

Department of City and Regional Planning  
Fall, 2023

**Microeconomics for Planning Policy PLAN 710  
(3 Credits)**

Instructor: Professor Meenu Tewari  
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**Class meets T, R: 3:30pm – 4:45pm**  
Room: Phillips Hall 0208  
Office hours: R: 11:00am – 12:30 pm  
or, by appointment:  
<https://unc.zoom.us/my/mtunc>

**Class Meets in Person on Tuesdays and Thursdays: 3:30-4:45 pm  
Phillips Hall, Room: 0208**

**Teaching Assistant**

Megan McIntyre [mmcintyre2@unc.edu](mailto:mmcintyre2@unc.edu) Office hours: TBA; Location: New East, Room TBA

**Recitation (in person): Mondays 5:15-6:15pm; Carolina Hall, Room 0220**

**COURSE OBJECTIVES:**

PLAN 710 is designed to introduce students to the basic principles of microeconomics with an emphasis on applying them to areas of interest to planners. We will examine how households, firms, and governments make decisions about the use and allocation of resources, how market forces shape the outcomes of those decisions; what are the limits of market solutions and the role of public policy in shaping market outcomes, especially with respect to issues of equity and social welfare. An attempt will be made to use examples throughout the course that tie into other parts of the DCRP curriculum—such as spatial analysis, economic development, housing, transportation decisions, environmental and land-use policies.

The goal of the course is to provide students with basic literacy in microeconomic concepts and principles as they relate to planning, to read planning related economic literature and engage effectively with analysts to apply microeconomic concepts such as demand and supply dynamics, elasticity, consumer choice, opportunity cost, pricing, production decisions, taxes and subsidies to specific planning problems.

**COURSE ORGANIZATION AND REQUIREMENTS:**

**Format:** The class is run as a combination of lectures, case studies, class discussions, and in-class question and answer sessions. All students are required to come to class having read the assigned readings. This is essential for you to get the most out of the course.

**Pace:** The pace of the class is determined, in part, by the background of students and their prior exposure to economic analysis. Given the varied economics backgrounds that students bring to class, it is *very important* that you let me, or the TA, know as soon as possible if the pace is too fast or too slow for you. We can work together to find solutions that work for everyone.

**Recitations and math review:** In addition to regular class meetings, the TA, Megan McIntyre, will conduct a weekly recitation session each Monday from 5:15-6:15 in Carolina Hall, Room 0220. The purpose of these sessions is to review the material covered in class, bring in real world examples to clarify ideas and concepts and illustrate them through in-class exercises. In addition to reviewing the week's material, problem sets will also be reviewed during recitation. You are strongly urged to attend all recitations. One or two early recitation meetings will include a math review.

**Study Groups:** All students will be assigned to small study groups to work through problem sets together and to jointly review and understand the material covered in class. While you may solve the problems together, each student must turn in their own separate assignment and all grades will be individual (except for group assignments). Groups are an excellent learning tool but please be sure that you are completing the assignments based on your own understanding of the material.

## THE HONOR CODE

The UNC honor code states: "It shall be the responsibility of every student at the University of North Carolina at Chapel Hill to obey and to support the enforcement of the honor code, which prohibits lying, cheating, or stealing when these actions involve academic processes or University, student or academic personnel acting in an official capacity." **The honor code applies strictly.**

<http://newstudents.unc.edu/content/view/24/77/>

We are committed to treating Honor Code violations seriously and urge all students to become familiar with the terms set out at <http://honor.unc.edu/honor/code.html>. If you have questions it is your responsibility to ask the professor about the Code's application.

## MISSING CLASS

Students are permitted to miss class for EXCUSABLE absences only (for details about what an excused absence is, see UNC-Chapel Hill's attendance policy). Students are allowed one absence without any questions asked. Beyond that you need to bring me a verified reason for your absence and let me know in advance. If a student has two or more un-excused absences, their grade will be affected.

## UNCERTAINTIES OF THE CURRENT MOMENT

Even as we move towards recovery and return, we are still in the midst of many uncertainties. If at any time you feel overwhelmed or have issues with class material, please get in touch with me. I want to make this as fruitful an experience for all of us as I can.

Our class and the recitation will meet in person. Many people are still getting exposed to the virus and so our own personal discretion is encouraged as far as wearing a mask is concerned. It is not mandatory. If you fall sick and are unable to attend class please get in touch with us.

## DISABILITY

The University of North Carolina – Chapel Hill facilitates the implementation of reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability, or pregnancy resulting in difficulties with accessing learning opportunities. All accommodations are coordinated through the Accessibility Resources and Service Office. In the first instance please visit their website <http://accessibility.unc.edu>, call 919-962-8300 or email [accessibility@unc.edu](mailto:accessibility@unc.edu). Please contact ARS as early in the semester as possible.

## ASSIGNMENTS

Students will be assigned weekly problem sets or case study analyses. I usually drop your weakest assignment to compute the final grade for the assignment. All assignments will be posted on Canvas. You can hand-write your answers and bring them to class on the due date. Exams may be asynchronous and in that case you will scan your answers (using free scanner apps such as apps, such as [Adobe Scan](#) and [Scanner App](#)) and upload them to drop-box on the date they are due. Time permitting, we may have all exams/quizzes in class.

Late assignments will not be accepted. Exceptions will be made if there is an emergency.

**Real World Applications:** Besides weekly assignments, each group will also make a short presentation in class on contemporary applications of our weekly themes. Every group will be assigned a date on which to bring a newspaper article related to the theme of that day and make a 5-6-minute presentation at the start of class analyzing the article using the concepts of the week. You are requested to please post the article on Canvas 1-2 days in advance to allow others to read it.

**Exams:** There will be one quiz (closed book), a mid-term (open book) and a final exam (open book). The final exam will be held on the last day of classes (12/5/23). The quiz will be closed book. The mid-term and final will be open book. All three will be 75 minutes long and will be held during class time synchronously unless circumstances demand that we do them asynchronously. **We will make a decision on this together once classes begin.**

**Guest Speakers:** I will be inviting guest speakers to show us how different planning specializations use the tools and concepts we are studying in their professional lives and in planning research.

I am interested in your ongoing feedback on all aspects of the course and am open to making appropriate revisions when needed. I look forward to hearing from you!

## GRADING POLICY:

Grades for the course will be based on the following weights:

Weekly problem sets:	30%
Quiz (closed book):	10%
Mid-term (open book):	25%
Final exam (open book):	25%
Applied Group 5-7 min. presentation:	5%
Improvement:	5%

Generally, P (Pass) indicates good performance where all course objectives have been met. An H (High Pass) indicates exceptional performance, over and above the mastery of basic concepts. A grade of L indicates that some or several course objectives have not been mastered. I will use pluses and minuses to provide finer grained feedback, but the graduate school records will use only, H, P and L on the transcript.

Please note: *I reserve the right to change the schedule of the assignments (below) based on my assessment of the pace at which the class is mastering the to achieve our learning objectives, or due to other extenuating circumstances.* It is not uncommon for us to drop an assignment to help you deal with other deadlines outside of our course if they happen to be bunched up.

**Assignment and exam schedule:**

	<u>Handed Out</u>	<u>Due in Class</u>
Assignment 1	8/24 (R)	8/31 (R)
Assignment 2	8/31 (R)	9/7 (R)
Assignment 3	9/7 (R)	9/14 (R)

**Quiz 9/21 (R) (Closed Book, In Class)**

Assignment 4	9/28 (R)	10/5 (R)
Assignment 5	10/5 (R)	10/12 (R)

**Mid-Term Exam handed out on Canvas [Asynchronous] 10/17 (T)**

**Mid-Term Exam due online on Canvas by 11:55 pm 10/19 (R) (Open book)**

Assignment 6	10/26 (R)	11/2 (R)
Assignment 7	11/2 (R)	11/9 (R)
Assignment 8	11/9 (R)	11/16 (R)

**Final Exam 12/5 (In class, Open book or Online – we will decide together)**

**REQUIRED TEXT:**

Robert S. Pindyck and Daniel L. Rubinfeld (PR) Microeconomics, (Ninth or any other edition), Prentice Hall. Second hand copies of earlier editions will also suffice and can be purchased online. A Spanish E-Book is available in the library reserves segment on the course Sakai page. The bookstore

does not carry copies of the book. Several copies are also available in the Chapin Reading Room for review, one copy of the latest edition is on reserve at Davis.

Please note that because we may be using different editions of the book, the page numbers listed in the syllabus may not match with your edition. I would urge you to focus on the assigned section and chapter rather than on the page numbers listed in the syllabus when you read.

We have a second text, which is an e-textbook: COREECON. I will assign excerpts from it from time to time.

I strongly recommend an additional resource:

*Take Back the Economy: An Ethical Guide for Transforming Our Communities*

Jenny Cameron, Stephen Healy, and J. K. Gibson-Graham. It is available through UNC as an e-book, and provides an alternative perspective to markets than the neoclassical view we are studying. Feel free to browse through any chapter as the course progresses.

Additional recommended readings will be posted on Canvas or circulated in class. Occasionally, I may bring in additional case material that is relevant for discussion.

## READINGS AND CLASS SCHEDULE

### Please note:

1. We will not be covering every chapter in the textbook; only those specified below. Page numbers may differ by edition, so please follow the sections instead of page numbers.
2. While the relevant sections within each chapter are indicated below. You are encouraged to read beyond the assigned sections if you wish. You will, however, be held accountable only for the assigned sections.
3. *The pace of coverage will depend on student performance and comprehension and may be modified accordingly. The pace at which we cover sections may therefore differ from what is listed in the syllabus. Unforeseen circumstances, including weather related events, can also lead us to depart from the schedule below.*
4. A set of guest speakers will be invited to discuss special topics and applications at various points in the course.

## CLASS SCHEDULE

### **August 22 (T): Introduction: Getting a Sense of the Market and its Limits**

PR, Chapters 1

Suggested:

Henry Jacoby, and Robert S. Pindyck Lecture “Notes on Markets and Market Definition”  
(Sloan School of Management, revised July 1996)

## **PART I: Demand, Supply, Consumer Theory**

**August 24 (R): Demand and Supply – I. Laws of supply and demand, shifts and movements**  
PR Chapter 2

**August 29 (T): Demand and Supply – II Prices and the Market Mechanism**  
PR Chapter 2

**Applications:**

Racial justice: ["Opinion: Housing Policy Key to Desegregation"](#)

Climate: ["In First, Environment Ministry to Examine Imposing Carbon Tax on Polluters"](#)

Discrimination: ["Employer Demand for Welfare Recipients by Race"](#)

**August 31 (R): Elasticity – I**

PR Chapter 2, pp 32 - 46 and pp. 117 - 122 in Chapter 4

**September 5 (T): Wellness Day, No Class**

**September 7 (R): Elasticity – II – Durability, Revenue and Application to Transportation Planning**

Button, Kenneth J. 1993. "Factors Which Influence Travel Demand." In: [Transport Economics](#), 2<sup>nd</sup> Edition. Pp. 40-58.

Climate: ["Gasoline Demand More Responsive to Price Changes than Economists Once Thought"](#)

Pandemic: ["Growers Prepare for Harvest Amid COVID-19"](#)

Gender: ["Gender-Based Taxation and the Division of Family Chores"](#)

**September 12 (T), 14 (R): Behind the Demand Curve – I and II: Utility Maximization and Budget Constraints**

PR, Chapter 3 and Sections 4.1 and 4.2 of Chapter 4

**Applications**

Pandemic: ["Buses Take on New Importance in a Subway City"](#)

Racial justice: ["Consumers Want Their Restaurants to Take Action on Racial Justice"](#)

Climate: ["Consumer Choices for the Climate"](#)

**September 19 (T): Prof. Roberto Quercia** (*Application of microeconomics principles to Housing*)  
Required reading: Galster and Rothenberg. 1991. "Filtering in Urban Housing: A Graphical Analysis of a Quality Segmented Market." *Journal of Planning Education and Research* 11:37-50

September 21 (R): Quiz – in class – Closed book – 75 minutes long.

**PART II: Applications: Institutions, Power and Inequality**

September 26 (T). Institutions, Fairness, and Inequity – Property rights and rule of law

COREecon – Unit 5 (will be posted on Canvas)

September 28 (R): A World of Differences

COREecon – Insights (Will be posted on Canvas)

October 3 (T): Public Policy for Fairness and Efficiency

COREecon – Unit 3 (will be posted on Canvas)

October 5 (R): Guest Speaker

**PART III: Firm, Production Public Policy**

October 10 (T): Technology and Productivity

PR Chapter 6.

**Optional Applied Readings: Productivity**

Racial justice: ["Economic Impact of Closing the Racial Wealth Gap"](#)

Racial justice (long): ["Business Case for Racial Equity"](#)

Climate: ["Stronger Environmental Regulation Makes Economic Winners"](#)

October 12 (R): Costs at the level of firm and economy

PR Chapter 7

**October 17 (T): Costs, Profit Maximization and Competitive Markets. Asynchronous take home MIDTERM handed out. Open book,**

PR Chapter 8, Chapter 9 and parts of chapter 4: 112-115;

Optional Background Case: David A. Hounshell, From the American System to Mass Production: 1800-1932, Chapter 6.

Pandemic: ["Economics of Vaccine Production"](#)

**October 19 (R): Fall Break, No Classes Held. MIDTERM DUE – upload on Sakai.**

**October 24, 26 (T, R): Monopoly, Price Makers, Utilities, Economies of Scale and Scope**

PR Chapter 10 (10.1-10.4; Sections 10.5-7 optional)

**Optional Applied Readings: Monopolies**

Pandemic: ["House Dems Introduce Bill to Prevent Big Pharma Price Gouging During COVID-19 Pandemic"](#)

Racial justice: ["Opinion: Let's Expand Our View of 'Systemic Racism' and Talk About All the Issues"](#)

***October 31 (T): Economics of Climate Change (Guest Speaker)***

**PART IV: Imperfect Markets and Government Policy (Welfare Economics)**

**November 2 (R): Public Policy Economics of Taxes and Subsidies – Consumer surplus and producer surplus**

pp. 313-320, Chapter 9

**Optional Applied Readings: Taxes and Subsidies**

Racial justice: ["A Study Found an 'Incredibly Discouraging' Amount of Housing Discrimination in Boston. Here's How City Councilors are Responding"](#)

Climate: ["Denver's New Climate Action Vision Could Lead to a Very Different Denver"](#)

**November 7 (T): Public Policy Economics of Taxes and Subsidies**

Optional Reading (Classics):



Lindahl, Erik. "Just Taxation: a positive solution" in *Classics in the Theory of Public Finance*, R.A. Musgrave and A. T. Peacock (Eds.), Macmillan, London, 1919.

Taylor, Brian D. "When Finance Leads Planning: Urban Planning, Highway Planning, and Metropolitan Freeways." *Journal of Planning Education and Research*. 20, 2 (2000): 196-214.

Baumol, William J. "On Taxation and the Control of Externalities." *American Economic Review* 62, no. 3 (June 1972): 307-322.

Tiebot, Charles, 1956, "A Pure Theory of Local Expenditures." *The Journal of Political Economy*. Pp. 416-424.

**November 9 (R): Guest Lecture: TIFS, Equity and Local Development (TBD)**

**November 14 (T) Externalities**

PR Chapter 18, Section 18.1

**Optional Applied Readings: Externalities and Public Goods**

Racial justice: ["The Wrong Complexion for Protection.' How Race Shaped America's Roadways and Cities"](#)

Pandemic: ["COVID-19 Infection Externalities: Herd Immunity Versus Containment Strategies"](#)

Climate: ["Shareholder Value' Versus the Public Good: The Case of Germany"](#)

**November 16 (R): Public Goods. Guest Lecture: Kyle Onda**

PR Rest of Chapter 18.

Landis, John, Lan Deng, and Michael Riley. "Growth Management Revisited," University of California, Institute for Urban and Regional Development, working paper 2000-02. pp 1-48.

Optional reading:

Stiglitz, Joseph. "The Private Uses of Public Interests: Incentives and Institutions." *Journal of Economic Perspectives* 12 (Spring 1998): 3-22.

Arrow, Kenneth. "The Organisation of Economic Activity: Issues Pertinent to the Choice of Market vs. Non-Market Allocation", in *Public Expenditures and Policy Analysis*, Ed. R.H. Haveman and J. Margolis. Markham Press, Chicago, 1970.

Thompson, Gregory. "Planning Beats the Market: The Case of Pacific Greyhound Lines in the 1930s." *Journal of Planning Education and Research* 13, no.1 (October 1993): 33-49.

**Part V. Public Finance and Cost Benefit Analysis**

**November 21 (T): Finance. Basics. Guest Lecture**

**November 23 (R): THANKSGIVING – No Classes Held**

**November 28 (T), 30 (R): Basics of Cost Benefit Analysis**

PR Chapter 15.

Lisa Robinson et. Al. 2019. Reference Case Studies for Benefit Cost Analysis in Global Health and Development.

Boardman, Anthony et al. Cost Benefit Analysis: Concepts and Practice. Cambridge University Press.

Weitzman, Martin L. 1999. "Gamma Discounting." *American Economics Review* No. 1, pp. 260-271

Coase, Ronald. "The Problem of Social Cost." *Journal of Law and Economics*, Vol.3 (October 1960): 1-44.

**December 5 (T) FINAL EXAM In class, Open Book. (Or Asynchronous, open book)**