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THE RELEVANCE TO HUD OF RECENT SCHOLARLY RESEARCH IN URBAN ECONOMICS

Stephen J. Carroll, Anthony H. Pascal, Michael N. Caggiano

A Rand Note
prepared for the
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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prepared for the
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
This Note was undertaken to inform the Office of Policy Development and Research, Department of Housing and Urban Development, about the relevance of professional research in economics to the programmatic concerns of the urban policymaking community. It should be useful as well to academic specialists in economics and other disciplines who are interested in the problems of the city.

Useful ideas in the shaping of the analysis were contributed by Michael Schneider, Phillip Friedley, and Franklin James of HUD. Peter Morrison and Barbara Williams of Rand read earlier drafts and made helpful suggestions for revision.
SUMMARY

This note constitutes a frankly experimental attempt to assess the recent scholarly literature in urban economics for its relevance to the policy problems of the Department of Housing and Urban Development. It covers books by economists on urban subjects and articles which have appeared in the professional journals since 1974. The literature was divided into the major topics that seemed to interest researchers; for each topic, we tried to evaluate the depth of coverage, quality of analysis, and policy relevance. The categorization and evaluation were based on judgment, but we also used such objective indicators as the number of items on a particular topic and the eminence of the journal in which an item was published.

With the help of officials in HUD's Office of Policy Development and Research, we first constructed an outline of the research topics of primary interest to HUD. Problems of urban finance and economic development were at the center of HUD's concerns. The four major topics were: (1) the urban economy's base—resources, employment, policy environment; (2) the city's fiscal capacity—services, expenditures, revenues, and intergovernmental structure; (3) financial issues—inequality, fiscal limitations, intergovernmental cooperation and fragmentation, public employment; and (4) economic development problems—targeting of programs, direct job creation, enhancement of the private sector, and community improvement.

The review of the literature produced a different classification that reflected the interests of scholarly researchers who do not have direct policy responsibilities.

The most widely studied topic was the city as an entity, which includes size, shape, structure, and evolution. The quality of this literature is relatively high but tends to be theoretical rather than policy-relevant. Property taxes came next in degree of coverage. The quality was somewhat lower and the subjects studied, outside of tax incidence, were often narrowly conceived. Links to policy often were ignored. The research on federal policy is wide ranging but contains many items
that feature description and exhortation instead of analysis. Research on revenue sharing is the exception. Local government services comprised the best developed topic. The determinants of spending and their effectiveness are extensively treated and the research reflects high quality and policy relevance. With regard to land values and land-use studies, although the quality tends to be high—particularly for the studies of "capitalization"—theoretical concerns predominate. In contrast, the research on non-property-tax revenues is of middling quality and rather sketchy in the coverage of alternative revenue sources. School finance has been widely studied but the policy relevance for other local finance problems is rarely spelled out.

A plethora of other research categories also emerge from a review of the literature. Generally, the depth of coverage is lower and the quality of output less impressive. Some of the areas have high relevance for policy, however, such as employment (including public) and industrial location, distribution of benefits and costs, residential renewal, and fiscal capacity. Others—residential location, intergovernmental relations, migration—are less so.

The treatment of the economic base leaves much to be desired from a policymaking standpoint, although the scholarly literature provides a theoretical context. Fiscal capacity studies are strong on some topics, such as capitalization, but thin on others such as service needs and revenue sources other than the property tax. Some financial issues have received considerable attention. The New York City fiscal crisis is an example, but generalization is difficult and topics such as inflation and fiscal limitation have received scant coverage. Economic development is the least well treated of the four topics. The research on targeting and effective instrumentalities has been insufficient to provide a good base for policy decisions.

Four kinds of deficiencies in the extant literature are identified: paucity of coverage, low quality of items, lack of policy relevance, and insufficient syntheses of existing knowledge. These deficiencies suggest research priorities for HUD. Generally speaking, HUD's objective should be to promote the development of a better information base on urban finance and local economic development.
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I. INTRODUCTION

This survey briefly assesses the relevance of the recent economics literature on urban finance and economic development to the information needs of policymakers. Our purpose is to assist HUD officials responsible for the periodic review and revision of public finance and urban economic development research priorities. The analysis proceeds in four steps: We summarize the topics on which policymakers concerned with urban finance and economic development issues require information. We then describe the problems addressed by the economics literature over the past five years. Third, we compare the two, identifying areas where the available research is particularly limited. Finally, we note deficiencies with respect to the volume of studies, their quality, and their direct policy relevance, and discuss the kinds of research needed to fill important information gaps.

Our approach differs from the typical one for establishing research priorities, where the starting point is a list of immediate policy problems. The research required to address those issues is then identified. In our view, an exclusive focus on topics of immediate concern obscures the need to build a comprehensive knowledge base on other topics within an agency's purview, not all of which will necessarily be pressing or even immediately relevant.

The policy agenda is continually reshaped as new problems emerge, existing concerns take on a new urgency, and previously vexing issues are resolved or simply dissipate as they are overtaken by events. Policymakers' information needs change as their attention and concerns are refocused, but inevitably there is a long lag between the recognition of what knowledge is required to inform policy and the design, conduct, and reporting of the research yielding that knowledge. Meanwhile, policy must be based on whatever information has been developed through previous research. Thus, research priorities ought to be set with a view toward acquiring a broad spectrum of information on the important topics relevant to an agency's concerns.
This report supplements the development of research priorities through traditional means to include topics of potential future relevance. We compare the recent economics literature with a list of topics relevant to HUD's public finance and urban economic development responsibilities. Our purpose is to identify topics that have received little attention to date. Because many of these topics may not appear on the current policy agenda, the absence of information on them is readily overlooked. But they may appear on the agenda at some future date; and if they do, the availability of some basic information on them will prove important.

**SCOPE AND LIMITATIONS**

This approach to the development of research priorities is still at an experimental stage. We have devoted only a limited amount of resources to the analysis, and a final decision must await review of the approach by HUD officials. Depending on its potential value to HUD, the analysis can be expanded with further research effort. Meanwhile, certain specific limitations need to be noted.

First, the list of topics considered here may contain important gaps. While it serves our current purposes, it should be regarded as tentative and subject to revision. We developed a preliminary list from our understanding of HUD's urban finance and economic development concerns. The preliminary list was discussed with HUD officials in a series of interviews and revised and expanded in light of their comments.

Second, we concentrated on economics journal articles and books that have appeared since 1974. We felt that the economics literature would prove more fruitful than those of other disciplines in terms of the numbers of articles and the range of topics examined. Moreover, the *Journal of Economic Literature* (JEL), a quarterly journal published by the American Economics Association, lists, by area, all articles published in economics journals and most books. This provided a convenient source for identifying the relevant research. The

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1 See the Bibliography in Appendix B.
exclusion of books and articles appearing in other literatures is a major limitation, albeit a correctable one, of this study. Should the work approach demonstrated here prove useful, it could readily be expanded to include that literature. The same can be said about our restricting the effort to the post-1974 literature.

Commissioned reports were also excluded on resource grounds. This might be a particularly important limitation because those reports are likely to be the most policy relevant. On the other hand, we suspect that the more important and scientifically sound results would find their way into the professional literature, and therefore, be reflected in the studies we include in the analysis.

Our procedure was designed to strengthen the application of judgment, not mechanical categories. We divided the books and articles listed in JEL into material groupings having the same central concern. Inevitably, the groupings themselves are somewhat arbitrary, as are the assignments of particular books and articles to a particular grouping; other observers might have arrived at somewhat different categories and assigned particular studies to different categories. Nonetheless, the distributions of work among and within our categories should be indicative of the broad patterns in the literature.

Articles on topics not directly related to urban finance or economic development were excluded. Thus, articles on such topics as housing and transportation were included only if they dealt with the links between those topics and finance or development.

Because we sought to identify the areas for which research results are available rather than to summarize the results themselves, our examination of each article focused on determining its major theme, not the precise findings or the soundness of the analysis or the quality of the evidence.

THE SCOPE, DEPTH, QUALITY, AND POLICY RELEVANCE OF THE LITERATURE

We describe the contents of the literature in as much detail as is feasible, offering brief comments on the scope and depth, the quality, and the policy relevance of the research on each topic. Scope refers to the range of aspects of the topic that
are examined in the literature. Depth refers to the numbers of articles on each aspect or subtopic. We do not suggest that breadth of scope or depth is necessarily desirable; in any case, both depend on what is often an arbitrary division of research on a topic into subtopics. The research on a topic can be divided into an arbitrarily large number of subtopics (broadening scope), with each examined in a small number of studies (limiting depth).

The overall quality of the research on a topic can be measured in a less arbitrary way by considering the quality of the journals (i.e., the rigor of the peer review applied) in which a study appears. There have been numerous recent studies of the qualities of economics journals. On the basis of their rankings, we arbitrarily divided the journals into three levels of quality.¹

The ranking of a journal is only a crude estimate, at best, of the quality of the research reported in one of its articles. High-quality studies appear in lower-ranked journals, and publication in a top-ranked journal is not an absolute guarantee of quality. Moreover, the ranking of a journal evidences judgments by economists about its contributions to the advancement of the profession. None of the top-ranked journals, for example, are specialized; all tend to emphasize theoretical rather than applied contributions. Despite these limitations, the overall quality of the articles on a topic gives an indication of the general quality of the research in that area.

We have made no attempt thus far to assess and rank the quality of books, although given sufficient resources, it should be possible to do so.

Finally, we made judgments about the policy relevance of the articles on each topic. Our judgment emphasized how closely the research is connected to policy. As an illustration, a study might provide information basic to the formulation of policy, but not specific enough to support its actual design. We would consider such a study only indirectly relevant to policy. On the other hand, studies whose results can be directly translated into policy recommendations are, for purposes of this report, directly policy relevant.

¹Details, including lists of the journals we included in each category, are given in Appendix A.
For example, the literature contains numerous studies of "capitalization"—the process whereby the property taxes, public services, and amenities which accrue to the owner of a property are reflected in its price. Property values determine a city's tax base and, hence, are a major factor in its fiscal health. And, because property values enter business and residential location decisions, they affect the population distribution the city will have to serve and the job opportunities available within its borders. Studies of capitalization are clearly relevant to policy, but they do not typically yield policy recommendations. They provide a part of the context in which policy must be framed, but do not, themselves, directly address immediate policy concerns. In this sense, they are less policy relevant than, say, a study of a public service delivery system that results in recommendations for improving efficiency.

OUTLINE OF THIS NOTE

Section II lists topics on which information was deemed necessary. Section III reviews the topics addressed in recent economics literature. Section IV relates the two, identifying gaps in the available knowledge base and suggesting the kinds of research needed to fill the gaps. Appendix A details our procedure for ranking journal quality. Appendix B presents the bibliography.
II. MAKING LOCAL FINANCE AND URBAN ECONOMIC DEVELOPMENT POLICY: RESEARCH REQUIREMENTS

The prudence of policy hinges, in part, on the adequacy of the information on which it is based. This information should include current indices for monitoring what is happening, and, where possible, explanations of the successes and failures resulting from past policy developments. It should also include knowledge of historical processes and of underlying behavioral relationships. Guidance on the latter comes principally from the scholarly literature. Commissioned policy studies also rest on the base of professional knowledge.

Our first step in appraising the adequacy of existing knowledge was to develop, in conjunction with HUD officials, a list of topics on which information seemed necessary (see Table 1).

THE ECONOMIC BASE

From the perspective of urban economic development, jobs are the central concern. Private sector jobs are generated by export and local service industries, while the government itself is an increasingly important employer. HUD's information needs here center on the determinants of industrial location, by specific city type (in terms of resources and links to markets), and estimates of the resultant demand for labor, which would permit estimates of the number and composition of jobs generated.

Influencing the size and composition of a city's industrial base are the traditional factors of production—land, capital, and labor—and some others identified by urban economists, such as amenities and the business environment, the latter rising out of civic and governmental leadership. The availability and price of land affect the economic base, as do the cost of private capital and the quality of public capital. Economic growth may be stymied by a shortage of labor, as occurs in more remote locations or in small towns that suffer heavy net out-migration. Physical amenities—buildings, neighborhoods,
Table 1
MAJOR TOPICS IN LOCAL FINANCE AND ECONOMIC DEVELOPMENT

<table>
<thead>
<tr>
<th>The Economic Base</th>
<th>Financing Issues</th>
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<td>Job Sectors</td>
<td>Financial Balance</td>
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<td>Markets</td>
<td>Intergovernmental Relations</td>
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<td>Government Policy</td>
<td>Consolidation</td>
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<td>Regulation</td>
<td>Grant Reform</td>
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<td>Investments</td>
<td>Public Employment</td>
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<td>Social Programs</td>
<td>Productivity</td>
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<td>Procurement</td>
<td>Collective Bargaining</td>
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<td>Retirement</td>
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<td>Management</td>
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<td>Contracting Out</td>
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<td>Fiscal Capacity</td>
<td>Federal and State Regulations</td>
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<td>Instrumentalities</td>
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<td>Direct Job Creation</td>
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<td>Sales</td>
<td>Subsidized Employment</td>
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<td>Payroll</td>
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<td>Income</td>
<td>Inducements for Private Jobs</td>
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<td>Use (including fees)</td>
<td>Development Subsidies</td>
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<tr>
<td>Other</td>
<td>Tax/Service Packages</td>
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<tr>
<td>Intergovernmental Transfers</td>
<td>Public Infrastructure</td>
</tr>
<tr>
<td>Investments</td>
<td>Enhancement of Labor Supply</td>
</tr>
<tr>
<td>Expenditures</td>
<td>Business Environment</td>
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<tr>
<td>General</td>
<td>Community Improvement</td>
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<tr>
<td>By Service Area or Agency</td>
<td>Residential Renewal</td>
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<tr>
<td>Debt Service</td>
<td>Neighborhood Development</td>
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<tr>
<td>Intergovernmental Structure</td>
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<td>Horizontal</td>
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<td>Vertical</td>
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public facilities, climate, air quality—and social amenities—cultural and educational assets, crime rates—will influence the attractiveness of a city for business expansion. Finally, taxation, regulation, and public investments will make a place more or less desirable as a site of productive activity.

All of these factors determine the health of the economic base. Exactly how they do, given a city's structure, and how they interact with one another, is vital information for policymaking.

FISCAL CAPACITY

The economic base generates the taxes on which local jurisdictions largely depend for financing of services to the population. The demand for these services depends heavily on its demographic structure and socioeconomic composition. Various subpopulations generate special service requirements. Children, the elderly, and the poor, for example, have needs for programs that are distinguishable from the basic functions of government in protection, sanitation, streets and roads, and the maintenance of public facilities. Special subpopulations may also raise the costs of providing the so-called common services. The elderly, for example, will often be heavy users of public transportation, which in many places receives public subsidy. A high fraction of children in the population (as is found in a growing suburb or heavily minority central city) may lead to more expenditure on parks, while disadvantaged populations are more intensive consumers of policy services. The relationship between population composition and resultant service packages must be identified.

Local jurisdictions derive most of their revenues from taxes imposed on their inhabitants and other users of the city—commuters, visitors, firms that export to or import from the city's economy. Additional revenues accrue from the investment of idle funds by municipalities. The yield of particular sorts of taxes, on property, sales, earnings, or business activity will determine the extent to which the city can finance the required services from its own revenues. The level and mix of taxes will in turn help determine the size and composition of the population of firms and
households which locate in the city. And the ultimate incidence pattern of the taxes collected will affect the distribution of well-being among inhabitants.

An additional source of revenue lies in subventions obtained from higher levels of government. These may be unrestricted, as under general revenue sharing from the federal government, or from the distribution of state sales tax receipts to local government, or they may be tied loosely or tightly to specific expenditure categories. CDBG grants for neighborhood improvement and general education grants from the state are examples of the former, while LEAA-funded projects and highway maintenance funds exemplify the latter. Local spending (and taxing) responses to various sorts of higher-level grants should be identified in analyses that normalize for the characteristics of the city—e.g., size, age, region, industrial base, population composition.

The actual expenditures by particular units of government will be influenced also by local governmental structure. The responsibilities of cities and counties for the provision of, say, welfare or police protection or libraries, will differ from place to place. In other locations, special districts with autonomous taxing powers may provide recreational services or flood control or fire protection. Cities (and counties) may also combine in the financing and operation of certain agencies.

The costs of service provision also depends on area characteristics. Cities with older buildings and facilities will have higher maintenance and fire protection expenses, for example, while density features may also affect costs: Low-density cities should have increased street maintenance costs, while high-density cities may have higher crime rates and, therefore, police costs.

FINANCING ISSUES

Once there are measures of the basic fiscal capacity of a particular place, knowledge is needed about various problem areas in local finance. The most dramatic needs are exemplified in fiscal "crises" such as those which New York City and Cleveland experienced in the 1970s. What factors drive municipalities to such extremes?
What coping mechanisms are preferred in the face of imminent bankruptcy? At the other extreme are situations of excessive surpluses accumulated by subnational governments, to date mostly at the state level. Inflation (and highly income-elastic tax bases) have been identified as the sources of surpluses, but inflation can also worsen the fiscal balance in jurisdictions where costs escalate faster than revenues.

The trend toward statutory and constitutional limitation on taxing and spending by state and local government poses additional new problems. Although such controls have a venerable history in the U.S., the movement has accelerated in the 1970s as a consequence of inflation, a slowing in real economic growth, and the mood of public disenchanted with government. Governments finds themselves less able to provide the services they perceive to be demanded by constituents and look to user charges, more subventions, contracting out, privatization and, finally, service cutbacks as solutions. Local officials need to know what works where, and why, in coping with fiscal contraction. The equity consequences of contraction also require study. Policymakers must be able to anticipate the distributional effects of changes in revenue systems and service outputs.

Fiscal decline may stem from no deliberate decision by voters or officials but from the long-term decline in the taxpaying capacity of a jurisdiction. Aging capital stock, increased competition from foreign or domestic producers of a city's specialized exports, changes in consumer taste and in technology, or declining amenity levels will hasten decline, since they tend to drive out or fail to attract vital business activity and the most fiscally desirable sorts of residential taxpayers.

To solve local fiscal problems and to improve fiscal efficiency, a plethora of devices have been designed to improve intergovernmental relations. These range from reforms in grant formulae to proposals for consolidation in service provision and the sharing of tax bases among local governments. Most have been in the form of proposals; adoption decisions should depend on the efficiency gains and equity effects of such innovations.

Some have contended that a major source of the fiscal problems
of cities—particularly the larger and the older—lies in the increasing costs of the public payroll. More local public workers per inhabitant and higher levels of compensation have been singled out. Collective bargaining appears to raise wages significantly, but little is known about the effects of unionization on the costs of fringe benefits or on the number of workers and their productivity. The present and future costs of retirement systems also merit sustained analysis. At the same time we need to know the social consequences of dependence on public sector jobs in many cities. They seem to have provided a stepping stone toward upward mobility for minorities and women; cessation in growth in employment, not to speak of reductions, may engender significant negative effects.

Local officials are also in search of improved management methods. The onset of fiscal limitation and tax base erosion have raised the necessity of learning to live with decline, a circumstance to which until recently most were unaccustomed. Managing contraction may entail cutbacks, attrition, consolidation, and contracting out. Shared experience regarding which techniques succeed and which fail would be valuable to local decisionmakers.

ECONOMIC DEVELOPMENT

Before urban economic development activities can be effective, two central questions need to be answered: Where can assistance be directed to do the most good? What kinds of assistance will be most effective in a given set of circumstances? We may label these targeting and instrumentalities, respectively.

Targeting

We can distinguish three dimensions to targeting. First is the choice of cities: In what types of cities will assistance have the highest payoff? Second is the choice of specific neighborhoods: What neighborhoods are most susceptible to development through assistance? Third is the choice of population subgroups: To which population groups should the benefits be directed? Cities with problems but with prospects for turnaround is the obvious answer to the first question,
but wise policy requires a deeper knowledge of the nature of arrestable decline than is now available; and, clearly, the appropriate type of intervention will vary with the attributes of the city.

Regional factors also must be considered. The most notable cases of urban decline have occurred in the Middle Atlantic and Lower Great Lakes manufacturing belt, while the booming urban economies are located primarily in the South and West. Climate, resource costs, and changes in manufacturing technology have all contributed to these trends.

Selecting locations for assistance within a designated city also requires study. Sites for assistance must be accessible to intended beneficiaries but economically linked to support the intervention. In the real world, tradeoffs between these two preconditions are inevitable.

The populations targeted for assistance are usually identified in statutes or regulations that govern the interventions, e.g., low- and moderate-income groups, the unemployed, minority businessmen, etc. The problem comes in estimating the benefits and costs of programs ostensibly designed to aid identified beneficiaries. Will they actually capture a significant fraction of the new jobs produced? Can minority entrepreneurs take advantage of new opportunities? On the cost side, the chief unknowns lie in the cost of interventions, as measured by the destruction or disruption of established neighborhoods or the increases in land rents and other prices occasioned by neighborhood improvement schemes.

Instrumentalities

Once decisions have been made on where and to whom assistance is to be rendered, the question arises of the instrumentalities to be employed. Three general categories of mechanisms can be identified. In descending order of immediacy, they are: direct job creation, inducement of private sector jobs, and community improvement. Each will have different benefits and costs, depending on targeting objectives and the characteristics of the city where assistance is provided.
Direct job creation may entail hiring by public institutions (with or without subsidies), or subsidies to private firms, encouraging them to hire from targeted groups. Subsidies may encompass a range, from meeting on-the-job training expenses to tax advantages. Finally direct job creation can be engineered through preferential procurement from firms that will draw as many new hires as possible from the unemployed or low-income groups.

Less direct inducements for the creation of private jobs present an even wider range of possibilities. One set consists of development subsidies: land-cost write-downs, clearance and assembly expenses, or construction. Others are local, state, or federal tax moratoria, and special extensions of local services (e.g., police, fire, sanitation) or public facilities (e.g., transit links, sewer connections). Programs that cut regulatory red tape or offer advice and guidance to new business ventures improve the business "environment" and may also succeed in generating new jobs. Even less direct are programs that enhance the local labor supply through vocational training and counseling services.

The least immediate, although not necessarily least effective, method for improving the city's economy is improvement in the general physical and social environment on the theory that more agreeable and efficient cities will attract job-generating activities. Investments in the housing stock, streets, parks, and public buildings are premised on this rationale. The crucial analytic questions center on the nature and strength of the link between such improvements and the ultimate job picture. After all, such measures are costly compared with other, more direct economic development activities, although to be sure they provide broader benefits to the local populace.
III. THE LITERATURE

For convenience we have divided the literature reviewed here on urban finance and economic development into the 21 topic areas listed in Table 2 in order of frequency of appearance. Table 2 also shows the number of books in each area. This categorization, as noted in Sec. I, reflects our judgment of the categories of urban phenomena with which economists have concerned themselves. The assignment of articles to particular topic areas likewise is judgmental; the assignment of books was especially difficult since they frequently deal with more than one topic.\footnote{We assigned each book to a single topic area according to our judgment of the author's central concern.} Table 2 suffices to show the broad patterns of where, in our judgment, economists have tried to contribute to the resolution of urban problems; other observers might organize the literature differently.

THE CITY

Far and away the most widely studied topic in urban economics is the city as an entity. Research here has examined the determinants of a city's shape, structure, size, and growth. There has also been considerable interest in what might be termed "urban problems"—negative externalities that stem from the size, density, or other characteristics of urban areas as distinct from social concerns (e.g., unemployment, fiscal inadequacy) that arise in urban areas but are found in suburban and rural areas as well. Other articles in this area examine the purposes, functions, and productivity of cities. The city has also been the primary concern of seven books.

Research in this area is of high quality, judging by the journals in which it appears. Roughly 14 percent of the articles were published in first-rank journals. In comparison, only 8 percent of the articles tabulated in Table 2 appeared in first-rank journals.
Table 2

MAJOR TOPICS IN URBAN FINANCE AND ECONOMIC DEVELOPMENT
ADDRESSED IN THE ECONOMICS LITERATURE: 1974-1978

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of Articles Appearing in Journals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st Rank</td>
</tr>
<tr>
<td>The city</td>
<td>11</td>
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<tr>
<td>Property taxes</td>
<td>--</td>
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<tr>
<td>Federal policy</td>
<td>2</td>
</tr>
<tr>
<td>Local government services</td>
<td>4</td>
</tr>
<tr>
<td>Land values and land use</td>
<td>13</td>
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<tr>
<td>Nonproperty tax revenues</td>
<td>--</td>
</tr>
<tr>
<td>School finance</td>
<td>2</td>
</tr>
<tr>
<td>Employment and industrial location</td>
<td>2</td>
</tr>
<tr>
<td>Distributions of benefits and costs</td>
<td>1</td>
</tr>
<tr>
<td>Residential location</td>
<td>5</td>
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<td>State/local and local/local relations</td>
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<td>Residential renewal</td>
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<td>Fiscal limits and constraints</td>
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<td>Neighborhood development</td>
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<td>Public capital</td>
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NOTE: See App. A for basis of rankings.
Another 50 percent appeared in second-ranked journals, about the same proportion as for all recent urban economics articles.

Studies in this area are frequently theoretical and highly abstract, and seldom have direct policy relevance. Those studies that are applied are often more concerned with advancing theory than with addressing immediate policy concerns. Indeed, the issues addressed are seldom even amenable to policy intervention. As an illustration, this literature includes numerous studies of population density gradients whose primary purpose is to understand why numbers of people are distributed within (and among) cities the way they are. Typically these analyses present abstract, theoretical models of the distribution of households or other units in cities and then test them against some observed distribution. The objective of the exercise is to verify hypotheses derived from the theoretical model, not to explicate the size or growth of any particular city. Although the forces which influence city size and structure shape the context within which policy must be formulated, these forces are seldom amenable to policy control. Studies of the urban spatial structure, then, are typically irrelevant for policymakers, whatever the other merits of such studies may be.

PROPERTY TAXES

The second most popular topic among economists examining urban issues is property taxes. The sizable body of work on property taxes appears to be of comparatively low quality; none of the articles has appeared in first-rank journals. Over 62 percent, however, were published in second-level sources.

Examinations of the incidence and/or levels of property taxes account for just over a third of the articles in this area. A closely related subtopic, the effects of circuit breakers, accounts for another 10 percent of the work. The remaining studies are evenly spread over four subtopics: assessment practices, the politics of property tax relief/reform, the likely effects of separate taxes on improvements and land values, and the effects of property tax exemption.
Much of the work on property tax incidence and levels is inferential. The research on incidence attempts to identify where the property tax burden ultimately rests, while that on levels attempts to identify the factors that influence the tax rates levied by jurisdictions. Although property tax incidence and levels are conceptually distinct subtopics, studies frequently treat both issues. They examine incidence of property taxes, for example, in order to address hypotheses regarding the effects of incidence on levels. For example, a hypothesis may be that taxes will be greater where incidence is less obvious (and those who ultimately pay are therefore less aware of the consequences of high property taxes for themselves), and where a greater share of the burdens are exported (so that relatively more of those who ultimately pay lack influence over the local decisionmakers who set tax rates).

Most of the remaining work on property taxes is descriptive, hortatory, or both. Some articles describe the working of particular circuit breakers, assessment practices, exemption provisions, and so forth. Others point to alleged shortcomings in property tax systems and propose modifications designed to either eliminate them or alleviate their consequences.

Research on property tax incidence and levels is potentially relevant to policy, but seldom becomes so. Property taxes account for a substantial share of most cities' revenues, and because they presumably enter into the calculus of locational decisions, they affect the size and nature of the population a city serves and the employment opportunities it offers. Before this body of research can be helpful to policy, however, these links must be fully articulated and understood. The research on the other subtopics in this area speaks directly to policy, but often from a platform of questionable support. Studies tend to describe the effects of property tax systems on certain classes or groups, to argue that some of them are treated "unfairly," and to offer remedies. But the argument rests on the author's inevitably idiosyncratic notion of what constitutes "fairness," from which flows the "remedy." The policy relevance of these studies thus depends on the degree to which the policymakers agree with the authors' values. Additionally, these articles seldom
examine all the implications of their proposals. The possibility of consequences, adverse or desirable, beyond those anticipated in the study, would merit close examination before the recommendation made in these studies could be accepted.

**FEDERAL POLICY**

The past half decade has seen numerous articles, but no books, on the effects of federal policies on urban finance and economic development. Slightly over half examined revenue sharing, no doubt an artifact of the enactment of federal legislation. Other subtopics studied in this area are: federal responsibilities in meeting urban problems, local responses to federal aid, federal incentives to reform local tax structures, the effects of income tax policies, and the effects of wage and price controls on cities.

This work has not been of high quality, by and large. Only two of the articles appeared in first-rank journals, both on the subtopic of local responses to federal aid. Over two-thirds of the articles on revenue sharing and over half of all the studies in the entire area of federal policy appeared in third-rank journals.

Many of these articles are descriptive, detailing the distribution of revenue sharing funds among different types of cities or summarizing the federal share of local governments' revenue in various types of cities, to cite two examples. Others are exhortative, arguing for federal assumption of various responsibilities or for changes in federal grant formulae that would redirect aid in a manner the authors deem desirable. But most of the work is inferential, testing hypotheses regarding the impacts of federal aid, particularly general revenue sharing.

The issues this literature addresses are of direct concern to federal policymakers. The major limitations, from a policy perspective, are the rather narrow scope—federal policies and programs other than general revenue sharing have received little attention—and the frequent low quality of the work.
LOCAL GOVERNMENT SERVICES

According to the criteria of depth, quality, and policy relevance, local government expenditure is clearly the best-developed topic in urban finance and economic development. Nearly half of the articles attempt to identify the determinants of local government expenditures, mostly by dealing with aggregate expenditures; a few concentrate on expenditures; a few concentrate on expenditures for specific services: police, schools, and libraries. Several articles examine the efficiency or effectiveness of particular local government services, notably police, fire protection, and refuse collection. The effects of inter-governmental grants on local expenditures are examined in a few articles, while five other subtopics are each the subject of one to three articles: the effects of inflation on local government expenditures, measuring the outputs of local service, managing local public services, the profitability of municipally owned companies, and "pricing" of public services.

Overall, this body of research tends to be of higher than average quality: Four of the articles appeared in first-rank journals and another 30 were published in second-rank journals. About 70 percent of the articles on one or another aspect of local government expenditures thus appeared in first- or second-rank journals, compared with 58 percent for all the articles examined here.

Several of the determinants studies attempt to advance theory. They tend to be concerned with explaining the size of local governments' budgets but offer little guidance on the desired size or how budget magnitudes might be changed. The studies frequently yield important policy implications, however, and most of the studies on other subtopics directly address issue of immediate concern to policymakers.

LAND VALUES AND LAND USE

What determines the value or price of a particular parcel of urban land? A considerable volume of research addresses this question. Most of the work in this area has focused on the phenomenon termed "capitalization." In evaluating the value of a parcel of land, individuals presumably take account of both the property (and other)
taxes to be paid and the public services conferred through ownership. Fully 34 articles attempt to sort out the effects of taxes, services, or both on the value of land. Other research in this area concerns the effects of land use patterns, zoning and amenities on land values.

Research on this topic, particularly the capitalization studies, tends to be of higher quality than the urban economics literature as a whole. Of the articles on land values, 13—over 30 percent of the total—appeared in first-rank journals, and 14 more were published in second-rank journals. Of the articles that appeared in first-rank journals, 11 dealt with the capitalization issue.

The issues addressed in this research have considerable relevance for policy. Because land values determine the ultimate property tax base of a city, they are a major factor in its fiscal health. Land values also enter residential and business location decisions, thereby affecting the populations the city will have to serve and the job opportunities within its boundaries. The determination of land values, however, is exceedingly complex; the available research, accordingly, tends to be abstract, theoretical, and fairly far removed from the immediate policy concerns. This is particularly true of the capitalization work.

NONPROPERTY TAX REVENUES

Although cities derive revenues from a variety of sources other than property taxes, surprisingly little research has been conducted on these sources. Little information exists on the amounts of revenues that might be obtained from them, or on the comparative consequences of tapping them to a greater or lesser degree. This literature contains several articles on nonproperty tax revenues, but half focus on debt management and several others deal with the forgone revenue opportunities associated with idle public funds. Other potential revenue sources have received little attention. A few studies have dealt with gambling taxes, sales taxes, and/or miscellaneous nonproperty tax revenues.

In general, this body of research is of middling quality. None of the articles appeared in first-rank journals, but nearly two-thirds were published in second-rank journals.
Among the more policy-relevant studies are those on government debt and idle public funds, but some of the studies (notably the high-quality ones) focus on theoretical models from which policy prescriptions cannot be directly derived. The research on gambling taxes is relevant to the concerns of policymakers only in the places where gambling has been or may be legalized. The sales tax studies are generally relevant, though limited in number. Other common revenue sources—local income taxes, service fees, and the like—have not been addressed in the recent literature.

**SCHOOL FINANCE**

The school finance reform movement has attracted numerous research efforts. The issues encountered in school finance generally have counterparts in the financing and delivery of other public services, and most of the studies in this area could be assigned to other topic areas. However, in view of the particular policy attention afforded to school finance, we grouped studies focused on school finance issues separately.

We found 27 articles dealing with school finance. The burdens of supporting the schools, and descriptions and evaluations of alternative school finance plans, are the most popular subtopics. Other articles deal with the relationship between school expenditures and students' achievement, the capitalization effects of school finance, local control of the schools, and nonpublic schools.

The quality of this work is above average: Two of the articles were published in first rank journals. Another 15 articles appeared in second level sources.

Many of these studies offer insights that are potentially relevant to policymakers concerned with comparable issues in other public services, but the application of those insights to other services have to be worked out before they will be of much use.
EMPLOYMENT AND INDUSTRIAL LOCATION

The numbers and kinds of jobs available in an urban area are central determinants of its economic viability and fiscal health. The recent urban literature provides 24 articles and two books on these issues. These generally address one or the other of three subtopics: the determinants of industrial location, the spatial distribution of employment in an urban area, and the effects of local government finance on employment. Twelve of the articles appeared in the better journals--two in the first rank and ten in the second.

This branch of the urban literature is highly policy relevant. The research is largely directed toward issues of immediate importance; the studies are generally inferential, using empirical approaches to derive conclusions of broad application.

DISTRIBUTIONS OF BENEFITS AND COSTS

Who benefits from local government services? How are the costs of providing these services distributed among the population? Several articles addressing each of these questions, together with a few articles on externalities, make up the recent literature on the distributions of the benefits and costs of local government in urban areas.

This branch of urban research is qualitatively weak. Only one of the articles appeared in a first rank journal. Eight others are found in second rank sources. Sixty percent of this literature appeared in lower-quality journals.

These studies are highly policy relevant, but generally limited in scope. They deal with only a few services in a few places, and, therefore, provide a limited basis for generalization. What information they do provide, however, is directly applicable to issues of concern to local policymakers.

RESIDENTIAL LOCATION

The recent literature includes several studies of households' residential location behavior. Nearly half of the articles investigate
the effects of public services, taxes, or both on location choices. Other studies in this area deal with the effects of amenities, transportation links, or employment location on residential location. Other studies present general approaches to the problem of analyzing residential location choices or examine the overall effects of locational choices on the distribution of the population within an urban area. This literature is closely related to the literature on land values, particularly to studies of service/tax capitalization. Studies of residential location focus on understanding why people choose to live where they do, whereas land value studies focus on how those choices affect the prices of land.

This topic is marked by research of high quality. Of the 21 articles in this area, 5 were published in first-rank journals and 9 in second rank journals. Only one-third of the studies are found in sources below the second rank.

While this research has important connections to current policy concerns, it is not directly policy relevant. The connections between residential location choices, on the one hand, and tax bases and the public service needs of different population groups, on the other hand, need to be more fully developed before the policy implications of this work can be drawn.

STATE/LOCAL AND LOCAL/LOCAL RELATIONS

Studies of the relations between state and local governments and among local governments include several descriptions of the politics of intergovernmental relations. Studies of intergovernmental grants and studies of decentralization or consolidation of services are the next most popular subtopics. The literature also includes articles on state responsibilities toward urban areas, on tax base sharing, and one study of "exported" taxes (i.e., taxes ultimately paid by non-residents of the taxing jurisdiction).

These studies generally appeared in second-rank journals. Only one was published in a first-rank journal; one-third of the studies were found in sources below the second rank.
The policy relevance of this body of research is difficult to judge. Although the issues addressed are clearly of policy concern, much of the work is descriptive, offering insights but not findings with general applicability.

RESIDENTIAL RENEWAL

As noted in the Introduction, we exclude analyses of housing issues and problems. However, the effects of local government finance on residential renewal and the relationships between renewal and urban economic development properly fall within the scope of this analysis. Articles in this area have explored the connections between housing policies and urban economic development, housing subsidies, and the contribution of property taxes to urban blight. Local government investments in housing and the influence of the central business district on housing have also received some attention in this literature.

These studies are highly policy relevant in that they speak directly to important current policy concerns. Unfortunately, the quality of the work leaves much to be desired. None of the studies were reported in first-rank journals, and only 7 appeared in second-rank journals. Nearly two-thirds of the articles on residential renewal were published in journals below the second rank.

PUBLIC EMPLOYMENT

Issues relating to public sector employment are treated in 17 articles, of which the economics of public employee retirement systems account for 7. Other articles examine various facets of collective bargaining in the public sector, factors influencing the numbers of persons employed by a local government, and salary levels in the public sector.

The overall quality of this research is mediocre. First- and second-rank journals published 1 and 6 articles, respectively, in this area; 10 of the articles appeared in lower-ranked journals.
The issues examined in this research are clearly relevant to policy and most of the studies directly address policymakers' concerns—particularly those on the demand for labor in the public sector. Few of these articles are theoretical or abstract. On the other hand, some of the studies are fairly limited in scope, dealing with the employees of a particular type of agency or a particular place.

FISCAL CAPACITY

Articles which address the issue of fiscal capacity concentrate on three main themes: Several propose indicators or measures of fiscal capacity. Others treat the role of the tax base (or the effects of tax burdens) in fiscal capacity. Two articles deal with the contribution of nonresidents to a city's fiscal capacity.

None of these articles appeared in a first-rank journal, but 12 were published in second-rank sources. Overall, the quality of the work in this area is average.

The issues tackled in this literature are of considerable policy concern and the research, particularly the articles on measures of fiscal capacity, attempts to address those concerns directly. However, the proposed measures are diverse and the relationships among them and between any of them and the economic well-being of cities, are unclear. Currently, this literature is not particularly useful to policy.

OTHER TOPICS

The recent literature contains a few articles and books on each of several other topics, but in each case, the scope of the literature is so limited as to preclude broad generalizations about quality or policy relevance. Below, we briefly note the work on seven topics, each addressed in relatively few articles (15 or fewer).

Management

A few articles and three books propose methods, techniques, or models for the management of local governments. Some of these treat management tools, others deal with contracting out, and one discusses institutional constraints on local government.
Fiscal Balance

Thirteen articles and one book examine the overall municipal fiscal situation. The literature is divided between studies of the causes of fiscal decline and descriptions of the fiscal conditions of various types of urban areas. Four of the studies examine New York City's experiences in the early 1970s.

Migration

The recent literature includes articles on the relationships between migration into or out of urban areas and local government policy, the linkages between school finance and migration, and a variety of other subtopics.

Economic Development

The economic development of cities or of metropolitan areas has been the topic of only six articles in the recent literature. However, seven recent books also address this topic. Most of the books and articles are management-oriented. They describe (or advocate) tools, techniques, and strategies city officials can use to plan for and implement economic development. Applied, empirical studies of how these have actually worked are unfortunately few.

Fiscal Limits

Articles in the area of fiscal limits and constraints analyze voters' behavior, or describe states' recent experiences with local tax or expenditure controls.

Neighborhood Development

The topic of neighborhood development or renewal is addressed in six articles and one book. Two of the articles treat urban renewal. The others examine the neighborhood effects of miniparks, filtering, and community fragmentation.
Public Capital (Infrastructure)

Only four articles address issues related to the location, preservation, or development of public capital or infrastructure in urban areas.
IV. SETTING RESEARCH PRIORITIES

Section II reviewed the topics on which HUD officials concerned with urban finance and economic development need information. Section III then surveyed the recent economics literature to identify the amounts and kinds of information it provides. Here, we relate the results of those two efforts and note the apparent gaps in available knowledge. We then suggest the kinds of research activities that would have to be undertaken to fill those gaps and discuss the further steps necessary to set appropriate research priorities.

RESEARCH REQUIREMENTS AND THE AVAILABLE INFORMATION

The recent economics literature contains 544 articles and books on topics in the areas of urban finance and economic development. Despite this volume of work, numerous topics of concern and relevance to HUD have received little or no attention. For others, only theoretical analyses, little related to HUD's ongoing policy concerns, are available. At the other extreme, the topic receiving the greatest attention in the economic research community—the city as a whole—is at best loosely connected to the policy problems which confront HUD officials. Below we note some of the more important gaps in the information base.

The Economic Base

Jobs, the availability, quality, and costs of factors of production, and government policy are the major determinants of a city's economic base. The research on the city as a whole provides a context for examining the economic base of a city and, in some cases, explores the dimensions of the labor pool. The studies of employment, particularly on the location of industry, explicate cities' demand for labor. The research on land values and on residential location provides a basis for analyzing the availability and cost of land, although, as we noted in Sec. III, these studies tend to focus on the development of theory. The migration research reveals something about factors
influencing the availability of labor in cities. There is little research on public capital, and none we could find on private capital. There are several studies of federal policy, but few explicate the impacts of federal policies and programs on the economic base.

Fiscal Capacity

A city's fiscal capacity depends on the needs of its population in relation to its ability to serve those needs. The latter, in turn, depends on its ability to raise revenues and on its expenditures and debt. The literature proposes several measures of fiscal capacity and provides a wealth of information on a major revenue source—the property tax. There has not been much work on service needs and even less attention on revenue sources other than the property tax. The literature includes numerous studies of local government expenditures. But most of these have limited scope, treating expenditures for a particular service or in a particular place. Debt management has received considerable attention.

Financial Issues

To respond to problem areas in local finance, decisionmakers need information on a variety of topics, including cities' fiscal balances, the effects of inflation and of fiscal limits and constraints, intergovernmental relations, and public employment. The availability of methods for managing cities' fiscal affairs is also of interest. The literature touches on most of these topics; considerable information is available for a few of them. Several studies describe or examine the causes of fiscal decline; most, however, are preoccupied with New York City and the generalizability of these results is open to question. Only three studies deal with inflation—all in the area of local government expenditures. Information on the effects of fiscal limits and constraints is equally sparse. There are several studies of intergovernmental relations. However, these tend to focus on narrow aspects of the topic, often in a particular locale. A few studies propose management tools or methods.
Economic Development

Relatively little work is available on either of the two central issues in economic development: targeting (Where should assistance be directed?) and instrumentalties (What sorts of assistance should be provided?) Some of the research on the city as a whole is indirectly relevant, in that one could approach development policy by identifying cities whose characteristics depart from the optimum (targeting) and providing them with the kinds of aid they need to achieve the optimum. The literature on the city, however, would need considerable further development before it could serve this purpose. Otherwise, there is no work bearing on direct job creation and only a smattering of articles that touch on inducements for private jobs. What work there is is found among the studies in the areas of employment and economic development. There is a modest literature on residential renewal; studies of neighborhood renewal are rare in the recent economics literature.

DEFICIENCIES

This brief survey reveals at least four different kinds of deficiencies in the available information on urban finance and economic development. One deficiency, appearing in several places, is a sheer paucity of studies. For example, the research provides little or no information on the costs and qualities of private and public capital in urban areas, the consequences of inadequate capital stocks for local economic development, and the appropriate policy responses to problems resulting from an underdeveloped local capital sector. Similarly, there is virtually no information on the local effects of federal policies other than revenue sharing—federal investments, including the location of federal enterprises, social programs, procurement policies and patterns, and the like. Information on the service needs of urban areas in general or of special populations, on local revenue sources other than property taxes, on intergovernmental structure, on the determinants of local governments' fiscal conditions, and on the effects of fiscal limits and constraints is, in every case, sparse and insufficient for
policymakers' needs. Perhaps the most glaring gaps of this type appear in this area of economic development. The recent economics literature provides almost no information on targeting or on direct job creation. There are only a few studies on inducements for job development in the private sector.

A second deficiency is quality. Despite sheer numbers, the quality of articles available on a topic may typically be low, casting doubt on the information, however abundant it may be. Acknowledging the possibility that high-quality articles may appear in low-ranked journals while high-ranked journals occasionally publish a poor study, the point still stands. Researchers generally seek publication in the high-ranked journals; articles that are submitted to lower-ranked journals typically were rejected by a more prestigious journal. Because rejection often reflects flaws or important substantive limitations in a study, an article appearing in a lower-ranked journal must be used with caution. For example, the areas of federal policy, the distributions of benefits and costs, public employment, and management are each the topic of ten or more journal articles. But, in each case, more than half of the studies appeared in third-rank journals. We suspect that the volume of studies on these topics is no indication of the quantity of sound information they furnish.

Several topics, most notably the city as a whole, land values, and residential location, are characterized by a third deficiency—lack of immediate applicability. We do not imply that the research is irrelevant to policy, only that its relevance is indirect. Studies of the city, for example, could provide a basis for the development of targeting policies. But the published studies do not treat the targeting issue and, in fact, considerable additional research would be needed to translate their results into immediately applicable policy recommendations. The same can be said about the research on land values and on residential location. Both areas include numerous studies, many of which seem to be of high quality. These articles contain information central to the problems of residential and neighborhood renewal and directly relevant to the problem of local economic development. Despite its volume, quality, and relevance,
however, this information is not immediately applicable and could not be without additional work.

Finally, this literature is noticeably deficient in syntheses. In varying degrees, individual studies do build on previous work, but there is a notable absence of recent articles appraising the "state of the art" for a particular topic or cluster of topics. Nor do there seem to have been recent attempts to articulate the linkages among different research topics.

NEXT STEPS

Our purpose in this experimental survey is to demonstrate an approach to establishing research priorities and to take an initial step in that direction. Additional work would be needed to carry this effort to the point of actually setting priorities for future research. In particular, the analysis would have to be extended at least to the planning and public administration literatures, and the survey of the economics literature would have to be extended back to 1960. Also, unpublished reports on urban finance and economic development would have to be included. Once those tasks were completed, the knowledge base could be summarized and its gaps noted with somewhat greater confidence.

At the same time, the set of topics on which HUD officials require information should be explored in greater depth and, perhaps, with greater comprehensiveness. The list provided in Table 1 is intended to provoke comment and criticism from HUD officials who are better positioned to assess the range of contemporary HUD information needs.

Our categorization of the literature also can benefit from criticism and advice. Our selection of topics reflects our best judgment on the major concerns of previous research, but the judgment of others could strengthen it. The ultimate objective of grouping the studies is to communicate a sense of where the research has been focused and we would welcome suggestions as to how that information could be better communicated.
In sum, we suggest that HUD needs to promote the development of the information base on urban finance and local economic development. We also suggest that the procedure demonstrated here provides a means for identifying gaps in the available literature and specifying the nature of each gap. The latter is important because different approaches to the problem of stimulating additional research are appropriate to different kinds of gaps in the knowledge base.
Appendix A

QUALITY RANKING OF ECONOMICS JOURNALS

The 1970s have seen numerous studies of the relative quality of economics journals. Although they employed different concepts of what is meant by the "quality" of a professional journal and different qualitative measures, their rankings were quite consistent. On the basis of their rankings, we divided the journals in which articles on urban economics appeared between 1974 and 1978 into three levels of quality. The first includes 15 journals: the 12 journals that were ranked among the top 10 economics journals by two or more of the studies; JEL; the Journal of Economic Theory (JET); and the Journal of Urban Economics (JUE). JEL is important because it is widely read and is the primary vehicle for economists when they write comprehensive review articles. JET was a new journal when the ranking studies were done and its high quality had not, as yet, been established. JUE does not have the stature of the other top journals, but it is the best of the journals that specialize in urban economics.

Journals generally ranked among the upper third of those examined in the studies of journal quality make up the second class. The remaining journals, and those not included in any of the ranking studies, are combined in the third class.

Table A.1 lists the journals by quality level.

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<td>American Journal of Agricultural Econ.</td>
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<td>Economica</td>
<td>Amer. Political Science Review</td>
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<td>International Economic Review</td>
<td>Amer. Real Estate Urban Econ. Assoc. J.</td>
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<td>Journal of Economic Literature</td>
<td>Annals of Econ. and Soc. Measure-ment</td>
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<td>Journal of Economic Theory</td>
<td>Applied Economics</td>
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<td>Mississippi Valley J. Bus. &amp; Econ.</td>
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<td>Monthly Labor Review</td>
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<td>National Westminister Bank Quart. Rev.</td>
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Group III (Con't.)

National Resources Journal
Neb. J. Econ. Bus.
New Eng. Econ. Rev.
Policy Anal.
Polit. Sci. Quart.
Problems of Economics
Public Policy
Quart. Rev. Econ. Bus.
Regional Science and Urban Economics
Regional Studies
Rev. of Income and Wealth
Review of Social Economy
Revista Internazionale di Scienze Economiche e Commerciali
Scot. J. Polit. Econ.
Soc. Sci. Quart.
Survey of Current Business
Swedish J. Econ.
Water Resources Res.
World Develop.
Yale Law J.
Zeitschrift fur Nationalokonomie
Appendix B

THE RECENT ECONOMICS LITERATURE ON URBAN
FINANCE AND ECONOMIC DEVELOPMENT

This bibliography lists the books and articles on urban finance and economic development noted by the *Journal of Economic Literature* between 1974 and 1978, except for those which address issues in cities outside the United States. It also excludes textbooks and collections of papers. The bibliography is divided into two parts; the first contains books and the second articles. In each case, the entries are collected under the following 21 headings:

- The city
- Property taxes
- Federal policy
- Local government services
- Land values and land use
- Nonproperty tax revenues
- School finance
- Employment and industrial location
- Distributions of benefits and costs
- Residential location
- State/local and local/local relations
- Residential renewal
- Public employment
- Fiscal capacity
- Management
- Fiscal balance
- Migration
- Economic development
- Fiscal limits and constraints
- Neighborhood development
- Public capital
These groupings are somewhat arbitrary, as are the assignments of particular books and articles to a particular grouping. We tried to identify each item's central concerns, and then grouped those having similar concerns under a heading which expressed their common theme. Other observers might have chosen somewhat different headings and assigned particular studies to different categories. Nonetheless, the distribution of work across our categories should indicate the broad patterns in the literature. Chapter III (pp. 14-27) describes the topics included in each of our categories in more detail.
THE CITY


PROPERTY TAXES

LOCAL GOVERNMENT EXPENDITURES


LAND VALUES


STATE AND LOCAL RELATIONS


THE DISTRIBUTIONS OF BENEFITS AND COSTS


RESIDENTIAL RENEWAL


MANAGEMENT


FISCAL BALANCE


ECONOMIC DEVELOPMENT


NEIGHBORHOOD DEVELOPMENT

THE CITY


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**PROPERTY TAXES**

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pp. 206-12.

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**FEDERAL POLICY**


**LOCAL GOVERNMENT SERVICES**


**LAND VALUES AND LAND USE**


**NONPROPERTY TAX REVENUES**


**SCHOOL FINANCE**


EMPLOYMENT AND INDUSTRIAL LOCATION


**DISTRIBUTIONS OF BENEFITS AND COSTS**


RESIDENTIAL LOCATION


**STATE/LOCAL AND LOCAL/LOCAL RELATIONS**


**RESIDENTIAL RENEWAL**


**PUBLIC EMPLOYMENT**


**FISCAL CAPACITY**


**MANAGEMENT**


**FISCAL BALANCE**


**MIGRATION**


ECONOMIC DEVELOPMENT


FISCAL LIMITS AND CONSTRAINTS


NEIGHBORHOOD DEVELOPMENT


**PUBLIC CAPITAL**


