

## **Local Political Economy**

### ***The State of the Field: Past, Present, and Future***

By Jessica Trounstone

Abstract: Studying local politics is key to answering fundamental questions of who gets what, how, and when in the United States. And understanding institutions – the rules and structures that shape the aggregation of preferences and political outcomes – is crucial to this endeavor. In part this is because local governments are not sovereign in the federal structure and so naturally, studying cities requires understanding the context in which they are embedded. But it is also because cities feature endless variation in their formal and informal governing arrangements. These institutional differences affect representation, accountability, and the provision of public goods and services. In this essay, I offer an overview of what we know about the political economy of subnational governments, discuss some of the frontiers of knowledge still to be discovered, and put forth a plea for the importance of answering political economy questions at the local level. I argue that studying local institutional variation advances our understanding of institutional development, maintenance, and consequences more generally.

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Jessica Trounstein is the Foundation Board of Trustees Presidential Chair of Political Science at the University of California, Merced; 5200 North Lake Road, Merced, CA 95343.

Studying local politics is key to answering fundamental questions of who gets what, how, and when in the United States. And understanding institutions – the rules and structures that shape the aggregation of preferences and political outcomes – is crucial to this endeavor. In part this is because local governments are not sovereign in the federal structure and so naturally, studying cities requires understanding the context in which they are embedded. But it is also because cities feature endless variation in their formal and informal governing arrangements. These institutional differences affect representation, accountability, and the provision of public goods and services. A great deal of work on local politics has been dedicated to explaining the uniqueness of particular places at particular times. So, theoretical generalization has been challenging; and the subfield has often been disconnected from the broader study of American politics. Sapotichne, Jones, and Wolfe (2007) once called urban politics scholarship “a black hole” (p1). The last decade has seen enormous transformation on these fronts, yet we still have much to learn. In this essay, I offer an overview of what we know about the political economy of subnational governments, discuss some of the frontiers of knowledge still to be discovered, and put forth a plea for the importance of answering political economy questions at the local level. I argue that studying local institutional variation advances our understanding of institutional development, maintenance, and consequences more generally. As I am a scholar of American cities, the essay is focused on the literature in the US setting, but undoubtedly, many exciting advancements will come from comparison with institutions elsewhere.

### **Formal Institutional Variation**

In the United States local governments are political creations of state governments. They come in several variations but can generally be classified into two types: general purpose governments and special purpose governments. General purpose governments, like cities, towns, and counties have the authority to raise and spend revenue, generate policy to promote the health and wellbeing of their residents, regulate land use, and enforce the law. Special purpose governments also raise and spend revenue, but each handles a limited number of functions (typically one) such as mosquito abatement or fire protection. Special districts do not have general police powers – they cannot engage in regulation or law enforcement. School districts are a form of special purpose government but are often categorized and analyzed separately. According to the 2017 Census of Governments, the United States has a total of 12,754 independent school districts, 38,542 special districts, and 38,779 general purpose local governments. These governmental jurisdictions overlap with each other in a variety of ways. Most cities are nested within counties, but significant portions of county land are not incorporated into any municipal jurisdiction. Special districts are layered on top of cities, counties, and unincorporated land, and can cross jurisdictional boundaries. This means that most American residents are represented by many different governmental bodies operating at different scales and with different responsibilities.

Since the middle of the 19<sup>th</sup> century, local governments have provided a wide range of services including public safety (policing, fire-fighting, inspection), public administration (voter registration, elections, assessment, tax collection, recording of deeds, marriages, and deaths), public works (sewers, parks, utilities, waste management), social welfare (education, health, housing, poverty relief), and infrastructure development and operation (roads, ports, airports, bridges). But there is great variation across time and place in the set of services residents can

access and how much they pay to receive them. As of 2012, general expenditure ranged from about \$2 per capita to more than \$18,000 per capita in cities with more than 5,000 residents.

Local governments feature many different sets of institutional arrangements. Some cities have mayors, others do not. Some local governments elect legislators by ward or district, others are elected city-wide. The size of the elected governing body varies widely. New Haven, Connecticut's 130,000 residents are represented by 30 aldermen while Los Angeles, California with nearly 4 million residents elects only 15 members of the city council. In some places, politicians run for office with party labels, in others, parties are not officially part of the electoral process. Local governments vary in their legislative voting rules, executive powers, term limits, and tax structures. In some areas most local services are provided by special purpose governments, in others incorporated municipalities (e.g. cities) handle the bulk of service delivery. Some places have the use of direct democracy others do not. State law dictates some of this variation, but much of it is hyper local – neighboring jurisdictions can have different institutional designs.

Several early political economy scholars not only studied local institutions, but actively worked to change them in an effort to reform the governance of cities. Political scientists like Frank Goodnow, Charles Merriam, Woodrow Wilson, and Richard Childs pursued city charter changes during the late 19<sup>th</sup> and early 20<sup>th</sup> centuries. The Progressive Reform agenda supported a range of institutions intended to increase the efficiency and efficacy of government. For many reformers, this entailed limiting the effects of political forces like parties, voters, and elected officials on city government. The result was a push for professional administrators to run municipal affairs, decreased pay for elected officials, and civil service systems for city workers. Additionally, reformers supported the enactment of city-wide (at-large) elections to prevent

neighborhood interests from unduly influencing local government and promoted nonpartisan local elections, arguing that parties should be irrelevant to urban administration. Reformers also proposed, lobbied for, and supported the passage of suffrage restrictions at state and local levels including literacy tests, abolition of alien suffrage, registration requirements, poll taxes, and measures that decreased the visibility or comprehensibility of politics like non-concurrent, off-year elections, with obscure polling places. But the particular institutional choices pursued by reform coalitions differed from place to place. The legacy of the reform movement is that formal city institutions vary widely across these many dimensions. Counties also feature variation in governing arrangements stemming from the Progressive Reform era. Except in Rhode Island and Connecticut, counties are governed by an elected body. Typically, this board serves as both the executive and legislative branch of the government, called the commission form of county government. But some counties have an appointed administrator or an elected executive who serves as the head of the executive branch.

Research reveals that formal rule changes were often intensely political. To advance their agenda municipal reformers created local and national organizations that put forth candidates for local office and lobbied state governments to enact rules that served their goals. Liazos (2020) documents vigorous debate even within the reform movement over the necessity and value of various institutional options. The most contested aspects of the reform platform were those that tended to increase the voice of the public – like direct democracy, proportional representation, and municipal ownership of local services. In order to avoid the appearance of dissension in their ranks, the most powerful national reform organization, the National Municipal League, endorsed a smaller set of institutional changes – city manager charters, nonpartisan elections, and an elimination of districts for city council member elections. Bridges (1997) and

Trounstine (2008) present evidence that reform proposals for city managers and at-large, non-partisan elections were often opposed by lower income residents, immigrants, people of color, and union affiliates. Anzia (2013, 2012) studies the adoption of non-concurrent elections and finds that historically, cities changed election timing frequently, as elites hoped to advantage one segment of the electorate over another. She argues “party leaders clearly recognized the importance of election timing for their electoral fortunes and sought to set the rules in their own favor” (p44, 2012). During the period of Anzia’s study, municipal reformers were often at a disadvantage in on-cycle elections because they were not affiliated with a national political party. This meant that voters would have to split their tickets to support them in on-cycle elections, and that they lacked a mobilizing force on the ground that could compete with the partisan organizations. When reformers believed that off-cycle elections would help them win elections, they worked to amend state law to ensure that cities would be required to hold non-concurrent elections. They were stridently opposed in this endeavor by political elites who were advantaged in the on-cycle system (e.g. those likely to win a greater share of the vote in November elections compared to other months). Anzia notes that off-cycle elections did not consistently benefit one party over time or across place. Changes to election timing largely halted in the early 20<sup>th</sup> century, preserving the advantage for future off-cycle beneficiaries, not just those at the time of implementation. In some cities this institutional change ultimately came to benefit the political party organizations that the reformers were trying to unseat. Off-cycle election timing thus offers an example of what Shepsle (1989) means when he says that “what an institution facilitates may be a by-product of what its founders intended” (p.140).

Scholars have sought to determine which (if any) local institutional variations are associated with a variety of different political outcomes (although causal evidence has been

elusive). A large body of work analyzes the correlates of manager versus mayoral executive structures, at-large versus district selection for city council, partisan versus non-partisan elections, the size of city councils, concurrent versus non-concurrent elections, direct democracy, civil service and unionization, and the structure and degree of privatization in service delivery.<sup>1</sup> Many scholars argue that reform institutions meant to increase the efficiency of the political system “both in theory and in practice meant heeding some citizens and not others... [and] the cost of greater efficiency [was] less democracy” (Eakins 1976: 3). Scholars have shown a correlation between reform structures and a lack of attention to lower-class and minority interests (see for instance Welch and Bledsoe 1988 or Lineberry and Folwer 1967). Non-partisan elections have been found to decrease the selection of people of color (Crowder-Meyer et. al. 2018, 2019). A persistent finding in the literature is that racial and ethnic minorities are aided by district as opposed to at-large elections and by larger city councils (see, e.g., Taebel 1978, Davidson and Korbel 1981, Heilig and Mundt 1983, Bullock and MacManus 1990, Arrington and Watts 1991, Polinard et al. 1991, Alozie and Manganaro 1993, Davidson and Grofman 1994, Leal et al. 2004). District elections have also been found to increase the neighborhood focus of city councilors and equalize power across neighborhoods (Welch and Bledsoe 1988; Hankinson and Magazinik 2019). Anzia (2013) finds that a consequence of off-cycle election reform was lower turnout overall and the empowerment of groups with strong organizational capacity – like municipal employees. Payson (2017) finds that school board members are held accountable for test-scores only when elections are held concurrently with presidential elections. de Benedictis-Kessner (2018) finds that off-cycle elections are more advantageous for challengers. Many reform institutions like council manager systems are associated with lower turnout (Alford &

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<sup>1</sup> The number of works is too long to list here. See Welch and Bledsoe 1988, Ruhil 2008, Pelissero 2003 for reviews of much of the literature

Lee 1968, Karnig & Walter 1983, Wood 2002, Hajnal & Lewis 2003) and Hajnal (2010) provides evidence that lower-turnout elections are less representative (with regard to race, education, age, income, and employment) of city populations.

However, not all research fits the pattern linking reform structures with poor representation for lower socio-economic status groups. Kogan, Lavertu, and Peskowitz (2018) confirm that off-cycle elections generate different electorates – with an increased presence of public employees. However, they find that the compositional difference is typically smaller than the margin of victory, meaning that public employees are not likely to drive election outcomes. Instead, they find that fluctuations in the share of elderly voters is much more consequential. Sances (2016), finds that appointed (as opposed to elected) tax assessors are more egalitarian in their assessments. Hajnal and Trounstein (2014) find that cities with elected mayors (as opposed to appointed city managers) have larger racial divides in vote patterns. Trounstein and Valdini (2008) provide evidence that the positive effect of districts for electing people of color is conditional on the size and concentration of the group in question and Mullins (2009) finds that at-large elections in special districts can move policy toward the median voter away from unrepresentative interests. Rahn and Rudolph (2005) find that council-manager systems increase trust in local governments. Morgan and Pelissero (1980) find that reformed structures have no effect on taxing and spending. Ruhil (2003) finds a short term decrease in spending after changing institutions, but no long run consequences. At the county level, DeSantis and Renner (1994), Schneider and Park (1989), Benton (2002 and 2003) find that reformed county governments had *higher* spending compared to non-reformed systems; but Morgan and Kickham (1999) find the opposite.

Much less research has focused on the representational consequences of institutional variation. Harkening back to a long line of pluralist theorists like Dahl (1961), Tausanovitch and Warshaw (2015) find that local governments are similarly responsive to public opinion regardless of their institutional form. Trounstine (2008) shows that formal institutional changes increased the probability of reelection for reform politicians and led to municipal policy that was directed toward a core group of supporters at the expense of the broader public. However, she finds the same result for unreformed cities when they were governed by a powerful informal institution – the political machine. In short, more research needs to be done clarifying the conditions under which different local institutions affect political representation and policy outcomes and for whom. Additionally, future research might focus more on tying local institutional findings to broader political patterns. It is unlikely that American national elections will ever be nonpartisan or that single member districts for the House will be abandoned for at-large systems. But there are still important insights to be garnered. Primary elections (for example) where partisan labels are not a useful heuristic may share features of nonpartisan elections. Lessons learned about how racial segregation interacts with the size of local legislative districts may reveal insights for scholars of Congressional politics. In short, theory developed at the local level may be applicable to other levels of government.

A fundamental challenge to studying institutions is the difficulty in disentangling the effect of the institution and the conditions that underlay the institutional choice in the first place (Przeworski 2004). If institutions simply replicate the causal conditions that gave rise to them, it is unclear whether they play an independent role in political outcomes. For instance, if we find that city manager governments have lower levels of spending than mayoral governments, it might be that the underlying needs of the community or predisposition of municipal elites leads

to both the adoption of the institutional reform and the revenue patterns. If this is the case, then the form of government plays no independent role in constraining spending. So, we need work analyzing these moments of change and the balance of power at the time of adoption; and comparative research that locates comparable cases without the adoption of the institution in question. Research on the development and effects of land use regulation pushes in this direction. Troesken and Walsh (2017) analyze variation in local adoption of segregation ordinances. They find that preferences for segregation are an insufficient explanation. Rather, it was only where private collective action to enforce the color line was weak and ineffectual that cities came to engage in state sponsored segregation. Trounstein (2018) argues that cities implemented a variety of institutional structures (e.g. zoning rules) to generate race and class segregation starting in the late 1900s. She offers historical evidence that the architects of these institutions intended to hem in the poor and people of color and that their policy choices successfully achieved these goals; ultimately generating inequality in resource access across race and class lines. She asserts that the preferences for separation would not have created such rigid segregation in the absence of land use policy. However, the book is short on the *political* component of these institutional choices. We know little about the coalition of people who supported segregationist policy, how they achieved their ends, how other institutional features of their cities affected the process, and what outcomes might have looked like without the implementation of segregationist policy. In a more modern analysis, Einstein, Glick, and Palmer (2020) tackle the politics of land use regulation directly. Leveraging detailed analyses of public meetings, survey data, land use regulations, and development outcomes, they find that “neighborhood defenders” – socio-economically advantaged homeowners – utilize participatory institutions to limit housing development and, ultimately, exacerbate inequality.

Special districts and limited purpose governments also feature institutional variation with important consequences. Although special districts have existed in some capacity since the 19<sup>th</sup> century, they grew exponentially during the Progressive reform period as their corporate structure and limited political oversight appealed to reform goals. Today, a wide range of local public goods are delivered by special districts. Table 1 summarizes the functions of the 38,542 special districts that were contained in the 2017 Census of Governments.

Type	Number	Share of Total
Air Transportation	489	1.27
Cemeteries	1,681	4.36
Miscellaneous Commercial Activities	213	0.55
Correctional Institutions	30	0.08
Other Corrections	4	0.01
Education	184	0.48
Local Fire Protection	5,975	15.5
Health	947	2.46
Hospitals	640	1.66
Industrial Development	179	0.46
Mortgage Credit	35	0.09
Highways	1,068	2.77
Toll Highways	23	0.06
Housing and Community Development	3,344	8.68
Drainage	2,568	6.66
Libraries	1,660	4.31
Other Natural Resources	443	1.15
Parking Facilities	32	0.08
Parks and Recreation	1,440	3.74
Police Protection	35	0.09
Flood Control	621	1.61
Irrigation	924	2.4
Public Welfare Institutions	55	0.14
Other Public Welfare	14	0.04
Sewerage	1,840	4.77
Solid Waste Management	450	1.17
Reclamation	151	0.39
Sea and Inland Port Facilities	135	0.35
Soil and Water Conservation	2,546	6.61
Other Single Function Districts	931	2.42
Water Supply Utility	3,593	9.32

Electric Power Utility	161	0.42
Gas Supply Utility	61	0.16
Public Mass Transit Utility	362	0.94
Fire Protection and Water Supply	49	0.13
Natural Resources and Water Supply	140	0.36
Sewerage and Water Supply	1,380	3.58
Other Multi-Function Districts	4,139	10.74

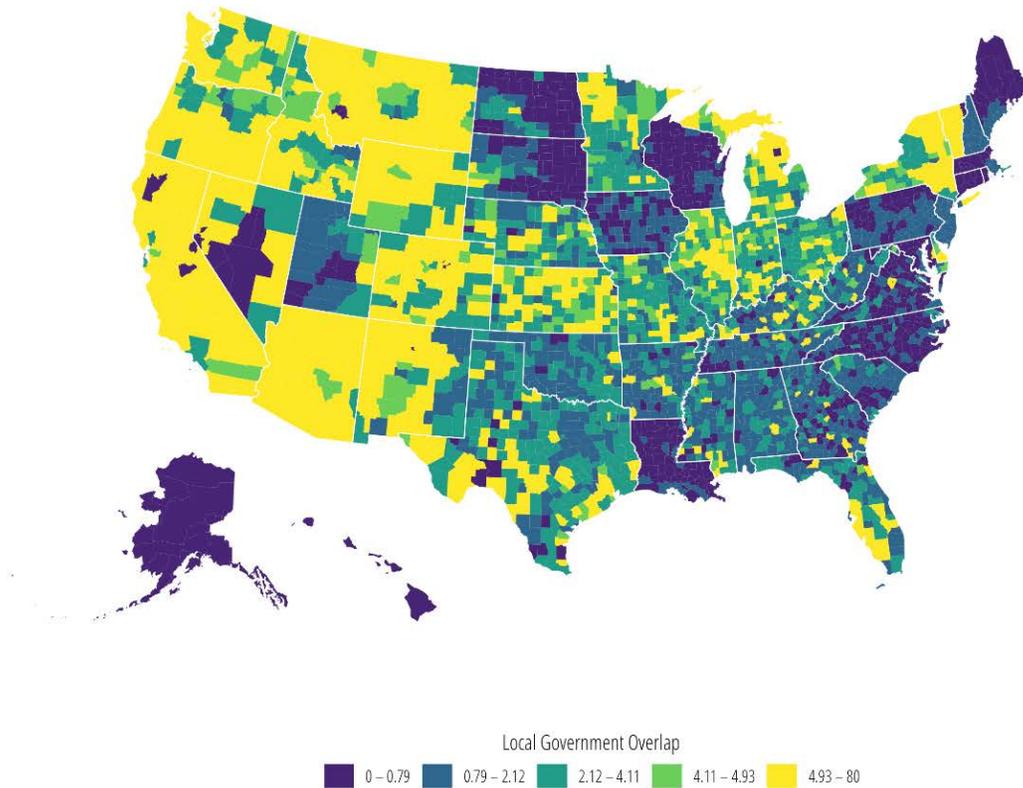
The variations in special district governing and oversight arrangements are just as numerous as their service responsibilities. Most special districts are governed by a board, but some have elected representatives while others' boards are appointed. Some special districts are subject to open meeting laws, others are not. As Berry (2009) details, turnout in special district elections is typically very low – between 2 and 10%. This low participation means that those who *do* participate tend to have an important stake in the outcome (as employees or beneficiaries of the district), leading to unrepresentative outcomes (Bollens 1957) and “overfishing” from the tax base (Berry 2009, p.2). Berry (2009) argues that interest groups who benefit from low turnout and high spending in special districts prefer this state of affairs. An extreme case of special district capture is the Reedy Creek Development District which has complete control of the land area inhabited by Disney World in Florida. Reedy Creek can levy taxes, regulate land use, build roads, and operate utilities. As a result of Florida law governing voting rights in special districts of this type, Reedy Creek's only voters are the landowners within its boundaries – none other than Disney executives (Fogelsong 2001).

Other scholars have investigated distributional consequences from special district representation. Meier and England (1984) and Stewart et al. (1989) find that school boards with more Black board members are associated with more Black administrators and teachers. They also find that a higher proportion of Black teachers is associated with a higher proportion of Black students in gifted classes, and higher grades and test scores among Black students.

Polinard et al. 1994 and Leal et al. (2004) produce similar findings for Latinos. Future research on these questions might theorize about and investigate the various mechanisms that link representatives to outcomes and determine how institutional variation affects these relationships.

### **Institutional Fragmentation**

Another important set of subnational institutional variations concerns the incorporation and overlap of local governments. State law defines the power and authority of each type of government within state borders, but it is generally the case that cities have the most autonomy, followed by counties, with special districts having the shortest leash. Every bit of land in the United States is covered by a county division. But a great deal of land is unincorporated – meaning it lies outside the boundaries of an incorporated city. Cities are typically, but not always contained within a single county. Special districts cross both city and county lines but are generally smaller than the county of which they are part. The number of overlapping governments in a location is highly variable across the nation. Christopher Goodman (<https://www.cgoodman.com/>) has used Census of Governments data to map this type of governmental fragmentation. Figure 1 displays his results for 2017. Lighter colors indicate more overlap.



One source of variability in governmental overlap is variation in the geographic footprint and population size of counties. Generally, the larger the county, the greater potential for jurisdictional overlap. Another source of variation is state law governing the ease with which special districts and municipalities are incorporated. But Figure 1 reveals that even within states and across relatively similar sized counties, the degree to which places are governed by one or many governments varies substantially. Similarly, the number of governments within metropolitan areas is highly variable across the nation. Berry (2009) finds that the average county has five layers of special districts; nearly all (97%) counties have at least one special

district. Both types of fragmentation have been studied by scholars of local politics (see Goodman 2019 for a more extensive review).

Fragmentation of governing authority matters because the vast majority of public goods are both funded and delivered at the local level in the United States – an arrangement that is unique among developed nations (Freemark, Steil, and Thelen 2020). In a history of metropolitan autonomy, Taylor (2019) reveals that this pattern (extreme fragmentation alongside hyper local public goods provision) is the result of a lack of state intervention and oversight in the early 20<sup>th</sup> Century. Studies have shown that state laws continue to influence the formation of special districts (Foster 1997). Unsurprisingly, states with more permissive laws regarding special district formation see more special districts. But state laws regarding municipal incorporation and annexation have the opposite effect. In states where it is easier to create a general-purpose local government, fewer special districts exist. Nelson (1990) reveals a positive correlation between states' imposition of tax and expenditure limits on cities and the number of special districts; but other scholars suggest that the relationship is more complicated or even non-existent (MacManus 1981, Carr 2006, Bowler and Donovan 2004).

Some work has found that governmental fragmentation (either between general purpose or special purpose local governments) increases race and income segregation, leads to undersupplied public goods, and increased taxation (Burns 1994, Trounstein 2018, Jimenez 2015, Morgan and Mareschal 1999, Danielson 1976, Orfield 2002, Berry 2009). Goodman and Leland (2019) find that restrictions on fiscal autonomy of cities is associate with the creation of more special districts. But other scholars offer evidence that officials effectively cooperate across governmental boundaries to serve residents' needs (Feiock 2004), and argue that small communities and multiple service providers allow residents to better articulate their preferences

and improve fiscal discipline by inducing interjurisdictional competition (Tiebout 1956, Besley and Case 1995). Peterson (1981) proposes that the competition among localities for wealthier populations and businesses will restrict cities to offering packages of public goods and taxes that emphasize redevelopment and deemphasize redistribution. Hajnal and Trounstine (2010) offer mixed support for this claim. They find that only about 10% of city spending is directed toward redistributive functions. But developmental spending does not account for a much larger share of the budget. Most of what cities spend money on are basic housekeeping services – police, fire, sewerage, waste management, and parks.

Partially consistent with Peterson's theory, Hajnal and Trounstine find that having more neighboring places in a county *does* increase spending on developmental targets but has no effect on redistribution. Instead, they find that city wealth affects redistribution; poor cities are less able to engage in redistributive spending. However, they reveal that the most powerful factor affecting local expenditures is state law. When states grant cities functional responsibility over redistributive policy areas, when they enact tax and debt limits, and when they provide more intergovernmental funding to cities, they dramatically shape expenditure choices. Functional responsibility and intergovernmental funding increase spending on redistribution, while tax and debt limits decrease it.

Whether because of competition from neighboring jurisdictions, restrictive state governments, or resource deficiency, the limited capacity of local governments to pursue their desired policies is a consistent theme in local politics research. For instance, Gerber and Hopkins (2011) find that partisan control of municipal executive office has little effect on spending in several areas, and they conclude that cities are hamstrung by forces outside of the control of their elected officials. But when de Benedictis-Kessner and Warshaw (2016) include

midsize cities and counties in their analyses, they find that Democratic elected officials do issue more debt and spend more money than their Republican counterparts. de Benedictis-Kessner and Warshaw (2020) also find that partisan composition of county legislative bodies matters, with more Democratic county councils spending more overall and allocating a greater share of their budget to redistribution, parks, and natural resources. Their results suggest that these patterns are amplified when and where county governments have more institutional autonomy and authority. That is, governments appear to be more responsive to the ideological priorities of elected officials when they have more freedom to raise and spend revenue.

But we need more research to better understand these overlapping intergovernmental relationships. Which institutional constraints matter the most for local governments' ability to achieve preferred policy outcomes? What is the history of these institutional constraints and why are they maintained? Does the apportionment in state legislatures between urban, suburban, and rural places affect institutional development and patterns of resource allocation? Payson (2020) moves us toward answering this latter question by following city representatives to the state house, where she discovers that when cities lobby state legislatures, they receive more state funding. However, she also finds that returns to lobbying are uneven – with wealthier communities doing better than poorer communities for each dollar spent on lobbyists.

Further research is also needed to determine whether different forms of government are more or less responsive/representative regarding service provision. In theory, special districts with more focused policy responsibilities, may reduce the need for politicians to engage in vacuous credit claiming behavior and incentivize longer-term planning and fiscal prudence. But Mullins (2008, 2009) finds that the differences between general and special purpose governments are context specific. She argues that the specialization of special districts allows

for the development of expertise and reduces logrolling. At the same time, this insulation decreases the visibility of policy making. Mullins finds that the effect of specialization varies based on the political salience and of the issue and severity. Special districts are always responsive to intense demanders, but city officials are only responsive when the issue is salient or severe.

Relatedly, more work is needed investigating the representational consequences of fragmentation and governmental overlap. As a result of the federal structure in the United States, a lack of strong vertically integrated parties, as well as the many different governments responsible for delivering public goods and services, voters need a substantial amount of knowledge to keep governments accountable. Arceneaux (2006) shows that voters are capable of attributing outcomes to the proper level of government and holding officials accountable, but only when their attitudes are highly accessible. de Benedictis-Kessner and Warshaw (2020) offer suggestive evidence that the president's party is held responsible for local economic conditions in county level elections, but it is unclear whether this constitutes accountability. Perhaps more importantly, existing research does not leverage variation in fragmentation in exploring these questions. We do not know whether voters are less able to properly assign credit and blame when they are represented by more layers of government; or whether the singular focus of special districts provides better representation on some issues relative to others.

### **Informal Institutions**

While research on formal institutional variations has grown over time, a significant share of the early research on local politics focused on *informal* institutions, from political machines to growth regimes. In the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, as cities rapidly expanded with the force

of industrialization and immigration, city governments were ill-equipped to handle the massive increases in population and the negative externalities of density like disease, homelessness, conflagrations, and piles of waste. At this time city governments had few functions and miniscule budgets; but nearly universal white male suffrage (Bridges 1984). Deep class and ethnic divisions threatened to undermine political solutions to city problems. In stepped the infamous machine boss who mediated these conflicts, while also generating horizontal links across fragmented governmental structures, and vertical alliances with state officials. Bosses sat atop political machines – partisan organizations that controlled city governments for long stretches of time, in which the locus of power was the party hierarchy, not formal government offices. The glue holding machine coalitions together was clientalistic exchange (Merton 1968).

Several factors affected the consolidation of machines into centralized, powerful organizations. DiGaetano (1988) finds that the development of nascent municipal bureaucracies and enhanced executive branch authority were pre-conditions for machine emergence as they created opportunities for patronage and discipline. Trounstine (2008) finds that it was the threat of electoral loss that generated the impetus for machine consolidation. Erie (1988) highlights the importance of protective political elites at the state level who could funnel resources to co-partisans and prevent state legislatures from infringing upon city activities. Shefter (1976) notes the key role of corporate businessmen, who urged party leaders to centralize power, reign in corruption, and stabilize the economy. After winning election to office, machines engaged in a variety of tactics to undermine democratic accountability – making it very difficult to remove them from power.

Machine dominance had significant representational consequences. Trounstine (2008) finds that turnout declined substantially and unevenly, with regime outsiders (often recent

immigrants and people of color) dropping out of the electorate more rapidly. Once in power, machines focused resources like patronage, municipal services, and government benefits toward regime supporters at the expense of those outside of the coalition.

Trounstine's work is focused on distributional effects within cities, but other scholars have analyzed the role of machine politics outside of city boundaries. Ogorzalek (2018) argues that the physical density, racial/ethnic heterogeneity, and large population size of cities generates demand for an interventionist local government. Urban needs, he says, spur support for regulation, public goods provision, and redistribution. These needs inspired the machine organizations of the early 20<sup>th</sup> century. But the collapse of machines, the onslaught of the Great Depression, state-imposed tax and expenditure handcuffs, and interjurisdictional competition came to limit cities' ability to achieve this kind of policy locally. Ogorzalek argues that in response, federal politicians elected from cities pursued interventionist policies at higher levels of government. His theory helps to explain the foundation of polarization in Congress and the American public today. Rodden (2019) explains that the United States' winner-take-all electoral system in Congress means that Ogorzalek's city leaders largely fail to win policy outcomes at the federal level, which is "why cities lose."

Although the classic machine largely died out in the middle of the 20<sup>th</sup> century, cities continue to be governed by informal institutional organizations – political regimes. Clarence Stone (1989) pioneered the study of regime politics with his study of post WW2 Atlanta. In Stone's telling, formal political actors do not have the resources to make and implement decisions on their own at the local level. This weak institutional structure leaves a power vacuum that is filled by network of relationships between public and private actors who *do* have the resources to implement decisions (typically the business community, often focused on

growth and development). In this relationship, the private sector is responsible for the production of wealth and the resources necessary for the well-being of the community, while the public sector is responsible for undertaking communal projects. Because the government is heavily reliant on the private sector for the health of the city's economy, the private sector wields a great deal of political power. Yet, clearly the bargaining strength of the public sector ought to vary depending on the mobility and unity of the business community, as well as structures of political accountability that empower (or disempower) elected officials to act on residents' behalf. We need more research to explain when and why regimes develop and change, and the conditions that shape the relative advantages of the players. Answering these kinds of questions will help link the study of political regimes to broader puzzles in political science offering insight, for example, into the ways in which economic inequality and political inequality are reinforcing or clarifying if and when voters have the power to constrain powerful market interests.

### **Frontiers of Knowledge**

As is the case at other levels of government, local institutions have been developed to solve (local) collective action problems – most importantly the provision of services, the protection of property markets, and the delivery of public safety. At various points in the history of research on cities, both scholars and practitioners have argued that there exists (or there *ought* to exist) no variation in either the commitment to these collective goals or the methods to achieve them. If these assumptions are correct, then all governance reduces to delegation of authority to a technocratic body to carry out the community's wishes and the study of local *politics* is a waste of time. Politics involves the process of making collective decisions about how goods and values

are distributed. Without conflict over such choices there is no need for politics. It is perhaps obvious that there is no universal agreement over the amount of money that should be spent on policing, or the best way to teach 2<sup>nd</sup> graders to read, whether revenues should come predominantly from property taxes on businesses or residents, or where dense housing ought to be located. Given deep disagreements over appropriate investments and strategies to ensure high quality service provision, functioning property markets, and safe communities, studying local politics is crucial for understanding politics and society more generally.

A consistent theme in more recent local politics research is that local institutions and structures are designed to advantage certain interests at the expense of other interests. This means we must know the distribution of power and authority at the moment of institutional creation as well as how the balance of power might change over time. Because local governments are embedded in federal systems, scholars need to study horizontal institutions (within communities) as well as vertical institutions (between governments). This embeddedness adds a layer of complexity when thinking about classic collective action dilemmas.

For instance, in any healthy metropolitan area, enough housing must be added to keep pace with population growth in order for the economy to expand. However, individual neighborhoods typically view densifying housing negatively and will seek to block development (Einstein, Glick, and Palmer 2019). If neighborhood interests prevail, the city will not be able to house its population. So, city governments sometimes force neighborhoods to accept denser housing. When this happens, it is unsurprisingly communities with lower socio-economic status (and less political power) that densify (which can lead to both gentrification and strained public services). But cities can and do make another kind of choice – to prohibit densification in any neighborhood. Since the 1970's suburban municipalities have increasingly taken this path Been

2018, Elmendorf 2019). But there is no metropolitan government to prevent this behavior. States can theoretically force cities to accept denser housing, but the distribution of power in state legislatures and historical deference to local control means that generally they have not done so. This is a classic free-riding problem – where the individually rational policy choice generates collectively irrational outcomes. The result is that many metropolitan areas in the United States face massive housing shortages and skyrocketing housing costs. But there is clearly variation across cities, metro areas, and states in these outcomes. We need more research on the institutions that distribute authority at multiple levels of government, and a better understanding of how they interact.

Not only are the research puzzles raised in this essay important for scholars of local politics; they ought to be important for scholars of political institutions generally because they offer new insights for long standing debates and the opportunity to wholly unexplored areas. For example, we can learn about contributors to the relative power of bureaucrats versus elected officials by taking advantage of the wide range of administrative structures at the local level (Lowi 1967, Stein 1991). We might also want to study local bureaucrats because the services they deliver are of crucial importance to society – e.g. education, policing, immigration enforcement (Farris and Holman 2017). Finally, we might want to use the small scale and accessibility of local bureaucracies for case studies to better understand institutional features that enhance or limit bureaucratic autonomy.

Scholars have revealed many patterns and important relationships in work on local political economy; but we need more. For instance, we know a great deal about how district versus city-wide elections for city council affect electoral outcomes and governance. But we know little about variation in legislative procedure at the local level, about where crucial

decisions happen, who has agenda setting power, and decision-making authority. In *Who Governs*, Dahl (1961) asserts that fragmented institutions generate multiple access points for diverse pressures to influence policy. But we do not know whether this relationship holds outside of post-War New Haven. We generally understand that residents of cities tend to be more liberal than residents of suburbs or rural areas in national politics (Rodden 2019). But we know almost nothing systematic about the preferences of residents and elites over the kinds of decisions that cities have the power to make. To advance the field of local political economy, we need descriptive work to quantify how local governments are similar to or different from other governments; what local residents and elites want from politics; and the range and distribution of public goods within and across places. We need more theories of the sources of conflict at the local level. Then, we need to generate models that explain how institutions combine with preferences to produce outcomes. We also need to continue work explaining how local institutions are selected, maintained, and transformed; which actors have power and why. The development of the field of local political economy offers tremendous opportunity to advance political science knowledge and generate powerful insights for policy makers.

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