Trapped in the Race to the Bottom: Who is Using Business Incentives Now?

Author: Lingwen Zheng, Master's of Regional Planning 09, Cornell University
Supervisor: Prof. Mildred Warner, Dept. of City & Regional Planning, Cornell University

Literature Review on Economic Development Theory

Creating job opportunities, increasing the local tax base and diversifying the local economy have always been top priorities for local governments (Bartik, 1991; Bartik 2003; Lynch 2004; Blakely 2002). However, debate over how to promote economic development and what tools to use has been ongoing for quite some time. Eisinger (1988) distinguishes economic development policies into supply-side strategies and demand-side inducements. Supply-side strategies, which target the private sector, are generally based on location theories—firms choose locations where they can minimize costs. Therefore, traditional supply-side economic development policies usually involve business incentives aimed at reducing costs for private firms, such as taxes and land (Eisinger, 1988).

So far, three waves of economic development strategies have been observed, they are: business attraction, business retention, and the emerging community economic development. Business attraction strategies, known as first wave economic development policy, are characterized by programs or activities designed to target specific firms in order to attract these firms to relocate in local communities. Typical tools of the first wave policies include business incentives such as subsidized loans, tax exemptions or even direct payments to firms (Bradshaw & Blakely, 1999; Koven & Lyons, 2006; Olberding, 2002). Compared to first wave economic development programs, business retention strategies, known as second wave economic development strategies, offer more indirect industry-level assistance such as marketing and revolving loan funds, etc. (Bradshaw & Blakely, 1999; Olberding, 2002). Second wave economic development policy highlights entrepreneurship, industrial clusters, and public-private partnerships. However, both business attraction and business retention strategies tend to place a major focus on the private sector with benefits being reaped primarily by private firms and high-skilled workers. Low-income and low-skilled workers are largely overlooked (Blakely, 2002; Koven & Lyons, 2006). The emerging third wave of economic development efforts focuses more broadly on community-level economic development strategies and public investment to improve quality of life.

However, over the years, local governments have continued to use first wave business incentives to promote economic development. Lynch (2004) contends that "[t]oo often public officeholders first embrace lowering taxes and creating tax incentives as their chief economic development tools, with public investment usually ranking as a distant third option" (p. vii). Bartik (2003) estimated that the national total for business incentives is over $ 17 billion per year, two-thirds of which are direct assistance such as tax incentives. These development strategies have become so persuasive that local governments find themselves in competition with each other to offer business incentives for self-defense, which essentially catalyzes an unhealthy 'race to the bottom' in economic development policy (Buss, 2001; Bowman, 1988; Burnier, 1992; Koven & Lyons, 2006). From a political economy perspective, we have long recognized

the 'city as a growth machine' (Molotch 1976) where business and real estate elites partner with local government to promote economic growth for business and compete with other localities. This can lead to a process of destructive inter-local competition that can promote a race to the bottom (Donahue 1997). Quality of life concerns of residents are often overlooked.

In addition to the unhealthy competition generated by business incentives, the effectiveness of these first wave strategies has long been questioned. According to Lynch (2004), studies conducted in the 1950s to mid-1970s found no significant positive impact of tax incentives or negative impact of taxes. In a meta analysis of 75 more recent econometric studies conducted between 1979 and 1994, Bartik (1991 and 1994) concluded there was a significant negative impact of taxes on local economic growth in part because firms have become more footloose and thus more responsive to incentives (Bartik 2005). However, LeRoy (2005) has shown that these business incentive strategies have severe accountability issues, and many states and localities have responded with increased attention to accountability controls.

Why do local governments continue to use incentives when research questions their efficiency and accountability? Wolman (1988) and Wolkoff (1992) argue that business incentive decisions by local governments are the politicians' calculation of economic, fiscal and political costs and benefits. Local economic development policy also is a product of governments' policy-learning process (Eisinger, 1995; Mintzberg, 1973). Because economic development policy research is inconclusive and political pressure to continue with incentives is high, some governments continue to focus primarily on business incentives.

Eisinger (1995) further argues that governments' choice of economic development programs responds to external economic conditions and inter-local competition. For example, by analyzing business incentives across 8 states and 27 cities, Peters and Fisher (1997) suggest that higher unemployment rates lead to larger incentive packages. In addition, the openness of the local economic development process to citizen participation can also influence business incentive adoption (Wolman & Spitzley, 1996). Sharp and Elkin (1991) find more citizen participation is associated with wider adoption of cost-effective economic development policies. but Cable, Feiock, and Kim (1993) fail to find significant correlation between greater openness and lower probability of business incentive adoption.

Research Questions, Data and Methodology

In this paper, I first ask if local governments in the US have started moving away from the first wave economic development policies. Then I explore the differences between governments who still extensively engage in business incentives and those who do not. Based on the comparison, I study what political and economic factors can influence local governments' adoption of economic development policies. Many case studies have been conducted on these questions, however, I use well collected datasets which can be subject to advanced quantitative methods to determine trend and examine factors that affect local governments' behavior.

The datasets I use for this research are collected by the International City/County Management Association (ICMA). The ICMA Economic Development Survey is conducted every five years in 1994, 1999, and 2004. Surveys are sent to chief municipal administrative officers in cities and counties with more than 10,000 population across the US. Response rates

average about 30 percent. The sample is broadly representative, both geographically and by population size. The survey has maintained consistency that allows comparisons over time.

Descriptive statistics are primarily used to explore and analyze the general trend of economic development strategies for the 1994-2004 decade. Because my dependent variable, total number of business incentives, only takes nonnegative count values and has a large number of zero outcomes, Zero Inflated Negative Binomial (ZINB) Regression Model is employed to study local governments' decision making process regarding business incentives. The ZINB Regression generates two separate models and then combines them. First, a Logit model is generated which predicts the likelihood of a certain case would be in the nonzero group. Then, a negative binomial model is generated which can predict the counts for those cases whose dependent variables have nonzero outcomes.

The ZINB model takes the total number of business incentives as the dependent variable. Eighteen business incentives are measured. See Table 1 in the Appendix. Accountability of business incentives is measured with the total number of accountability criteria applied out of 14 measures. The average number of accountability measures peaked in 1999. I use natural log of per capita real property revenue as the measure of the effectiveness of business incentives. I also include variables to assess local governments' organizational behavior: the intensity of inter-local competition (measured as 0-6 with 6 coded as the strongest competition) and percent of staff time spent on business attraction activities to detect managerial learning. Over the 19942004 decade, local governments faced less inter-local competition. I include the total number of local economic development participants and a dummy variable for citizen opposition (opposition =1) to capture the level of participation. Over the decade, there is an expanding list of economic participants ranging from 9 measures in 1994 to 10 measures in 1999, and 15 measures in 2004. I include the total number of encountered economic development barriers and perceived local economic condition to describe the overall external environment. An expanding list of economic development barriers are measured (8 measures in 1994, 9 measures in 1999, and 18 measures in 2004) and the average number increased from 2.5 in 1994 to 3.5 in 2004. Economic condition is a categorical variable with economic decline being coded as -1, stable economy as 0, and economic increase as 1. Percent of staff time spent on business attraction activities and natural log of per capita real property revenue have missing values. In this paper, I use series-mean substitution to solve this problem.

Trend in Economic Development Policies

Although business incentives are widely used across the decade, there is a gradual shift away from them. More than 45% of the survey respondents in 2004 indicated that they no longer used any incentives, while in 1994, less than 12% of the survey respondents claimed so. The average number of business incentives used has dropped from 4.64 in 1994 to 3.31 in 2004. The data suggest that while some local governments have moved on to other economic development strategies, some governments are stuck with first wave business incentives. See Table 1 in the Appendix.

In order to explore the difference between governments that still use first wave incentives and those who do not, I conducted mean comparisons of all the independent variables used in the ZINB model. See Appendix Table 2. Governments that still use business incentives involve more

participants in their local economic development processes than those who do not. Over the years, these governments also perceived stronger external competition and more economic development barriers. Encouragingly, they did apply more accountability measures. This suggests that when governments grant business incentives, they pay more attention to accountability of the money that they give away. In 2004 local governments that still use business incentives had lower per capita real property tax revenue.

Model Results

ZINB Regression models were run on the full dataset for 1994, 1999, and 2004. See Appendix Table 3. The "Yes/No" column under each year shows the results of the Logit model predicting the likelihood that a government still uses business incentives. The "Level" column under each year examines what factors affect the number of incentives used by those governments that still use business incentives.

Predicting the Likelihood of Governments Still Using Business Incentives

In 1994, the more staff time spent on business attraction activities, the more likely governments would engage in business incentives. However, in 1999 and 2004, staff time spent on business attraction activities was no longer significant. This indicates a learning curve over time. The total number of participants in the economic development process is only significant in 1994. In this year, the more participants in the local economic development process, the less likely governments would use business incentives. In all three survey years, the more accountability measures applied, the less likely governments would use business incentives. This suggests that attention to accountability measures can reduce the likelihood of using business incentives. The intensity of competition was only significant in 2004. In that year, the more competition governments perceived, the less likely they would use any business incentives. The natural log of per capita property tax revenue, citizen opposition, number of perceived economic development barriers, and external economic conditions have no effect on the likelihood of governments using business incentives. The most important result of the Logit models is to show that use of accountability measures reduces the likelihood that governments will use business incentives. This shows the value of economic development planning in improving the accountability of local economic development behavior.

Factors Affecting the Number of Incentives Used

The model results for level of incentives also shows a policy learning process. The percent of staff time spent on business attraction is only significant in 1994, but not in 1999 and 2004. Little change has occurred to business incentive tools over the past decade, so practitioners need less time to use familiar tools in the later model years. Over the years, the more economic development participants involved in the local economic development process, the more business incentives are utilized. This suggests that in communities that still use business incentives, economic development participants still largely favor supply-side strategies and private sector interests. However, it also shows that local governments realize the importance of participation and reaching consensus among various interest groups when making decisions on economic development policies.

The positive significant correlation between the number of accountability measures and the number of business incentives in all three survey years indicates that local governments that still use incentives also recognize accountability issues. The natural log of per capita real property tax revenue is only significant in 2004, but not in 1994 and 1999. This confirms prior research in the 1990s which shows business incentives and industrial attraction have little to no impact on the local tax base. The 2004 model shows that business incentives are associated with governments with *lower* tax bases, suggesting the strategy is more common among poorer governments.

The intensity of competition perceived by local governments is positively correlated with the number of business incentives only in 1994 and 2004, but not in 1999. This indicates that competition is a bigger issue for local governments during economic recessions (in 1994 and 2004 more governments reported economic decline). Citizen opposition was only significant in 1999 and this suggests governments are more likely to take citizen's voice into consideration when they do not feel threatened by the economy. In contrast, during the economic downturn years (1994 and 2004) citizen voice had no significant role in local governments' decision-making processes.

My model results do not show a significant effect of economic barriers on local governments' decision on economic development strategies; however in 2004 governments that engaged in more business incentives perceived declining economic conditions.

Conclusion: Policy Learning and Destructive Cycle

Over the last 1994-2004 decade US local governments show a policy learning process. Less staff time is spent on business attraction strategies and fewer governments employ these strategies (down from 88% in 1994 to 55% in 2004). Accountability issues are given more attention and lead to a lower likelihood of using incentives. However, among those governments still using incentives, higher levels of incentives are associated with higher attention to accountability measures. Also for those governments who still use incentives, they realize they need to build consensus among various interests groups and increase participation when making decisions on economic development policies. However, citizen voice is still largely overlooked.

The models show an overall learning process exhibited by all governments with significantly fewer governments using incentives, and among those who still do, more attention being given to accountability. This shows the concerns raised about accountability (Lynch, 2004; LeRoy, 2005) have been heard and governments are attempting to respond. However, some governments are stuck in a race to the bottom with the first wave economic development strategies. Among these governments that still use incentives, the 2004 model results show they perceive more intense inter-local competition and face a declining local economy and lower tax base. These governments appear to be trapped in a race to the bottom where they face destructive inter-local competition and declining economic conditions but rely heavily on incentives that undermine their tax base.

Appendix

Table 1: Average Numbers of ZINB Model Variables, 1994, 1999, and 2004

Year	1994	1999	2004
Total Number of Business Incentives*	4.64	4.34	3.31
Total Number of Participants in Local Economic Development Process	4.46	4.65	4.76
Total Number of Encountered Economic Development Barriers	2.51	2.95	3.51
Total Number of Accountability Measures Applied	3.37	3.82	2.78
Level of Competition	2.54	2.49	2.12
Citizen Opposition	0.33	0.30	0.17
Percent of Staff Time Spent on Business Attraction	26.12	26.26	44.16
Natural Log of Per Capita Real Property Tax Revenue	2.39	2.39	2.48
Economic Condition	0.58	0.76	0.57
Total Respondents	960	1,042	726

* Percent of Governments not using business incentives at all 1994: 11.56%, 1999: 32.24%, 2004: 45.45%
Data source: Author's Analysis of the ICMA Economic Development Survey, 1994, 1999, and 2004

Table 2: Comparison between Governments Using Incentives and Those That Do Not

Variables	Business Incentive	1994		1999		2004	
		N	Mean	N	Mean	N	Mean
Total respondents		960	—	1,042	—	726	—
Percent of Staff Time Spent on Business Attraction	Missing	287	—	192	—	225	—
	Yes	648	26.17	612	29.17**	365	44.78
	No	25	24.96	238	18.79**	136	42.49
Number of economic development participants	Missing	0	—	0	—	0	—
	Yes	849	4.69**	706	4.98**	396	6.09**
	No	111	2.74**	336	3.97**	330	3.17**
Number of Accountability Measures Applied	Missing	0	—	0	—	0	—
	Yes	849	3.78**	706	5.50**	396	5.00**
	No	111	0.23**	336	0.28**	330	0.13**
Lg(Per Capita Real Property Tax Revenue)	Missing	394	—	423	—	444	—
	Yes	515	2.37	426	2.37	78	2.43*
	No	51	2.59	193	2.45	204	2.61*
Competition	Missing	0	—	0	—	0	—
	Yes	849	2.64**	706	2.71**	396	3.04**
	No	111	1.77**	336	2.02**	330	1.02**
Citizen Opposition	Missing	0	—	0	—	0	—
	Yes	849	0.32	706	0.29	396	0.20*
	No	111	0.36	336	0.33	330	0.14*
Number of Economic Development Barriers	Missing	0	—	0	—	0	—
	Yes	849	2.61**	706	3.00	396	4.48**
	No	111	1.71**	336	2.85	330	2.33**
Economic Condition	Missing	0	—	0	—	0	—
	Yes	849	0.59	706	0.79*	396	0.69**
	No	111	0.50	336	0.71*	330	0.44**

Data source: Author's Analysis of ICMA Economic Development Survey, 1994, 1999, and 2004
* denotes statistically significant at the 5% level, and ** denotes strongly significant at the 1% level.

Table 3: Zero-Inflated Negative Binomial Model Results*

Dependent variable: Total number of business incentives

Parameter	Year					
	1994		1999		2004	
	Yes/No	Level	Yes/No	Level	Yes/No	Level
Staff Time spent on Business Attraction	0.07 (4.05) **	0.004 (4.77) **	0.008 (0.77)	0.001 (1.14)	-0.008 (-0.95)	0.001 (0.77)
Number of Participants	-0.21 (-2.11) *	0.05 (5.55) **	0.09 (0.98)	0.05 (6.54) **	-0.01 (-0.21)	0.04 (5.28) **
Number of Accountability Measures	-3.03 (-4.59) **	0.10 (14.84) **	-2.16 (-12.37) **	0.07 (8.93) **	-2.02 (-8.00) **	0.05 (5.63) **
Lg(Per Capita Property Tax Revenue)	0.23 (0.73)	-0.05 (-1.52)	-0.17 (-0.45)	-0.05 (-1.48)	-0.09 (-0.20)	-0.12 (-2.02) *
Competition	-0.31 (-1.71)	0.04 (2.66) **	0.12 (0.70)	0.02 (1.14)	-0.46 (-3.69) **	0.05 (2.73) **
Citizen Opposition	0.58 (1.29)	-0.08 (-1.94)	-0.69 (-1.51)	-0.12 (-2.75) **	-0.40 (-0.85)	-0.03 (-0.51)
Number of Economic Barriers Perceived	-0.18 (-1.15)	0.02 (1.39)	0.22 (1.54)	0.02 (1.23)	0.05 (0.63)	-0.003 (-0.29)
Economic Condition	0.03 (0.08)	-0.06 (-1.56)	-0.46 (1.02)	-0.11 (-2.45) *	-0.54 (-1.36)	-0.14 (-2.72) **
N	960		1042		726	

* denotes statistically significant at the 5% level, and ** denotes strongly significant at the 1% level.
( ) is z-score.

References

- Bachelor, L. 1994. Regime maintenance, solution sets, and urban economic development. *Urban Affairs Quarterly* 29: 596-616
- Bartik, T. J. Who *benefits from state and local economic development policies?* Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research, 1991.
- Bartik, T. J. (1992). The Effects of State and Local Taxes on Economic Development: A Review of Recent Research. *Economic Development Quarterly*, 6(1), 102-111.
- Bartik, T. J. (1994). Jobs, productivity, and local economic development: What Implications Does Economic Research Have for the Role of Government. *National Tax Journal*, 47(4), 847.
- Bartik, T. J. (2003). In W.E. Upjohn Institute for Employment Research. (Ed.), *Local economic development policies* Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research, [2003].
- Bartik, T. J. (2005). Solving the Problems of Economic Development Incentives. *Growth and Change*, 36(2), 139-166.
- Blakely, E. J., (2002). In Bradshaw T. K. (Ed.), *Planning local economic development : theory and practice (3rd ed. ed.)*. Thousand Oaks, California: Sage.
- Bowman, A. (1988). Competition for economic development among southeastern cities. *Urban Affairs Quarterly*, 23, 511-527.
- Bradshaw, T. K., & Blakely, E. J. (1999). What are "Third-Wave" State Economic Development Efforts? From Incentives to Industrial Policy. *Economic Development Quarterly*, 13(3), 229-244.
- Burnier, D. (1992). Becoming Competitive: How Policymakers View Incentive-Based Development Policy. *Economic Development Quarterly*, 6(1), 14-24.
- Buss, T. F. (1994, Summer). Corby, England leads economic development in Europe. *Economic Development Review*, pp. 83-87
- Buss, T. F. (2001). The Effect of State Tax Incentives on Economic Growth and Firm Location Decisions: An Overview of the Literature. *Economic Development Quarterly*, 15(1), 90-105.
- Cable, B., R. Feiock, and J. Kim. 1993. The consequences of institutionalized access for economic development policy making in the U.S. *Economic Development Quarterly* 7: 91-7
- Chernick, H. (1997). Tax Progressivity and State Economic Performance. *Economic Development Quarterly*, 11(3), 249-267.
- Chi, K.S., & Leatherby, D. (1997). *State business incentives*. Lexington, KY: Council of State Governments
- Clarke, S. E., & Gaile, G. L. (1992). The Next Wave: Postfederal Local Economic Development Strategies. *Economic Development Quarterly*, 6(2), 187-198.
- Creswell, J. W. (2003). *Research design : qualitative, quantitative, and mixed methods approaches (2nd ed. ed.)*. Thousand Oaks, Calif.: Sage Publications.
- Donahue, J. D. *Disunited states* New York : Basic Books, 1997.
- Eisinger, P. K. (1988). *The rise of the entrepreneurial state : state and local economic development policy in the United States; Entrepreneurial state*. Madison, Wis.: University of Wisconsin Press.

- Eisinger, P. (1995). State Economic Development in the 1990s: Politics and Policy Learning. *Economic Development Quarterly*, 9(2), 146-158.
- Fisher, R. C. (1997, March/April). The effects of state and local public services on economic development. *New England Economic Review*, pp. 53-67
- Fisher, P. S., Peters A. H. (1997). Do High-Unemployment States Offer the Biggest Business Incentives? Results for Eight States Using the "Hypothetical Firm" Model. *Economic Development Quarterly*, 11 (2), 107-122
- Fisher, P. S., Peters A. H., *Industrial incentives: competition among American states and cities* Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research, 1998.
- Fosler, R. S. (1992). State Economic Policy: The Emerging Paradigm. *Economic Development Quarterly*, 6(1), 3-13.
- Giloth, R. P. (1992). Stalking Local Economic Development Benefits: A Review of Evaluation Issues. *Economic Development Quarterly*, 6(1), 80-90.
- Goss, E. P., & Phillips, J. M. (1999). Do Business Tax Incentives Contribute to a Divergence in Economic Growth? *Economic Development Quarterly*, 13(3), 217-228.
- Hartzheim, L. A. (1997). State tax incentives. *Journal of State Taxation*, 15, 51-64
- Koven,S. G., Lyons, T. S. (2006). *Economic Development: Strategies for State and Local Practice.* Washington, DC: ICMA: International City/County Management Association.
- LeRoy, G. (2005). *The Great American Jobs Scam: Corporate tax dodging and the myth of job creation (1st ed.).* San Francisco, California: Berrett-Koehler.
- Logan, V.R., and H.L. Molotch. 1987. *Urban fortunes: The political economy of place.* Berkeley: University of California Press
- Lynch, R. G. (2004). In Economic Policy Institute. (Ed.), *Rethinking growth strategies : how state and local taxes and services affect economic development.* Washington, D.C.: Economic Policy Institute.
- Lynch, R. G., Fishgold, G., & Blackwood, D. L. (1996). The Effectiveness of Firm-Specific State Tax Incentives in Promoting Economic Development: Evidence from New York State's Industrial Development Agencies. *Economic Development Quarterly*, 10(1), 57-68.
- Milligan, L. (2001). Economic Development Trends in Local Government. *The Municipal Year Book* (pp. 9-20). Washington, DC: ICMA: International City/County Management Association.
- Mintzberg, H. (1973). *The nature of managerial work.* New York, Harper & Row.
- Molotch, H. (1976). The City as a Growth Machine: Toward a Political Economy of Place. *American Journal of Sociology*, 82(2), 309.
- Olberding, J. C. (2002). Diving into the "Third Waves" of Regional Governance and Economic Development Strategies: A Study of Regional Partnerships for Economic Development in U.S. Metropolitan Areas. *Economic Development Quarterly, 16*(3), 251-272.
- Pagano, M. A., & Bowman, A. O. (1992). Attributes of Development Tools: Success and Failure in Local Economic Development. *Economic Development Quarterly*, 6(2), 173-186.
- Peters, A. H. (1993). Clawbacks and the Administration of Economic Development Policy in the Midwest. *Economic Development Quarterly*, 7(4), 328-340.

- Peters, A. H., & Fisher, P. S. (1997). Do High-Unemployment States Offer the Biggest Business Incentives? Results for Eight States Using the "Hypothetical Firm" Method. *Economic Development Quarterly*, 11(2), 107-122.
- Reese, L. A. (1991). Municipal Fiscal Health and Tax Abatement Policy. *Economic Development Quarterly*, 5(1), 23-32.
- Reese, L. A. (1992). Local Economic Development in Michigan: A Reliance on the Supply Side. *Economic Development Quarterly*, 6(4), 383-393.
- Reese, L. A. (2006). Do We Really Need Another Typology? Clusters of Local Economic Development Strategies. *Economic Development Quarterly*, 20(4), 368-376.
- Reese, L. A., & Fasenfest, D. (1996). More of the Same: A Research Note on Local Economic Development Policies over Time. *Economic Development Quarterly*, 10(3), 280-289.
- Reese, L. A., & Fasenfest, D. (1999). Critical Perspectives on Local Development Policy Evaluation. *Economic Development Quarterly*, 13(1), 3-7.
- Rubin, H. J. 1988. Shoot anything that flies; claim anything that falls: Conversations with economic development practitioners. *Economic Development Quarterly* 3: 236-51
- Sands, G., Reese, L. A., & Khan, H. L. (2006). Implementing Tax Abatements in Michigan: A Study of Best Practices. *Economic Development Quarterly*, 20(1), 44-58.
- Servon, L. J. (1997). Microenterprise Programs in U.S. Inner Cities: Economic Development or Social Welfare? *Economic Development Quarterly*, 11(2), 166-180.
- Sharp, E. B. and D. R. Elkins. 1991. The politics of economic development policy. *Economic Development Quarterly* 5: 126-39
- Spindler, C., and J. Forrester. 1993. Economic development policy: Explaining policy preferences among competing models. *Urban Affairs Quarterly* 29: 28-53
- Sullivan, D. M. (2002). Local Governments as Risk Takers and Risk Reducers: An Examination of Business Subsidies and Subsidy Controls. *Economic Development Quarterly*, 16(2), 115-126.
- Warner, M. (2001). Local Government Support for Community-Based Economic Development. *International City/County Management Association Municipal Yearbook,* 21-27.
- Watson, D. J. (1995). *The new civil war*. New York: Praeger.
- Wiewel, W. (1999). Policy research in an imperfect world: Response to Terry F. Buss, "The case against targeted industry strategies." *Economic Development Quarterly*, 13, 357-360
- Wolkoff, M. J. 1992. Is economic decision making rational? *Urban Affairs Quarterly* 27: 340-55
- Wolman, H. 1988. Local economic development policy: What explains the divergence between policy analysis and political behavior? *Journal of Urban Affairs* 10: 19-28
- Wolman, H., & Spitzley, D. (1996). The Politics of Local Economic Development. *Economic Development Quarterly*, 10(2), 115-150.