

On the Rate of Land Development when Developers and Conservationists are Engaged in a Dynamic Lobbying Game. (9)

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Decentralization and devolution of environmental and resource management has become quite popular. Local stakeholders are often more intimately affected by management decisions, and are therefore thought better able to manage local resources. In many cases, devolution is not accompanied by clear property rights and/or supporting market institutions, leaving the management decisions to a political process. A dynamic game between a development industry and households that prefer less development is constructed where the probability that development will continue into another period is determined by a simple lobbying game. It is shown that the nature of the lobbying game, whether it 'breaks' the household lobby or triggers a lobbying war, affects firms pre-lobbying development decisions.

The results highlight two important issues in land development. First, when land developers believe that resistance to future development will grow with community population growth, land development may be accelerated. The development industry will try to beat the resistance. This may create an advantage for large, long term development projects over smaller, short term ones, as they are able to gain regulatory approval before resistance builds. Second, efforts to devolve more control to the affected parties by increasing their access to the regulator may simply result in both parties spending more on lobbying, while the final outcome is little changed. This implies that some participatory processes may be little more than a waste of resources.

The paper is a theoretical analysis of a land development industry, with a small number of development firms. As land is developed, a population of households grows. This population gains utility from undeveloped land, which is a public good for the households. Continued development reduces household utility. Households can lobby the local government to halt further development, while firms can lobby to continue development. The probability that development continues into another period depends on the relative lobbying effort. A numerical example is used to illustrate how lobbying and development proceed as a function of the concentration of the development industry and the relative effectiveness of lobbying.

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