

### Essay Questions for Midterm

Two of the following six questions will be randomly picked for the test. You should allocate twenty minutes of exam time to answering each question. Your grade on these answers will depend on the coherence and completeness of the answer and on your demonstrating knowledge of the material covered in this course. Use equations, graphs, or diagrams to illustrate your points when helpful.

- (1) What is the role of trade in the development of cities?
- (2) Where do urban areas develop?
- (3) Why do cities differ in size and scope?
- (4) How do local governments encourage economic growth?
- (5) Explain the pros and cons of replacing the current property tax in a municipality with a partial land tax and indicate whether or not you would vote for the policy and why.
- (6) Explain the pros and cons of passing a worker subsidy in a municipality so that a firm has its local property tax bill reduced by an amount dependent on how many full-time workers (or full-time worker-equivalents) it employs. Indicate whether or not you would vote for the policy and why.