

Intra-National Political Economy
State and Urban Finance
Economics 7378

Spring, 2011

Prof. Steven Craig

This is a course in public sector economics at the sub-national level, and is intended primarily for graduate students in economics. Others are welcome but with the consent of the instructor. Using the tools of microeconomics, we will examine the provision and allocation of local public goods and services. I will give two lectures of background at the start, since you haven't had the opportunity to take the survey public sector economics course. This class will concentrate almost exclusively on empirical tests of the underlying theory. The relevant theoretical articles are included on the reading list for your reference, and may also be incorporated into the presentation of the empirical work. The reading list may not be complete, but it is also long to serve as a reference source. It is assumed that students in this course have a thorough understanding of micro theory, and are acquainted with the tools of statistical analysis. There is no textbook, although Public Sector Economics by Boadway and Wildasin (2nd ed.) and State and Local Public Finance by Fisher are excellent background materials-see me if you can't find them. The papers I currently intend to cover in class are identified by an *, though I will announce any changes in advance of class (there will be pretty many, most likely!).

Notation in the reading list:

AER = American Economic Review
QJE = Quarterly Journal of Economics
JPE = Journal of Political Economy
JPubE = Journal of Public Economics
NTJ = National Tax Journal
PC = Public Choice
REStat = Review of Economics and Statistics
REStud = Review of Economic Studies
RandJ = Rand Journal of Economics (formerly the Bell Journal)
JEL = Journal of Economic Literature
JLE = Journal of Law and Economics
IER = International Economic Review
JEP = Journal of Economic Perspectives
EI = Economic Inquiry (formerly Western Economic Journal)
AEJ Ap = American Economic Journal- Applied
AEJ EP = American Economic Journal- Economic Policy

Requirements for this course include a midterm assignment and a final exam. The midterm assignment can be either an exam, or a written project, we will discuss the details in class. If you do a written project, there will be no incompletes unless a journal publication results. N.B. The final exam (required) is Thursday, May 12, at 2 pm.

A. Background (public goods, market failure (externalities, information, income distribution, decreasing costs, and US institutions)

Boadway and Wildasin, Chaps 3-4 (public goods), Chap 6 (preference aggregation), Chap 9 (taxes), Chap 10 (SWF), Chap 15 (Tiebout, Federalism).

R. Fisher, State and Local Public Finance, (2nd ed).

J. Dreze, "Forty Years of Public Economics: A Personal Perspective," JEP, Spring, 1995.

G. Tullock, "Where is the Rectangle?" PC, April, 1997.

I. Background on Market Failures

1. Public goods

B, Ch 1-4

*P. Samuelson, "The Pure Theory of Public Expenditure," REStat, Nov 1954

* _____, "The Diagrammatic Exposition of the Theory of Public Expenditures," REStat, Nov 1955

2. Externalities

D. Carlton and G. Loury, "The Limitation of Pigouvian Taxes as a Long Run Remedy for Externalities," QJE, Nov 1980 (Also see Comment by Kohn, Aug 1985 and Reply)

D. Brookshire, Thayer, Schulze, and d'Arge, "Valuing Public Goods: A Comparison of Survey and Hedonic Approaches," AER, March 1982

3. Information and Uncertainty

G. Akerlof, "The Market for Lemons: Qualitative Uncertainty and Market Mechanisms," QJE, Aug 1970

M. Rothschild and J. Stiglitz, "Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information," QJE, Nov 1976

4. Decreasing Costs (take IO and/or Law&Econ)

B. Ch 7

J. Kalt and M. Zupan, "Capture and Ideology in the Economic Theory of Politics," AER, June, 1984.

5. Distribution as a Public Good

H. Hochman, and J. Rodgers, "Pareto Optimal Redistribution," AER, Sept 1969 and "Comment" AER, Dec 1970

M. Pauly, "Income Distribution as a Local Public Good," JPubE, 1973(2), p. 35

6. Stabilization

II. An Introduction to the Local Public Sector (local public goods and local government behavior)

- *T. Bergstrom and R. Goodman, "Private Demands for Public Goods," AER, June 1973
- T. Borchering and R. Deacon, "The Demand for the Services of Non-Federal Governments," AER, Dec 1972
- *R. Inman, "The Fiscal Performance of Local Governments: An Interpretative Review," in P. Mieszkowski and M. Straszheim (eds) Current Issues in Urban Economics, 1979.

III. What Are Local Public Goods?

A. Empirical Tests

- J. Brueckner, "Congested Public Goods: The Case of Fire Protection," JPubE, 15, 1981
- *S. Craig, "The Impact of Congestion on Local Public Good Production," JPubE, 32, April, 1987.
- *E. McGreer and M. McMillan, "Public Output Demands from Alternative Congestion Functions," JUE, Jan, 1993.
- T. Means and S. Mehay, "Estimating the Publicness of Local Government Services: Alternate Congestion Function Specifications," SEJ, Jan, 1995.
- T. Besley and S. Coate, "Centralized vs. Decentralized Provision of Local Public Goods," JPubE, Dec, 03

B. Theoretical Background on Local Public Goods

- J. Buchanan, "An Economic Theory of Clubs," Economica, Feb, 1965.
- E. Berglas, "On the Theory of Clubs," AER, May 1976
- A. Sandmo, "Public Goods and the Technology of Consumption," REStud, Oct 1973
- T. Sandler and J. Tschirhart, "The Economic Theory of Clubs: An Evaluative Survey," JEL, Dec 1980
- M. Pauly, "Income Distribution as a Local Public Good," JPubE, 2, 1973
- H. Cremer and J. Laffont, "Public Goods and Costly Access," JPubE, Sept, 03
- C. Blackwell and M. McKee, "Only for My Own Neighborhood? Preferences and Voluntary Provision of Local and Global Public Goods," JEBQ, Sept, 03

C. Costs and Production in the Local Public Sector

- W. Baumol, "Macroeconomics of Unbalanced Growth: The Anatomy of Urban Crises," AER, June, 1967
- M. Keren, "Macroeconomics of Unbalanced Growth: Comment," AER, March, 1972 (also Lynch and Redman Sept, 1968).
- R. Inman, "Public Employee Pensions and the Local Labor Budget," JPubE, 19, 1982.
- L. DeBoer, "Economies of Scale and Input Substitution in Public Libraries," JUE, Sept, 1992
- M. Nelson, "Municipal Government Approaches to Service Delivery," EI, Jan, 1997.
- Grossman, Mavros, and Wassmer, "Public Sector Technical Inefficiency in Large U.S. Cities,"

JUE, Sept, 1999.

E Glaeser and A. Shleifer, "The Rise of the Regulatory State," JEL, June, 03

J. Andreoni and A. Payne, "Do Government Grants to Private Charities Crowd Out Giving or Fund-Raising," AER, June, 03

*M. Balaguer-Colla, D. Priorb and E. Tortosa-Ausina "On the determinants of local government performance: A two-stage nonparametric approach," EER, 51, Feb, 2007, p. 425.

IV. Governmental Preferences

A. Voting

R. Deacon and P. Shapiro, "Private Preference for Collective Goods Revealed Through Voting on Referenda," AER, December, 1975

T. Romer and H. Rosenthal, "The Elusive Median Voter," JPubE, Oct 1979

T. Bergstrom, D. Rubinfeld, and Shapiro, "Micro-Based Estimates of Demand Functions for Local School Expenditures," Econometrica, Sept, 1982.

*R. Filimon, T. Romer, and H. Rosenthal, "Asymmetric Information and Agenda Control: The Bases of Monopoly Power in Public Spending," JPubE, 17, 1982.

S. Craig and E. Hsieh, "Local Public Good Provision Under Uncertainty: Do Bureaucrats Wield Carrots- or Sticks?" JUE, Sept, 1994.

R. Pande, "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities?: India," AER, Sept, 03

A. Brender, "The Effect of Fiscal Performance on Local Government Elections: Results in Israel," JPubE, Sept, 03

*C. Ferraz and F. Finan, "Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits and Electoral Outcomes," QJE, May, 08

*G. Miller, "Women's Suffrage, Political Responsiveness, and Child Survival in American History," QJE, Aug, 08.

*F. Trebbi, P. Aghion, and A. Alesina, "Electoral Rules and Minority Representation in U.S. Cities," QJE, Feb, 08.

*Marcus Drometer and Johannes Rincke, "The impact of ballot access restrictions on electoral competition: evidence from a natural experiment," PC, March, 2009.

B. The Technology of Voting as Demand Revelation

N. Schofield, "The Mean Voter Theorem," REStud, July, 07

M. Rekkas, "The Impact of Campaign Spending on Votes in a Multi-Party Election," REStat, Aug, 07

Hatings, Kane, Staiger, and Weinstein, "The Effect of Randomized School Admissions on Voter Participation," JPubE, June, 07

Drazen, Limao, and Stratmann, "Political Contribution Caps and Lobby Formation: Theory and Evidence," JPubE, April, 07

Gentzkow, "Television and Election Turnout," QJE, Aug, 06

Washington, "How Black Candidates Affect Voter Turnout," QJE, Aug, 06

D. Coates and B. Humphreys, "Proximity Benefits and Voting on Stadium and Arena Subsidies," JUE, Mar, 06

C. States and Provinces: Behavior of Aggregative Governments

D. McFadden, "The Revealed Preferences of a Government Bureaucracy: Empirical Evidence," BellJE, Spring, 1976.

S. Craig and R. Inman, "Education, Welfare, and the 'New' Federalism," in H. Rosen (ed) Studies in State and Local Public Finance, 1986.

D. Holtz-Eakin, "The Line Item Veto and Public Sector Budgets," JPubE, 1988, 36, p. 269.

R. deFigueirodo, "Budget Institutions and Political Insulation: Why States Adopt the Item Veto," JPubE, Dec, 03.

J. Matsusaka, "Economics of Direct Legislation," QJE, May, 1992.

D. Epple and R. Romano, "Ends Against the Middle: Determining Public Service Provision where there are Private Alternatives," JPubE, Nov, 1996.

K. Baicker, "Government Decision Making and the Incidence of Federal Mandates," JPubE, Nov, 01, p147

Strumpf, K. "Government Credibility and Policy Choice," JPubE, April, 01, p. 141.

Knight, B. and A. Levinson, "Rainy Day Funds and Government Savings," NTJ, Sept, 99.

L. Feld and J. Matsusaka, "Budget Referendums and Government Spending: Evidence from Swiss Cantons," JPubE, Dec, 03

C. Colburn and S. Hudgins, "The Intersection of Business, State Government, and Special Interests in Federal Legislation," EI, Oct, 03

T. Besley and A. Case, "Political Institutions and Policy Choices: Evidence from the US," JEL, March, 03.

S. Callander, "Electoral Competition in Heterogeneous Districts," JPE, Oct, 05

*M Bordignon, L Colombo, and U Galmarini, "Fiscal Federalism and Lobbying," JPubE, Dec, 08, p2288.

*T. Besley and I. Preston, "Electoral Bias and Policy Choice: Theory and Evidence," QJE, Nov, 07.

*C. Shaltegger and L. Feld, "Do Large Cabinets Favor Large Governments? Evidence from the Fiscal Commons Problems for Swiss Cantons," JPubE, Feb, 09

*C Jin, Y. Qian, and B. Weingast, "Regional decentralization and fiscal incentives: Federalism, Chinese style," JPubE, Sept, 05.

D. Cities and Parts of Cities: The Behavior of Smaller Governments

*J. Behrman and S. Craig, "The Distribution of Public Services: An Exploration of Local Government Preferences," AER, March, 1987

L. Langbein, P. Crewson, and C. Brasher, "Rethinking Ward and At-Large Elections in Cities," PC, Sept, 1996.

Bradbury, K., J. Mayer, and K. Case, "Property Tax Limits, Local Fiscal Behavior and Property Values," JPubE, May, 01, p.287.

Brender, A., "The Effect of Fiscal Performance on Local Government Elections: Results from

- Israel," JPubE, Sept, 03.
- *Haughwout, Inman, Craig, and Luce, "Local Revenue Hills: Evidence from Four US Cities," REStat, May, 04
- Reinikka and Svensson, "Local Capture: Evidence From a Central Government Transfer Program in Uganda," QJE, 119, May, 2004, p. 679
- *Ferreira and Gyourko, "Do Political Parties Matter: Evidence from US Cities," QJE, Feb, 2009, 124, pp. 399–422
- *M. Singhal, "Special interest groups and the allocation of public funds," JPubE, 92, April, 2008, p. 548.
- Burge and Rogers, "Local option sales taxes and consumer spending patterns: Fiscal interdependence under multi-tiered local taxation," RSUE, 41, Jan, 2011, p.46

E. Theoretical Background

- H. Bowen, "The Interpretation of Voting in the Allocation of Economic Resources," QJE, 1943, also in Arrow and Scitovsky, AEA Readings in Welfare Economics (A&S).
- A. Downs, "An Economic Theory of Political Action in a Democracy," JPE, April, 1957.
- D. Black, "On the Rationale of Group Decision Making," A&S.
- G. Tullock, "Problems in Majority Voting," A&S.
- T. Romer and H. Rosenthal, "Bureaucrats Versus Voters: On the Political Economy of Resource Allocation by Direct Democracy," QJE, 1979 p. 563
- K. Shepsle, "Institutional Arrangements and Equilibrium in Multidimensional Voting Models," Am J of P Sci, 2/79.
- W. Niskanen, "Bureaucrats and Politicians," JLawE, 1975.
- D. McFadden, "The Revealed Preferences of a Government Bureaucracy: Theory," BellJE, Autumn, 1975.

V. Residential Mobility and the Tiebout Process: Another View of Cities

A. Empirical Examination of Tiebout: Capitalization and Local Demand

- W. Oates, "The Effects of Property Taxes and Local Public Spending on Property Values: A Test of Tiebout," JPE, December, 1969.
- H. Pollakowski, "The Effects of Property Taxes and Local Public Spending on Property Values: A Comment and Further Results," JPE, August, 1973 (also see Oates, "Comment").
- D. Bradford and H. Kelejian, "An Econometric Model of the Flight to the Suburbs," JPE, June, 1973.
- C. Clotfelter, "School Desegregation, 'Tipping' and Private School Enrollment," JHumRes, Winter, 1976
- *E. Gramlich and D. Rubinfeld, "Micro Estimates of Public Spending Demand Functions and Test of the Tiebout and Median Voter Hypothesis," JPE, June, 1982
- D. Rubinfeld, P. Shapiro and J. Roberts, "Tiebout Bias and the Demand for Local Public Schooling," REStat, Aug. 1987.

- G. Reid, "The Many Faces of Tiebout Bias in Local Education Demand Parameter Estimates," JUE, March, 1990.
- J. Pogodzinski and T. Sass, "The Theory and Estimation of Endogenous Zoning," RSUE, Oct, 1994.
- J. Martinez-Vazquez, M. Rider, and M. Walker, "Race and the Structure of School Districts in the U.S." JUE, Mar, 1997.
- *K. Strumpf, "Infrequent Assessments Distort Property Taxes: Theory and Evidence," JUE, 1999, p. 169.
- D. Brasington, "Snobbery, Racism, or Mutual Distaste," REStat, Nov, 03
- *Rothstein, "Good Principals or Good Peers: Tiebout Equilibrium," AER, Sept, 06
- *Calabrese, Epple and Romano, "On the Political Economy of Zoning," JPubE, Feb, 07
- *C. Hilber and C. Mayer, "Why do households without children support local public schools? Linking house price capitalization to school spending," JUE, 65, Jan, 2009, p. 74.

B. Theoretical Background

- C. Tiebout, "A Pure Theory of Local Expenditures," JPE, Oct, 1956
- T. Bewley, "A Critique of Tiebout's Theory of Local Public Expenditures," Econometrica, Nov. 1981.
- B. Hamilton, "Zoning and Property Taxation in a System of Local Governments," Urban Stud, 1975.
- B. Hamilton, "Capitalization of Interjurisdictional Differences in Local Tax Prices," AER, December, 1976.
- D. Starrett, "On the Method of Taxation and the Provision of Local Public Goods," AER, June, 1980.
- R. Boadway, "Comment," AER, Sept. 1982.
- D. Epple and A. Zelenitz, "Competition Among Jurisdictions: Does Tiebout Need Politics," JPE, December, 1981.
- T. Schelling, "Sorting and Mixing: Race and Sex," Chap 4 in Micromotives and Macrobehavior, 1978.

C. The Effects of Neighboring (Competing?) Governments

- R. Voith, "Do Suburbs Need Cities?" JRS, 1998, p. 445.
- A. Case, H. Rosen, and J. Hines, "Budget Spillovers and Fiscal Policy Interdependence," JPubE, 1993, p. 285.
- *T. Besley and A. Case, "Incumbent Behavior: Vote-Seeking, Tax-Setting, and Yardstick Competition," AER, Mar, 1995.
- *F. Revelli, "Performance rating and yardstick competition in social service provision," JPubE, 90, Feb, 2006, p. 459.
- *S. Craig, J. Kohlhase, A. Austin and S. Botello, "The Urban Fiscal Environment and Redistribution Expenditures," U of H Working Paper, 2011.
- B Geys, "Looking Across Borders: A Test of Spatial Policy Interdependence," JUE, Nov, 06
- L. Ogawa, "A Note on Tax Competition, Attachment to Home, and Underprovision of Public

Goods,” JUE, Mar, 06

*A. Sole-Olle, “Expenditure Spillovers and Fiscal Integration: Empirical Evidence from Spain,” JUE, Jan, 06.

*Dahlberg, Morka, Rattso, and Agren, “Using a discontinuous grant rule to identify the effect of grants on local taxes and spending,” JPubE, 92, Dec, 2008, p. 2320.

*N. Gordon, “Do federal grants boost school spending? Evidence from Title I,” JPubE, 88, Aug, 2004, p. 1771.

B. Geys, “Looking across borders: A test of spatial policy interdependence using local government efficiency ratings,” JUE, 60, Nov, 2006, p. 443

*F. Revelli and P. Tovmo, “Revealed yardstick competition: Local government efficiency patterns in Norway,” JUE, 62, July, 2007, p. 121.

VI. Specific Local Public Goods

Benabou and Tirole, “Incentives and Prosocial Behavior,” AER, Dec, 06

A. Education

B. Brown and D. Saks, “The Production and Distribution of Cognitive Skills Within Schools,” JPE, June, 1975.

R. Murnane, The Impact of School Resources on the Learning of Inner City Children, Chap 2, 1977

A. Summers and B. Wolfe, “Equality of Educational Opportunity Quantified: A Production Function Approach,” AER, 1977, p. 639.

D. Rubinfeld and M. Shapiro, “Micro-Estimation of the Demand for Schooling,” RSUE, 1989, p.381.

W. Fischel, “Did Serrano Cause Proposition 13?” NTJ, Dec, 1989.

P. Wyckoff, “Testing Bureaucratic Influence on Local School Expenditures by Comparing Survey and Expenditure Data,” REStat, May, 1991

Silva and J. Sonstelie, “Did Serrano Cause a Decline in School Spending,” NTJ, June, 1995.

J. Gross, “Heterogeneity of Preferences for Local Public Goods: The Case of Private Expenditure on Public Education,” JPubE, May, 1995.

T. Nechyba, “Mobility, Targeting and Private School Vouchers,” AER, March, 2000

Harris, Evans, and Schwab, “Education Spending in an Aging America,” JPubE, Sept, 01.

T. Nechyba, “Centralization, Fiscal Federalism and Private School Attendance,” IER, Feb, 2003

J. Runicke, “Competition on the Public School Sector,” JUE, May, 06

*D. Epple and M. Ferreyra, “School Finance Reform: Assessing General Equilibrium Effects,” JPubE, June, 2008

*R. Chakrabarti, “Can increasing private school participation and monetary loss in a voucher program affect public school performance? Evidence from Milwaukee,” JPubE, June, 2008

*S. Craig, S. Imberman, & A. Perdue, “Does It Pay to Get an A: School District Resource Allocations in Response to Accountability Ratings,” UH mimeo, 2011.

B. Welfare

- R. Moffitt, "The Effects of Grants-in-Aid on State and Local Expenditures: The Case of AFDC," JPubE, 23, 1984.
- S. Craig and J. Kohlhasse, "Fiscal Federalism and Welfare: State Governments as Agents," in J. Quigley (ed), Perspectives on Local Public Finance and Public Policy, 1985.
- R. Plotnick, "An Interest Group Model of Direct Income Redistribution," REStat, Nov., 1986
- M. Shroder, "Games the States Don't Play: Welfare Benefits and the Theory of Fiscal Federalism," REStat, Feb, 1995.
- *S. Craig and M. Palumbo, "Policy Interaction in the Provision of Unemployment Insurance and Low Income Assistance by State Governments," JRS, 1999, p. 245.
- C. Fong, "Social Preferences, Self Interest, and the Demand for Redistribution," JPubE, Nov, 01, p225
- DeCressin, J. "Regional Income Redistribution and Risk Sharing: Italy vs. Europe," JPubE, Nov, 02., p. 287.
- D. Austen-Smith, "Redistributing Income Under Proportional Representation," JPE, Dec, 00.
- *Brekke, Kverndakah, and Nylong, "An Economic Model of Moral Motivation," JPubE, Sept, 03
- D. Black, T. McKinnish, and S. Sanders, "Does the Availability of High Wage Jobs for Low Skilled Men Effect Welfare Expenditures," JPubE, Sept, 03
- *Benabou and Triole, "Belief in a Just World and Redistribution Policies," QJE, May, 06
- Lind, "Factionalization and the Size of Government," JPubE, Feb, 07
- *Gahvari and Mattos, "Conditional Cash Transfers and Income Redistribution," AER, Mar, 07
- *M. Dahlberg and K. Edmark, "Is There a Race to the Bottom in Setting Welfare Benefit Levels?" JPubE, June, 2008, p. 1193.
- *Hungerman and Gruber, "Faith-based charity and crowd-out during the great depression," JPubE 91, June, 2007, p1043.
- *S. Craig and L. Howard, "Cooperation and Competition Among Welfare Recipient Groups: Do Taxpayers Pay for Cost Increases?" UH Working paper, 2010.

C. Crime

- G. Becker, "Crime and Punishment: An Economic Approach," JPE, 1968, p. 169.
- S. Craig, "The Deterrent Impact of Police: An Examination of a Local Public Service," JUE, May, 1987.
- W. Trumbull, "Estimations of the Economic Model of Crime Using Aggregate and Individual Level Data," SEJ, Oct, 1989.
- B. Benson, D. Rasmussen, and D. Sollars, "Police Bureaucracies, Their Incentives, and the War on Drugs," PC, April, 1995
- *S. Levitt, "Using Electoral Cycles in Police Hiring to Estimate the Effect of Police on Crime," AER, June, 1997.
- Wm Wheaton, "Metropolitan Fragmentation, Law Enforcement Effects and Urban Crime," JUE, July, 06
- *Wm. Evans and E. Owens, "COPS and Crime," JPubE, 91, Feb, 07, p. 181.
- *D. Yang, "Can Enforcement Backfire: Crime Displacement in the Context of Customs Reform in the Phillipines," REStat, Feb, 08

*L. Shi, "The Limit of Oversight in Policing: Evidence from the 2001 Cincinnati Riot," JPubE, Feb, 09.

D. Low Income Housing

Kraft, J. and A. Draft, "Benefits and Costs of Low Rent Public Housing," JRS, Aug 1979.

Murray, M. "The Distribution of Tenant Benefits in Public Housing," Econometrica, July, 1975

Olsen, E. and D. Barton, "The Benefits and Costs of Public Housing in New York City," JPubE, April, 1983.

P. Grimes and G. Chressanthis, "Assessing the Effect of Rent Control on Homelessness," JUE, Jan, 1997.

J. Nagy, "Do Vacancy Decontrol Provisions Undo Rent Control?" JUE, July, 1997 (see also JUE, Sept, 1995).

*Glaser, E, and E. Luttner, "The Misallocation of Housing Under Rent Control," AER, Sept, 03

E. Health

J. Doyle, "Health Insurance Treatment and Outcomes: Auto Accidents as Health Shocks," REStat, May, 05

Duggan and Morton, "The Distortionary Effects of Government Procurement: Medicaid Drug Purchases," QJE, May, 06

*A. Finklestein, "The Aggregate Effects of Health Insurance: Evidence from the Introduction of Medicare," QJE, Feb, 07

*A. Sasso and I. Lurie, "Community rating and the market for private non-group health insurance," JPubE, Feb, 09.

*A. Garber and J. Skinner, "Is American Health Care Uniquely Inefficient?" JEP, Fall, 08.

E. Externalities

*D. Fullerton and T. Kinnaman, "Household Responses to Pricing Garbage by the Bag," AER, Sept, 1996.

*J. Kohlhase, "The Effect of Toxic Waste Sites on Housing Values," JUE, July, 1991.

*List and Sturum, "How Elections Matter: Theory and Evidence from Environmental Policy," QJE, Nov, 06

F. Infrastructure

T. Garcia-Mila and T. McGuire, "The Contribution of Publicly Provided Inputs to States' Economies," RSUE, June, 1992

E. Gramlich, "Infrastructure Investment: A Review Essay," JEL, Sept, 1994.

C. Morrison and A. Schwartz, "State Infrastructure and Productive Performance," AER, Dec, 1996.

*B. Knight, "Endogenous Federal Grants and Crowd-out of State Government Spending: Theory and Evidence from the Federal Highway Aid Program," AER, 92, March, 2002, p. 71.

G. Stabilization

- *J. Hines, "State Government Spending and Transitory Income Fluctuations," Brookings Working Paper, at http://www.brookings.edu/~media/Files/Programs/ES/BPEA/2010_fall_bpea_papers/2010fall_hines.pdf
- *T. Buettner and D. Wildasin, "The dynamics of municipal fiscal adjustment," JPubE, 90, Aug, 2006, p. 1115