

Gubernatorial Powers and Legislative Agendas: Are Strong Governors Bold Governors?

Charles D. Taylor
Assistant Professor of Political Science

Ball State University
Muncie, Indiana
cdtaylor@bsu.edu

Paper prepared for presentation at the 2010 State Politics and Policy Conference, June 3-5, 2010.
University of Illinois - Springfield.

In the American political system, state governments have separate legislative and executive institutions. The legislature is responsible for making laws and the governor for executing them. These two institutions do not have strictly separated powers, however, because each branch shares its authority with the other through a system of checks and balances (Rosenthal 1990, p. 2-3). As a result, governors possess both legislative and executive authority. Governors frequently exercise their legislative authority by using their veto power to block or modify bills passed by the legislature (Bernick and Wiggins 1991, p. 78-79; Beyle 1983, p. 200; Beyle 2004, p. 215-17; Jewell 1969, p. 66-68; Morehouse 1976, p. 226; Morehouse and Jewell 2003, p. 179-80; Ransone 1982, p. 125-26; Rosenthal 1990, p. 10). Rather than merely reacting to the legislature, governors may also exercise their legislative authority proactively by proposing legislation and then using their influence to have it enacted into law (Beyle 2004, p. 221-22; Rosenthal 1990, p. 5-7).

The governor's role as "chief legislator" is an important one for his state. The combination of his statewide constituency with his high visibility creates an expectation that the governor will exercise legislative leadership to solve the state's problems (Bernick and Wiggins 1991, p. 73-75; Beyle 1983, p. 180; Beyle 2004, p. 194; Cox 1991, p. 55; Gross 1991, p. 1; Herzik 1991, p. 25 and 29; Jewell 1969, p. 62; Morehouse 1976, p. 219 and 239; Morehouse and Jewell 2003, p. 182, 192 and 167-68; Ransone 1982, p. 120; Rosenthal 1990, p. 5; Sanford 1967, p. 184-85). This legislative role also has great personal importance for the governor. The success or failure of a gubernatorial administration is often judged on the basis of the governor's success or failure in having legislative proposals enacted. Consequently, a governor's political future often depends, in large part, on his ability to use his gubernatorial powers to obtain the

cooperation of the legislature (Bernick and Wiggins 1991, p. 73-74; Beyle 1983, p. 206; Beyle 2004, p. 221; Rosenthal 1990, p. 40-41).

Governors draw on a variety of powers when trying to influence legislative outcomes. These gubernatorial powers include their formal legislative powers, such as their ability to veto legislation; formal administrative powers and resources, such as their authority to appoint certain executive branch officials; and informal powers, such as their public approval (Bernick and Wiggins 1991, p. 75-81). Existing research concerning the influence of gubernatorial powers in the legislative process has largely focused on their contribution to gubernatorial success in the legislature (Ferguson 2003; Morehouse 1973, 1996, and 1998; Sharkansky 1968). Governors' legislative efforts actually begin, however, when they select policy issues and develop proposals to address them. These prior studies have paid little attention to whether the powers that governors possess influence the policies that they propose.

My central research question is: Why is there variation in governors' legislative proposals? Specifically, I am interested in whether the type and number of policies they propose are influenced by the powers they have at their disposal. In this study, I examine governors' legislative proposals regarding economic development policy. I focus my study on governors' economic development policies because this is a policy domain in which governors have a long history of activity, allowing me to examine gubernatorial policy proposals over a period of many years (Brace 2002, p. 164; Eisinger 1988, p. 32, 258, 292, and 304-5; Grady 1991, p. 106).

In the next section I review literature concerning gubernatorial powers and the legislative process. Next, I outline a theory of gubernatorial policymaking that focuses on the influence of governors' institutional resources on their agenda choices and formulate several testable hypotheses implied by that theory. Following the discussion of my theory and hypotheses, I

describe the data and empirical models I use to test my hypotheses and present the results of my analysis. The final section summarizes my findings and their implications.

Governors' Institutional Powers and the Legislative Process

Governors' institutional powers may be divided into two categories: legislative and administrative. The legislative powers include the ability to recommend legislation, propose a budget, call special sessions, and veto legislation (Bernick and Wiggins 1991, p. 75-80; Beyle 1983, p. 198-200; Beyle 2004, p. 214-17; Jewell 1969, p. 64-68; Jewell and Morehouse 2000, p. 243; Morehouse 1976, p. 225-26; Ransone 1982, p. 123-28, 156-57; Rosenthal 1990, p. 6-7). A governor's administrative resources include the governor's executive staff, the ability to appoint important state government officials, and the ability to serve multiple terms in office (Bernick and Wiggins 1991, p. 80; Beyle 1983, p. 196 and 207-8; Beyle 2004, p. 206, 211-14, 220-21; Cox 1991, p. 60; Jewell 1969, p. 77; Jewell and Morehouse 2000, p. 242; Morehouse 1976, p.198; Ransone 1982, p. 30, 26, 132, and 170-71; Rosenthal 1990, p. 21; Sabato 1983, p. 98). These powers are formally granted to governors by their states' constitutions or statutes and thus define the gubernatorial institution in each state. Consequently, the institutional powers available to a governor in a particular state don't depend on the specific incumbent occupying the governor's office, but rather are available to any person elected to the governorship in a given state.

Using Gubernatorial Powers to Advance Legislative Goals

A governor relies, in part, on his legislative powers to advance his legislative agenda. His powers to recommend legislation, propose a budget, and call special sessions provide a governor with the opportunity to present his legislative program to the legislature and the public. His veto authority then provides him with a useful, if limited, tool for bargaining with the legislature.

These legislative powers, however, are often insufficient to ensure the enactment of a governor's legislative program. A governor usually must also use his administrative resources to support his legislative program (Ransone 1982, p. 159; Rosenthal 1990, p. 35-36 and 67-68).

Several quantitative studies of gubernatorial-legislative relations examine the extent to which a governor's institutional resources contribute to his legislative success. Ferguson (2003) finds that having a larger executive staff contributes to greater success in the legislature, but that neither veto power, appointment authority, nor budget authority have any effect (Ferguson 2003, p. 170-71). Bowling and Ferguson (2001) find that in states with strong governors, legislation concerning high-conflict policy areas, such as crime and education, is more likely to be enacted than in states with weak governors. They find that executive power has no effect on passage of low-conflict legislation (p. 193-94).

Clarke (1998) finds that stronger governors have greater influence over budget outcomes than weaker governors (p. 16). Similarly, Sharkansky (1968) finds that governors of states where there are few separately elected officials have greater influence over budget outcomes than those of states that elect relatively many statewide officials (p. 1229). He also finds that lame duck governors have less budgetary influence than those who are eligible for reelection (Sharkansky 1968, p. 1229). Ferguson (2003), on the other hand, finds that eligibility for reelection has no effect on a governor's legislative success (p. 170).

Dilger (1995, p. 118) suggests that a governor's formal resources can be divided into two types that each serve different purposes in gubernatorial policymaking. The first type consists of enabling resources, such as staff assistance, that assist him in processing information for decision making. The second type is institutional powers, such as his veto power, that he can use to force others to take action. Dilger, Krause, and Moffett (1995) examine the influence of these two

types of resources on gubernatorial reputations for effectiveness. They find that the combination of greater institutional powers, such as tenure potential, veto power, and budget authority, with enabling resources, such as a larger executive staff and the ability to appoint important officials, contributes to greater gubernatorial effectiveness, although neither institutional powers nor enabling resources have any independent effect (Dilger, Krause, and Moffett 1995, p. 562).

Legislative Capacity as a Constraint on the Governor

Because a governor requires the cooperation of the legislature to enact legislation, conflict between the legislature and the governor may constrain the governor's legislative authority (Rosenthal 1990, p. 40). Legislatures vary in the resources they have for policy making (Squire 2007). Several scholars suggest that a highly professionalized legislature will reduce a governor's success because the legislature's policy making resources will improve its bargaining position relative to the governor (Ferguson 2003, p. 164; Rosenthal 1990, p. 39 and 47; Dilger, Krause, and Moffett 1995, p. 555-6). Rosenthal (1990), however, suggests that governors and legislators will sometimes cooperate when making policy, because gridlock may invite retaliation by the voters or unwanted intervention by the courts (Rosenthal 1990, p. 204-205). Thus, when a governor and legislature cooperate, legislative capacity may serve as another resource to help a governor achieve his or her legislative goals.

The limited literature examining the influence of legislative professionalism on gubernatorial success indicates that the relationship between the two branches is not characterized by zero-sum conflict over policy. Ferguson (2003) finds that legislative professionalism contributes to greater, rather than less, legislative success for governors (p. 171). Similarly, Dilger, Kraus, and Moffett (1995) find that legislative professionalism has a positive influence on perceptions of gubernatorial effectiveness (p. 562).

Summary

The studies of gubernatorial-legislative relations reviewed above focus primarily on those factors that contribute to gubernatorial success (Clarke 1998; Dilger, Krauss, and Moffett 1995; Ferguson 2003; Sharkansky 1968). Most of these studies measure success and influence either by comparing a governor's publicly expressed positions on policy issues to eventual legislative outcomes (Clarke 1998, p. 12; Ferguson 2003, p. 166-67; Sharkansky 1968, p. 1222) or by assessing a governor's reputation for effectiveness in office (Dilger, Krauss, and Moffett 1995, p. 557-58).

Most of these studies pay only scant attention to how governors develop their policy positions. Morehouse (1996 and 1998), however, addresses this issue and suggests that governors modify their proposals when their prospects for legislative success are unfavorable. Specifically, she argues that governors adjust their agendas during periods of divided government, because they find it necessary to compromise with the opposition party in order to get their legislative proposals enacted (Morehouse 1996, p. 362; 1998, p. 218-19). She infers from her findings that governors make these compromises, but does not examine how governors modify the content of their legislative proposals to achieve success (Morehouse 1996, p. 379; 1998, p. 220).

In this study, I suggest that governors' policy proposals are influenced by their resources. In some situations, their bargaining resources will enable them to avoid compromising with an opposition majority. In other situations, their enabling resources will permit them to formulate more ambitious and innovative legislative agendas. In the next section, I outline a theory about how governors vary their economic development agenda depending on the institutional resources they have at their disposal.

Theory and Hypotheses

My theory of gubernatorial policy development is based on rational choice theory. I assume that governors are self-interested and choose actions that enable them to achieve their personal and political goals. Achieving their goals, however, requires them to expend scarce resources such as time, effort, or money. Consequently, governors will use their resources strategically and will attempt to maximize the difference between benefits they obtain and the resources they expend (Buchanan & Tullock, 1962; Downs, 1957, 1967).

Governors, as chief executives, pursue goals similar to those of presidents: achieving reelection, making good policy, and building a reputation of historical achievement (Light, 1999). Attaining legislative success is another important gubernatorial goal, partly because it is a precondition for achieving their policy goals, but also because media and public judgments of governors largely depend on their success in promoting their legislative program (Beyle, 2004; Rosenthal, 1990). A governor who is unsuccessful in the legislature may appear to be an ineffective leader, which is likely to both harm his prospects for reelection and detract from his historical reputation. According to my theory, governors formulate their legislative agendas to help achieve these goals.

Because both governors and their constituents view governors as problem solvers (Bernick & Wiggins, 1991; Beyle, 2004), many decisions about their legislative agendas will be shaped by the nature of the problems facing their states. I suggest, however, that these decisions will also be shaped by their institutional powers and other resources they have to develop new policy proposals and bargain for their support within the legislature.

Gubernatorial Powers and Legislative Agendas

A governor pursues legislative success in two stages, using different resources in each stage. First, he formulates his legislative agenda. In this stage he expends resources deciding which issues to place on the agenda, analyzing alternative policies to address those issues, determining the policy preferences of legislators, and assessing the likelihood that they will support his proposals. Once he has developed his agenda and knows the likely sources of opposition and support, the governor proceeds to the second stage and uses other resources to bargain with legislators to obtain their support for his proposals (Ransone 1982, 129-33 and 147-54).

In the first stage of the process, when a governor is developing policy proposals, he relies on enabling resources, which assist him in processing information (Dilger 1995, 118). These resources include the members of his executive staff, who can assist him in developing and analyzing specific legislative proposals and in planning his legislative strategy (Beyle 1983, 207-8; Beyle 2004, 220-21; Cox 1991, 60; Ransone 1982, 131-132). A governor's power to appoint state government officials is another important enabling resource. This administrative appointment power allows a governor to place like-minded policy officials in important positions where they and their staff members can assist him in developing his policy proposals (Bernick and Wiggins 1991, 80; Beyle 1983, 196; Beyle 2004, 211-14; Dometrius 1979, 592; Ransone 1982, 132-33). Time is a third important enabling resource. It is difficult for governors to adequately process information to make good decisions when they have little time to do so (Dilger 1995, 119).

Once a governor has formulated his legislative agenda, he shifts his focus to bargaining and negotiation. In this stage of the process, a governor uses institutional powers to convince

legislators to vote for his proposals (Dilger 1995, 118). I refer to these powers as bargaining resources. A governor's veto power is an important bargaining resource. For example, a governor can sometimes persuade legislators to amend a bill to conform more closely to his preferences by threatening to veto it if they refuse. He may also threaten to veto a bill that is important to a particular legislator as a way of persuading the legislator to support a bill that is important to the governor (Beyle 2004, 217; Jewell 1969, 67; Ransone 1982, 158; Rosenthal 1990, 12-13). In many states, governors have a line item veto that provides them with more flexibility when bargaining for the support of their policies (Bernick and Wiggins 1991, 78; Beyle 1983, 200; Beyle 2004, 215; Jewell 1969, 68; Morehouse and Jewell 2003, 179-80; Rosenthal 1990, 10). The line item veto allows a governor to obtain a particular legislator's support by threatening to veto the appropriation for a particular program favored by the legislator (Rosenthal 1990, 10).

A governor's tenure potential may further strengthen his ability to bargain with legislators. When a governor has time remaining in his current term and is eligible to serve a succeeding term, he can better promise future rewards to legislators in return for their support during the present session (Dometrius 1979, 592). Many state constitutions, however, limit the number of consecutive terms a governor may serve. These term limits may cause a governor's bargaining strength to decline over the course of his administration, with a lame duck governor near the end of his final term having little ability to make deals that extend into the future (Beyle 2004, 206; Morehouse 1976, p.198; Ransone 1982, 30, 26, and 170-71; Rosenthal 1990, 21; Sabato 1983, 98).

Although a governor's legislative bargaining will primarily take place after his legislative agenda has been formulated, the bargaining resources he will be able to use in the second stage

may influence the legislative agenda he develops in the first stage. Governors aren't myopic. When they are evaluating policies for their legislative agenda, they will look forward to the bargaining phase and anticipate the reception of these policies among legislators. If a governor anticipates that a particular policy will meet with strong resistance in the legislature, then he may choose not to propose it. Strong bargaining resources, however, may make a governor more willing to engage in conflict with the legislature. If a governor concludes that his bargaining resources will enable him to overcome legislative resistance, then he will press forward with a policy even when he expects strong opposition.

Governors and Economic Development Policy

Economic development policymaking provides a good context for examining governors' decisions about their legislative agendas. This is not only a policy domain in which states and their governors have a long history of activity (Brace 2002, 164; Eisinger 1988, 32, 258, 292, and 304-5; Grady 1991, p 106), but it is also one in which governors are strongly motivated to make good policy. Because governors are held accountable for the economic performance of their states, unfavorable economic conditions in a state can lead to a decrease in a governor's public approval rating and harm his chances of reelection (Atkeson and Partin 1995, 104; Hansen 1999, 177-78; Niemi, Stanley, and Vogel 1995, 948-49; Partin 1995, 88). Consequently, governors are likely to consider economic development policy decisions very carefully.

State economic development policies can be classified into two categories: locational and entrepreneurial. Locational policies attempt to stimulate economic growth by lowering the cost of doing business in a state in order to attract mobile business establishments that employ many workers (Eisinger 1988, 129; Fosler 1992, 3; Gray and Lowery 1990, 4; Isserman 1994, 66-72; Leicht and Jenkins 1994, 256; Peretz 1986, 624; Tietz 1994, 101). These policies reduce the cost

of business investment or operation by providing specific tax or financial incentives and by maintaining generally low business tax rates, relatively lax environmental regulations, and business-friendly labor regulations (Brace 2002, 164; Eisinger 1988, 130; Fosler 1992, 4; Isserman 1994, 69; Leicht and Jenkins 1994, 257; Saiz 2001a, 204; Spindler and Forrester 1993, 30).

Locational economic development policies provide a good context for examining the influence of conflict on gubernatorial agenda-setting because Republican and Democratic politicians tend to have different preferences for these policies. Boeckelman (1996, 347) finds that Republican governors are more likely to advocate locational economic development policies than Democratic governors. Similarly, Beamer (1999, 82-83) finds that Republican state legislators place a higher priority than Democrats on tax cuts and deregulation, which are significant components of a locational economic development strategy.

Entrepreneurial policies attempt to improve a state's economic conditions through a different mechanism than locational policies. Rather than attempting to lure mobile business firms to a state, these policies provide resources to foster the creation or expansion of local firms. Entrepreneurial policies provide venture capital and other resources to aid the formation of new businesses, export marketing assistance to help businesses sell their products in a global market, research support to develop new technology for commercialization, and training to assist businesses in adopting more efficient production methods (Eisinger, 1988).

Entrepreneurial policies provide a good context for examining the importance of enabling resources in gubernatorial policy making because they tend to be relatively complex when compared to locational policies (Gray and Lowery 1990, 4). For example, reducing the corporate income tax rate – a common locational proposal – is a simple policy that is relatively easy to

describe and understand. Implementation is also relatively uncomplicated: the state revenue department merely has to update the appropriate tax tables, forms, and instructions. Because of this simplicity, a governor doesn't require extensive policy making resources to prepare a policy recommendation of this type. Entrepreneurial policies, on the other hand, tend to be more complex. Consider a state-run venture capital fund – a common entrepreneurial program. Who will be empowered to make investment decisions? How will they be chosen? Will the criteria for investment be spelled out in advance? Or will investment managers be free to invest in whichever enterprises they choose? Proposing this type of policy requires a governor to do more policy design and rely more heavily on his enabling resources.

Gubernatorial Resources and Policy Development

A large number of issues compete for a governor's attention when he is developing his legislative agenda. No governor can address every possible issue during a given legislative session because his time and other policy development resources are limited (Cobb and Elder 1983, 85-89; Light 1999, 53-55; Walker 1977, 424-26). Consequently, a governor must focus on the most important issues because every issue has an opportunity cost in terms of resources diverted away from issues excluded from the agenda.

Once he has decided which issues he wants to address, a governor must then allocate his policy making resources among these issues. This allocation will largely be influenced by the nature of the problems afflicting his state, with more important or severe problems receiving more attention. It will also be influenced by the contribution each issue makes to his goal attainment. The issues that promise the greatest payoff in terms of objectives, such as reelection or historical achievement, will receive the greatest attention.

I argue that these decisions will also be influenced by the policy development resources he has at his disposal. A governor with relatively few of these resources will tend to avoid proposing large numbers of new, complex, or innovative policies within a single policy domain because he must reserve resources to devote to other issues. Because entrepreneurial policies tend to be the more complex of the two types of economic development policies that governors may recommend, I expect that governors' decisions regarding these policies will be particularly influenced by their policy development resources. Because a governor's enabling resources are among his most important policy development resources, I expect that:

Hypothesis 1: Governors with abundant enabling resources will recommend more entrepreneurial policies than governors with scarce enabling resources.

Legislatures have policy development resources of their own and in some situations a governor may collaborate with legislative leaders in developing policy proposals (Rosenthal 1990, 102). In these cases, legislative resources may enhance a governor's ability to develop and recommend more complex policy proposals. More highly professionalized legislatures have more policy making resources (Squire 2007), therefore:

Hypothesis 2: Governors of states with highly professionalized legislatures will recommend more entrepreneurial policies than governors of states with less professionalized legislatures.

Governors may also use their state's existing policies as a policy development resource. They and members of their policy making staff will possess more technical information about policies that are similar to their states' existing policies than about totally new policies. Because these policies have received political support in the past, new policies that are similar to existing policies may also meet with less opposition. Furthermore, policies that are similar to existing policies may be less costly to implement than completely new policies. For example, once a state has a program in place to provide assistance to entrepreneurs through business incubators, then it

is relatively easy to expand the program to additional regions within the state. When officials enact policies that are dissimilar to existing policies, however, formulation and implementation are both likely to be more costly. For all these reasons, governors will tend to recommend policies that are similar to their states' existing policies:

Hypothesis 3: If a state's existing economic development strategy relies heavily on entrepreneurial policies, then the governor will recommend more entrepreneurial economic development policies than if the state's existing strategy does not rely heavily on entrepreneurial policies.

Knowledge of other states' policies may similarly provide a governor with policy development resources. When developing new policies, a governor may choose to adopt alternatives that have been enacted in other states, reducing the time and other resources required for policy development (Walker 1969, 889). In other words, a governor can utilize other states' experience to overcome his own inexperience with a given policy type.

There are multiple theories about how policies diffuse among the states (Berry and Berry 1999, p. 171-5). In the case of economic development policy, I contend that governors will emulate the policies of neighboring states. First, governors are likely to be more aware of policy decisions made in neighboring states than in other regions. Second, neighboring states are likely to be similar in such characteristics as the availability of raw materials and access to transportation that will tend to cause them to see each other as competitors for business expansion (Eisinger 1988, p. 202-3). Finally, there is empirical evidence that citizens use neighboring states as benchmarks in evaluating governors with respect to their state's economic performance (Besley and Case 1995, p. 36 and Niemi, Stanley, and Vogel 1995, p. 949). My next hypothesis is related to the influence of other states' economic development policies:

Hypothesis 4: If a state's neighbors' economic development strategies rely heavily on entrepreneurial policies, then the governor will recommend more entrepreneurial

economic development policies than if neighboring states' strategies do not rely heavily on entrepreneurial policies.

While enabling resources, legislative professionalism, and existing policies allow a governor to develop larger numbers of more complex and innovative policies, bargaining resources allow a governor to obtain support for controversial proposals. The next section discusses the influence of bargaining resources on governors' legislative agendas.

Gubernatorial Powers and Planning for Conflict

A governor's bargaining strength will influence his legislative agenda because he will look ahead during the policy development process and consider whether a policy is likely to generate conflict with the legislature. If he believes he has sufficient bargaining strength to overcome resistance to a controversial proposal he is more likely to include it on his agenda, than if he believes he can't obtain support for it. In the economic development domain, controversy and conflict are likely to arise over locational policies because Republicans have a greater preference for them than Democrats (Boeckelman 1996; Beamer 1999, 82-83). This evidence of Republican governors' stronger preference for locational policies leads to my next hypothesis:

Hypothesis 5: Republican governors will propose a greater number of locational economic development policies than Democratic governors.

Because governors need action by the legislature to enact their proposals into law, their policy choices may be constrained by the partisan balance within the legislature. A governor can expect greater support for his proposals from among his own party members because they tend to share his policy preferences and want to see him succeed (Beyle 2004, 221; Bond and Fleisher 1990, 90-91 and 113-15; Edwards 1989, 40-41; Hall 2002, 107; Morehouse 1973, 67, 1998, 219-20; Rosenthal 1990, 55). Consequently, a governor's prospects for legislative success are greatest when his party controls the legislature. During unified government, not only does the

governor's party hold a majority of the seats in each legislative chamber, but his party members also hold the most important leadership positions. As a result, the governor's policies are likely to be well received within the legislature and will require relatively little lobbying effort by the governor and his staff. For these reasons, I expect that a governor will recommend a greater number of policies preferred by his party members when his party controls the legislature. This expectation suggests my next hypothesis:

Hypothesis 6: Republican governors will propose a greater number of locational economic development policies during periods of unified government than during periods of divided government.

During periods of divided government, a governor may be able to use his bargaining powers to persuade opposition legislators to support his proposals. If he has sufficient bargaining resources, then he may be able to gain enough opposition party votes to assemble a coalition that will enact his policy proposals. I expect that governors with strong bargaining powers will be better able to pursue this strategy than those with weak bargaining powers and will be able to pursue a more ambitious agenda during periods of divided government. Consequently:

Hypothesis 7: During periods of divided government, Republican governors with strong bargaining powers will propose a greater number of locational economic development policies than Republican governors with weak bargaining powers.

I do not expect a governor to rely on this bargaining strategy when he requires a large number of opposition votes to build a majority coalition. First, a governor's bargaining resources are finite, limiting the number of political deals he can make with individual legislators. Second, conflicting demands made by legislators may make it difficult for a governor to make a large number of these political bargains. For example, a governor may promise to support a piece of legislation favored by a particular legislator in return for the legislator's support for the governor's proposal. Another legislator, however, may ask the governor to oppose the same

piece of legislation in return for his support of the governor's proposal. Because the governor cannot honor both requests, the earlier agreement prevents the governor from successfully negotiating the later agreement. The more agreements a governor has already negotiated, the more likely he is to run into conflicts of this sort when trying to negotiate additional agreements. Consequently, I expect bargaining resources to be of relatively little importance during periods when the opposition party has a large majority:

Hypothesis 8: During periods of divided government, the difference between the numbers of traditional economic development policies proposed by Republican governors with strong and weak bargaining powers will be greater when Democrats have a small legislative majority than when they have a large majority.

In the next section, I describe the methods I use to collect the data needed to test these hypotheses.

Data Collection

Sources of Gubernatorial Economic Development Proposals

I obtained data concerning gubernatorial economic development proposals by content analyzing major legislative addresses delivered by governors of all fifty states during the ten-year period from 1997 to 2006. These addresses are a good source for identifying gubernatorial policy proposals because they are delivered annually at the beginning of a legislative session when governors announce to the media, the public, and the legislature the policies that they intend to pursue during the upcoming session. Because they have only a limited amount of time in which to deliver their addresses, governors will usually focus on the issues and proposals that are the most important to them (Bernick and Wiggins 1991, p. 75; Ferguson 2003, p. 166-67; Herzik 1991, p. 30; Rosenthal 1990, p. 7 and 26).

I read and analyzed a total of 462 gubernatorial addresses for this study.¹ In most cases, I analyzed the governor's state of the state address or budget address. Some newly elected governors did not deliver a state of the state or budget address during their inaugural year. In these cases, I analyzed their inaugural addresses. I obtained the text of these addresses from several different sources, including official state websites, online archives maintained by non-governmental organizations, and state archives, libraries, and historical societies.

Identifying and Classifying Gubernatorial Economic Development Proposals

In my analysis, I identify gubernatorial economic development policies using the definition proposed by Fisher and Peters (1998). Economic development proposals are those that have an explicit economic development objective. A policy proposal has an explicit economic development objective if it probably would not have been recommended in the absence of public concern about a state's economic conditions (Fisher and Peters 1998, p. 32). Examples of economic development proposals include those for targeted tax or financial incentives intended to attract businesses to the state, general reductions in corporate income taxes or other taxes imposed on businesses or business owners, business-friendly modifications to labor or environmental regulations, programs to provide aid to entrepreneurs starting a business, and programs to develop technology that can be commercialized by local business firms.

This definition excludes proposals with only a rhetorical connection to economic development. It also excludes some policy proposals even though they may reasonably be expected to benefit the state's economy. For example, governors often claim that their education or transportation policy recommendations will improve the state's economic conditions. Although improving the quality of a state's educational services or transportation infrastructure

¹ Governors of some states did not deliver an address every year during the study period.

may indeed be beneficial to the long-term health of a state's economy, there are other valid objectives for these proposals that are unrelated to economic development. Improvements in education can be justified on equity grounds and transportation improvements can be justified on safety grounds. Because these policies could be recommended even when there is no concern about the state's economy, they do not have an explicit economic development objective according to my definition and are, therefore, excluded from my analysis.

I classified each gubernatorial economic development proposal identified during the content analysis into one of two categories: locational or entrepreneurial. Locational economic development policies attempt to stimulate economic growth by lowering the cost of doing business in a state in order to attract mobile business establishments that employ many workers. These policies reduce the cost of business investment or operation by maintaining low tax burdens on businesses and business owners, maintaining business-friendly environmental and labor regulations, and providing businesses with financial and non-financial subsidies (Brace 2002, p. 164; Eisinger 1988, p. 129-30; Fosler 1992, p. 3-4; Gray and Lowery 1990, p. 4; Isserman 1994, p. 66-72; Leicht and Jenkins 1994, p. 256-57; Peretz 1986, p. 624; Saiz 2001a, p. 204; Spindler and Forrester 1993, p. 30; Tietz 1994, p. 101). I categorized a governor's economic development proposal as a locational policy when its purpose was to lower the tax burden on businesses or entrepreneurs, enact business-friendly regulatory policies, or provide financial or non-financial subsidies to mobile business firms.

Entrepreneurial economic development policies are intended to stimulate economic growth by encouraging the creation and expansion of local firms, rather than merely inducing mobile firms to locate in a state (Eisinger 1988, p. 228-29). Examples of entrepreneurial policies include using state venture capital funds to aid new small businesses, helping local businesses

promote their products in foreign markets, and supporting the research and development of technology that can be commercialized by local firms (Brace 2002, p. 164-65; Bradshaw and Blakely 1999, p. 229-30; Eisinger 1988, p. 240, 1990, p. 513; Gray and Lowery 1990, p. 4; Isserman 1994, p. 73-78; Lowery and Gray 1992, p. 484-85; Tietz 1994, p. 102-3). I categorized a governor's economic development proposal as an entrepreneurial policy when its purpose was to provide aid to new businesses; assist firms in exporting their goods or services; aid the state's tourism industry; fund the research, development, and commercialization of new technology; or assist firms in adopting modern production methods.

During the period from 1997 through 2006, governors included 1,219 economic development proposals in their state of the state or other major legislative addresses. Of these proposals, 826 concerned locational economic development policies. The remaining 393 proposals were for new or expanded entrepreneurial policies.

Measuring Gubernatorial Powers

I measure governors' institutional resources using several indexes that indicate the strength of specific individual resources that contribute to governors' enabling or bargaining resources. I combine the individual indexes to create two indexes that measure governors' enabling and bargaining resources, respectively. These two indexes are then used to classify governors as strong, weak, or average with respect to each of the two types of resource.

Enabling Resources

To measure governors' enabling resources, I create indexes measuring four different resources that assist a governor in processing information: the size of the governor's executive staff, the absence of separately chosen statewide officials, the governor's appointment power, and his time in office. Each of these individual indexes measures gubernatorial powers on a scale

from one to five. Governors with the greatest resources have an index value of five and those with the weakest powers have an index value of one.

A governor's executive staff is one of his most important enabling resources (Dilger 1995, p. 120). These staff members can advise the governor and assist him in formulating policy proposals (Ransone 1982, p. 131). I obtain information about the number of gubernatorial staff members in each state from the *Book of the States* (Council of State Governments various years).² The number of gubernatorial staff members varies from 7.5 full-time equivalent employees in Wyoming to 310 in Florida. The median staff size was 39 members. Governors in the top quintile had more than 78 staff members and were assigned an index value of 5; those in the lowest quintile had 22 or fewer staff members and were assigned an index value of 1. Governors within the second, third, and fourth quintiles were assigned index values of 4, 3, and 2 respectively.

The ability to appoint important statewide executive branch officials allows a governor to place like-minded policy officials in positions of importance, where they can help him develop and promote his legislative agenda (Bernick and Wiggins 1991, p. 80; Beyle 1983, p. 196; Beyle 2004, p. 211-14). In some states, however, many important statewide officials may either be popularly elected or appointed by political officials other than the governor, such as the legislature. Selection of these officials by someone other than the governor limits a governor's influence over important executive branch functions, because these separately chosen officials may have a different constituency than the governor or different policy goals, making them less responsive to his policy preferences than an appointed official (Beyle 1983, p. 191-92; Beyle 2004, p. 210-11; Gross 1991, p. 10; Herzik 1991, p. 26; Morehouse 1976, p. 222; Schlesinger

² The *Book of the States* was not published in 1998 or 2000. I assume that governors had the same number of staff members in 1998 and 2000 as in 1997 and 1999, respectively.

1965, p. 208). When a governor is allowed to appoint these officials, however, he can appoint people to these positions who share his policy goals. These appointed officials can then use the staff and other resources at their disposal to assist the governor in formulating his legislative proposals (Ransone 1982, p. 132-33). The ability to appoint these officials thus has the effect of expanding the governor's staff.

Beyle (2008) has created two indexes that measure gubernatorial resources with respect to appointment powers and the existence of separately elected statewide officials. For each index, Beyle (2008) assigns the strongest governors an index value of 5 and the weakest a value of 1. Beyle's indexes are not available for every year in my study period. For the years that are unavailable, I use indexes from the most recent prior year.

The amount of time that a governor has to formulate new policies is another important resource (Dilger 1995, p. 119). A governor's time for formulating a legislative agenda is most scarce during his first term. Because governors are elected in November and most states' legislative sessions begin in early January, a newly elected governor usually has only about two months to prepare his first legislative program. By the second year of his term, a governor has had a full year to consider his next legislative agenda. During the subsequent years of his administration, a governor is able to build and expand on his prior policy development. The index measuring a governor's time for policy development takes on values of 1 through 4 during his first four years in office and a value of 5 during any subsequent years.

Bargaining Resources

To measure governors' bargaining resources, I create indexes measuring two different resources that assist a governor in negotiating with legislators: the governor's veto authority and his tenure potential. Each of these individual indexes measures gubernatorial resources on a scale

from one to five. Governors with the greatest resources have an index value of five and those with the weakest powers have an index value of one.

Although governors of all fifty states possessed the power to veto legislation during the period of my study, the strength of governors' veto authority varies across states. Some states grant their governors the line item veto, which enhances their veto power. States also vary with respect to the requirements for a legislative override. In some states a mere majority is required to override a governor's veto, while in others a supermajority is required. Beyle (2008) provides an index that accounts for these variations in gubernatorial veto power, with the strongest governors having an index value of 5 and the weakest a value of 1.

In most states, gubernatorial terms are four years long and governors may serve no more than two terms. The need to run for reelection and the imposition of term limits restrict the time that governors have to build legislative coalitions and may also lead to a decline in gubernatorial bargaining strength over the course of their administrations (Beyle 2004, p. 206; Morehouse 1976, p.198; Ransone 1982, p. 30, 26, and 170-71; Rosenthal 1990, p. 21; Sabato 1983, p. 98). A lame duck governor serving his final term is potentially at a disadvantage in bargaining with legislators compared to a governor who is eligible to run for reelection. A legislator who opposes a lame duck governor's policies may choose to wait until a new governor is elected and takes office rather than bargaining with the current governor. If a governor is eligible to run for reelection, on the other hand, a legislator may decide to negotiate with him because it may be several years before a new governor takes office. Similarly, governors with three or four years remaining in their current term have more potential power than governors with only one or two years remaining.

I obtain information about gubernatorial term lengths, gubernatorial term limits, and when each governor in my dataset was first elected or succeeded to office from the *Book of the States* (Council of State Governments 1997, 1999, 2001, 2002, 2003, 2004, 2005, 2006). I used these data to create an index measuring gubernatorial tenure potential on a scale from one to four. A governor is weakest with regard to tenure potential when he is both ineligible for reelection and has only one or two years remaining in his current term. I assign governors in this situation the lowest possible index value of one. Governors who have three or four years remaining in their current term and are eligible to serve another term have the greatest strength on this dimension. These governors are assigned the highest index value of five. A governor who has three or four years remaining in his current term but is term-limited and ineligible to run for reelection, has intermediate strength with regard to tenure potential. A governor who has only one or two years left to serve in his current term, but is eligible to run for reelection also has intermediate strength in this regard. Because it is not clear to me which of these two governors are stronger, I assign each of them an index value of 3, which is the mid-point value between the strongest and weakest governors.

Gubernatorial Party Affiliation and Legislative Control

I obtain information concerning the party affiliation of each governor in my dataset from the gubernatorial data contained within the *Book of the States* (Council of State Governments 1997, 1999, 2001, 2002, 2003, 2004, 2005, 2006). I included this information in my dataset by coding a variable indicating each governor's party affiliation. The variable has a value of one if the governor was a Republican and zero if he was a Democrat.³

³ I eliminated two governors who were neither Republicans nor Democrats from my analysis. These governors were Angus King, independent governor of Maine from 1995 to 2003, and Jesse Ventura, Reform Party governor of Minnesota from 1999 to 2003.

I also code a variable indicating whether the governor's political party controlled the state legislature at the time of each governor's legislative address. The variable has a value of one if the both chambers of the legislature were under the control of the governor's party and a value of zero if it was not. I considered a state legislature to be under neither party's control if each chamber was controlled by a different party or if one or both chambers were under shared control.⁴

I use a dataset and set of definitions developed by Klarner (2003) to determine which party controlled each chamber of a state legislature. The Klarner dataset⁵ provides data concerning partisan control of state legislatures from 1997 through 2000. I add data to the dataset covering the years 2001 through 2006 by applying Klarner's (2003) definitions to data I obtain from the *Book of the States* (CSG 2002, 2003, 2004, 2005, 2006) and from the web site of the National Conference of State Legislatures (NCSL 2002a, 2002b, 2003, 2004, 2005, 2006).

In my theory, I suggested that the impact of a governor's powers would depend not only on whether the state government was unified or divided, but on how large an advantage the majority party enjoyed over the minority. I include in my dataset two variables measuring the Democratic and Republican majority advantage of each party. The calculation of these variables is best illustrated by means of examples. Suppose that Democrats in a particular state enjoy a 55 to 45 seat advantage in the lower chamber and a 26 to 24 in the upper chamber. In this situation, the Republican advantage is equal to zero because it is in the minority in both chambers. The

⁴ I cannot create variables that indicate which party is in control of the Nebraska legislature because it is nonpartisan. For this reason, I have excluded addresses by Nebraska governors from my analysis.

⁵ The Klarner dataset is available for download at the *State Politics and Policy Quarterly* data resource web site. The web site address is http://academic.udayton.edu/SPPQ-TPR/klarner_datapage.html. Klarner has updated his dataset through 2007 since the time I downloaded the data.

Democratic advantage is equal to $(55 - 45 + 26 - 24)$ or 12. In the case of split control, with a different party controlling each chamber, both variables will have non-zero values.

Existing Economic Development Policies

I measure the extent to which each state's existing economic development strategies rely on locational and entrepreneurial policies using indexes of economic development policy content reported by Saiz and Clarke (2008, 430, 434).⁶ Each index takes a value of zero if a state's economic development policies do not include any policies of a given type. Increasing positive values indicate greater reliance by a state on policies of that type. For each state, I create indexes measuring the economic development policies of its neighboring states by computing the arithmetic average of the indexes for the states which share a border with the state. Unfortunately, the underlying data source that Saiz (2001b) uses to create the indexes does not the creation of indexes for each year. Consequently, I use the 1994 indexes for 1997 and 1998, the 1998 indexes for 1999-2002, and the 2002 indexes for 2003-2006.

Control Variables

I also include a number of control variables to account for the economic conditions in each state that I expect to influence gubernatorial economic development proposals, although they have no direct relationship to my hypotheses. These variables measure state economic performance, budget resources, and entrepreneurial resources. Information concerning the sources and methods I use to create these variables is available on request. The next section describes the empirical models I use to analyze my data and test my hypotheses.

⁶ The methods used to construct the indexes are described in Saiz (2001b).

Data Analysis

I test my hypotheses by estimating quantitative models which predict the number of economic development proposals governors include in their major legislative addresses. Because the dependent variable for each model is a count of economic development proposals, I must use a method appropriate for count data. Poisson and negative binomial regression are commonly used methods appropriate for analyzing count data. The primary practical difference between Poisson and negative binomial regression is that negative binomial regression is appropriate for analyzing over dispersed dependent variables, which are common in political science research (King 1988, p. 840). Consequently, negative binomial regression is commonly used to analyze count variables, such as the dependent variables in this study.

Negative binomial regression, however, will sometimes provide a poor fit to count data with a large number of zeros. This poor fit can occur if the underlying process generating the data has two separate phases: one in which the count moves from zero to some positive non-zero value, and one in which the observed count is generated (Zorn 1996, p. 1). In other words, the underlying process that moves the count from zero to one is different from the process that moves the count from one to two. My theory of gubernatorial economic policy development envisions this type of dual regime process. I assume that governors first determine whether to place a particular type of economic development policy on their legislative agenda, and then determine how many policies of that type to recommend to the legislature.

In this study, I analyze my data using a hurdle model, according to the procedure described by Golder (undated). This hurdle model uses a logit regression to estimate the probability that a governor proposes no policies of a given type and a zero-truncated negative binomial regression to estimate the number of policies recommended when the count is non-zero.

Many of my hypotheses concerning the number of economic development policies they propose are conditional hypotheses. For example, I hypothesize that the effect of a governor's bargaining powers on the number of locational economic development policies he recommends to the legislature depend on his partisan affiliation, whether the legislature is controlled by members of his party, and if not, then how many opposition votes he needs to form a majority. To account for these conditional effects, I must include terms in some of the models to account for the interactions between the variables measuring these factors (Brambor, Clark, and Golder 2006, p. 64-65).

Gubernatorial Resources and Policy Development

The regression results for my first model are presented in Table 1. This model predicts the number of entrepreneurial policies that governors propose in their legislative addresses. Rather than trying to interpret the regression coefficients directly, I follow the advice of King, Tomz, and Wittenberg (2000) and use the regression results to present outcomes in terms of the quantity of interest, which in this case is the number of entrepreneurial economic development policies included in a governor's legislative address. Using Scott Long's postestimation routines for Stata⁷, I am able to calculate the estimated probability that a governor will include a given number of policies in his legislative address under various conditions. I can then use those estimated probabilities to calculate the expected value for the number of policies included.

In my first hypothesis, I predicted that governors with abundant enabling resources would propose more entrepreneurial policies than those with scarce enabling resources. My predictions for governors with scarce and abundant enabling resources are plotted in Figure 1. An examination of the figure reveals that there is a greater probability that governors with scarce

⁷ The routines are available from Long's website at <http://www.indiana.edu/~jslsoc/spost.htm>.

enabling resources will propose zero entrepreneurial policies than for those with abundant enabling resources (66 percent vs. 55 percent). Governors with abundant enabling resources are more likely to propose one or two entrepreneurial policies than are governors with scarce enabling resources. Enabling resources have little effect on the probability that a governor will propose three or more of these policies.

I can compute the expected value of the number of entrepreneurial proposals in each case by multiplying the number of proposals by the probability associated with that number and then summing up the individual expected values. When I perform this calculation for the results presented in Figure 1, I find that governors with abundant enabling resources are expected to propose approximately 0.79 entrepreneurial policies vs. 0.74 policies by those with scarce enabling resources. This result is as predicted by my first hypothesis.⁸

In my second hypothesis, I predicted that a highly professionalized legislature would allow a governor to propose a greater number of entrepreneurial policies. The results plotted in Figure 2, however, do not provide any support for my hypothesis. Although governors of states with low levels of legislative professionalism are slightly more likely to propose zero entrepreneurial policies than those of states with highly professionalized legislatures, they are also slightly more likely to propose three or more policies. As a result, governors of states without highly professionalized legislatures are expected to propose slightly more entrepreneurial policies on average (0.78 vs. 0.72).

My next two hypotheses referred to a governor's ability to use the existing economic development policies of his own state or neighboring states as resources for developing entrepreneurial economic development policies. Figures 3 and 4 present predictions illustrating

⁸ Unfortunately, at this point, I don't know how to compute confidence intervals or standard errors for these values.

the impact of high levels of entrepreneurial policy content in a state's own policies and the policies of neighboring states. Governors of states that already rely heavily on entrepreneurial policies are expected to propose more of these policies (0.81 vs 0.65). Similarly, when neighboring states rely heavily on these policies governors are expected to propose more of them (0.87 vs, 0.60). These findings tend to confirm my third and fourth hypotheses.

Bargaining Resources and Partisan Conflict

The regression results for my second model are presented in Table 2. I first use these results to predict the number of locational policies proposed by Republican and Democratic governors. These predictions are plotted in Figure 5 and indicate that Democratic governors are more likely to propose none or one locational policy while Republican governors are more likely to propose multiple locational economic development policies. Consequently, Republican governors are expected to propose 1.97 locational policies per address while Democrats are expected to propose only 1.17. These predictions lend support to my fifth hypothesis which regards partisan preferences.

In my sixth hypothesis, I predicted that the potential for partisan conflict would lead Republican governors to propose fewer locational policies during periods of divided government. The predictions plotted in Figure 6 indicates only scant support for my hypothesis. During periods of unified government Republican governors are expected to propose 2.03 locational policies versus 1.90 during periods of divided government.

During periods of divided government, I predicted that Republican governors with strong bargaining powers could use those powers to overcome Democratic opposition to locational policies. These powers would allow them to propose more locational policies under these conditions than governors with weak bargaining powers. Figure 7 plots predictions illustrating

the impact of bargaining resources. During periods of divided government, Republican governors with weak bargaining resources are more likely to propose none or only one locational policy than strong governors. Strong governors, on the other hand, are more likely to propose three or more locational policies. As a result, strong governors are expected to propose 1.91 locational policies vs. only 1.60 for weak governors.

In the discussion of my theory I suggested, however, that a Republican governor's strategy of using bargaining resources to overcome opposition by the majority Democrats would become less viable as the size of the opposition majority increased. To test this hypothesis, I estimated a third model similar to the second model. The key difference is that the third model includes variables measuring the size of Democratic or Republican majorities, rather than a simple indicator of unified government. The results of this regression are presented in Table 3.

Figure 8 displays predictions for strong and weak Republican governors facing a legislature controlled by a relatively small Democratic majority (28-seat advantage across both chambers). Governors with strong bargaining powers are expected to propose 2.12 locational proposals vs 1.71 proposals by weak governors, a difference of 0.41 proposals. Figure 9 displays predictions for the case of a legislature controlled by a relatively large Democratic majority (74-seat advantage across both chambers). As I expected, both strong and weak governors propose fewer locational policies in this scenario than when the legislative Democrats have a smaller advantage, 1.61 proposals for strong governors and 1.47 for weak governors. In this situation the effect of strong vs weak bargaining powers is 0.14 proposals, much less than the effect of 0.41 proposals in the small majority scenario. These results tend to support my theory that the value of a governor's bargaining resources declines as the size of the opposition majority increases.

Conclusion

My results suggest that strong governors may, indeed, be bold governors. When they formulate their legislative agendas, their decisions appear to be influenced by the gubernatorial resources they have at their disposal. For example, governors with abundant enabling resources appear to have slightly greater capacity for developing and proposing entrepreneurial economic development policies. Governors are able, however, to draw on other resources, too. Policy diffusion and learning also appear to contribute to a governor's ability to develop new and innovative policies.

I also find that governors' bargaining resources allow them to engage in conflict with the legislature during periods of divided government. In the context of economic development policy, this means that Republican governors with strong bargaining powers are better able to pursue an ambitious legislative program of locational policies relying on tax cuts, business subsidies, and deregulation, when faced with a Democratic controlled legislature than governors in a weaker bargaining position.

My results demonstrate, however, that are limits to a governor's bargaining resources. The influence of these bargaining resources on the size of a Republican governor's locational policy agenda declines as the size of the opposition majority grows. Presumably, if the opposition majority is large enough, then a strong governor may be in little better bargaining position than a weak one.

Finally, my findings suggest that scholars may need to reconsider the relationship between the size of a chief executive's agenda and his legislative success. Presidential scholars contend that presidents should limit the number items on their legislative agendas to increase their prospects for legislative success (Bond and Fleisher 1990, p. 32; Edwards 1989, p. 201-2;

Light 1999, p. 52-53). At the state level, Ferguson (2003) finds that a governor's probability of legislative success decreases as the size of his legislative agenda increases (p. 170). Her finding assumes, however, that gubernatorial strength is held constant and that a governor's decisions about agenda size are independent of the strength of his gubernatorial powers. Ferguson's (2003) theory assumes that strong governors will use their powers to increase the percentage of their proposals that are enacted by the legislature (p. 162-63). My findings, however, imply that strong governors expand their agendas and attempt to increase the number of proposals that are enacted rather than the percentage.

Table 1: Hurdle Model Results Predicting the Number of Entrepreneurial Economic Development Proposals per Legislative Address, 1997-2006.

	Hurdle (Logit) Est. Coeff. (S.E.)	Count (Zero-truncated negative binomial) Est. Coeff. (S.E.)
Republican Governor	-0.567 (0.756)	17.016 (2711.898)
Democratic Governor	-0.412 (0.757)	16.787 (2711.898)
Strong Enabling Powers	-0.165 (0.287)	-0.032 (0.243)
Weak Enabling Powers	-0.330 (0.273)	0.406 (0.263)
Legislative Professionalism	-1.466 (1.113)	-3.406 *** (1.078)
Entrepreneurial Policy Index	-0.611 ** (0.240)	0.021 (0.218)
Entrepreneurial Policy Index of Neighboring States	-1.255 *** (0.376)	0.586 ** (0.268)
High Tech Employment	0.039 (0.073)	-0.112 (0.073)
Private Venture Capital Funding	0.001 (0.001)	0.000 (0.001)
Academic Research and Development Expenditures	0.001 (0.000)	0.002 (0.001)
Relative Average Wage	0.020 * (0.011)	0.039 *** (0.011)
Relative Unemployment Rate	0.175 * (0.098)	0.061 (0.099)
Relative Firm Creation Rate	-0.040 (0.040)	-0.162 *** (0.046)
Intercept	3.666 *** (1.062)	-16.799 (2711.898)
Number of observations	442	183
Log likelihood	-278.7	-240.0

* p < 0.1; ** p < 0.05; *** p < 0.01 (all two-tailed tests).

Estimates are unstandardized maximum likelihood coefficients.

Table 2: Hurdle Model Results Predicting the Number of Locational Economic Development Proposals per Legislative Address, 1997-2006.

	Hurdle (Logit) Est. Coeff. (S.E.)	Count (Zero-truncated negative binomial) Est. Coeff. (S.E.)
Republican Governor	-0.558 * (0.296)	0.827 *** (0.282)
Unified Government	0.039 (0.334)	0.806 ** (0.328)
Strong Bargaining Resources	-0.205 (0.263)	0.066 (0.406)
Weak Bargaining Resources	-0.029 (0.277)	0.517 (0.426)
Republican Governor x Unified Government	-0.313 (0.463)	-0.827 (0.390)
Republican Governor x Strong Bargaining Resources	--	-0.150 (0.482)
Republican Governor x Weak Bargaining Resources	--	-0.798 (0.492)
Unified Government x Strong Bargaining Resources	--	0.045 (0.529)
Unified Government x Weak Bargaining Resources	--	0.020 (0.636)
Republican Governor x Strong Bargaining Resources x Unified Government	--	0.062 (0.640)
Republican Governor x Weak Bargaining Resources x Unified Government	--	0.609 (0.760)
Legislative Professionalism	0.720 (1.185)	0.889 (0.725)
Locational Policy Index	0.309 (0.319)	0.238 (0.201)
Locational Policy Index of Neighboring States	0.698 (0.606)	-1.036 *** (0.387)
Relative Average Wage	-0.004 (0.010)	-0.006 (0.006)
Relative Unemployment Rate	-0.397 *** (0.116)	0.054 (0.067)
Relative Firm Creation Rate	0.057 (0.041)	-0.009 (0.027)
Annual Change in Average Wage	-0.007 (0.083)	0.044 (0.050)
Annual Change in Unemployment Rate	0.295 ** (0.146)	-0.152 * (0.090)
Annual Change Firm Creation Rate	-0.107 (0.079)	0.075 * (0.044)
Projected Change in General Fund Revenue	-0.037 (0.023)	0.011 (0.015)

	Hurdle (Logit) Est. Coeff. (S.E.)	Count (Zero-truncated negative binomial) Est. Coeff. (S.E.)
Intercept	-1.936 * (1.018)	0.849 (0.647)
Number of observations	423	275
Log likelihood	-257.4	-473.3

* p < 0.1; ** p < 0.05; *** p < 0.01 (all two-tailed tests).
Estimates are unstandardized maximum likelihood coefficients.

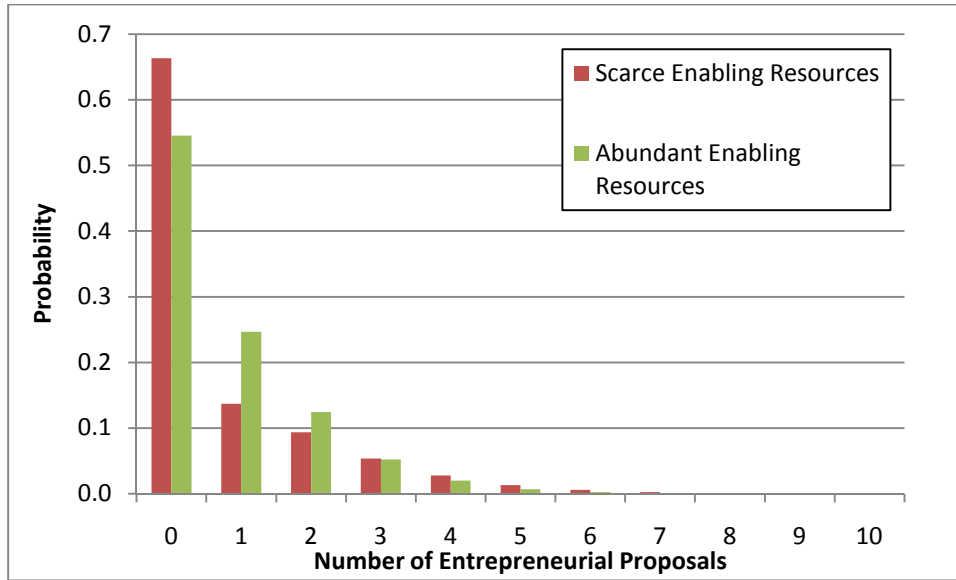
Table 3: Hurdle Model Results Predicting the Number of Locational Economic Development Proposals per Legislative Address, 1997-2006.

	Hurdle (Logit) Est. Coeff. (S.E.)	Count (Zero-truncated negative binomial) Est. Coeff. (S.E.)
Republican Governor	-0.264 (0.368)	0.375 (0.373)
Republican Legislative Advantage	-0.002 (0.008)	-0.013 (0.017)
Democratic Legislative Advantage	0.016 * (0.009)	0.011 (0.010)
Strong Bargaining Resources	-0.192 (0.265)	0.273 (0.476)
Weak Bargaining Resources	0.029 (0.279)	-0.054 (0.578)
Republican Governor x Republican Legislative Advantage	-0.004 (0.010)	0.013 (0.018)
Republican Governor x Democratic Legislative Advantage	-0.020 ** (0.010)	-0.008 (0.010)
Republican Governor x Strong Bargaining Resources	--	0.199 (0.619)
Republican Governor x Weak Bargaining Resources	--	0.210 (0.660)
Republican Legislative Advantage x Strong Bargaining Resources	--	-0.016 (0.026)
Republican Legislative Advantage x Weak Bargaining Resources	--	0.015 (0.018)
Democratic Legislative Advantage x Strong Bargaining Resources	--	-0.004 (0.015)
Democratic Legislative Advantage x Weak Bargaining Resources	--	0.026 (0.024)
Republican Governor x Strong Bargaining Resources x Republican Legislative Advantage	--	0.006 (0.029)
Republican Governor x Weak Bargaining Resources x Republican Legislative Advantage	--	-0.012 (0.020)
Republican Governor x Strong Bargaining Resources x Democratic Legislative Advantage	--	-0.011 (0.016)
Republican Governor x Weak Bargaining Resources x Democratic Legislative Advantage	--	-0.037 (0.025)
Legislative Professionalism	0.511 (1.224)	0.835 (0.736)
Locational Policy Index	0.283 (0.333)	0.256 (0.206)
Locational Policy Index of Neighboring States	0.595 (0.612)	-1.025 *** (0.393)
Relative Average Wage	0.001 (0.011)	-0.006 (0.006)

	Hurdle (Logit) Est. Coeff. (S.E.)	Count (Zero-truncated negative binomial) Est. Coeff. (S.E.)
Relative Unemployment Rate	-0.429 *** (0.120)	0.054 (0.067)
Relative Firm Creation Rate	0.052 (0.042)	-0.013 (0.028)
Annual Change in Average Wage	-0.015 (0.085)	0.046 (0.050)
Annual Change in Unemployment Rate	0.295 ** (0.147)	-0.157 * (0.091)
Annual Change Firm Creation Rate	-0.100 (0.081)	0.085 ** (0.043)
Projected Change in General Fund Revenue	-0.037 (0.023)	0.011 (0.015)
Intercept	-1.909 * (1.036)	1.161 (0.629)
Number of observations	423	275
Log likelihood	-255.1	-470.3

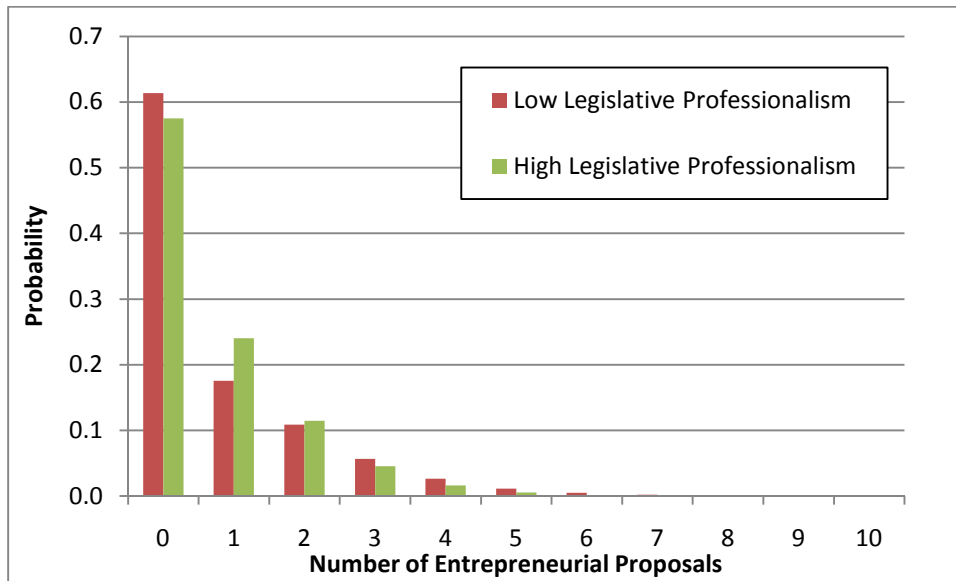
* p < 0.1; ** p < 0.05; *** p < 0.01 (all two-tailed tests).
Estimates are unstandardized maximum likelihood coefficients.

Figure 1. Predicted Probabilities of Entrepreneurial Proposal Counts, Conditional on Governor’s Enabling Resources.



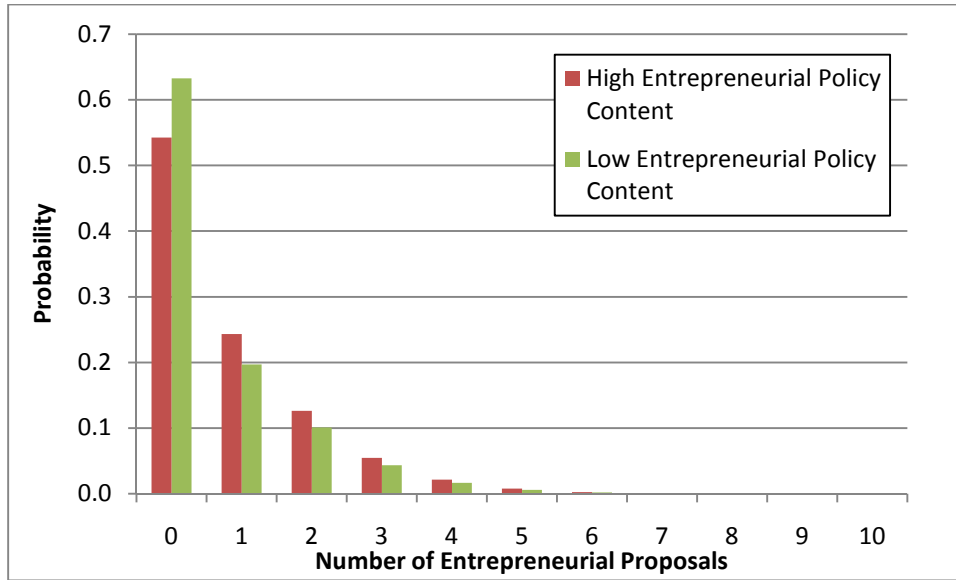
Scarce: $E(y)=0.74$; Abundant: $E(y)=0.79$

Figure 2. Predicted Probabilities of Entrepreneurial Proposal Counts, Conditional on Legislative Professionalism.



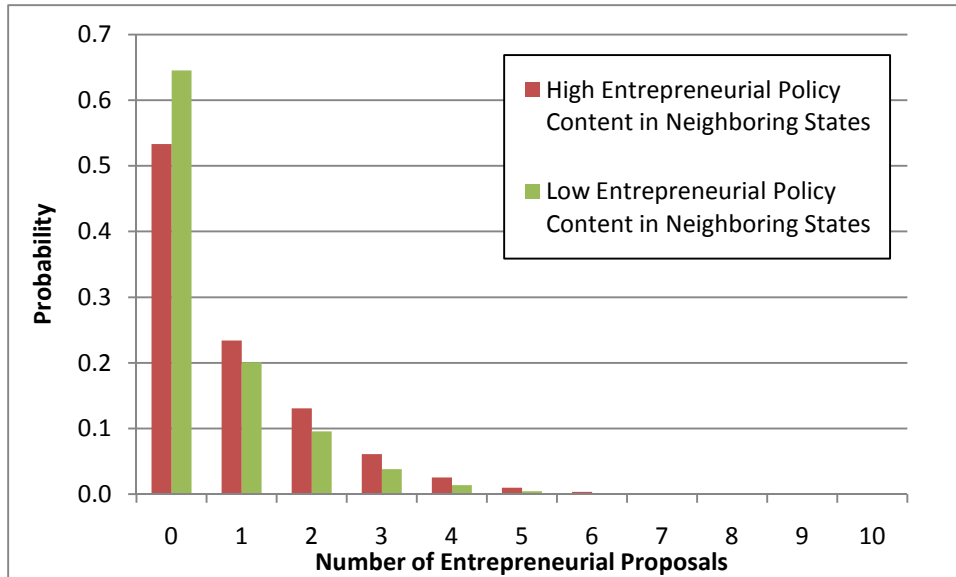
Low: $E(y)=0.78$; High: $E(y)=0.72$

Figure 3. Predicted Probabilities of Entrepreneurial Proposal Counts, Conditional on Entrepreneurial Content of Existing Economic Development Policies.



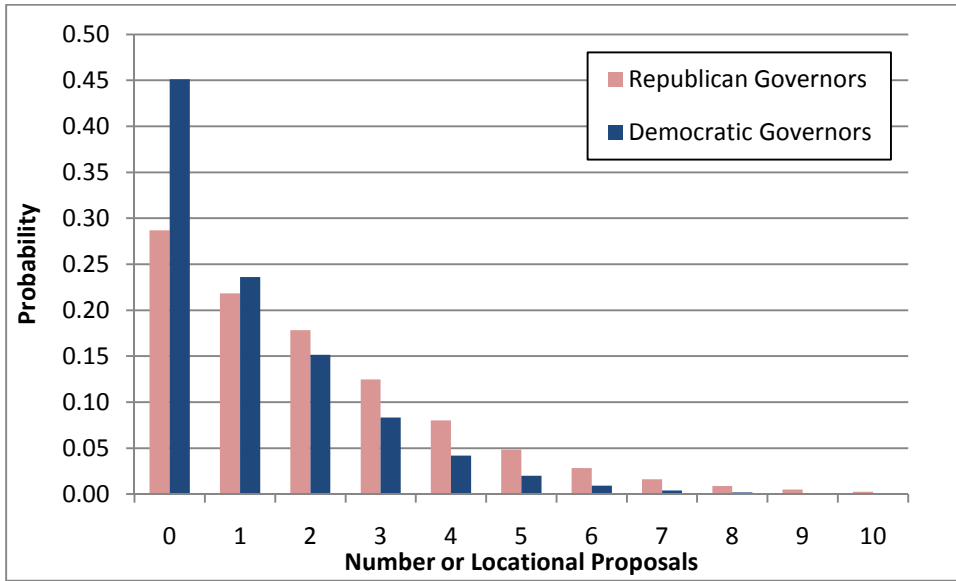
High: $E(y)=0.81$; Low: $E(y)=0.65$

Figure 4. Predicted Probabilities of Entrepreneurial Proposal Counts, Conditional on Entrepreneurial Content of Neighboring States' Economic Development Policies.



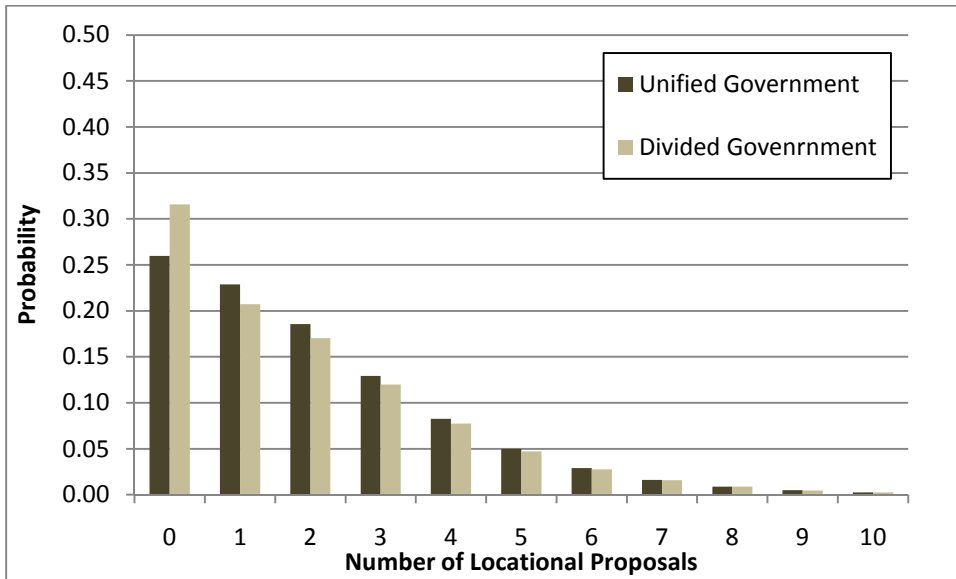
High: $E(y)=0.87$; Low: $E(y)=0.60$

Figure 5. Predicted Probabilities of Locational Proposal Counts, Conditional on Governor’s Party Affiliation.



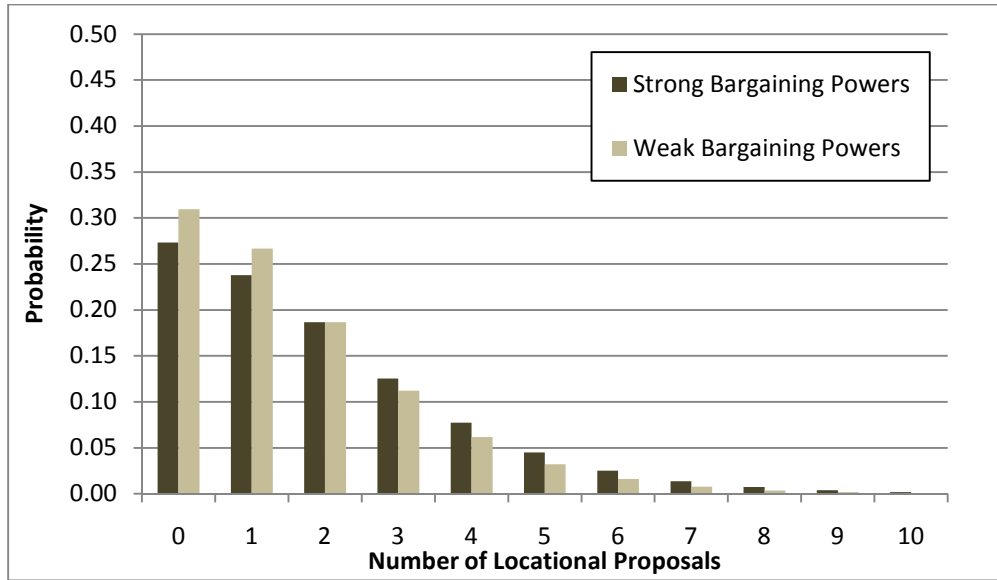
Republican: $E(y)=1.97$; Democrat: $E(y)=1.17$

Figure 6. Predicted Probabilities of Locational Proposal Counts by Republican Governors, Conditional on Partisan Control of the Legislature.



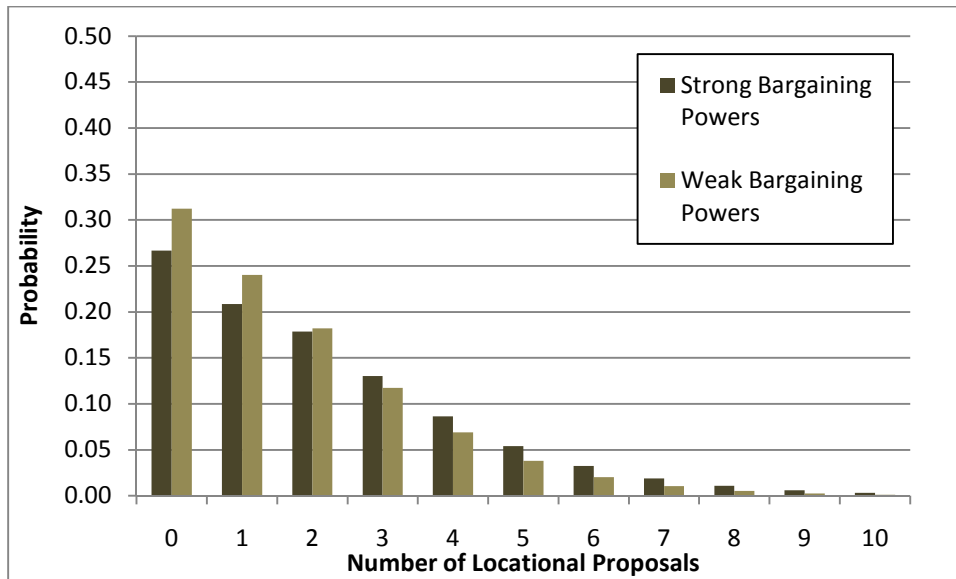
Unified: $E(y)=2.03$; Divided: $E(y)=1.90$

Figure 7. Predicted Probabilities of Locational Proposal Counts by Republican Governors during Divided Government, Conditional on Governor's Bargaining Powers.



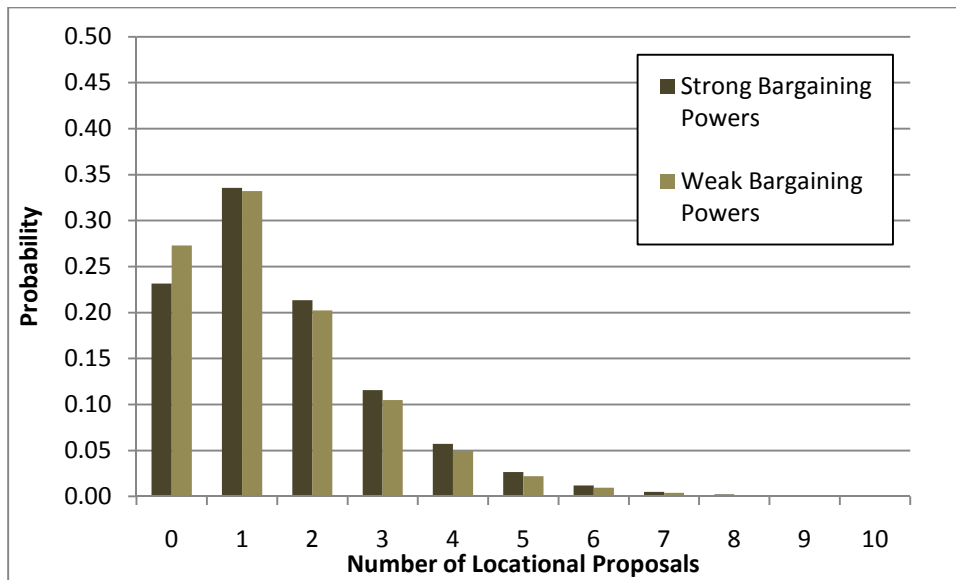
Strong: $E(y)=1.90$; Weak: $E(y)=1.60$

Figure 8. Predicted Probabilities of Locational Proposal Counts by Republican Governors facing Small Democratic Majority, Conditional on Governor's Bargaining Powers.



Strong: $E(y)=2.12$; Weak: $E(y)=1.71$

Figure 9. Predicted Probabilities of Locational Proposal Counts by Republican Governors facing Large Democratic Majority, Conditional on Governor's Bargaining Powers.



Strong: $E(y)=1.61$; Weak: $E(y)=1.47$

References

- Atkeson, Lonna Rae, and Randall W. Partin. 1995. "Economic and Referendum Voting: A Comparison of Gubernatorial and Senatorial Elections." *American Political Science Review* 89:99-107.
- Beamer, Glenn. 1999. *Creative Politics: Taxes and Public Goods in a Federal System*. Ann Arbor: University of Michigan Press.
- Bernick, E. Lee, and Charles W. Wiggins. 1991. "Executive-Legislative Relations: The Governor's Role as Chief Legislator." In *Gubernatorial Leadership and State Policy*, ed. Eric B. Herzik and Brent W. Brown. New York: Greenwood Press.
- Berry, Frances Stokes, and William D. Berry. 1999. "Innovation and Diffusion Models in Policy Research." In *Theories of the Policy Process*, ed. Paul A. Sabatier. Boulder, CO: Westview Press.
- Besley, Timothy, and Anne Case. 1995. "Incumbent Behavior: Vote-Seeking, Tax-Setting, and Yardstick Competition." *American Economic Review* 85:25-45.
- Beyle, Thad. 1983. "Governors." In *Politics in the American States: A Comparative Analysis*, 4th ed., ed. Virginia Gray, Herbert Jacob, and Kenneth N. Vines. Boston: Little, Brown, and Company.
- Beyle, Thad. 2004. "The Governors." In *Politics in the American States: A Comparative Analysis*, 8th ed., ed. Virginia Gray and Russell L. Hanson. Washington, DC: CQ Press.
- Beyle, Thad. 2008. "Gubernatorial Power." <http://www.unc.edu/~beyle/gubnewpwr.html>.
- Boeckelman, Keith. 1996. "Governors, Economic Theory, and Development Policy." *Economic Development Quarterly* 10:342-51.
- Bond, Jon R., and Richard Fleisher. 1990. *The President in the Legislative Arena*. Chicago: University of Chicago Press.
- Bowling, Cynthia J., and Margaret R. Ferguson. 2001. "Divided Government, Interest Representation, and Policy Differences: Competing Explanations of Gridlock in the Fifty States." *Journal of Politics* 63:182-206.
- Brace, Paul. 2002. "Mapping Economic Development Policy Changes in American States." *The Review of Policy Research* 19:161-78.
- Bradshaw, Ted K., and Edward J. Blakely. 1999. "What are 'Third-Wave' State Economic Development Efforts? From Incentives to Industrial Policy." *Economic Development Quarterly* 13:229-44.
- Brambor, Thomas, William Roberts Clark, and Matt Golder. 2006. "Understanding Interaction Models: Improving Empirical Analyses." *Political Analysis* 14:63-82.

- Buchanan, James M., and Gordon Tullock. 1962. *The Calculus of Consent*. Ann Arbor: University of Michigan Press.
- Clarke, Wes. 1998. "Divided Government and Budget Conflict in the U.S. States." *Legislative Studies Quarterly* 23:5-22.
- Cobb, Roger W., and Charles D. Elder. 1983. *Participation in American Politics*. 2nd ed. Baltimore: Johns Hopkins University Press.
- Council of State Governments. Various Years. *The Book of the States*. Lexington, KY: Council of State Governments.
- Cox III, Raymond. 1991. "The Management Role of the Governor." In *Gubernatorial Leadership and State Policy*, ed. Eric B. Herzik and Brent W. Brown. New York: Greenwood Press.
- Dilger, Robert Jay. 1995. "A Comparative Analysis of Gubernatorial Enabling Resources." *State and Local Government Review* 27:118-26.
- Dilger, Robert Jay, George A. Krause, Randolph R. Moffett. 1995. "State Legislative Professionalism and Gubernatorial Effectiveness." *Legislative Studies Quarterly*, 20:553-71.
- Dometrius, Nelson C. 1979. "Measuring Gubernatorial Power." *Journal of Politics* 41:589-610.
- Downs, Anthony. 1957. *An Economic Theory of Democracy*. New York: HarperCollins.
- Downs, Anthony. 1967. *Inside Bureaucracy*. Boston: Little, Brown.
- Edwards III, George C. 1989. *At the Margins: Presidential Leadership of Congress*. New Haven: Yale University Press.
- Eisinger, Peter K. 1988. *The Rise of the Entrepreneurial State: State and Local Economic Development Policy in the United States*. Madison: University of Wisconsin Press.
- Ferguson, Margaret R. 2003. "Chief Executive Success in the Legislative Arena." *State Politics and Policy Quarterly* 3:158-182.
- Fischer, Howard. 2001, July. "Equity's Hot in Arizona." *State Legislatures* 27(7):21-23.
- Fisher, Peter S., and Alan H. Peters. 1998. *Industrial Incentives: Competition Among American States and Cities*. Kalamazoo, MI: W.E. Upjohn Institute.
- Fosler, R. Scott. 1992. "State Economic Policy: The Emerging Paradigm." *Economic Development Quarterly* 6:3-13.
- Golder, Matt. Undated. "Event Count Models." <http://homepages.nyu.edu/~mrg217/count.pdf>.

- Grady, Dennis. 1991. "Managing the State Economy: The Governor's Role in Policymaking." In *Gubernatorial Leadership and State Policy*, ed. Eric B. Herzik and Brent W. Brown. New York: Greenwood Press.
- Gray, Virginia, and David Lowery. 1990. "The Corporatist Foundations of State Industrial Policy." *Social Science Quarterly* 71:3-23.
- Gross, Donald A. 1991. "The Policy Role of Governors." In *Gubernatorial Leadership and State Policy*, ed. Eric B. Herzik and Brent W. Brown. New York: Greenwood Press.
- Hall, Thad. 2002. "Changes in Legislative Support for the Governor's Program Over Time." *Legislative Studies Quarterly* 27:107-22.
- Hansen, Susan B. 1999. "'Life Is Not Fair': Governors' Job Performance Ratings and State Economies." *Political Research Quarterly* 52:167-88.
- Herzik, Eric B. 1991. "Policy Agendas and Gubernatorial Leadership." In *Gubernatorial Leadership and State Policy*, ed. Eric B. Herzik and Brent W. Brown. New York: Greenwood Press.
- Isserman, Andrew M. 1994. "State Economic Development Policy and Practice in the United States: A Survey Article." *International Regional Science Review* 16:49-100.
- Jewell, Malcolm E. 1969. *The State Legislature: Politics and Practice*, 2nd ed. New York: Random House.
- King, Gary. 1988. "Statistical Models for Political Science Event Counts: bias in Conventional Procedures and Evidence for the Exponential Poisson Regression Model." *American Journal of Political Science* 32:838-63.
- King, Gary, Michael Tomz, and Jason Wittenberg. 2000. "Making the Most of Statistical Analyses: Improving Interpretation and Presentation." *American Journal of Political Science* 44:341-355.
- Klarner, Carl. 2003. "The Measurement of the Partisan Balance of State Government." *State Politics and Policy Quarterly* 3:309-19.
- Leicht, Kevin T., and J. Craig Jenkins. 1994. "Three Strategies of State Economic Development: Entrepreneurial, Industrial Recruitment, and Deregulation Policies in the American States." *Economic Development Quarterly* 8:256-69.
- Light, Paul C. 1999. *The President's Agenda*, 3rd ed. Baltimore: Johns Hopkins University Press.
- Lowery, David, and Virginia Gray. 1992. "Holding Back the Tide of Bad Economic Times: The Compensatory Impact of State Industrial Policy." *Social Science Quarterly* 73:483-95.

- Morehouse, Sarah McCally. 1973. "The State Political Party and the Policy-Making Process." *American Political Science Review* 67:55-72.
- Morehouse, Sarah McCally. 1976. "The Governor as Political Leader." In *Politics in the American States: A Comparative Analysis*, 3rd ed., ed. Herbert Jacob and Kenneth N. Vines. Boston: Little, Brown, and Company.
- Morehouse, Sarah McCally. 1996. "Legislative Party Voting for the Governor's Program." *Legislative Studies Quarterly* 21:359-81.
- Morehouse, Sarah McCally. 1998. *The Governor as Party Leader: Campaigning and Governing*. Ann Arbor: University of Michigan Press.
- Morehouse, Sarah McCally, and Malcolm E. Jewell. 2003. *State Politics, Parties, and Policy*, 2nd ed. Lanham, MD: Rowman and Littlefield.
- Niemi, Richard G., Harold W. Stanley, and Ronald J. Vogel. 1995. "State Economies and State Taxes: Do Voters Hold Governors Accountable?" *American Journal of Political Science* 39:936-57.
- Partin, Randall W. 1995. "Economic Conditions and Gubernatorial Elections: Is the State Executive Held Accountable?" *American Politics Quarterly* 23:81-95.
- Peretz, Paul. 1986. "The Market for Industry: Where Angels Fear to Tread." *Policy Studies Review* 5:624-33.
- Ransone Jr., Coleman B. 1982. *The American Governorship*. Westport, CT: Greenwood Press.
- Rosenthal, Alan. 1990. *Governors and Legislatures: Contending Powers*. Washington, DC: CQ Press.
- Sabato, Larry. 1983. *Goodbye to Good-time Charlie: The American Governorship Transformed*, 2nd ed. Washington, DC: CQ Press.
- Saiz, Martin. 2001a. "Politics and Economic Development: Why Governments Adopt Different Strategies To Induce Economic Development." *Policy Studies Journal* 29:203-14.
- Saiz, Martin. 2001b. "Using Program Attributes to Measure and Evaluate State Economic Development Strategies." *Economic Development Quarterly* 15:45-57.
- Saiz, Martin, and Susan Clarke. 2008. "Economic Development and Infrastructure Policy." In *Politics in the American States: A Comparative Analysis*, 9th ed., ed. Virginia Gray and Russell L. Hanson. Washington, DC: CQ Press.
- Sanford, Terry. 1967. *Storm Over the States*. New York: McGraw-Hill.

- Schlesinger, Joseph A. 1965. "The Politics of the Executive." In *Politics in the American States: A Comparative Analysis*, ed. Herbert Jacob and Kenneth N. Vines. Boston: Little, Brown, and Company.
- Sharkansky, Ira. 1968. "Agency Requests, Gubernatorial Support, and Budget Success in State Legislatures." *American Political Science Review* 62:1220-31.
- Spindler, Charles J., and John P. Forrester. 1993. "Economic Development Policy: Explaining Policy Preferences Among Competing Models." *Urban Affairs Quarterly* 29:28-53.
- Squire, Pevevill. 2007. "Measuring State Legislative Professionalism: The Squire Index Revisited." *State Politics and Policy Quarterly* 7:211-27.
- Tietz, Michael B. 1994. "Changes in Economic Development Theory and Practice." *International Regional Science Review* 16:101-6.
- Walker, Jack L. 1977. "Setting the Agenda in the U.S. Senate: A Theory of Problem Selection." *British Journal of Political Science* 7:423-45.
- Zorn, Christopher J.W. 1996. "Evaluatiing Zero-Inflated and Hurdle Poisson Specifications." Midwest Political Science Association. April 18-20.