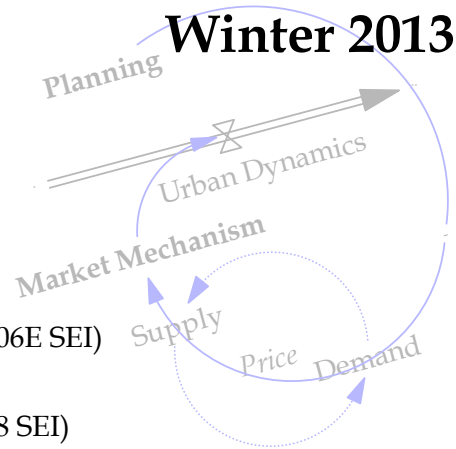


PP&D 206: Microeconomics for Urban Planning



Class Hours: Tue & Thu 12:30~13:50

Classroom: 1306 Social Ecology II

Instructor: Jae Hong Kim (jaehk6@uci.edu)
Wed 15:30~17:00 or by appointment (206E SEI)

T.A.: Amrita Singh (amritas@uci.edu)
Mon 9:30~10:30 or by appointment (248 SEI)

COURSE DESCRIPTION

This course is designed to introduce students (particularly those in the *Master of Urban & Regional Planning* program) to microeconomics in order to help them understand the market mechanisms that underlie dynamic changes in urban areas and to promote their analytic capabilities for dealing with complex planning issues. Emphasis is on the application of core microeconomic concepts/principles to a broad range of planning subjects, such as land use, housing, and transportation. The course also provides an opportunity for students to discuss the effectiveness of various government interventions and/or de-regulation strategies from an economic point of view.

COURSE OBJECTIVES

It is expected that every student will

- comprehend the nature of economic decision-making and market systems
- understand the critical role of public sectors (or other collective actions) in (re)shaping market system behaviors and thus attaining a more complete realization of urban/regional development
- acquire the knowledge and skills in economic analysis (including welfare analysis and cost-benefit analysis) of various planning issues

COURSE ORGANIZATION & MATERIALS

This course is organized as a series of lectures along with assignments, designed to promote students' problem solving skills and their understanding of key microeconomic concepts/principles. In addition, adequate time and opportunity for discussion will be provided. Therefore, students are responsible for completing the readings and

assignments on time and coming to class prepared to participate in discussions. The readings include a required textbook – Pindyck, R.S. and D.L. Rubinfeld. 2012. *Microeconomics* (8th edition). Prentice Hall – and a set of additional materials, available through the UCI e-reserve and/or the course website (<https://eee.uci.edu/13w/54310>).

GRADING

Grading will be based on the following four elements:

- 1) Problem Sets 20 % (5% each)
- 2) Report Assignment 20 %
- 3) Mid-term Exam 30 %
- 4) Final Exam 30 %

Please be advised that 1percentage point per day will be deducted from the grade of all assignments received after the given due date. In contrast, extra credits will be given to students who actively participate in class discussions. The final grade will be assigned as follows.

- A : 93.0 or above (Excellent Work)
- A- : 92.9 ~ 90.0
- B+ : 89.9 ~ 87.0
- B : 86.9 ~ 83.0
- ...
- F : Under 60.0 (Failure)

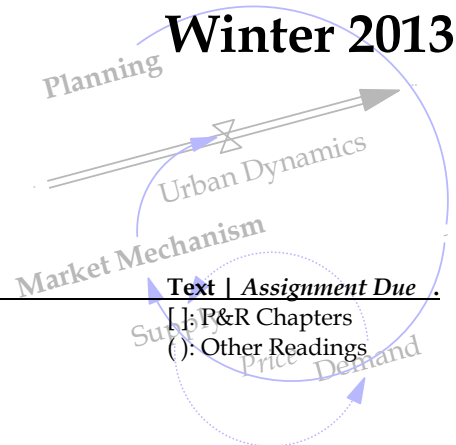
ACADEMIC HONESTY

As a responsible member of the academic community, every student should know and comply with all responsibilities, as found in the UCI general catalogue at <http://www.editor.uci.edu/catalogue/appx/appx.2.htm#academic> Violations of academic honesty in any class activities (e.g., assignments and exams) will be strictly handled in accordance with the university policies.

SPECIAL CIRCUMSTANCES

Please communicate any expected or unexpected absences with the instructor as early as possible. Every effort will be made to work with students having unexpected obligations outside the course, such as family emergencies and health issues. Any student with a disability who needs special accommodation within and beyond the classroom also should contact the instructor and the UCI Disability Services Center (949-824-7494, <http://www.disability.uci.edu/index.php>) to get appropriate assistance so as to achieve the learning objectives in this course.

PP&D 206: Microeconomics for Urban Planning



COURSE OUTLINE: TOPICS & READINGS

No.	Date	Topics	Text Assignment Due
			[]: P&R Chapters (): Other Readings
Part I. Concepts & Principles			
01	Jan 08	[Tu] Course Intro + Planners & Economics	[1] (A)
02	Jan 10	[Th] Fundamentals of Market Mechanisms	[2]
03	Jan 15	[Tu] Consumer Theory pt.1 – Utility & Consumer’s Choice	[3]
04	Jan 17	[Th] Consumer Theory pt.2 – Individual & Market Demand	[4]
05	Jan 22	[Tu] Consumer Theory pt.3 – Behavior under Uncertainty	[5] (B) PS#1
06	Jan 24	[Th] Producer Theory pt.1 – Profit & Producer’s Choice	[6.1~3 & 8.1~3]
07	Jan 29	[Tu] Producer Theory pt.2 – Scale, Scope, & Dynamics	[6.4 & 7] PS#2
08	Jan 31	[Th] Producer Theory pt.3 – (Spatial) Market Structures	[10] (C)
09	Feb 05	[Tu] Producer Theory pt.4 – Strategic Decision Making	[11] (D)
10	Feb 07	[Th] Game Theory + Mid-Review	[12.4 & 13] PS#3
11	Feb 12	[Tu] Mid-term Exam	<i>Informal Analysis Plan</i>
Part II. Analysis & Extensions			
12	Feb 14	[Th] Fundamentals of Welfare Analysis	[9]
13	Feb 19	[Tu] Externalities	[18.1~3]
14	Feb 21	[Th] Public Goods & Services	[18.4~6] (E~F)
15	Feb 26	[Tu] Report Assignment Session	
16	Feb 28	[Th] Market Failure Approaches	(G~H) PS#4
17	Mar 05	[Tu] Beyond Market vs. Gov. Dichotomy	[17] (I~J)
18	Mar 07	[Th] Cost-Benefit Analysis pt.1	(K)
19	Mar 12	[Tu] Cost-Benefit Analysis pt.2	(L)
20	Mar 14	[Th] Final-Review & Course Wrap-up	<i>Final Report</i>
**	Mar 22	[F] Final Exam (10:30~12:30) see http://www.reg.uci.edu/calendars/finals/schedule-201213.html	

LIST OF OTHER READINGS

- A. ACSP Strategic Marketing Committee. 1997. Anchor points for planning's identification. *Journal of Planning Education and Research* 16: 223-224.
- B. Abbott, J. 2005. Understanding and managing the unknown: The nature of uncertainty in planning. *Journal of Planning Education and Research* 24: 237-251.
- C. Phlips, L. and J.F. Thisse. 1982. Spatial competition and the theory of differentiated markets: An introduction. *Journal of Industrial Economics* 31: 1-9.
- D. Ohls, J.C. and D.P. Pines. 1975. Discontinuous urban development and economic efficiency. *Land Economics* 51: 224-234.
- E. Hardin, G. 1968. The tragedy of the commons. *Science* 162: 1243-1248.
- F. Moore, T. 1978. Why allow planners to do what they do? A justification from economic theory. *Journal of the American Institute of Planners* 44: 387-398.
- G. Bartik, T.J. 1990. The market failure approach to regional economic development policy. *Economic Development Quarterly* 4: 361-370.
- H. Brueckner, J.K. 2000. Urban sprawl: Diagnosis and remedies. *International Regional Science Review* 23: 160-171.
- I. Nelson, R.R. 1987. Roles of government in a mixed economy. *Journal of Policy Analysis and Management* 6: 541-557.
- J. Alexander, E.R. 1992. A transaction cost theory of planning. *Journal of the American Planning Association* 58: 190-200.
- K. Prest, A.R. and R. Turvey. 1965. Cost-benefit analysis: A survey. *The Economic Journal* 75: 683-735.
- L. Hanemann, W.M. 1994. Valuing the environment through contingent valuation. *Journal of Economic Perspectives* 8: 19-43.