

**Volume 25**

**Urban, Regional, Health,  
Education & Transport  
Economics**

**Economics Reading Lists,  
Course Outlines, Exams,  
Puzzles & Problems**

**Volume 25**

**Urban, Regional, Health,  
Education & Transport  
Economics**

**Economics Reading Lists,  
Course Outlines, Exams,  
Puzzles & Problems**



Compiled by Edward Tower, *Duke University*, August 1990

## NOTES TO USERS AND POTENTIAL CONTRIBUTORS

*These teaching materials are drawn from both undergraduate and graduate programs at 93 major colleges and universities. They are designed to widen the horizons of individual professors and curriculum committees. Some include suggestions for term-paper topics, and many of the lists are useful guides for students seeking both topics and references for term papers and theses. Thus, they should enable faculty members to advise students more effectively and efficiently. They will also be useful to prospective graduate students seeking more detailed information about various graduate programs; to those currently enrolled in programs who are preparing for field examinations; and to librarians responsible for acquisitions in economics. Finally, they may interest researchers and administrators who wish to know more about how their own work and the work of their department is being received by the profession.*

*The exams, puzzles and problems include both undergraduate and graduate exams contributed by economics departments and individual professors. They should be especially useful to professors making up exams and problem sets and to students studying for comprehensive exams. They may also serve as the focus for study groups.*

*From time to time we will reprint updated and expanded versions. Therefore, we would welcome new or updated teaching materials, especially those which compliment material in this collection or cover areas we missed. Potential contributors should contact Ed Tower, Economics Department, Duke University, Durham, North Carolina 27706, U.S.A.*

*While Eno River Press has copyrighted the entire collection, authors of the various parts retain the right to reproduce and assign the reproduction of their own materials as they choose. Thus, anyone wishing to reproduce particular materials should contact the author of them. Similarly, those wishing to make verbatim use of department-wide examinations, except as teaching materials for one's own class, should contact the department chairperson concerned.*

### Acknowledgement

*The associate compilers for this series are Cliff Carrubba, Maia Sisk, and Ron Temple. Cliff is a senior at Duke, majoring in Economics and Political Science. Maia is a senior at Duke, majoring in Economics and Computer Science. Ron is a graduate student at Harvard's John F. Kennedy School of Government. Andy Seamons, Kathy Shelley, and Geoff Some also provided important help with production of the volumes. The cover was designed by the Division of Audiovisual Education, Duke University, and the volumes were printed by Mulpriint, Inc., New York.*

*Eno River Press, Inc. ©1990. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of Eno River Press.*

Eno River Press  
Box 4900, Duke Station  
Durham, North Carolina 27706 U.S.A.

ISBN for this volume: 0-88024-153-5  
ISBN Eno River Press for this series: 0-88024-128-4  
Library of Congress Catalog Number: 90-082701

# URBAN, REGIONAL, HEALTH, EDUCATION & TRANSPORT ECONOMICS

## Contents

### Part I: Urban & Regional Economics

GLENN C. BLOMQUIST, <i>University of Kentucky</i> <b>Urban and Regional Economics, G</b>	5
WERNER Z. HIRSCH, <i>University of California at Los Angeles</i> <b>Urban and Regional Economic Analysis, U</b>	10
ROBERT P. INMAN, <i>University of Pennsylvania, Wharton School</i> <b>Urban Finance, U&amp;G</b>	13
JOHN F. KAIN, <i>Harvard University</i> <b>Urban Economics, U</b> <b>Urban and Regional Economics, G</b>	20 27
HERMAN "DUTCH" LEONARD, <i>Harvard University, John F. Kennedy School</i> <b>State and Local Public Finance, G</b>	38
KENNETH A. SMALL, <i>University of California at Irvine</i> <b>Urban Economics, U</b> <b>Graduate Urban Economics I, G</b> <b>Graduate Urban Economics II, G</b>	51 54 57
LAWRENCE SMITH, <i>University of Toronto</i> <b>The Economics of Housing &amp; Real Estate Markets, R&amp;E, U</b>	60
ARTHUR M. SULLIVAN, <i>University of California at Davis</i> <b>Urban Economics, U</b>	86
DAVID E. WILDASIN, <i>Indiana University</i> <b>Urban Public Economics, R&amp;E, G</b>	94
MICHAEL WOLKOFF, <i>University of Rochester</i> <b>State and Local Public Finance, U&amp;G</b>	119
UNIVERSITY OF CHICAGO <b>Urban Economics Preliminary Exams, G</b>	121
PRINCETON UNIVERSITY <b>Urban Economics General Exams, G</b>	124

### Part II: Health Economics

RICHARD J. ARNOULD, <i>University of Illinois</i> <b>Health Economics, G</b>	127
---	-----

GLENN C. BLOMQUIST, <i>University of Kentucky</i> <b>Health Economics, G</b>	132
ROGER FELDMAN, <i>University of Minnesota</i> <b>Health Economics for Students in Economics &amp; Public Health, R&amp;E, G</b>	137
JOSEPH P. NEWHOUSE, <i>Harvard University</i> <b>Advanced Topics in Financing, Organizational and Manpower Policy for Medical Services, G</b>	144
JODY L. SINDELAR, <i>Yale University</i> <b>Advanced Health Economics, G</b>	155
BURTON WEISBROD AND BARBARA WOLFE, <i>University of Wisconsin--Madison</i> <b>Health Economics, G</b>	158
BARBARA WOLFE, <i>University of Wisconsin--Madison</i> <b>The Economics of Health Care, G</b>	165

### Part III: Education

CHARLES CLOTFELTER, <i>Duke University</i> <b>Higher Education: Economics &amp; Policy, U&amp;G</b>	173
RONALD EHRENBERG, <i>Cornell University</i> <b>Economic Analysis of the University, U&amp;G</b>	179

### Part IV: Transportation Economics

TREVOR D. HEAVER, <i>University of British Columbia</i> <b>Transport Economics, U</b>	186
MARGARET PETERAF, <i>Northwestern University</i> <b>Economic Issues in Transportation, G</b>	191
KENNETH A. SMALL, <i>University of California at Irvine</i> <b>Transportation Economics, U&amp;G</b>	196
WILLIAM WATERS II, <i>University of British Columbia</i> <b>Economics of Transportation, U</b>	200
<b>Public Policy in Transportation &amp; Utilities, U</b>	215

\* \* \*

**U** = Undergraduate **G** = Graduate  
**R&E** = Reading Lists & Exams and/or Problems

URBAN AND REGIONAL ECONOMICS

G

SYLLABUS AND READING LIST

ECO 683, University of Kentucky  
Glenn Blomquist

FALL 1987  
MW 3:00-4:15 p.m.  
BE 217

Office: 207A Business and Economics Building  
Phone: 257-3924  
Hours: MW 2:00-3:00 and 4:15-5:00 p.m.

TEXTS: Mieszkowski, Peter and Mahlon Straszheim. Current Issues In Urban Economics (Baltimore: Johns Hopkins University Press, 1979). REQUIRED.

Mills, Edwin S. and Bruce W. Hamilton. Urban Economics, 3rd ed., (Glensview, Ill.: Scott, Foresman & Co., 1984). RECOMMENDED.

Richardson, Harry W. Regional Economics (Urbana: University of Illinois Press, 1979). RECOMMENDED.

COURSE DESCRIPTION:

An advanced study of the theory, evidence and policy concerning urban areas and regions. Topics typically covered include: nature of regions and urban areas, size and distribution of cities, location decisions, housing, transportation, migration and regional growth. Helpful background courses are ECO 487G, ECO 488G and ECO 492G.

This is a course in urban and regional economics and is designed to be a key course in the proposed area of Public, Urban and Regional Economics. Reflecting this change will be a diminished emphasis on regional growth models compared to the course catalogue description. ECO 679 will cover local public finance.

GRADES:

Evaluation is based on performance on two exams and a paper. A mid-term exam (50 points) will be given about October 12th. The final exam (50 points) will be given at 1:00 p.m. on Thursday, December 17th. Both exams will be held in BE 217. A 10-12 page paper (50 points) which describes and critiques the "state of the art" concerning an approved topic will be due Monday, November 30th. Grades will be based on a maximum total of 150 points using an informal curve.

READINGS:

The readings marked with \* are required. Other readings are recommended. They should be helpful if you are especially interested in a particular area.

For those with no background in urban and regional economics it may be useful to read through texts such as Mills and Hamilton, Urban Economics, and Edgar M. Hoover, An Introduction to Regional Economics, 2nd ed. (New York: Alfred A. Knopf, 1975).

#### I. INTRODUCTION TO URBAN AND REGIONAL ECONOMICS

- \* Kerr, Alex and Robert B. Williamson, "Regional Economics in the U.S.," Growth and Change 1 (Jan. 1970): 5-19.

Goldstein, Gerald S. and Leon N. Moses, "A Survey of Urban Economics," Journal of Economic Literature (JEL) 11 (June 1973): 471-515.

Meyer, John R., "Regional Economics: A Survey," American Economic Review (AER) 53 (March 1963): 19-54.

#### II. REGIONS AND CITIES

Mills and Hamilton. Chapters 1-4, "Basic Ideas...."

Richardson. Chapter 1, "Introduction."

Nelson, Phillip, "Information and Consumer Behavior," Journal of Political Economy (JPE) 78 (Mar/Apr 1970): 311-329.

Stigler, George J. The Organization of Industry. (Homewood, Ill.: Richard D. Irwin, 1968). Chapter 23, "The Division of Labor...."

Vernon, Raymond, "External Economies" in Mathew Edel and Jerome Rothenberg (eds.), Readings in Urban Economics (New York: Macmillan, 1972).

- \* Tolley, George S. "The Welfare Economics of City Bigness," Journal of Urban Economics (JUE) 1 (July 1974): 324-345.
- \* Henderson, J. Vernon, "Theories of Group, Jurisdiction and City Size," in Current Issues, especially pp. 254-269.

\_\_\_\_\_. Economic Theory and the Cities. Chapter 3, "The System of Cities in our Economy."

#### III. LOCATION THEORY

Mills and Hamilton. Chapters 5-8, "Theoretical Foundations."

- \* Wheaton, William C. "Monocentric Models of Urban Land Use: Contributions and Criticisms," in Current Issues.

Henderson. Economic Theory and the Cities. Chapter 2, "Spatial Equilibrium...", and Chapter 2, "An Aggregative Model of a Simple City."

Ingram, Gregory K., "Simulation and Econometric Approaches to Modeling Urban Areas," in Current Issues.

Mills, Edwin S., "Economic Analysis of Urban Land-Use Controls," in Current Issues.

Samuelson, Paul A., "Thunen at Two Hundred," JEL 21 (Dec. 1983): 1468-1488.

Richardson. Chapter 3, "Location," and Chapter 2, "Spatial Price Theory."

Moses, Leon and Harold F. Williamson, Jr., "The Location of Economic Activity in Cities," AER 57 (May 1967): 211-222.

Alonso, William, "A Theory of the Urban Land Market," in Readings in Urban Economics.

Pascal, Anthony H. and John J. McCall, "Agglomeration Economics, Search Costs, and Industrial Location," JUE 8 (Nov. 1980): 383-388.

#### IV. HEDONIC PRICES AND IMPLICIT MARKETS

- \* Rosen, Sherwin, "Hedonic Prices and Implicit Markets," JPE 82 (Jan/Feb. 1974): 34-55.
- \* Bender, Bruce and Hae-Shin Hwang, "Hedonic Housing Price Indices and Secondary Employment Centers," JUE 17 (Jan. 1985): 90-107.
- Cobb, Steven, "The Impact of Site Characteristics on Housing Cost Estimates," JUE 15 (Jan. 1984): 26-45.
- \* Linneman, Peter, "Hedonic Prices and Residential Location," in Douglas B. Diamond, Jr. and George S. Tolley (eds.), The Economics of Urban Amenities (New York: Academic Press, 1982).
- \* Bartik, Timothy J., "The Estimation of Demand Parameters in Hedonic Price Models," JPE 95 (Feb. 1987): 81-88.
- Blomquist, Glenn and Lawrence Worley, "Hedonic Prices, Demands for Urban Housing Amenities, and Benefits," JUE 9 (March 1981): 212-221.
- Brown, James N. and Harvey S. Rosen, "On the Estimation of Structural Hedonic Price Models," Econometrica 50 (May 1982): 765-768.
- \* Rosen, Sherwin, "Wage-based Indexes of Urban Quality of Life," in Current Issues.



- \* Hoehn, John, Mark Berger, and Glenn Blomquist, "A Hedonic Model of Interregional Wages, Rents and Amenity Values," Journal of Regional Science (forthcoming).

#### V. HOUSING

Mills and Hamilton. Chapters 10 and 11, "Housing...."

- \* Quigley, John M., "What Have We Learned about Urban Housing Markets?", in Current Issues.

Rothenberg, Jerome. Economic Evaluation of Urban Renewal (Washington, D.C.: Brookings, 1967).

DeSalvo, Joseph S., "Benefits and Costs of New York City's Middle-Income Housing Program," JPE 83 (Aug. 1975): 791-806.

- \* Weicher, John C., "Urban Housing Policy," in Current Issues.
- \* Linneman, Peter, "An Economic Analysis of the Homeownership Decision," JUE 17 (March 1985): 230-246.

Yinger, John, "Prejudice and Discrimination in the Urban Housing Market," in Current Issues.

#### VI. TRANSPORTATION

Mills and Hamilton. Chapter 12, "Transportation."

- \* Mohring, Herbert, "The Benefits of Reserved Bus Lanes ... in Alleviating Traffic Congestion," in Current Issues.
- \* Straszheim, Mahlon R., "Assessing the Social Costs of Urban Transportation Technologies," in Current Issues.

Henderson, J. V., "Road Congestion: A Reconsideration of Pricing Theory," JUE 1 (July 1974): 346-365.

- \* Dawson, J. and I. Catling, "Electronic Road Pricing in Hong Kong," Transportation Research 20A (March 1986): 129-134.

#### VII. MIGRATION

Mills and Hamilton. Chapter 3, "Urbanization...."

Greenwood, Michael J., "Human Migration: Theory, Models, and Empirical Studies," Journal of Regional Science 25 (Nov. 1985): 521-544.

Graves, Philip E. and Marion Clawson, "Rural to Urban Migration: Population Distribution Patterns," in Lee R. Martin (ed.). A Survey of Agricultural Economics Literature. Vol. 3 (Minneapolis: Univ. of Minn. Press, 1981).

- \* Graves, Philip E., "A Life-Cycle Empirical Analysis of Migration and Climate, by Race," JUE 6 (April 1979): 135-147.
- \* Graves, Philip E. and Peter Linneman, "Household Migration: Theoretical and Empirical Results," JUE 6 (July 1979): 383-404.

#### VIII. REGIONAL GROWTH AND DEVELOPMENT

- \* Mieszkowski, Peter, "Recent Trends in Urban and Regional Development," in Current Issues.

Richardson. Chapters 4-10, "Macro Demand Models, Techniques...."

Tiebout. The Community Economic Base Study.

Calatone, Roger J. and Carolyn S. Loeff, "Estimated Impact of Toyota on Kentucky," Review and Perspective 11 (Spring 1987): 3-7.

Cummings, Ronald G. et al., "Optimal Municipal Investment in Boomtowns....," Journal of Environmental Economics and Management 5 (Sep. 1978): 252-267.

Edwards, Clark, "The Bases for Regional Growth: A Review," in A Survey of Ag. Econ., Vol. 3.

Jansma, J. Dean, et al., "Rural Development: A Review of Conceptual and Empirical Studies," in A Survey of Ag. Econ., Vol. 3.

## SYLLABUS

ECONOMICS 120: Urban and Regional Economic AnalysisI. INTRODUCTION

Consideration of the unique characteristics of a city's and region's economy: Distance, proximity, interdependencies, specialization, governmental decisions. The importance of transaction costs and externalities. Urban markets. Urbanites as consumers and producers.

Reading Material:

Hirsch, W.Z., Urban Economics, pp. 1-18.

II. THE ECONOMICS OF URBANIZATION AND URBAN GROWTH

Inquiry into how an economy urbanizes and grows and declines.

Reading Material:

Hirsch, W.Z., Urban Economics, pp. 18-57.

III. URBAN HOUSING MARKETS

Examination of urban housing models. The economics of rent control. The economics of habitability laws and federal housing allowances. Urban land markets. Economic analysis of zoning and exclusionary ordinances. Housing policies.

Reading Material:

Hirsch, W.Z., Urban Economics, pp. 79-150.

Hirsch, W.Z., Inquiry Into Effects of Mobilhome Park Rent Control, J. of Urban Economics, 1988.

deLeeuw, F., and Ekanem, N., "The Supply of Housing," American Economic Review, Dec., 1971.

deLeeuw, F., "The Demand for Housing," Review of Economics & Statistics, Feb. 1971.

Muth, Richard F., "Urban Residential Land and Housing Markets," Issues of Urban Economics (Perloff and Wingo, eds.) 1968, pp. 285-334.

Martin, P., The Ill Housed, Foundation Press, 1971, pp. 1055-1110.

Hall v. City of Santa Barbara, No. 85-5838, United States Court of Appeals, Ninth Circuit (Decided Aug. 22, 1986).

IV. URBAN TRANSPORTATION MARKETS

Consideration of demand for and supply of urban transportation.  
Operating vs. investment decisions. Peakload pricing. Transportation policies.

Reading Material:

Hirsch, W.Z., Urban Economics, pp. 152-186.

Meyer, J.R., et al., The Urban Transportation Problem, Harvard Press, 1965.

Heilbrun, J., Urban Economics and Public Policy (3rd edition), 1987, pp. 195-267.

Lave, C.A., Urban Transit, Pacific Institute for Public Policy Research, 1985.

V. URBAN ARTS AND CULTURE

Economic analysis of the city as the seat of the arts and culture.

Reading Material:

Hirsch, W.Z., Urban Economics, pp. 187-208.

VI. URBAN PUBLIC SERVICE MARKETS

Consideration of the nature of urban public service markets.  
Production, cost, supply and demand of urban services. Revenue raising. Privatization by contracting out.

Reading Material:

Hirsch, W.Z., and Rufolo, A., Public Finance and Expenditures Under Federalism, 1990, pp. 60-86, 268-288, 303-321.

Hirsch, W.Z., Urban Economics, pp. 209-314.

Bish, R.L., The Public Economy of Metropolitan Areas, Markham, Chicago, 1971.

Williamson, O., "Transaction Cost Economics", Journal of Law & Economics.

Hirsch, W. Z., Production by Government versus Contracting Out To Private Firms (mimeo) 1987.

VII. URBAN LABOR MARKETS

Consideration of urbanites as producers of goods and services, with emphasis on discrimination, unemployment and poverty.

Reading Material:

Hirsch, W.Z., Urban Economics, pp. 346-420.

Arrow, K.J., "Some Models of Racial Discrimination in the Labor Market," RAND RM-6253, 1971.

Thurow, L.C., "Discrimination," in Urban Economics, R. Grieson, ed., Little, Brown.

Hirsch, W.Z., and Rufolo, A., "A Model of Municipal Labor Markets," Journal of Urban Economics, October, 1975.

Mieszkowski, P. and Straszheim, M., Current Issues in Urban Economics, Johns Hopkins, 1979.

Hirsch, W.Z. and Rufolo, A., "Effects of Prevailing Wage Laws on Municipal Government Wages," J. of Urban Econ., 1983, vol. 13, pp. 112-126.

Hirsch, W.Z. and Rufolo, A., "Economic Effects of Residence Laws on Municipal Police," J. of Urban Econ., 1985, vol. 17, pp. 335-348.

Hirsch, W.Z. and Green J., "Anti-Strike Laws and Their Effects on Work Stoppages by Public School Teachers," J. of Urban Econ., 1988, pp. 1-21.

VIII. URBAN LAND USE AND LOCATION DECISIONS

Examination of how households and firms make location and land use decisions.

Reading Material:

Alonso, Wm., Location & Land Use: Toward a General Theory of Land Rent, Cambridge, Harvard University Press, 1964.

Hirsch, W.Z., Urban Economics, pp. 57-78.

Mills, E.S., Urban Economics (2nd ed.), Scott, Foresman & Co., 1980, pp. 56-76.

Urban Finance: Fin 230,730; PPMT 773 973

Fall 1989  
X8299

R. Inman  
2257 SH-DH

---

This course will examine the problems of, and prospects for, financing public services in urban economies. The course assumes a good working knowledge of micro-economics. A course in public finance (tax and government expenditure policy) will also prove helpful, but it is not required. One word of caution: This course is not a user's guide to pricing municipal bonds. It will provide, however, a reasonably rigorous examination of why some cities' bonds are potentially risky investments and others are not.

A mid-term examination and a final examination are required.

Optional Books: PSA, Fundamentals of Municipal Bonds, Third Edition, 1987.

R. Berne and R. Schramm, The Financial Analysis of Governments, 1986.

Required Readings: Bulk Pack. Included readings are marked by \*.

I. Motivation & Overview

A. New York City and After

\*E.M. Gramlich, "The New York Fiscal Crisis: What Happened and What Can be Done," AER May, 1976, pp. 415-429.

\*N.Y. Times, "Private Moments Helped Solve Fiscal Crisis" and "Decade after cutbacks: N.Y.C. is a Different City."

\*R. Smith and J. Booth, "The Risk Structure of Interest Rates and Interdependent Borrowing Costs: The Impact of Major Defaults," The J. of Financial Research, Summer 1985.

B. An Overview

\* R. P. Inman, "Anatomy of a Fiscal Crisis," in Business Review of the FRB of Philadelphia, September, October 1983.

\* R. P. Inman and D. Rubinfeld, "The Judicial Pursuit of Local Fiscal Equity," Harvard Law Review, June 1979, pp. 1662-1696.

II. Urban Finance: The Ideal

A. Public Goods and Market Failures

\*H. Rosen Public Finance, 2nd Edition Chapter, pp. 62-72.

M. Pauly, "Optimality, 'Public Goods,' and Local Governments: A Theoretical Analysis," Journal of Political Economy, June 1970.

M. Pauly, "Income Distribution as a Local Public Good," Journal of Public Economics, February 1973.

B. The Optimal Structure of Urban Finance

1. Theory

\* C. Tiebout, "A Pure Theory of Local Expenditures," Journal of Political Economy, October 1956.

E. Berglas, "On the Theory of Clubs," American Economic Review, May 1976.

M. McGuire, "Group Segregation and Optimal Jurisdiction," Journal of Political Economy, February 1974.

\* B. Hamilton, "Zoning and Property Taxation in a System of Local Governments," Urban Studies, 1975.

2. Applications:

\*Time Magazine, "306 Solutions to a Baffling Problem."

\*N.Y. Times, "Developers Expanding Role in Social Services."

III. The Macro Problems

A. The Facts

\* E. M. Gramlich, "The New York Fiscal Crisis: What Happened and What Can Be Done," American Economic Review, May 1976, pp. 415-29.

\* R.P. Inman et. al., "Fiscal Management Through An Economic Transition: Philadelphia Style," in Luce and Summers (ed)., Local Fiscal Issues in the Philadelphia Metropolitan Area.

\* Barron's, "No More Local Heroes: More and More States Are Going from Surplus to Deficit," Jan. 23, 1989.

\* Philadelphia Inquirer, "Plan Warns of Huge City Deficit," Oct 26, 1988.

B. Causes

O. Overview

\*K. Bradbury, A. Downs, K. Small, "Forty Theories of Urban Decline," Brookings Institution.

1. Rising Public Sector Labor Costs
  - \* W. Baumol, "Macroeconomics of Unbalanced Growth: The Anatomy of Urban Crisis," American Economic Review, June 1967 and "Comment in AER, March 1972.
  - R. Freeman, "Unionism Comes to the Public Sector," Journal of Economic Literature, March 1986.
  - R. P. Inman, "Public Employee Pensions and the Local Labor Budget," Journal of Public Economics, October 1982.
2. Suburban "Exploitation"
  - W. Neenan, "Suburban-Center City Exploitation Thesis: One City's Tale," National Tax Journal, June 1970.
  - \* D. Bradford and H. Kelejian, "An Economic Model of the Flight to the Suburbs," Journal of Political Economy, May-June 1973.
3. Declining Private Economy
  - E. Banfield, The Unheavenly City, Chapter 2 and 3.
  - M. Feldstein, "The Economics of the New Unemployment," Public Interest, Fall 1973.
  - \* D. Birch, "Who Creates Jobs?," Public Interest, Fall 1981.
  - W. E. Oates, E. P. Howrey, W. J. Baumol, "The Analysis of Public Policy in Dynamic Urban Models," Journal of Political Economy, January 1971.
4. Capitalism
  - \* D. Gordon, "Capitalism and the Roots of Urban Crisis," in The Fiscal Crises of American Cities, Alcala and Mermelstein (eds.), 1977.
5. Politics and Management
  - \* R. N. Anthony, "Games Government Accountants Play," Harvard Business Review, September-October 1985.
  - \* C. R. Morris, The Costs of Good Intentions: New York City and the Liberal Experiment, Chapter X.
6. Evidence: One Case Study
  - \* A. Summers and T. Luce, Economic Development Within the Philadelphia Metropolitan Area, Chapter 10.



### C. Solutions

#### 1. (More) Money

- \* R. P. Inman, "Fiscal Allocations in a Federalist Economy: Understanding the New Federalism," in Rubinfeld and Quigley, American Domestic Priorities: An Economic Appraisal, pp. 3-21.

G. E. Johnson and J. D. Tomola, "The Fiscal Substitution Effect of Approaches to Public Service Employment," Journal of Human Resources, Winter 1977.

#### 2. (Better) Incentives

##### a. Taxation

- \* J. Gruenstein, "Jobs in the City: Can Philadelphia Afford to Raise Taxes," Business Review of the FRB of Philadelphia, May-June 1980.

H.F. Ladd and K. Bradbury, "City Taxes and Property Tax Bases." National Tax Journal, December, 1988.

##### b. Subsidies

- \* S. Jacobs and M. Wasylenco, "Government Policies to Stimulate Economic Development," mimeo, HUD, 1982.

B. Bluestone and B. Harrison, The De-Industrialization of America, Chapters 7, 8.

- \* R. P. Inman, "Federal Policy and the Urban Poor," Journal of Regional Science, 1979, pp. 119-29.

- \* "Builders Got Tax Breaks, What Did City Receive?" New York Times.

##### c. Politics and Management

- \* "75 Bankruptcy Scare Alters City plans to 21st Century," N.Y. Times, 7/8/85.

MIDTERM EXAMINATION: Sample Exam in Bulk Pack.

### III. The Micro Problems

#### A. Expenditures: Technical Efficiency

- \*D. Sappington and J. Stiglitz, "Privatization, Information, and Incentives," J. of Policy Analysis and Management, No. 4, 1987, pp. 567-582.

E.S. Savas, "Public vs. Private Refuse Collection: A Review", Urban Analysis, 1979, pp. 1-13.