Department of City and Regional Planning  
School of Art, Architecture and Planning  
Cornell University  

CRP 5120: PUBLIC AND SPATIAL ECONOMICS FOR PLANNERS  

Michael Manville                     Spring 2016  
TU, TH 2:55-4:10 p.m.                        Sibley 101  
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COURSE OBJECTIVES AND LEARNING GOALS  

This course explores how economics can contribute to understanding and solving problems in city and regional planning. The course covers basic microeconomic theory, but we will minimize our examination of such theory in the abstract. Instead, we will take a “learning by doing” approach, and apply economic analysis to several important issues that planners must deal with: public goods, collective action, housing investment, traffic congestion, air pollution, land use, and poverty. Students will acquire knowledge about the purpose and meaning of planning; improve their written communication as well as their qualitative and quantitative reasoning, and gain perspectives on both land use planning and social justice.  

PREREQUISITES  

There are no prerequisites for the course, and prior knowledge of economics is neither assumed nor necessary. Unlike many economics classes, this class will require minimal mathematics, because our interest is in understanding the economic way of thinking and the economic approach to problem-solving. These needn’t involve complicated math. Because the class is aimed at planners and focuses on planning problems, it will differ from conventional introductory- or intermediate-level courses in microeconomics. As a result, students with some previous coursework in economics may still benefit from taking the class. Students with extensive prior training in economics, however, should consult me before enrolling.  

REQUIREMENTS AND EVALUATION  

The course assignments include two problem sets, three short (3 – 5 page, double-spaced) papers, one final exam, and ten reading notes. The short papers may involve some quantitative problem-solving as well. For some of these papers you will have the option of co-authoring with one other student. Details on these assignments will be provided later.
All assignments are due at the beginning of class. Late assignments are accepted, but their grades will be reduced by one grade point for each day they are late (i.e., an A paper becomes an A- if it is turned in one day late). You will be graded on both the substance of your papers (the quality of the economic analysis) and the clarity of your writing.

In addition, every student should write ten 1 page “reading notes” during the semester. Reading notes are your reactions to one or more of the week’s readings. The note can take the form of an outline, analysis, comment, opinion, protest, rant, or any combination of these as long as it is no more than one page, double-spaced, and often shorter. You may choose any readings you like, but they cannot be readings from lectures we have already covered (in other words, you cannot post a reaction to a reading from Week 2 during Week 4). Please post your reading notes on the message board of the course Blackboard site on the night before class. Post them as responses to any of the readings assigned for the week. The notes give you an incentive to think about what you are reading, facilitate discussion between you and your classmates about the course material, and help me organize lectures, by showing me where there is substantial interest or confusion. Since we may very well fall behind in our class discussions, the rule of thumb for reading notes is as follows: if we have not discussed a reading or its topic yet in class, feel free to post a note about it. Use your judgment.

Lastly, although the class is organized as a lecture, discussion is encouraged and credit will be given to students who contribute thoughtful and informed comments during class.

The grading breakdown for the class is as follows:

1. Problem sets: 10%
2. Short Paper One: 20%
3. Short Paper Two: 20%
4. Short Paper Three: 20%
5. Final Exam: 20%
6. Reading Notes: 5%
7. Attendance and Participation: 5%

Note: The University determines the date and time of the final exam, usually at the end of October. Information about the exact date and time for the exam can be found, when the schedule is finalized, through the University Registrar. **DO NOT ASK ME TO CHANGE THE DATE OF THE FINAL EXAM.**
TEXT AND READINGS

Most of the readings are from academic journals or newspaper and magazine articles, and are posted on the course Blackboard site.

There is, unfortunately, no ideal text for teaching economics to planners, and economics textbooks are in general appallingly expensive. Further, most basic economics texts cover the same material. As a result, I don't require any particular textbook, but I do require you to find a basic economics text and follow our progress in the class. The two texts I will follow are

Modern Principles: Microeconomics by Tyler Cowen and Alexander Tabarrok
Microeconomics by Paul Krugman and Robin Wells.

If you can find inexpensive copies (any edition will do) of these textbooks, great. If you find a different introductory text you would like to buy, you can simply read the relevant chapters in that book (i.e., in the week we talk about public goods, you should read whatever chapter in your book deals with public goods). If you decide to purchase a textbook, Amazon.com has a buyback program that can reduce your costs.

Although the class schedule below shows both the Cowen & Tabarrok and Krugman & Wells books, you do not need to read both textbooks. The two books cover the same material, so I include both only to give you options. In my experience students often find that one book or the other has the more intuitive presentation. Thus while you are responsible for the material in these texts, you can read one or the other, or a little bit of the both, but there is no need to read both in any given week.

The following texts are not required but strongly recommended: Planning in Plain English by Natalie Macris and The Elements of Style, by William Strunk and E.B. White. Planning in Plain English is a short, inexpensive book that is a useful guide for clear, cogent writing, and your writing assignments will be graded based on the standards it sets forth. The book is not on the reading schedule. My recommendation is that you take an hour or two to read it early in the semester, and then refer to it regularly when completing your writing assignments. I recommend you purchase this book, since it will be useful to you throughout your time here and in your subsequent career. If you cannot find a copy of it, I recommend The Elements of Style by Strunk and White.

ACADEMIC INTEGRITY

Each student is expected to abide by the Cornell University Code of Academic Integrity. Any work submitted by a student in this course for academic credit must be the student’s own. Work written with another student must include that student’s name. Violation of the Code of Academic Integrity can result in punishments including failure and expulsion.
LAPTOPS AND MOBILE DEVICES

Laptops and mobile devices are prohibited in the classroom. Students with open laptop computers will be asked to put them away. Each time I see students using mobile phones I will deduct three points their final grade (i.e., someone who has a final average of 95 would receive a final grade of 92). I will not stop the class and point out that a student is using a mobile phone. I will simply make a note of it and deduct the points after class.

ACCOMODATIONS FOR STUDENTS WITH DISABILITIES

I am available to discuss any appropriate accommodations for students with disabilities. If possible, requests for these accommodations should be made during the first three weeks of the semester, so that arrangements can be made.

COURSE SCHEDULE AND READINGS

Note: This schedule is provisional, and may change based on how quickly or slowly we move through the material, on absences, etc. Please complete the readings for each day before class on that day. As a reminder, the material in the two economics textbooks overlaps. So for example if in week 1 you read Cowen &Tabarrok Chapter 5, you do not have to read Krugman & Wells Chapters 1 & 2. The page and chapter numbers for these books refer to the 2010 edition, and for the Krugman and Wells book the 2012 edition. Other editions may have different chapter or page numbers.

1. INTRODUCTION, AND SOME BIG IDEAS

2. SUPPLY, DEMAND AND ELASTICITY

   Cowen & Tabarrok, Chapters 2-4.
   Krugman & Wells, Chapters 3-6.


3. INCENTIVES, PRICES AND CHOICES

Cowen & Tabarrok, Pages 1-7 and Chapter 5.
Krugman & Wells, Chs 1 & 2.


4. PRICES AND THEIR ABSENCE (I): PRICE FLOORS AND RENT REGULATION

Cowen and Tabarrok, pp. 106-111
Krugman & Wells, Ch. 4.


5. MONOPOLY, OLIGOPOLY AND MONOPOLISTIC COMPETITION

Cowen and Tabarrok, Chapter 11 and pages 266-275 (cartels)
Krugman & Wells Chapters 13-15

6. PRICE DISCRIMINATION AND BUNDLING
Cowen & Tabarrok, Chapter 12
Krugman and Wells, Chapter 15 (on price discrimination)


7. **THE COOPERATION PROBLEM: CONFLICTS BETWEEN INDIVIDUAL AND COLLECTIVE RATIONALITY**

Cowen & Tabarrok, Chapter 17.
Krugman & Wells. Chapter 18.


Matt Ridley and Bobbi Low, “Can Selfishness Save the Environment?” The Atlantic Monthly, September 1993, pp. 76-86.


8. ECONOMIC SOLUTIONS TO THE FREE RIDER PROBLEM: CLOSED CLUBS


9. ECONOMIC SOLUTIONS TO THE FREE RIDER PROBLEM: BREAKING UP BUNDLES


10. THE COMMONS PROBLEM


11. THE ANTICOMMONS PROBLEM


12. **MARGINAL COST, AVERAGE COST, AND THE ECONOMICS OF ZONING**


13. **THE ECONOMICS OF HOUSING POLICY**


Edward Glaeser and Joseph Gyourko, selections from Rethinking Federal Housing Policy, 2008.


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14. PRICES AND THEIR ABSENCE (II): EXTERNALITIES AND THE ECONOMICS OF POLLUTION

Cowen & Tabarrok, Chapter 9.
Krugman & Wells, Chapter 17


15. PRICES AND THEIR ABSENCE (III): INSURANCE


16. DISCOUNTING


17. THE ECONOMICS OF TRAFFIC CONGESTION


Donald Shoup, The High Cost of Free Parking, Chapter 1.


18. THE ECONOMICS OF URBAN STRUCTURE (I): WHY DO CITIES EXIST?


19. THE ECONOMICS OF URBAN STRUCTURE (II): SHOULD WE HELP PEOPLE OR PLACES?


20. EFFICIENCY, EQUITY, AND ETHICS
Cowen and Tabarrok, pp. 365-375
Krugman & Wells, Ch. 19


Robert Frank, Chapter 9 of The Darwin Economy.


Lang, Kevin. Chapter 4 of Poverty and Discrimination.

21. REVIEW AND WRAP-UP