The scope of this work is immense, certainly larger than the title implies. Gertler and Crowley do deal with changes in urban form and pattern to be expected in the near future, but they devote most of their energies to summarizing the evolution and present state of the Canadian urban system. The book therefore covers much of the material found in volume one of George Nader's Cities of Canada and in James Simmons' The Canadian Urban System. The distinguishing feature is the clear emphasis throughout on planning policy (Gertler is Professor at the School of Urban and Regional Planning, Waterloo, and Crowley is former Director General of Policy and Research, Ministry of State for Urban Affairs).

The book has two main purposes, clearly stated in the introduction. The prime purpose is to address the issue of "the increasing concentration of the Canadian population in a few large cities." The authors feel that this involves three tasks: (i) to describe and analyze the forces that have shaped Canada's urban system on a national and regional basis; (ii) within this broad context, to study various aspects of the local urban environment (e.g., conflicting land uses in the urban fringe, inner city problems); and (iii) to consider the direction in which they believe urban Canada should head. The secondary purpose (and, one suspects, the main impetus behind the book) is to clarify, interpret and "translate" to the non-specialist [their emphasis] the policy implications of the growing volume of research initiated and/or sponsored by MSJA, much of it presumably during Dr. Crowley's term as head of Policy and Research. The two purposes sit rather uneasily together, since the first involves a good deal of generalization and broad discussion, while the second introduces a number of fairly specific research studies, which must be carefully edited and meshed so that they do not interrupt the overall flow of the argument.

On first glance, the table of contents presents a variety of topics with little logical sequence. Why, for example, put "prospects for the future" as chapter two of nine chapters? Why put it before a discussion of growth forces in the urban system (Chapter 3)? Why are prospects for settlement in the Peace River region treated in a chapter on alternative urban patterns (Chapter 4)? What do the components of Chapter Seven - residential desirability, the city as a moral issue, the city in literature, the inner city - have in common? Why is the question "What is settlement?" not asked until Chapter Eight? To be fair to the authors, the interconnectedness of their subject matter forces them to put the cart before the horse on a number of occasions: one has to start somewhere. And the variety and diversity of the presentation is stated as intentional; they aim to reach as wide an audience as possible, and therefore use a number of approaches to present the material, including statistical data, maps, graphs, line drawings and sketches, and even poetry. Eight "case studies" of representative cities are featured, and a detailed description of urban planning in three regions (including the Peace) is designed to provide a feel for real-world practice.
I have specific comments on five of the chapters, although the bulk of my criticism is reserved for the last two. In Chapter One (*Urban Canada: Demographic Perspectives*) much of the material does not relate specifically to urban Canada at all, but to Canadian society as a whole. This may be defensible since, as Figure 1.2 shows, Canada was 76 per cent urban in 1971. The book, however, suffers by tackling too much and failing to focus on the topic of the title. For example, fifteen pages are devoted to analyzing immigrant flows to Canada and their effects on national demographics.

Chapter Three suffers initially from a similar problem: eleven pages deal with regional disparities at the provincial level, and the implications for the urban system are only an incidental part of the analysis. The rest of Chapter Three (on "Growth Forces") is good, particularly the section on the spatial pattern of Canada's urban system, which borrows heavily from James Simmons' [*Canada's Cities: A Study of National Urbanism*]. Including very interesting graphs showing the distribution of cities along an east-west axis, and the distance of cities from the U.S. border.

Chapter Five is rather unsatisfactory. The title itself ("Urban Environment: The Quality Dynamic") is far from informative, and the chapter consists of three quite separate sections, with hardly any rationale to their juxtaposition or sequence (sections are the eight "case study" vignettes, a study of "urban indicators", and a study of life in resource towns). Each section stands by itself as an informative and enlightening discussion, but the authors fail to build anything on them.

Chapter Eight is undoubtedly the core of the book, and in it the authors' special concerns and particular prejudices become apparent. Early in the chapter the authors set out the possible forms which a settlement system may take; they then examine the forces presently shaping the form of our cities. The forces are categorized into those tending towards dispersal, and towards concentration. The forces themselves are discussed in some detail; nine new "Matrices" (really lists) summarize these and divide them into the four categories of employment and services, residential density, transport and open space. The treatment is a summary of a study by Richard Preston, and the authors fail to provide sufficient elaboration or explanation for the non-specialist reader (their intended audience). They thus fail in their task of "translating" Preston's "superforce" lists to the issues of the day. The authors then provide examples of some policy objectives which might follow from the lists, listed according to city size. These lists are the beginning, not the end; 130 others were over one million: (i) deflect employment and population; (ii) support new regional forms; and (iii) improve the inner city. Strategies for adjusting to the forces are then outlined, and new forces are considered in some detail: for example, the last few pages consider methods of curbing big-city growth and encouraging small town growth. However, since the methods here include national population policy, optimum city size, regional development policy and development strategies, the authors seldom get beyond generalities. Even when particular policy innovations are mentioned, such as in the list of "land strategies" of the various provincial governments, the general comments are few, and for a broad audience, although the author will gain little insight or benefit. In summary, the authors do not consider the authors' main concern: the planning field, such as the creation of regional complexes of cities in areas where this is possible, the use of growth pole concepts in the resource frontier, and the curbing of growth in major metropolitan areas. They then provide examples of some policy objectives which might follow from the lists, listed according to city size. These lists are the beginning, not the end; 130 others were over one million: (i) deflect employment and population; (ii) support new regional forms; and (iii) improve the inner city. Strategies for adjusting to the forces are then outlined, and new forces are considered in some detail: for example, the last few pages consider methods of curbing big-city growth and encouraging small town growth. However, since the methods here include national population policy, optimum city size, regional development policy and development strategies, the authors seldom get beyond generalities. Even when particular policy innovations are mentioned, such as in the list of "land strategies" of the various provincial governments, the general comments are few, and for a broad audience, although the author will gain little insight or benefit. In summary, the authors do not.

Other things I didn't like: The eight city "case studies", which are supposed to figure throughout the book to provide continuity and concrete examples but in fact appear only in two major sections (pp. 219-35 and 369-96), doing more to disrupt the text than anything else. Also, the extremely rhetorical tone in much of the final two chapters; for example, "we must dare to do the best we know how, and from the hard lessons of the struggle to improve our environment to attain, step
by step, new levels of insight and policy wisdom", and "we must dare to innovate and to break away from abortive policies and practices". The reader encounters "we must..." so frequently that he may react against such insistence with a stubborn "why should we?"

Notwithstanding these criticisms, there is much of value in the book. I liked the brief "appetizers" giving chapter contents in the introduction, and the brief resumes in Chapter Nine - good aids for the general reader. And the authors do present material sponsored by MSTA and not readily available in other form (for example, Roberts' work on residential desirability, Balakrishnan and Jarvis on the systems of spatial differentiation, and excerpts from the Toronto Geographical Expedition). Referencing is very complete, with full notes at the end of each chapter, and the numerous graphics are very well executed. Best of all, the book is fully Canadian in content, and exposes us to a measure of recent research and policy practice related to Canadian cities. Thus, while it does not fully warrant its title, it certainly merits serious consideration as a text for courses in urban geography, urban or regional planning, and possibly urban economics (although most of the research reported is by geographers). The major problem is the almost complete lack of theory in the book, and the rather lacklustre organization of subject matter.

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This volume is composed of twelve papers presented at a conference held in September, 1976, in a brief review forming the impact of unemployment insurance on unemployment. As one discussant noted, the participants in the conference were a "select audience", and, on balance, it must be seen as a partisan book. The editors note in the preface that there is a "basic proposition running through all the papers, namely that unemployment insurance induces unemployment." The contributors share as well a common methodology for assessing the impact of unemployment insurance and present the results, for different countries, in different time periods, of macro-economic time series data in which the unemployment rate is regressed upon some measure of unemployment insurance "liberality", and concerning "control" variables. One guesses that a particular policy viewpoint is also shared by the authors; i.e., that decreases in the "liberality" of unemployment insurance are, broadly speaking, desirable. These shared perspectives are partisan, however, in the sense that the evidence on unemployment insurance is nowhere near as clear-cut as is suggested by the editors. The theoretical, methodological, and econometric criticisms of the empirical work reported in the volume have, to me, great force and, in the end, one must rely on "judgement" (which differs among individuals) in assessing the impact of unemployment insurance.

The policy viewpoint of the editors and authors has been quite influential. Their argument that higher U.I. benefits are a significant work disincentive has been used as a justification for the recent cut-backs in the Canadian unemployment insurance scheme. Since U.I. benefits are now a major form of interregional transfers, these cut-backs will significantly affect the total redistribution of funds among Canadian regions, with consequent multiplier effects on the income and employment growth of the poorer Canadian regions. U.I. functions as a regional transfer programme in that the greater incidence and duration of unemployment in depressed regions means that U.I. benefits paid in these areas are greatly in excess of premium contributions. This excess of benefits paid is a stimulus to local purchasing power and is quite selective geographically, with well stimulating depressed areas such as the Maritime Provinces of Canada and Newfoundland. In aggregate, the financial flows involved are very large: in 1977, U.I. benefits paid in the three Maritime Provinces totalled $44.8 million against premium collections of $35.1 million, a ratio of 1.26:1. If one assumes Maritimers paid higher federal income taxes to help finance the overall U.I. deficit of $1.76 billion, the net regional inflow was $250.5 million. This dwarfs 1977 DREE expenditure of $250.5 million on the R.D.I.A. program and $77.7 million on infrastructure. Cut-backs in U.I. benefits and increased eligibility requirements will thus be of great significance to the depressed regions of Canada. The economic theory and evidence in support of such cut-backs is largely that which is set forth in the present volume.

The book commences with a non-technical exposition by the editors of the theory of moral hazard and its relevance for analysis of unemployment insurance. Unfortunately, economic theory is much more ambiguous in its predictions than is claimed by Grubel and Walker. Their basic proposition is that introducing unemployment insurance implies a change in the opportunity cost of leisure to individuals, and they develop a number of numerical examples in which an "average man" increases his consumption of leisure in response to the introduction of unemployment insurance. It is, however, well known in labour economics that a change in the opportunity cost of leisure has both income and substitution effects and may produce an increase, or no change, in work effort supplied. The numerical examples presented in the preface are derived from an implicit utility function of the form: (Income) x (Leisure Weeks) - 0.24 x (Leisure Weeks) x (0.10 x (Income) x (Leisure Weeks)). Given this utility function, it is assumed that the average individual earns $260/week (approximately the average weekly wage in manufacturing) and can freely vary the number of weeks of work he chooses to supply to the labour market. Under these assumptions, Grubel and Walker state, "the obvious effect of the introduction of the unemployment insurance program is to encourage the person in question to work less because it enables him to greatly reduce the amount of income lost by working fewer weeks" (p. 11). With the utility function used by Grubel and Walker, however, it is the case that leisure has negative marginal utility at incomes of less than $6,740 per annum. While Grubel and Walker had used their assumption about the wage example where an individual worked at $100 per week (roughly the minimum wage) they would have observed that both before and after the introduction of unemployment insurance such an individual would work a full 52 weeks a year. In this case, individuals have such a strong need for money income that they are at a "corner solution" and cannot afford to sacrifice any income by going on unemployment insurance.

Hence, even the example used by Grubel and Walker does not indicate that unemployment insurance will cause a decrease in work effort unless one makes a very particular assumption about the wage that is open to individuals (and one might note that the insurable earnings of most unemployment insurance recipients are well below the average wage in manufacturing). Even in the very simplest examples the response of individuals to unemployment insurance legislation will depend upon their preference for income as against leisure and the wage that is potentially available to them. Examples of
utility functions can easily be constructed wherein the response of individuals to unemployment insurance (at a particular wage rate) is to increase weeks of work supplied. If, in addition, there is a minimum qualifying period for unemployment insurance benefits of, say, twelve weeks, then increased unemployment benefits may or may not decrease the work effort of individuals who already work more than twelve weeks; but they certainly afford an incentive to individuals who currently work less than twelve weeks to increase their labour supply.

The neoclassical unemployment models predict that unemployment benefits will depend not only on the degree of response of each individual but also on the number of individuals in each category.

In addition, a paper was hypothesized that by decreasing emigration higher unemployment insures that unemploy­ment will increase, but did appear to affect the rate of emigration; it was a very small, positive relationship with unemployment (p. 229).

1950-1960 but is statistically significant, but implausibly large, during the period 1960-1975 (p. 242). In the case of Ireland, the benefit/wage ratio did not have a statistically significant direct impact on the unem­ployment rate, but certainly they seem to offer little support for the hypothesis that unemployment insurance strongly induces unemployment.

The negative results of the econometric work are in most instances explained by references to particular institutional aspects of labour markets and/or unemployment insurance regulations in the countries concerned. Indeed, for the general reader the great value of this volume will likely be the expositions of the very different institutional arrangements surrounding employment and unemployment and an advanced industrial countries. (In particular, I was quite surprised to learn of the very high replacement ratios of income in countries such as Ireland and Sweden.) The inconclusive nature of the studies presented it, in my opinion, not so much evidence that unemployment insurance does not affect unemployment but evidence that the complexity of unemployment insurance legislation and individuals' responses to it cannot adequately be captured in macroeconomic time-series analysis.

Canadian readers will probably be most interested in the interna­tional cross-section/time series study of Maki and Spinder and the reviews by Bodkin and Cournoyer and by Hanner­mesh of the empirical work done in Canada and the U.S. - all of which are supportive of the proposition that liberalizing unemployment insurance increases measured unemployment. As one discussant noted, however, in the cross-section work of Maki and Spinder a positive correlation of unemployment bene­fits and the unemployment rate is equally consistent with the propo­sition that the political pressures of high unemployment have caused high benefits as with the proposition that the economic responses to the latter variable caused the former. In addition, their work is marred by data deficiencies even grosser than might normally be expected in the international comparison of very differently measured unemployment (see p. 363). The editors note (p. 31) that despite these hazards the hypo­thesis is confirmed and they take that as evidence of its "strength and robustness". One must, in fairness, also consider the possibility that bad data have produced a spurious result.

Bodkin and Cournoyer's review article recap the results of Grubel, Maki and Sax [13], Maki [6], Green and Cousineau [2], and Siedule, Skoulis and Newton [9]. This is not a complete list of Canadian work available in 1976 on the subject, as it omits the contributions of Wallace [11] and Donner and Lazer [1] and makes only the most passing reference to the excellent study of Jump and Rea [4]; it is, however, a substantive body of work, which is of surprising unanimity in ascribing an increase in measured unemployment of 0.5 per cent to 0.8 per cent to the 197l revisions to the Unemployment Insurance Act. Bodkin and Cournoyer amend the Siedule result to a 1.3 per cent increase in unemployment and feel that "the estimates towards the upper end of the range (i.e., 1.3%) are the main beyond it is likely to be the most accurate of all" (p. 84).

One must note, however, that the weaknesses of the above studies, some of which are noted by Bodkin and Cournoyer, could as easily indicate that estimates towards the lower end of the range are more accurate - as is also indicated by the studies not cited by them.

The Grubel and Maki, Maki, and Green and Cousineau studies share a common methodology of macro-economic time-series analysis and can all be criticized on the grounds that since there is no clear link to an underlying micro-economic model the "control" variables introduced are essentially ad hoc (and indeed differ in the studies mentioned). Bodkin and Cournoyer note also the problems posed by mis-specification whose conclusions do not bear directly on the issues raised by unemployment insurance.

It would probably be wrong to conclude from the negative results of these studies that unemployment insurance has no impact on the unemployment rate, but certainly they seem to offer little support for the hypothesis that unemployment insurance strongly induces unemployment. The negative results of the econometric work are in most instances explained by references to particular institutional aspects of labour markets and/or unemployment insurance regulations in the countries concerned. Indeed, for the general reader the great value of this volume will likely be the expositions of the very different institutional arrangements surrounding employment and unemployment and advanced industrial countries. (In particular, I was quite surprised to learn of the very high replacement ratios of income in countries such as Ireland and Sweden.) The inconclusive nature of the studies presented it, in my opinion, not so much evidence that unemployment insurance does not affect unemployment but evidence that the complexity of unemployment insurance legislation and individuals' responses to it cannot adequately be captured in macroeconomic time-series analysis.

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of variables, omission of variables and the resultant bias that is introduced into estimated coefficients. Among other criticisms, Sharir and Kuch [8, p. 28] have also added that the semi-log specification is inappropriate, while Jump and Rea [4, pp. 92-94] have criticized very severely the treatment of labour force participation rates in these models. To me, these deficiencies suffice to render the resultant coefficient estimates highly suspect.

Bodkin and Cournoyer feel otherwise, but they do note that when, in response to a point made by Kaliski [51], Grubel, Maki and Sax reconsidered their equations under the assumption that U.I. faced a marginal tax rate of 20 per cent, the estimated impact of the 1971 revisions (which made U.I.C. benefits taxable) disappeared entirely. In addition, Bodkin and Cournoyer, along with Siedule, Skouli and Newton by removing their consideration of the demand side impact of unemployment insurance, as "contaminating" the results. I find it difficult to understand why, in considering a program, one would not wish to examine all its impacts - and particularly so when, in other contexts, we rely upon unemployment insurance as one of the chief "automatic stabilizers" of the modern economy. Indeed, one can argue that the other studies cited, since they omit the general equilibrium impact of the receipt of U.I. benefits (and consequent increase in employment and labour force), tend to over-estimate the net impact of the 1971 U.I. revisions on the Canadian unemployment rate.

Jump and Rea [4] considered such macro-economic effects and simulated the Canadian economy 1971 to 1974 with and without the U.I. revisions. Their best estimate [4, p. 148] of the impact of U.I. revisions on measured unemployment was + 1.23 per cent (1971), + .355 per cent (1972), + .178 per cent (1973) and + .101 per cent (1974) - (employment and labour force both increased). These are not only much smaller estimates, they also indicate that one can expect the impact of U.I. "liberality" to vary with the stage of the business cycle. Both because the demand-side impact of U.I. benefits will have a greater effect on employment when the economy is not near capacity and because the supply-side behaviour of individuals will alter in recessions, the net impact of unemployment insurance on the measured unemployment rate will decrease the farther the economy moves from "full employment". When the "real" unemployed are plentiful, job offers turned down by the "voluntary" unemployed will be quickly filled by the "real" unemployed; hence the composition of unemployment, but not its level, is altered when U.I. increases the number of "voluntary" unemployed. In addition, when jobs are known to be scarce the expected cost of a voluntary quit or a refusal of a job offer rises, hence voluntary unemployment should fall. Only Hamermesh, in this volume, makes the important point that "estimates based on data from periods of low unemployment are not applicable to examining the impact on duration when unemployment is high" (p. 50).

Hamermesh's review article in the current volume was criticized by a discussant as excessively compressed, but fortunately most of it is now available as the excellent, clearly written, short volume, Jobless Pay and the Economy (Johns Hopkins, 1977). In the current volume he made a strong plea for a clear specification and a careful empirical analysis of the impacts of the different aspects of U.I. legislation, the use of micro data, and the careful aggregation of its results before generalizations are made on macro-economic issues. This approach has been followed in Canada by Jump and Rea [4], and in the U.S. by a number of authors. Just as many of the papers in this volume share a macro-economic time-series methodology, so do the discussants' comments emphasized the need for such rigorous micro-economic theorizing and the use of micro-data.

Such micro-economic work does reveal that unemployment insurance affects labour market behaviour. Since unemployment differs in incidence and duration across the population and since both the motivations and the relevant legislative and economic constraints differ across individuals, it is also revealed that this effect is very different for different groups in the population - hence simplifications are to be avoided. Benjamin and Kochin, in this volume, feel no such qualms and explain persistent unemployment in interwar Britain as "the dull did it" (p. 315). The grossest of data deficiencies (plus all other methodological and econometric defects of these macro models) similarly does not prevent Easton from concluding that the poor of Victorian England were drawn to the relief rolls at a time when such benefits averaged £3.14 per week and were not easily obtained. Both these assertions may conceivably be true, but I find it rather unlikely - and certainly the proof is not in this volume.

Basically, the studies of the current volume come in two disjointed parts. The theory they embody is neo-classical economics, but neo-classical economics is much more ambiguous on this issue than is implied here. Given the lack of any explicit aggregation mechanism from individual decisions to macro-economic variables, there is no real link between "theory" and empirical estimation. The econometric work thus must stand by itself, and deficiencies in the underlying data combine with specification errors to provide grounds for doubting the estimates obtained (where such estimates are statistically significant). Some may continue to argue that unemployment insurance strongly induces unemployment, but others can equally argue that the effect is relatively small. The ultimate basis for such arguments lies outside economics. Unfortunately, it appears that incomplete theory and questionable econometric evidence has already been embodied in Canadian economic policy.

References


URBAN ECONOMICS, by Harry W. Richardson. The Dryden Press, Hinsdale, Ill., 1978; x + 357 pp.; tables, figures, bibliography, index.

This is another in the long series of books on urban and regional economics from the prolific pen of Harry Richardson. It is a textbook very much aimed at the American market and as such has a fair bit of material of limited relevance to the Canadian student. As usual, Richardson's flowing style makes the book easy to read; in fact, it is sometimes too easy to read. The student may be lulled into agreeing with the arguments presented without actually considering whether the evidence offered is sufficient to support the conclusion reached.

For readers familiar only with the North American style of textbook writing, the presentation may be a little upsetting initially. Richardson notes in the preface that he has explicitly adopted a British style, with heavy reliance on references to the literature. He says his "purpose has been misinterpreted by some of [his] fellow economists who have looked at [the early versions of] the manuscript and assumed that I was writing a book for American readers in an attempt to stimulate interest in the subject in the United States, and the processes of metropolitan consolidation and decentralization. From the point of view of demonstrating the usefulness and relevance of certain aspects of micro theory in tackling real problems, this chapter is very good, subject to some qualifications. Figure 9.1, for example, deals with the calculation of an optimal public}

gap in the bibliography for the urban economic publications of the years 1975, 1976, and 1977.

In terms of the organization of the text, there are fifteen chapters, the bibliography already mentioned, and both an author index and a subject index. The first chapter is an introduction to the urban economic reasons for the existence of cities, some alternative definitions of urban areas, and the historical development of American cities are discussed. Chapter Two deals with intra-urban locational decisions and spatial structure and develops such concepts as the residential density gradient, the employment density gradient, and the wage gradient. Chapter Three contains an excellent discussion of agglomeration economies and the central business district. Urban growth is the subject matter of Chapter Four, and the related concepts of optimal city size, central place models, and city size distribution are discussed in relation to the pros and cons of a national urban policy in Chapter Five. In an apparent attempt to be modern and up to date, the so-called New Urban Economics, along with the Marxist interpretation of the urban economy, are dealt with in Chapter Six. In terms of relation to the rest of the book, the three pages devoted to Marx could easily have been omitted. Urban planning, as it pertains to zoning, new towns, and urban renewal, is discussed in Chapter Seven. Chapters Eight through Fifteen deal with specific urban problems and issues, including the urban public economy, urban transportation, crime, poverty, unemployment, economics of the ghetto, housing and, finally, environmental problems and policy. Just why the chapter on planning problems should precede all of the chapters that deal with specific urban economic issues is not clear. Surely issues like poverty, economics of the ghetto, housing, and environment are legitimate concerns of urban planning. Indeed, one might ask why we have urban planners if they are not attempting to solve these problems.

Dealing with the urban public economy (Chapter Eight), Richardson combines a discussion of the sources of revenue for urban areas, such as property tax, user charges, and revenue sharing, with a discussion of expenditure on public services provided by municipal governments. The coverage is wide ranging and generally well done, but is directly set in the American context. Also included in the chapter is a very good analysis of what is often called the "Baumol disease," this is developed in a two-sector model of declining growth in an urban area, with only one sector being technically progressive and labour being the only factor input. This discussion is particularly good, especially as it encourages students to critically evaluate the role that assumptions play in some of the analytic results economists derive from models dealing with urban problems. Using the relevant literature, Richardson shows very clearly how Baumol's original rather strong conclusions about the gloomy prospects for urban growth and development can be substantially moderated by taking account of some more realistic conditions. Other topics covered in this chapter include the familiar Tiebout theory of residential location within a multi-commun-

ity urban area, a discussion of the suburban drift hypothesis (which topic is of perhaps less interest in Canada where cities are not as large and the situation not nearly so critical as in the United States), and the processes of metropolitan consolidation and decentralization.

The urban transportation chapter provides a good summary of the relevant microeconomic literature on the problems of transportation within urban areas. From the point of view of demonstrating the usefulness and relevance of certain aspects of micro theory in tackling real problems, this chapter is very good, subject to some qualifications. Figure 9.1, for example, deals with the calculation of an optimal public
transport subsidy where increasing returns to scale are present. As
drawn, the diagram is somewhat misleading. Investment in subways is
lumpy, so the smooth continuous long-run cost curves shown in the
diagram do not portray the real world case. Furthermore, the example
in the diagram is very special: for the demand curve shown, exactly
the optimal size plant has been attained, which is clearly a highly
contrived situation and rather oversimplifies the discussion involved.
Simplification is desirable in a textbook, but the special character of
the example should be noted.

In his 1970 monograph, Urban Canada: Problems and Prospects
[2], N.H. Lithwick made a very useful distinction between what he
called "problems of the city" and "problems in the city". The former
are integrally related to land use patterns within the city and, because
of that relationship, exhibit a high degree of inter-relationship among
themselves. Thus, for example, Lithwick would classify problems such
as intra-urban location, choice of housing and business, urban trans­
portation, and public economy as problems of the city. On the other
hand, problems such as crime and unemployment would be more pro­
curried problems for the city; that is, the problems take place in the
city but their existence cannot be traced to the interdependence
among urban problems associated with intensive urban land use.

In the chapter on crime, Richardson admits that crime is not an
urban problem but is, rather, a problem of society that happens to
have a higher incidence in cities. Given the limited insight that eco­
nomics has into the crime problem, and given that crime is not a prob­
lem of the city, the contribution of this chapter in building some
insight into urban economic problems is questionable.

The same could be said concerning the chapter on poverty. Poverty
in cities can be shown to have special characteristics, some­
thing which is not well documented in this chapter. It would have been
preferable if links between poverty and urban land use or a specific­
ally urban characteristic had been established. Most of the
treatment is at a general macroeconomic level, as is the discussion of
poverty. Indeed, one could point out that if there is so little to be said
about the specifically urban nature of poverty, partic­
ularly as to how the urban economy generates poverty, a good case
has been made to exclude analysis of poverty from such an urban
economics textbook.

A separate chapter is devoted to the discussion of unemployment
which, once again, is a problem in the city opposed to a city,
where the city. Richardson admits in the opening sentence of the chapter that
unemployment is a national rather than an urban problem, but then
goes on to justify its inclusion in the book on the basis that
unemploy­
ment is spatially concentrated in the urban core and may be associated
with other social disorganization measures such as poverty, poor health
and crime. Richardson makes use of a Harris-Todaro model of rural-urban
migration in an attempt to demonstrate that there can be urban
unemployment even when there is rural to urban migration. An assump­
tion of the model presented is that there will be no rural unemployment;
all unemployment will occur in the city. On balance, I would conclude that
the model is inconclusive, and it is likewise the case that the region of the
country with the highest rates of unem­
employment is also the most rural-urbanized. Furthermore, given the
apparently structural nature of rural unemployment in Canada, it is
hard to see how the Harris-Todaro model is of great relevance in
discussing the question in a Canadian context.

Housing is treated by Richardson as a problem in the city rather
than a problem of the city. In fact, much of the discussion has a
distinct macroeconomic flavour rather than the microeconomic approach
that would be more appropriate to urban economics. It would have been
helpful, for instance, if the housing discussion had been more directly
into the question of location and land use, perhaps along
the lines of the analysis contained in Muth's book [3]. Also included
are a standard analysis of the rent control problem and a very long
section on segregation in housing. There are some minor irri­
tations in this chapter. In the discussion of a housing demand equation, Rich­
donson asserts that "the most obvious estimation variant" for the equation
is log-linear, but does not explain why log-linear would be the most
obvious estimation form. In addition, when employing an indifference
curve framework to analyze the effects of housing subsidies, the illus­
tration utilized is somewhat misleading in that the indifference curves,
as they are drawn, would intersect with one another.

The final chapter deals with environmental problems and policies.
Once again, it is debatable whether the specific treatment of the prob­
lem justifies its inclusion in an urban economics textbook. Environ­
tmental problems should be discussed in an urban textbook in terms of
their relationship to intensive land use patterns and the external dis­
economy relationships that arise from such close spatial interactions.
This is done only to a very limited extent. Furthermore, one might ask
what is the relevance of the "limits to growth" approach within an
urban economic context. Much of the discussion is of a very general
character and would be more suitable in a standard welfare economics
discussion of externalities. Nevertheless, Richardson does give a rather
interesting discussion on the problems of measurement of exter­
nalities. Unfortunately, much of the discussion revolves around the
use of hedonic price indices. Only the very slimmest explanation (one
sentence is devoted to defining a hedonic price index) is given. The
reference provided is to the 1966 Lancaster article [1] on commodities
as bundles of characteristics (which reference, incidentally, does not
appear in the references listed for Chapter Fifteen, but can be found
in those for Chapter Nine).

In general, concepts such as hedonic price indices and other
technical terms such as non-linear regressions, gamma distribution,
standard log-linear estimates, and so on are used rather glibly. This
cannot present a serious problem to the graduate students who might read
the book, but in my opinion most undergraduates would only be
baffled. One could argue that the inquisitive student would easily find
out what these terms mean. In an ideal world, I am sure that would
be the case; my own experience is that students do not, in fact, respond
that way but, instead, get turned off by a book that uses many unde­
fromed terms that they do not understand.

Having discussed what the book contains, it is only fair to point
out some of the topics that it does not contain. Richardson has con­
spicuously omitted a number of topics treated in other textbooks as part
of urban economics materials - the economic base model, for in­
stance. It may be the case that in the particular markets the economic
models, any of the econometric models of urban areas that have been
attempted, and the location theory of industry as it helps in explaining
the location of cities, which I would say this book reminds me of
the business cycle; it has peaks and it has troughs. Unfortunately,
the troughs seem to endure longer than the peaks. Richardson pub­
lished a book on urban economics around the area around 1918.

The urban part of this book is a condensed version of the book under
review; the regional part contains many of the topics I have noted as
being omitted from the reviewed book. Given that it is a paperback,
I would suggest the second book is a better buy.
References


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