electoral agenda to referendums, they can attempt to reduce their policy disadvantage. The agenda-setting effect is the primary motivation for calling this referendum in a calculated attempt to recalibrate the electoral field.

Despite a clear policy disadvantage, the *Incumbent* gambles on a referendum win when the electorate is sufficiently partisan. In such cases, second-order voting behaviour driven by ideological affinity may override policy considerations. This tactic is especially appealing when the reputational cost of referendum loss is minimal (λ low). Accordingly, the *Incumbent* may extract a high-salience issue from the electoral bundle, using the referendum to reduce the dimensionality of policy competition at low reputational cost.

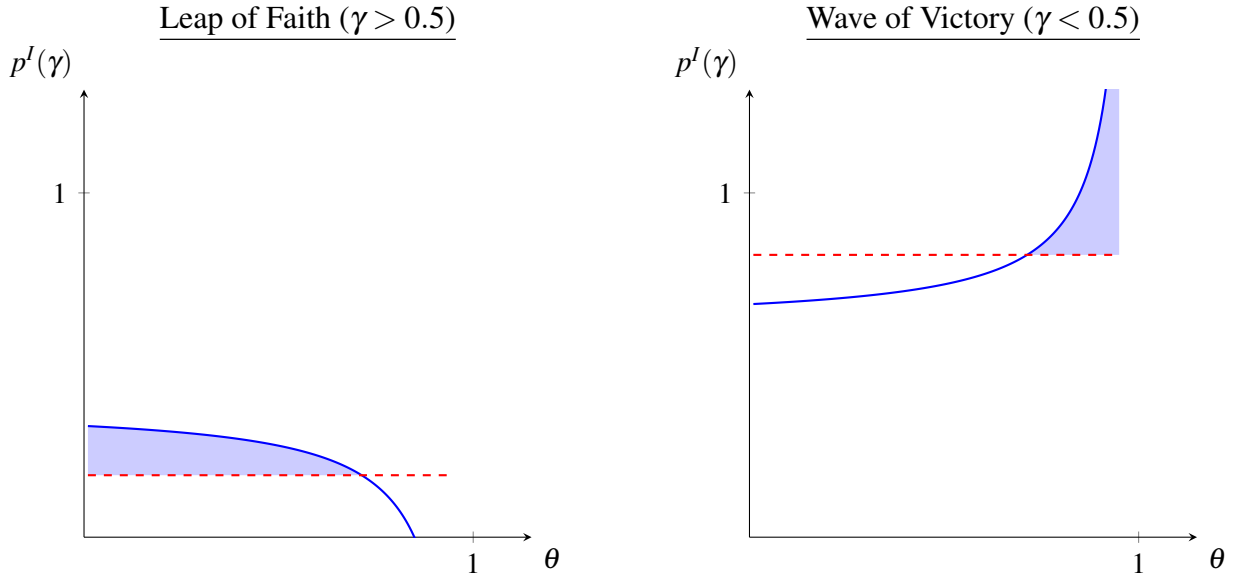


Figure 2: Proposition 2 (Referendum Initiation and Typology based on Natural Advantage)

Note: The graphs depict the two types of referendums that can be sustained in equilibrium, based on natural advantage. The shaded areas correspond to regions where the Incumbent's win probability with referendum initiation exceeds the baseline win probability without referendums. These regions correspond to situations where referendum initiation is the Incumbent's Best response. The two panels distinguish whether the Incumbent holds a natural advantage or not. In the left panel, the Incumbent lacks a natural advantage. In the right panel, the Incumbent holds the natural advantage. The Wave of Victory Referendums are initiated when electorate sophistication is high, and the Leap of Faith Referendums are initiated under more partisan electorates.

4 Extension: Salience Uncertainty

"All successful politicians instinctively understand which issues benefit them and their party and which do not. The trick is to politicize the former and depoliticize the latter."

— Carmines (1991)

The original model placed political uncertainty on voter preferences. However, uncertainty could be attached to other elements of the political environment. In particular, issue salience is prone to random shocks and events. Hence, which issue emerges as pivotal before the election can be a function of the state of the world. Therefore, we model an extension where voter preferences are fixed and commonly known; however, the weight attached to the issues is revealed by nature.

4.1 Model Set-Up

The elements and timing of the model remain the same, except with the following adjustment to the political environment.

Saliency Uncertainty Consider the same 2-dimensional policy space comprising issues A and B. By the common value assumption, voters have homogeneous preferences over the policy space with their bliss point fixed at $q^i = (1, 0)$. Politician preferences remain fixed at $(1, 1)$ for the *Incumbent* and $(0, 0)$ for the *Challenger*. Therefore, for this extension, candidates have comparative advantages over certain issues: *Incumbent* has a policy advantage in Issue A while the *Challenger* possesses it in Issue B.

The relative importance of issues is reflected in the policy weight $\alpha = (\alpha, 1 - \alpha)$ where $\alpha \in [0, 1]$. Nature determines this saliency, which is observed by voters before voting but not by politicians. Let $\alpha \in \{\alpha^H, \alpha^L\}$ such that $0 < \alpha^L < 1/2 < \alpha^H < 1$. The probability of Issue A being unimportant and Issue B being more topical is $P(\alpha = \alpha^L) = \beta$. Once revealed, the saliency weights are common to all voters, exogenously assigned, and stable throughout the game.

4.2 Equilibrium

The revised framework introduces a nuanced departure from the original model due to fixed policy preferences. This adjustment fundamentally alters the nature of policy competition and limits the generalizability of referendum issues. In the original model, issues were interchangeable and arbitrary, as policy advantages were equally distributed across dimensions. In contrast, the revised model assigns distinct advantages to politicians based on their strengths in specific issue areas. Consequently, the initiator's choice of which issue to present in a referendum becomes crucial and non-trivial.

Voter choice entails a tradeoff across policy dimensions, as candidates offer comparative advantages on distinct issues.³ Individuals cannot simultaneously satisfy preferences on both policy dimensions; hence, policy competition is effectively structured around issue saliency. If the *Incumbent* wins, the welfare function is defined as: $W^I(\alpha) = -(1 - \alpha)$, which represents the welfare loss associated with the saliency of issue B. Analogously, welfare from the *Challenger's* policy is $W^C(\alpha) = -\alpha$. Therefore, based on saliency realizations, the *Incumbent* has a policy advantage in the election if their issue is more salient (α^H) since $W^I(\alpha^H) > W^C(\alpha^H)$.

In the benchmark scenario when no referendums are held, the incumbent's probability of winning is given by: $p^I = 1/2 + \psi[2\mathbb{E}(\alpha) - 1]$ where $\mathbb{E}(\alpha) = \beta\alpha^L + (1 - \beta)\alpha^H$ is the expected

³This marks another departure from the Baseline model. The use of a shared parameter to model preference uncertainty meant that voters were likely to be aligned with one candidate on both issues. In the extended model, comparative advantages suggest that voters do not have a clear preference for either candidate. As a result, they can be interpreted as swing voters who might be further susceptible to the referendum targeting.

salience of issue A. Since p^I is increasing in expected salience, it follows that the incumbent's electoral prospects improve as issue A becomes more salient — a reflection of their comparative advantage in this policy dimension. Therefore, in this environment, a politician has a *natural advantage* if their dimension of advantage is likely to be more salient.

Similar to the original model, if a referendum is held, the agenda-setting effect dictates that only one issue will be considered in policy considerations in the general election. Meanwhile, the popularity effect will induce a shock depending on the outcome of the referendum.

4.2.1 Referendum Voting

With fixed preferences, sophisticated voter behaviour in referendums is deterministic: they support the proposal on Issue A and reject it on Issue B, regardless of salience. Partisan voters exhibit similar tendencies, though with greater variability. For them, issue salience affects the welfare cost as voting against one's preferred policy becomes more costly when the importance of the issue increases.

Lemma 4. *In the referendum voting stage, outcomes are contingent on the issue being put to a vote and its salience. The extent to which the outcome is determined by issue salience $p^0(\alpha^H) - p^0(\alpha^L)$ is amplified by a larger share of Partisan voters (lower θ).*

(1) *If $r = A$, the proposed policy has the advantage. Hence, probability of status quo being retained is $p^0(\alpha) = 1/2 - \psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + \alpha]$*

(2) *If $r = B$, the status quo has the advantage. Hence, probability of status quo being retained is $p^0(\alpha) = 1/2 + \psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + (1 - \alpha)]$*

Therefore, when the entire electorate is sophisticated (as $\theta \rightarrow 1$), referendum outcomes are known in advance as they become independent of salience realizations ($p^0(\alpha^H) = p^0(\alpha^L)$). This is because preferences are pinned down, and sophisticated voters do not need issue salience to vote for their preferred policy. Conversely, as $\theta \rightarrow 0$, the partisan electorate makes referendum outcomes highly sensitive to issue salience. The *Incumbent's* probability of winning increases under the realization of α^H , regardless of which issue is on the ballot. Even if the referendum addresses Issue B, the low weight on the issue reduces the perceived policy benefit of voting in accordance with the bliss point. In such cases, partisan voters may be swayed by even small increases in the *Incumbent's* popularity, leading them to support the proposal despite welfare costs.

Beyond salience, the *Incumbent* is always more likely to win a referendum if it is called on Issue A rather than Issue B due to their comparative policy advantage ($p^1(r = A) > p^1(r = B)$). This highlights the strategic importance of setting the agenda in referendums. The relevance of

issue choice grows in the presence of sophisticated voters since their referendum decisions are entirely issue-dependent, as highlighted in Proposition 3.

Proposition 3. *The probability that the Incumbent loses the Referendum depends on the issue put to a vote, which further determines the relationship with electorate sophistication:*

(1) If $r = A$, then $\frac{\partial p^0}{\partial \theta} < 0$: *The Proposed policy possesses policy advantage; therefore, the probability of status quo being retained is decreasing in voter sophistication.*

(2) If $r = B$, then $\frac{\partial p^0}{\partial \theta} > 0$: *The Status Quo possesses policy advantage; therefore, the probability of it being retained is increasing in voter sophistication.*

4.2.2 Calling for Referendum

Given the non-generalisability of issue choices and their impact on referendum outcomes, the *Incumbent* faces three strategic options: initiate a referendum on Issue A, on Issue B, or refrain from initiating a referendum altogether. To simplify the analysis of this three-way comparison, the agent's decision is decomposed into two sequential steps: issue selection and referendum initiation.

The Incumbent internalises the agenda-setting and popularity effects on general election outcomes. The expected popularity gain from initiating a referendum is conditional on salience and is given by: $\mathbb{E}(\delta^r|\alpha) = \lambda - 2\lambda \cdot p^0(\alpha)$. The agenda-setting effect depends on the issue selected. When Issue A is chosen, only Issue B informs voter welfare in the general election, yielding a welfare differential of $W^I - W^C = -(1 - \alpha)$ which is negative, as the *Incumbent* is disadvantaged on this axis. Conversely, selecting Issue B for the referendum leaves Issue A to influence general election preferences, leading to $W^I - W^C = \alpha$.

The win probability from the referendum on issue A is:

$$p^I(r = A) = 1/2 - \psi[1 - \mathbb{E}(\alpha)] + \lambda \psi \psi^r \left[\frac{\theta}{(1 - \theta)} + 2\mathbb{E}(\alpha) \right]$$

Notice that the second term captures the agenda-setting effect which enters the equation with a negative sign $-\psi[1 - \mathbb{E}(\alpha)]$. Meanwhile, the last term reflects the popularity effect which is positive.

The win probability from the Referendum on issue B is:

$$p^I(r = B) = 1/2 + \psi \mathbb{E}(\alpha) - \lambda \psi \psi^r \left[\frac{\theta}{(1 - \theta)} + 2(1 - \mathbb{E}(\alpha)) \right]$$

The optimal issue choice follows directly from comparing the probability terms derived above.

Lemma 5. *In any equilibrium with referendums, the optimal choice in setting the agenda is characterized using the following threshold function:*

$$f(x) = \begin{cases} \text{Initiate Referendum on Issue B,} & T_{AB}(\cdot) \geq 0. \\ \text{Initiate Referendum on Issue A,} & T_{AB}(\cdot) < 0. \end{cases} \quad (2)$$

where $T_{AB}(\cdot) = 1 - 2\lambda \psi^r [1 + \frac{\theta}{(1-\theta)}]$

Corollary 1. *$T_{AB}(\theta)$ is a decreasing function, therefore, when the electorate is more sophisticated, a referendum on issue A is preferred by the Incumbent. Analogously, a referendum on issue B is preferred when the electorate is partisan.*

Proposition 3 formalizes the *Incumbent's* optimal issue selection using a threshold function. This function determines whether Issue A or Issue B should be placed on the referendum agenda. By comparing the win probability (under optimal issue choice) to the win probability with no referendum, we obtain a complete characterisation of the initiator's equilibrium strategy.

Proposition 4. *In equilibrium, the Incumbent's optimal choice in initiating a referendum is characterized as:*

$$f(x) = \begin{cases} \text{Initiate Referendum on Issue B,} & T_{AB}(\cdot) \geq 0 \ \& \ T_B(\cdot) \geq 0. \\ \text{Initiate Referendum on Issue A,} & T_{AB}(\cdot) < 0 \ \& \ T_A(\cdot) \geq 0. \\ \text{No Referendum,} & T_A(\cdot) < 0 \ \text{or} \ T_B(\cdot) < 0. \end{cases} \quad (3)$$

where $T_A = \lambda \psi^r \frac{\theta}{(1-\theta)} + \mathbb{E}(\alpha)(2\lambda \psi^r - 1)$ and $T_B(\cdot) = 1 - \frac{\lambda \psi^r \theta}{(1-\theta)} - 2\lambda \psi^r + \mathbb{E}(\alpha)(2\lambda \psi^r - 1)$ are threshold functions that represent when a referendum on that issue is preferred to no referendum.

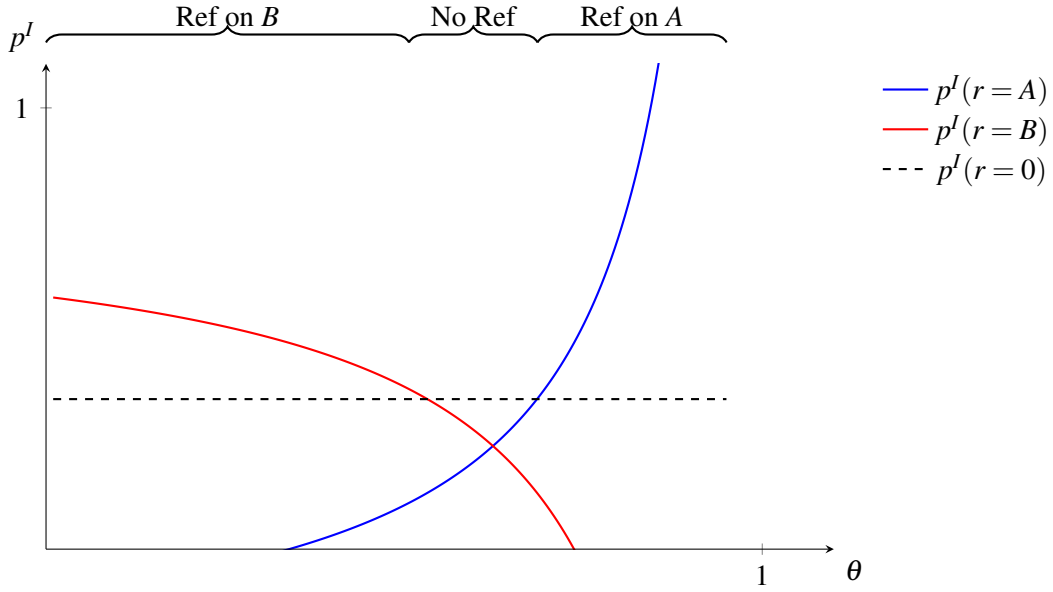


Figure 3: Proposition 4 (Optimal Response in Referendum Initiation based on Incumbent's Win Probabilities)

Note: The graph compares the Incumbent's Win Probabilities based on initiation choices. The blue curve indicates probability of winning the election after a referendum on issue A. The red curve represents the probability of winning the general election after a referendum on Issue B. The dashed black line is the baseline win probability without referendum. This is flat since it does not depend on electorate sophistication. The regions above the graph indicate the Incumbent's best response action by comparing probabilities.

In the baseline model, an advantage in state space translated into synchronized outcomes, with referendums and general elections being won or lost in tandem. For example, in *Wave of Victory* referendums, the *Incumbent's* natural advantage meant that they are likely to win a referendum and the general election. However, in the extension, there is a tradeoff between the two elections. Due to the asymmetry of policy advantages across issues, the *Incumbent* needs to decide if they want to cash in their strength in an issue for popularity during a referendum or save it for the general election. Therefore, there is a clear tension between agenda-setting effects and popularity effects. In the vocabulary of the previous section, we can classify the equilibria into two situations based on the primary motivation.

Price of Popularity The *Incumbent* may rationally prefer to generate popularity through a well-timed referendum, rather than retain the advantageous issue for general election competition. This tradeoff becomes optimal when the popularity bonus is high and a weak position in the general election is not severely punishing. Therefore, the *Incumbent* will initiate a referendum on Issue A where they have an advantage and hope to win the second-order election. The strategy is particularly effective when voter sophistication is high (θ), the popularity bonus is large (λ), and referendum voting volatility is low (ψ^r). As before, sophisticated voters minimize the risk of gambling on the referendum.

The *Incumbent*'s temptation to utilize this tactic is larger if they are naturally disadvantaged on the state space. When Issue A is likely to be low-salience (large γ), it has diminished strategic value in the general election. In such cases, "cashing in" Issue A via a referendum provides higher expected utility than abstaining from initiation.

Cost of Control Alternatively, the initiator might experience a political environment where a strategic defeat in the referendum is worth the agenda-setting advantage. Accordingly, the *Incumbent* may intentionally place Issue B on the ballot, anticipating defeat. This tradeoff is optimal when the popularity cost is low and the agenda-setting payoff is high. The electoral penalty from an unpopular outcome is further mitigated in partisan electorates, where noisy voting behaviour reduces the probability of a decisive loss. This strategy is particularly effective when the expected popularity shock is small (low λ) and the variance in referendum outcomes is high (low ψ').

The appeal of strategic agenda-setting intensifies when the *Incumbent* is structurally disadvantaged. If Issue A is likely to be low-salience (large γ), then Issue B becomes the dominant electoral issue. In such cases, retaining a disadvantageous policy dimension in the general election agenda imposes a significant welfare cost, increasing the incentive to exclude it via a referendum.

5 Discussion

This paper establishes two clear mechanisms through which referendums can impact general elections: agenda-setting and popularity. In equilibrium, top-down referendums are strategically initiated only when the expected benefits from these mechanisms enhance the initiator's electoral prospects. As such, politicians using institutions for political gain is often attributed to weak voter sophistication where "voters' lack of information undermines a defence of democracy rooted in electoral accountability" (Ashworth and De Mesquita, 2014; Luo and Przeworski, 2023). However, our model demonstrates that the incentive to exploit referendum provisions persists even when the electorate is highly sophisticated. Thus, strategic misuse of referendums does not depend on second-order voting behaviour. Voter sophistication recalibrates — but does not eliminate — the strategic incentives to deploy referendums for political advantage. Within this framework, we derive clear predictions about when referendums are likely to be held, along with their political consequences for dealers of direct democracy.

This analysis draws on two conceptual frameworks of uncertainty, as elaborated in the Baseline and Extension models. In the baseline framework, voter preferences are contingent on the state of the world, where policy bliss points are assigned stochastically by nature through a common probability distribution across both policy dimensions. The use of a shared parameter to model uncertainty for both issues implies that policy competition is essentially unidimensional. If the incumbent's favoured state becomes more probable, the advantage affects both

policies. Thus, even if the policy bundle is strategically unbundled, the universal natural advantage ensures that the incumbent is likely to succeed in both referendums *and* general elections. The extension relaxes this assumption by introducing uncertainty in the salience of issues. In this setting, voters prefer the Incumbent on one policy dimension and the Challenger on another. Hence, even strategic unbundling cannot secure dual victories; a candidate is likely to win referendums or elections, but rarely both. This distinction in the nature of electoral advantage reshapes the strategic calculus surrounding the use of referendums.

Synthesizing insights from the two models, we derive a four-fold typology of top-down referendums, each corresponding to a distinct strategic logic employed by the incumbent. We classify these referendums along two dimensions: the primary motivation for initiating them and the nature of electoral advantages. On the motivational axis, *Price of Popularity* and *Wave of Victory* referendums are launched with the intent of capitalizing on anticipated popularity gains. In such cases, winning the referendum is crucial to sustaining electoral viability. In contrast, *Leap of Faith* and *Cost of Control* referendums are primarily designed for agenda-setting, enabling the incumbent to strategically remove an issue on which they are electorally weak. However, further distinctions and subtleties exist within each of these categories.

The source of electoral advantage — whether it is structurally inherited or strategically constructed — offers a crucial lens for differentiating among the four referendum types. In this sense, mechanisms of direct democracy can operate as amplifiers of natural advantage or as instruments of calculated repositioning. This distinction is derived from differences in baseline and extension models. Within the extended model, *Price of Popularity* and *Cost of Control* referendums illustrate how popularity and agenda-setting effects are in tension, requiring incumbents to assemble an advantage through strategic maneuvering. As a result, elections become more competitive, driven by the incumbent’s efforts to neutralize natural disadvantages. Conversely, in the baseline model, electoral advantage is exogenously conferred, and referendums can reinforce those asymmetries. *Wave of Victory* referendums solidify an incumbent’s strong position through popularity perks that harness their natural edge. *Leap of Faith* referendums, on the other hand, represent high-risk moves for incumbents already at a disadvantage, where a likely referendum loss and its accompanying popularity cost may become the final nail in the political coffin.

The key characteristics and strategic implications of the four referendum types are summarized in the table below.

Dominant Motivation	Structurally Inherited and Reinforced	Strategically Constructed
Popularity	Wave of Victory Target Audience: Sophisticated Issue Choice: Least Salient	Price of Popularity Target Audience: Sophisticated Issue Choice: Advantaged axis (A)
Agenda Setting	Leap of Faith Target Audience: Partisan Issue Choice: Most Salient	Cost of Control Target Audience: Partisan Issue Choice: Disadvantaged axis (B)

Table 1: Typology of Electoral Strategies by Dominant Motivation and Source of Electoral Advantage

This classification is crucial in facilitating two key inferences. Firstly, the nature of the political landscape significantly influences the underlying motivation for referendums. Hence, the occurrence and character of top-down referendums are likely to vary across countries, shaped by their unique political environments. Such cross-national variation is a reflection of differences in contextual factors like regime type, issue salience, voter sophistication, and electoral institutional variability. Distinct strategic incentives based on these factors make some environments more conducive to specific types of referendums than others. Secondly, the deployment of referendums is also a strategic function of an incumbent's electoral positioning. Their perceived advantage, or vulnerability, within a given election determines whether particular mechanisms are embraced or avoided. Accordingly, even within a single country, variation in referendum use can be substantial across election cycles, shaped by leader-specific characteristics and time-specific political dynamics. Building on this, we map the proposed typology onto a set of illustrative scenarios in which each referendum type is likely to emerge.

We hypothesize that *Wave of Victory* referendums will tend to emerge in political settings where a significant popularity reward exists and voter preferences are clearly skewed in favour of the incumbent. These conditions are best observed in autocratic or hybrid regimes, where electoral mechanisms are selectively employed to consolidate authority. Although such regimes are not fully democratic, leaders in these contexts are still invested in projecting power and asserting legitimacy — often for both domestic and international audiences. In this sense, referendums function as a strategic instrument of authoritarian legitimation.

As Altman (2010) succinctly captures, “autocracies do not lose plebiscites.” The tendency of authoritarian leaders to occasionally use referendums has been well-documented in the literature and often regarded as a paradoxical pattern in the revival of direct measures. Historically,

this pattern can be traced from Napoleonic France and Nazi Germany to the plebiscitary practices of Latin American dictators in the 1980s (notably in Uruguay and Chile), the Ba'athist regimes of the Arab world, and autocratic experiments in Europe, such as Romania's 1986 military referendum under Ceaușescu. These episodes illustrate how referendums have been instrumentalized by non-democratic regimes to garner public legitimacy and entrench authority.

However, the application of democratic models to authoritarian contexts must be approached with caution. Phenomena in autocratic regimes cannot be fully captured by simplified frameworks rooted in democratic assumptions because such models fail to account for the structural distortions of electoral behaviour, coercive political environments, and systematic state manipulation. In these regimes, meaningful dissent at the ballot box is often precluded by fear, surveillance, and repression. Simultaneously, vote counts and turnout figures are engineered to project overwhelming public endorsement. Therefore, our model, which is analytically grounded in democratic logic, at best offers a heuristic — an entry point into understanding the deeper functions that referendums may serve in authoritarian settings, particularly through popularity.

The emphasis on popularity is also central to *Price of Popularity* referendums. The strategic context diverges sharply from *Wave of Victory* referendums in one crucial respect: the absence of a clearly endowed electoral advantage. These referendums are initiated in strategically ambiguous contexts, where the outcome is uncertain but the potential symbolic capital of victory remains attractive. We suggest that the allure of popularity in this type of referendum may be particularly attractive for populists who have a complicated love affair with direct democracy. We discuss this in greater detail in the next section.

Onto the third type, as illustrated in Table 1, *Cost of Control* referendums tend to emerge when incumbents possess distinct issue-specific advantages and can engage in agenda-setting with minimal popularity costs. These dynamics are most clearly observed in electoral contexts where the campaign space can be compartmentalized. As noted earlier, referendums on European integration frequently function to segment the policy space, and can therefore be understood as fitting within this strategic category. Therefore, within our model, Brexit would be defined as an attempt at agenda-setting, which unfortunately ended in severe punishment for the initiator. Given the popularity tradeoffs, a compelling case of this separation occurs when referendums are held concurrently with general elections (see section below for further discussion).

Lastly, the *Leap of Faith* referendum constitutes a unique strategic response to severe political disadvantage. In this setting, the incumbent — facing unfavourable odds in the general election — opts to restructure the issue space by offloading high-salience topics to the referendum arena. The referendum, in this case, becomes a tactical retreat in an attempt to preserve influence in an otherwise losing battle. While we lack well-documented real-world examples of this type, the logic may plausibly apply to fringe parties or ideological movements with narrow but deeply mobilized constituencies. Such actors often perform well on one or two electoral issues, which are unlikely to become pivotal on their own. Hence, these parties might benefit

from referendums on crucial electoral issues that would allow voters to focus on relatively less important issues during elections.

To summarize, this typology underscores the strategic versatility of referendums as instruments of political maneuvering. From opportunistic displays of strength to last-resort defensive tactics, the four types reflect how incumbents navigate varying degrees of advantage, risk, and institutional constraints. We now turn to two interesting cases — populism and simultaneous electoral timing — which offer important lenses for understanding how referendums are deployed across different political systems and moments.

5.1 Distance from General Election

"[...] when things happen within a sequence affects how they happen."

— Charles Tilly (1984)

While our discussion thus far has emphasized the initiator's identity and underlying motivations — the "who" and "why" of referendums — timing constitutes an equally important, yet often overlooked, strategic dimension. Given their ad hoc nature, referendums can be held at any point in the electoral cycle, varying widely in their proximity to upcoming elections. However, as demonstrated in our model, initiation decisions are calculated in the context of electoral gains. Although the logic of strategic timing has been well-studied in parliamentary systems (Smith, 1996), its application to referendums remains analytically underdeveloped. Studies on endogenous electoral timings suggest that elections are initiated by leaders when it is "most advantageous time for them – when they expect to win." (Smith, 2003). As a result, strategic initiation also becomes a function of time and distance from the election. This section seeks to extend our model by exploring how timing decisions can provide new perspectives on when referendums are most likely to be deployed.

A natural way to incorporate the timing dimension involves its intersection with popularity dynamics. It is reasonable to expect that the size of popularity shocks increases as the referendum is held closer to the general election. Positive coverage and voter sentiment generated shortly before an election are likely to be more enduring and electorally potent than those resulting from referendums held earlier. Therefore, a general memory-based decay of the popularity shocks will minimize the effect of referendums held farther from elections (Shaw, 1999). Accordingly, we expect popularity-driven referendums (Wave of Victory, Price of Popularity) to cluster closer to election dates, particularly late in the executive's term when approval levels become electorally consequential. Conversely, agenda-setting referendums (Leap of Faith, Cost of Control) are likely to be initiated further from the election, where popularity costs are more easily absorbed or deflected.

A notable institutional variation in referendum timing occurs when referendums are held concurrently with general elections. This simultaneous scheduling presents a compelling institutional alternative. As Clark (2019) notes, referendums — like all electoral processes —

entail substantial political and administrative costs. Synchronizing referendums with general elections offers several pragmatic and institutional benefits, including greater cost efficiency, potentially enhanced voter participation, and a reduced burden on the electorate. Although no country has formally codified this practice as an institutional norm, the United States stands out as a functional example where ballot measures frequently coincide with both gubernatorial and presidential elections. In the 2024 cycle alone, over 150 ballot measures were featured across U.S. states, addressing issues such as marijuana regulation, voting rights, economic policy, and immigration (NBC News, 2024).

Our framework can be adjusted to accommodate this institutional innovation. When referendums are held concurrently with the general election, the popularity effect is neutralized, since the outcome of the referendum is unknown at the time of general election voting. While one could posit that campaign dynamics and pre-election polling shape public expectations — potentially simulating a popularity boost — referendums are notoriously volatile, limiting the credibility of such anticipatory effects. With no referendum-induced popularity shocks, i.e., $\lambda = 0$, we focus on a scenario where agenda-setting effects operate in isolation.

In such an environment, there is no strategic space for referendums motivated by popularity. This shift has important implications for *Cost of Control* referendums, which previously required initiators to navigate a trade-off between agenda-setting benefits and potential popularity costs. With the popularity effect effectively removed, actors can now engage in agenda-setting unconstrained by reputational risk, making this type of referendum particularly attractive under conditions of simultaneity. This should be feasible in the two-party system where the policy space is well-defined, potentially enabling political actors to shift high-salience issues to referendums to capture single-issue constituencies without jeopardizing broader electoral support.

The extent to which simultaneous scheduling enhances democratic welfare, institutional efficiency, or strategic fairness is an important question for future research. This scenario warrants its own theoretical extension, especially if behavioural frictions, such as voter confusion or cross-contamination between issues, play a significant role. A more thorough understanding of the implications will also require a comment on turnout, which our analysis currently excludes.

5.2 Tryst with Populism

Populism occupies a critical position in the discourse on direct democracy. It is best understood as a *thinly centred ideology* that considers society to be separated into two homogenous, antagonistic groups of ‘the pure people’ and ‘the corrupt elite’ (Mudde, 2007). In this worldview, populist leaders claim to represent the authentic will of the people while rejecting established political elites and institutions. Under the anti-elite orientation and people-centred rhetoric, populists frequently endorse referendums as a way to bypass representative institutions, which they often describe as corrupted or illegitimate. This connection is well captured by Jacobs et al. (2018), who note that “referendums fit with each of the (three) key aspects of populism: they are people-centred, reduce the power of the elite and are a means to keep the corrupt elite

in check”. Therefore, when it comes to measures of direct democracy, “virtually all populist radical right parties call for its introduction or increased use” (Mudde, 2007).

Although prominent populist leaders such as Berlusconi are often cited as emblematic of populist support for direct democracy, the empirical evidence on referendum usage by populist actors remains mixed. Gherghina and Pilet (2021) examine party manifestos to assess the extent of populist advocacy for referendums. Their findings reveal that while not all populist parties mention referendums, such parties tend to reference referendums more frequently and more favourably than non-populist ones. This trend is concentrated in specific national contexts, particularly in Bulgaria and the United Kingdom — highlighting the role of country-specific political environments in shaping how populist rhetoric translates into institutional preference. Indeed, there is a pattern in which populist parties — such as the United Kingdom Independence Party (UKIP) and the French National Front (FN) — have consistently advocated for the increased use of referendums and other forms of direct democracy.⁴

At the individual level, Mohrenberg et al. (2021) show that populist attitudes are positively associated with support for direct democracy, suggesting that populist sentiment aligns with citizen preferences for participatory mechanisms. However, this view is contested: Rose and WEBELS (2021), draw on survey data from 17 countries and find no consistent evidence that individuals with populist attitudes are more supportive of referendums. These mixed results point to the context-dependent and multi-layered nature of the relationship between populism and direct democracy.

We incorporate the populist temptation in our model, through *Price of Popularity* referendums that highlight the importance of popularity in contexts where political actors do not already possess a structural advantage. In these cases, the referendum becomes instrumental in constructing political legitimacy and mobilizing popular support. This dynamic is especially relevant for populist parties, whose mixed or polarizing agendas may lack broad electoral appeal, making it difficult for them to succeed through conventional electoral means. As a result, such actors turn to specific, high-salience issues where they can draw direct support from the public, using referendums to establish relevance and reinforce their claim to represent “the people.”

Theoretically, the connection between populism and support for direct democracy can also be understood as a response to a crisis of representation. Rising democratic dissatisfaction with representative institutions contributes to the appeal of populist rhetoric and fuels public support for direct democratic mechanisms. In Pauwels’ (2014) analysis of three European countries, he finds that dissatisfaction with democracy, a preference for “direct decision-making without intermediary structures,” and support for right-wing populist parties consistently go hand in hand. This suggests that public endorsement of referendums may be rooted not only in elite

⁴For example, in its 2011 general election manifesto, the Perussuomalaiset (PS, Finns Party) stated that ‘referendums at the municipal level should be introduced’ (Finns Party 2011) while the Dansk Folkeparti (DF, Danish People’s Party) mentions in their core policy document that government in Denmark ‘should be developed yet further through direct democracy’ (Danish People’s Party 2002). While such calls are light on supportive content, UKIP in its 2014 ‘Policies for People’ document, provides more detail.

strategy but also in broader frustrations with representative democracy. Such forces are not included in our model; hence, a more nuanced understanding of the political environment may explain such mechanisms.

5.3 Limitations

As with any formal model, the analytical simplicity of our framework comes at the cost of omitting several empirically relevant dimensions. For reasons of tractability, we abstract away from institutional variation, electoral rules, voter heterogeneity, media influence, and the strategic behaviour of opposition actors. While this simplification enables us to isolate core mechanisms, it also constrains the external validity of our findings.

Perhaps the most significant limitation of our framework lies in its omission of turnout as an endogenous variable. We assume that voting is compulsory, whereas referendum outcomes are not determined by preferences alone but by who turns out to vote. Turnout in referendums is notoriously volatile, where strategic boycotts, abstention campaigns, and selective mobilization are commonly adopted in response to quorum rules. Accounting for turnout may potentially lead to theoretical reversals. For instance, referendums on low-salience issues may be avoided if initiators anticipate insufficient turnout to meet quorum thresholds. Conversely, if partisan asymmetries in turnout are expected, actors might deliberately suppress or enhance turnout among specific voter groups to engineer both quorum compliance and outcome favorability. Modelling these dynamics would significantly enrich the analysis and align it more closely with observed political strategies in real-world referendums.

A further limitation of our framework is its agnosticism regarding the identity of the initiator. While the model uses the term “incumbent,” it does not distinguish between actors in government and those in opposition. In theory, the strategic logic we describe could extend to opposition actors, assuming appropriate parametric adjustments are made to reflect their distinct political constraints. However, it may not apply to other stakeholders, like interest groups, who frequently play a critical role in shaping referendum dynamics. These groups may affect both initiation costs and campaign outcomes, especially in systems that permit citizen-initiated referendums. In such settings, interest groups often serve as *de facto* initiators, using direct democracy as a vehicle for policy influence.

A further limitation of our framework lies in its treatment of key parameters as exogenous and uncorrelated. However, political environments are inherently interactive and path-dependent, and relaxing these assumptions would likely introduce meaningful shifts in the model’s dynamics. For instance, we model the effect of popularity on electoral outcomes as independent of voter heterogeneity. Yet if more sophisticated voters are less responsive to popularity signals, the strategic value of referendums as popularity tools may be attenuated. Similarly, while issue salience is treated as fixed and exogenous, the act of initiating a referendum can elevate or redefine an issue’s salience, generating feedback effects that reshape both the strategic incentives and the policy space.

Finally, the model assumes common value preferences, abstracting away from preference heterogeneity across voter groups. In reality, the distribution and intensity of preferences can have profound effects on both referendum outcomes and the strategic decision to initiate them. Combined with turnout asymmetries, minority groups with strong preferences may exert a disproportionate influence. Accounting for such variation would allow for a more nuanced understanding of how issue salience, voter intensity, and participation intersect in shaping referendum dynamics.

We leave these questions and possibilities for future research.

6 Conclusion

The paper has sought to examine representative structures with top-down institutions of direct democracy and the motivations of initiators. In doing so, it has presented strategic incentives to use referendums for electoral gain through agenda-setting and popularity effects. We presented a four-fold typology of referendums based on these strategic forces to explain some nuances in the heterogeneity in the use of this referendum, ranging from their use by autocrats, populists, fringe groups, and re-election-seeking executives.

The paper provides some clear, testable empirical predictions. We argue that, in equilibrium, referendums are initiated only when they increase the incumbent's chance of re-election. We predict that popularity-motivated referendums will be held closer to the elections; meanwhile, agenda-setting referendums are held far away from elections or in simultaneous settings. However, the variability in institutional contexts and limited data points make it difficult to causally isolate the mechanisms discussed here through empirical work.

While we have focused on the initiator's decision problem, our analysis raises important questions in normative institution design. Representative democracies that wish to include institutions of direct democracy need to carefully consider the implications of government-initiated measures. Bestowing politicians with the power to call referendums allows them to harness it for electoral gain. More importantly, it abstracts the directness of these institutions away from *the people*. As scholars have warned, voters become passive collaborators rather than active participants, which was the original goal of direct democracy (Urbinati, 2014). Whether this compromise is welfare-improving or damaging is a question yet to be answered. However, what we make clear is that this design can enable lopsided advantages in the political space where incumbents with the keys to direct democracy can use it to consolidate greater electoral advantages. How these concerns can be mitigated with better institutional regulation is an open question.

We hope that this framework proves to be a starting point in understanding the choices made by the dealers of direct democracy. In future research, we hope to explore other variations in institutional features to understand the nuances of these mechanisms.

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A Proofs for Baseline

World Without Referendums: Lemma 1

Lemma: *In any equilibrium where no referendum is initiated, the Incumbent wins with probability $p^I = 1/2 + \psi[1 - 2\gamma]$*

Proof. This proof uses backward induction to derive the Subgame Perfect Nash Equilibrium when no referendum is initiated in the first period $r = 0$. The Standard Probabilistic Voting framework is used for all derivations and notation (Persson and Tabellini, 2005). We first derive the conditional probability of the incumbent winning for a given state of the world and then take expectations over the state space.

Let W^J be the indirect utility from the policy of candidate $J \in \{I, C\}$. State of the world (s_A, s_B) is revealed as the bliss point; therefore, utility is defined by the distance from ideal policy weighted by policy salience:

$$\begin{aligned} W^I(s_A, s_B) &= -\alpha(1 - s_A)^2 - (1 - \alpha)(1 - s_B)^2 \\ W^C(s_A, s_B) &= -\alpha(0 - s_A)^2 - (1 - \alpha)(0 - s_B)^2 \end{aligned}$$

Any voter i with individual bias σ^i will prefer the *Challenger* if: $W^C(s_A, s_B) > W^I(s_A, s_B) + \sigma^i + \tilde{\delta}$. Define the swing voter as individual with bias $\bar{\sigma} = W^C(s_A, s_B) - W^I(s_A, s_B) - \tilde{\delta}$ who is indifferent between both candidates. Hence, all voters with $\sigma^i < \bar{\sigma}$ will vote for candidate C, which determines the politician's vote share as $\pi^C = \text{Prob}(\sigma^i < \bar{\sigma})$. Given that σ^i is idiosyncratic and distributed uniformly with mean 0 and density $\phi = 1$, by the CDF of the uniform distribution:

$$\pi^C = \text{Prob}(\sigma^i < \bar{\sigma}) = \frac{\bar{\sigma} - \frac{1}{2\phi}}{\frac{1}{2\phi} + \frac{1}{2\phi}} = \bar{\sigma} + 1/2$$

In order to win, candidate C needs the vote share to be higher than 50 per cent. Therefore, the *Challenger's* win probability is $p^C = \text{Prob}_\delta(\pi^C \geq 1/2)$, which is derived by simple substitution to be:

$$p^C(s_A, s_B) = \text{Prob}_\delta(W^C(s_A, s_B) - W^I(s_A, s_B) \geq \tilde{\delta})$$

By the CDF of $\tilde{\delta}$ with density ψ and mean 0, the probability is: $p^C(s_A, s_B) = 1/2 + \psi[(W^C(s_A, s_B) - W^I(s_A, s_B)) - \delta^r]$. Analogously, the win probability of the incumbent is $p^I(s_A, s_B) = 1 - p^C = 1/2 - \psi[(W^C(s_A, s_B) - W^I(s_A, s_B)) - \delta^r]$. Since no referendum was initiated, both policies are included in the policy welfare function.

Define the policy differential function to capture the welfare difference between the *Incumbent's* and *Challenger's* associated policies:

$$\Delta W(s_A, s_B) = W^I - W^C = [-\alpha(1 - s_A)^2 - (1 - \alpha)(1 - s_B)^2] - [-\alpha(0 - s_A)^2 - (1 - \alpha)(0 - s_B)^2]$$

$$\Delta W(s_A, s_B) = [-\alpha + 2s_A\alpha - \alpha(s_A)^2 - (1 - \alpha) + (1 - \alpha)2s_B - (1 - \alpha)(s_B)^2] + [\alpha(s_A)^2 + (1 - \alpha)(s_B)^2]$$

$$\Delta W(s_A, s_B) = 2(\alpha s_A + (1 - \alpha)s_B) - 1$$

The policy differential depends on the state of the world. The complete characterization is provided below:

State of the World	Expression for ΔW
Perfectly aligned with the Incumbent	$\Delta W(1, 1) = 2(\alpha + (1 - \alpha)) - 1 = 1$
Aligned over policy space B with the Incumbent	$\Delta W(0, 1) = 2(1 - \alpha) - 1 = 1 - 2\alpha$
Aligned over policy space A with the Incumbent	$\Delta W(1, 0) = 2\alpha - 1$
Perfectly aligned with the <i>Challenger</i>	$\Delta W(0, 0) = -1$

Table 2: Possible State Realizations and Corresponding Policy Differentials

These values will replace the terms in the conditional probability derived earlier. Therefore, the incumbent's win probability is:

$$\begin{aligned} p^I &= \gamma^2[1/2 + \psi \cdot \Delta W(0, 0)] + \gamma(1 - \gamma)[1/2 + \psi \cdot \Delta W(1, 0)] \\ &+ \gamma(1 - \gamma)[1/2 + \psi \cdot \Delta W(0, 1)] + (1 - \gamma)^2[1/2 + \psi \cdot \Delta W(1, 1)] \end{aligned}$$

$$p^I = 1/2 + \psi[\gamma^2 \cdot (-1) + \gamma(1 - \gamma) \cdot (1 - 2\alpha) + \gamma(1 - \gamma) \cdot (2\alpha - 1) + (1 - \gamma)^2 \cdot 1]$$

$$p^I = 1/2 + \psi[1 - 2\gamma]$$

Therefore, in any equilibrium where no referendum is initiated, the associated popularity shock is $\delta^r = 0$. The Incumbent's win probability is $p^I = 1/2 + \psi[1 - 2\gamma]$, which depends on the probability γ of their preferred state not being the bliss point. $\square$

Strategic Initiators & Popularity Shocks: Lemma 2

Lemma: A positive referendum-induced popularity shock increases the Incumbent's probability of winning the general election, i.e. $p^I(\delta^r = \lambda) > p^I(\delta^r = 0) > p^I(\delta^r = -\lambda)$.

Proof. Assume that a referendum was triggered in the first stage on issue B, $r = B$. The proof holds without loss of generality, as the issues differ only through the salience vector α , which

is arbitrary. Hence, we solve Stage 3 of the model to derive the Incumbent's win probability, conditional on the state of the world.

Since issue B was resolved via referendum before the general election, the voters' decision problem is modified. Voter i favors the *Incumbent* if and only if the combined influence of policy welfare on Issue A, general popularity shocks, individual ideological bias, and referendum-induced popularity effects outweighs the corresponding factors favoring the *Challenger*. Note that the referendum-induced popularity shock depends on the voting outcome in the second period, which is a function of the state realization on the referendum issue. Any voter i with individual bias σ^i will prefer the *Challenger* if:

$$W^C(s_A) > W^I(s_A) + \sigma^i + \tilde{\delta} + \delta^r(s_B)$$

By the same procedure in Lemma 1, the swing voter is defined as an individual with bias: $\bar{\sigma} = W^C(s_A, s_B) - W^I(s_A, s_B) - \tilde{\delta} - \delta^r(s_B)$ who is indifferent between both candidates. Voters with $\sigma^i < \bar{\sigma}$ prefer candidate C yielding a vote share of $\pi^C = \text{Prob}(\sigma^i < \bar{\sigma})$.

$$\pi^C = \text{Prob}(\sigma^i < \bar{\sigma}) = \frac{\bar{\sigma} - \frac{1}{2\phi}}{\frac{1}{2\phi} + \frac{1}{2\phi}} = \bar{\sigma} + 1/2$$

By majority rule, the *Challenger's* win probability is defined as $p_C = \text{Prob}_\delta(\pi^C \geq 1/2)$.

$$p^C(s_A, s_B) = \text{Prob}_\delta(W^C(s_A) - W^I(s_A) - \delta^r \geq \tilde{\delta})$$

By the CDF of $\tilde{\delta}$ with density ψ and mean 0, the probability is: $p^C(s_A, s_B) = 1/2 + \psi[(W^C(s_A) - W^I(s_A)) - \delta^r]$. Analogously, the win probability of the incumbent is $p^I(s_A, s_B) = 1 - p_C = 1/2 - \psi[W^C(s_A) - W^I(s_A) - \delta^r]$. By uni-dimensional policy competition in the general election, the policy differential function is:

$$\Delta W(s_A) = W^I(s_A) - W^C(s_A) = [-\alpha(1 - s_A)^2] - [-\alpha(0 - s_A)^2]$$

$$\Delta W(s_A) = -\alpha + 2\alpha s_A - \alpha(s_A)^2 + \alpha(s_A)^2 = \alpha(2s_A - 1)$$

Therefore, win probability is $p^I(s_A, s_B) = 1/2 + \psi[\alpha(2s_A - 1) + \delta^r]$. The referendum-induced popularity shock can take 3 values $\delta^r \in \{-\lambda, 0, \lambda\}$: positive shock λ if the referendum proposal is approved, negative shock if the referendum proposal is rejected in favour of the status quo $-\lambda$, and 0 if no referendum was initiated. Since δ^r enters the probability with a positive sign, it follows that $p^I(\delta^r = \lambda) > p^I(\delta^r = 0) > p^I(\delta^r = -\lambda)$. Therefore, winning a referendum boosts an incumbent's chances in the general election, whereas losing a referendum diminishes them. $\square$

Referendum Voting: Lemma 3

Lemma: *In the referendum voting stage, outcomes are contingent on policy advantage. Therefore, the probability that the status quo policy is preserved increases if the state of the world is 0. The extent to which the outcome is determined by the state, i.e. $p^0(1) - p^0(0)$ is dampened by a larger share of Partisan voters (lower θ).*

(1) *If $s = 0$, the status quo has the policy advantage. Hence, probability of status quo being retained is $p^0(0) = 1/2 + \psi^r[\frac{1}{2}\frac{\theta}{(1-\theta)} + 1 - \alpha]$*

(2) *If $s = 1$, the proposed policy has the policy advantage. Hence, the probability of status quo being retained is $p^0(1) = 1/2 - \psi^r[(\frac{1}{2}\frac{\theta}{(1-\theta)} + 1 - \alpha)]$*

Proof. In the referendum, voters have a choice between the incumbent's optimal (1) or the status quo (0). In this proof, we solve Stage 2 of the model to derive the probability of the proposed policy being approved. This involves describing voter behavior in referendum voting based on their preference for partisanship.

Sophisticated voters, of type $z = S$, vote directly on the policy in accordance with the state of the world. They compare welfare from the status quo and proposed policy: $W^0(s_B) > W^1(s_B)$. If they observe $s_B = 1$, the proposed policy perfectly aligns with their preference. Therefore, vote share from the group in favour of the status quo is 0 $\pi_S^0(s_B = 1) = 0$. Instead, if they observe $s_B = 0$, then the whole group votes for the status quo such that the vote share is $\pi_S^0(s_B = 0) = 1$.

Partisan individuals vote probabilistically in a way that reflects their current assessment of the *Incumbent* through popularity shock and ideological biases. The popularity shock is distributed with density ψ^r at the time of the referendum. The voter will prefer the status quo if: $W^0(s_B) > W^1(s_B) + \sigma^i + \delta$. Start by defining swing voter: $\bar{\sigma} = W^0(s_B) - W^r(s_B) - \delta$. All partisan voters with i such that $\sigma^i < \bar{\sigma}$ will vote for status quo such that vote share is $\pi_0^P = \text{Prob}(\sigma^i < \bar{\sigma}) = \bar{\sigma} + 1/2$.

If the state of the world is 1, it skews the policy difference in favour of the proposed policy, then the vote share from Partisan voters in favour of the status quo is:

$$\pi_P^0(s_B = 1) = 1/2 + W^0(1) - W^r(1) - \delta = 1/2 - (1 - \alpha) - \delta$$

If the state of the world is 0, then the policy difference is in favour of the status quo. Hence, the vote share is

$$\pi_P^0(s_B = 0) = 1/2 + W^0(0) - W^r(0) - \delta = 1/2 + (1 - \alpha) - \delta$$

The status quo needs a simple majority of at least 50 per cent to be retained. Therefore, we can express the probability of the status quo being retained conditional on the state of the world:

Let $s_B = 0$, then the status quo is at an advantage as all Sophisticated voters prefer it to the proposed alternative. Therefore, a vote bloc of size θ is guaranteed:

$$\begin{aligned}
p^0(0) &= Prob_\delta \quad ((1-\theta) \cdot \pi_p^0(0) + \theta \cdot \pi_s^0(0) \geq 1/2) \\
p^0(0) &= Prob_\delta \quad ((1-\theta) \cdot [1/2 + (1-\alpha) - \delta] + \theta \cdot 1 \geq 1/2) \\
p^0(0) &= Prob_\delta \quad (\frac{1}{2} - \frac{\theta}{2} + (1-\theta)[- \delta + (1-\alpha)] \geq \frac{1}{2} - \theta) \\
p^0(0) &= Prob_\delta \quad ((1-\theta)[- \delta + (1-\alpha)] \geq -\frac{1}{2}\theta) \\
p^0(0) &= Prob_\delta \quad (\frac{1}{2}\theta + (1-\theta)(1-\alpha) \geq \delta(1-\theta)) \\
p^0(0) &= Prob_\delta \quad (\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha \geq \delta)
\end{aligned}$$

Which by the CDF of δ : $p^0(0) = 1/2 + \psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]$.

Similarly, let $s_B = 1$, then the proposal has an advantage as all Sophisticated voters prefer it to the status quo. Therefore, the status quo receives 0 votes from the Sophisticated voters:

$$\begin{aligned}
p^0(1) &= Prob_\delta \quad ((1-\theta) \cdot \pi_p^0(1) + \theta \cdot \pi_s^0(1) \geq 1/2) \\
p^0(1) &= Prob_\delta \quad ((1-\theta) \cdot [1/2 - \delta - (1-\alpha)] \geq 1/2) \\
p^0(1) &= Prob_\delta \quad (-\frac{1}{2} \frac{\theta}{(1-\theta)} - (1-\alpha) \geq \delta)
\end{aligned}$$

Which by the CDF of δ : $p^0(1) = 1/2 - \psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]$.

Comparing both state-specific probabilities, it is clear that the status quo is more likely to be retained when the state is aligned. The extent to which state realizations predict the outcome is captured through the difference $|p^0(1) - p^0(0)| = 2\psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]$ which is increasing in θ . Therefore, as the electorate becomes completely sophisticated, the term $\frac{1}{2} \frac{\theta}{(1-\theta)}$ goes to ∞ and so the difference between the conditional probabilities increases. This suggests that states are able to perfectly predict the referendum outcome in sophisticated electorates. $\square$

Referendum Win and Electorate Sophistication: Proposition 1

Proposition: *The probability that the Incumbent loses the Referendum depends on natural advantage on the state space (γ):*

$$p^0 = 1/2 + (2\gamma - 1) \cdot [\psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]]$$

(1) If $\lambda > 0.5$, then $\frac{\partial p_0}{\partial \theta} > 0$. Hence, if the natural advantage lies with the status quo, then its probability of being preserved is increasing in voter sophistication.

(2) If $\lambda < 0.5$, then $\frac{\partial p_0}{\partial \theta} < 0$. Hence, if the natural advantage lies with the proposed policy, then the probability of the status quo being preserved is decreasing in voter sophistication.

Proof. Using the conditional probabilities derived in Lemma 3, we take expectations over the state space to calculate the overall probability of the *Incumbent* losing the referendum in period 2.

State $s_B = 0$ is realized with probability γ . Therefore, the unconditional probability of status quo being retained is: $p^0 = \gamma \cdot p^0(0) + (1 - \gamma) \cdot p^0(1)$

$$p^0 = \gamma \cdot [1/2 + \psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]] + (1 - \gamma) \cdot [1/2 - \psi^r[\frac{1}{2} \frac{\theta}{\phi(1-\theta)} + 1 - \alpha]]$$

$$p^0 = 1/2 + (\gamma - (1 - \gamma)) \cdot [\psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]]$$

$$p^0 = 1/2 + (2\gamma - 1) \cdot [\psi^r[\frac{1}{2} \frac{\theta}{(1-\theta)} + 1 - \alpha]]$$

To examine the relationship of referendum outcomes with electorate sophistication, we take the partial derivative of the above term with respect to θ

$$\frac{\partial p^0}{\partial \theta} = (2\gamma - 1) \frac{\psi^r}{2} \frac{1}{(1-\theta)^2}$$

Where all terms are positive if $\gamma > 0.5$. However, if $\gamma < 0.5$ then $(2\gamma - 1) < 0$ and the derivative becomes negative.

Intuitively, if $\gamma > 0.5$ then the state of the world is likely to align with the status quo. In this case, more sophisticated voters will respond to the natural advantage, leading to an increase in the probability of being retained. Alternatively, if $\gamma < 0.5$, then sophisticated voters are likely to prefer the proposed policy such that an increase in the proportion of sophisticated voters will reduce the probability of the status quo winning. $\square$

Initiation: Proposition 2

Proposition: *In any equilibrium, the Incumbent's optimal choice of initiating a referendum is characterized using the following threshold function:*

$$f(x) = \begin{cases} \text{Initiate Referendum,} & T(\cdot) \geq 0. \\ \text{No Referendum,} & T(\cdot) < 0. \end{cases} \quad (4)$$

where $T(\cdot) = \alpha + \lambda \psi^r(\frac{\theta}{(1-\theta)} + 2(1-\alpha)) - 1$

Proof. We are interested in the Incumbent's decision problem in Stage 1. In equilibrium, the decision to call for a referendum compares the probability of winning the general election with the referendum to the win probability without it.

The difference in win probabilities is attributable to the agenda-setting and popularity effects. As shown in Lemma 2, a positive popularity shock is desirable in boosting the incumbent's electoral chances. However, this bonus is a gamble because referendum outcomes are stochastic due to probabilistic voting by partisan voters and the uncertainty of voter preferences. Using the conditional probabilities of losing the referendum in period 2 (Lemma 3), the expected popularity shock contingent on the state of the world is: $\mathbb{E}[\delta^r|s_B] = -\lambda \cdot p^0(s) + \lambda \cdot (1 - p^0(s_B)) = \lambda - 2\lambda p^0(s)$.

Therefore, using the form derived in Lemma 2, we know that the conditional win probability is: $p^I(s_A, s_B) = 1/2 + \psi[\alpha(2s_A - 1) + \delta^r]$ where we replace δ^r with $\mathbb{E}[\delta^r|s_B]$ since at the time of initiation, the incumbent makes decisions based on expected referendum outcomes.

$$p^I(s_A, s_B) = 1/2 + \psi[\alpha(2s_A - 1) + \lambda - 2\lambda p^0(s_B)]$$

By taking the expectation over the state space, we can derive the unconditional probability of winning the election with a referendum.

$$p^I = \gamma^2 \cdot p^I(0,0) + \gamma(1-\gamma) \cdot p^I(0,1) + \gamma(1-\gamma) \cdot p^I(1,0) + (1-\gamma)^2 \cdot p^I(1,1)$$

$$\begin{aligned} p^I &= \gamma^2 \cdot [1/2 - \psi\alpha - \frac{\lambda \psi \psi^r \theta}{(1-\theta)} - 2\lambda \psi \psi^r (1-\alpha)] + \gamma(1-\gamma) \cdot [1/2 - \psi\alpha + \frac{\lambda \psi \psi^r \theta}{(1-\theta)} + 2\lambda \psi \psi^r (1-\alpha)] \\ &\quad + \gamma(1-\gamma) \cdot [1/2 + \psi\alpha - \frac{\lambda \psi \psi^r \theta}{(1-\theta)} - 2\lambda \psi \psi^r (1-\alpha)] + (1-\gamma)^2 \cdot [1/2 + \psi\alpha + \frac{\lambda \psi \psi^r \theta}{(1-\theta)} + 2\lambda \psi \psi^r (1-\alpha)] \\ p^I &= 1/2 + (1-2\gamma)[\psi\alpha + \lambda \psi \psi^r(\frac{\theta}{(1-\theta)} + 2(1-\alpha))] \end{aligned}$$

This form clearly shows the way policy issues are distributed for agenda setting and popularity. Term $\psi\alpha$ captures the agenda-setting effect of retaining issue A, while $\lambda \psi \psi^r(\frac{\theta}{(1-\theta)} + 2(1-\alpha))$ represents the popularity effect of resolving Issue B via referendum. Hence, the in-

cumbent compares this win probability to the win probability without referendums, as derived in Lemma 1. Initiating a referendum is the optimal choice when:

$$1/2 + (1 - 2\gamma)[\psi\alpha + \lambda\psi\psi^r(\frac{\theta}{(1-\theta)} + 2(1-\alpha))] > 1/2 + \psi[1 - 2\gamma]$$

$$\alpha + \lambda\psi^r(\frac{\theta}{(1-\theta)} + 2(1-\alpha)) > 1$$

Therefore, we can define a threshold using the above equation, which is a function of the model parameters: $T(\cdot) = \alpha + \lambda\psi^r(\frac{\theta}{(1-\theta)} + 2(1-\alpha)) - 1$.

□

Proofs for Extension

Referendum Voting: Lemma 4

Lemma: *In the referendum voting stage, outcomes are contingent on the issue being put to a vote and its salience. The extent to which the outcome is determined by issue salience $p^0(\alpha^H) - p^0(\alpha^L)$ is amplified by a larger share of Partisan voters (lower θ).*

(1) *If $r = A$, the proposed policy has the advantage. Hence, probability of status quo being retained is $p^0(\alpha) = 1/2 - \psi^r[\frac{1}{2}\frac{\theta}{(1-\theta)} + \alpha]$*

(2) *If $r = B$, the status quo has the advantage. Hence, probability of status quo being retained is $p^0(\alpha) = 1/2 + \psi^r[\frac{1}{2}\frac{\theta}{(1-\theta)} + (1-\alpha)]$*

Proof. The proof is similar to Lemma 3, with revisions that account for the change in the nature of uncertainty. We solve the referendum voting stage of the model, where voters are offered a choice between the incumbent's optimal (1) or the status quo (0). However, voter preferences are pinned down at (1,0). Therefore, the status quo is at a policy advantage if Issue B is put to a vote (and at a policy disadvantage for Issue A). Therefore, the probability of the proposed policy being approved is a function of the issue selection.

Assume that issue A is resolved via referendum, $r = A$. Sophisticated voters vote for the policy that aligns with their preference, where salience becomes irrelevant since there is only one issue to consider. Therefore, the vote share is known to be $\pi_s^0 = 0 \quad \forall \alpha \in [0, 1]$. However, salience matters for the Partisan voters who account for policy welfare, individual biases, and popularity. The status quo is still an undesirable outcome and only chosen if it is compensated by strong ideological bias or popularity: $W^0(\alpha) > W^1(\alpha) + \sigma^i + \delta$ where swing voter is $\bar{\sigma} = -\alpha - \delta$. Therefore, vote share is $\pi_0^P = Prob(\sigma^i < \bar{\sigma}) = -\alpha - \delta + 1/2$. Weighted

vote share across types suggests that the probability that the status quo is retained is:

$$p^0(\alpha) = \text{Prob}_\delta \quad ((1 - \theta) \cdot [1/2 - \alpha - \delta] + \theta \cdot 0 \geq 1/2)$$

$$p^0(\alpha) = \text{Prob}_\delta \quad (1/2 - \alpha - \delta \geq \frac{1}{2(1 - \theta)})$$

$$p^0(\alpha) = \text{Prob}_\delta \quad (-\frac{1}{2} \frac{\theta}{(1 - \theta)} - \alpha \geq \delta)$$

$$p^0(\alpha) = 1/2 - \psi^r[\frac{1}{2} \frac{\theta}{(1 - \theta)} + \alpha]$$

Analogously, assume that $r = B$ is summoned to a referendum. Vote share from the Sophisticated group in favour of the status quo is $\pi_S^0 = 1 \quad \forall \alpha \in [0, 1]$ since it has the policy advantage. The decision problem for the Partisan voters remains the same: $W^0(\alpha) > W^1(\alpha) + \sigma^i + \delta$ where swing voter is $\bar{\sigma} = 1 - \alpha - \delta$ such that vote share is $\pi_P^0 = \text{Prob}(\sigma^i < \bar{\sigma}) = 1 - \alpha - \delta + 1/2$. Weighted vote share across types gives the probability that the status quo is retained to be:

$$p^0(\alpha) = \text{Prob}_\delta \quad ((1 - \theta) \cdot ((1 - \alpha) - \delta + 1/2) + \theta \cdot 1 \geq 1/2)$$

$$p^0(\alpha) = \text{Prob}_\delta \quad ((1 - \theta)(1 - \alpha - \delta) \geq \frac{1}{2} - \theta - \frac{1}{2} + \frac{\theta}{2})$$

$$p^0(\alpha) = \text{Prob}_\delta \quad (1 - \alpha + \frac{1}{2} \frac{\theta}{(1 - \theta)} \geq \delta)$$

$$p^0(\alpha) = 1/2 + \psi^r[(1 - \alpha) + \frac{1}{2} \frac{\theta}{(1 - \theta)}]$$

Note that salience uncertainty only impacts vote share through partisan voters. As the proportion of sophisticated voters increases, $\theta \rightarrow 1$, the probabilities of winning asymptotically explode, which are converging irrespective of salience. $\square$

Referendum Win and Electorate Sophistication: Proposition 3

Proposition: *The probability that the Incumbent loses the Referendum depends on the issue put to a vote, which further determines the relationship with electorate sophistication:*

(1) If $r = A$, then $\frac{\partial p^0}{\partial \theta} < 0$ The Proposed policy possesses policy advantage, therefore, probability of status quo being retained is decreasing in voter sophistication.

(2) If $r = B$, then $\frac{\partial p^0}{\partial \theta} > 0$ The Status Quo possesses policy advantage, therefore, probability of it being retained is increasing in voter sophistication.

Proof. As laid out in Lemma 4, the probability of winning a referendum depends on the issue

itself, which further determines the relationship with the electorate.

If Issue A is called to a referendum, then the partial derivative of the probability with respect to the share of sophisticated voters is $\frac{\partial p^0}{\partial \theta} = -\psi^r \frac{1}{2(1-\theta)^2}$. This is negative, suggesting that an increase in sophisticated voters diminishes the probability of the status quo being retained.

If Issue B is called to a referendum, then the same partial derivative is $\frac{\partial p^0}{\partial \theta} = \psi^r \frac{1}{2(1-\theta)^2}$, suggesting a positive relationship. Hence, an increase in sophisticated voters boosts the probability of the status quo being retained. $\square$

Issue Choice: Lemma 5

Lemma 6. *In any equilibrium with referendums, the optimal choice in setting the referendum agenda is characterized using the function:*

$$f(x) = \begin{cases} \text{Initiate Referendum on Issue B,} & T_{AB}(\cdot) \geq 0. \\ \text{Initiate Referendum on Issue A,} & T_{AB}(\cdot) < 0. \end{cases} \quad (5)$$

where $T_{AB}(\cdot) = 1 - 2\lambda \psi^r [1 + \frac{\theta}{(1-\theta)}]$

Proof. As demonstrated by Proposition 3, referendum outcomes are sensitive to issue choice. Therefore, the decision on which policy dimension to set for a referendum is non-trivial. The incumbent's issue choice in period 1 compares the probability of winning the general election with a referendum on either issue. Therefore, by backward induction, we compute the equilibrium issue choice.

If issue A were put to a referendum, by the agenda-setting effect, the policy differential is dependent on issue B, equivalent to $-(1 - \alpha)$. The expected popularity shock based on the probability of losing the referendum is $\mathbb{E}(\delta^r | \alpha) = \lambda - 2\lambda p^0(\alpha)$, which itself is a function of salience. Therefore, the general election win probability for a given value of α is:

$$\begin{aligned} p^I(\alpha) &= 1/2 + \psi[-(1 - \alpha) + \mathbb{E}(\delta^r | \alpha)] \\ p^I(\alpha) &= 1/2 - \psi(1 - \alpha) + \psi\lambda - 2\lambda \psi p^0(\alpha) \\ p^I(\alpha) &= 1/2 - \psi(1 - \alpha) + \lambda \psi \psi^r \left(\frac{\theta}{(1 - \theta)} + 2\alpha \right) \end{aligned}$$

Taking expectation over the state space, the unconditional probability of winning is equivalent to replacing α with its expected value :

$$p^I = \gamma[1/2 - \psi(1 - \alpha^L) + \lambda \psi \psi^r \left(\frac{\theta}{(1 - \theta)} + 2\alpha^L \right)] + (1 - \gamma)[1/2 - \psi(1 - \alpha^H) + \lambda \psi \psi^r \left(\frac{\theta}{(1 - \theta)} + 2\alpha^H \right)]$$

$$p^I = 1/2 - \psi[1 - \gamma\alpha^L - (1 - \gamma)\alpha^H] + \lambda\psi\psi^r[\frac{\theta}{(1 - \theta)} + 2(\gamma\alpha^L + (1 - \gamma)\alpha^H)]$$

$$p^I = 1/2 - \psi[1 - \mathbb{E}(\alpha)] + \lambda\psi\psi^r[\frac{\theta}{(1 - \theta)} + 2\mathbb{E}(\alpha)]$$

Similarly, if issue B were put to a referendum, then the policy differential is dependent on issue A and is simply α . Therefore, the general election win probability for a given value of α is:

$$p^I(\alpha) = 1/2 + \psi\alpha + \psi(\lambda - 2\lambda p^0(\alpha))$$

$$p^I(\alpha) = 1/2 + \psi\alpha - \lambda\psi\psi^r(\frac{\theta}{(1 - \theta)} + 2(1 - \alpha))$$

Then taking expectation over the state space,

$$p^I(\alpha) = 1/2 + \psi\alpha + \psi(\lambda - 2\lambda p_0(\alpha))$$

$$p^I = 1/2 + \psi\mathbb{E}(\alpha) - \lambda\psi\psi^r[\frac{\theta}{(1 - \theta)} + 2(1 - \mathbb{E}(\alpha))]$$

Therefore, an incumbent's choice between the two issues compares the probability of winning, as expressed in the equation below. Referendum on Issue B is preferred if:

$$1/2 + \psi\mathbb{E}(\alpha) - \lambda\psi\psi^r[\frac{\theta}{(1 - \theta)} + 2(1 - \mathbb{E}(\alpha))] > 1/2 - \psi[1 - \mathbb{E}(\alpha)] + \lambda\psi\psi^r[\frac{\theta}{(1 - \theta)} + 2\mathbb{E}(\alpha)]$$

$$\mathbb{E}(\alpha) - \lambda\psi^r[\frac{\theta}{(1 - \theta)} + 2(1 - \mathbb{E}(\alpha))] > -[1 - \mathbb{E}(\alpha)] + \lambda\psi^r[\frac{\theta}{(1 - \theta)} + 2\mathbb{E}(\alpha)]$$

$$-\lambda\psi^r[\frac{\theta}{(1 - \theta)} + 2(1 - \mathbb{E}(\alpha))] > -1 + \lambda\psi^r[\frac{\theta}{(1 - \theta)} + 2\mathbb{E}(\alpha)]$$

$$1 - 2\lambda\psi^r(1 + \frac{\theta}{(1 - \theta)}) > 0$$

Using this inequality, define a threshold that is a function of the model parameters

$$T_{AB}(\cdot) = 1 - 2\lambda\psi^r[1 + \frac{\theta}{(1 - \theta)}]$$

□

Initiation: Proposition 4

Proposition: *In equilibrium, the Incumbent's optimal choice in initiating a referendum is characterized as:*

$$f(x) = \begin{cases} \text{Initiate Referendum on Issue B,} & T_{AB}(\cdot) \geq 0 \text{ \& } T_B(\cdot) \geq 0. \\ \text{Initiate Referendum on Issue A,} & T_{AB}(\cdot) < 0 \text{ \& } T_A(\cdot) \geq 0. \\ \text{No Referendum,} & T_A(\cdot) < 0 \text{ or } T_B(\cdot) < 0. \end{cases} \quad (6)$$

where $T_A = \lambda \psi^r \frac{\theta}{(1-\theta)} + \mathbb{E}(\alpha)(2\lambda \psi^r - 1)$ and $T_B(\cdot) = 1 - \frac{\lambda \psi^r \theta}{(1-\theta)} - 2\lambda \psi^r + \mathbb{E}(\alpha)(2\lambda \psi^r - 1)$ are threshold functions that represent when a referendum on that issue is preferred to no referendum.

Proof. The overarching decision to call for a referendum compares win probabilities with initiation to the benchmark case without referendums. Since the referendum issue choice is not generalisable, we use Lemma 5 to break down this choice into 2 steps: initiation and issue choice, where issue choice is determined by the threshold function T_{AB} .

If $T_{AB} \geq 0$ then Issue B is preferred over Issue A, hence the initiator has a choice between calling a referendum on Issue B or not at all. Comparing win probabilities from both cases, a referendum is preferred if:

$$\begin{aligned} 1/2 + \psi[2\mathbb{E}(\alpha) - 1] &< 1/2 + \psi\mathbb{E}(\alpha) - \lambda\psi\psi^r[\frac{\theta}{(1-\theta)} + 2(1 - \mathbb{E}(\alpha))] \\ [\mathbb{E}(\alpha) - 1] &< -\lambda\psi^r[\frac{\theta}{(1-\theta)} + 2(1 - \mathbb{E}(\alpha))] \\ 0 &< 1 - \frac{\lambda\psi^r\theta}{(1-\theta)} - 2\lambda\psi^r + \mathbb{E}(\alpha)(2\lambda\psi^r - 1) \end{aligned}$$

Therefore, we can express the above using the threshold function $T_B(\cdot) = 1 - \frac{\lambda\psi^r\theta}{(1-\theta)} - 2\lambda\psi^r + \mathbb{E}(\alpha)(2\lambda\psi^r - 1)$

If $T_{AB} < 0$, then issue A is preferred over issue B. Therefore, the win probability from the referendum on issue A is compared to the benchmark:

$$\begin{aligned} 1/2 + \psi[2\mathbb{E}(\alpha) - 1] &< 1/2 - \psi[1 - \mathbb{E}(\alpha)] + \lambda\psi\psi^r[\frac{\theta}{(1-\theta)} + 2\mathbb{E}(\alpha)] \\ 0 &< \lambda\psi^r\frac{\theta}{(1-\theta)} + \mathbb{E}(\alpha)(2\lambda\psi^r - 1) \end{aligned}$$

Express the above using the threshold function $T_A = \lambda\psi^r\frac{\theta}{(1-\theta)} + \mathbb{E}(\alpha)(2\lambda\psi^r - 1)$

□

B Case Studies

This paper significantly relies on the entwined nature of referendum outcomes and general elections through the forces of popularity and agenda-setting. Ultimately, estimating the magnitude and prevalence of these effects is a question for the empiricists. However, we attempt to provide anecdotal and qualitative evidence in support of this conjecture. In doing so, we explore the case of the 2016 Brexit Referendum and the 2015 UK General Election; State-level Abortion Ballot Measures and the 2024 US Presidential Election; and the 2024 Security Constitutional Referendum and the 2025 Ecuadorian Presidential Election.

Referendums and Agenda-Setting

David Cameron and 2016 Brexit Referendum

“I fought this campaign in the only way I know how, which is to say directly and passionately what I think and feel — head, heart, and soul.

I held nothing back, I was absolutely clear about my belief that Britain is stronger, safer and better off inside the European Union and I made clear the referendum was about this and this alone — not the future of any single politician including myself.”

— David Cameron in his Resignation Speech

Brexit is perhaps the most interesting and evident case in recent history of the referendum as a gamble (gone wrong). On 23rd June, 2016, the citizens of the UK cast their historic vote on withdrawing from the European Union. However, what preceded was a hard-fought attempt by David Cameron to push for a European Deal that could cement the British position in the EU, while simultaneously securing his party the political majority. Conversations in the run-up to the 2015 General Election hint at the Conservative Party’s strategic agenda-setting attempt on the question of European Membership. While the agenda-setting was arguably successful in securing Cameron the premiership, the popularity cost of the lost referendum ultimately made it impossible to retain it. This section summarizes key events surrounding the Brexit Referendum and contextualizes them in the language of the theoretical framework.

In 2010, the British public elected its first hung parliament in decades. As David Cameron narrowly won the premiership in a coalition government, it became clear that the Tories would be gearing up for a clear majority in the next election. However, the Europe question was unavoidable, with Eurosceptic preferences of voters and politicians cutting across partisan lines (Glencross, 2016). Cameron himself acknowledged the people’s growing dissatisfaction with Europe. However, it was clear that allowing the Europe question to dominate the election would be costly for the party’s chances. Strategic unbundling of the issue was called for. Lord Ashcroft, the former Tory deputy chairman, warned that the party could actually diminish its chances of winning the 2015 general election if it allowed European Integration to determine

the election. Ashcroft (2013) wrote on the ConservativeHome website: "The principal benefit of our referendum policy is not that it gives our campaign a headline; it is that it allows us to put the issue to rest and move the conversation on to what the voters want to discuss. Europe is important and we have a clear view about it. That does not mean we should allow it to top our agenda, or look as though it does." Ashcroft, of course, was writing in response to Cameron's notable speech pledging a referendum on EU membership.

On 23rd January 2013, Cameron expressed the government's commitment to holding an in/out referendum, placing the Conservative party at the centre: "It will be an in-out referendum. Legislation will be drafted before the next election. And if a Conservative government is elected we will introduce the enabling legislation immediately and pass it by the end of that year. And we will complete this negotiation and hold this referendum within the first half of the next parliament" (The Guardian, 2013b). In the strategic calculus of the general election, the referendum pledge did more than delegate the issue to the public; it outright postponed a contentious conversation till *after* the election. In his remarks, the PM emphasized that the EU issue demands a nuanced discussion that cannot be settled right away: "Some argue that the solution is therefore to hold a straight in-out referendum now. I understand the impatience of wanting to make that choice immediately. But I don't believe that to make a decision at this moment is the right way forward, either for Britain or for Europe as a whole. A vote today between the status quo and leaving would be an entirely false choice." In his annotated remarks to this speech, Cameron's former speechwriter, Ian Birrell remarked that this particular comment was instrumental in "buying lots of time to get through the election, keep the hostile right at bay, keep UKIP down in the polls – and all the while inserting imponderables into the process so there is post-election wriggle room should the tactics succeed and Mr Cameron keep his job" (Birrell, 2013).

The decision to hold the referendum was received positively within the party and among the public (The Guardian, 2013a). According to the YouGov polling data, the speech contributed to a 4-point boost for the Conservative party, directly cutting the support for the UKIP (YouGov, 2013a,b). However, many political analysts acknowledged it as a risky but clever move with clear political gain (The Guardian, 2013a). Indeed, at the time of the announcement, the rising Euroscepticism was unignorable, where polls indicated around 39 percent of voters would vote 'Leave' if a referendum were held. During his speech, Cameron made his position clear that he was strongly in favour of the UK staying in the EU. At the same time, he incorporated feedback from the EU-dissenters by proposing a renegotiated deal that improved British standing in the Union. This restructured the conversation around European Membership, allowing the Remain camp to appeal to neutral voters with the promise of a new deal — all while placing the Conservative party at the centre of it. Immediately after the speech, around 50 percent of voters indicated that they would vote for staying in the EU on new terms negotiated by Cameron. While this was still a promising gamble, Cameron surely realised the uncertainty surrounding the in/out vote. However, history was on his side — with the decisive 1975 win in favour of staying in the EEC.

Table 3: Public Opinion on the General Election and Referendum Voting Intentions
(January 2013)

Headline Voting Intentions	21–22 Jan	24–25 Jan
Conservative	31%	35%
Labour	41%	41%
UKIP	10%	7%

Referendum Voting Intentions		
“This week David Cameron announced that he would renegotiate Britain’s relationship with the European Union and then hold an in-out referendum on whether Britain should accept the new terms or leave the EU. Do you support or oppose this policy?”		
Support	54%	
Oppose	27%	
Don’t know	19%	
“If there was a referendum on Britain’s membership of the European Union, how would you vote?”		
I would vote for Britain to remain a member of the European Union	37%	
I would vote for Britain to leave the European Union	39%	
I would not vote	5%	
Don’t know	19%	
“Imagine the British government under David Cameron renegotiated our relationship with Europe and said that Britain’s interests were now protected, and David Cameron recommended that Britain remain a member of the European Union on the new terms. How would you then vote in a referendum on the issue?”		
Would vote for Britain to remain in the European Union on the new terms	50%	
Would vote for Britain to leave the European Union	25%	
Would not vote	5%	
Don’t know	20%	

Note: Survey conducted by YouGov. Figures are percentages. The survey wave followed Prime Minister David Cameron’s announcement regarding EU renegotiation and a future referendum.

In the months following Cameron's speech, the Conservatives fought a tough election on taxation, housing, and the economy (BBC News, 2015a). While most polls predicted another hung government, the Tories prevailed with a clear mandate, winning 331 seats in Congress (BBC News, 2015b). Within our framework, we may argue that the unbundling calculation was successful to the extent that it got the Conservative Party re-elected with a majority in 2015. The only agenda left then was to win the referendum itself.

After securing his address at 10 Downing, Cameron and the Tories rallied hard for the referendum to cement their position. This included a £9 million leaflet campaign arguing the merits of the EU to every British household in April 2016. Campaigning in referendums is something the party had recently mastered with the Scottish National Referendum of 2014. Cameron's position on Scotland to remain in the UK was reaffirmed through voters in the *Better Together* camp. Alas, the same strategy did not prevail for Brexit, where voters were dissatisfied with concessions in the renegotiated deal. In a narrow defeat, UK citizens conveyed the public verdict, 52-48 in favour of ending the British Membership in the European Union. Ultimately, the gamble was lost, and the popularity cost of the outcome undermined Cameron's legitimacy. It's a price he paid with the premiership itself, rendering his resignation on June 24th, 2016.

US Presidential Elections and 2024 Ballot Measures

"The 2022 election results demonstrated that Republican candidates are better off talking about the economy and the cost of living than they are about abortion."

— Gary Bolger, Republican Campaign Strategist

The 2024 US Presidential Election marked a red wave where the Republican Party prevailed in the House, Senate, and Oval Office. In one of the greatest political comebacks in recent history, President Donald Trump resumed his occupancy of the White House, flipping every swing state in his favour. During this historic election, while the course of American representative politics was charted for the next four years, nearly 150 state-level ballot measures also determined policies on key issues like abortion, immigration, marijuana, minimum wage, and voting systems (NBC News, 2024a). In this simultaneous vote for issues and representatives, four states stood out for their *split tickets* results. Arizona, Nevada, Missouri, and Montana supported Donald Trump for president while defending abortion rights in their state ballot measures. While many deemed this as a cognitively-dissonant choice, it aligns perfectly with the agenda-setting and welfare-improving wisdom that has long been recognised in direct democracy literature (Weiss-Wolf and Kantor, 2024). This section analyses voter behaviour in these states and its consequences for the presidential nominees.

In the American political landscape, political competition is well-defined and unidimensional, pitting the liberal-left against the conservative right. Within the two-party system, Democrats and Republicans occupy clear positions on a variety of issues. In the run-up to the Presidential election, clear attempts were made by both candidates to draw attention to is-

sues they believed would bolster turnout and support in their favour. The Presidential candidates had clear comparative advantages where Trump led the polls in the economy, immigration, and foreign affairs, while people believed that Harris would be the better candidate for healthcare, abortion, and climate change. Naturally, the relative salience of these issues would determine who will win the election. According to Gallup (2024), when voters were asked how important an issue was, 52% believed that the Economy was an extremely important issue, followed by Democracy in the US (49 %), Immigration (41 %), and Abortion (37%). In the aggregate, Trump was clearly leading in issues that were most important for voters. However, a significant section of pro-choice voters in key battleground states like Arizona and Nevada could bring the race down to the wire.

Table 4: Voting Patterns in the 2024 Presidential Election and Abortion Ballot Measures

	Arizona	Montana	Missouri	Nevada
Voting in Presidential Election (%)				
Republican	52.2	58.4	58.5	50.6
Democrat	46.7	38.5	40.1	47.5
Voting in Abortion Ballot Measure (%)^a				
Yes (protect abortion rights)	61.51	57.76	51.6	64.36
No	38.39	42.24	48.4	35.64
Issue Importance of Abortion (%)				
Was the single most important factor in their vote	27	23	25	26
Had a major impact on candidate choice	56	58	62	54
Split Voting Behavior (%)				
Trump voters who supported abortion rights on ballot	30	28	33	32

^a State-specific ballot measures: Proposition 139 (AZ), CI-128 (MT), Amendment 3 (MO), Question 6 (NV). “Yes” indicates support for protecting abortion rights.

Note: Data is from Ballotpedia (2024a), The Associated Press (2024) and KFF (2024)

A record number of voters (32%) claimed that "they would only vote for a candidate for major office who shares their views on abortion" (Gallup, 2024). This priority was dominant for pro-choice voters who promised to cast their vote in favour of the politician who defended a woman’s right to choose. While abortion has always been a hot-button issue in American politics, recent Supreme Court decisions have made it even more contentious at the state level. The landmark *Dobbs v. Jackson* Judgment argued that the right to abortion is not guaranteed at a constitutional level, thereby overturning years of precedent set by *Roe v. Wade* and *Planned Parenthood v. Casey*. Therefore, the authority to regulate abortion was devolved to individual states. In various statements, President Trump has strongly defended the state’s right to

determine abortion policies. After *Roe v. Wade* was overturned, he remarked, “This brings everything back to the states, where it has always belonged.” (NBC News, 2024c). However, convoluted statements on federal abortion policy have made it difficult to recover the President’s exact position. In March 2024, he revealed that he is open to the idea of a 15-week national ban, “But people are really — even hard-liners are agreeing — seems to be 15 weeks, seems to be a number that people are agreeing at.” (NBC News, 2024b). Soon after, around 54 percent of Americans said that they identify as pro-choice (Gallup, 2022). Hence, in October 2024, right before the election, he revised his position stating that he will not support a federal abortion ban: “Everyone knows I would not support a federal abortion ban, under any circumstances, and would, in fact, veto it, because it is up to the states to decide based on the will of their voters” (Ollstein and Messerly, 2024).

In the post-Dobbs world, state legislation on abortion is more relevant than ever. In 10 states, the ballot measures were posed to voters that would protect abortion rights.⁵ The measures passed in 7 out of those 10, thereby expanding access to abortion care and overturning previous bans. In the historically democratic states of New York, Colorado, and Maryland, the ballot outcome was consistent with their vote choice in the Presidential election. Meanwhile, in Florida, Nebraska, and South Dakota, the measures failed as expected, echoing the state support for traditional Republican values. However, in a more interesting outcome, Arizona, Missouri, Nevada, and Montana represented split tickets where abortion rights were defended but the presidential vote was in favour of Trump.

Arizona and Nevada were key battleground states, where 1 out of 4 voters suggested that abortion was the most important factor in their vote (The Associated Press, 2024). This translated into strong support in favour of the ballot measure (Ballotpedia, 2024d,a). Notably, around 1/3 of the voters in favour of the measure also voted for Trump, indicating significant split voting behaviour. Eventually, President Trump carried these states in a close election with a narrow margin of victory. In the red states of Montana and Missouri, the support for abortion measures was slightly lower (Ballotpedia, 2024c). In particular, Missouri Amendment 3 passed with a vote share of 51.6%, just above the simple majority mark (Ballotpedia, 2024b). However, issue importance and split voting still indicate that the provision for abortion ballots is likely to have helped President Trump cement his victory in the state.

The phenomenon of split tickets represents the type of pure agenda-setting effects we discussed in this paper. Popularity has little relevance since neither candidate could experience the popularity associated with the ballot measures. In analysing this situation, Samara Klar, a political science professor at the University of Arizona said: “By having abortion on the ballot, it allows pro-choice Republicans to both support a Republican candidate but also support reproductive rights, so you don’t have to channel your support for reproductive rights through a presidential candidate; you can keep them as two distinct issues” (Weiss-Wolf and Kantor, 2024). Indeed, the director of state policy at the Center for Reproductive Rights echoed a simi-

⁵Maryland, Missouri, Arizona, Colorado, New York, Montana, Nevada, Florida, Nebraska, and South Dakota

lar opinion on the result: "In thinking about what seems like a contradiction, research has shown that Americans – when there is an abortion ballot or abortion-protecting constitutional amendment or initiative on the ballot – they don't see abortion as a partisan issue [...] Americans see abortion as an issue of liberty and of freedom." (ABC News, 2024).

Note that this setting does deviate from the model since none of these measures were initiated by the presidential nominees themselves. Additionally, the Democrats were hoping that the ballot measures would improve turnout from voters who are likely to also vote for nominee Harris. Nevertheless, the agenda-setting effect here represents an important case in illustrating the interaction of referendums with representative elections. In the end, the forces of agenda-setting segmented the political space that pushed the Trump campaign to a resounding victory.

Referendums and Popularity

Ecuadorian Presidential Election and 2024 Security Constitutional Referendum

"Today is a very important day because we are fulfilling our campaign promise to call for a popular referendum and build the New Ecuador. A country where violence and impunity are fought, and jobs are created."

"It is possible to fight crime, have a justice system that responds with tougher and firmer penalties, and above all, create new jobs for Ecuador. We must all contribute to moving the country forward. United, we will build the New Ecuador."

— Daniel Noboa, announcing the Constitutional Referendum

In October of 2023, Daniel Noboa made history by becoming the youngest President of Ecuador after winning the popular vote. Elected in a snap election following the impeachment of Guillermo Lasso, Noboa inherited a tough mandate to solve crime in Ecuador with only 18 months to prove his worth. Within months of assuming office, on 3rd of January 2024, President Noboa announced an 11-item referendum and popular consultation on enhanced security policies. As per the Ecuadorian constitution, voting is mandatory, ensuring high turnouts across various second-order elections. This also suggests that referendum outcomes become important signals of political will. Indeed, on 21st April, Daniel Noboa's position was validated by a resounding majority of Ecuadorians, cementing his plans for a *New Ecuador*. This section outlines the strategy of popularity-building through direct democracy adopted by Noboa in a country where referendums and popular consultations make up a crucial part of the political fabric.

In the Direct Democracy Index, Ecuador ranks third, behind only Switzerland and Uruguay (V-Dem, 2025). The mechanisms of direct democracy are diverse, as the constitution provides for referendums, popular consultations, and citizen initiatives. These institutions have been frequently used by notable leaders like Lenin Moreno, Rafael Correa, and Guillermo Lasso,

who sought public input through popular consultations. However, political analysts often regard such executive use of direct democracy as a political strategy (Qvortrup, 2024). Therefore, when Noboa called for a constitutional referendum and popular consultation, it became clear how the vote would become central to his political fate.

When Noboa assumed office, crime was a highly politically salient issue in light of a historically high murder rate⁶, the assassination of a presidential candidate⁷ and rapidly expanding organized crime activity⁸. In a country once heralded as an *island of peace* between Colombia and Peru, the changing criminal landscape garnered international and public concern. On 8th January 2024, the President declared a State of Emergency due to internal armed conflict when a major gang leader escaped prison (Reuters, 2024a). The situation demanded immediate policy attention as voters emphasized it as the most salient issue. This provided a political breeding ground to adopt a tough-on-crime stance, which would add momentum to Noboa's platform.

President Noboa curated an 11-item referendum for his voters. Five sought to modify the Constitution, while six were advisory in nature. Nine of the questions dealt with enhanced security policies like introducing the military in police patrolling to combat organized crime (CNN, 2024). Other tough-on-crime measures include stricter punishments, tougher gun control, and removing parole for certain crimes (Reuters, 2024a). The remaining two questions focused on labor reforms and employment. When the referendum was announced, a security expert with the Latin American Social Sciences Institute in Quito, Fernando Carrión, mentioned, "This referendum is not only about security questions but also about recognizing the president's legitimacy and putting him in a good position for 2025," (The Guardian, 2024a). Therefore, the gravity of this vote in determining Noboa's future in office was well-recognized. Fortunately for him, the dire environment prompted voters to echo his action-oriented approach such that all the security-related measures were approved with vote shares of around 60–70%. The two labor-related referendums failed, perhaps reflecting the public's priority on security. Opponents focused on the two measures that did not pass; however, Noboa declared the referendum a victory. He said, "One of the first things I learned in my life was to watch the scoreboard. If you were up nine to two, you won. " (Primicias, 2024).

The popular consultation outcome reinforced Noboa and his party's vision for a *New Ecuador*. Carrión emphasized the centrality of Noboa's own image in the voting process: "We do not vote for the question; rather, we vote for who asked the question" (New York Times, 2024). According to Glaeldys González, who researches Ecuador for the International Crisis Group, the political consequences of this vote were clear: "He is taking advantage of those levels of popularity that he currently has to catapult himself to the presidential elections." While this sentiment was widely acknowledged, approval ratings did not accurately reflect the same due to a massive power outage and electricity crisis at the time that dampened the referendum boost (BBC News, 2024). Still, Noboa enjoyed renewed legitimacy and maintained his status

⁶Homicides rose 429 percent from the first half of 2019 to 2024 (Human Rights Watch, 2025)

⁷The assassination of Fernando Villavicencio (The Guardian, 2024b)

⁸Increased Trafficking and Violence (Global Initiative Against Transnational Organized Crime, 2024)

Table 5: Public Opinion and Electoral Outcomes in Ecuador, March 2024

Key Electoral Issues	Share (%)
Insecurity	43.00
Unemployment	20.20
The Economic Situation	13.60
Referendum Voting (% Yes)	Yes (%)
A. Army support to police operations	72.24
B. Allowing extradition of Ecuadorians	64.34
C. Creation of specialized constitutional justices	59.92
D. Recognition of international arbitration	34.83
E. Reform of labour laws	30.49
F. Expanding army access to weapons	69.66
G. Increasing criminal penalties	67.34
H. Sentencing reforms for repeat offenders	66.68
I. Criminalizing possession of army-reserved weapons	63.90
J. Authorizing army use of seized weapons	64.06
K. Expropriation of seized property from organized crime	60.99
Presidential Election Result	Share (%)
Daniel Noboa	55.63
Luisa González	44.37

Note: Figures are percentages. Data on electoral issues is from the March 2024 (Source: Cedatos (2024)). The source for referendum voting outcomes and the election result is the NCE (National Electoral Council)

as one of the most popular presidents (New York Times, 2025).

Soon after the referendum, Noboa confirmed his candidacy for the 2025 Presidential election (Reuters, 2024b). Riding the wave of his previous success on security issues, the central platform for his re-election campaign included crime and economic stability. In the modified two-round system, Noboa held a narrow lead over his contender, Luisa Gonz  le. However, neither of them won a simple majority, sending the race into a second-round run-off. Eventually, Noboa secured his position on 10th May with an 11-point margin of victory. His party, ADN, was the frontrunner in the national assembly election, garnering 43.34% of the public vote and 66 seats out of 151.

Whether the referendum directly contributed to Noboa's victory is a causal relationship that is difficult to recover. Politics is exceptionally noisy, and a multitude of important events before the election make up the voter calculus. However, it is reasonable to speculate that the referendum might have played an instrumental role in cementing Noboa's status as a legitimate leader with a strong pulse of the Ecuadorian electorate. Given the unusual circumstances surrounding his foray into power in the first place — as a mid-term replacement for Lasso — legitimacy construction is a pivotal part of his larger political ambitions.

Even after winning the election, being popular is an instrumental part of Noboa's persona. As a leader who has enjoyed exceptionally high levels of approval, it is tempting to maintain status with strategies that were rewarding in the past. On 12th of July, 2025, Noboa announced his intentions for another referendum to amend Article 5 of the Constitution. The vote will seek to reintroduce foreign military bases in Ecuador, which Noboa believes will help control transnational crime. Political communications specialist Andr  s Obando asserts that "a referendum is mandatory for this type of reform, but believes that its repetition also responds to a plebiscite strategy." He argues that Daniel Noboa is adopting a strategy similar to former President Rafael Correa, who was known for his frequent use of the ballot box as a method of political reaffirmation (El Comercio, 2024). Ultimately, whether this gamble for fame succeeds is a question time will answer. Our guess is that Noboa will be betting.