

IMPERFECT UNION

REPRESENTATION AND TAXATION IN MULTILEVEL GOVERNMENTS

This book offers the first political theory of special-purpose jurisdictions, including 35,000 special districts and 13,500 school districts, which constitute the most common form of local government in the United States today. Collectively, special-purpose governments have more civilian employees than the federal government and spend more than all city governments combined. The proliferation of special-purpose jurisdictions has fundamentally altered the nature of representation and taxation in local government. Citizens today are commonly represented by dozens—in some cases hundreds—of local officials in multiple layers of government. As a result, political participation in local elections is low, and special interest groups associated with each function exert disproportionate influence. With multiple special interest governments tapping the same tax base, it takes on the character of a common-pool resource, leading to familiar problems of overexploitation. Strong political parties can often mitigate the common-pool problem by informally coordinating the policies of multiple overlapping governments.

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*For my grandparents
Howard and Helen Bullock
Robert and Patricia Berry*

POLITICAL ECONOMY OF INSTITUTIONS AND DECISIONS

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*Representation and Taxation in
Multilevel Governments*

CHRISTOPHER R. BERRY

The University of Chicago



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Preface

This book was influenced by statements from two eminent political scientists who have shaped my approach to the study of urban politics. The first statement is Paul Peterson's preface to *City Limits* (1981), in particular its first five paragraphs. Although it was not a statement made specifically to me—I was only to meet Peterson years later—it spoke to me quite directly. Therein, Peterson submits a trenchant indictment of the “loss of intellectual vitality” in the study of urban politics. He had the courage to say what most knew then and all must surely realize by now, namely, that while urban politics as a field of human endeavor remains exciting, fascinating, and central to modern life, urban politics as a field of academic study is an intellectual backwater. The reason, according to Peterson, is that urban scholars have stopped asking questions of first-order importance. Ironically, his accusation is vindicated most powerfully by the fact that *City Limits* remains the only book on urban politics written in the past 30 years that is still widely read by nonspecialists.

The second statement was made to me by Ken Shepsle over drinks in Harvard Square, just as I was beginning to form the ideas that became my dissertation and ultimately this book. I had met Ken at a conference the summer before, and we stayed in touch as a result of his generosity in mentoring a young student who had taken an interest in some of his work. When I described to him my ideas and asked his opinion on the prospect of writing a dissertation in the area of urban politics, he became pensive. “The essential thing,” he said finally, “is that it not be *sui generis*.” I nodded gravely in agreement and went home directly thereafter to look up the meaning of *sui generis*.

What both Peterson and Shepsle were saying, I came to realize, was that urban politics had become a moribund field by becoming disengaged from the intellectually lively debates of the discipline. It was asking questions that few outsiders cared about and whose answers had no implications for the rest of the field. Too often, the answers were being pursued

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using methods that would not have been state-of-the-art two generations ago. As the rest of the discipline discovered the “new” institutionalism, formal theory, and modern econometrics, too many urban politics scholars continued to produce case studies, ad hoc theorizing, and cross-sectional correlations. For the field to regain its former stature and vigor, urbanists must again work on issues that are central to the discipline of political science as whole.

On first blush, this book does not appear to be a step in the right direction. It is, after all, centrally concerned with special-purpose governments, distinctly local political institutions. Yet, I hope to convince the reader, special-purpose local governments are not *sui generis*. In fact, instances of specialized jurisdiction are ubiquitous in modern political systems, whether in the form of congressional committees, parliamentary ministries, or international organizations. Moreover, at a very general level, differences between policymaking in single-dimensional and multi-dimensional settings have been the subject of intense debate among political theorists. Local governments, therefore, provide an ideal laboratory for studying universal questions about the politics of specialized jurisdictions. While some of the institutional details differ from, say, congressional committees, the central issues are the same. Indeed, I expect that the average student of Congress will find the material and methods in this book more familiar than will the average student of urban politics. If so, then I will have succeeded, though at the risk of pleasing neither one.

Acknowledgments

This book grew out of my dissertation, and I owe an immeasurable debt of gratitude to my committee. I thank Mark Hansen, my chair, for allowing me the freedom to work outside the mainstream, but not too far, for his near-encyclopedic knowledge of the literature (on almost anything), for providing the basic ideas that ultimately became Chapter 6, and, above all, for teaching by example what it means to be a professional scholar. Sven Feldmann went far beyond the call of duty in his participation, and I thank him for never accepting anything less than the best I could produce. I am indebted to Sam Peltzman for injecting a healthy dose of common sense into the project, for encouraging me to let the data speak for themselves, and for being the only one to care more than I did about getting it finished. Finally, I thank Richard Posner for never letting me ask small questions, for encouraging me not to shy away from saying controversial things, and for making it all look so easy. I could not have asked for a more talented, committed group, and if this book makes even a small contribution, their influence will be obvious.

Although not on my committee, others at the University of Chicago during my student days lent their support in various ways to this project and to my intellectual development. I am especially grateful to John Brehm, Michael Dawson, Jeff Milyo, Gerald Rosenberg, and Lisa Wedeen.

After leaving Chicago, I had the good fortune to spend two years at Harvard in the Program on Education Policy and Governance (PEPG), run by Paul Peterson. I thank Paul for his supportive and generous mentoring, and his friendship. The cadre of young scholars whom Paul has helped shape through PEPG is truly remarkable and will stand as one of his great contributions, alongside his own seminal scholarship. I hope my membership will not detract too much from that otherwise superlative group.

I later had the even greater fortune to return to the University of Chicago, this time as a faculty member at the Harris School of Public Policy Studies. My scholarship has benefited tremendously from my

Acknowledgments

colleagues at Harris—all of them. I thank in particular Duncan Snidal, for convincing me to return to this project and transform it into a book rather than a series of articles, and Marcos Rangel for detailed comments on an early draft. Disciplinary boundaries are especially porous at Chicago, and this book has been improved as a result of my interactions with colleagues throughout the university, especially Jacob Gersen, Roger Myerson, and Francesco Trebbi. Terry Clark deserves special mention for his generous support and for sharing data on party organizational strength that greatly enhanced Chapter 6.

Jeff Lewis, Terry Moe, Eric Oliver, and Ken Shepsle were the invited participants at a conference devoted to this book, and they provided extensive comments and lively discussion of the draft manuscript. Anyone who was at that conference can attest that the book has been dramatically improved as a result of their efforts. I thank them and the Harris School's Program on Political Institutions for sponsoring the conference.

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A few individuals must be singled out for extraordinary gratitude. As long as I have known him, Will Howell has been a great colleague and a better friend. Ethan Bueno de Mesquita is an intellectual force of nature, and his passion and seriousness of purpose are infectious. He also makes the best cup of hot chocolate the world has ever known. Mat McCubbins, whom I had never met before, extended to me an extraordinary act of professional generosity. All of them read the manuscript and provided indispensable comments, but that is beside the point.

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Of course, no project as intense and long-term as writing a book can succeed without the support of friends and family. Mark Schindler and Alf Estberg are like brothers to me. A person is lucky to have one great friend in a lifetime. I do not deserve two such as these. I also thank D. Wayne and Larry Love for inspiration on Cold Harbour Lane.

Eric Tyrrell Knott, more than anyone I know, takes pleasure in the success of his friends, and he took an early interest in my project. He is perhaps the only layperson who can use the phrase “à la Tiebout” in dinner conversation (correctly). It is pretty boring dinner conversation, mind you, but still an impressive feat.

My parents, Robert and Joy, gave me every opportunity to succeed and, more importantly, the belief that I could. Together with Lynn, Colleen, Connor, and K.C., they have made my family life a great source of warmth and stability.

Saving the best for last, I thank my wife, Ané, whose love is the one true thing I know. I am privileged to share my life with such a beautiful person.

As I was finishing this book, I was blessed with the birth of my first child, Diego, who is five months old as it goes to press. It will be a long time before he can read this book and longer still before he will want to. So, let me explain it in the simplest possible terms. Daddy wrote this book so the mean people won't fire him. And also for the love of knowledge.