

### **Abstract**

When discussing constitutional design, economists concentrate on the propensity of individuals to free ride. Preventing opportunistic behaviour by knaves has costs by crowding out civic virtue. Another view emphasises active citizen participation in order to bolster civic virtue. A viable constitution must therefore be strict enough to deter exploitative behaviour. At the same time, the constitution should fundamentally convey trust towards its citizens and politicians. Distrusting public laws risk destroying the positive attitude of citizens and politicians towards the state. Civic virtue can be maintained and fostered by direct citizen participation via popular referenda and initiatives.