Book Review of America's Ailing Cities: Fiscal Health and the Design of Urban Policy

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Available at: https://works.bepress.com/john_mullin/60/
The book is divided into four major parts. The first part includes a discussion of fiscal trends, a review of the steps taken by the authors to measure them, and a summary of recommended policies designed to correct the shortcomings. What is most interesting is that the authors have taken a fundamentally different approach from other fiscally oriented researchers by focusing explicitly upon the fiscal factors that are beyond a city's control. In other words, the city is examined as it is pushed and buffeted by external social and economic influences.

The second part of the book is a comparison of the fiscal health of the 86 cities. Realizing that cities have different legal, revenue-raising, and geographic characteristics, the authors established a standardized set of measurements based upon the concept of a uniform tax burden. In other words, they make the assumption that all cities have the same taxing powers and that they all operate within the same state-county-city framework. They begin with an in-depth analysis of the revenue-raising capacity of the city based upon property taxes, general sales taxes, and earnings taxes. Their intent is to determine the variations in the tax burden across cities and to find out the comparative extent to which non-city residents contribute to meeting the needs of the city.

In the second part of this section, the authors follow a similar approach through an examination of expenditure needs. Here, they examine public expenditures in the context of service responsibilities, the quality of the service, and per capita costs. What is most interesting is their discussion of the differences between cities with "harsh" fiscal climates (i.e., Cleveland, whose police and fire services costs are extremely high) and "favorable" fiscal environments (i.e., Albuquerque, whose fiscal needs for police and fire services are amongst the lowest of our larger cities). The final part of this section is a discussion of fiscal health. Here, the authors, through various calculations, determine that large cities in

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**Planning and Its Subfields**

**America’s Ailing Cities: Fiscal Health and the Design of Urban Policy**
Helen F. Ladd and John Yinger

Over the past decade it has become increasingly clear that many of our larger cities are slowly and steadily moving toward fiscal hard times. Often this trend has been hidden by the polish, glitter, and glitz of showplace downtowns, shopping plazas, and highrise office complexes. Other times it has been hidden by defrayed maintenance of infrastructure, a subtle erosion of services to specific subgroups in the community, or the collapse of capital improvement planning. In all cases the fact remains that cities are being asked to build more bricks with less straw. How the fiscal state of our cities has evolved to this point is the subject of *America’s Ailing Cities*. Drawing on empirical data initially collected as part of a comprehensive U.S. Department of Housing and Urban Development study, the authors examine various external factors that are designed to determine the underlying structural causes of the fiscal condition for 86 American cities.
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general and cities with poor economic vitality are in serious fiscal decay and require extensive help from sources beyond their borders. The third part of the book is an analysis of the influence of taxes on the urban fiscal condition. By looking at the types of taxes available, the exemptions used, and the approaches applied in setting tax rates, the authors have been able to determine the capacity of the 86 cities to meet their needs and obligations. Of particular merit is the authors’ review of the differences in taxation approaches among the cities. It helps significantly to examine why some cities appear to be constantly drifting toward insolvency. For example, New York City, by choice and by imposition of higher governments, provides a vast array of services if the same services were required of our most fiscally sound cities, they would also most likely have significant financial hardships.

In the fourth part of the book the authors look at the interactive role of cities, states, and the federal government in aiding, improving, or hindering the urban fiscal condition. The authors found that categorical aid from the states or federal government has a direct, positive impact on the quality of services, while general revenue sharing tends to be used for the lowering of tax rates or financing capital improvements. Finally, the authors provide a set of conclusions that call for a restructuring of fiscal policies toward cities. They predict, not surprisingly, that urban fiscal deterioration will continue and that there are legitimate reasons why the cities cannot afford to resolve the problems from their own sources. The absence of increased state and/or federal aid, they assert, will lead only to further separation between the “have and have not” communities.

This book is well written, well researched, and well organized. The authors obviously have taken great care to ensure they are understood, even to the point of providing highly beneficial appendices at the end of each chapter. The topic is quite timely, for, as the authors point out, there is need for external assistance exactly at a time when there are tax revolts, an increasing unwillingness of the public to invest in local services, decreases in external aid, and expanding conservatism in most state governments and at the national level.

The book has two major shortcomings. The first is that the material is dated. The data were collected more than seven years ago and in many cases conditions have changed dramatically. For example, it would have been most interesting to see how Houston and Boston are faring today, compared with 1982. This problem results in the book being of more value for its methodological approach than for its actual findings. Ideally, the authors will update their study when new data becomes available.

The second shortcoming is that the subtitle of the book is misleading. The material on the design of public policy for fiscal reform is quite minimal and represents little more than a framework for further study. Also, the authors have attempted to be so value-neutral in their writing that the policy recommendations are bland. There is little innovation.

Despite its flaws, this is a good book. The reader will gain a new perspective on fiscal conditions and will be able to apply the approaches to his or her own city. The volume will be of significant interest to graduate students in planning and political science, policy analysts at all levels of government, and academic researchers. It is a positive contribution to our understanding of the root causes of the urban fiscal condition.

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