

# **Determinants and consequences of regulatory activity**

## **Abstract**

We investigate the determinants and consequences of regulatory activity with unique panel data from the Swiss cantons and measure regulatory activity by the number of cantonal parliamentary statutes. Regarding the determinants, we show with a difference-in-differences design that the abolishment of mandatory legislative referendums strongly increases regulatory activity. We also detect some evidence for a decrease in regulatory activity related to second reading requirements. Regarding the consequences, we leverage the institution-induced changes in regulatory activity in an instrumental variable setting and find that regulatory activity does not affect growth, but that it seems to reduce income concentration at the top.

This paper is joint work Mark Schelker

**Simon Lüchinger**

**Full professor Department of Economics, University of Lucerne**