

Nested Institutions and the Creation of Demand for Redistribution

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Abstract

Redistributive policies at the local level of government have been labelled a losing proposition for some time (Peterson 1981, 1995). The reasons for this labelling, however, have been largely based upon the hypothesis that local government officials and local business officials have similar incentives, none of which represent the interests of the poor. One response to this supposition has been to posit that when the ranks of the poor increase, or when the gap between rich and poor becomes unsupportable, the demand for redistribution will also increase. However, much recent work at the national and nation-state level has called such suppositions into question (See Rodriguez 1999, Moene and Wallerstein 2001), providing little empirical support for a theory of demand-driven redistribution. What such studies fail to provide, however, is an adequate accounting for why such demand appears to be absent. This study examines two potential explanations for a lack of demand from the poor: 1) a lack of sufficient political representation; and 2) the endogenous structuring of policy preferences for policymakers. This is accomplished by examining office holders and their policy behavior at the local level of government in areas where demand for redistributive policies should be present. Preliminary findings indicate the structuring of policy preferences by the state is important in determining how policymakers respond to the needs of the electorate, but that the issue of representation plays a far more important role, thus providing evidence that as long as political barriers to entry remain in place, the assumption of self-interested demand driving policy remains far-fetched.

Introduction

Redistributive policies at the local level of government have been labelled a losing proposition for some time (Peterson 1981, 1995). The reasons for this labelling, however, have been largely based upon the hypothesis that local government officials and local business officials have similar incentives, none of which represent the interests of the poor. One response to this supposition has been to posit that when the ranks of the poor increase, or when the gap between rich and poor becomes unsupportable, the demand for redistribution will also increase. However, much recent work at the national and nation-state level has called such suppositions into question (See Rodriguez 1999, Moene and Wallerstein 2001), providing little empirical support for a theory of demand-driven redistribution. What such studies fail to provide, however, is an adequate accounting for why such demand appears to be absent.

This preliminary study examines two potential explanations for a lack of demand from the poor: 1) a lack of sufficient political representation; and 2) the endogenous structuring of policy preferences for policymakers. This is accomplished by examining office holders and their policy behavior over a twenty- year period at the local level of government in areas where demand for redistributive policies should be present. Findings thus far indicate that the structuring of policy preferences by the state is important in determining how policymakers respond to the needs of the electorate, but that the issue of representation appears to play an equally important role. This provides evidence that as long as political barriers to entry remain in place, the assumption that self-interested demand drives policy remains far-fetched.

The Demand for Redistribution

Recent literature has examined the question of demand for redistribution in some interesting ways. Hindriks (2001), for example, sets up a fiscal competition model which plays

out some of the assumptions of Tiebout's "vote with your feet" premise. She sets up two jurisdictions (East and West) that operate under many of the constraints faced by local governments (balanced budget requirements, appropriate mix of services and taxes), and looks for multiple equilibria, or the points at which both rich and poor individuals move to a jurisdiction that best suits their interests. Her findings indicate that when the poor are a majority, they may actually prefer jurisdictions where the tax rate does not benefit them directly, in other words, jurisdictions where the tax rate is unusually high. This is because such jurisdictions are not attractive to the wealthy, and the poor seek to maintain a majority.

The equation of political demand with rational mobility requires a number of assumptions about motivations for the behavior of an electorate. First and foremost, such equation assumes that an electorate perceives its representation at the local level as driven by majoritarian politics, where "the poor" constitute a political entity. Second, it presumes that local representation accurately reflects the policy "tastes" of such political entities. The first assumption is in some ways reminiscent of the stratification theory taken to task by Polsby in 1963. Polsby's critique would certainly apply here. The idea that there are parallels between economic homogeneity and political identification is not one borne out in empirical study (Rodriguez 1999, Moene and Wallerstein 2001).

The second assumption, however, is one that has slowly gained some credence in demand-driven theories of political behavior. In this paper and in a forthcoming paper, we intend to examine this latter presumption through a two-tiered research project. The first tier is presented here through a quantitative examination of the variables at play when local governments adopt redistributive policies that target services or resources. The second tier (which is still in progress) is a qualitative follow-up to the question of representation. Do local

government officials accurately represent the interests of their communities, in ways that the demand-driven literature predicts? For the purposes of the workshop, we are including a copy of the interview questions that we have been using to gather data from local government officials. However, there are no results to report at this time for this portion of the research project. We have only managed to interview 15 officials from seven cities to date, so it is premature to report on results. Therefore, this latter question will be addressed in the forthcoming paper.

Here, however, we intend to address some of the structural issues raised in the literature on local policy adoption (see, for example, Reese 1991, Feiock 1997) that are meant to affect how representative local governments are. Specifically, we examine how the electoral structure, administrative structure, and economic factors interact to produce local policy behavior.

Research Design

The purpose of this first tier design will be to identify the political and economic conditions surrounding adoption of different development policy instruments in the state of Florida, where state officials structured a calculus for need. The cities were chosen based on criteria established by the Florida Senate in 1980 and later used by the Florida Department of Community Affairs (1983) to identify qualifying jurisdictions (please see Appendix A for criteria and eligible cities). Such identification allowed cities that qualified to choose specific targeted programs that focused on areas of need within their jurisdictions. Two such targeted programs were state-sponsored enterprise zones (EZs), and community redevelopment areas (CRAs). However, not all qualifying cities applied for targeted program designation, thus creating an economic control group in which policy adoption behavior could be investigated employing a quasi-experimental research design. There were eighty cities in all.

Based on previous research (Tao and Feiock 2004, Rogers and Tao 2004), we hypothesize that cities approach development from three different strategic points: pure development (top-level growth); distributive development (universal growth); and redistributive development (bottom-level growth). Redistributive strategies can take on two distinct forms: market- and government-assisted growth. The following analyses will examine each of these strategies through a structured set of hypotheses, a presentation of the data and analysis, and a discussion of the findings.

Targeted versus Non-Targeted Adoption

Each of the eighty cities in question has adopted development strategies that fall into one of the three categories outlined above or none at all. In order to isolate the characteristics identified with each strategy, we have divided the analyses into four sets of hypotheses based upon four different dependent policy variables, which are as follows: 1) pure development strategy; 2) distributive development strategy; 3) targeted development strategy; and 4) combined strategies. For each strategy, there are three major determinants of adoption: economic, socioeconomic, and political variables (for variable definitions and measures, see Appendix B).

It should be noted at the outset that these hypotheses are exploratory in nature. Since research on the existence of this sort of typology has not been conducted within the state of Florida prior to this analysis, the hypotheses have been developed through the examination of empirical models tested elsewhere. These analyses, therefore, will seek to establish whether the expectations provided by previous research can be extended to include conditions within the state of Florida.

The data were collected from a variety of sources, but primarily from decennial census figures (United States Department of Commerce, 1970, 1980, 1990) and from surveys of local governments (Institute of Science and Public Policy, 1994, United States Department of Commerce 1982). The data were collected for years ranging from 1970 through 1990, and when figures involved dollar amounts, all costs were converted to constant 1970 dollars.

Pure Development

Pure development strategies have been argued to be those most closely linked to a strong relationship between business elites and government officials. They have also been argued to be considered more desirable in communities that view growth favorably. Thus we expect the adoption of pure development strategies to be negatively related to the existence of council-manager governments (reformed) and district election structures. We also expect such strategies to be more popular in cities that have experienced moderate growth in population. Since such strategies try to augment existing resources by attracting outside business, this approach may be more amenable to cities seeking to expand their boundaries. However, it has also been argued that cities that have reached their capacity for growth may be less amenable to such strategies (Feiock 1997).

The characteristics of this type of strategy also limit expectations with respect to other independent variables that are hypothesized to play a more important role for the two other types of strategy. For example, there is little in the literature to indicate that pure development strategies are seen as more desirable in poorer communities. As strategies that are designed to appeal to all sectors of a city, the adoption of pure development strategies is not expected to be significantly related to any socioeconomic variables beyond population growth. However, since such strategies have been argued to maintain wealth distribution patterns (Logan and Molotch,

1987), cities with larger proportions of poor residents may be negatively related to pure development strategy adoption.

Finally, in keeping with the Rubin and Rubin (1987) assertion that “poorer cities pay more”, we expect that intergovernmental revenues will play a mitigating role in pure development strategy adoption. Thus the cities that receive more revenue from other levels of government will be less likely to adopt such strategies.

Since the effect of these factors on the adoption of pure development strategies will be additive, the following applies:

$$\text{PUREDEV} = \alpha_P + \beta_1\text{INCOME} + \beta_2\text{PROPERTY} + \beta_3\text{CHGPOP80} + \beta_4\text{CHGINC} + \beta_5\text{MINORITY} - \beta_6\text{INTERGOV} - \beta_7\text{POVERTY} - \beta_8\text{NEED} - \beta_9\text{REFORM} + \beta_{10}\text{POP} + \beta_{11}\text{REPRESENT} - \beta_{12}\text{DEMAND} + \varepsilon_P.$$

Since the dependent variable is measured dichotomously and the effects of the independent variables are assumed to be additive, we estimated this equation using logistic regression. The results are outlined in Table 1.

The data gathered for this analysis was limited to seventy of the original eighty cities. This is primarily due to the lack of income and property value data for some of the smaller cities for 1970. However, of the thirteen cities with inadequate information for 1970, it is notable that six of these cities had not yet been incorporated. This situation holds true for all the analyses conducted in this paper.

Discussion of Pure Development Results

There are two noteworthy observations to be made of this analysis: first, the model itself appears to provide sufficiently robust evidence that adoption of pure development strategy can be explained by the variables in question. Based on the significance of the model chi-square, we

can reject the null hypothesis that the independent variables provide no additional predictive value for pure developmental strategy adoption than chance.

Insert Table 1 about here

The other notable observation is that only the measure of population, a control variable, performs at any appreciable level of significance. This may indicate that the effect of this particular measure is washing out the subtler effects of the other variables in the model, and may be driving the significance of the model as a whole. This is one of the drawbacks of logistic regression; the method tends to inflate the standard error of the coefficient, especially when one variable dominates a given analysis. This leads to a tendency to commit Type II error. Overall, there is little conclusive evidence offered by this results of this particular model.

Distributive Development

The expectations for adoption of distributive development strategies as outlined in the literature are mixed at best. Since these are strategies that offer benefits that are somewhat spatially concentrated (downtown areas, central business districts) but expect spillover effects to be widespread, political constituencies are more amorphous and universalistic. The use of these types of strategies may be more widespread than either pure developmental or targeted strategies because of their relatively diffuse costs and lack of cohesive opposition.

Since these are strategies that presumably offer assistance to existing city businesses, they should find support from local business elites. They may also be viewed as vehicles for overcoming barriers to entry in a local market for marginally situated entrepreneurs, and thus support for such strategies may be broader than the existing elite structure. These different factors lead to the conclusion that such strategies may be viewed as largely symbolic, and thus more prevalent in cities with strong mayors and at-large elections. It is also likely that such

strategies would appeal to cities that have relatively flat growth rates. Cities unable to draw in outside business either due to lack of viable land or limited external appeal may resort to such strategies as more realistic. However, it is not expected that cities with high proportions of residents living in poverty will be likely to adopt such policies. Under such circumstances, distributive strategies may be viewed as redistribution to local businesses rather than local residents, providing exchange rather than use value, as Logan and Molotch (1987) might argue, and give rise to opposition.

The characteristics that make such strategies appealing may also coincide with those characteristics that define a city adept at acquiring intergovernmental revenue. Distributive strategies focus government efforts on providing benefits in the form of technical expertise. Governments that are good at dispensing advice may be expected to be good at following it as well. Thus we expect cities with higher intergovernmental revenues to be more likely candidates for adoption. The expected relationship is outlined below:

$$\text{DISTDEV} = \alpha_D + \beta_1 \text{INCOME} + \beta_2 \text{PROPERTY} + \beta_3 \text{CHGPOP80} + \beta_4 \text{CHGINC} + \beta_5 \text{MINORITY} + \beta_6 \text{INTERGOV} - \beta_7 \text{POVERTY} - \beta_8 \text{NEED} - \beta_9 \text{REFORM} + \beta_{10} \text{POP} - \beta_{11} \text{REPRESENT} - \beta_{12} \text{DEMAND} + \varepsilon_D.$$

As in the previous analysis, this equation is estimated using logistic regression. The results are outlined below in Table 2.

Insert Table 2 about here.

Discussion of Distributive Development Results

These results are interesting in comparison with the results from the previous analysis. Again, the model is significant, and it appears that the variables in question provide a slightly better explanation for the adoption of distributive strategy than they do for pure development

adoption (higher Chi-square value for the same sample). The most notable change is the switch in which variables are significant. In this analysis, the measure for intergovernmental revenue, again a control variable, seems to be the driving force behind the fit of the model as a whole. As hypothesized, cities receiving aid are more likely to adopt distributive strategies, although the relative impact is minimal. For each dollar per capita increase in intergovernmental revenue, the odds that a city will adopt a distributive strategy increase by a factor of 1.3 percent when all other variables are held constant. It is also notable that population does not play a significant role in this analysis. This may suggest that the cities adopting pure versus distributive development strategies bear different characteristics. Unfortunately, the analysis gives little insight into what those characteristics might be.

Redistributive Development

The main focus for the redistributive model lies here in the examination of conditions surrounding adoption of targeted development policy. The expectations for adoption differ somewhat from the first two analyses. Targeted adoption is expected to take place in cities that have less favorable economic conditions and more responsive political structures. Thus the interactive variables are hypothesized to be positively related to adoption in a significant manner. In particular, the variables that measure the combined effect of district elections and high proportions of residents living in poverty are expected to have greater influence than the remaining interactive terms, since these would comprise the circumstances most conducive for the targeted groups to voice their preferences. Another switch is expected for the measures of income. Median household income and median property values are expected to be negatively related to adoption in keeping with the argument that such approaches appeal most to cities in

decline. For this reason, the measure of change in income over time is also expected to be negatively related to adoption.

The final set of variables also herald changing expectations. Cities with high proportions of impoverished residents are expected to be more likely candidates for targeted development strategy adoption. Cities that experience higher rates of population growth (CHGPOP) are also expected to adopt targeted policies, and each of these expectations is summarized as follows:

$$\text{TARGET} = \alpha_T - \beta_1 \text{INCOME} - \beta_2 \text{PROPERTY} + \beta_3 \text{CHGPOP80} - \beta_4 \text{CHGINC} + \beta_5 \text{MINORITY} + \beta_6 \text{INTERGOV} + \beta_7 \text{POVERTY} + \beta_8 \text{NEED} + \beta_9 \text{REFORM} + \beta_{10} \text{POP} + \beta_{11} \text{REPRESENT} + \beta_{12} \text{DEMAND} + \varepsilon_T.$$

An additional comment should be made regarding the control variables. These are not expected to perform significantly in this model, and are also not hypothesized to have a directional relationship with the dependent term. However, they may serve to distinguish characteristics of particular cities and their propensity to adopt redistributive strategies. Thus, they serve a purpose beyond that of a simple control. The results are presented below in Table 3.

Discussion of Targeted Development Results

Of the models tested thus far, this is the first to demonstrate support for significant impact on adoption as predicted by an independent variable. Although the model as a whole performs well, again this seems to be driven by the influence of the control variables, population and per capita intergovernmental revenue. However, these impacts are negligible in comparison to the effects demonstrated by the change in median household income between 1970 and 1980. Since the model was estimated using logistic regression, the unstandardized coefficients are interpreted differently from a standard ordinary least squares (OLS) analysis. The coefficient represents the power to which the natural log function would be taken, thus calculating the inverse natural log gives a rough estimate of how much the independent increases the likelihood of adoption. This

measure would therefore predict an increased the likelihood of adoption by 26,966%, holding all other factors constant, for each percentage point increase in the change in median household income from 1970 to 1980.

This, however, should be considered in light of the data itself. Of the seventy cities considered in the analysis, only four experienced positive changes (greater than zero) between 1970 and 1980. The vast majority suffered a decline in real income during this time period. This is not surprising, since inflation rates almost tripled during the decade. However, this leads to a twist in interpreting the relationship between the independent and dependent variables: under conditions that ranged from bad to worse, it appears that those cities at the relative high end of the “bad” scale were more likely to adopt targeted policies. This is an interesting finding in light of the Rubin and Rubin thesis, since it suggests that perhaps the reason poorer cities pay more is because they have few other options. It also highlights the unique nature of economic “well-being”: decline may still be measured in relative terms.

It should be noted that contrary to predictions, none of the interactive variables fared any better in this model than in those previous. As suggested above, this may be due to the overwhelming influence of the control variables. However, there does appear to be some grounds for concluding that there are distinct characteristics for those cities adopting targeted strategies, and some of these are worth noting. For example, when interpreting the coefficient for population in this analysis, one may conclude that for a each increase in population of 10,000 people, the likelihood that a city will adopt a targeted strategies decreases by almost 13%. The results for adoption of pure development strategies, however, offer a different picture of cities. For each increase in population of 10,000 people, the likelihood that a city will adopt a pure development strategy increases by 30%. As for distributive strategies, the lack of significance of

the population variable may offer support for previous research that indicates that these are the most ubiquitous policies, and do not favor a particular “type” of city (e.g. Clarke and Gaile 1998).

Insert Table 3 about here.

Market-Based versus Government-Based Instrument Adoption

The second model draws on the premise that cities may distinguish between targeted strategies that represent different approaches to development by choosing either market-based or government-based policy instruments. There are three basic propositions outlined below to support the hypotheses and analyses that follow.

Government -Based Instrument Adoption

The primary difference between the analyses that follow and those previous lies in the addition of two new parameters. In order to test the premise that local governments distinguish between types of targeted instruments, we replicated two measures used by Tao (2000) based upon constructs of government responses to different facets of economic decline. These measures center around the premise that local governments respond to perceptions of either government (GOVFAIL) or market failure (MARKFAIL) within the local economic sphere, and that such perceptions guide their instrument choice (These variables definitions and their measures can be found in Appendix C). Local governments who perceive conditions that manifest a failure of markets are hypothesized to prefer government-based targeted development instruments, or CRAs. Thus there are two propositions to be tested; first, do conditions manifesting market failure influence a local government’s propensity to establish a CRA? and second, do such conditions favor adoption of CRAs over EZs?

The first proposition can be summarized as the following hypothesis:

$$CRA = \alpha_C - \beta_1 INCOME - \beta_2 PROPERTY + \beta_3 CHGPOP80 - \beta_4 CHGINC + \beta_5 MINORITY + \beta_6 INTERGOV + \beta_7 POVERTY + \beta_8 NEED + \beta_9 REFORM + \beta_{10} POP + \beta_{11} REPRESENT + \beta_{12} DEMAND + \beta_{13} MARKFAIL + \varepsilon_C.$$

The predicted directions for the coefficients are identical to those proposed in the previous model for adoption of redistributive strategies. This is consistent with the argument that CRA adoption constitutes choosing a redistributive strategy. The additional measures for market and government failure are expected to be opposite in sign, with the measure for market failure positively related to CRA adoption. This hypothesis will be estimated using logistic regression. The results are presented in Table 4 below.

Insert Table 4 about here

Discussion of Results for Government-Based Instrument Adoption

Of all the analyses presented thus far, this one performs the best both in terms of total explanatory strength (Chi-square significance) and in terms of the performance of individual variables. Five of the measures are significant at $p = 0.10$, with four of those measures significant at $p = 0.05$ and two of those significant at $p = 0.01$, although one of these variables (intergovernmental revenue) is a control. Change in median household income between 1970 and 1980 is the most significant predictor of CRA adoption and has, as in the previous analysis, a very positive effect on CRA adoption. This again, must be examined in light of the data. It appears those cities that are badly off (as opposed to worse) are more likely to designate CRAs. The other measure of wealth, median property value, however, is negatively related to CRA adoption. This is consistent with the predicted direction, and indicates that for every increase in median property value of \$1,000, the likelihood that a CRA will be adopted decreases by approximately 20%. Thus CRA adoption is more likely in cities where property values have declined.

Population growth is also a significant predictor of CRA adoption, but not in the anticipated direction. Cities that are losing residents appear more likely to adopt CRAs than those who are growing. In fact, for each decline in city population of 1% between 1970 and 1980, a city becomes 91% more likely to adopt a CRA. This offers some support for the argument that CRAs represent a government attempt to deal with issues of market failure, where property values have fallen and cities have become less desirable, despite cheaper housing prices, to the median taxpayer.

Market-Based Instruments

In this analysis, the focus shifts to conditions surrounding the adoption of market-based targeted development instruments, or enterprise zones. This analysis is identical to the one performed to test the hypothesized conditions surrounding adoption of government-based instruments. The key difference lies in the expectations for the propensity of local officials to perceive government rather than market failure. Since it has been argued that even though EZs are targeted strategies, they represent a different philosophical construction as to the causes of urban decline, and thus will demonstrate a different orientation to the concepts of government and market failure. For this analysis, the measure of government failure is hypothesized to be positively related to the likelihood of market-based instrument adoption. As in the previous analysis, the impact on adoption is expected to be additive, and the equation used to estimate these relationships is as follows:

$$EZ = \alpha_E - \beta_1 INCOME - \beta_2 PROPERTY + \beta_3 CHGPOP80 - \beta_4 CHGINC + \beta_5 MINORITY + \beta_6 INTERGOV + \beta_7 POVERTY + \beta_8 NEED + \beta_9 REFORM + \beta_{10} POP + \beta_{11} REPRESENT + \beta_{12} DEMAND + \beta_{13} GOVFAIL + \epsilon_e$$

Please note the switch in direction between this analysis and the one previous. The measure of government failure is predicted to be positively correlated to the likelihood of adoption. As in

the previous analyses, this hypothesis will be estimated using logistic regression, and the results will be discussed in the section that follows. The control variables have no predicted direction, but they will be discussed if they prove to have a significant impact on the adoption of market-based targeted instruments. The results are reported below in Table 5.

Insert Table 5 about here.

Discussion of Market-Based Instrument Adoption Results

The first observation to be made is that this model does not explain enterprise zone adoption as well as the previous model explains the adoption of community redevelopment areas. In addition, the only variable performing at a significant level is the control measure for intergovernmental revenue per capita, indicating that at least in this respect, cities receiving intergovernmental benefits may be more likely to adopt targeted strategies, regardless of philosophical orientation. However, the distinction between the performance of variables in this model and the performance outlined in the previous model indicates that there are differences in the circumstances surrounding adoption of CRAs and EZs.

Consideration of Pure, Distributive, and Targeted Development Strategies in Concert

Although the preceding analyses do provide some insight into how local governments may fashion their choice of different development strategies, they do not provide any insight into whether governments make choices that combine strategies and under what circumstances such combinations are made. The arguments tested thus far have only surrounded the choice of a particular strategy versus no choice at all. Although these approaches allow us the luxury of focusing attention on an individual strategy, they do not represent a realistic vision of the decisions local governments make. Furthermore, they preclude a direct comparison of the

relative strength of explanation a model may offer for the adoption of a particular strategy while controlling for other strategies.

The analysis below allows for just such a comparison. By using multinomial logit and estimating the previous equations with a new polychotomous dependent variable, a new set of coefficients can be calculated for each of the seven categories of the dependent variable (TARGETED). For this analysis, the base category was set equal to zero (no adoption) and was estimated using Limdep's Newtonian algorithm for optimization (analysis was also run using Broyden's algorithm for optimization, but there were no differences in outcomes). As in the previous analyses, there were 70 cities with valid data available for all measures. Since such analyses produce large numbers of coefficients, we will only present those coefficients for the categories with significant findings. The results are presented below in Table 6.

Insert Table 6 about here.

Discussion of Adoption Strategy Results

Three of the seven categories for different combinations of adoption strategy provided significant coefficients: adoption of only targeted strategies; the combination of targeted and distributive strategies; and the adoption of all three strategies. Although the latter two categories provide insight into previously untested propositions, the first category is perhaps the most interesting, since the evidence speaks directly to the results of the previous analyses.

Two of the three variables previously determined as significant contributors to targeted strategy adoption remain consistent in these findings. The causal measure for decline in wealth, the change in household income between 1970 and 1980, and the control variable for city population are both found to be significant here. But when controlling for the adoption of all other combinations of strategy, and the existence of changes in unemployment and welfare

recipiency, the profile of cities that adopt only targeted strategies changes. Slightly larger cities that have experienced a decline in income over time and an increase in unemployment are more likely to adopt only targeted strategies. Specifically, for every additional increment of 10,000 residents of a city, the likelihood that only targeted strategies will be adopted increases by approximately 679%. Cities that have a one percent increase in unemployment between 1970 and 1980 will be 175 times more likely to adopt only targeted strategies. And contrary to previous analyses for targeted strategy adoption, cities that experience a one percent decline in median household income between 1970 and 1980 are approximately 47 times more likely to adopt only targeted strategies. The cumulative impact accounts for an increase of 807 percent in the likelihood that such cities will adopt targeted only instruments when compared to cities that do not.

The distinction between these findings and those of the previous analyses can be derived from one of two sources. In the previous estimations, a city that adopted more than one strategy would still be counted as adopting a targeted strategy, thus providing perhaps a less accurate depiction of the circumstances surrounding the choice of targeted development. The multinomial analysis removes that group of multiple strategy cities from the estimation, thus providing findings that appear to be more consistent with the hypothesized relationships. The second source may be due to the inclusion of two more qualifying factors: change in unemployment over time, which contributes significantly to the analysis, and change in welfare recipiency, which does not.

This interpretation of the results is further supported by the performance of the second and third categories, which estimate the coefficients for adoption of distributive and targeted strategies, and for adoption of all three. Although each category has only one variable that

performs significantly, it is notable that none of the categories containing only pure development or combinations without targeted development strategies performs at a significant level. This would seem to support the original premise that cities do distinguish between types of development strategies based upon economic and demographic characteristics. There has, however, been little evidence thus far that cities distinguish between strategies based on differences in political institutions or government structures.

Market, Government, and Combined Instrument Adoption

The same approach applied to adoption of targeted strategies may also be applied to the market- versus government-based instrument model. The previous analysis did not control for those cities that might opt for choosing both. A multinomial estimation would allow for a distinction to be made between cities that choose one or the other versus cities that choose a combination. Using multinomial logit, a dependent variable with four mutually exclusive categories (ADOPT), and the independent variables that were used in the previous multinomial analysis, an estimation of the additive impact on the categories of adoption was run. The expectations for the predicted directions of relationships will be consistent with those provided for the simple logit analyses. In other words, the signs on the coefficients for measures of government failure are expected to be positive when examining adoption of CRAs only, negative when examining adoption of EZs, and no prediction for adoption of both. Likewise, the predicted signs for the coefficients for measures of market failure are expected to be positive when examining adoption of EZs only, negative when examining adoption of CRAs alone, and no prediction for adoption of both. The results of this analysis are presented below in Table 7.

Insert Table 7 about here.

Discussion of Multinomial Results for Market- versus Government-Based Adoption

These estimations provide the best evidence yet presented for the influence of political variables on a given city's choice of development instrument. In fact, they provide an interesting corroboration for the interpretations offered above. First, however, I will examine the results with respect to the economic and sociodemographic variables.

Economic and Demographic Variable Performance

Adoption of CRAs as the sole targeted instrument is more likely in cities that have experienced a relative decline in median household income between 1970 and 1980. In fact, the likelihood that a city will designate a CRA increases by 44% for each decrease of one percent in income between 1970 and 1980. And for the first time, the proportion of residents who belong to traditionally underrepresented groups is significantly related to instrument adoption, but in a negative direction. Cities with one percent more residents belonging to a minority population are far less likely (100 %) to designate CRAs than cities with sizeable minority populations.

Cities that have experienced an increase in the proportion of residents receiving welfare benefits between 1970 and 1980 are also more likely to adopt CRAs. This finding is contrary to the hypothesized perception of increased welfare roles and the appropriate remedy. And finally, both CRA and EZ adoption are significantly related to receipt of intergovernmental revenues, consistent with previous findings.

It is interesting to note that there appears to be no significant relationship between poverty levels in a city and adoption of either instrument independently. However, the adoption of both appears to be a tactic among cities with relatively low levels of poverty (negative correlation). This suggests that access to information about instrument availability may be

driving, in part, a city's adoption pattern. Cities that can afford to spend more time looking for solutions to economic decline (in this case, property values) rather than addressing population needs may have an advantage over city governments that are preoccupied with drains on the local economy, such as welfare recipiency. Neither the adoption of CRAs or EZs appears to be related to changes in unemployment over time, in contrast to the previous findings. This could be because this analysis does not control for other types of development strategy adoption.

Political Variable Performance

The performance of the political variables in these analyses, especially given their dismal performance previously, appears to be related to the heightened importance of minority representation. For CRA adoption, the interaction between district elections and the existence of high levels of poverty has a negative impact (NEED). In contrast, the existence of high proportions of minority residents and district elections has a strong positive impact on CRA adoption. This is a pattern that is repeated in the estimation of EZ adoption. The divergence of the two models on the remaining political variables is a point of interest.

The remaining political variables examine the interaction between the existence of council-manager, or reformed, governments, and the proportion of residents who are represent minority groups or who are poor. It would seem that council-manager governments respond to high proportions of poor residents by adopting CRAs, but do not respond in such fashion to high proportions of minority residents. However, council-manager governments with low proportions of minority residents are more likely to adopt EZs. In short, both development instruments seem to be negatively related to the proportion of minority residents unless those residents have access to a district election structure.

Conclusion

The results presented in the first-tier analysis seem to support the contention that access to adequate representation still presents a barrier to “demand-driven” policy adoption. Certainly, if residents are denied the opportunity to voice their preferences through elected officials, the idea that policies will reflect economic groupings of citizens is based on assumptions that do not appear to hold true. Although these results represent cities in one state, the quasi-experimental nature of the analysis should lend some degree of confidence that these findings might be found consistent in a broader venue.

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APPENDIX A

Qualifying Criteria for City Selection in the State of Florida

The following are the criteria used by the Florida Department of Commerce to establish the areas within the state that should qualify for programmatic assistance:

- *Physical Distress.* At least 37% of the housing in the area built before 1940; at least 15 % of the housing in the area lacking some or all plumbing facilities; or at least 25 % of the structures in the area declared dilapidated by the local code enforcement agency.
- *Socioeconomic Distress.* At least 34% of the households in the area with incomes below poverty level; per capita income in the area is less than \$3,750 (50 % of the state average); or at least 10% of the families in the area receiving public assistance or public welfare income.
- *Fiscal Distress.* Per capita taxable value of property in the area is less than \$9,820; local taxes per capita are more than \$46; or local fiscal effort ratio (a measure of tax effort in relation to the taxable base) for the area exceeds .015 (as directed by The Florida Senate, Committee on Economic, Community and Consumer Affairs in 1981).

This renders the following cities as having areas that met these criteria as of 1983:

1. Alachua
2. Auburndale*
3. Bagdad*
4. Bartow*
5. Baskins*
6. Belle Glade*
7. Berrydale*
8. Bradenton*
9. Chumuckla*
10. Clair-Mel City*
11. Clearwater*
12. Cocoa*
13. Coral Gables*
14. Dania*
15. Danville*
16. Daytona Beach*
17. Deerfield Beach *
18. Eatonville*
19. Edison Little-River*
20. Eloise*
21. Florida City*
22. Fort Lauderdale*
23. Fort Pierce*
24. Fort Walton beach
25. Frostproof
26. Gainesville

- 27. Goulds
- 28. Gretna
- 29. Gulfport
- 30. Hallandale
- 31. Harold
- 32. Hialeah
- 33. Hollywood
- 34. Homestead
- 35. Jacksonville
- 36. Jay
- 37. Key West
- 38. Lake City
- 39. Lake Wales
- 40. Lake Worth
- 41. Lakeland
- 42. Largo
- 43. Lealman
- 44. Leesburg
- 45. Melbourne
- 46. Miami
- 47. Munson
- 48. Oakland Park
- 49. Ocala
- 50. Opa Locka
- 51. Orient Park
- 52. Orlando
- 53. Pace
- 54. Palatka
- 55. Palm Harbor
- 56. Pensacola
- 57. Perrine
- 58. Pinecrest
- 59. Pinellas Park
- 60. Pompano Beach
- 61. Safety Harbor
- 62. Sebring
- 63. Seffner
- 64. Sidney
- 65. South Bay
- 66. St. Petersburg
- 67. Sweetwater
- 68. Tallahassee
- 69. Tampa
- 70. Thonotosassa
- 71. Turkey Creek
- 72. Wahneta

- 73. Washington Park
- 74. West Little River
- 75. West Palm Beach
- 76. Wimauma
- 77. Winter Haven

APPENDIX B

TARGETED VERSUS NON-TARGETED ADOPTION MODEL

DEPENDENT

Policy Variables

PUREDEV – Dummy variable for the issuance of industrial revenue bonds or designation of an industrial development authority between 1980 and 1990 (1 if so designated, 0 if not).

DISTDEV – Dummy variable for the designation of a downtown development authority or a city economic development council between 1980 and 1990 (1 if so designated, 0 if not).

TARGET – Dummy variable for the designation of either a community redevelopment area or an enterprise zone or both between 1980 and 1990 (1 if so designated, 0 if not).

ADOPT – Categorical variable for the combination of instruments chosen by a local government (0 if no instrument is chosen, 1 if pure development, 2 if distributive development, 3 if targeted, 4 if pure and distributive, 5 if pure and targeted, 6 if targeted and distributive, 7 if all three are chosen).

INDEPENDENT

Economic Variables

Economic Need/Demand

CHGINC- % change in median household income between 1970 and 1980 (1970\$).

CHGPOP80 - % change in population between 1970 and 1980.

POVERTY – proportion of city residents living below the poverty level in 1980.

PROPERTY – City median property value in 1980 (1970\$).

MINORITY – Proportion of city residents who are non-white in 1980.

INCOME – Median household income in 1980 (1970\$).

Control

POP – Citywide population in 1980

INTERGOV – Intergovernmental revenue to city from federal and state government per capita in 1980.

Political Variables

Structure

DISTRICT – Dummy variable for local election patterns (1 for district/ward, 0 for at-large).

CM – Dummy variable for structure of local government (1 for council/manager, 0 for other).

Interactive Variables

NEED = (DISTRICT)(POVERTY)

REPRESENT = (DISTRICT)(MINORITY)

REFORM = (CM)(POVERTY)

DEMAND = (CM)(MINORITY)

APPENDIX C

MARKET VERSUS GOVERNMENT ADOPTION MODEL

DEPENDENT

Policy Variables

CRA – Dummy variable for adoption of Community Redevelopment Area between 1980 and 1990 (1 for adopt, 0 for no adoption)

EZ – Dummy variable for adoption of Enterprise Zone between 1980 and 1990 (1 for adopt, 0 for no adoption)

TARGET2 – Categorical variable for adoption of different targeted instruments (0 for no adoption, 1 for adoption of a CRA, 2 for adoption of an EZ, and 3 for adoption of both)

INDEPENDENT

Economic Variables

Economic Need/Demand

MARKFAIL – Change in unemployment per capita from 1970 to 1980.

GOVFAIL – Change in percentage of poor families receiving public assistance between 1970 and 1980 (% of residents living at or below the poverty level receiving assistance).

CHGINC- % change in median household income between 1970 and 1980 (1970\$).

POVERTY – proportion of city residents living below the poverty level in 1980.

PROPERTY – City median property value in 1980 (1970\$).

MINORITY – Proportion of city residents who are non-white in 1980.

INCOME – Median household income in 1980 (1970\$).

Control

POP – Citywide population in 1980

INTERGOV – Intergovernmental revenue to city from federal and state government per capita in 1980.

Political Variables

Structure

DISTRICT – Dummy variable for local election patterns (1 for district/ward, 0 for at-large).

CM – Dummy variable for structure of local government (1 for council/manager, 0 for other).

Interactive Variables

NEED = (DISTRICT)(POVERTY)

REPRESENT = (DISTRICT)(MINORITY)

REFORM = (CM)(POVERTY)

DEMAND = (CM)(MINORITY)

APPENDIX D

Interview Questions for “Redistribution and Local Government Representation”

(After initial call to set up interview with members of city council)

Good morning (afternoon). My name is Brietta Lynch, and I am calling from the Political Science Department at the University of Oklahoma. I'm conducting research on the structure of local governments in Florida with Professor Jill Tao, and I wanted to ask you, as a representative of (Name of City) government, questions about the nature of the city council, elections, and city programs. This is part of a research project that examines the way in which local governments make policy decisions. The interview should take no more than fifteen minutes of your time, and your answers will be held in the strictest confidence.

The interview will not be tape-recorded, but I will be trying to record your answers as we go on the computer. For this reason, I may at times stop you and ask to verify that I have captured your answer correctly. You may also stop me at any time and ask me to read back to you what I have typed.

The results from this research should help us to better understand how elections and the structure of city councils affect the kinds of actions cities take to make their citizens better off. The results will ultimately be published as a research paper, and we would be happy to share the paper with you when it's finished. If at any time during the interview you wish to stop and discontinue the conversation, you should feel free to do so. Do you have questions before we begin?

1. Thank you for agreeing to speak with me today. My first set of questions will be about the city council itself. How many members sit on the city council?

2. How often are elections held?

3. Are there term limits in place for council members?

4. Are members elected by districts or through city-wide elections?

5. Have elections been structured this way since city incorporation?

6. Is the mayor elected separately?

7. How long has the current mayor been in office?

8. How long have you been in office?
9. Do you have a city manager?
10. How long has the city manager been serving?
11. Are city council positions considered full-time or part-time?(If they answer “Part-time”, continue to question 12—otherwise, skip to question 13).
12. What jobs do members of the city council hold when not fulfilling their council duties?
13. Does the city council have members who represent minority groups within the community?
14. Does the city council work with community leaders on a regular basis? Who might they be?

The next set of questions are meant to gather information on how the city council interacts with the community when setting policy that may affect employment and living standards within the city.

15. Who might the city council work with when it considers policies meant to attract new business to the community?
16. Who might the city council work with when it considers policies meant to help address the problems existing businesses might have (such as dwindling customer base, lack of customers during evenings and weekends, lack of security, lack of parking, funds for renovation, tax issues)?

17. Does the city currently have policies in place that are meant to address problems of blight?
(If yes, what are those policies and how long have they been in place? If no, why not?)

18. Can you give an example of what you consider to be your most successful policy for increasing the number of jobs available for city residents?

19. Can you give an example of what you consider to be your least successful policy in this regard?

20. To what extent do you think the city has done a good job in maintaining a reasonable standard of living for its residents (in terms of services provided by the city)? Can you explain why?

The final set of questions are meant to examine the city council's relationship with other levels of government, such as the state of Florida or regional commissions.

21. Do you consider state government to be a help or a hindrance to the city's ability to create a viable local economy?

22. Do you consider regional governments to be a help or a hindrance in this regard?

23. Do other local governments offer any help or advice on this matter?

24. Do statewide or national organizations such as the League of Cities, the state Chamber of Commerce, for example, offer any help or advice on this matter?

25. Does the federal government offer any help or advice on this matter? If so, what?

This concludes our questions for you. Thank you for taking the time to speak with me. Do you have questions for me now that the interview is complete?

Would you like to receive a copy of the research paper upon publication?

If the interviewee noted that they would like to receive a copy of the research paper, open the Mailing Address file and take down their pertinent information

Be sure to explain that the results and the paper will not be complete prior to next May.

TABLE 1
Determinants of Pure Development Strategy Adoption
Logistic Regression Results

Independent Variable	Unstandardized Coefficient	Error of the Coefficient	Significance	Wald Statistic
CHGINC	1.6904	4.7895	.7241	.1246
INCOME	.0005	.0007	.4711	.5168
POVERTY	-11.4326	33.8668	.7357	.1140
MINORITY	3.0933	19.5263	.8739	.0252
NEED	-8.7825	17.8594	.6229	.2418
REPRESENT	5.6364	12.5023	.6521	.2032
DEMAND	-13.7253	21.0018	.5134	.4271
REFORM	35.8759	33.6770	.2867	1.1348
PROPERTY	-.0000078	.000008803	.3751	.7868
CHGPOP80	1.1726	.9916	.2370	1.3985
POP	.0000302	.00001313	.0214	5.2974
INTERGOV	-.0093	.0110	.4007	.7063
Constant	-5.794	5.5999	.3008	1.0705
-2 Log Likelihood	39.500			
Chi-Square	21.386 (df=12)	Sig.=.0445		

Numbers in boldface indicate significance at $p \leq 0.05$ for the variable indicated.

TABLE 2
Determinants of Distributive Development Strategy Adoption
Logistic Regression Results

Independent Variable	Unstandardized Coefficient	Error of Coefficient	Significance	Wald Statistic
CHGINC	-1.2599	2.9752	.6720	.1793
INCOME	.0008	.0005	.1083	2.5791
POVERTY	8.8144	10.9615	.4213	.6466
MINORITY	-.1652	4.6862	.9719	.0012
NEED	-3.7602	11.4043	.7416	.1087
REPRESENT	7.3415	9.0408	.4168	.6594
DEMAND	-11.0264	9.4462	.2431	1.3626
REFORM	14.9419	11.9355	.2106	1.5672
PROPERTY	-.0001	.0000685	.1261	2.3394
CHGPOP80	.0764	.6552	.9072	.0136
POP	-.00000016	.000000486	.7447	.1060
INTERGOV	.0133	.0063	.0329	4.5516
Constant	-6.612	3.6193		
-2 Log Likelihood	71.086			
Chi-Square	23.887 (df=12)	Sig = .0211		

Numbers in boldface indicate significance at $p \leq 0.05$ for the variable indicated.

TABLE 3
Determinants of Targeted Development Strategy Adoption
Logistic Regression Results

Independent Variable	Unstandardized Coefficient	Error of the Coefficient	Significance	Wald Statistic
CHGINC	10.2024	4.2776	.0171	5.6887
INCOME	.0008	.0006	.1738	1.8498
POVERTY	16.6767	13.0590	.2016	1.6308
MINORITY	-2.0223	4.7612	.6710	.1804
NEED	-3.5843	13.3447	.7882	.0721
REPRESENT	.9582	8.0771	.9056	.0141
DEMAND	.0128	8.2061	.9988	.0000
REFORM	10.5428	13.5173	.4354	.6083
PROPERTY	-.00001	.00007656	.0933	2.8171
CHGPOP80	-.5359	.7962	.5010	.4529
POP	-.0000013	.0000066	.0532	3.7368
INTERGOV	.0409	.0124	.0009	10.9315
Constant	-4.1970	4.2836		
-2 Log Likelihood	52.121			
Chi-Square	33.400 (df=12)	Sig = .0008		

Numbers in boldface indicate significance at $p \leq 0.05$ for the variable indicated.

TABLE 4

**Determinants of Government-Based Targeted Development Instrument Adoption
Logistic Regression Results**

Independent Variable	Unstandardized Coefficient	Error of the Coefficient	Significance	Wald Statistic
CHGINC	16.9626	5.5244	.0021	9.4278
INCOME	.0013	.0007	.0639*	3.4327
POVERTY	-10.8411	15.2270	.4765	.5069
MINORITY	1.0303	7.0052	.8831	.0216
NEED	8.0938	12.2564	.5090	.4361
REPRESENT	-6.4677	7.6382	.3971	.7170
DEMAND	4.7062	9.2431	.6106	.2592
REFORM	11.7171	13.7815	.3952	.7229
PROPERTY	-.0002	.00009517	.0381	4.2985
CHGPOP80	-2.4657	1.0129	.0149	5.9256
MARKFAIL	.3613	.3240	.2648	1.2435
POP	-.00000057	.0000006541	.3829	.7614
INTERGOV	.0344	.0106	.0012	10.4784
Constant	-2.6164	4.2963		
-2 Log Likelihood	49.744			
Chi-Square	42.616 (df=13)	Sig = .0001		

Numbers in boldface indicate significance at $p \leq 0.05$ for the variable indicated.

TABLE 5

**Determinants of Market-Based Targeted Development Instrument Adoption
Logistic Regression Results**

Independent Variable	Unstandardized Coefficient	Error of the Coefficient	Significance	Wald Statistic
CHGINC	2.8134	3.6815	.4369	.6045
INCOME	.0002	.0007	.7366	.1132
POVERTY	8.0990	12.6194	.5210	.4119
MINORITY	.6439	4.9140	.8957	.0172
NEED	7.6910	14.7029	.6009	.2736
REPRESENT	-11.5271	10.5007	.2723	1.2051
DEMAND	14.9750	10.7705	.1644	1.9332
REFORM	-18.7313	14.7103	.2029	1.6214
PROPERTY	-.0001	.00009913	.2188	1.5122
CHGPOP80	.3803	.8861	.6678	.1842
GOVFAIL	-.4060	.3986	.3084	1.0373
POP	.00000328	.000005412	.5445	.3672
INTERGOV	.0244	.0085	.0041	8.2442
Constant	-1.6603	4.7367		
-2 Log Likelihood	57.431			
Chi-Square	33.815 (df=13)	Sig = .0013		

Numbers in boldface indicate significance at $p \leq 0.05$ for the variable indicated.

TABLE 6
Determinants of Adoption Strategies
Multinomial Logistic Regression Results

Independent Variable	Unstandardized Coefficient	Error of the Coefficient	Significance
Y = 3 (Adoption of targeted strategies only)			
CHGINC	-.6294	.3302	.0566
INCOME	-.003524	.00295	.2317
POVERTY	-.00789	.088735	.9929
MINORITY	-2.559	2.346	.2754
NEED	-7.5557	14.0009	.5894
REPRESENT	3.268	7.470	.6618
DEMAND	-3.3958	7.0019	.6277
REFORM	15.7973	13.0311	.2254
PROPERTY	-.0001683	.0007251	.8165
MARKFAIL	.43966	.26459	.0966
CHGPOP80	.1023	.2564	.6899
GOVFAIL	.18759	.15686	.2317
POP	.0006792	.00039798	.0879
INTERGOV	-.06998	.07212	.3319
Y = 6 (Adoption of distr. & targeted strategies only)			
CHGINC	.89359	4.4355	.8403
INCOME	.0003585	.004245	.9327
POVERTY	-1.0007	12.8740	.9380
MINORITY	-.4448	6.2019	.9428
NEED	-22.8841	20.3130	.2599
REPRESENT	15.3623	13.9504	.2708
DEMAND	-17.3656	14.2378	.2226
REFORM	32.3827	20.5507	.1151
PROPERTY	-.001917	.0013233	.1473
MARKFAIL	.5457	.33098	.0992
CHGPOP80	-.17524	1.2225	.8860
GOVFAIL	-.04784	.26847	.8586
POP	.00005948	.00004025	.1395
INTERGOV	.01434	.009385	.1265
Y = 7 (Adoption of all strategies)			
CHGINC	19.7664	23.3239	.3967
INCOME	.002199	.002259	.3303
POVERTY	-1.495	14.7213	.9191
MINORITY	-24.8095	45.5388	.5859
NEED	11.8691	61.6829	.8474

REPRESENT	-8.3762	32.5239	.7968
DEMAND	6.734	54.8186	.9022
REFORM	26.1356	47.7341	.5840
PROPERTY	-.000758	.000579	.1906
MARKFAIL	.4002	.7863	.6107
CHGPOP80	-18.4489	14.9251	.2164
GOVFAIL	-.2198	.8706	.8006
POP	.0000898	.0000538	.0953
INTERGOV	.02073	.02790	.4574
-2 Log Likelihood for Model	-52.09280		
Chi-Square	168.4667 (df=91)	Sig=.00000	

Numbers in boldface indicate significance at $p \leq 0.10$ for the variable indicated.

TABLE 7

**Determinants of Market- and Government-Based Instrument Adoption
Multinomial Logistic Regression Results**

Independent Variable	Unstandardized Coefficient	Error of the Coefficient	Significance
Y = 1 (Adoption of CRA only)			
CHGINC	-.5935	.3148	.0594
INCOME	.0000963	.0002676	.7189
POVERTY	-.007022	.08980	.9377
MINORITY	-14.2175	8.1758	.0820
NEED	-35.2124	18.8705	.0620
REPRESENT	29.3067	13.2226	.0267
DEMAND	-17.1322	14.6577	.2425
REFORM	40.9660	19.0039	.0311
PROPERTY	-.00009710	.00006331	.1251
MARKFAIL	.3207	.2725	.2393
CHGPOP80	.01034	.01861	.5784
GOVFAIL	.2721	.1378	.0483
POP	-.00001529	.00001159	.1869
INTERGOV	.02145	.009363	.0219
Y = 2 (Adoption of EZ only)			
CHGINC	-.2667	.5931	.6529
INCOME	-.001037	.0006926	.1343
POVERTY	20.8015	13.6905	.1287
MINORITY	-9.1049	6.3230	.1499
NEED	-46.2001	24.8418	.0629
REPRESENT	33.1760	16.6200	.0459
DEMAND	-24.6072	14.4750	.0891
REFORM	34.2417	22.3185	.1250
PROPERTY	.00007476	.0001460	.6086
MARKFAIL	.2765	.3302	.4025
CHGPOP80	.01278	.03381	.7055
GOVFAIL	-.01270	.5333	.9810
POP	-.00001317	.00001716	.4424
INTERGOV	.02318	.01078	.0316
Y = 3 (Adoption of both EZ and CRA)			
CHGINC	8.4233	4.5692	.0669
INCOME	.0004659	.0004277	.2761
POVERTY	-7.7937	4.4173	.0777
MINORITY	4.4312	4.2413	.2961
NEED	5.6476	18.8086	.7640

REPRESENT	-7.3172	10.7239	.4950
DEMAND	3.5038	9.6083	.7154
REFORM	5.4018	17.1209	.7524
PROPERTY	-.0002324	.0001222	.0572
MARKFAIL	.3614	.3071	.2392
CHGPOP80	-.5173	1.4349	.7185
GOVFAIL	-.4601	.5343	.3891
POP	-.00000337	.00000689	.6246
INTERGOV	.03867	.01184	.0011
-2 Log Likelihood for Model	59.40781		
Chi-Square	90.63063 (df=39)	Sig=.00001	

Numbers in boldface indicate significance at $p \leq 0.10$ for the variable indicated.

