An Analysis of the Interstate Shifting of State and Local Taxes

F. Ron Jones
MIT

Abstract

A multiregional input-output model was modified to allow the tracing of each state and local tax from the states of initial incidence to the states of final incidence. This modified model is capable of determining the interstate incidence of state and local taxes using any set of assumptions about the extent to which each state and local tax is borne by labor, capital, or consumers.

The modified multiregional input-output model was used to determine the 1962 interstate incidence of state and local taxes, using the assumption that all taxes on business are shifted 100 percent to consumers. The results suggest that 40 percent of total state and local taxes is borne by nonresidents of the taxing states and that the interstate shifting of state and local taxes results in substantial redistribution of wealth among the states. This shifting of state and local taxes to nonresidents reduces the residents' cost of state and local public-sector goods and services below the true cost (to the extent that exported taxes exceed exported benefits) and, consequently, creates an incentive for the residents to expand the state and local public sectors beyond what is economically efficient from a national perspective. The result may be a substantial transfer of resources from the private sector to the public sector.

Citywide Urban Design Policies

Tsutomu Yata
MIT

Abstract

This study proposes citywide policy planning as a way of improving the practice of urban design in American cities. Citywide policy planning involves the formulation of citywide urban design goals, objectives, and policies to guide decisions affecting the physical form and character of the city. This activity also prepares for the official adoption of citywide urban design policies and helps begin their implementation. A series of background studies covering the entire city usually supports this activity.

Despite the fundamental importance of what a city looks like and how it feels to many people, urban design has been seldom extended beyond the conceptualization of individual projects and into the arena of policy planning to be carried out citywide. At the same time, urban design has been largely divorced from the rationality that has been common in city planning: articulating goals, making decision-making criteria explicit, informing decisions with the empirical data, etc. A planning report survey conducted as part of this study confirms these observations: only several cities have ever studied their form and character systematically; among major cities, only a few have ever formulated citywide urban design policies. The promise of citywide policy planning is great; its practicability and merit are not yet clear.

Chapter IV discusses a set of common themes emerging from the case studies. Urban designers in the three cities expressed four kinds of intent which as a set distinguish their approaches from more traditional ways of practicing urban design: improving the perceptual and behavioral quality of the physical environment; studying citywide issues and overall city strategies; responding to the needs of the people who live in the city and its neighborhoods; and increasing overall rationality in approach to urban design. Of strategic importance to those urban designers were the development of an empirical data base and the formulation of citywide urban design policies.

Chapter V discusses the benefits of citywide policy planning. Potential benefits are reviewed in terms of fundamental functions, uses, implementation, and effects. Cases in the three cities are not definitive, but overall successes with citywide policy planning, development projects and design controls that worked within a framework of citywide urban design policies, problems that emerged in specific situations without initial policy discussions, and the potential for improving present practice by having citywide urban design policies formulated and agreed upon, together, provide initial confirmation as to the actual benefits of conducting citywide policy planning.

Chapter I through III report case studies of citywide policy planning efforts in three cities. In Minneapolis and San Francisco, citywide urban design policies have been actually formulated and officially adopted. In Dallas, staff efforts fell short of policy formulation, but a series of citywide studies were carried out.
The three case studies generally support the practicability of citywide policy planning in certain situations. Chapter VI reviews the factors that affect the practicability, use, and effect of citywide policy planning: the theories and techniques of city design policy formulation, the governmental context, and the context of citizen participation and the role government urban designers play in the planning process. Various difficulties as experienced in the three cities should not entirely prohibit citywide policy planning.

The last part of the thesis speculates where citywide policy planning could be useful and where it might be applied. Not all cities in which this activity could be beneficial would support it. The political and business leaders of the community might even see the purpose of citywide policy planning (e.g., to guide the development of the perceptual form of the city) inconsistent with what they consider the important business of their community (e.g., to remove constraints on real estate development).

At present, there is much uncertainty as to whether citywide policy planning can be successfully practiced in each city. Each urban designer entering this new area of practice must necessarily search his own way as part of efforts to devise the process of urban design that is adapted to his community.

The dissertation analyzes the experience of a small group of professional planners working for socio-economic development and structural change, in close relation to the decision-making process, under three different political administrations in Chile from 1958-1973.

This was a dramatic period in Chile's history in which a conservative regime was followed by a "reformist" one, and this by a revolutionary one, in a sequence of increasing social tension leading to the violent military counter-revolution of 1973 which killed President Allende and destroyed the political tradition of representative democracy.

The situation of the planners in this period constituted a natural experiment or quasi-experiment that provided new knowledge about the process of planning, the planner's role and the content of planning, including the combination of functional and substantive rationality and the emergence of a new concept of socio-economic development.

A control group was provided by comparing the attitudes and behavior of planners with other more traditional professionals in relation to the same events.

There are wide variations in the manner in which states experience national recessions. This thesis develops an empirically based model to explain these cross-state variations in cyclical behavior.

The model explains a state cycle in two sectors, an export industry and a residential sector. The export sector proposes that a state's recession can be explained by national demand for a state's exports as well as five state-specific economic and institutional factors. The cycle in the residential sector is explained as a function of the fluctuation in the state's export sector.

The model is tested on data from five post World War II recessions between 1950 and 1975 and forty-seven states. This analysis is carried out at the all-industry level. A model similar in form but different in theoretical implications is used to test data on the machinery and textile industries, at the 2-digit manufacturing level.

The findings suggest that the industry mix of a state's exports, the state's capital-labor ratio, the age of its capital stock, the level of its unemployment insurance benefits, the extent of unionization of its labor force, and a short-run export-base multiplier all influence the severity of a state recession.