

The Politics of Local Privatization: Privatized Service Delivery and the Strength of Our Local Democracy

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The Politics of Local Privatization:
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Privatized service delivery is an increasingly prominent feature of local governance, especially as local governments across the country are seeking greater efficiency in the face of perpetual fiscal crisis. However, as local governments outsource more of its responsibilities to private companies, many argue that it shrinks the size of the public sphere, attenuates the bonds that tie people to their governments, and ultimately undermines the quality of local representative government. While democratic theorists have long warned against the dangers of privatization, such warnings have often lacked empirical support. In other words, relatively little is known about the effect that privatization has on the mass public or the quality of local democracy, which raises two inter-related questions. First, when it comes of local privatization, do public preferences match this growing government practices? Second, does the decision to outsource the delivery of public services into the hands of private companies have consequences for mass democratic politics?

In this dissertation, I explore citizen preferences for the privatization of local goods and services, as well as the degree to which privatized service delivery alters citizen attitudes and behavior toward local government. I find that variance in citizen preferences are explained by the same ideological and symbolic considerations that drive people's broader attitudes about politics, despite claims by scholars of urban politics who suggest that citizens are driven by their material self-interest. Further, I also find that is there is disconnect between public preferences and local government practice among large segments of the population insofar as citizens' partisan and ideological preferences tend not to predict a community's decision to privatize the delivery of

public goods and services. Lastly, I show evidence that a community's decision to privatize erodes people's evaluations of local government performance and their belief that local government can adequately represent their interests. In other words, the evidence supplied here offers some validation to the concern of democratic theorists, and it creates an uneasy tension in local politics between the local imperative to foster greater efficiency and our normative standards by which we often evaluate the strength and vibrancy of local democracy.

Dedication

For my family, my friends, and everyone who has supported me these last six years.

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Chapter I: Introduction

The Great Recession of 2009-2011 hit Colorado Springs, Colorado particularly hard. The collapse of the housing market destroyed local economies across the country, which eroded the tax bases of municipal governments dependent on local sales and property taxes. Colorado was no exception. In Colorado Springs, the unemployment rate went from 2.7% to 9.3% virtually overnight, and the average home lost almost 15% of its value between 2008 and 2010. In 2010 alone, declining tax revenue from the city's sales tax created a projected \$28 million budget deficit. To fill the gap, city officials proposed raising local property taxes, which the voters roundly rejected by a 2-to-1 margin. In response, city officials turned Colorado's most conservative city—and one of the most conservative in the country—into “a poster-child for municipal service cuts” (Patton 2015).

What the city did next garnered headlines in *The New York Times*, a segment on National Public Radio, and even spots on “60 Minutes” and “This American Life” (Hannan 2017). To deal with the budget shortfall, the city council turned-off one-third of the more than 24,000 street lights in the city, fired police and firefighters, and slashed the parks budget by 75%, which included an end to all park maintenance, the closure of parks facilities and swimming pools, and even the removal trash cans from all of the city's public parks (Brady 2010). Posted on the door of public restrooms were signs that read: “NOTICE: Due to budget reductions, this facility is closed indefinitely” (Patton 2010).

The cuts to the city's public services did not win over many friends in the community, even one as conservative as Colorado Springs. By 2011, the city was in disarray, the city council had

grown profoundly unpopular, and members of the business community in the city set up its own shadow council called the “City Committee” (Hannan 2017). Out of that committee emerged Steve Bach, a real-estate broker, who threw his hat into the mayoral race that year. His campaign message was simple: run government just like a business, without any new taxes (Hannan 2017). For Bach, the city’s problem was not the recession or the lack of revenue; it was government waste and inefficiency. As such, his solution to the city’s financial woes was to cut government waste and rely more strongly on market forces (Heilman 2014). With the firm backing of the business community, Bach easily won the election with 60% of the vote, and, when he assumed office, one of his first actions was to reinvest in the parks department (Hazlehurst 2011). However, in order to maximize the efficiency of reinvestment funds, Bach outsourced parks maintenance, watering, and cleaning to private contractors (Hannan 2017).

Meanwhile, 1,200 miles away, Fresno, California was going through a similar plight. Ashley Swearengin entered the mayor’s office in 2008, just as the housing market was collapsing. By 2012, California’s fifth largest city was on the brink of bankruptcy, and it was one of the most fiscally stressed of the 250 largest cities in the country. It had run up \$36 million in deficits, in large part because of the combination of revenue shortfalls and a controversial \$26 million convention-center parking garage. As a result, the city reduced its workforce by almost 30% (Audi 2013). In response, Mayor Swearengin put forth a fiscal sustainability plan to deal with the ongoing crisis. Included in the strategic plan was the outsourcing of the city’s residential trash collection to Mid Valley Disposal (Ellis 2016). Her argument was simple: Mid Valley would bring a substantial rate cut, and the savings would be critical for keeping the city solvent and allow the city to begin to restore the services cuts during the Great Recession (Hostetter 2014).

In late 2012, after already successfully outsourcing commercial garbage collection, the city council narrowly approved the contract for residential collection to Mid Valley after several months of rancorous debate. What happened next was just short of an all-out “Garbage war” (Hostetter 2014). The vote mobilized city-wide opposition. Amidst the fallout, privatization opponents, led by the city’s unions, forced the city council to get popular approval of the measure via ballot referendum. The ensuing campaign over what became known as Measure G sparked \$1.26 million pitched battle between supporters of privatization and its opponents, making it the most expensive election in the city’s history (Ellis 2013). The proposal narrowly lost with 49.2 percent of voters approving the privatization plan and 50.7 percent disapproving, a margin of only 862 votes.

The experiences in Fresno and Colorado Springs during the Great Recession were fairly typical for local governments across the country. In both Colorado Springs and Fresno, part of the solution to each city’s fiscal woes were proposals to contract-out some city services to private companies, which is a form of privatization that has been an increasingly prominent feature of local governance for over thirty years. The reason for the growing use of privatization is that for lawmakers it serves as a practical solution for cutting costs and dealing with fiscal stress. However, despite the appeal of privatization, the experience in Fresno, unlike Colorado Springs, is atypical of many other communities in one critical aspect. In Fresno, the decision to privatize the city’s residential trash collection was ultimately defeated via the democratic process.

The far more typical experience in local communities is for outsourcing to private companies to be treated as an administrative decision by local lawmakers concerned primarily with the maximizing the efficiency of city budgets. Those decisions are often made with minimal public input. For example, when Bach walked into the mayor’s office of Colorado Springs in 2011, the

city had just adopted a strong mayor system, which gave the mayor an incredible amount of power to exercise his will at the expense of other elected officials, thus making him relatively immune to political pressure (Hannan 2017).

In fact, there is a long tradition in urban governance of local governments being made immune to political pressures going all the way back to the municipal reformers of the progressive era. Indeed, the progressive era marked a period of American history punctuated by rapid social, political, and economic reform, which grew out of concern for the excesses of the industrial revolution. Buoyed by the Enlightenment's optimism about human nature, as well as the influence of evangelical Protestantism's belief that people have a moral duty to vanquish corruption and vice, progressives were particularly skeptical of city politics. Rapid industrialization had given rise to political machines who maintained a strangle-hold on America's cities with the support of large immigrant populations from Eastern and Southern Europe. The political influence of immigrants worried progressive thinkers who believed they were incapable of self-government, and their continued support of corrupt political machines reinforced that belief. The condition of city politics in the late 19th century even led British progressive James Bryce to conclude in 1888 that "the government of cities is the one conspicuous failure of the United States" (Murphy 2002, 64). For progressives, machine mismanagement in city politics challenged the very foundation of America's experiment with democracy (Judd and Swanstrom 2015; Davies and Trounstone 2012; Trounstone 2008).

As a result, municipal reformers wanted to break the stranglehold political machines had on local governments in cities across the country and make government more accountable to the preferences of middle and upper class voters. For municipal reformers, local governments are primarily tasked with the responsibility of providing public services to the communities they serve;

therefore, they argued that local government is a matter of administration, not politics (Murphy 2002). Thus, they pushed through a slate of reforms that attempted to sanitize local government of any vestige of partisan politics and replace it with a consensus-style politics built around the principles of scientific management. These reforms included both changes in electoral rules and institutional changes in local governance. After all, progressive reformers firmly believed that “the right to good government should take precedence over the right to self-government” (Davies and Trounstein 2012, 53). In doing so, reformers created a separation between administrative and political decisions, whereby administrative decisions would be made by trained professional administrators who were isolated from the pressures of partisan politics and whose chief goal was satisfying citizen demands through the promotion of greater levels of efficiency. Generations of public administrators continue to operate with this distinction between politics and administration firmly in place, including to this very day.

This separation of administrative decisions from politics creates a significant tension. In Fresno, the decision to privatize the city’s residential garbage collection resulted in a highly visible, highly controversial political conflict that mobilized the entire community that ultimately doomed the privatization effort, but most privatization decisions at the local level are treated as merely administrative decisions immune from the political process. After all, even though recent surveys suggest that a majority of people favor public garbage collection, approximately 75% of local communities contract the service to private companies (Waste Business Journal 2016).¹ As a result, it leads one to ask: What effect does the increased use of privatization at the local level

¹ The survey data comes from the 2016 Cooperative Congressional Election Survey, which is discussed at length in Chapter II.

have on how people think about local government, and what does its use say about the quality of local democracy? Those are the questions that this dissertation seeks to answer. In doing so, I will use debate over privatization as a window with which to examine the trade-offs that often have to be made between our desire efficiency and our eternal quest for achieving the normative goals of representative democracy.

Why Privatize?

Privatization is a concept that has fallen prey to some conceptual ambiguity. By far the most prominent form of privatization, especially at the local level, is through the use of public-private partnerships. These partnerships were borne out of the distinction between the provision of a public good or service and its production and delivery (Oakerson 1987). While local officials maintain control of the provision—i.e. the funding—of key public services, they will often contract out the production and delivery of those services to private companies. This kind of public-private partnership is what happened in Colorado Springs with the maintenance of the city’s public parks and what Fresno attempt to do with its residential garbage collection. It is also what I will be referring to in this dissertation when I use the term ‘privatization.’

Privatization gained prominence among some public administration professionals in the 1980s and 1990s as part of a normative model of public administration to make government more efficient (Osborne and Graebler 1992; deLeon and Denhardt 2000; Denhardt and Denhardt 2000). Operating under the banner of ‘New Public Management,’ this model of public administration relied on three core tenets: “the use of a market model, an emphasis on consumers rather than citizens, and its glorification of entrepreneurial management (deLeon and Denhardt 2000, 90).

However, while privatization gained prominence as part of a normative model for maximizing the efficiency of government budgets, it has become part of a pragmatic strategy for dealing with fiscal stress. Indeed, the Great Recession was only the most recent obstacle city budgets have had to navigate since the 1970s, when the booming post-World War II economy gave way to economic stagflation, signaling that American affluence indeed had its limits. At the local level, the 1970s signaled the beginning of a new era in local governance, an era that some have called ‘the age of permanent fiscal crisis’ (Osborne and Hutchinson 2005).²

Local governments are frequently navigating from one fiscal crisis to the next because of a combination of legal constraints placed on them by the structure of American federalism—namely, state laws that limit their ability to levy some taxes—and fiscal constraints placed on them due to a municipalities inability to regulate capital and population flows into and out of their jurisdiction. This inability of local governments to control people from exiting their community fosters inter-local competition among neighboring municipalities for affluent residents who are looking for their preferred bundle of public goods and services at the lowest possible cost (Tiebout

² Of course, stagflation is not responsible for almost fifty years of fiscal pressure alone. The stagflation of the 1970s was only the beginning of the budgetary woes of local governments. Tax revolts of the 1980s created additional challenges, as well as devolution in the 1990s, which meant that local governments were getting comparatively less of their revenue from higher levels of government. The Great Recession is only the latest challenge faced by local municipalities across the country. To make matters even more difficult, citizens in local communities have increased their volume of demands for new public services since the 1960s, just as local governments have faced new fiscal challenges (Morgan, England, and Pelissero 2007).

1956; Buchanan 1971). The practical consequences of this competition are low, regressive tax policies and an intense focus on maximizing the efficiency of local budgets (Peterson 198). Local lawmakers are constantly trying to provide more for less. However, the need to maintain lean budgets, coupled with local governments' inability to run deficits, make them susceptible to fiscal crises with the occurrence of even minor economic downturns. During such periods, privatization becomes an attractive idea, especially as local governments are fearful that either tax increases or service cuts will trigger capital and human flight out of the community (Wolman 1983).

Privatization and American Democracy

As the practice of private contracting has become more widely accepted, some have begun to question what effect reliance on the private marketplace for our public goods has on our broader democratic politics. Indeed, with the rise of these contracting regimes, the responsibility for delivery of government services being shifted to third party agents, which has resulted in a hollowing of the state (Milward and Provan 2003), where the state becomes more removed from the lives of the people they are serving. After all, if public services are what ultimately link citizens to their government, what happens when that linkage is blurred through public-private associations (Lipsky 1980)?

Denhardt and Denhardt (2002), for example, offer a powerful critique of the possible implications of more and more private-public collaboration. According to the authors, the central message being sent to administrators in a hollowed state is that the primary responsibility of government is to “steer rather than row” the government boat (549). In doing so, however, they lament that government officials have lost sight of who owns the boat: the citizens (See also King and Stivers 1998). This new form of governance has substituted politics for economics and

replaced citizens with consumers. Others have also questioned the effect of networked administration on democratic governance, namely the decline in democratic accountability and responsibility for the public interest, as well as the narrowing of the public sphere (deLeon and Denhardt 2000; O'Toole 1997; Perry 2007).

Political theorists have been perhaps even more forceful in their critique of privatization. In his critique of neoliberalism—the governing ideology from which privatization draws its intellectual legitimacy—Michael Walzer (1983) chastised those who fetishize efficiency as the standard by which people evaluate public—i.e. political—questions. While attention to efficiency may prove beneficial in some spheres of life, it is not appropriate for others. For Walzer, the bleeding of lines between ‘spheres of justice’ it can be outright dangerous and lead to unfavorable outcomes. Others have picked up on this idea elsewhere by arguing that adherence to the doctrine of efficiency is undermining the public sphere. It is no longer one value among many competing values, it is argued; rather, it has become the very definition of rationality itself, and its homogenizing influence has suppressed the vibrancy of democracy and replaced it with a diminished, one-dimensional portrait of political life as seen through the eyes of *homo economicus* (Brown 2015; Nalbandian 2005).

Bonnie Honig (2017) offers perhaps the most direct challenge to privatization when she argues that collective goods—which she calls “public things”—are the entry point for all democratic theory. Democratic theorists, she argues, ought to “think about democratic theory in the context of object relations and ask whether democracy might be constitutively dependent on public things” (3)? She observes that public goods create the shared incentive everyone has for collective action, and they provide the shared symbols of a democracy. Indeed, according to Honig, “public things bind citizens into the complicated affective circuitries of democratic life” (7). In

the absence of public goods, Honig concludes that “democratic life is not just diminished, but unsustainable” (90).

These critiques offer a damning portrait of what could happen if lawmakers start blurring the lines that separate private and public life. However, it raises an important question: Do these concerns have any basis in real life? While a great deal of academic research has gone into trying to understand why local governments chose to contract out public services to private companies, we know next to nothing about public preferences for local privatization, nor the effect that privatization has on citizen attitudes and behavior. In other words, is there a reason for concern, or do the warnings of theorists amount to what Macbeth once intoned as a tale “full of sound and fury, signifying nothing”?

Plan of this Dissertation

In this dissertation, I attempt to gain some traction on these normative concerns. In the pages that follow, I will ask three inter-related questions. First, who favors local privatization? This question will be the subject to chapter II. In order to get any kind of analytical leverage on the effect privatization has on citizens, its first important to determine if citizens have any meaningful preferences on the subject at all. I will explore this question using a novel battery of questions that I put in the 2016 Cooperative Congressional Election Study. We know very little about citizen preferences for privatization, especially at the local level. Instead, urban politics scholars simply make assumptions about citizen attitudes and behavior, typically based on their material self-interests. However, I show that people derived their preferences toward local privatization in the same way they form their broader political preference: through symbolic politics and their core values. While the majority of citizens disfavor privatization for most of the

services I queried, conservatives favored privatized service delivery more than liberals. Moreover, that effect is mediated by conservatives' preference for limited government and stealth democracy.

The second question I ask, which is the subject of chapter III, is to what extent do citizens' political preferences determine a municipality's decision to privatize the delivery of a public good or service? In other words, does municipal practice correspond with citizen preferences? This question speaks to the degree to which local governments are responsive to their citizens. Using data from the International City Management Association's 2007 Alternative Service Delivery Survey, data from the American Community Survey, expenditure data from the Census of Governments, and presidential election returns from 2008, I provide evidence that a community's partisan and ideological composition has only a marginal effect on local government's decision to privatize the delivery of public goods and services. When it comes to privatization decisions, I show evidence that decisions are driven instead by other community characteristics, namely the structure of local governments—e.g. reform vs. non-reform—as well as concern local governments have to increase property values in the community and protect the local tax base. In other words, there is indeed a mismatch between citizen preferences and local government practice, provides a window into liberal dissatisfaction with local government.

Lastly, the question I ask in chapter IV is what are the consequences of privatized service delivery on citizen attitudes toward local government? To gain traction on this question, I designed a survey experiment that tests how public-private collaborations alter the way people attribute responsibility to government for the successes and failures of the delivery of goods and services. I show that private contracting makes it less likely that people will connect public service delivery to government, which ultimately erodes their evaluations of government performance and the feeling that local government represents the interests of people like them. Moreover, I show that

the negative effect privatized service delivery has on evaluations of government is strongest when public service delivery is most successful—i.e. citizens are less likely to praise government for private service delivery successes than they are to blame it for private service delivery failures.

Taken together, the evidence supplied by this dissertation offers some validation to the concern of democratic theorists. Privatization has some troubling implications for both the quality of local representation, as well as the way it alters citizens' attitudes toward government. While the effects of privatization may not be as deleterious as democratic theorists have predicted, it does create an uneasy tension in local governance between the local imperative to foster greater efficiency and our normative standards by which we often evaluate the strength and vibrancy of local democracy, a topic that I will take up more thoroughly in chapter V. Even though it would be unfair to take these results as an indictment of privatization as a strategy for dealing with fiscal stress, the results from this dissertation do suggest that the potential effects of privatization on our broader democracy politics should also be considered in addition to its effect on local governments' bottom line.

Chapter II: The Roots of Citizen Preferences for Local Privatization

Why do some local citizens favor the privatization of local service delivery more than others? Even though privatized service delivery is becoming a practical tool local governments rely on to deal with persistent fiscal stress, we know relatively little about mass attitudes toward the increasingly common practice. Conventional academic wisdom in the study of local politics would suggest that citizens approach local politics pragmatically and ought to favor local policies that produce more favorable tax-service packages. However, using my own novel battery of questions tapping into citizen privatization preferences in a nationally representative sub-sample from the 2016 Cooperative Congressional Election Study, I show that support for local privatization is driven not by pragmatic considerations tied to citizens' material local interests, but by their symbolic attitudes and core values. In particular, I show that the primary predictor of citizen support for local privatization is their ideological identification as a liberal or conservative. Further, I show that much of that effect is mediated by citizen preferences for limited government and stealth democracy.

Why do some local citizens favor privatization of local service delivery more than others? Even though the debate over privatization at the national level remains highly controversial, it is an increasingly prominent feature of local governance. While the practice gained prominence in part due to fierce ideological battles of the 1980s, local privatization has become a pragmatic approach for dealing with tough fiscal constraints in an age of perpetual 'fiscal crisis' at the local level (Osborne 2005). Indeed, local lawmakers have strong disincentives to either raise taxes or cut services because either response could trigger capital flight, which ultimately erodes the local tax-base. Thus, privatization has become a pragmatic strategy for local lawmakers to maintain high-quality public goods and services in the face of persistent budgetary pressures.

Scholars of public administration have exercised a lot of effort trying to explain why some communities privatize more than others (Ferris 1986; Stein 1990; Hirsch 1995; Thompson 1997; Denhardt and Denhardt 2000; Warner and Hebdon 2001; Warner 2013; Kim and Warner 2016). However, despite exhaustive examinations dedicated to uncovering the motivations for why lawmakers decide to privatize, we still do not know the extent of public support for privatization as a matter of public policy. Instead, dominant theories dedicated to explaining the behavior of local lawmakers simply make assumptions about mass political attitudes and behavior derived from rational calculations of a person's economic self-interest. Our relative lack of knowledge in this area raises an important question: Is broad support for privatization among lawmakers and administrators also reflected the preferences of local residents, or does reliance on privatized service delivery on the part of local government create a disconnect between government practice and public preferences? Put differently, is this an area in American life where local government is adequately representing the preferences of their constituents?

The answer to that question has implications for the quality of local representation. Indeed, even though we tend to think about public opinion in terms of preferences for policy outcomes—in this case, what kinds of services get provided—some have suggested that the process by which outcomes are achieved matter as well (Hibbing and Theiss-Morse 2002). Although citizens care about the outputs of government, it may also be the case that they care about the process by which government also derives those outcomes. If that's true, then concern over delivery methods of local goods and services ought to extend beyond merely pragmatic considerations on the part of local lawmakers, and instead they ought to think about it in terms of a broader democratic politics.

For a long time, conventional academic wisdom among scholars of urban politics suggested that the forces driving local politics was fundamentally different from the forces that drive state

and national politics—that is, political forces have little influence on local policy (Peterson 1981; Ladd and Yinger 1989; Ruhil 2003; Craw 2006; Rae 2003). From municipal reformers who wanted to drive partisan politics out of local governance at the end of the 19th century to public choice scholars who see cities navigating a local political-economy driven by citizens behaving like consumers looking for the best services at the lowest cost, a dominant theme in the literature has been the relative non-ideological nature of local politics. As a result, in this world where local lawmakers resort to privatized service delivery as a way to satisfy citizen demands at the lowest possible cost, it has often been tacitly assumed that the average citizen would be supportive any local policy that served their vested economic interest in the community. However, is this actually true? Do citizen preferences align with the behavior of local lawmakers? Is support for local privatization driven primarily by economic self-interest as public choice scholars would predict, or do the same ideological and symbolic politics that exist at the national level also manifest at the local level as well?

In this paper, I explore the ideological roots of citizen preferences for local privatization. In doing so, I challenge existing explanations of citizen support for local privatization that place primacy on the role of economic self-interest which dominate as a function of the unique political-economy of local communities. Using novel data from the 2016 Cooperative Congressional Election Study, I show that political values and ideological commitments prevail over a person's material self-interest as explanations for support for privatization. Moreover, I also identify two attitudes germane for explaining citizen preferences for local privatization: a preference for limited government and for stealth democracy. The first attitude speaks to the scope of government in American life, the second speaks to the process by which people believe government should

operate. I show that at much as 50% of the effect of a person's ideological self-identification on their privatization preferences is mediated by these two attitudes.

The remainder of this paper is organized into four parts. First, I lay out the competing explanations for citizen support for local privatization. Second, detail my research design for testing my hypotheses. Third, I discuss my results. And lastly, I offer a discussion of the paper's major findings and the implications of those findings for the study of both urban politics and public opinion.

The Non-Ideological Nature of Local Politics?

American politics is often highly contentious. It is marked by deep ideological cleavages that create stark divides between liberals and conservatives on matters of public policy. Moreover, these ideological conflicts are also often subsumed by larger partisan conflicts between Democrats and Republicans. However, at the local level, the dominant strain of academic thought in the study of urban politics suggests that the ideological divide between liberals and conservatives—between Democrats and Republicans—is muted, making it distinct from state and national politics. The source of this distinction is a function of two things.

First, this distinction is, in part, a legacy of the municipal reformers who wanted to break the stranglehold political machines had on local governments in cities across the country during the progressive era (Judd and Swanstrom 2015; Davies and Trounstein 2012; Trounstein 2008). For municipal reformers, local governments are primarily tasked with the responsibility of providing public services to the communities they serve; therefore, they argued that local government is a matter of administration, not politics (Murphy 2002). Thus, they pushed through a slate of reforms that attempted to sanitize local government of any vestige of partisan politics and replace it with a consensus-style politics built around the principles of scientific management.

These reforms included both changes in electoral rules and institutional changes in local governance. Electoral reforms included the implementation of non-partisan elections and changes to the timing of elections, which has had the effect of systematically suppressing voter turnout in communities across the country (Hajnal and Lewis 2003; Caren 2007). Moreover, the implementation of non-partisan elections also removed partisanship as the chief heuristic of vote choice, opening the way for other heuristic cues like incumbency and racial and ethnic identities (Schaffner, Streb, and Wright 2001; Kaufmann 1998).

Reformers also implemented an array of ‘good government’ reforms, namely within the civil service and by separating out of executive functions into ceremonial and administrative responsibilities. Indeed, reformers envisioned a democratic politics in which elections and elected official played only a minimal role in local political life. While an elected mayor served a largely ceremonial role, it was a non-elected city manager who assumed all day-to-day administrative responsibilities. Moreover, reformers believed that cities ought to be run like a business using the principles of scientific management, whereby they operate on the basis of administrative expertise with an eye toward maximizing the efficiency of city budgets. To this day, this belief in the non-partisan, consensus-style nature of local government persists widely, albeit not universally, among scholars of public administration, who treat local governance largely as a bureaucratic problem to be economized and solved (Murphy 2002).

The second reason for the relative non-ideological nature of local politics comes from public choice scholars, and it has to do with the tough fiscal and institutional constraints at the local level that suppresses fierce ideological battles about the scope of government and promotes a more consensus-style politics (Peterson 1981). Incapable of running deficits, local policymakers are extremely limited in the types of policies they can pursue, and they are frequently battling

fiscal shortfalls (Osborne and Hutchinson 2005). It is within this context that Peterson (1981) adeptly explains that cities tend to engage in the single-minded pursuit of policies promoting a city's economic interests—i.e. through encouraging capital investment and pro-growth policies—for the sake of protecting and growing its tax-base.

The practical consequences of this strategy, according to Peterson, are minimal—largely regressive—tax policies centered around property, the avoidance of any kind of redistributive policies, and an intense focus on maximizing government efficiency, especially in public goods provision. Local governments heed these policies because of fear of inter-local competition and capital flight from their community. As a result, local lawmakers are enticed to find creative solutions within metropolitan areas to provide public goods more efficiently, including alternative delivery methods like privatization (Ostrom, Warren and Tiebout 1961; Ostrom 1972; Oakerson 1999).

Public Choice and Citizen Support for Privatization

Central to the public choice tradition for understanding local governance are a set of assumptions about the behavior of local citizens. At the heart of this tradition is the Tiebout model (Tiebout 1956). The Tiebout model articulated a market solution to the problem that local governments will always under-provision public goods because local residents have a strong incentive to understate their preferences for the optimal provision of public goods so as to avoid the tax burden associated with them (Samuelson 1954). Tiebout argued that citizens reveal their true preferences for public goods, not in the exercise of political voice; rather, they reveal their preferences through their decision to move to a community that matches their ratio of public services to tax-burden. Local residents behave like citizen-consumers who ‘vote with their feet’

by choosing the community that has the best public services at the lowest possible cost to the taxpayer. In other words, the behavioral implication of the Tiebout model is the idea that citizen preferences are informed solely by their material self-interests.

Perhaps the most comprehensive examination of the behavioral implications of the Tiebout model is the home-voter hypothesis (Fischel 2001). According to this idea, homeowners are the most politically aware and influential group in local politics. They are the most “acutely aware” that local policies, namely public services, local amenities, and taxes are capitalized into the “value of the largest single asset they own” (Fischel 2001, 4). In other words, home prices are a sensitive barometer for local decision-making, and they reflect differences in both public service quality and the relative tax burdens within metropolitan region. Homeowners, more than anyone else, will move to communities where home investment are the least risky, and they will support local policies—whether they deal with service provision and delivery or land-use and zoning—that will positively impact the value of their homes.

How does this all fit into a discussion of privatized service delivery? Relatively little is known about citizen preferences for privatized service delivery. However, in line with public choice explanations, which are based on utility maximizing behavior grounded in the unique political economy of local communities, what little research does exist focuses on explanations dealing with people’s economic self-interest. For example, some have found that income is a strong predictor of privatization preferences based on the notion that high-income groups favor private contracting as a way to cut spending and lessen their tax burden (Hirsch 1995; Greene 1996; Thompson and Elling 2000). Others have argued that traditionally marginalized groups—e.g. racial and ethnic minorities, as well as women—would view privatization less favorably given their increased reliance on the public sector—that is they have a vested interest in maintain public

service delivery (Thompson and Elling 2000; Boyne 1998a; Thompson 1997; Ferris 1986). Attention has also focused on public sector employees and those involved in unions due to either their personal stake in maintaining a robust public sector, which better serves their economic interests (Stein 1990; Courant, Gramlich and Rubinfeld 1979).

Lastly, in line with the home-voter hypothesis, if home owners use the value of their home as a barometer for their preferences for local policy, then they should favor any policy that promises to increase their home value—typically an improvement in service quality or a decrease in taxes. Since local lawmakers often look to alternative service delivery methods on the assumption that it can both lower costs and improve quality³, home owners ought to favor it more than non-homeowners since they have a vested interest in the how local policies affect their major financial investments. In other words, if public choice scholars are correct, then homeowners—more than non-homeowners—ought to approach local privatization decisions pragmatically, in line with their economic self-interest rather than ideologically. That is to say, homeowners should be more likely to favor privatized service delivery.

Symbolic Politics and Citizen Attitudes toward Local Privatization

Despite the prominence of public choice explanations for local privatization, I argue that ideology and the symbolic attitudes that underlie them still matter beyond people's material self-

³ The empirical evidence on the ability of local lawmakers to reduce costs with privatized service delivery is decidedly mixed. However, municipalities routinely cite fiscal pressures and budgetary constraints as the primary reason why they are considering alternative delivery methods.

interest. Even though local politics is unique from national politics in a number of ways, the same symbolic forces—i.e. partisanship and ideological identification—that drive national politics still ought to have some effect on local preferences as well. Indeed, in recent years, scholarship in local politics has eroded this notion that traditional understandings of symbolic politics do not penetrate into local politics (Oliver and Ha 2007; Palus 2010; Hajnal and Trounstein 2010; Tausanovitch and Warshaw 2014). In particular, this line of research has focused on partisanship and political ideology and the major drivers of political attitudes and behavior. For example, despite research suggesting that partisanship is not a common heuristic for voting in local elections (Schaffner, Streb, and Wright 2001; Kaufmann 1998), some have suggested that it is still relied on in suburban elections (Oliver and Ha 2007). Similarly, there is an emerging line of research suggesting that local lawmakers are responsive to the ideological preferences of local residents (Palus 2010; Hajnal and Trounstein 2010; Tausanovitch and Warshaw 2014).

This paper extends this line of research by arguing that local privatization preferences are also driven not by local concern of people's own material self-interest in their community; rather, it is strongly driven by people's psychological and affective attachments built around long-standing values and predispositions about the role and scope of government in American life. Indeed, there is a long tradition in the study of political attitudes and behavior that people form their preferences and issue attitudes based on core values (Conover and Feldman 1984; Feldman 1988; Hurwitz and Peffley 1987; Alvarez and Brehm 2002), and people are often able to connect their attitudes to their ideological identification (Jacoby 1991). As such, when complex issues arise—of which privatization would certainly qualify--where there a number of competing

considerations that require a lot of cognitive effort, citizens will fall back on their political attitudes and symbolic loyalties to form their preferences.⁴

In constructing this argument, I adopt a definition of symbolic politics used in Sears, Lau, Tyler, and Allen (1980). They argue that symbolic politics are “stable affective preferences [people acquire] through conditioning in their pre-adult years, with little calculation of the future costs and benefits of these preferences” (671). These attitudes are primarily centered around partisan and ideological identification. Moreover, identification with these symbolic attachments often serves as a perceptual screen with which people make sense of the world around them, it helps inform people’s political values, and it predicts an array of political attitudes and behavior (Campbell et al 1960; Levitin and Miller 1979; Jacoby 1994; Greene 1999; Jost 2006; Devine 2014).

Liberals and conservatives look at the world in different ways, they put greater emphasis on different values, and they each reserve a fundamentally different role for government in American life (Zaller and Feldman 1992; Ellis and Stimson 2012). Liberals tend to emphasize humanitarianism and equality of opportunity. They are skeptical of unfettered free-markets and are strong supporters of a social-safety net. They also tend to believe that government can be a force for good in people’s lives and ought to be used to mitigate social inequalities. By contrast, conservatives place a high premium on individual liberty, market-competition, and limited government. Conservatives tend to believe that flourishing societies are built not around big government but around strong, traditional families and social structures. While conservatives tend

⁴ Comparative, cross-national studies looking at citizen attitudes toward privatization have already shown that ideological considerations are a key driver of people’s preference for privatization (Battaglio 2009; Durant and Legge 2001; Battaglio and Legge 2009).

to be weary of unnecessary government involvement in American life, especially in the economy, they do believe government is necessary for things like the protection of private property, the enforcement of contracts, necessary public infrastructure and the maintenance of public safety.

This debate between liberals and conservatives plays out as part of a larger partisan conflict between Democrats and Republicans (Bafumi and Shapiro 2009; Levendusky 2009). Indeed, these partisan loyalties represent ‘unmoved mover’ of American politics (Campbell et al. 1960). This conflict plays out most fervently in national politics, where Keynesian economic theory dominates and where the routine running of federal deficits allows for a robust debate about the size of the country’s social safety net.

I argue people will rely on these symbolic attitudes to inform their local policy preferences despite the fact that the economic payoffs of local policy are so much more salient than in national politics. This claim is a function of the limited cognitive capacity of the human mind and the fact that most citizens have limited engagement in politics, whether local or otherwise. People are cognitive misers and are hesitant to exert a great deal of cognitive energy when formulating their political preferences. As a result, when asked to reach political judgments, people rely on shortcuts and cues that activate information already stored in their brain in order to reach their decisions as efficiently as possible. This information is organized into schema, which represent a cognitive structure of knowledge that guides the processing of new information. The human mind relies on schema to serve as heuristics that simplify the problem-solving process (Fiske and Linville 1980; Conover and Feldman 1984; Hurwitz and Peffley 1987). These schemas are organized hierarchically, whereby context specific information is abstracted upward and interpreted with reference to a belief system rooted in a person’s core values (Hurwitz and Peffley 1987).

This reality is compounded by the fact that it is often difficult for citizens to draw lines between national, state, and local politics. Overlapping policy jurisdictions often proves too costly for citizens to navigate federalism's mazes (Downs 1999; Arceneaux 2006). As a result, I argue that when asked to make policy judgements about local politics, they generally rely on the same schema—and the reservoir of prior knowledge and foundational attitudes that come with them—they would rely on for all of their political decision making, especially when living in a low information environment. In other words, while *local lawmakers* understand local politics to be unique in practice and often engage in policies specifically tailored to the political-economy in which municipal governments must survive, *the average citizen* often understands and engages with local politics just like they would every other aspect of American politics.

H1: Conservatives and Republican will be more likely to support local privatization than liberals and Democrats

However, identification as a liberal or conservative—or as a Democrat or a Republican—encompasses a lot of different underlying core values, which provide the basis for political ideology (Feldman 2014). This raises the question: If symbolic identifications predict support for local privatization, what are the core values and underlying attitudes driving that support? Schwartz (1992) argues that values differ from attitudes in a number of important ways. They are concepts and beliefs that pertain to desired outcomes or behaviors. Values transcend specific situations. They guide the way people evaluate the political world. And lastly, they exist in people's minds ordered by their relative importance (See also Feldman 2014; Feldman and Zaller 1992).

I hypothesize that two attitudes in particular are germane for explaining the positive association between conservative identification and citizen preferences for local privatization: a preference for limited government and a preference for stealth democracy. A belief in limited

government is a conservative ideal that speaks to the scope of government in American life. Nowhere is disagreement between liberals and conservatives more salient than the appropriate scope of government in American life (Ellis and Stimson 2012). Conservatives, unlike liberals, tend to favor limited government in most areas of life. They typically oppose government efforts to extend equal opportunity to everyone if it means limited individual choice. They strongly oppose government efforts to create parity in economic outcomes, and they support market mechanisms for creating broad social equity. According to Ellis and Stimson (2012), this view in limited government leads many conservatives to believe that providing social benefits is not the responsibility of government; rather it ought to be left to private organizations and charities whenever possible. As a result, as people value limited government more strongly, they will demonstrate a higher propensity for favoring privatized service delivery.

Whereas a belief in limited government speaks to the scope of government in American life, stealth democracy speaks to the process by which people believe government should operate (Hibbing and Theiss-Morse 2002). If someone has a preference for stealth democracy, they generally prefer a government that requires only minimal involvement from citizens, operates in the background, and yields outcomes that are the product of what is perceived to be fair and impartial processes. For advocates of stealth democracy, a government that operates more like a business and is driven by impersonal market forces is the most equitable process one could imagine. If this is true, then proponents of stealth democracy should favor greater levels of privatization because it means political decision-making is being made on the basis of fair and impartial processes—i.e., the free-market efficiency.

Attention to a person's preference for stealth democracy is germane to question of local privatization for two related reasons. First, it differs from limited government in that those who

prefer stealth democracy do not necessarily want a government with limited scope; rather, they just want government to operate in a specific way. Even conservatives often agree that government should be providing public infrastructure necessary for a flourishing economy, as well as essential services and public safety. Proponents of stealth democracy would simply advocate that government should rely on market forces and the private sector to deliver those services whenever possible. Secondly, privatized service delivery is a form of privatization that speaks less about the scope of government and more about the process by which it operates.

Data and Methods

I explore citizen preferences for local privatization using original items added to a module from the 2016 Cooperative Congressional Election Study (CCES). The module is nationally representative sub-sample of 1,000 respondents (780 answered the post-election survey), and the entire survey was fielded by YouGov Polimetrix in two waves: one pre- the other post-election.⁵ The pre-election wave took place at the beginning of October, while the post-election wave occurred shortly after the November elections. Because it's an online opt-in survey, the CCES employs a sample matching methodology for creating representative sample from non-random pools of respondents.

In the survey, I added an original battery of questions asking respondents whether they think a local service should be delivered by private companies or local governments.⁶ The chief

⁵ Survey weights were used in all analyses.

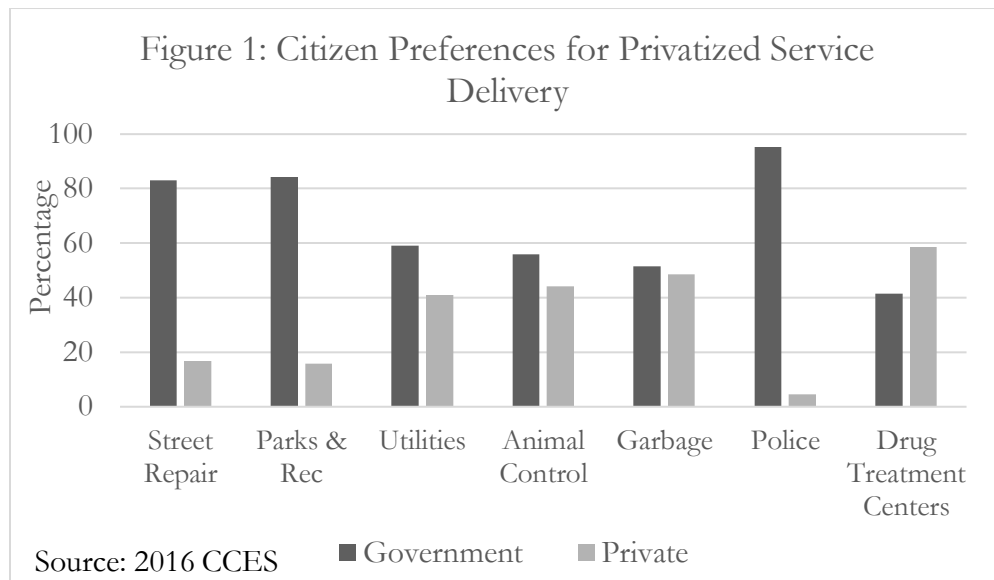
⁶ The exact wording of the question reads: "We are going to give you a list of services. In some local communities, they are provided by private companies and in others by the local government.

benefit of this survey is that, to my knowledge, it is the only nationally representative sample that includes a battery asking about citizen preferences for local privatization in over thirty years. Indeed, The U.S. Advisory Commission of Intergovernmental Relations fielded a national survey in 1985 asking respondents whether services would be *most efficiently* delivered by government or private companies. However, that survey was over 32 years ago, and citizen preferences for privatization could have changed in the three decades since it was fielded. Moreover, it is a poor measure of citizen preferences because it specifically asked about efficiency, which is a qualitatively different question. More recently, Elling and Thompson (2000) produced a survey querying citizen preferences for privatization, but that survey was limited to only Michigan residents, thus limiting its generalizability.

Preferences for Local Privatization (DV). The CCES battery included seven groups of services, including garbage collection; street maintenance and repair; parks, libraries and community swimming pools; gas, water, and electric utilities; animal and pest control; drug and alcohol treatment centers; and police and fire protection. The selection of these specific services to fulfill two goals. First, I wanted to get a good range of services spanning from those most people would likely consider absolutely essential (i.e., police and fire protection) to those where there would likely be stark disagreement as to whether they were essential to the community (i.e., drug and alcohol treatment centers). Secondly, for the purposes of comparison, I also wanted to include services that are used in past surveys.

For each service, say whether you think it should be delivered by private companies or local governments.”

Figure 1 shows the distribution of responses for each item in the battery. Despite the prevalence of privatization at the local level, the majority of respondents believed that government should provide most services.⁷ The only exception was drug and alcohol treatment centers, where 61% of respondents believed it was best left in the hands of private companies. Less than 20%



of respondents believed street repair and maintenance, parks and recreation, and police and fire protection should be left in the hands of private companies. Respondents were much more evenly divided when it came to public utilities, animal and pest control, and garbage collection, as more than 40% (but less than 50%) of respondents believed private companies should provide any of those services.

⁷ Perhaps the biggest disconnect between citizen preferences and government policy has to do with garbage collection. Even though, less than 50% of respondents believed it ought to be done by private companies, over 75% of communities have private garbage collection

To construct my dependent variable, I used the battery to create a count of services ($\alpha=.643$), ranging from 0-7. The index represents a count of the number of services respondents believe ought to be delivered privately. As is typical with count variables, this measure is skewed toward zero. The average respondent would privatize just over two of the seven local services.

Turning to the measurement of my explanatory variables, I have three classes of explanations for people's privatization preferences. The first class of explanations is derived from the public choice tradition of local governance and includes various measures tapping into economic self-interest. These are the standard explanations of citizens' privatization preferences in the United States in the extant literature. These measures include standard demographic indicators, including sex, education, and whether the respondent is white or nonwhite. The most immediate concern, though, are three indicators intended to tap into economic self-interest. The first is respondent income, which ranges from 0-15. The presumption here is that people with high levels of income will be more likely to favor privatized service delivery because it is commonly assumed that private delivery translates into lower tax-burdens, which are disproportionately born by high income individuals. The next variable is a dichotomous measure indicating whether or not the respondent is a homeowner. If they are a homeowner, the variable is coded 1, otherwise its coded 0. This measure is meant to test the home-voter hypothesis, which suggests that homeowners would favor privatization more than non-homeowners. Lastly, there is a measure signaling whether or not the respondent is a member of a union.

Next, I have two measures tapping into a person's symbolic politics. The first is a seven-point party identification measure (strong Democrat=0 and strong Republican=6). In national politics, Republicans tend to favor the free market and privatization more than Democrats, who favor a more robust public sphere. The second measure is a seven-point ideological self-

identification measure, ranging from 0=strong liberal to 6=strong conservative. Again, in national politics, conservatives tend to favor privatization far more than liberals.

Lastly, there are two measures tapping into respondents' ideological attitudes. The first is measure seeks to tap into the respondent's preference for limited government. The question asked respondents, "How much do you agree or disagree with the following statement? Government should do more to improve the lives of its citizens." The constructed measure is five points, ranging from 0=strongly agree to 4=strongly disagree. Higher values represent a greater preference for limited government. The second measure seeks to capture people's preference for stealth democracy. This measure was constructed from the three-question battery pioneered by Hibbing and Theiss-Morse (2002). The battery asked respondents the degree to which they agreed or disagreed with the following statements: 1) "Government works best if it is run like a business." 2) "Government runs better if decisions were left to non-elected, independent experts rather than politicians." 3) "Government functions should be left to the private sector whenever possible." Each question is on a five-point scale and the responses are averaged together to create an index ranging from 0 to 4, with 4 representing a strong preference for stealth democracy and 0 representing an aversion to stealth democracy ($\alpha=.648$).

Included in all three models is a question measuring the respondent's retrospective evaluation of their local government's performance. This measure is noteworthy given that few nationally representative surveys ask respondents to evaluate their local governments. This measure is an averaged index of four questions tapping into various aspects of local government—namely, the mayor's office, city council, police, and public schools. Higher values represent greater satisfaction with government performance. The expectation with this control variable is that if citizens are unsatisfied with how well their local government is performing, then they might

be more likely to favor privatized service delivery. If citizens do not believe that local government is doing what it is supposed to be doing, then they would be more willing to take power away from government and invest it elsewhere—in this case, the private sector.

Results

Since my dependent variable is a count of the number of services respondents would like to see delivered privately, I estimated negative binomial models to explore the roots of citizen preferences for local privatization. Negative binomial models estimate an extra parameter to deal with the fact that the measure is over-dispersed—that is, its variance is larger than its mean. I estimated three different models: an economic self-interest model, a model that includes the respondent's partisan and ideological identification, and a model that includes both symbolic politics and the respondent's political attitudes. The results are displayed in Table 1.⁸

Looking only at the economic self-interest model (Table 1(A)), only two variables of interest are statistically significant: gender and homeownership. Men favor privatization more than women ($\beta = -.291$, $SE = .074$, $p < .000$). In fact, on average, women privatize .66 fewer services than men. This finding is consistent with past research, which shows that women favor privatization less than men regardless of model specification or the country from which the sample

⁸ Data missingness can bias the results of a model, and these models include some missing data. To help assuage concern that these results are a function of missing data, alternative model specifications can be found in the appendix, including models that utilize multiple imputation. Results are consistent across models.

Table 1: Predictors of Support for Privatized Service Delivery

	A) Economic Self-Interest Model	B) Symbolic Politics Model	C) Political Attitudes Model
<u>Self-Interest</u>			
Female	-.291*** (.074)	-.208** (.068)	-.206** (.067)
Education	-.028 (.026)	.008 (.081)	-.003 (.027)
Non-White	.050 (.096)	.080 (.081)	.055 (.081)
Income	.008 (.013)	.009 (.011)	.009 (.012)
Union Membership	.037 (.058)	.031 (.003)	.015 (.055)
Home Owner	.181* (.085)	.031 (.078)	.004 (.081)
Gov't Performance	-.091 ⁺ (.053)	-.126** (.039)	-.125*** (.038)
<u>Symbolic Politics</u>			
Republican	-	.032 ⁺ (.018)	.008 (.018)
Conservative	-	.159*** (.044)	.096* (.046)
<u>Political Attitudes</u>			
Limited Government	-	-	.066* (.029)
Stealth Democracy	-	-	.145*** (.039)
Constant	.810*** (.180)	.678*** (.198)	.429* (.205)
N	700	640	616
AIC	2653.777	2393.770	2291.619

Negative Binomial Coefficients. Std Errors in Parentheses. ⁺ $p < .10$ * $p < .05$ ** $p < .01$ *** $p < .001$

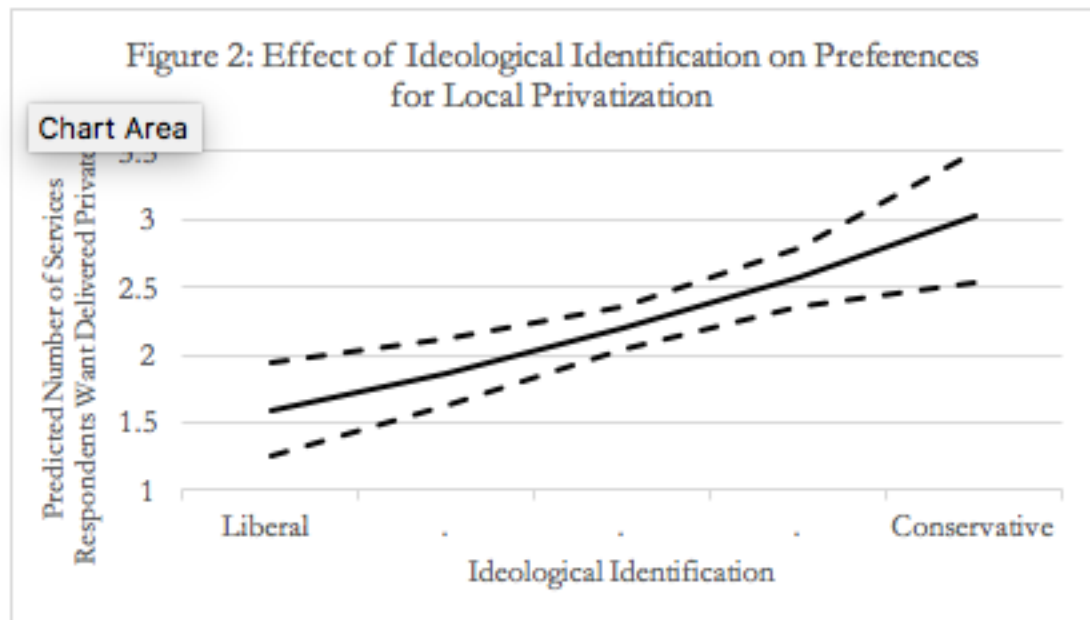
was taken (Thompson 1997; Battaglio 2009). Unlike past research, though, these data reveal that there is no statistically significant relationship with income. This finding is at odds with my

theoretical expectations, as well as past research, that high income residents would favor more privatization under the assumption that privatized delivery would translate into a lower overall tax burden. There is also no significant relationship between union membership and privatization preferences. Again, this finding challenges my theoretical expectation the union members would have a greater distrust for the free-market, and therefore want to maintain public delivery of public goods and services.

In fact, the only other measure tapping into the respondents' economic self-interest that is statistically significant is homeownership. Indeed, as hypothesized, homeowners favor privatized service delivery more than non-homeowners. This finding is consistent with the home-voter hypothesis, which posits that homeowners are uniquely sensitive to local policies impacting service quality and tax rates because both are capitalized into the value of their home. Local lawmakers often assume that privatized service delivery allows them to provide more for less, and homeowners are more willing to favor policies that will positively impact their chief financial investment. On average, homeowners favor privatizing about .4 more services than non-homeowners. Even though that is a statistically significant difference, the size of the effect is relatively modest and represents a change of only about a quarter of a standard deviation.

However, even though there is support for the home-voter hypothesis, which is in line with the work of public choice scholars, that effect disappears once measures tapping into a respondent's symbolic politics is included. These results are displayed in Table 1(B). While partisan identification is near significant at the .1 level ($\beta=.032$, $SE=.018$, $p<.074$), the respondent's ideological identification is a strong predictor of privatization preferences ($\beta=.159$, $SE=.044$, $p<.000$). As Figure 2 demonstrates, on average, the most liberal respondents only favor about 1.5 services to be delivered privately, but the most conservative respondents favor

privatizing 3 services on average. That is twice as many as liberals, and it represents just shy of about a standard deviation change in the dependent variable.



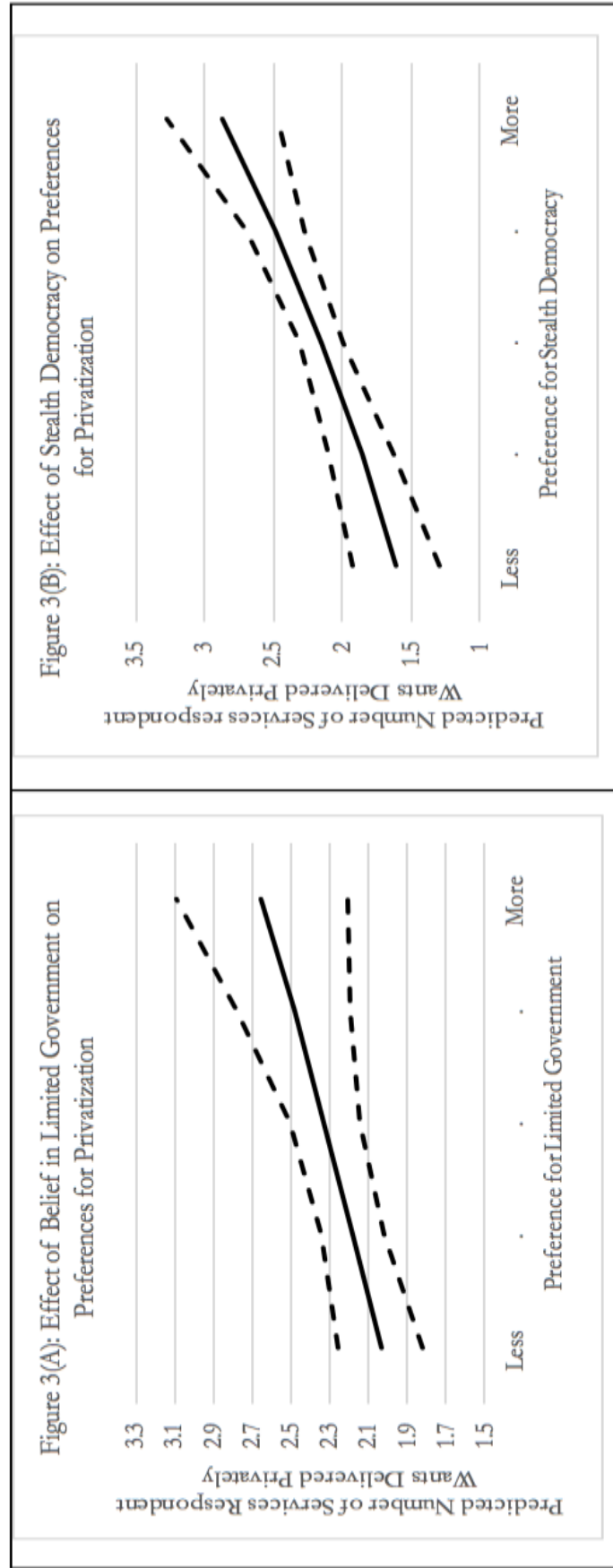
Given that symbolic attitudes about politics rather than economic self-interest is what is driving privatization preferences, even at the local level, this raises an important question. What is actually driving people who are symbolically conservative people to favor privatization? The results from Table 1(C) shed some light on this question. Recall that the two attitudes of interest here are a respondent's preference for limited government, which tapped into their attitude about the ideal scope of government, and their preference for stealth democracy, which tapped into their attitude about government process. Both predict people's preferences for privatized service delivery.

As hypothesized, people who have a strong preference for limited government are more likely to favor privatized service delivery than people who do not ($\beta=.066$, $SE=.029$, $p<.024$). Figure 3(A) shows the size of this effect. While people who do not favor limited government would privatize the delivery of about 2 services on average, those who do favor limited government

would privatize the delivery of just under 2.7 services. However, the effect of people's preference for stealth democracy is comparatively stronger ($\beta=.145$, $SE=.039$, $p<.000$). As Figure 3(B) reveals the difference in the preferred number of services delivered privately between those who strongly disfavor stealth democracy and those who strongly favor it is about 1.2 services on average. The fact that people's preference for stealth democracy has a stronger effect on their privatization preferences relative to the effect of their preference for limited government is intuitive when one considers that the decision to privatize the delivery of a good or service has less to do with the scope of government than it does the process by which it operates. As a result, it makes sense that an attitude tapping into people's attitudes about government process would be more predictive.

Moreover, when one includes these two attitudes—limited government and stealth democracy—into the symbolic politics model, the effect of ideological identification gets cut roughly in half, while partisanship is no longer statistically significant. This suggests that these two sets attitudes might be driving support for local privatization among self-identified conservatives. A more sophisticated casual mediation analysis provides some support to this idea. Indeed, symbolic identification with the political right or left offers a broad explanation for why a person supports local privatization. However, it cannot tell us what aspect of that symbolic identification is driving that association. Casual mediation provides some purchase on the relationship among symbolic identification, attitudes, and local privatization.

Figure 3: Effect of Core Values on Citizen Preferences for Local Privatization



Predicted values taken from Model C in Table 1. 95% Confidence Intervals.

On this point, I employed the mediation approach developed by Imai, Keele, Tingley, and Yamamoto (2011). Mediation analysis relies on strong assumptions, the most important of which is the assumption of sequential ignorability—that is, the idea that there are no pre-treatment confounds driving support for both the treatment (a respondent’s symbolic ideological identification) and the mediator (a respondent’s attitude toward limited government/stealth democracy). The problem is that this is an untestable assumption, and standard mediation approaches have no way of dealing with it in any meaningful way (See Baron and Kenney 1986). The chief benefit of casual mediation is that it can test the sensitivity of mediation effects to possible violations to this assumption.⁹

Table 2: Mediated Effect of Symbolic Ideology on Privatization Preferences

	Limited Government	Stealth Democracy
Direct	.202*	.202*
Mediated	.034*	.108*
Total	.236*	.310*
Proportion Mediated	14.64%	35.04%
<i>N</i>	616	616

Table 2 shows that results from a causal mediation analysis examining how much of a respondent’s self-identified ideology is mediated by their belief in limited government and their preference for stealth democracy. In both cases, there is a statistically significant average casual

⁹ The major drawback to this approach is that it is not compatible with count models. As such, to estimate the ACME of a respondent’s attitudes, I estimated OLS regression models instead, which means results should be taken with additional skepticism.

mediating effect. Approximately 15% of the total effect of a person's ideological self-identification runs through a person's preference for limited government. That is to say, when it comes to a person's preferences for local privatization, attitudes toward limited government explains 15% of the effect of ideological self-identification. Similarly, a person's preference for stealth democracy explains approximately 35% of the total effect of ideological self-identification on a person's privatization preferences. In other words, preferences for stealth democracy—that is, a person's preferences for governmental processes—is a comparatively stronger explanation of the relationship between ideology and local privatization.¹⁰

Lastly, as expected, a respondent's evaluation of government performance is also statistically significant across all three models in Table 1, albeit only at the .1 level for the model in Table 1(A). As people become less satisfied with the performance of their local government, they are more likely to favor privatized service delivery. For people most dissatisfied with government, they favor the privatized delivery of almost three out of seven services, while those most satisfied with government only favor the privatization of approximately 1.8 services, on average. This is an interesting finding for a couple of reasons. First, it is often believed that local citizens are less engaged with local politics than politics at other levels of government. For example, they participate at far lower rates than other levels of government (Hajnal and Trounstein 2005; Caren 2007; Trounstein 2010), and they tend to demonstrate lower levels of political

¹⁰ Sensitivity analysis suggests that these casual mediating effects are extremely sensitive to a violation of the sequential ignorability assumption. The estimated sensitivity parameter for the mediating effect of limited government and stealth democracy was $\rho=.138$ and $\rho=.185$, respectively. As a result, these results should be approached with some skepticism.

knowledge at the local level (Shaker 2012). However, these results suggest that citizens are nevertheless capable of evaluating their local government, and those evaluations inform their local policy preferences. Secondly, it demonstrates that when government fails to adhere to the expectations of citizens, those citizens are more willing to punish government not simply by voting incumbents out of office, which is typically how we assume voters punish government. Rather, at the local level, they are also willing to take responsibilities away from government altogether.

Discussion

Local government is unique from other levels of government in a number of important ways, especially when it comes to its day-to-day operations. Tough fiscal and budgetary constraints force local governments to cut costs as a way to maximize the efficiency of local budgets, and lawmakers have strong pragmatic incentives to privatize the delivery of public goods and services as a strategy for providing local residents more for less. As a result, local politics has often been characterized by a consensus-style politics that is far less ideologically driven when compared to other levels of government. However, even though a lot of the traditional markers of partisan, ideologically divided politics have been removed from local politics, mass preferences for local policies are still nevertheless moored to the same symbolic politics that drive politics at the national level.

While assumptions guiding our understanding of mass political behavior at the local level have long been derived from theories of public choice—that is, local residents behave like citizen-consumers attempting to maximize their material self-interest—the results from this paper reveal that symbolic thinking about politics still prevails when it comes to citizen preferences toward local privatization. The results from this paper demonstrate that the primary driver of citizens’

local privatization preferences is not their financial investment or stake in the community; rather, it was their self-described ideology. Just as one would suspect at the national level, conservatives favor greater levels of privatized service delivery at the local level than liberals. Moreover, large drivers of this connection between ideology and local privatization were respondent attitudes like citizen preferences for limited government and stealth democracy.

This paper has a couple of additional other implications for both scholars of public opinion and urban politics. First, decisions regarding alternative methods of service delivery ought not be thought of as merely an administrative decision devoid of any political meaning or consequence. We tend to think about local decisions about what services government will offer as a political decision, but we consider questions about how those services are to be delivered as merely administrative. However, this paper shows that people think about service delivery methods in the same way they think about politics more broadly. That means that when we evaluate the quality of local representation, we have to consider not just what services get provided, but also how they are delivered as well. In other words, if lawmakers often think about service delivery as an administrative problem, but people think about it in terms of their larger political preferences, then that portends a very real gap between public preferences and government practice.

Relatedly, as privatization becomes a more permanent fixture of local life, we need start thinking about privatization as policy decisions with winners and losers. Some people will like those choices more than others, and given the combination of conservative preferences for privatization and the necessity for local governments to consider it as a pragmatic tool for dealing with budgetary short-falls, liberals will likely lose at the local level more than anyone else. In other words, if it turns out that local lawmakers to do consider public preferences in their privatization

decisions, then this aspect of local governance could provide an explanation for a finding in the extant literature for liberal dissatisfaction with government (Hajnal and Trounstein 2014).

Lastly, in the broader study of political attitudes and behavior, government accountability is enforced through the electoral process. When citizens are dissatisfied with government performance they punish incumbents by voting them out of office. What the results from this paper demonstrates is that when it comes to local politics, local citizens have another option as well: They can punish lawmakers by taking power away from government entirely. The results for this paper reveal that people who are less satisfied with local government tend to favor privatized service delivery more. This is especially salient given that the provision and delivery of public goods and services is typically understood to be a primary function of local government. Thus, privatized service delivery provides an additional means by which local citizens hold local government accountable.

Chapter III: Political and Economic Determinants of the Decision to Privatize

Why are some municipalities more likely to privatize the delivery of public service more than others? When it comes to understanding the provision and delivery of public goods and services, theories of public choice, the dominant research paradigm in the study of urban politics, suggest that municipalities exist in a competitive marketplace and lawmakers make decisions with an eye toward maximizing their government's economic utility. However, recent research suggests that partisan and ideological considerations also play a role in the types of policies—including goods and services--a municipality provides. Using the ICMA's 2007 Alternative Service Delivery Survey and election returns from the 2008 Presidential Election, I explore the degree to which symbolic politics predicts a community's decision to privatize the delivery of its municipal goods and services. I find that these political considerations have only a marginal influence in a local government's privatization decisions. Instead, as public choice scholars might predict, economic and organizational considerations predominate. This finding has implications for assessing the quality of local representation, as well as shedding some light on liberal dissatisfaction with local government.

Portland, Oregon is not known for its harsh winters. However, the winter of 2016-2017 proved to be one for the record books, as it was the city's worst in almost 40 years (Brettman 2017). Between early December and mid-January, the city witnessed six major storms, which included snow falls, freezing rain, and a blizzard. Perhaps the biggest victim of the unusually inhospitable weather was the Portland Bureau of Transportation (PBOT), which blew through its annual and emergency budget for snow removal and landslide removal in a mere three weeks (Becker 2017). The financial effort to combat the winter storms sent ripple effects throughout the entire city's budget, especially as the damage further eroded the city's entire transportation infrastructure. Dan Saltzman, the City Commissioner, was even quoted saying that dealing with the storms aftermath was as challenging as anything he has ever had to deal with (Becker 2017).

In the wake of the storm, the most pressing issue for city officials was dealing with the 20,000 potholes left by the freezing rain and snow on the more than 5,000 miles of road in Portland. Mayor Ted Wheeler even sponsored a ‘patch-a-thon’ program, where PBOT crews worked around the clock to fill the holes identified by residents on an online interactive map. However, because of a combination of the added fiscal stress caused by the storms and the lack of adequate manpower, the city started hiring private contractors to help deal with the pothole problem (FOX 12, 2017). While city employees focused their attention on public streets, PBOT used two private companies to repair the potholes on private streets in residential areas.

The decision for Portland to rely on private contractors is indicative of why municipalities often are forced to rely on them—that is, Portland both lacked the capacity to produce or delivery the services itself and they believed a private company could provide the service cheaper than the city. Over the last four decades, local governments across the country have been experimenting with alternative methods of producing and delivering public goods and services, including contracting with the private sector. These partnerships have developed in an effort for local lawmakers and administrators to balance persistent fiscal and budgetary stress with the imperative to keep consistent levels of their community’s goods and services for the sake of maintaining a stable environment that can stifle human and capital flight out of the community. For local lawmakers, privatized service delivery is a tool used as part of a larger administrative utility maximization strategy designed to maximize the efficiency of local budgets (McGuire, Ohsfeldt and Van Cott 1987).

However, in recent years, some have voiced apprehension with the privatizing trend at the local level, which some argue has led to the ‘hollowing of the state’ (Milward and Provan 1993), because it undermines the vibrancy of local government as spaces of democracy where individuals

can openly express their political identities in the public sphere and have their local communities reflect their political preferences (Milward and Provan 1993; Denhardt and Denhardt 2000; Nalbandian 2005; Nalbandian, O'Neill, Wilkes, and Kaufman 2013; Kim and Warner 2016). For these urban scholars, the administrative ethos of efficiency maximization creates invariant political communities marked by a bleak conformity that does not bend to people's political preferences. In other words, the efficiency maximization imperative erases the politics out of local community life (Nalbandian 2005).

This tension between administrative efficiency and democratic politics has been a persistent feature of urban politics extending all the way back to the progressive era, when municipal reformers tried to sanitize partisan politics out of local governance and made it exclusively a matter of public administration guided by the principles of efficiency and good government. However, this tension also raises an interesting question. Does a community's political preferences inform a local municipality's decision to privatize the delivery of public goods and services, or are privatization decisions made merely out of a concern? For example, the decision made by Portland's Bureau of Transportation to contract with private construction companies to repair the city's damaged streets was a bureaucratic decision made without the input of the residents of Portland. Does this example from Portland generalize to communities across the country?

The answer to this question speaks to fundamental concerns of democratic representation in local politics. As I showed in the last chapter, local residents do have meaningful preferences regarding public versus private service delivery, even though lawmakers consider delivery methods to be in the domain of administrative rather than political concerns. I also showed that that a major predictor of those preferences were people's partisan and ideological identities. If

lawmakers often think of service delivery as merely administrative concerns but people think about it in terms of their larger political preferences, then that portends that there may be a very real gap between preferences for their preferred method of service delivery and government practice. In other words, it may suggest that the responsiveness of local governments may be falling short of citizen expectations.

Using data from the International City Management Association's 2007 Alternative Service Delivery Survey, data from the American Community Survey, expenditure data from the Census of Governments, and presidential election returns from 2008, I provide evidence that a community's partisan and ideological composition has a very limited effect on local government's decision to privatize the delivery of public goods and services. When it comes to privatization decisions, I show evidence that decisions are driven instead by other community characteristics, namely the structure of local governments—e.g. reform vs. non-reform—as well as concern local governments have to increase property values in the community and protect the local tax base.

The rest of the paper will be organized into four parts. First, I will delve into existing explanations for why communities have looked to privatize public service delivery. Next, I will discuss the incentives that local governments have in following local opinion in its administrative decision making. Third, I will describe my data and the results of my empirical tests. Lastly, I will conclude with a discussion of the implications of this study for our understanding of local politics.

Local Governments' Decision to Privatize

The provision and delivery of public goods is one of the primary responsibilities of local governments. How local governments have determined the boundaries of those responsibilities have been a topic of a great deal of scholarly attention. The most prominent explanation for what

local governments provide and why is grounded in the work of public choice scholars who articulated a market maximization model of governance whereby lawmakers must navigate a local political-economy governed by vast competitive pressures (Tiebout 1956; Ostrom, Tiebout and Warren 1961; Buchanan 1971; Peterson 1981; Stein 1990). The source of these pressures stems from competition among neighboring municipalities over residents who self-select into communities that offer their ideal tax-service package.

Given the ferocity of competition among municipalities within metropolitan regions for residents—especially wealthy residents (Buchanan 1971)—local governments are strongly incentivized to develop a competitive advantage by maximizing the efficiency of their local budgets. Lawmakers have incentives to provide services at the lowest possible cost so they can simultaneously keep taxes low and provide more to its residents for less. Furthermore, this competition informs nearly all local decision-making, from local governments' preponderant focus on pursuing developmental policies that will grow the local economy (Peterson 1981) to the implementation of municipal zoning laws that will protect property values (Hamilton 1975; Fischel 2001). These policies are all done in the service of protecting and growing the local tax-base.

Central to the market maximization model of local governance is the idea that citizens are completely mobile—that is, they both have mobility and they exercise that mobility to sort themselves into their ideal community. Mobility is what fosters the sort inter-local competition that drives local decision-making. As a result, scholars have tried to test the validity of the Tiebout model by trying to determine if Tiebout sorting actually occurs, i.e. do local residents know enough to choose the right community and do they actually exercise their right to exit (Dowding, John and Biggs 1994). While models using aggregate-level measures have found evidence of sorting (Cebula 1974; Ellson 1980; Cushing 1993; Bickers and Engstrom 2006), the micro-foundations of

the theory have been the subject of fierce debate (Lowery and Lyons 1989; Lowery, Lyons, and DeHoog 1995; Bickers and Stein 1998; Teske, Schneider, Mintrom and Best 1993; Bickers and Stein 1998; Bickers, Salucci, and Stein 2006).

Even though the empirical support for the Tiebout model is somewhat disputed, what is important for the purposes of this chapter is that local lawmakers *believe* the model has merit. In other words, it is only important that local lawmakers behave as though they are in live-or-die competition with neighboring municipalities when those municipalities exist and treat their budgets accordingly. Indeed, there is plenty of evidence to support that claim (Brennan and Buchanan 1980; Sjoquist 1982; Zax 1989; Feiock 1992; Steinacker 2005; Craw 2008; Minkoff 2009). For example, Brennan and Buchanan (1980) argue that when inter-local competition is low, local governments are able to behave like ‘local leviathans’ (i.e., local monopolies) and extract higher rents from its residents and thus have larger budgets. Others have also shown that local governments are willing to run larger budgets and have higher taxes when the cost of exiting the community is high, which limits the appeal neighboring jurisdictions (Feiock 1992; Steinacker 2005). Moreover, Minkoff (2009) finds that municipalities bring their redistributive policies into line with the communities with whom they share jurisdictional boundaries as a way of discouraging unwanted movers from coming into the community.

It is in this competitive context that lawmakers look for every opportunity to trim the size of their budgets and where privatization developed as a pragmatic strategy for dealing with the kinds of inefficiencies that can trigger wealthy residents to exercise their right to exit the community for somewhere else. Private contracting for the delivery of public goods and services was born out of this distinction between the provision of public services—i.e. the decision of what services a municipality will provide—and the production of those services (Oakerson 1987). It is

believed that private contracting of public service delivery (i.e. production) can create a competitive market that will create greater productive efficiency (Wollmann and Thurmaier 2012). Indeed, public choice scholars have long argued that overproduction and inefficiency occur when government monopolizes public service delivery (Niskanen 1971; Downs 1967). These scholars argue that when bureaucrats have monopolistic power, they exercise it to their own advantage—and efficiency is never seen to be to their advantage (Savas 1974). Moreover, some empirical evidence supports the idea that private contracting reduces costs and increases efficiency (Bennett and Johnson 1980; Stein 1990; Kiewiet 1991; Greene 2002; Savas 2005).

Many have been critical of the idea that privatization actually produces efficiency gains, either because it does not actually create more competition, monitoring costs are prohibitively high, or contract markets are prone to the very market failures that make public provision necessary in the first place (See Boyne 1998b; Bel and Warner 2010; Hefetz and Warner 2004; Warner and Hefetz 2012). However, that does not stop local lawmakers and administrators from believing that privatization is a viable cost savings option. For example, in a 2007 International City Management Association survey of local administrators on alternative service delivery methods in 1,500 communities across the country (discussed more at length below), nearly 50% of municipalities in the survey indicated that they looked into the feasibility of private service delivery for some service within the last five years. Of those who studied privatized service delivery, over half (54%) cited the desire to cut costs as the primary reason for looking into privatization.¹¹ Indeed, concern for

¹¹ The ICMA also produced the same survey of 1,200 communities in 2002. According to that survey, near 60% of all municipalities studied the feasibility of adopting private service delivery over the last five years. Of those governments who considered adopting private service delivery,

economic efficiency and the desire to cut costs has been shown to be a significant predictor of the decision to privatize (Stein 1990; Hirsch 1995).

Privatization is also part of a pragmatic strategy for dealing with fiscal stress, whether its caused from economic downturns or the loss of some other revenue source (Maher and Deller 2007; Bel and Fageda 2007). While some have argued that municipalities sometimes manage fiscal stress through a process of ‘cut-back management’ (Levine 1978; Scorsone and Plerhoples 2010), others have noted the hesitation that municipalities feel in making service cuts because cuts threaten the local political-economy and run the risk of triggering capital and residential flight (Wolman 1983). However, tax-cuts are often equally untenable, especially when those increases are designed merely to maintain current service levels, because increasing the local tax-burden also runs the risk of triggering residents to choose to exit the community. As a result, given the tough fiscal constraints placed upon local governments, privatized service delivery became an attractive alternative for dealing with budgetary shortfalls (Ferris 1986; Hirsh 1995).

When public choice scholars do look at politics and other community, concern for utility maximization is never far from their explanations. For example, correlational studies have found that government structure has traditionally been associated with the privatization decision—that is, reform governments with a non-elected city manager tend to engage in more privatization than non-reformed governments with a mayor-city council system (Bingham 1976; Bingham, Friendries, and LeBlanc 1978; Kim and Warner 2016). Indeed, during the progressive era, municipal reformers wanted to sanitize local government from any vestige of politics out of a

86% cited either external fiscal pressures or internal desires to decrease the cost of service delivery or both as the motivation for looking into privatized service delivery.

desire to break apart the pernicious influence of political machines. This included wholesale civil-service reform and the adoption of the principles of scientific management. Under reform government, an emphasis is placed on bureaucratic expertise, low taxes, and efficiency maximization. City managers are able to focus on efficiency in the administration of local government precisely because they are shielded, at least partially, from the imperatives of electoral politics (Ruhil et al 1999).

Other research has shown that the number of public sector employees is also influential in a city's privatization decisions, especially when they make up a disproportionate portion of the local electorate (Courant, Gramlich, and Rubinfeld 1979). The very livelihood of public employees is challenged when a local government seeks to break apart a public monopoly on a service and greater efficiency through private contracting. Often, even considering the possibility of third-party contracting could elicit opposition from a strong public union.

In terms of community characteristics, a number of community characteristics also predict the rate of private contracting. For example, suburban communities are more likely to privatize than urban and rural communities. Indeed, the first suburban communities developed in places like Los Angeles, California as part of the Lakewood plan. Indeed, central to the Lakewood plan was the innovation of using contracting as a way to get cheaper services in communities that lacked the proper infrastructure to produce the public goods on their own (Judd and Swanstrom 2015). These communities also developed as part of a general revolt among wealthier people against municipal policies of the urban core (Miller 1981). These communities were designed to be escapes for middle and upper class Americans from core cities, where taxes were too high and services tended to go to be geared toward less privileged populations. As a result, suburbs offer fewer public goods, and those that are provisioned end up being contracted as a way to avoid to

full cost of public goods and services (Warner and Hebron 2001; Joassart-Marcielli and Musso 2005).

Similarly, some have found that regional differences also explain the use of private contract, especially in the West and the South. The Northeast and the Midwest tend to be home to older communities with more unionization and more support for broad government powers (Warner 2013). Moreover, the West and the South tend to have faster rates of population growth, which puts more stress on municipal infrastructure, leading to a greater willingness to rely on contracting as a way to cope (Kim and Warner 2016).

Lastly, one under-studied explanation among public choice scholars who advocate the market maximization model is the role of homeownership the privatization decision. According to Fischel (2001) homeowners are the most politically influential constituency in local politics. Homeowners are the most acutely aware of the consequences of local policies, because the effect of those policies are ultimately capitalized into the largest investment most people will ever make: the value of their home. According to this theory, home values become a key barometer for the success of local policies. Successful policies are those that increase home values, while policy failures will diminish home values. While the home-voter hypothesis was initially articulated to explain the political behavior of local residents, there is reason to expect that local lawmakers have a shared incentive in ensuring higher home-values. Indeed, higher home values mean that local governments can extract more tax-revenue at the same tax-rate, thus shoring up the local tax-base. If a local government can privatize the delivery a select public services with the promise of lower costs at the same or better quality, then that will improve overall home values. Moreover, as the proportion of homeowners in the community increases, the incentive for local lawmakers to maximize the efficiency of its budget through contracting only goes up. As a result, it would make

sense that more homeownership in the community would translate into a high rate of private contracting.

Does a Community's Partisan and Ideological Composition Matter?

One of the essential implications of the public choice interpretation of local politics is that institutional and fiscal constraints—both the structure of federalism and fear of capital flight—make local lawmakers largely unresponsive public preferences on a wide range of issues (Peterson 1981; Craw 2006; Ruhil 2003; Gerber and Hopkins 2011). This is true because local governments have to share power with other levels of government, and their power is largely circumscribed by what states in particular allow them to do, especially with respect to tax policy (Peterson 1995). Similarly, municipal governments no ability to keep residents and capital from exiting the community (Peterson 1981). Some have even suggested that electoral accountability and representation as we traditionally understand it is largely irrelevant, precisely because citizens reveal their preferences for public provision and overall satisfaction by ‘voting with their feet’ (Tiebout 1956). By exercising their option to exit the community, it is citizens who are responding to the actions of government rather than government responding to its citizens.

This portrait of local politics—a portrait driven primarily by both governments and citizens seeking to fulfill their material self-interest in a competitive economic marketplace—is radically different from the type of politics people experience at the national level, where political preferences are driven more by socialized attitudes, partisan loyalties and symbolic politics. However, local politicians still have to enter political office through the electoral process, and they are still motivated by the same re-election goals as lawmakers from other levels of government (Mayhew 1974). As a result, it is possible they are also held electorally accountable when they go

too far astray from public preferences. Recent work suggests that mass preferences do have some effect on the behavior of local lawmakers. For example, Arnold and Carnes (2012) show that mayoral approval is tied to fluctuations in local conditions in the community—namely, crime and the state of the local economy—and mayoral approval is tied to incumbent vote share (see also Howell and Perry 2004; Stein, Ulbig and Post 2005). Palus (2010) demonstrated that spending decisions of local governments are related to the ideological preferences of its citizens in 26 of the largest cities in the country. Hajnal and Trounstein (2010) find that the degree to which a city engages in redistributive and allocational policymaking can be predicted by the presidential vote-share of the community. Lastly, Tausanovitch and Warshaw (2014) provided evidence that public preferences on a range of national issues predicted liberal and conservative policy outcomes at the local level.

Even though there is a growing body of evidence that local lawmakers are responsive to the political preferences of their constituents, does that responsiveness carry over into administrative decisions related to service delivery methods? If citizens have policy preferences related to political processes, as well as policy outputs, then good democratic representation would seem to require that lawmakers heed those preferences or risk electoral sanction from voters. When it comes to administrative decisions, however, the potential relationship between public preferences and government practice is complicated because administrative decisions are often made in the service of larger policy goals.

Nevertheless, when it comes to overall policy goals, liberals and conservatives have different expectations from government and those expectations are conditioned by how they prioritize competing political values. While conservatives favor limited-government and tend to be highly skeptical of unnecessary government intervention in American life, liberals are a lot

more willing to favor a more government intervention, especially for the sake of expanding equality of opportunity. In practice, this means that liberals—far more than conservatives—want a more active government that does more for its citizen; they want a government that provides more public goods and services and offers a more generous social-safety net (Ellis and Stimson 2012; Feldman and Zaller 1992).

As I showed in the last chapter, moreover, conservatives also favor stealth democracy—that is, the process by which they prefer government to operate--more than liberals as well. As a result, conservatives favor privatized service delivery more than liberals. In other words, citizens think about local privatization not in terms of how it would benefit their material self-interest; rather, they think about it like they think about most other political issues. They think about it in term of their broader political worldview and core values. If local lawmakers and administrators were responsive to the delivery preferences of their citizens, then conservative communities would be more likely to privatize the delivery of public services than liberal communities. This leads to a simple testable hypothesis:

H1: As the partisan (ideological) composition of the community skews more conservative, then local governments would also be privatizing public services more.

Data and Measurement

To explore the reasons that local governments choose to privatize, I put together a unique dataset from a variety of different sources. The dependent variables were constructed using the 2007 Alternative Service Delivery Survey, which is a survey released every five-years by the International City Management Association. The sample population of the 2007 ASD survey was every county with more than 25,000 people and every municipality with more than 10,000 people. The response rate of the survey was 26%, yielding a sample of about 1,500 observations. Of the

communities that responded to the survey, approximately 53% were suburban communities, 18% were core metropolitan municipalities, and 29% were rural communities existing outside of a metropolitan region. Even though the data has been criticized for its test-retest reliability, making longitudinal study in particular difficult (Hefetz and Warner 2004), this dataset is unique insofar that it is the only available data that even attempts to systematically examine the delivery methods that municipalities across the country rely on for their public services.

The questionnaire asks local administrators about their service provision policies and delivery choices. In particular, it provides local governments with a list of 64 of the most common public services spread across six different categories, namely public works, utilities, public safety, parks and recreation, the arts, and other support functions. It then asks administrators to identify what services their community provides, and then the method by which those services are delivered—e.g. via city employees, private companies, through agreements with another government. A complete list of services included can be found in Appendix A.

From this survey, I constructed two variables. The first variable is simply a count of the number of services that each community provides its residents. The average community provides approximately 27 major public services (out of a possible 52), not including support functions like secretarial work, public payroll and legal services, and data processing. The most common services include vital public works and safety programs, like police (94%), fire protection (79%), street repair (90%), inspection and code enforcement (98%), animal control (75%), garbage collection (65%), and water treatment and distribution (67%). Far less common were public health and welfare programs. For example, only 18% offered homeless shelters, only 20% offered child daycare services, while 25% offered services for mental health, and 27% offered some kind of alcohol and treatment programs. These descriptive statistics comport with the contention that

municipalities avoid redistributive policies due to fear of capital flight and the erosion of the local tax base (Peterson 1981; Stein 1990).

The second measure is a proportion of public services that are delivered privately, which relies on the first measure to serve as the denominator. The measure ranges from 0-1, with higher values representing higher levels of privatization. The according to this measure, the average community delivers approximately 13% of their services privately. Some services are privatized more frequently than others. For example, only six communities in the entire sample contract out their police protect to private companies (less than .5% of the sample). However, nearly 60% of the communities that offer gas utilities services contracts the service to private companies, and 44% contract out electric power.

The primary independent variable for my analysis is a measure tapping into the community's political preferences. Ideally, I would like to have a measure tapping into the community's ideological leanings. However, when it comes to the study of local politics, data availability is a persistent problem and that kind of data simply does not exist for all the communities in the alternative service delivery survey.¹² Instead, I am using the county level

¹² Tausanovitch and Warshaw (2014) developed a community level ideology measure for every city with a population larger than 20,000 using multilevel regression and post-stratification methods (MRP) on large pooled sample of national surveys of over 250,000 respondents. While this measure provides significantly less coverage than the county level presidential vote-share measure, the results from using this measure are consistent in terms of sign and significance (i.e. just outside conventional levels of statistical significance). Those models can be found in Appendix B.

presidential vote-share for the 2008 presidential election as a crude proxy for a community's ideological preferences. Although not ideal, over the last several years, growing polarization has led partisanship to become an increasingly accurate predictor of ideological preferences as liberal and conservatives have sorted themselves into each into the Democratic and Republican parties respectively (Levendusky 2009; Bafumi and Shapiro 2009).

The 2007 Alternative Service Delivery survey also includes a number of important municipal level controls germane to this analysis, such as community characteristics and government type. For community characteristics, I identified suburban communities as communities that are within a metropolitan statistical area but not the core city in that area, and I identified independent cities as cities that exist outside of a metropolitan statistical area altogether. The expectation here is that suburban communities will be more likely to privatize public service delivery more than independent communities and metropolitan core municipalities. I also included a control for population based on the 2000 census, with higher values representing greater populations. The survey also included regional indicators denoting what area of the country the communities are in, which I included as a statistical control given past evidence that Western and Southern states tended to privatize more (Kim and Warner 2016). Lastly, the survey included a measure for government type. Consistent with prior research, the expectation here is that reform governments will be more likely to privatize than non-reform governments, in large part because reform governments are more immune to public pressure and are inculcated more with the ethos of efficiency maximization. I coded all communities with a city council-city manager system of government as a reform government, while council-mayor systems are non-reformed.

In addition to these community characteristics, I also included other variables to control for alternative explanations. These measures come from a dataset compiled by Jessica Trounstone

from the U.S. Census on Governments and the American Community Surveys (See Trounstein 2015). These characteristics included median per capita income of the community adjusted inflation using the local consumer price index. High income communities ought to offer fewer services and be more willing to privatize the delivery of services that are provided.

I also accounted for the percentage of people in the community who worked in local government. Recall that as the proportion of the community who works in local government goes up, it's often argued that there will be more resistance to private contracting. While this measure does not quite capture the degree to which government workers have unionized, which is central to the existing literature, it does serve as a reasonable proxy for public sector resistance to privatization. Similarly, consistent with the idea that local lawmakers have a greater incentive to cut costs and privatize as the rates of homeownership increase in the community, I have included a measure capturing the proportion of residents who are renters. If lawmakers are concerned homeowners will flee the community, then one would expect to see more concern with privatization when the number of renters in the community is low as opposed to high.

Lastly, I have included a measure of general revenue per capita, which like median household income, is adjusted for inflation using the local consumer price index. This measure is intended to capture the fiscal capacity of the local government (Kim and Warner 2016). It's also intended to proxy as a measure of the average tax burden of each resident. It is presumed that as local government's fiscal capacity goes up, the need for it to privatize its public services out of mere necessity should go down. However, while it has been used as a control in past research, the empirical evidence is mixed.

Results

To explore the role of citizen preferences in local administrative decision-making, I estimated a multi-level random-intercept regression model. The reason for this modeling choice was because my primary variable of interest—2008 presidential vote share—is a county level measure, and communities are nested within counties. Table 1 displays the results of the model. The results indicate that the partisan composition of the community is just short of conventional levels of statistical significance at even the .1 level ($\beta=.054$ SE=.034, $p<.104$). Moreover, the direction of the relationship is flipped from that which was hypothesized. In this model, its Democratic communities that are privatizing more than Republican communities. The proportion of services delivered privately are 2.7 percentage points higher than in Republican communities.

One possible explanation for this confounding result could be that administrators and lawmakers in Democratic communities are relying on privatization as part of a pragmatic strategy to avoid making difficult service cuts.¹³ Because conservative Republicans tend to favor a less active government and tend to think it should have a smaller role in a person's day-to-day life, it stands to reason that local lawmakers would be more willing resort to service cuts in predominately Republican communities in times of fiscal or budgetary stress than lawmakers in liberal Democratic communities. In other words, one of the observable implications of the idea that lawmakers in Democratic communities are resorting to privatization as a pragmatic solution to avoid service cuts, then Democratic communities should also be cutting fewer services.

¹³ A similar interpretation could also be that lawmakers in Democratic communities are relying on privatization as a form of blame avoidance. They don't want to have to go to their constituents and say that they can no longer provide the same service levels at current tax rates.

There is some tentative evidence to support this idea. For each of the services listed in the alternative service delivery survey, survey respondents are able to identify the services that they used to offer the community by no longer provide. I turned that question for each survey and created a count of services cut. The average community cut 1 and a half services, with 90% of all communities cutting between 0-6 services. When I replace my privatization measure with my measure of service cuts as the dependent variable (See Table 1 in Appendix B), what I find is that lawmakers in Democratic communities are in fact cutting fewer services than Republican communities ($\beta = -1.039$ SE=.573, $p < .070$). That relationship is also significant at the .1 level. Further investigation will be required to sort out this set of findings.

Returning to Table 1, also noteworthy is that there is a statistically significant relationship between government type and privatization. As hypothesized, reform governments—that is, governments with an unelected city manager—privatize service delivery more than non-reformed governments ($\beta = .024$ SE=.009, $p < .070$). Indeed, these results are consistent with the idea that city managers are professional experts steeped in a culture that prioritizes efficiency maximization and insulated from direct political pressures. Again, however, the effect size is relatively small. On average, the proportion of services delivered privately in reform communities is only about 2.4 percentage points higher than in communities without reform government. That is only about a difference of about 1/6 of a standard deviation on the dependent variable.

Table 1: Predictors of Local Service Privatization

	Proportion of Services in Community Delivered Privately	Effect Size: Min→Max Change
<u>Community Characteristics</u>		
'08 Obama Vote	.054 (.034)	2.7 percentage points
Reform Government	.024** (.009)	2.4 percentage points
% Renters	-.087* (.043)	-4 percentage points
% Local Government Workers	.123 (.384)	N/A
General Revenue Per Capita	.002 (.004)	N/A
Population	.008** (.003)	6.7 percentage points
<u>Community Type</u>		
Suburban Community	.028** (.009)	2.8 percentage points
Independent Community	-.002 (.015)	N/A
<u>Region</u>		
South	-.020+ (.011)	-2 percentage points
Midwest	-.010 (.016)	N/A
West	-.026* (.011)	-2.6 percentage points
Constant	.098** (.035)	N/A
<u>Variance Components</u>		
Variance, Constant	.000 (.000)	
Variance, Residual	.015* (.001)	
# of Counties	597	
N	1,047	
BIC	-1328.563	

Multi-Level Regression Estimates. Std Error in Parentheses. ⁺*p*<.1 **p*<.05 ***p*<.01 ****p*<.001

Moreover, also as hypothesized, the results from Table 1 reveal that suburban communities do privatize more than core cities that make up the metropolitan core ($\beta=.027$ SE=.013, $p<.046$). This finding is consistent with the origins of independent suburban communities following the development of the Lakewood plan (i.e. cities by contract), as well as idea that suburbanites prefer a more minimalist government that rely on the private sector whenever possible. However, unlike past research, the results in Table 1 reveal that communities in the American West ($\beta=-.027$ SE=.011, $p<.015$) and South ($\beta=-.020$ SE=.011, $p<.073$) actually privatize less than communities in the Northeast.

Moving to other demographic predictors, Table 1 shows that the proportion of the community employed by local government has no effect on the ultimate decision to privatize ($\beta=.123$ SE=.384, $p<.748$). This finding cuts against a long-standing theory in the literature about the role of public employees in facilitating resistance to the idea of privatizing local service delivery. However, as Stein (1990) has noted, the evidence for this hypothesized relationship has always been mixed. Furthermore, the size of the community's population also predicts the degree to which a community privatizes service delivery. Larger communities privatize more services on average than smaller communities ($\beta=.008$ SE=.003, $p<.019$). There are a couple of potential explanations for this finding. One the one hand, population could be serve as a proxy for the rural-urban divide, where rural communities tend to privatize far less than urban communities (Stein 1990). On the other hand, larger communities could simply mean there are more private vendors available to compete with public employees for the delivery of municipal services. Either way, community size has the largest overall predictor of privatization, with the largest communities privatizing 6.7 percentage points more of the services they offer than the smallest communities.

Lastly, there is a clear statistically significant relationship between the proportion of the community that own homes and the amount that community privatizes the delivery of public services. Indeed, as the community becomes populated by more and more renters, communities privatize less ($\beta = -.087$ SE=.043, $p < .044$). This finding is consistent with the idea that local governments have a strong incentive in ensuring rising residential property values, which in turn protect and supplement the local tax-base. As the proportion of homeowners in the community goes up, that incentive get stronger and local lawmakers will look into innovative strategies to maximize the efficiency of local budgets, as well as increase the quality of public service delivery. Efficiency gains are then recapitalized into the value of homes, which is then reflected in increase revenue from property taxes. However, as with all the results from this model, the effect size is relatively small, leading to a min-max change of only about 4 percentage points.

Discussion

The hallmark of a representative democracy is to have a government that produces policies that match the preferences of its citizens. Forty years of political science research on urban politics has not been particularly kind in its assessments of to the quality of local representation (Murphy 2002). Trounstein (2006) has even suggested that contemporary local politics is witnessing the ‘demise of urban democracy.’ Despite such doom and gloom, in recent years, a more optimistic portrait of local politics has emerged suggesting that local governments are far more responsive to the preferences of its citizens than previously thought. However, the results of this paper suggest that when it comes to local administrative decisions—namely, the decision to privatize the delivery of public services—local lawmakers are not particularly responsive to the preferences of its citizens.

The results of this paper suggest that the partisan and ideological preferences of the citizens in a community have a null effect on a community's decision to privatize the delivery of public services. Instead, the primary predictors of a community's decision to privatize have more to do with other community characteristics tied to the local political-economy (i.e. homeownership), as well as the availability of private competitors, especially in the largest communities and in the suburbs. Moreover, these results suggest that far more important than the ideological composition of the community is the institutional structure and culture inside of the local governments themselves. Reform governments, under the guidance of unelected city managers, are steeped in an administrative culture dedicated to the principles of scientific management and the belief that good government is an efficient government. As a result, they are more likely to privatize the delivery of public goods and services more than non-reformed governments, which are more exposed to political pressures.

When taken as a whole, what the results from this chapter suggest is that when it comes to the decision to privatize, the competitive pressures of the local political-economy force local governments to prioritize economic efficiency over the preferences of the larger community. Moreover, the findings of this chapter are coupled with the findings from the previous chapter suggest that when it comes to a local government's decision to privatize, it produces winners and losers in the local electorate. Conservatives are more likely to favor such decisions than liberals; thus, increased reliance on private contract could be an explanation for liberal dissatisfaction with local government (Hajnal and Trounstein 2014).

Now, one can argue that administrative decisions are made in the service of larger policy goals, and therefore it may not matter how services are delivered if citizens are getting the services they ultimately expect. However, citizens do have preferences about how their local public goods

are delivered—that is, they have preferences not just about what public goods they want, but also about process by which they receive those goods. What is unclear is whether or not service delivery decisions have actual consequences on how people evaluate their government. Future research ought to look at the consequences of privatization on mass attitudes and behavior. If it is true that the ethos of efficiency maximization drowns out political diversity, and it produces communities less responsive to citizen preferences, then that tendency ought to be reflected in how the decision to privatize affects how well citizens feel represented by local government.

Chapter IV: Privatized Service Delivery and Citizen Attitudes toward Local Democracy

Privatized service delivery is an increasingly prominent feature of local governance. Local lawmakers use private contracting as a tool for simultaneously maintaining low taxes and pro-growth developmental policies designed while also satisfying citizen demands for high quality public goods and services. However, what effect does privatization have on people's attitudes toward local government? I design a survey experiment that tests how public-private collaborations alter the way people attribute responsibility to government for the successes and failures of the delivery of goods and services. I show that private contracting makes it less likely that people will connect public service delivery to government, which ultimately erodes their evaluations of government performance and the feeling that local government represents the interests of people like them. Moreover, I show that the negative effect privatized service delivery has on evaluations of government is strongest when public service delivery is most successful—i.e. citizens are less likely to praise government for private service delivery successes than they are to blame it for private service delivery failures. This asymmetry ultimately makes it difficult for local governments to build support among its citizens.

A prominent trend in local governance is the growing separation between local governments and the services they fund (Milward 1995; Milward and Provan 2003). This separation between local government and the services it provides is the result of municipalities contracting out the delivery of public services to private companies in an attempt to deal with persistent fiscal pressures plaguing local communities. However, as government becomes more removed from the services it provides, holding lawmakers accountable for service successes and failures becomes a more complicated endeavor for community residents. Responsibility attribution becomes less clear-cut, which obscures the electoral mechanisms in place that allow for the local electorate to behave like V.O. Key's "rational god of vengeance and reward" (Key 1964, 568).

The ability to accurately assign the successes and failures of public service delivery is a critical component of good representation (Clark and Krebs 2012).¹⁴ Indeed, accurate responsibility attribution is necessary for citizens wishing to engage in retrospective evaluations of government performance and, by extension, the formation of their attitudes toward the quality of local representation. This linkage between accountability and good representation raises an important series of questions. Does privatized service delivery complicate people's ability to accurately assign praise and blame to local government for the successes and failures of public services delivered privately? If so, what effect does that have on other aspects of local politics? What effect might it have on appraisals of local government's performance and people's subjective beliefs about the quality of their local representation?

Local governments' decision to contract to private companies stems from the belief that private competition maximizes the efficiency of local government budgets plagued by a broad

¹⁴ Scholars who are concerned with local representation tend to assess the quality of local representation by focusing on either local electoral competitiveness and the consequences of uneven turnout (Trounstein 2006; Hajnal 2010; Hajnal and Trounstein 2005) or on the degree to which local government outputs map on to the preferences of their constituents (Hunter 1953; Dahl 1961; Palus 2010; Palus 2014; Tausanovitch and Warshaw 2014). Less studied in local representation is whether citizens can accurately attribute praise or blame to the actions of local government, which is vital for ensuring accountability at the local level. In other words, while there are electoral mechanisms in place for holding lawmakers accountable, missing is a discussion of whether voters can successfully evaluate lawmakers for their successes and failures in order for the electoral mechanism that ensures accountability to function properly.

array of fiscal constraints. It also stems from the common-sense belief that citizens will favor governments that can provide more services to its citizens at a lower cost. This logic for local contracting with private suppliers is under-written by theories of public choice. Public choice scholars who study local governance take a unique view of local representation that is tacitly grounded on the principle of utility maximization (Teibout 1956; Ostrom, Tiebout and Warren 1961).¹⁵ Proponents of this school of thought argue that the pursuit of efficiency leads to better representation and more responsiveness.

However, public administration theorists argue that outsourcing the responsibilities of government to third parties leads to a ‘hollowing of the state.’ Moreover, this hollowing process fosters potentially harmful consequences for democratic politics by weakening of the ties that bind citizens to their local government (Waldo 1952). This concern over the ‘hollowing of the state’ is especially salient given that the health of American democracy is reliant on vibrant and robust local institutions that link citizens to their larger political community (Lowndes 1995; Kelleher

¹⁵ Apart from the argument I make here, critics of the public choice view have criticized their interpretation of local governance for providing an impoverished view of representation for two reasons. First, local governments are not serving whole communities. They are only serving those who can express their sincere preferences through their decision to move, which are only going to be those who are most mobile—i.e. the more affluent in society (Macedo and Karpowitz 2006). In other words, the ability to ‘exit’ is not available to everyone. And secondly, local governments are actually incentivized to protect their tax-base by actively keeping lower income populations out of their communities through land use and zoning policy (Hill 1974).

and Lowery 2004; Palus 2014). Some have even called people's connection with local government "an essential building block of citizenship" (Macedo et al 2005, 67).

For example, in his examination of New England communities, Alexis de Tocqueville acknowledged this point in the 1830s when he noted that "local institutions are to liberty what primary schools are to science; they put it within the people's reach and they teach people to appreciate its peaceful enjoyment and accustom them to make use of it" (Tocqueville 1835, 63). The cultivation of liberty allowed for people to navigate public life, and it was local politics that socialized people into civic life and taught people the rules and responsibilities of self-government. However, this idea was not unique to Tocqueville. He echoed the reasoning of Thomas Jefferson, who, in his measured criticism of the new Constitution forty-some years earlier, argued that robust local governments were essential to the civic education of the people. It was through their direct experience with government locally that people developed the civic skills necessary for exercising the responsibilities of democratic citizenship. In other words, the evolving relationship between citizens and their local governments can alter how people relate to institutions of higher levels of government.

In this paper, I attempt to adjudicate the tension between the normative standards by which people often evaluate local government and the realities of local governance. I test whether government contracting to private companies for the delivery of public goods and services alters the ability for local residents to attribute the successes and failures of the delivery of those goods and services to government. I also test whether this potential inability to accurately attribute praise and blame further fosters a democratic deficit that diminishes satisfaction with local government performance, and the overall feeling that local government represents the interests of its citizens.

Using an experimental survey design, I show that far from what public choice scholars might suspect, the contracting of public services through private companies not only makes people less likely to connect the public services they receive to government, but it also erodes public attitudes toward local government more generally. My results demonstrate that when services are delivered by private companies, people are less satisfied with government performance and tend to feel their interests are less represented by government. I also show that there is a clear asymmetry in how people assign praise and blame when services are delivered privately—namely, they are less likely to praise government for the successes of private service delivery than they are to blame government for private failures.

Further, the attribution problems that privatization creates are also reflected in lower evaluations of government performance and diminished beliefs that government represents the interests of average citizens. Again, the negative effect of privatization on government evaluations and feelings of representation are strongest when service delivery is provided successfully. In other words, privatized service delivery affects the way people attribute responsibility for the successes and failures of public goods provision, and the attribution bias it creates is reflected in retrospective evaluations of local government. Even when government successfully meets the competing demands placed on it by local businesses and tax-payers who want both low-taxes and high quality public services, they are denied the rewards of that success.

Understanding the effects of local privatization has profound implications for not just urban politics, but democratic governance more broadly. Being able to properly attribute blame and praise to the actions of government is critical for people to form accurate retrospective assessments of government performance and for shaping people's perceptions of local representation. When people cannot adequately assess the successes and failures of government, it erodes people's

confidence in public institutions. When people lack confidence in governing institutions and believe government is not working for them, they are less likely to comply with laws and ordinances passed by those institutions (Scholz and Lubell 1998). More importantly, low confidence in public institutions also threatens to undermine the very legitimacy and long-term stability of government and democracy more broadly (Terry 2006; Bianco 1994).

The remainder of this paper is organized into five parts. First, I discuss trends in local privatized service delivery and explain how the difficult incentive structure that municipalities operate within entices them to pursue privatization strategies. Second, I articulate a theory of how privatization alters the way people assign responsibility to government for the successes and failures of public service delivery, and how that translates into lower evaluations of government performance and less positive feelings about the quality of local representation. Third, I discuss the experiment that serves as my empirical test of my hypotheses. Fourth, I discuss my results. And lastly, I offer a discussion of the implications of this study, and its importance for understanding local politics, as well as public opinion and public administration.

Local Government and Privatization

Local policymakers face considerable legal and economic constraints on their ability to govern effectively, and fiscal crises are a persistent challenge. The pervasive threat fiscal crisis poses for local municipalities is one of the features of urban politics that makes it distinct from politics at the national level. While national lawmakers have a number of tools at their disposal to deal with budgetary shortfalls, local lawmakers face severe limitations in their ability to manage fiscal pressure. These limitations fundamentally change how they navigate the competing incentive structures they face in elected office. Since the 1970s, widespread stagflation only

compounded the strain on local budgets. Fiscal crises have been so commonplace that some have even referred to this contemporary era of local governance as the “age of permanent fiscal crisis” (Osborne and Hutchinson 2005).

Nowhere was this reality more salient than in New York City, where the economic downturn between 1969-1975 caused the city’s public debt to balloon and kept creditors from buying the municipal bonds needed to sustain the city’s budget deficits. The resulting fiscal crisis precipitated a wholesale political crisis that discredited the mayoral tenure of Abe Beame (Shefter 1985). As crises like New York’s proliferated across the country, local governments dealt with fiscal shortfalls by shrinking the size of government, a trend that has only quickened since the Great Recession (Scorsone and Plerhoples 2010). The most prominent example today involves the financial problems plaguing Detroit, as it deals with the realities of it shrinking population—and, more importantly, the massive erosion of its tax base that population loss has created (Anderson 2011).

Since the early 2000s, the primary response of local municipalities to these fiscal stressors is typically through cutting budgets rather than enacting tax increases (Anderson 2011). One reason for the reliance on spending cuts rather than raising taxes has to do with the uniquely vulnerable position of municipalities themselves. The vulnerability of cities stems from political and economic forces at the national level that have huge effects on city budgets beyond the control of local governments. For example, cities lack the ability to limit migration in or out of their jurisdictions; they cannot control interest rates or manipulate currency markets by printing more money; and they have limited political autonomy because of the structure of American federalism (Peterson 1981; Shefter 1985). The practical consequence of these limitations is open cities vulnerable to population and capital flight.

Given the constant fear of capital flight, the only reliable tool municipalities have to deal with fiscal pressure is to grow the local tax-base. However, the option citizens have to ‘exit’ encourages them to select communities that best represent their preferred service bundle-to-tax burden (Tiebout 1956). Tax-payer mobility fosters market-style, inter-local competition among municipalities trying to protect their tax-base. The combination of inter-local competition among neighboring municipalities and fear of capital flight incentivizes local governments to rely on minimal—largely regressive—tax policies centered on property. For local policymakers, raising local taxes simply to maintain the same level of public services puts municipalities at a strategic disadvantage relative to surrounding municipalities and runs the risk of triggering capital flight (Wolman and McManmon 2012). Thus, in order to protect and grow the local tax base, lawmakers have to maintain an intense focus on pro-business policies designed to facilitate economic development (Tiebout 1956; Peterson 1981).

However, local lawmakers must strike a difficult balance among competing imperatives. On the one hand, they need to maintain the health of the local economy and the city’s credit by continually growing the local tax-base through pro-growth policies. However, on the other hand, they must remain cognizant of their re-election goals by satisfying citizen expectations for high-quality public goods and services. Failure to satisfy either of these imperatives can be disastrous for local lawmakers. A downturn in the local economy or consistent budget deficits could trigger a fiscal crisis that forces the city to declare bankruptcy. Municipal bankruptcy not only discredits the politicians in office deemed responsible for the crisis, but it threatens the viability of local democracy when creditors assume control of the city’s finances (Shefter 1985). At the same time, citizens expect government to provide goods and services to the community, and they prefer more services rather than fewer, all else being equal. When a local government fails to provide quality

services it creates two problems. First, it threatens to undermine the electoral coalition that put local politicians into office. And second, it can trigger population and capital flight out of the community if neither businesses or residents are getting the services they need to prosper (Wolman 1983).

Because of these political and economic realities, local communities have to develop innovative strategies to maximize efficiency in delivering quality public goods and services at increasingly lower costs. One approach to achieving greater efficiency is to ‘reinvent government’ by reorganizing and streamlining how government works by reorienting its bureaucratic arrangements away from centralized structures toward more decentralized networks of public-private partnerships (Osborne and Gaebler 1992). Rather than assuming total control of both the provision and delivery of public goods, governments can contract out service delivery to private third-parties with the goal of being able to maintain the level and quality of public services at lower cost to the taxpayer. In other words, local governments balance fiscal stress with community needs by relying on a strategy of privatized service delivery (Kim and Warner 2016).

Privatization is a ‘fuzzy concept’ that belies easy definition (Starr, 1998). However, the most important conceptual distinction is between pure privatization and public-private partnerships whereby government retains responsibility of the decision-making and financing of a good or service, but contract-out the delivery (or implementation) of the service to a private company (DiIulio, Garvey and Kettl 1993).¹⁶ Third party contracting is by far the most common

¹⁶ Pure privatization occurs with a private company assume control of all three components of the provision, production, and delivery of a good or service. That is to say, it is responsible for a service’s decision-making, the financing, and the implementation.

form of privatization in this country, and it's the type of privatization discussed here. Third party contracting constitutes a form of 'pragmatic municipalism' where local governments attempt to maintain a public role in local life (Kim and Warner 2016).

Over the last forty years, the trend in local government has been toward less direct involvement in the delivery of services and a heavier reliance on third party contractors (Leroux 2014; Green 2002; Pierre and Peters 1998).¹⁷ This reimagining of local bureaucratic organization has brought about new forms of public and private collaboration in the provision, production, and delivery of public goods and services. What this means is that while local government authorities remain responsible for the provision of those services, they outsource the responsibility for the production or delivery of those services to third parties. In other words, with the rise of contracting regimes, government agencies provide public services through a network of principal-agent relationships, whereby government bureaucratic agencies operate as the principal and non- and for-profit organizations function as ostensibly faithful agents. As the responsibility for the provision of government services is being shifted to third party agents, the result is a 'hollowing' or a 'thinning' of the state (Milward and Provan 1993, 2003, 2000, 1995).¹⁸

¹⁷ The trend for greater outsourcing to private companies experienced some push-back from local lawmakers who have found that principal-agent and service monitoring problems are too burdensome for some lawmakers. As a result, there has been some effort in some communities to bring service delivery back in-house (Hefetz and Warner 2004).

¹⁸ While public administration scholars point to the ideological battles of the 1980s and 1990s, as well as governance philosophies like "New Public Management" for explaining the rise of the privatization of public services, the desire to make local government efficient and operate more

Privatization, Accountability, and Democratic Politics

Even though privatization is often used as part of a strategy to balance the competing demands local lawmakers face, it may do so in ways that create potentially pernicious consequences for the vibrancy of local democracy. While the merits of local privatization are typically debated in terms of whether or not local government experiences efficiency gains, few have considered the potential consequences that privatized service delivery can have on democratic politics in general, and citizen attitudes and behavior toward local government in particular. Few have asked the question: How does third-party contracting affect the quality of local representation and citizen attitudes toward local public institutions?

In the hollow state, the electoral linkage that is supposed to hold lawmakers accountable for poor performance is weakened when lawmakers contract out control of the administration of public services to third parties. Indeed, when governmental responsibility is divided between different institutions, it creates a diffusion of authority that makes the task of assigning the successes and failures of public service provision and delivery to government more complicated. One of the consequences of this diffusion of authority is a type of moral hazard whereby the actions of any one agent are more difficult to pin down, leading to a ‘leakage of accountability’ (O’Toole 1997). Moreover, unlike contracting with county or other local governments, these new private actors are not democratically elected or able to be held directly responsible to local citizens.

like a business goes all the way back to progressive reformers and the ‘good government’ movement at the turn of the 20th century (Judd and Swanstrom 2015). Moreover, contracting-out of public services has been a go-to strategy of local governments since the development of the Lakewood plan in the 1950s.

For example, in their examination of mental health programs in Arizona, Milward and Provan (2000) found the separation between service funding and delivery was four-fold, i.e. what they called “fourth order devolution” (3). This degree of separation is also documented in other social services, employment and training programs, and in housing and community development (see Gronbjerg 1993). In these vast contracting networks, voters start asking themselves: “What is it that government is actually doing?”

For voters, these complex bureaucratic arrangements can blur the linkage between public goods provision and their delivery, and it changes the way they assign praise and blame for successful and unsuccessful service delivery. For those goods provided by government but delivered by private companies, government’s role in the good is hidden from plain sight, and citizens may not even be aware of government’s role in the goods provision in the first place (Light 1999; Mettler 2011; Morgan and Campbell 2011). Mettler (2011) refers to this phenomenon by which the state provides public goods through private firms “the submerged state.” She argues that in the minds of average Americans, an invisible state is an ineffective one because citizens do not see government having any tangible impact on their community, which fosters lower levels of trust and the general feeling that government is not representing their interests. “Submerging the state,” she argues, “does not foster citizenship; it inculcates resentment” (26).

If it’s true that contracting out of public goods and services creates a ‘leakage of accountability,’ then privatized delivery of public goods ought to make citizens less likely to attribute responsibility for public goods to government. In other words, people will be less likely to connect vital public goods and services to government when those services are provided by government but delivered privately.

H1: People will be less likely to attribute responsibility to elected officials for service delivery when those services are privatized.

Beyond the hypothesized direct effect of privatized service delivery on how people assign responsibility to government for the services it provides, there is reason to believe that the erosive effect of privatized service delivery on responsibility attribution is also conditional on the quality of the service being provided. This conditional effect stems from a unique type of attribution bias. Attribution biases occur when there is a systematic error in judgement in the way people evaluate the behavior of themselves or others, and they result in biased interpretations of the social world. Attribution bias is the subject of recent work in politics examining how people attribute responsibility under various institutional and informational contexts (Tetlock and Levi 1982; Rudolph 2003; Malhotra and Kuo 2008). In this paper, I argue that service delivery successes and failures produce a praise-blame asymmetry that further alter the way people assess and attribute responsibility for the successes and failures of government. This praise-blame asymmetry grows out of long-established asymmetries in cognitive psychology between the impact of negatively valenced events and positively valenced ones—that is, experiences with a negative valence have a greater impact than experiences with a positive one (Anderson 1965; Peeters and Czapinski 1990). Indeed, when people experience bad things—whether it is a negative event, bad news or criticism, or a public policy failure—they process those experiences more thoroughly, they are quicker to form bad impressions, and those impressions are more resistant to disconfirming evidence (Baumeister, Bratslavsky, Finkenauer, and Vohs 2001).

When it comes to taking those experiences and translating them into attributions of responsibility for bad versus good outcomes, one argument is that negative outcomes force deeper information processing. Deeper processing means that when information connecting actions of government to the successes and failures of private firms is available, people are more likely to explicitly link government to bad outcomes than good ones. Others have suggested, however, that

what drives this praise-blame asymmetry actually has more to do with how people assign intentionality to good versus bad outcomes (Knobe 2003; Haupt and Uske 2012). According to this line of reasoning, people subconsciously assign intentionality to harmful spillover effects of a decision and punish accordingly, while they tend to view beneficial effects as merely incidental and not necessarily deserving of praise. In this case, the decision being made by government is whether to contract the delivery of a public good to a private company. If that decision leads to a positive outcome—in this case, successful service delivery—then that outcome does not immediately lead to praise on the part of voters because the positive outcome of government’s decision is viewed as incidental. However, if the decision to privatize leads to failure, voters view the negative outcome with more intentionality and punish government accordingly.

Regardless of the exact mechanisms at work, the growing body of prior research suggests that these asymmetries exist. If that is the case, then the negative effect of privatization on the attribution of responsibility for that service onto government ought to be strongest when the service being provided is done so successfully. City governments should be less likely to get the rewards of successful private service delivery, but be comparatively more likely to get punished by citizens when privatized service delivery is deemed a failure.

H2: The negative effect that privatization has on people attributing responsibility to government for the delivery of public services is stronger when services are delivered successfully rather than delivered unsuccessfully.

In addition to the problems privatization creates for democratic accountability, I extend the argument further by suggesting that the patterns found in how people attribute responsibility for the successes and failures of service delivery should also affect other attitudes people have toward government. The complex institutional arrangements that distort how people attribute responsibility of the delivery of public goods and services also alter the way people evaluate

government performance and how well they feel government represents their interests. Indeed, how people attribute responsibility speaks to the ways in which they connect events to actors and make sense of the world around them. When people do not connect vital public services to government provision, it informs how people formulate their normative judgements about government more broadly.

Institutions provide the context by which individuals define their relationship with—and inform their attitudes toward—government. Individual interactions with government institutions serve as important sources of civic learning that define the boundaries of citizenship—i.e. where people learn lessons about how “citizens and government relate” (Soss 1999; Mettler and Soss 2004). These policy-feedback loops can transform the political landscape, not just in terms of its shape and texture, but in its size and scope as well. Local governments have the closest proximity to the everyday lives of people, and the primary interaction citizens have with local government is through the goods and services it provides its local residents.

However, the hollowing of the state creates a democratic deficit by narrowing the public sphere and removing government from the day-to-day lives of its citizens. Rather than being treated as citizens in part of a larger civic community, individuals are merely consumers of services delivered by private companies. As more and more government functions are delegated into the hands of private industry, it reinforces this idea in the mind of the average voter that government services administered like a business by private companies are preferred because business leaders represent the pinnacle of bureaucratic expertise (Waldo 1952). As business assumes a privileged position in people’s minds, it signals that government officials lack the capacity for good governance on their own (Waldo 1952; Terry 2006).

Under these conditions, the very basis of democratic government, serving as a center of collective action and a provider of collective goods, gets called into question. Although local government is still collecting tax revenue through sales and punitive property taxes, it also becomes increasingly unclear what government is actually providing its citizens. This is especially true when citizens are no longer accurately connecting the services they are receiving through private companies to government actions. This blurring of public-private boundaries, in other words, not only creates problems related to accountability, but it also leads to lower overall evaluations of government performance and muted beliefs that government represents the interests of the average person. Moreover, the aforementioned attribution bias will mean the effect of privatized service delivery on evaluations of government performance and attitudes toward local representation will be strongest when service delivery is successful.

H3: People will have lower evaluations of local government performance and be less likely to believe that government is representing their interests when services are delivered privately rather than publicly.

H4: The negative effect of privatization on evaluations of government performance and attitudes toward local representation is stronger when services are delivered privately rather than publicly.

Experimental Research Design

To test the effect of private contracting on citizen attitudes toward local government, I designed a survey experiment of 1,200 participants using Qualtrics, an online survey tool, and I recruited participants from Amazon's Mechanical Turk (MTurk) in July 2016. MTurk is an online crowd-sourcing platform used to recruit subjects and pay them to perform small tasks. As with all MTurk studies, participants select into the survey to produce a convenience sample, which means it is not nationally representative. This particular sample is slightly more male (54%) than exists nationally, it's younger (average age is 34), and the median participant has a college degree, which

means the sample is more highly educated than exists nationally.¹⁹ The sample also skews slightly Democratic (44%), as compared to Democratic identifiers in the 2016 CCES (38%) and the 2016 ANES Pilot Study (37%).

However, recent research has compared the samples produced by MTurk with those produced by other samples used in experimental political science research. Such research demonstrates that MTurk samples are often more representative than in-person and student samples, which have long been used in political science research. MTurk samples also often comport quite well with results derived from high-quality internet panels and from probability samples used by the American National Election Studies (Berinsky, Huber, and Lenz 2012; Buhrmester, Kwang, and Gosling 2011). Lastly, even though MTurk samples diverge demographically in some ways from population-based studies, they “share the same psychological dispositions as counterparts in the mass public” (Clifford, Jewell, and Waggoner 2015, 1). Moreover, survey experiments using MTurk still allow researchers to capitalize on the chief strength of experimental methods for identifying causal effects: random assignment and experimenter control over treatment (Mutz 2011).

In this case, an experiment offers other advantages as well. Trying to test these hypotheses with a combination of survey data and contextual level variables creates two problems. First, it introduces error—both random and nonrandom—into estimation, which would make it difficult to pick up any meaningful relationship between service delivery methods and citizen attitudes toward

¹⁹ To alleviate concern that treatment effects could be driven by the demographics of my sample, I ran tests looking at possible heterogeneous effects using key demographic characteristics, namely age, education, gender, and income. None existed.

local government. Second, there are not a lot of good local public opinion survey available to even to test the effect of privatized service delivery on local attitudes toward government. A survey experiment offers a solution to both of these problems, and it provides a clean test of how people attribute responsibility for service delivery with and without public-private collaborations.

In this experiment, I implemented a 2x2 factorial design. The design has two different treatments, which produces four unique treatment conditions (See Table 1). The chief strength of a factorial design is that it allows the researcher to investigate possible interactive relationships among treatment conditions, while still drawing statistical power from adjacent treatment conditions when investigating direct effects. In this experiment, all participants filled out a short pre-treatment survey and then were randomly assigned into one of four groups using a random number generator. Once assigned to a treatment group, participants read one of four vignettes designed to simulate a local newspaper article about citizen satisfaction with garbage collection in a local community. The vignettes were framed as short articles like one might read in a local newspaper. Local communities frequently do annual citizen satisfaction surveys to get feedback on the essential services that local municipalities provide its residents. These surveys are typically published on city websites or are made part of annual reports designed for public consumption. Local newspapers will sometimes publish findings from these reports if they deal with issues of public concern.²⁰ The vignettes are designed to emulate this type of reporting. This decision was made in order to enhance the realism of the experiment.

²⁰ For example, in 2012, Ashley Swearengin, the Mayor of Fresno, California, fought with the city council for months to outsource the city's commercial garbage collection to Mid Valley Disposal, a local company. The whole debate was covered extensively by local news networks, as well as

Moreover, I chose to use garbage collection as the public service at issue for three reasons. First, it is something that city residents typically view as an essential service. Whereas reasonable people can disagree over the scope of local government on issues related to culture and art programs or other areas of policy that could be considered expendable, trash collection is something that local residents believe is an urgent need. Second, it is also a visible service in most people's minds, and the success and failure of the service is often a salient issue for local voters (Kenny 2013). And lastly, it's an area of local governance that is quickly shifting from a service primarily carried out directly by city governments to a service that is largely being outsourced to private companies. For example, in the 1980s, 75 percent of trash collection was done by municipalities; today, 75 percent is outsourced to private companies—a trend that was only accelerated by the 2009-2010 recession.

Each vignette has two treatments. The first treatment varies whether city employees carried out local garbage collection or if it was contracted out to a private company. In both treatments, the vignettes identify a role for the local government; however, in the vignettes where the service is contracted to a private company, the primary role played by the city council is simply choosing to provide garbage collection through a private entity. The second treatment varies whether or not garbage collection is deemed a success or a failure. This treatment is framed in the article around a local service satisfaction survey asking whether local residents are satisfied or

The Fresno Bee. Mayor Swearengen was ultimately successful in contracting garbage collection out, and news outlets subsequently published 'progress reports' of the new arrangement the following year. Also in 2012, similar stories popped up in Norwalk, Connecticut and Brunswick, Florida (See Kenny 2013).

dissatisfied with the current service arrangement. Again, these types of service satisfaction surveys are a common feature of local government. The text from the vignettes can be found in Appendix A.

Table 1: Factorial Design

	Private Collection	Public Collection
Service Success	1	2
Service Failure	3	4

Once participants were exposed to the treatments, each participant was given a post-treatment survey that included instruments used to measure my outcomes of interest, namely attitudes toward local representation, local government performance, and measures tapping into attribution of government responsibility. Participants were also given manipulation and comprehension checks to ensure exposure to the experimental treatments.²¹

Results

Analysis of Variance (ANOVA) was used to determine if there was a statistically significant difference in treatment groups.²² I begin my analysis by looking at the main treatment

²¹ Over 95% of participants correctly answered their manipulation check questions.

²² One of the assumptions of ANOVA is the variances between treatment groups are the same. When the variances are not equal, then hypothesis testing becomes unreliable and researchers run the risk of type-1 errors. Prior to undertaking my analysis, I did a Levene's test of equal variance for each of my dependent variables of interests across all treatments groups. Unfortunately, the tests suggested I needed to reject the null hypothesis of equal variance for all my variables of

effects for how citizens attribute responsibility for public services to local government when those services are delivered privately compared to when they are delivered publicly. The question asks respondents, “How much responsibility for the quality of garbage collection service do you assign to local government officials?” The ability to adequately connect public services to government are a critical component of accountability, which, in turn, is a necessary element of good representation. In all four vignettes, local government was responsible for providing garbage collection, even if the delivery of that good was sometimes entrusted to a private company. Looking at the direct effect of the treatments reveals that private service delivery does change the way people assign goods provision to government $F(3, 1207) = 306.59$ $p < .000$. When garbage collection is delivered privately, the people are 1.07 points (on a 5-point scale) less likely to attribute responsibility for that service to government. That is almost a standard deviation difference between the two groups. See Figure 1(A) to see this difference-in-means visually. This finding shows support for my first hypothesis.

What about the praise-blame asymmetry hypothesized making the effect of privatization on attribution of government responsibility conditional on service delivery success and failure? When method of service delivery is made conditional on service success, the results from the interaction between the two treatments is statistically significant $F(3, 1207) = 15.16$ $p < .000$. Figure

interest. Because of this, I ran OLS regression on all my models as a robustness check. My results are consistent across tests. I also tested for violations of the normality assumption. Both visual inspection of normality through a ‘qnorm test’ in STATA and the Shapiro-Wilk W test suggests that I do not have any major problems with normality.

1(B) shows that even when service delivery is done privately, participants are more likely to hold government responsible when there is a service failure than when there is a success.

Figure 1: Effect of Treatments on How Much Responsibility People Assign to Government for the Delivery of Public Goods

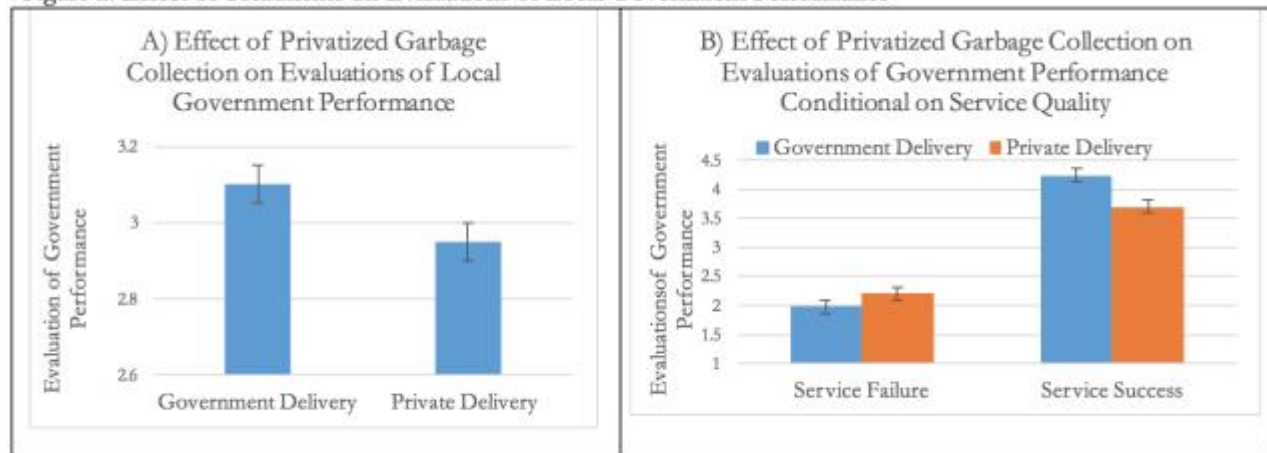


Similarly, the effect size between private and public delivery is larger in cases of service success than in cases of service failure, which means that the erosive effect of privatized service delivery is strongest when people are satisfied with service delivery. In other words, when service delivery is successful, people are less willing to attribute it to government when they have to option to attribute that success somewhere else. This unwillingness indicates a clear attribution bias. Even when the decisions made by government lead to successful service delivery, often at a lower cost to taxpayers, voters are discounting the role played by government officials.

If private service delivery alters the way people assign reward and punishment for service quality to government, how does that affect the way people evaluate local government performance? Does the bias people demonstrate in how they hold government accountable for successes and failures of privatized service delivery lead to differences in how people evaluate government performance more broadly and in how well they feel government represents them?

The question I used in my post-treatment survey asked participants, “How would you evaluate the performance of the local government in the community you just read about?” Respondents were given a five-point scale ranging from excellent to terrible.

Figure 2: Effect of Treatments on Evaluations of Local Government Performance



Difference-in-means between treatment groups with 95% confidence intervals

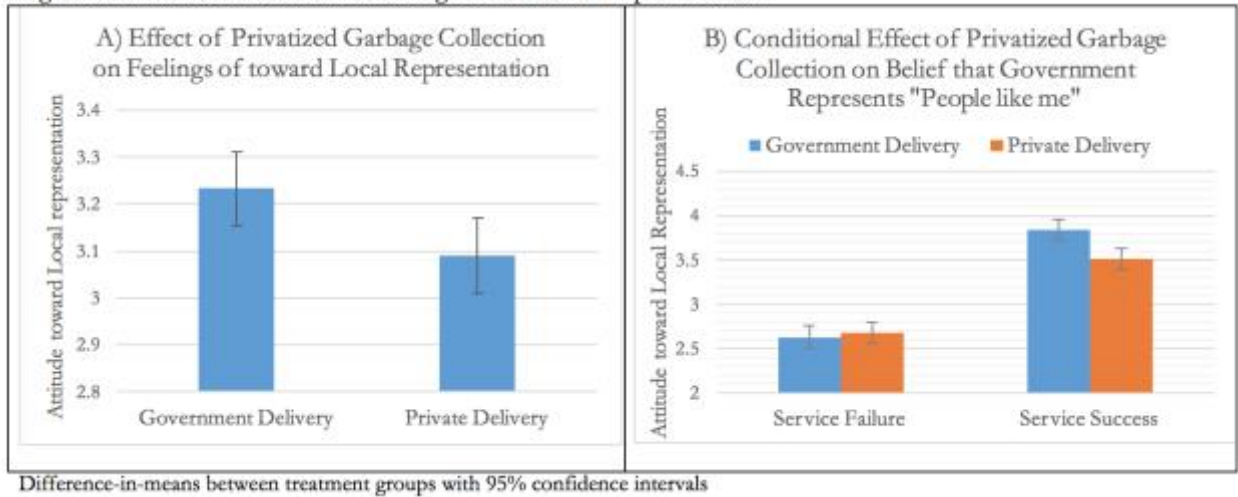
The results from this experiment show private service delivery does in fact erode people’s evaluation of government performance, regardless of the quality of service delivery $F(3, 1205)=10.87$ $p<.0010$. Figure 2(A) shows the difference-in-means between those who received the private delivery treatment versus the public delivery control is about .16. This is a relatively small effect. However, even though direct effect of privatization is small, the same asymmetry emerges when one looks at the effect of private service delivery conditional on service quality $F(4, 1205)=71.78$ $p<.000$. The erosive effect of privatized service delivery on evaluations of local government performance is driven almost entirely by people discounting local government in cases of service success.

As Figure 2(B) demonstrates, for those who received the failure of garbage collection treatment, people had slightly higher evaluations of government in cases of privatized delivery;

however, when garbage collection was successful, people did not want to translate that success into higher evaluations of government when garbage collection was delivered privately rather than by the city itself. Indeed, in cases of service delivery success, evaluations of local government were .53 points lower when garbage collection was private than when it was carried out by city employees. That's nearly a half-standard deviation difference between groups, more than three times the size of the direct effect not accounting for service quality.

Nearly the same story emerges when people were asked about their attitude toward local representation. The question asked participants how much they agreed or disagreed with the following statement: "The local government in the article you just read represents the interests of people like me." For this question, people were provided a five-point Likert scale ranging from strongly agree to strongly disagree. The results from the experiment show that people are less likely to feel that government represents their interests when public services are delivered privately $F(3, 1206)=6.26$ $p<.0125$. Here again, though, the effect size is small—a paltry .14 points on a five-point scale. However, when looking at the effect of privatized garbage collection conditional on service quality, the effect is, again, driven entirely by successful garbage collection $F(4, 1206)=11.09$ $p<.000$. When garbage collection is deemed a failure, there is no statistically significant difference in how well people feel represented between private and public delivery. When people are satisfied with their garbage collection, though, Figure 3(B) shows the perceived level of representation is .33 lower when garbage collection is carried out by a private company relative to when it is carried out directly by government. Put differently, when the exact same service is provided equally well by government employees and by private employees contracted by government, people have more optimistic opinions of local government when those services are delivered by government directly.

Figure 3: Effect of Treatments on Feelings toward Local Representation



To summarize, privatized service delivery changes the way people assign responsibility to government for the services it provides, making it less likely for people to connect the services they receive to government provision. There is an asymmetry in how this attribution process plays out, i.e. people are more likely to blame government for private failures than reward them for private successes. And most importantly, the problems privatization creates for the attribution of responsibility for the provision of goods and services affects people's evaluations of government performance and the degree to which they believe local government represents their interests.

Discussion

Nowhere is the ethos of the administrative state, with its emphasis on the principles of scientific management and its faith in the gospel of efficiency, more ingrained in the governing institutions of the United States than in local government. Whether it is through the municipal reforms of the progressive era at the turn of the 20th century or the influence of the New Public Management movement at century's end, local bureaucratic institutions have been ground-zero for the appropriation and integration of business methods to serve public purposes.

For municipal reformers in the early 20th century, reliance on the principles of scientific management served the dual purpose of sanitizing local government of the pernicious influence of partisan machine politics, while also providing non-ideological and pragmatic solutions to problems of local governance. However, the principles that drive local governance are not value neutral (Waldo 1952; McCurdy 2006). Far from representing an objective governing philosophy, the ideas that validate the growing prevalence of third-party contracting carry an array of normative assumptions about the purpose of government that are at odds with the democratic values underlying our public institutions. When private means are used to serve public ends, those competing values collide. Even though privatized service delivery bolsters the efficiency of city budgets under constant fiscal stress, the result is the erosion of the very democratic institutions they are supposed to serve in the minds of local residents.

Indeed, the results from this paper show that the trade-off between bureaucratic efficiency and a broader democratic politics is real. The results from my survey experiment make clear that privatized service delivery alters the way people think about and evaluate local government. While privatized service delivery can often be used to ease the fiscal pressure that haunts local governments, it comes at the cost of diminished democratic accountability, which erodes evaluations of government performance and induces citizens to believe they lack political voice in the democratic process. These findings confirm the fears of some public administration theorists, leading one to ask: what good is efficiency when people like government less and feel like they have less of a voice in the democratic process as a result?

Furthermore, this experiment also shows the effect of privatization on citizen attitudes toward local government is asymmetrical—that is, the effect is strongest when service delivery is most successful. When government is managing the provision and delivery of its services most

effectively, they are nevertheless denied all the rewards of its good performance when it comes to how citizens evaluate it. This makes it difficult for local governments to build support among its citizens. On the one hand, local lawmakers cannot shirk blame for the failures of private companies; however, on the other hand, they are less likely to enjoy the dividends of public approval when private contracting is deemed a success.

Local lawmakers are often stuck with the difficult task of balancing competing goals: one geared toward fostering a pro-growth environment with low taxes and frugal management of the local budget, and the other geared toward maintaining local electoral coalitions by maintaining the provision and delivery of high quality public goods and services to constituents. The results here suggest that even when local lawmakers are able to successfully navigate these competing goals and engage in smart governance by reimagining local bureaucratic structures, they are still punished by local citizens with lower evaluations of government performance, and citizens still believe they are not being as well represented as well as if government delivered those services directly. Under these circumstances, local governments are punished even when they adroitly manage the difficult balancing act between competing incentive structures.

Lastly, the results from this paper also make a contribution to our understanding of the public choice tradition in urban politics, a tradition that advances a view of metropolitan governance driven by market-style inter-local competition (Tiebout 1956; Ostrom, Tiebout, and Warren 1961). According to this view, local citizens are nothing more than consumer-voters who self-select into communities that provide their ideal services at the lowest possible cost. However, critics argue that this model of urban governance impoverishes civic and community life (Macedo and Karpowitz 2006). The results from this experiment provide some credence to this criticism. One of the implications of poly-centricity as articulated by public choice scholars is that citizen

satisfaction with local government is merely a function of receiving the best services at the lowest possible cost. Efficient government, in other words, fosters better representation.

However, this belief in the connection between efficiency and representation assumes that people only care about outcomes, i.e. they only care about what government gives them and care little about political voice or democratic processes. This research suggests, though, that that may not always be the case, at least not when it comes to subjective evaluations of how well represented people feel. The results of this experiment suggest that people feel better represented and provide higher evaluations of government performance when services are being successfully provided by government directly. In other words, in the mind of the average citizen, efficiency may not necessarily lead to better representation as public choice scholars have often asserted.

Chapter V: Conclusion

In a 1952 symposium on American political theory for *The American Political Science Review*, Dwight Waldo challenged a half-century of public administration theory when he stated that the obligations of democratic governance are not external to the imperatives of public administration. “If administration is indeed the core of modern government,” he wrote, “then a theory of democracy in the twentieth century must embrace administration” (Waldo 1952, 81). In making his appeal, Waldo was responding to two generations of public administration scholars steeped in the ethos of the progressive era—people like Woodrow Wilson, Frank Goodnow, and Charles Beard—who had built a wall between the study of politics and bureaucratic administration. Waldo argued that public administration officials “not only came to see democracy as external to their field of professional interest, but frequently regarded it as hostile to the central principle, efficiency” (85).

For Waldo, this distinction between public administration and other public institutions was highly problematic, and he believed that bureaucratic organization ought to be governed by the same democratic principles as the rest of the American political system—that is, the notion that the sole source of sovereignty was the mass public and that American institutions ought to reflect, in some sense, their will. Early thinkers in modern public administration created a high wall of separation between politics and administration because they believed they were objective scientists establishing universally valid truths grounded in politically neutral principles. They rationalized the consolidation of power into the hands of unelected bureaucrats precisely because administration was not political, and they believed neutral expertise always served the public interest (Stivers 2008).

However, Waldo reminds us that far from establishing an objective science, modern public administration was a political philosophy grounded within a unique social, political, and ideological context (Rosenbloom and McCurdy 2006). That is why he dedicated the first chapters of his landmark book, *The Administrative State* (1948), to the intellectual milieu from which modern public administration developed. The problem with these supposedly objective values, which included professionalism, rationalism, and efficiency, is that they were not politically neutral. For Waldo, the theory and practices of modern public administration were “shaped in a context that was in very important aspects undemocratic” (Waldo 1952, 83). These ideas developed in response to the excesses of 19th century machine politics, where it was believed that the corruption, inefficiencies, and mismanagement of municipal government was a result of *too much* democratic control. Though defenders of democracy in principle, reformers advocated for a form of paternalism they believed necessary for saving America’s experiment with democracy. As Waldo noted, the maxim at the time was “autocracy during [business hours] is the price of democracy after hours” (Waldo 1952, 87).

It is hard to overstate Waldo’s influence on the direction of public administration theory. Perhaps more than anything else, he identified a fundamental tension between what he saw as the gospel of efficiency and our broader democratic values. This tension remains a concern for some scholars of public administration to this day. For example, Nalbandian (2005) argues that heading into the 21st century, local government professionals are continually cross-pressured between an administrative culture driven by efficiency and concern for citizen engagement and other local political considerations. Navigating these cross-pressures, he argues, is complicated by “an increasing reliance in governance on public, private, and non-profit partnerships” (311).

While scholars of public administration have long warned of the potential trade-off between the efficiency gains promised by privatization and its effect on our democratic politics, those warnings have often lacked empirical support. This dissertation has provided empirical evidence that this tension between ‘the gospel of efficiency’ and our broader politics has produced some very real trade-offs. Nowhere is this reality more salient than in the ongoing debate over privatized service delivery.

The evidence contained in the pages of this dissertation revealed that citizens have preferences about how their local services are delivered. Contrary to many of the tacit assumptions of public choice scholars, Chapter II demonstrated that those preferences are not derived from the material interests that people have vested in their community; rather, they are derived the same way people form their broader political preferences. They are derived from their partisan and ideological identities, their symbolic politics and core values. Even though scholars of urban politics have long treated the politics of local governments as being unique from the politics of higher levels of government, these findings challenge this assumption. The way people form their preferences for local policies is not unique, at least not when it comes to privatization.

However, when it comes to the behavior of local governments, the findings from Chapter III largely support the copious research of public choice scholars. Local governments make privatization decisions in harshly competitive local political-economic environments where fiscal stress is a fact of life and where protecting local property values is paramount. As a result, the findings here suggest that local lawmakers and administrators prioritize efficiency over the preferences of community residents. This finding creates a disconnect between public preferences and government practice insofar as for some members of the community, namely self-identified liberals, the day-to-day operation of local government—that is, the process by which local

governments deliver their services—does not comport with their stated preferences. In other words, the findings here offer an explanation for liberal dissatisfaction with local government (Hajnal and Trounstein 2014).

Lastly, this dissertation has demonstrated that privatization also alters the way people think about and evaluate local government. In Chapter IV, I offered evidence suggesting that privatized service delivery erodes democratic accountability by making less likely that citizens will connect the services being delivered to the institution providing them: local government. This lack of government attribution for the services it provides also leads to lower evaluations of government performance, as well as the subjective belief that local government represents the interests of the people. This last finding is particularly noteworthy, especially since it lends credence to the notion that privatization shrinks the size of the public sphere and potentially erodes people's faith in local government. The fact that the size of this effect is largest when privatized service delivery is deemed a success also makes it difficult for government to build support in even the face of ostensibly smart and efficient fiscal management.

In one of the final chapters of *The Administrative State*, Waldo asked whether we should think of the concept of efficiency as an end in itself or as only a means for achieving other goals. He ultimately found himself coming down definitively on the side of the latter option rather than the former. Efficiency for efficiency's sake, he argued, is meaningless. He suggested that efficiency can only be "measured in terms of other values," and he concluded by saying that "things are not simply 'efficient' or 'inefficient.' They are efficient or inefficient for given purposes" (Waldo 1948, 202). What might be good for fostering efficiency for one thing is bad for another.

In the spirit of Waldo's words of caution, I echo a similar concern. The pursuit of economic efficiency is but one value of many, and too heavy a focus on it at the expense of other values threatens to impoverish our political discourse and our politics. The findings in this dissertation demonstrate that a local government's pursuit of efficiency gains in municipal budgets through the use of privatization comes at the cost of less democratic accountability, lower evaluations of government performance, and the loss of political efficacy among its citizens. That is not to say that local governments need to shy away from privatization entirely, or that they should. The benefits of privatized delivery of public services in local communities is sometimes quite substantial, and it can mean the difference between fiscal solvency and municipal bankruptcy in some communities. However, it is important to understand privatization's costs as well. Only then can we hope to make progress in reconciling the tension between efficiency and democratic politics that Waldo identified nearly 70 years ago.

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Appendices

A. Appendix to Chapter II – Alternative Model Specifications

Appendix Table 1: Predictors of Support for Privatized Service Delivery without Income

	A) Economic Self-Interest Model	B) Symbolic Politics Model	C) Political Attitudes Model
<u>Self-Interest</u>			
Female	-.293*** (.072)	-.199** (.066)	-.193** (.065)
Education	-.017 (.025)	.001 (.026)	-.005 (.025)
Non-White	.056 (.092)	.050 (.082)	.035 (.082)
Union Membership	.055 (.055)	.029 (.059)	.041 (.052)
Home Owner	.201** (.078)	.086 (.076)	.057 (.076)
Gov't Performance	-.087 (.052)	-.104** (.038)	-.104** (.037)
<u>Symbolic Politics</u>			
Republican	-	.036+ (.019)	.010 (.019)
Conservative	-	.142*** (.043)	.075 (.044)
<u>Political Attitudes</u>			
Limited Government	-	-	.065* (.028)
Stealth Democracy	-	-	.169*** (.042)
Constant	.923*** (.191)	.624*** (.193)	.309* (.200)
N	779	705	680
AIC	3009.645	2688.776	2571.893

Negative Binomial Coefficients. Std Errors in Parentheses. +p<.10 *p<.05 **p<.01 ***p<.001

Appendix Table 2: Predictors of Support for Privatized Service Delivery with Multiple Imputation

	A) Economic Self-Interest Model	B) Symbolic Politics Model	C) Political Attitudes Model
<u>Self-Interest</u>			
Female	-.287*** (.073)	-.193** (.069)	-.183** (.069)
Education	-.021 (.026)	.012 (.027)	.007 (.027)
Non-White	.054 (.093)	.062 (.082)	.052 (.081)
Income	.005 (.014)	.009 (.015)	.009 (.014)
Union Membership	.053 (.055)	.003 (.052)	.014 (.052)
Home Owner	.190* (.084)	.054 (.086)	.015 (.084)
Gov't Performance	-.089 (.052)	-.081 ⁺ (.046)	-.081 ⁺ (.045)
<u>Symbolic Politics</u>			
Republican	-	.038 ⁺ (.021)	.011 (.021)
Conservative	-	.146** (.050)	.079 (.052)
<u>Political Attitudes</u>			
Limited Government	-	-	.061* (.030)
Stealth Democracy	-	-	.185*** (.045)
Constant	.917*** (.193)	.541** (.207)	.201 (.212)
N	777	774	750
AIC	2653.777	2393.770	2291.619

Negative Binomial Coefficients. Std Errors in Parentheses. ⁺p<.10 *p<.05 **p<.01 ***p<.001

B. Appendix to Chapter III

B.1. Services included in the Alternative Service Delivery Survey

Public Works

Residential Waste Collection
Commercial Waste Collection
Solid Waste Disposal
Street Repair
Street Cleaning
Snow Plowing and Sanding
Traffic sign/signal installation/maintenance
Parking meter maintenance and collection
Tree trimming and Planting
Maintenance of Cemeteries
Inspection/Code Enforcement
Operation of Parking Lots and Garages
Operation /Maintenance of Bus Transit
Operation/Maintenance of Paratransit System
Operation of airports
Water distribution
Water Treatment
Sewage Collection and Treatment
Disposal of sludge
Disposal of Hazardous Materials

Public Utilities

Electric Utility Operation and Management
Gas Utility Operation and Management
Utility Meter Reading
Utility Billing

Public Safety

Crime prevention/patrol
Police/fire communications
Fire prevention/suppression
Ambulance Service
Traffic Control/Parking Enforcement
Vehicle Towing and Storage
Sanitary Inspection
Insect/Rodent Control
Animal Control
Operation of Animal Shelters

Operation of Daycare Facilities
Child Welfare Programs
Programs for the Elderly
Operation/Management of Hospitals
Public Health Programs
Drug and Alcohol Treatment Programs
Operation of Mental Health Programs
Prisons and Jails
Operation of Homeless Shelters
Job training Programs
Eligibility Determination for Welfare Programs

Parks and Recreation

Operation of Recreation Facilities
Parks Landscaping and Maintenance
Operation of Auditoriums

Culture and Arts Programs

Operation of Cultural and Arts Programs
Operation of Libraries
Operation of Museums

Support Functions (not included in measures)

Building and Grounds Maintenance
Building Security
Fleet Mgmt/Vehicle Maintenance
Payroll
Tax Bill Processing
Tax Assessing
Data Processing
Collection of Delinquent
Title Records
Legal Services
Secretarial Services
Personnel Services
Public Relations

B.2. Alternative Model Specifications

Appendix Table 1: Predicting Local Service Cuts

<u>Community Characteristics</u>	
'08 Obama Vote	-1.038+ (.573)
Reform Government	.118 (.143)
Median Household Income	.000 (.004)
% Renters	2.390*** (.720)
% Local Government Workers	-2.640 (6.316)
General Revenue Per Capita	-.066 (.082)
Population	-.082 (.058)
<u>Community Type</u>	
Suburban Community	.042 (.224)
Independent Community	-.112 (.248)
<u>Region</u>	
South	.574*** (.179)
Midwest	.342 (.249)
West	.230 (.176)
Constant	.154 (.573)
<hr/>	
N	1,056
<hr/>	
AIC	
<hr/>	
Multi-Level Negative Binomial Regression. Std Errors in Parentheses.	

Appendix Table 2: Predictors of Local Service Privatization Using
Tausanowitch and Warshaw Ideology Measure

<u>Community Characteristics</u>	
Community Conservatism	-.045 (.029)
Reform Government	.038+ (.020)
Median Household Income	.000 (.000)
% Renters	-.083 (.082)
% Local Government Workers	-.303 (.761)
General Revenue Per Capita	-.002 (.006)
Population	.009 (.007)
<u>Community Type</u>	
Suburban Community	.022 (.022)
Independent Community	.006 (.027)
<u>Region</u>	
South	-.016 (.016)
Midwest	-.015 (.028)
West	-.028* (.013)
Constant	.123+ (.068)
N	415
R ²	.054
OLS Regression Estimates. Std Errors in Parentheses.	

C. Appendix to Chapter IV

C.1. Experimental Vignettes

Vignette 1: Cleaning Up Trash Collection: City Residents Thrilled with Service from Private Trash Collection Company

Two years ago, the city council voted to switch to a private trash collection service, subcontracting the service with a local firm. Over the last several months, local residents have been impressed with the city's superb garbage collection, which is carried out by the private company that the city council put in charge of collection.

According to a recent community survey, residents' satisfaction with local garbage collection is at an all-time high, with many highlighting the predictable pick-up schedules, the efficiency, and the good customer service as reasons for their favorable attitudes.

"It's great," says one local resident. "It's really comforting to know that when they say garbage is collected at 8 am, I know it will get picked up at 8 am--not 7:30, not noon. 8 am."

Others praised the responsiveness of the private company's employees when dealing with citizen inquiries and concerns as a reason for high levels of satisfaction. When asked for comment, the spokesperson of the private company stated "I am happy to hear that residents are pleased with the service we are providing."

Vignette 2: Cleaning Up Trash Collection: City Residents Thrilled with Service from City's Public Works

Two years ago, the city council voted to switch to direct city control of trash removal, transferring responsibility for garbage collection to the city's public works department. Over the last several months, local residents have been impressed with the city's superb garbage collection, which is carried out by city employees.

According to a recent community survey, residents' satisfaction with local garbage collection is at an all-time high, with many highlighting the predictable pick-up schedules, the efficiency, and the good customer service as reasons for their favorable attitudes.

"It's great," says one local resident. "It's really comforting to know that when they say garbage is collected at 8 am, I know it will get picked up at 8 am--not 7:30, not noon. 8 am."

Others praised the responsiveness of city officials when dealing with citizen inquiries and concerns as a reason for high levels of satisfaction. When asked for comment, the mayor stated "I am happy to hear that residents are pleased with the public service we are providing."

Vignette 3: Cleaning Up Trash Collection: City Residents Angry with Service from Private Trash Collection Company

Two years ago, the city council voted to switch to a private trash collection service, subcontracting the service with a local firm. However, over the last several months, local residents have grown increasingly frustrated at the city's poor garbage collection, which is carried out by the private company that the city council put in charge of collection.

According to a recent community survey, residents' satisfaction with local garbage collection is at an all-time low, with many citing that garbage is not being picked up, its unpredictable collection schedule, and poor customer service as reasons for their unfavorable attitudes.

"It's horrible," says one local resident. "It's frustrating when I get home from work in the evenings to find I missed the truck because it came at 7:30am rather than the scheduled 8am, or, worse yet, it didn't come at all."

Others have voiced frustration that their efforts to file complaints with the private company have also fallen on deaf ears, leading to few call backs.

The spokesperson of the private garbage collection company has refused to comment for this story.

Vignette 4: Cleaning Up Trash Collection: City Residents Angry with Service from City's Public Works

Two years ago, the city council voted to switch to direct city control of trash removal, transferring responsibility for garbage collection to the city's public works department. However, over the last several months, local residents have grown increasingly frustrated at the community's poor garbage collection by city employees.

According to a recent community survey, residents' satisfaction with local garbage collection is at an all-time low, with many citing that garbage is not being picked up, its unpredictable collection schedule, and poor customer service as reasons for their unfavorable attitudes.

"It's horrible," says one local resident. "It's frustrating when I get home from work in the evenings to find I missed the truck because it came at 7:30am rather than the scheduled 8am, or, worse yet, it didn't come at all."

Others have voiced frustration that their efforts to file complaints with the mayor's office have also fallen on deaf ears, leading to few call backs.

City officials have refused to comment for this story.

C.2. Privatized Service Delivery and Stealth Democracy

The idea that privatized service delivery lowers people's evaluations of government as well as their belief that local government represents their interests is at odds with those who argue that, at their core, citizens actually prefer government more when it recedes into the background and operates more like a business (Hibbing and Theiss-Morse 2002). According to this line of reasoning, citizens are not naturally predisposed to active government involvement, and while they want formal mechanisms in place to hold government accountable for their actions, they only want to use those mechanisms in the extraordinary circumstances when government fails. The rest of the time, they want government to remain invisible in the day-to-day life of its citizens. People generally prefer a government that requires only minimal involvement from citizens and yields outcomes that are the product of what is perceived to be fair and impartial processes. For many, a government that operates more like a business and is driven by impersonal market forces is the most equitable process one could imagine.

Following this argument in favor of stealth democracy, one could then argue that privatization, by maximizing efficiency and limiting points of contact with government in the everyday lives of its citizens, actually increases a person's overall satisfaction with government, as well as the belief that it is representing people's interests. In other words, the effect of privatized service delivery on government performance and feelings of representation might be conditional on what people ultimately want from government, in this case whether or not people have a preference for stealth democracy. While privatization ought to erode people's attitudes to local government when they do not prefer stealth democracy, the opposite is true for those who do prefer stealth democracy. Indeed, support for this hypothesis would serve as a good robustness check for the mechanisms driving the erosion

Hypothesis: For people who prefer stealth democracy, privatization ought to improve their evaluation of government performance and the belief that local government represents their interests

To test this hypothesis, I looked at possible heterogeneous effects for the experiment found in Chapter IV. Recall that the expectation was that a person's preference for stealth democracy would not moderate the effect of privatization when it came to the question of accountability, but that privatized service delivery would actually improve their evaluations of government performance and feelings toward local representation. To look at the heterogeneous effect of private garbage collection conditional on people's preferences for stealth democracy, I ran a series of simple multiple regression models looking at the interaction between the experimental delivery method treatment and an additive index capturing a person's preference for stealth democracy. The question battery was given to participants before they were given the treatments, and they were asked how much they agree or disagree with three different statements: 1) government works better when run like a business 2) government should be left to the private sector whenever possible and 3) government run better when controlled by non-elected, independent experts.²³

Appendix Table 1 displays the regression results for each of my dependent variables of interest. As hypothesized, preferences for stealth democracy had no moderating effect on the ability for people to assign blame or praise of service delivery onto government ($\beta = -.034$ SE=.021, $p < .118$). In other words, there is no statistically significant difference in how privatization affects the way people who prefer stealth democracy assign responsibility to government for public services and those who do not. The same is also true with vote intention. Privatized service delivery has no direct effect on the intention to turnout to vote, nor is there an effect moderated by

²³ The Chronbach's α on the index is .70, which suggests a fairly good inter-item correlation among the measures in the index.

preferences for stealth democracy ($\beta = -.018$ SE=.021, $p < .390$). When it comes to the intention to vote, privatized service delivery appears to be unrelated to political participation, regardless of someone's preferences for stealth democracy.

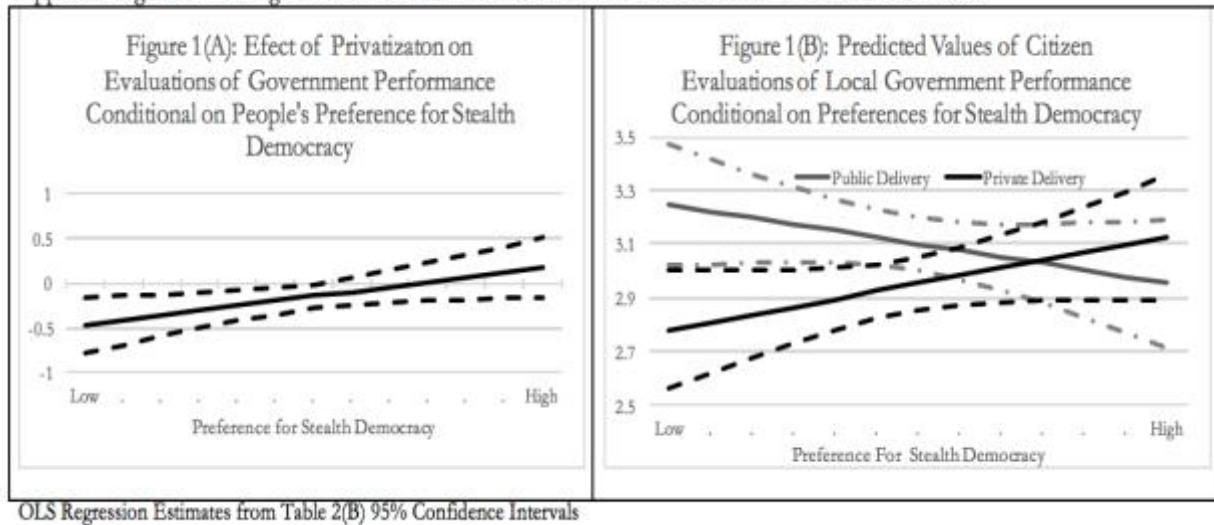
Appendix Table 1: Effect of Privatization on Citizen Attitudes and Behavior Conditional on Their Preference for Stealth Democracy

	A) <u>Accountability</u>	B) <u>Local Gov't Performance</u>	C) <u>Representation</u>
Privatized Delivery	-.868*** (.141)	-.465** (.160)	-.677*** (.142)
Stealth Democracy	-.004 (.016)	-.024 (.018)	-.035* (.015)
Private Delivery x Stealth Democracy	-.034 (.021)	.053* (.024)	.092*** (.102)
Constant	3.896*** (.101)	3.247*** (.115)	3.44*** (.102)
N	1203	1201	1202
R ²	.19	.005	.01

However, when we get to attitudes toward local government, a different story emerges. As hypothesized, preferences for stealth democracy moderates the effect of privatization on attitudes toward local democracy. Looking first at evaluations of local government performance, while privatized service delivery has a strong negative effect for those who do not have a preference for stealth democracy, that effect disappears and even turns positive—albeit just outside of traditional standards of statistical significance—for those who do like stealth democracy $\beta = .053$ SE=.024, $p < .033$. Appendix Figure 1(A) shows this conditional relationship as expressed in the marginal effect of privatization across the range of people's preferences for stealth democracy. For those people who received the treatment where garbage collection was carried out by city employees, people who preferred stealth democracy evaluated the performance of local government with a

predicted score of about .3 points lower than those who didn't favor stealth democracy. That's a change of about 1/3 a standard deviation of evaluations of local government. By contrast, for those exposed to private garbage collection, people who favored stealth democracy have a predicted evaluation of local government about .34 points higher than those who did not favor it—again, about a 1/3 standard deviation difference.

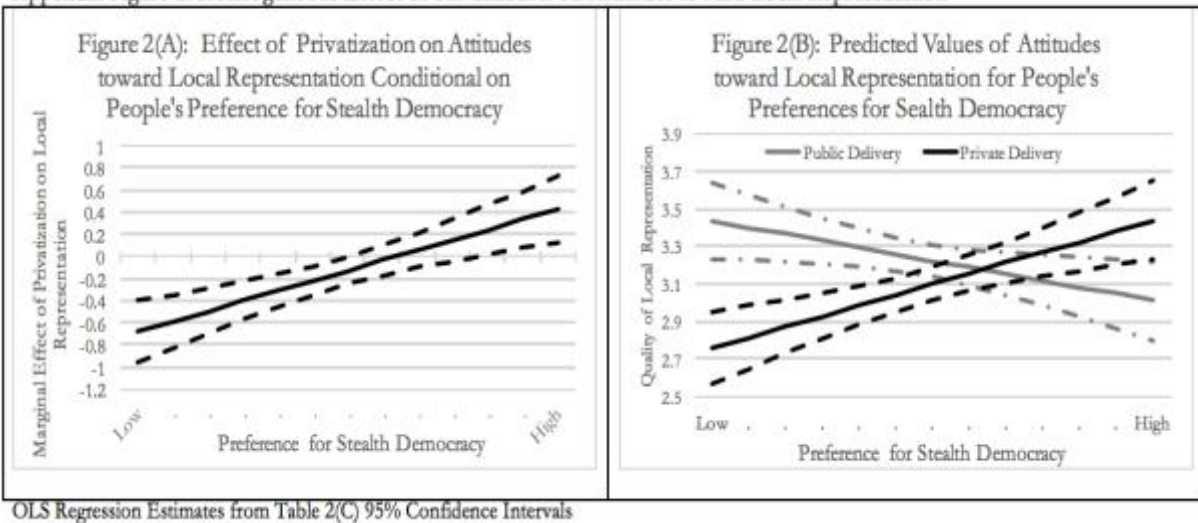
Appendix Figure 1: Heterogeneous Effect of Privatization on Evaluations of Government Performance



The preference for stealth democracy moderates the effect of privatization in a similar, albeit more pronounced, fashion when it comes of people's attitudes toward local representation ($\beta=.091$ SE=.022, $p<.000$). Appendix Figure 2(A) shows that the marginal effect of privatization on attitudes toward local representation goes from negative and statistically significant from those who do not embrace stealth democracy to positive and statistically significant for those who do embrace it. Indeed, the effect sizes here are even stronger than those captured with evaluations of local government performance. For those who were treated with public garbage collection, people who strongly favored stealth democracy registered .4 points lower in how well they believed local government represented the interests of people like them. That is over a 1/3 standard deviation change in subjective representation. More telling, though, was the difference from those who

received the treatment for the private collection of garbage. Those who preferred stealth democracy registered approximately .7 points higher on feelings toward local representation than those who did not prefer stealth democracy. That is over ½ standard deviation change. Figure 8(B) shows these trends visually.

Appendix Figure 2: Heterogeneous Effect of Privatization on Attitudes toward Local Representation



These results make a contribution to our understanding of public opinion toward public institutions. These results suggest that not everyone evaluates government according to the same standards, nor are they effected by privatization in the same way. How people evaluate government in light of privatized service delivery is contingent on what people want and expect from government. Advocates of stealth democracy have argued that contrary to conventional wisdom and contrary to those who argue in favor of more deliberative forms of democratic practice, people largely prefer a government that is more withdrawn from the day-to-day lives of average citizens. Even though not everyone holds these attitudes toward government, those who do have expectations of government that cut against the idyllic citizen envisaged by democratic theory.

In many ways, the structure of local government most closely comports with the style of government those who have a preference for stealth democracy would favor—i.e. a government

that operates like a business and typically controlled by non-elected experts. These results largely support this contention, and it goes one-step further in showing that those preferences actually have real world consequences in how people think about and evaluate government performance. Indeed, even though the results of this experiment demonstrate that privatized service delivery has a direct negative effect on public attitudes toward local government, people who embrace the tenets of stealth democracy have the exact opposite response. For those people who prefer stealth democracy, privatization actually produces more positive attitudes toward government.