

UEP 251: Economics for Planning and Policy Analysis

Spring 2016

Prof. Mary Davis
Urban and Environmental Policy and Planning
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Teaching Assistants

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Class Meetings

Lecture (required): Tuesdays/Thursdays 9-10:15am (Eaton Hall, Room 202)
Lab (optional): Monday 4-5:30 (GIS Lab in Tisch Library)

Office Hours

Mary: Tuesdays 12-2pm or by appointment
TA: TBD

Course Description

UEP 251 is a required core course for graduate students in the department of Urban and Environmental Policy and Planning. This economics course covers the fundamentals of microeconomics, with a focus on real-world applications relevant to policy and planning. Each topic outlined in the syllabus will be paired with a case study grounded in current events, such as transportation, gender inequalities, and the minimum wage, to emphasize the applied context for understanding economics as a decision-making tool. We will highlight the many limitations of economic analysis, and explore the pros and cons of economics in modern society. The overall goal of this course is for students to become educated consumers of economic information, and the application of economics to the world of policy and planning.

Poetry Experiment

This semester's offering of UEP 251 has been specifically designed to test the effects of creative writing on learning, which has been incorporated into a series of homework and in-class assignments. During each topic outlined in the syllabus, students will be randomly assigned to one of three groups to complete a single topic-specific homework question and in-class task that apply one of the following: 1) expository writing (short answer essay), 2) form poetry, or 3) free-verse poetry. Every student will participate in each group twice during the semester, as determined by random assignment. These writing assignments are part of the course structure, and all students are required to participate in their specific group assigned take-home and in-class tasks to receive credit for these assignments. In other words, students cannot 'opt out' of a given assignment. Students can however opt out of participation in the academic study aspect of the course, and must provide written consent for their course-related data to be used to test the effects of poetry on learning. Your choice to participate (or not) in the academic study will have absolutely no bearing on your grade.

Other Course Information

A proficiency in basic algebra is required to take this class. No knowledge of more advanced mathematics, such as calculus, is needed. All students are expected to maintain a high standard of academic honesty according to the pamphlet “Academic Integrity at Tufts.” If you need accommodations due to a disability, please contact me as soon as possible to discuss appropriate arrangements.

Labs

The optional Monday lab sessions are intended to provide a structured review of the material presented in class, and will be led by the professor. We will review the material covered during the lecture, explore additional examples, as well as have time for Q&A. Attendance is not required, but it is strongly recommended for those students struggling with the concepts or math covered during the lecture.

Course Textbook/Readings

Microeconomics in Context, 3rd Edition, by Goodwin, et al., is the primary textbook for the course and is available online and also as an e-book. A reserve copy is available at the Brown and White houses. All additional non-textbook readings will be available on Trunk.

Student Assessment and Grading Policy

Two Exams – Worth 30% of final grade (15% each)

There will be two in-class exams that will take place before spring break and during the final exam period. Although the final exam is not cumulative, some concepts covered during the second half of the course will build upon previously-learned material. For that reason, a firm grasp of all the material will be needed to do well on the final exam.

Seven Homework sets – Worth 42% of final grade (6% each)

A series of take-home assignments will be due in hardcopy form at the beginning of class on their respective due dates. The answer keys will be posted on Trunk immediately following class, and no late assignments will be accepted. While you are welcomed and encouraged to work in groups on homework assignments, **all final answers must represent your own work.**

Seven quizzes and seven in-class writing tasks – Worth 28% of final grade (2% each quiz/task)

Students will complete in-class writing tasks and quizzes according to the schedule outlined in the syllabus. There is no makeup available for missed quizzes and writing tasks.

Students with Disabilities

Students with disabilities are assured that the Student Accessibility Services (SAS) office will work with each student individually to create access to all aspects of student life. Tufts is committed to providing equal access and support to all qualified students through the provision of reasonable accommodations so that each student may fully participate in the Tufts experience. If you have a disability that requires reasonable accommodations, please contact the Student Accessibility Services office at accessibility@tufts.edu or 617-627-4539 to make an appointment with an SAS representative to determine appropriate accommodations. Please be aware that accommodations cannot be enacted retroactively, making timeliness a critical aspect for their provision.

Course Outline: Topics, Readings and Assignments

Date	Topic	Required Readings	Homework Due	In-Class Activity
Jan. 21	1: Introduction	Goodwin Chapter 1		
Jan. 26	1: Introduction	Goodwin Chapter 7		
Jan. 28	1: Introduction	Pallotta case study and TED talk		Writing task #1
Feb 2	2: Inequality	Goodwin Chapter 10	HW #1	Quiz #1
Feb. 4	2: Inequality	Glaeser and Tobio 2009		
Feb. 9	2: Inequality	Zhugue et al. 2011		Writing task #2
Feb. 11	3: Markets: Supply and Demand	Goodwin Chapter 3		
Feb. 16	3: Markets: Supply and Demand	MBTA 2014	HW #2	Quiz #2
Feb. 18	NO CLASS			
Feb. 23	4: Elasticity	Goodwin Chapter 4		
Feb. 25	4: Elasticity	Pierce and Shoup 2013		Writing task #3
March 1	5: Consumer Theory and Welfare	Goodwin Chapters 5 and 8	HW #3	Quiz #3
Mar. 3	5: Consumer Theory and Welfare	Sims 2007		
Mar. 8	6: Producer Theory and Pricing	Goodwin Chapter 15		
Mar. 10	6: Producer Theory and Pricing	Stange 2015		Writing task #4
Mar. 15	7: Market Types: Competition to Monopoly	Goodwin Chapters 16-17	HW #4	Quiz #4
Mar. 17	In-class midterm exam			
SPRING BREAK				
Mar. 29	7: Market Types: Competition to Monopoly	Lacireno-Paquet et al 2002		
Mar. 31	8: Government Taxation	Goodwin Chapter 11		
Apr. 5	8: Government Taxation	Kuchler et al. 2004		Writing task #5
Apr. 7	9: Environmental Economics	Goodwin Chapters 12-13		
Apr. 12	9: Environmental Economics	Nordhaus 2007	HW #5	Quiz #5
Apr. 14	10: Applied Topics in Cost-Benefit Analysis	US DOT 2003		
Apr. 19	10: Applied Topics in Cost-Benefit Analysis	Held et al. 2015		Writing task #6
Apr. 21	11: Urban Economics	Brueckner Chapter 1		
Apr. 26	11: Urban Economics	Glaeser et al. 2008	HW #6	Quiz #6
Apr. 28	11: Urban Economics	Freeman and Braconi 2004	HW #7 due Friday 4/29	Writing task #7; Quiz 7
May 3	In-class final exam			

Bibliography of Non-Textbook Required Readings (available on Trunk)

- Brueckner, JK. 2011. Chapter 1 from Lectures on Urban Economics. The MIT Press.
- Freeman L and F Braconi. 2004. "Gentrification and Displacement: New York City in the 1990s," *Journal of the American Planning Association* 70:39-52.
- Glaeser EL, Kahn ME, and J Rappaport, 2008. "Why Do the Poor Live in Cities? The Role of Public Transportation," *Journal of Urban Economics* 63:1-24.
- Glaeser EL, Resseneger M, and K Tobio, 2009. "Urban Inequality," Taubman Center Policy Briefs.
- Held PJ, McCormick F, Ojo A, and JP Roberts. 2015. "A Cost-Benefit Analysis of Government Compensation of Kidney Donors," *American Journal of Transplantation* xx:1-9.
- Hwang J and RJ Sampson. 2014. "Divergent Pathways of Gentrification: Racial Inequality and the Social Order of Renewal in Chicago Neighborhoods," *American Sociological Review* 79:726-751.
- Kuchler F, Tegene A, and JM Harris. 2004. "Taxing Snack Foods: What to Expect for Diet and Tax Revenues," *Agriculture Information Bulletin* No. 74-08.
- Lacireno-Paquet N, Holyoke TT, Moser M, and JR Henig. 2002. "Creaming versus Cropping: Charter School Enrollment Practices in Response to Market Incentives" *American Education Research Association* 24(2):145-158.
- MBTA. 2014. Potential MBTA Fare Changes in SFY 2015: Impact Analysis.
- Nordhaus WD. 2007. "To Tax or Not to Tax: Alternative Approaches to Slowing Global Warming," *Review of Environmental Economics and Policy* 1(1):26-44.
- Pallotta D. 2012. Case Study: Pallotta Teamworks, in *Uncharitable: How Restraints on Nonprofits Undermine Their Potential*, Tufts University Press. TED talk available at: http://www.ted.com/talks/dan_pallotta_the_way_we_think_about_charity_is_dead_wrong
- Pierce G, and D Shoup, 2013. "Getting the Prices Right," *Journal of the American Planning Association* 79(1):67-81.
- Sims DP. 2007. "Out of Control: What Can We Learn from the End of Massachusetts Rent Control?" *Journal of Urban Economics* 61:129-151.
- Stange K. 2015. "Differential Pricing in Undergraduate Education: Effects on Degree Production by Field," *Journal of Policy Analysis and Management* 34 (1):1-7-135.
- US Department of Transportation. 2003. "Economic Analysis Primer." FHWA IF-03-032.
- Zhuge Y, Kaufman J, Simeone DM, Chen H, Velazquezet OC. 2011. "Is There Still a Glass Ceiling for Women in Academic Surgery?" *Annals of Surgery* 253(4):637-43.

Topic Learning Objectives

1: Introduction

- Describe the principles of microeconomics as a policy and planning tool and understand the basic definitions of micro theory
- Describe the strengths and limitations of economics as a social science
- Understand the fundamentals of the neoclassical model, and engage in an informed debate of the pros and cons of the underlying assumptions
- Differentiate between positive and normative economic statements
- Explore the concept of value, neoclassical definitions of value, and alternative concepts of value pluralism
- Understand the basics of writing in poetic form
- Case Study: Nonprofit Business Model

2: Inequality

- Define measures of income and describe post-WWII trends
- Understand and graph inequality using Lorenz curves and Gini coefficients
- Describe the difference between income and wealth as it relates to inequality
- Understand the impact of income redistribution in the context of the ‘big-tradeoff’
- Describe standards of equity to judge whether a society has reached equality goals
- Explore the relationship between money/wealth and happiness
- Understand the economic determinants of inequality at the local level
- Case Study: Gender Discrimination in the Workplace

3: Markets: Supply and Demand

- Identify the determinants of market supply and demand
- Derive the market supply and demand curves
- Calculate equilibrium price and quantity
- Differentiate between shifts and movements along the curves
- Understand the market concepts of shortage and surplus
- Apply demand and supply principles to real-world scenarios
- Case Study: MBTA Fare Hikes

4: Elasticity

- Understand changes in price and income on equilibrium
- Calculate elasticities of price and income
- Differentiate between types of goods (inferior/normal)
- Apply elasticity concept to real-world scenarios
- Case Study: Economics of Parking

5: Consumer Theory and Welfare

- Understand the basic principles of traditional utility theory
- Use indifference curves and budget constraints to calculate consumption choices
- Describe the impact of changes in price and income on consumption choices
- Use supply and demand curves to calculate consumer and producer surplus
- Compare efficient and non-efficient market outcomes and calculate deadweight losses
- Describe the strengths and limitations of economic measures of social welfare
- Understand the differing goals of efficiency vs equity
- Case Study: Rent Control

6: Producer Theory and Pricing

- Understand the economic measures of cost, revenue, and profits
- Explore the concept of economies of scale and optimal firm size
- Understand how producers set price, and explore various pricing strategies
- Differentiate between the various types of price discrimination
- Case Study: Price Discrimination in College Tuition

7: Markets: Competition to Monopoly

- Understand the range of market types, from perfect competition to monopoly
- Describe output and price decisions of firms of different market types
- Describe the welfare consequences of various market types
- Describe short and long run market equilibrium scenarios
- Understand the rationale for privatization of public services
- Case Study: Charter Schools

8: Government Taxation

- Understand the purpose and impact of government taxation
- Understand differences in tax structure and how this impacts equity
- Evaluate the effects of taxes on market outcomes (price/quantity) and welfare (consumer/producer surplus)
- Understand the role of elasticities in maximizing tax revenue and on who ultimately pays the tax
- Case Study: Snack Taxes

9: Environmental Economics

- Evaluate welfare consequences of externalities, environmental damage, and other environmentally attributable market failures
- Describe the role of government to right market failures by the provision of public goods, taxation, regulation, and property rights enforcement
- Understand why markets are inefficient in the provision of artificially scarce goods
- Summarize the economic model of common property resources, including policy prescriptions
- Case Study: Global Climate Policy

10: Applied Topics in Cost-Benefit Analysis

- Describe the role of cost-benefit analysis in the policy world, its pros and cons as a policy tool
- Understand various evaluation strategies for determining both costs and benefits
- Explore particular challenges in assessing non-use or intrinsic values
- Case Study: Market for Organs

11: Urban Economics

- Explore the economic rationale for the existence of cities, including economies of scale and agglomeration economies
- Understand the effect of transportation costs and public transportation in the formation and makeup of cities
- Understand the role of economics in spatial inequalities within and around cities
- Explore the economics of various urban topics, including housing and transportation policy
- Case Study: Economics of Gentrification