

# **City Administrators as Political Animals: Business Group Access and Local Political Markets**

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Abstract:

*To what extent do local administrators include business interests in their informal bargaining and negotiation on issues involving economic development and environmental and sustainability policies? Political market theory has provided us with significant insight into the decisions of local elected officials and top city managers, including some of the conditions under which city officials are favorably disposed toward development and pro-environmental land use policies. In this paper, we extend political market theory to decisions made by a wider array of local administrative officials. We investigate which kinds of administrators are more receptive to business advocacy than others? For example, are economic development administrators more accommodating to business associations in the policy development processes than other administrators in other types of agencies?*

*We investigate this and related questions with a multilevel analysis that uses a survey data set of 413 local government administrators in 50 of the 54 largest U.S. cities. This unique design and data provide new insights into local administrators' willingness to grant access to competing interests. At the individual level we examine how variations in administrators' personal positions, experiences, and environmental concerns, as well as the extent and efficacy of their network relations, shape business interest access. At the city level we account for variations in government size, demographic characteristics, ideology, and policy priorities of local government.*

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## **Introduction**

The importance of cities in addressing development and sustainability has long been debated. In addition to adopting and implementing specific policies and programs, many cities have made a broad commitment, as a matter of public policy, to try to become more sustainable. Even among cities that have neither official sustainability nor climate change policies, many programs and initiatives have been undertaken in an effort to become more sustainable. “Smart growth” and “green economic development” approaches have now become common in the landscape of local public policies (O’Connell 2008; 2009; Fitzgerald 2010).

### **The Politics of Urban Development and Sustainability**

The link between city government policy and divergent interests in the community has been a central focus of the urban political economy literature (Peterson 1981). Specifically, scholars of urban politics have long placed business group involvements at the very center of city politics (De Socio 2007; Molotch 1976). In various theoretical frameworks urban regimes require the resources, expertise, networking capacity, and political muscle of large businesses to undertake the kind of initiatives that mayors and city councilors covet. For example, Clarence Stone’s incisive study of Atlanta, for example, is compelling and convincing evidence that city hall depended on business and civic leaders to move the city forward (Stone 1989; 1993). Nevertheless, the political economy of cities is quite dynamic because obstacles to organizing a group tend to be low and it is relatively easy for groups of all types to penetrate the policymaking system and to participate within it (Portney 2007).

Recently, the link between interest groups and local sustainability has been subjected to scholarly inquiry within several disciplines (Betsill and Rabe 2009; Betsill and Bulkeley 2006;

Bulkeley and Betsill 2003; Rabe 2008). This work demonstrates that cities vary in their responsiveness to business and development versus environmental interests. For instance, Lubell, Feiock, and de la Cruz (2009) also link the formal structure of city governance institutions to the kind of urban growth policies cities adopt. In general, the broad character of political systems and local governance coalitions shape the influence of various groups on development and sustainability.

Our research focus is to find the evidence for cross-level interactions between the difference of administrators' mission and city level demands on the influence of organized business group involvements builds on a long debate in political science about equality and bias in interest group systems. Access to administrators is critical to the process by which an organization's interests affect policy. Research on lobbying at a national level demonstrates that access is a limited and highly valued resource (Salisbury 1990; Baumgartner, Berry, Hojnacki, Kimball, and Leech 2009). Literatures at the national, state and local levels indicate business often has greater access to agency halls than any other interests regardless of party affiliations (Peterson and Walker 1986; Peterson 1992; Schlozman 2010). Influence is more than just access; it involves a seat at the bargaining table as policies and implementation strategies are worked out before programs are made public.

Theories and empirical investigations of the influence of business interests focus on variation between but not within cities. We believe this monolithic treatment of growth decisions clouds our vision of the role of interest groups in local decision processes. We respond by advancing a more general political market framework that accounts for variation in interest access and influence across functional agencies within cities as well as between cities.

Cities carry out their functions through a multitude of agencies and departments that vary in their mission, organizational structure and substantive programs. This variation may advantage some interests over others.

In the following section we present a political market explanation that conceptualizes sustainability policy as the result of political decisions made within a set of formal political institutions at multiple levels. This allows us to bring insights from institutional and political economy theories to bear on the broader questions of local sustainability and the provision of environmental public goods. We then describe how this political market framework builds upon three longstanding traditions in the study of local politics and development.

The next section then extends this political market framework to encompass within-city variation defined by agency jurisdiction. The important theoretical and empirical contribution of this paper is to better understand the role of functional departments in shaping environmental and development decisions in communities. A research design based on a multi-level or hierarchical modeling strategy is presented. The results confirm substantial differences among agency administrators in business interests' access to decision making, In addition, declines in manufacturing and community characteristics influence development and sustainability policy decision making. In conclusion the implications of these findings for urban politics and political market theories and the applied implications for the assignment of sustainability decisions to specific agencies are discussed.

### **The Political Market**

The political market approach combines the institutional, local politics, and growth machine traditions as an integrated theoretical framework in which institutions mediate demands

of private actors and the willingness of public officials to supply the land use policies they desire (Clingermayer and Feiock 2001; Lubell et al 2009; Feiock, Lubell and Lee 2011). Local government institutions play a decisive role in organizing growth and sustainability decisionmaking. Policy choices are represented as an equilibrium resulting from the interplay between businesses and other interests demand for development or environmental goods and the aggregate supply of these policies by government officials (Alston 1996; Feiock 2002). Local level institutions mediate these political exchanges, determine the rules of the game, create incentives, and provide opportunities for collective action to bring about policy change (Clingermayer and Feiock 2001). Different types of decision arrangements favor different types of interests, either enhancing or reducing group influence. Thus institutional and organizational structures determine winners and losers in growth decisions (Lubell et al 2009).

Policy demanders are the private interests in society, and the suppliers are the government authorities (Schneider 1989; Feiock 2006). In return for political support, government officials supply policies that affect the utility of different social interests and pressing policy issues. Specific structures can favor either business or environmental interests, either enhancing or reducing their ability to influence growth policy.

This political market framework builds upon three distinct traditions: theories of political contracting and property rights (Alston 1996); “growth machine” theories of local development (Molotch 1976); and public administration theories of institutional structure and reform (Lineberry and Fowler 1967; Ostrom, Bish and Ostrom 1988).

### **Property Rights and Policy Demands**

Governmental policy specifies rights to access valuable resources. The property rights approach to institutions emphasizes how scarcity increases value and demands for policy action

that reduces uncertainty. Scarcity of environmental amenities resulting from rapid growth produces demands for institutions to protect those values (Ostrom 2004; Lubell et al, 2009). Economic decline, on the other hand produces demands for institutional change to reduce the transaction costs of development (Feiock 2002). The benefits of either growth or sustainability efforts relate to the extent to which existing growth patterns increase the scarcity of productive resources (Leicap 1989; Steinacker 1998; Lewis and Neiman 2002).

Property rights emerge to promote efficiency gains in the presence of externalities, but development and environmental policy and regulations also have distributive consequences for identifiable interests because the rules affect the possibility of preferred activities (Libecap 1989; Alchian and Demsetz 1973; Knight 1992). The political market framework builds on this idea that changes in objective problem conditions (i.e. needs) influence the benefits and transaction costs of policy change as experienced by both governmental suppliers and interest group demanders.

Demand is generated by the nature of the problem. In the case of growth decisions that involve conflicting economic and environmental values the consequence of growth or decline for social and economic interests in the community, and the ability of those interests to articulate demand by overcoming the transaction costs of collective action can be particularly salient. Supply costs are determined by the capacity of local communities to engage in change, and also the political consequences borne by government officials when change helps or hurts a particular constituency.

Ostrom adds detail to this basic approach by identifying the characteristics of a specific “action arena” that determine the benefits and costs of institutional change in which “individuals interact, exchange goods and services, solve problems, dominate one another, or fight (Ostrom

1999, p.42).” The structure of an action arena is a function of three broader sets of variables that are more amenable to empirical measurement: 1) physical conditions; 2) attributes of the community; and 3) attributes of the institutions that structure decision-making. In the context of local development and sustainability policy decisions, physical conditions refer to the development, growth patterns, and physical geography. Community characteristics refer specifically to interests of residents and political and economic actors with a stake in development decisions. Institutional structure refers to the larger institutional context in which land-use decisions are made, which is generally a function of local government executive and legislative structures.

The benefits of pro-environmental changes are related primarily to the extent to which existing growth patterns threaten a community’s quality of life. Rapid growth threatens environmental amenities and quality of life, but slow growth or decline threatens citizens’ economic livelihood and prosperity. All places experience some level of development absent any governmental interventions; the economic and physical characteristics of a place generate demand for growth. The benefit from this natural level of development determines the community’s opportunity cost in promoting or restricting growth. Given that the underlying characteristics driving a city's growth potential change very slowly, the natural rate of growth is relatively stable.

As growth declines there is less demand for growth management and environmental action. The benefits of pro-environmental regulation would be greatest in communities experiencing rapid growth and the benefits of development would be greatest in cities experiencing economic decline (Feiock 2002). Sentiment for growth management often becomes louder when growth strains public infrastructure. Extant research on local development

and growth management typically refers to these as “need-based” explanations (Steinacker 1998; Lewis and Neiman 2002). Economic decline produces pressure to promote business interests and offers development incentives. As growth pressures intensify, many citizens will begin to demand policies that preserve environmental resources.

### **A Growth Machine Political Economy**

Some interests are better at organizing for collective action in response to problems. The willingness of government authorities to supply favorable policies to various interests generally depends on their ability to deliver political resources to local officials. Nevertheless, public entrepreneurs can sometimes mobilize diffuse interests to influence public decisions (Elkins 1995; Goetz 1994; Lewis and Neiman 2009).

A “growth machine” controlled by a political alliance between local government officials and development interests has been often linked to development decision making (Logan and Molotch 1987). Development interests receive concentrated benefits for pro-development policies, and are better organized than other interests. Environmental interests on the other hand are portrayed as a fragmented and poorly organized constituency (Guerin, Crete and Mercier 2001). Thirty-five years ago, Harvey Molotch (1976) described how private actors in cities organize their efforts to influence the distributional consequences of land use decisions (Vogel and Swanson 1989). Local real estate and construction interests use their political power to influence the costs and benefits of growth (Logan and Molotch 1987). Well organized and well financed development interests are powerful articulators of political demand that are advantaged in translating their preferences into policy. Studies suggest cooperation through an alliance

between government officials and interest groups from the development and real estate/finance industries (Fleischmann 1986; Stone 1989).

### **Public Administration and Institutional Contexts**

At the city level, political and administrative institutions determine the rules and procedures for making collective choices (Clingermayer and Feiock 2001). At the city level form of government plays an important role by enhancing public managers' credibility in collaborative settings and reducing uncertainty (Feiock, Jeong and Kim 2003). Empirical studies generally report that differences in forms of government lead to differences in policy outputs (Lineberry and Fowler 1967; DeSantis and Renner 1994; Clingermayer and Feiock 2001; Lubell et al. 2009; Sharp and Daily 2010; Feiock and Bae 2011). The reform movement of the early 20th century centralized executive leadership to increase the efficiency, professionalism, and technical competence of local government administration (Morgan 1997; Svara 1997). The creation of the council-manager form of government was a response to this need to centralize executive authority and insulate public decisions from partisan politics and interest group pressures.

Two alternative mechanisms have been advanced to account for the mediating role of local institutions. First, institutions determine the costs of access and influence and so can amplify or suppress specific demands. Second institutional arrangements can shape the experience and professional socialization of decision makers (Lubell et. al. 2005). For example city managers are frequently trained in public administration and management programs where they learn the skills necessary to operate within the political environment and distance themselves from partisanship (Renner 2001; Zhang 2007).

## **Political Markets and Variation across Agencies**

If we focus on the decisions of individual agency administrators within governments, rather than overall aggregate city policy the mediating institutions of the political market need to be studied at the agency rather than the city level. Cities carry out their functions through a multitude of agencies and departments that vary in their mission, organizational structure and assignment of responsibilities and functions; this may have important policy implications. Although the political market framework provides a useful lens for interpreting differences across cities in supply, demand, and institutions, it has not been applied within cities. We begin to fill this lacuna by elaborating how the allocation of responsibilities to different agencies within city governments can bestow advantages on specific interests and disadvantages on others.

We know much less about differences among agencies and departments within cities. Cities vary in their organizational structure and assignment of responsibilities and functions; this may have important policy implications.

The theoretical innovation of this work is to adapt the Political Market Framework to investigate institutional variation across agencies. The policy impacts of variation in political structure across cities is much better understood than the implications of agency types on local decision processes and outcomes. For example planning, development, and environmental agencies can have jurisdiction over growth related issues they may systematically differ in terms of 1) powers and functions, administrators orientation and backgrounds 3) agency constituencies, informational and fiscal resources.

We advance several hypotheses linking agency mission and administrators' backgrounds, experience and perspective on development. While other agencies can play a role in development and sustainability, most administrative units fall within the general areas of

planning, economic development, or environmental services. We expect both economic development and planning agencies to facilitate business access but for somewhat different reasons. The mission of economic development departments and agencies are specifically directed to attracting growth through business recruitment and attraction. Local government economic development agencies have development interests as key constituents and their communications are embedded in social networks of private organizations (Ha and Feiock 2012). Agencies and departments with a planning mission are also likely to facilitate business association inclusion. Unlike development agencies, planners have a diverse set of stakeholders, yet the planning profession and values and legitimize stakeholder access and input, regardless of their orientation on growth issues. On the other hand, environmental agencies' constituencies are typically dominated by environmental groups that are sometimes hostile to development interests that threaten environmental values and environmental public goods. Thus we anticipate less business association inclusion in bargaining decisions for these agencies.

Based on this, at the department administrator level we test the following hypotheses:

A1: Business association inclusion in informal bargaining with city officials will be positively related to an agency mission of economic development.

A2: Business association inclusion in informal bargaining with city officials will be positively related to an agency mission of planning.

A3: Business association inclusion in informal bargaining with city officials will be negatively related to an agency mission of environment.

Administrators' backgrounds, experience and perspective on development may also influence business association access. We expect business associations to be more likely to be included in bargaining when the agency administrator has spent most of his career in the private sector rather than government or nonprofit sectors. Longer experience with the city may also

lead to more openness to business stakeholder participation. Thus administrators with longer tenure with the city are anticipated to be more likely to include business in informal negotiation and bargaining with city officials. We also anticipate that administrators favoring additional development incentives will promote business association access.

A4: Business association inclusion in informal bargaining with city officials will be positively related to administrator's career experience in the private sector.

A5: Business association inclusion in informal bargaining with city officials will be positively related to the administrator's tenure with the city government.

A6: Business association inclusion in informal bargaining with city officials will be negatively related to perceptions that the city offers too much in the way of tax incentives for development.

At the city level we focus on several factors demonstrated to predict growth management or development decisions and linked to the property rights/need and preferences based on the political market. The two primary factors linked to city conditions and development need are population and changes in growth. In particular growth or decline in the manufacturing sector has been seen as central to need for growth management to address problems of rapid growth or economic development policies to deal with lagging or declining growth (Lubell et al 2004).

C1: Business association inclusion in informal bargaining with city officials will be positively related to city population size.

C2: Business association inclusion in informal bargaining with city officials will be negatively related to manufacturing growth.

An array of city level factors is linked to the activation of pro-growth or anti-growth preferences in the community. These include population characteristics such as age, race, education and income. In addition Democratic partisan ideology has been linked to opposition to at least some types of growth policy. Based on this literature we include the following hypotheses at the city level:

C3: Business association inclusion in informal bargaining with city officials will be negatively related to education levels.

C4: Business association inclusion in informal bargaining with city officials will be negatively related to age.

C5: Business association inclusion in informal bargaining with city officials will be negatively related to African American populations.

C6: Business association inclusion in informal bargaining with city officials will be negatively related to income.

C7: Business association inclusion in informal bargaining with city officials will be negatively related to Democratic Partisanship.

In addition the political market framework suggests that demands are moderated by institutions. To extend this idea to the agency level we focus on the cross-level interaction of community economic need reflected in manufacturing decline and the mission of the agency that business associations may seek to influence. In particular economic development may be sympathetic to demands arising from the need for growth, strengthening the relationship predicted in C2. Thus our cross-level interactive hypothesis is:

H1: The negative relationship between business association inclusion in informal bargaining and manufacturing growth will be stronger for agencies with an economic development mission than other agency mission types.

## **Survey Methods**

The individual-level data on which this analysis is based come from a 2009 survey of local officials in 50 of the largest 54 cities in the U.S. The four largest cities, New York, Los Angeles, Chicago, and Houston, were excluded from the survey because the challenges presented by their scale. The 50 surveyed cities have 2007 population sizes ranging from 1.5 million in Phoenix to 336,000 in Tampa. In other words, these cities represent the entire universe of U.S. cities in this population range. Between June and August of 2009, questionnaires were mailed to a specific subset of city administrators, an average of about 18 city administrators in

each city. The administrators we targeted were all leading officials at the heads of departments or bureaus with some relevance to environmental affairs and economic development. Titles of such offices and the organization of responsibilities differed from city to city. Generally, though, we identified those in areas such as environmental protection, sustainability, public works, parks and recreation, public utilities, water and wastewater management, office of the city manager, economic development, and planning. Questionnaires were mailed to the entire population of 885 city administrators, and 413 responded for a response rate of 46.7%.<sup>i</sup> Thus the level one units of analysis are administrators. We also collected data at the city level, primarily from Census sources.

This project developed a mixed-mode survey methodology. Administrators' mailing and email addresses were collected from each city's respective web sites. Respondents were mailed a paper questionnaire, along with a cover letter explaining the purpose of the survey, and offering respondents the opportunity to win one of three \$100 gift cards from Amazon.com. Also included were a pre-paid (stamped) postcard allowing the councilor or administrator to provide his/her name and to be entered into the gift card raffle, and a pre-paid (stamped) envelope to allow respondents to return the completed questionnaire in the mail. This mailing also included a new \$1 bill, which Dillman, Smyth and Christian (2009, 238-242) suggest exerts significant influence on the response rate. The initial mailing offered prospective respondents the option of doing the survey on the web, providing a URL for the web-based version of the questionnaire. After about 17 business days, those who had not returned the pre-paid postcard were sent a personalized email reminder which included a link to the online questionnaire. The survey of administrators yielded 246 responses on paper and 167 online. Based on the theoretical framework described above we classified the agency of the respondent as being economic

development, planning, environmental services or other. Table 1 below reports the distribution of these agency mission types in our sample.

Table 1 here

To capture whether interest group influence involves a seat at the bargaining table as policies and implementation strategies are worked out the survey asked heads of local government departments and agencies: *Which of these sectors are most likely to be included in informal bargaining and negotiation with city officials? On issues involving both economic development and environmental concerns, what is the likelihood that you and your colleagues would include these sectors in your policymaking deliberations?* The sectors included business associations and environmental groups and administrators were given four choices for each interest group sector: “Very Likely to Include,” “Maybe/Maybe Not,” “Not Very Likely to Include,” and “Don’t Know.” For the analysis the maybe and not very likely responses were combined to create a binary variable coded 1 for very likely to include and zero otherwise. The distribution of the dependent variable is reported in Table 2

Table 2 here

## **HLM Model**

There are both theoretical and statistical reasons for using hierarchical linear models to analyze local programs and policies. First, hierarchical linear modelling provides a solution to the question of what factors account for agency decisions nested within city governments by allowing the inclusion of predictors at different levels into a single comprehensive model

(Steenbergen and Jones 2002). Outcomes at level 1 are not independent from each other, but rather dependent on the contextual units from which they are drawn. In the local government context, this means that agency decisions vary both within and between cities. Not taking into account similar policies and experiences by agencies within cities, results in misestimated standard errors and inflated Type I errors (Raudenbush and Bryk 2002).

Second, agency level predictors might interact with city level predictors to shape growth decisions. This problem is known in the political science literature as *causal heterogeneity* (Western 1998), describing the possibility of cross-level interactions and, in this case, the variation of coefficients of agency-level predictors as a function of city-characteristics. In other words, unlike single level analyses that assume the same causal effect of agency-level predictors for all cities under study, hierarchical analysis models cross-city variation in political institutions interacting with city level predictors as constraints of policy choices.

Third, single-level analysis of hierarchical data frequently suffers from aggregation bias as a result of combining data at a higher level of analysis and ignoring that a variable may have different meanings and effects at different organizational levels (Raudenbush and Bryk 2002). In the local government context, this is illustrated by the different organizational and intuitional mechanism for access and influence. At the city level, input and access is formalized and transparent, whereas at the agency level, it is sometimes more ad-hoc and informal. Hierarchical linear modeling takes into account the separate effects of similar variables by including the observed relationships between variables into separate level-1 and level-2 components (Raudenbush and Bryk 2002: 100).

## Findings

The HLM results are presented below in Table 3 and Table 4. Unlike linear regression, HLM is not robust to violations of distributional assumptions such as multicollinearity. The multicollinearity is not excessive in this case and no other serious assumption violations exist as the residuals are homoskedastic, according to a modified Levene test, and normally distributed, consistent with the Shapiro-Wilks test<sup>5</sup>.

Table 3 here

The HLM analysis suggests that both agency administrator level (level 1) and city level (level 2) factors shape business access. This has important implications that are addressed in the conclusion. Several of the agency administrator level variables have a statistically significant impact on the inclusion of business associations. In particular the type of agency makes a substantial difference. The findings regarding agency mission are consistent with our hypotheses. Agencies with planning and economic development missions are positively related to business association involvement in informal bargaining and negotiation on economic development and environmental policy deliberations. These findings confirm administrator is critical to the process by which an organization's interests affect policy and influence is more than just access it involves a seat at the bargaining table as policies and implementation strategies are worked out before programs are made public. The agency level effects were confined to agency type, the personal background and characteristics of the agency administrator did not have any effect.

At the city level economic need as evidenced by change in manufacturing had a significant negative effect suggesting that lagging or declining manufacturing growth stimulates business access to agency decisions on issues of development and sustainability.

With regard to demographic factors indicating preferences for environment or development we find significant negative effects of age and African American populations as predicted.

Education level had significant effect but was positive. Democratic vote in the last presidential election did not have any significant influence.

Table 4 here

The final analysis more directly tests the political market prediction that the effects of policy demand are mediated by institutions. In this case the institutional variation of interest is at level one the difference in agency type within cities. We predict that city level development need will be amplified by economic development agencies. To test this cross-level prediction we include the interaction of agency with an economic development mission and the change in manufacturing. Simple p-values can be misleading for interaction terms because the standard t-tests assume independence and interactions by definition violate this assumption. Therefore a joint test of development agencies, manufacturing change and the interaction term was also conducted to confirm this result. The analysis presented in Table 4 provides strong confirmation of our prediction. The stimulative effect of manufacturing decline on business access is significantly greater for economic development agencies than for other city departments.

## **Discussion**

To what extent do local administrators include business interests in their informal bargaining and negotiation on issues involving both economic development and environmental and sustainability policies? We know a lot about the answer to this question based on previous research. Over the last three decades a large share of the literature and research in urban affairs

has been devoted to the politics of growth (Barnekov and Rich, 1989). Following Peterson's *City Limits* (1981), much of the literature assumes that because communities are constrained by revenue needs and inter-jurisdictional competition for tax base, they are controlled by business interests. On the other hand, even communities with similar objectives pursue them differently (Sharp, 1991; Sharp and Elkins, 1991). Despite fiscal constraints, there are numerous examples of communities enacting policies to restrict new development or promote sustainability (Portney 2003). It is this variation in approaches to growth that gave rise to the use of urban regime theory (Stone, 1989). As Goetz observes (1994: 87), "structural constraints do exist, but these constraints are interpreted locally, and policy determined by the configuration of competing political interests. Political market theory provides a lens to understand differences in growth policy by focusing on the decisions of local elected officials and top city managers, including some of the conditions under which city officials are favorably disposed toward development and pro-environmental land use policies.

In this paper, we extend political market theory to decisions made by a wider array of local administrative officials to investigate which kinds of administrators are more receptive to business advocacy than others. The results suggest we may not know as much about the politics of growth as we thought because quantitative studies do not capture differences in decisions across different units and agencies within government. By estimating multi-level models in which agency administrators are nested within cities we identify that that economic development and planning administrators more accommodating to business associations in the policy development processes than other administrators in other types of agencies. We also find that both city level and agency level factors explain business access.

These findings have both theoretical and applied consequences. Urban politics has a rich legacy of case study-based research such as Robert Dahl's (1961) study of *Who Governs* in New Haven and Clarence Stone's (1989) account of *Regime Politics* in Atlanta. But the richness of the theory developed in these accounts has been left out of much of the quantitative study of local politics. This is in part because much of this work builds on the assumptions of Peterson's (1981) *City Limits* assertion that cities have a unitary interest (1991). Thus cities are treated monolithically and policies are treated as one-dimensional. Recent work has begun to bridge this gap. In particular network analysis investigates relationships among various actors within and among cities (Feiock and Scholz 2010; Lubell 2010). This paper explores another path to integrate comparative and case analysis by examining nested relationships of agency administrators and cities. This analysis isolates economic development, planning, environmental, and other agencies and explores differences in the extent to which business associations are granted access to informal bargaining. We find that controlling for the characteristics of the cities in which they are found, and the background and experience of agency administrators there are significant differences across agencies with different missions. Moreover, specific city level conditions, such as changes in manufacturing, have greater or lesser impacts depending on the agency.

The cross-level interactions we find also support our extension of the political market perspective. Rather than examining city level institutions such as forms of government as the mechanism for aggregating preference and mediating demand, we substitute agency level differences in mission. To the extent that different agency types differ in terms of powers and functions, administrators orientation and backgrounds, agency constituencies, information and fiscal resources they may systematically advantage certain demands over others.

This result has practical consequences for institutional choice and agency design. There is not a single agency that must have responsibility for development and sustainability functions. Instead, local policy makers have an array of institutional units that can be assigned responsibility. The results presented here suggest that this is much more than an administrative choice in that it can sensitize program decisionmaking to some interests and insulate it from others.

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**Table 1**  
**Agency Mission**

	Frequency (%)
<b>Economic Development</b>	41 (10.0)
<b>Planning</b>	67 (16.2)
<b>Environmental Service</b>	27 (7.5)
<b>Other</b>	278 (67.3)
<b>TOTAL</b>	413 (100.0)

**Table 2**  
**Business Group Inclusion in Informal Bargaining on Issues Involving both**  
**Economic and Environmental Concerns**

	Frequency (%)
<b>Very Likely to Include</b>	280 (71.4)
<b>Maybe or Not Very Likely to Include</b>	112 (28.6)
<b>TOTAL</b>	392 (100.0)

**Table 3**  
**Hierarchical Model of Business Group Inclusion in Informal Bargaining and Negotiation**  
**with City Officials on Issues Involving both Economic and Environmental Concerns**

Variable	Value	Std. Error	p-value
<b>Administrator Level (DF = 377)</b>			
Intercept	0.217	0.580	0.710
Economic Development	0.168	0.087	0.054
Planning	0.230	0.071	0.002
Environmental Services	0.090	0.103	0.384
Admin Background Business	0.092	0.185	0.619
Admin Background Gov.	0.210	0.185	0.218
Years of Experience	0.001	0.003	0.812
Tax Incentives	-0.047	0.047	0.318
<b>City Level (DF = 45)</b>			
Population	-0.000	0.000	0.918
Income	0.000	0.000	0.538
Education	0.012	0.006	0.051
Age	-0.028	0.011	0.017
Race	-0.001	0.002	0.691
Change Manufacturing			
Employment	-0.024	0.011	0.046
Democrat Vote	0.002	0.003	0.609

**Table 4**  
**Hierarchical Model of Business Group Inclusion in Informal Bargaining and Negotiation**  
**with City Officials on Issues Involving both Economic and Environmental Concerns with**  
**Cross-Level Interaction**

Variable	Value	Std. Error	p-value
<b>Administrator Level (DF = 377)</b>			
Intercept	0.319	0.580	0.583
Economic Development	-0.319	0.184	0.084
<b>Interaction: Econ Develop *</b>			
<b>Change in Manufacturing</b>			
Planning	-0.093	0.031	0.004
Environmental Services	0.218	0.070	0.003
Admin Background Business	0.102	0.102	0.319
Admin Background Govt.	0.042	0.184	0.820
Years of Experience	0.174	0.168	0.304
Tax Incentives	0.001	0.003	0.737
	-0.059	0.047	0.211
<b>City Level (DF = 45)</b>			
Population	-0.000	0.000	0.907
Income	0.000	0.000	0.551
Education	0.012	0.006	0.038
Age	-0.029	0.011	0.012
Race	-0.001	0.002	0.700
Change Manufacturing			
Employment	-0.014	0.012	0.247
Democrat Vote	0.002	0.003	0.598

<sup>i</sup> Questionnaires were mailed to 894 identified individuals; nine were no longer in their respective positions and had not been replaced during the period of this survey. These nine were removed from the denominator of the response rate calculation. Response rate is  $(413/885) \times 100 = 46.7\%$