

URBAN AND REGIONAL ECONOMICS AT INDIANA UNIVERSITY

Richard L. Pfister

Indiana University

Introduction

The main features of the program in regional and urban economics at Indiana University can be summarized briefly. First, the Institute for Applied Urban Economics is in the School of Business, and our courses are given in the School of Business. We have a two-man department; both are professional economists and devote full time to teaching and research in the urban and regional field. Second, most of our effort goes toward the graduate work; we offer just one undergraduate course. Third, our program includes urban and regional economics as one field. This field is available for doctoral students in the Business School as well as in the College of Arts and Sciences. Fourth, we have not relied on research grants or contracts to support our faculty and students. Our support has come from the regular university budget and a three-year matching grant from the Committee on Urban Economics of Resources for the Future. Finally, a substantial number of doctoral students have selected urban and regional economics as a field. Over the last five years we have had an average of five doctoral students per year write dissertations in our field. In addition six to eight others per year have used urban and regional economics as a field or a minor though not writing dissertations in the field.

Location in the School of Business

One might wonder at the outset why a program in urban and regional economics is offered in the School of Business. The answer is simple: the Dean of the School of Business in the early 1960's (Arthur M. Weimer) had a strong interest in urban economics. His field was real estate, and he was a member of the Committee on Urban Economics (CUE) during its early years. He established the Institute for Applied Urban Economics in 1962 to promote the study of the interaction between business firms and their urban environment. The Institute sponsored a few case studies and two conferences. It offered no courses in urban and regional economics until 1963. The first courses were listed with the offerings of the Real Estate Department. But the content of the courses was independent of the content of the real estate courses. We follow a broadly-based economic approach to the field rather than concentrating on the interaction of the business firm with its environment. We have had a separate set of course listings since 1966.

Course Offerings

With respect to the courses offered, at the doctoral level, we have a two-semester sequence. The first course is Methods of Urban and Regional Analysis and the second is Problems and Policies for Urban Development. Both cover a lot of ground and are basically survey courses. Methods of Urban and Regional Analysis covers the following topics: regional changes in the location of economic activity, plant location theory, the economics of urbanization (primarily central place theory and externality theory), land use theory and practice, social accounting for regions (local income accounting, input-output analysis, and regional trade studies), gravity models, linear programming, local income generation, local growth analysis, and regional public policy issues.

The other course--Problems and Policies for Urban Development--covers benefit cost analysis, externality theory, non-market decision making, user charges, and the application of these analytical tools to selected urban problems. Among the problems generally included are the following: fiscal problems; urban poverty and racial problems; urban transportation; urban housing, renewal, and redevelopment; and environmental problems (pollution).

We have one course at the master's level (primarily for MBA's). MBA students take at least one course from a group that are concerned with "environmental" conditions which includes urban economics. While urban economics differs from the other environmental options in that it is not along the lines of some traditional fields in business, it has become quite popular. Many MBA students take the course because they think it is "highly relevant." It is now in its third year and the enrollment has been growing steadily. About 20 percent of all our MBA's now take urban economics. We offer the course both semesters; the enrollment this semester is forty-eight.

The course is devoted primarily to urban problems. The first section consists of a brief look at central place theory, location theory, and externalities. Next comes a survey of location patterns and changes within metropolitan areas. The remainder consists of an analysis of selected urban problems. Included among them are fiscal problems, poverty and race, transportation, housing and urban renewal, and environmental problems. Throughout the course we attempt to relate the decisions of private business to the various urban problems and to consider the role of private business in urban development.

The undergraduate course is similar in content to the master's course. We offer it both semesters; enrollment has grown to forty or fifty per semester. About 60 percent of the students in this course come from Arts and Sciences.

We also offer a research seminar to help doctoral students develop dissertation proposals. Each DBA student in the School of Business must take one or more research seminars to develop a dissertation proposal before he completes his course work and passes his field examinations. Several of the economics students have taken advantage of the research seminar to prepare dissertation proposals in advance of passing their qualifying examinations.

We have found the research seminars to be highly desirable in our DBA program. The objective of the seminars is, of course, to reduce the time required to get started on a dissertation and thus to complete the degree. Many graduate students experience a let-down after completing their course work and passing their general examinations. Not uncommonly they will waste much time, perhaps six months or more, while leisurely looking for a dissertation topic. If the students have a dissertation proposal ready by the time they complete all other degree requirements, they are much more likely to plunge right into working on the dissertation with little or no lost time. Our approach gets the students to thinking about dissertation topics early in their graduate training, and we feel that it substantially shortens the time required by most for completing the degree.

In our research seminar, we give the students about six weeks to read in the general areas in which they would like to write their dissertations. We will meet with them a few times to help suggest possible topics within their general areas of interest. We ask them to write a short paper simply to report on this general reading. In the middle period of the semester we

ask the students to reduce the scope of their interest and try to identify a topic that is manageable for a dissertation. Again we ask them to prepare a short paper that is really a progress report. We find that most students desperately need some help in blocking a feasible study for their dissertation. Virtually all of them greatly overestimate what they can do in a year's work. More or less regular meetings of the seminar and the progress reports impose a discipline upon the students that does not exist in the typical leisurely search for dissertation topics. The final paper of the semester, if everything goes well, constitutes a dissertation proposal that the student can defend. A few students will go through a research seminar without coming up with an acceptable proposal or will discard a proposal developed during the seminar. But for most, the seminar provides them with a running start on the dissertation.

We used to offer both the doctoral research seminar and a graduate student-faculty workshop. The workshop consisted of graduate students and faculty from the School of Business, Economics Department, Geography Department, and Political Science (sometimes other departments or schools were represented) who either are engaged in research in urban or regional economics or who have a strong interest in such research. Faculty members and graduate students will give reports on research in progress, or they will simply discuss some new and important publication in the field. We have invited a number of leading scholars at other institutions to talk to the workshop. In recent semesters, we have combined the research seminar with the workshop; doctoral students wanting to develop a dissertation topic can enroll for credit in the workshop.

Urban and Regional Economics as One Field

We continue to treat regional and urban economics as one field. Such treatment is probably contrary to the prevailing trend. Many schools now treat regional and urban economics as separate courses or separate fields of study. We have two reasons for continuing to treat them as one field. The first is that the tools and methods for the two fields are largely the same. Both emphasize space and location theory; the processes of urbanization; central place theory and the system of cities; land use theory; local social accounting including input-output analysis; mathematical models, including linear programming, and gravity models among others; local income generation and growth analysis; and benefit-cost analysis. The one analytical tool that usually receives greater emphasis in urban economics than in regional economics is externality theory. Regional courses may largely ignore externality theory but urban courses cannot. The two fields diverge substantially in the problems to be analyzed. Even here there is some overlap, but generally courses in urban economics will deal with a different set of problems than courses in regional economics.

Our second reason for keeping the two as a joint field is that we do not advocate narrow specialization in doctoral training in economics. We feel that the first priority for doctoral students is to receive sound training in economic theory, quantitative methods, and the traditional fields of applied theory. We want to introduce students to the techniques of analysis and some of the problems in the urban and regional area. But we feel that further specialization would take place in the writing of a dissertation and subsequent professional research and teaching.

Another aspect of our program at Indiana is that we have not developed an interdisciplinary approach. We continue to offer urban and regional economics as a field or subdiscipline in economics rather than as a component of a broader field such as urban studies or regional science. Our reasons

for this approach are essentially those stated by Irving Hoch in his survey of work in urban economics for Resources for the Future. He concluded that "it appears much more useful for urban economics to retain its autonomy as a subdiscipline of economics rather than become a component of a subject matter labeled urban studies."¹ He recognized that urban economics is related to city and regional planning, geography, political science, and sociology as each of these disciplines concerns itself with the city. But Hoch felt that the advantages of specialization were greater than those of the broader interdisciplinary approach. An economist thoroughly trained in the field can draw upon a highly developed set of theoretical tools in his analysis. If he were to be trained in an interdisciplinary program, he would certainly be less thoroughly trained in economics or any other single discipline.

Even as regional and urban economists, we are faced with an almost impossible task of trying to keep up on developments in a variety of fields. We should try to keep abreast in the theory of income determination, economic growth, public finance, trade theory, labor economics and manpower programs, migration, location theory, externality theory, poverty and racial discrimination, housing markets, land use, natural resources, environmental problems, and so forth. Obviously one economist cannot stay on top of so many fields. If one tries to be an interdisciplinary analyst, the problem of keeping up in several different disciplines and subdisciplines is overwhelming. Many of the problems we are concerned with are, of course, not strictly economic, or political, or sociological problems. Nevertheless, our feeling is that these interdisciplinary problems can be dealt with better by bringing together people well-trained in the individual disciplines to interact in analyzing various problems. With the explosion of knowledge in all fields, it makes less and less sense to try to be a generalist. One person simply cannot be a jack of all disciplines.

Not Dependent Upon Contract Research

As mentioned at the outset, our program has not relied upon contract research for financial support. The University financed the program at the beginning, and the CUE matching grant started in 1966. That grant was not large--\$25,000 per year for three years with Indiana University matching this amount. The University agreed to continue its contribution (\$25,000 per year) to the program for two years after the end of the CUE grant. The CUE grant ended last summer (1969), so we have one more year after this one before the University's commitment expires. We do not know whether the University will continue to support our program after next year. If not, we will undoubtedly enter the market to compete for contract research to provide financial support and research opportunities for doctoral students.

Although we have not had a large sum of money for our program, we have been able to do quite a bit with what we have had. The salaries of the two of us in Applied Urban Economics plus one half that of a secretary come out of the regular budget of the School of Business. Consequently, we have been able to use virtually all of the CUE money for the following: dissertation fellowships, post-doctoral fellows, bringing guest speakers to our workshop, summer projects of faculty members, additional secretarial help, purchase of materials, and reproduction of materials for use in our courses. We have had considerable flexibility in how we use this money, much more than we would have had if our operations had been dependent upon contract research.

Number of Doctoral and Post Doctoral Students

During the last three years, we have had fifteen or sixteen students

each year in our doctoral courses. Most came from the Economics Department in Arts and Sciences or from the School of Business. Other departments in the College of Arts and Sciences (Political Science, Geography, and Sociology) have provided us with doctoral students. The percentage distribution over the last five years is approximately as follows: Economics--40 percent; School of Business--26 percent; Political Science--19 percent; Geography--12 percent; other--3 percent. Of the fifteen to sixteen students per year recently, nearly half chose to write dissertations in urban and regional economics. Seventeen dissertations in the urban and regional field have been completed since 1966. Ten more are under way; several of them are near completion. Some of those who do not write dissertations in the field still ask one of us to be a member of their dissertation committee, either to represent their minor area or because their topics have some regional or urban aspects. As a result, helping with dissertations comprises a substantial teaching effort on our part.

We have also supported several post-doctoral fellows at our Institute. We had four post-doctoral fellows during the summer of 1966, three during the 1967-68 academic year, two during 1968-69, and one during the spring of 1970. The post-doctoral fellows plus the two full-time faculty members constituted a good group for interaction concerning problems and issues of common interest to the members of the group.

Among the institutions employing our doctoral products are the following: Antioch College, University of Connecticut, Georgia State, University of Illinois, National Bureau of Economic Research, Northwestern, Simon Fraser University, University of Tennessee, University of Utah, West Virginia, University of Wisconsin, and others. The post-doctoral fellows are currently at the following institutions: National Bureau of Economic Research, Rand Corporation, Penn State, and Syracuse University.

Problems in the Program

We have encountered some problems with our program, one of which is the teaching problem created when students have diversified backgrounds in economics. We have deliberately minimized our prerequisites so that our courses could be taken by students outside economics and business. Graduate students from political science and geography generally do not have much training in economics. Even so, we have allowed them to take our courses if they have a good record. Still they have problems with some of our readings. So far we have nursed these students along by having them read appropriate sections in a good theory text. We have followed this policy for two reasons. The first is that we feel noneconomics majors can benefit greatly from taking our courses; thus we do not want to exclude them by setting our prerequisites too high. The second is that we feel our courses are richer from having students from other disciplines. They bring a different point of view to class and will frequently cause the economists to consider aspects of a problem or issue that they would otherwise have ignored. But teaching is certainly more difficult when the students have widely different backgrounds in economics.

Another problem concerns the reading material for our courses. It is widely scattered in journals, pamphlets, and books. The problem is to make these materials readily available to students. We have obtained numerous reprints of journal articles, or have obtained permission to reproduce them ourselves for use by our students. For selections from books, we have a few personal copies as well as the library copies. We may either place these copies on reserve in the library or circulate them among the students. With our reprints, we just lend them to the students for use during

a course, and ask them to return the reprints at the end of the course. Thus we have a circulating collection of such materials. But our undergraduate and master's courses are too large for this system to be feasible. Consequently, we have to rely upon reserve copies for much of the reading. This problem is typical for most graduate courses, but we think the material we use is more scattered and less accessible than for most courses. As more texts and collections of readings become available, the problem will be less severe at least for the lower level courses.

In conclusion, we feel we have a well-established program in urban and regional economics at Indiana University. Graduate students have demonstrated a strong and continuing interest in it. Our program would be stronger and more attractive if there were more work in urban and regional analysis in other disciplines. The Faculty Council and the Board of Trustees have approved the establishment of an Urban Studies Center that would promote and coordinate work in urban studies throughout the university. For a variety of reasons--budgetary ones not the least among them--this broad program still awaits implementation.

FOOTNOTES

¹Irving Hoch, Progress in Urban Economics, Resources for the Future, 1969, p. 5.