

PLA 4151

Economics for Planners

Moshe Adler

Cities are run by city-governments. These governments are providers of infrastructure and goods themselves and they also regulate the provision of goods by private firms; they promote health and welfare through land use and environmental regulation; and they are charged with ensuring that political power and economic resources will be distributed equitably. Yet governments operate in societies where resource allocation is governed primarily by markets. Economics provides tools, frequently controversial, to guide decisions about when and how government should be involved in providing or subsidizing services and in shaping market activity.

The first part of the course covers the fundamentals of economic analysis. The rest of the course applies these tools to urban issues. The articles that the course covers are posted on courseworks.

The books for this course are on reserve:

Moshe Adler, *Economics for the Rest of Us*, the New Press, 2010

Heilbrun James, *Urban Economics and Public Policy*

Roger G. Noll and Andrew Zimbalist, Editors, *Sports, Jobs, and Taxes: The Economic Impact of Sports Teams and Stadiums*, Brookings Institute Press, Washington D.C., 1997

Hal Varian: *Intermediate Micro*

Peter Lindert, *Growing public: social spending and economic growth since the eighteenth century*, Cambridge, 2004.

Articles are in a reader available from Village Copier, 1181 Amsterdam Ave, New York, NY 10027 (212) 666-4777.

You will benefit from reading the first assignment before the first class.

Grade:

Weekly assignment --30% of grade

Midterm--30%

Final--40%

1. The Market and Pareto Efficiency

Adler, Chapters 2-4

2. Utilitarianism

Adler, Chapters 1-3

Bentham: "Propositions of Pathology on which the advantage of Equality is founded" <http://www.laits.utexas.edu/poltheory/bentham/pcc/pcc.pa01.c06.html>

The Voting Paradox

Class Discussion

3. Planning in whose interest?

Capture Theory

01. George J. Stigler, "The Theory of Economic Regulation," *The Bell Journal of Economics*, 1971, pp. 3-21.

Direct Democracy

02. John G. Matsusaka, Direct Democracy Works, *Journal of Economic Perspective*, Vol. 19, No. 2, Spring 2005

Planning In Practice

03. M. Alejandra Cattaneo a, Stefan C. Wolter "Are the elderly a threat to educational expenditures?" *European Journal of Political Economy*, 25 (2009) 225–236

4. Fundamentals of Policy Evaluation

Marginal Cost Pricing

04. Class Presentation

Consumer and Producer Surpluses:

Class Presentation

Income levels and the demand for public goods

05. Laurie Bates and Rexford Santerre, "The Public Demand for Open Space," *Journal of Urban Economics*, 50, 97-111, 2001.

Policy Evaluation in practice

Sport Stadiums

06. Noll & Zimbalist, Ch. 3

07. Gerald Carlino and N. Edward Coulson, "Compensating differentials and the social benefits of the NFL," *Journal of Urban Economics*, 56, 2004, 25–50.

5. Public Goods

The Economics of Public Goods

Class Presentation (Lindhal taxation)

Revelation Mechanism

08. Class Presentation

Public Goods and Economic Efficiency

09. Bates, Laurie J. Laurie Bates and Rexford Santerre, "The impact of a state mandated expenditure floor on aggregate property values," *Journal of Urban Economics*, 53, 531-540, May, 2003

10. Zhiqiang Liu . "The external returns to education: Evidence from Chinese cities." *Journal of Urban Economics*, Volume 61, Number 3 (May 2007), pp. 542-564

Crime and cities

11. Ingrid Gould Ellen, Katherine O'Regan, "Crime and urban flight revisited: The effect of the 1990s drop in crime on cities," *Journal of Urban Economics*, 68 (2010) 247-259

6. Agglomeration Economies

In Production

12. Edward Glaeser, "Are Cities Dying?" *Journal of Economic Perspectives*, Vol. 12, No. 2 (Spring, 1998), 139-160

In Consumption

13. Markusen, Ann and Greg Schrock. "Consumption-Driven Urban Development." *Urban Geography* 30, No. 4 (2009): 344-67

When economies are insufficient

14. Spencer Banzhaf and Nathan Lavery, "Can the land tax help curb urban sprawl? Evidence from growth patterns in Pennsylvania," *Journal of Urban Economics*, 67, 2010, 169-179

7. Transportation and Mass Transit:

General

15. Heilbrun, Chs. 8-9

The value of time

16. Calfee, John and Winston, Clifford, "The value of automobile travel time: Implications for congestion policy," *Journal of Public Economics*, July 1998, 83-102

17. HOV

lanes: http://www.lao.ca.gov/2000/010700_hov/010700_hov_lanes.html

Roads and Traffic

18. S. Cairns, S. Atkins and P. Goodwin, "Disappearing traffic? The story so far." http://www.onestreet.org/images/stories/Disappearing_traffic.pdf

8-9. Externalities

19. Ronald Coase, "The Problem of Social Cost," *Journal of Law and Economics*, 1960.
20. Garrett hardin, "The Tragedy of the Commons," *Science*, New Series, Vol. 162, No. 3859 (Dec. 13, 1968), 1243-1248.
21. Carl J. Dahlman, "The Tragedy of the Commons That Wasn't: On Technical Solutions to the Institutions Game," *Population and Environment*, Vol. 12, No. 3 (Mar., 1991), pp. 285-296
22. Richard S. J. Tol, "The Economic Effects of Climate Change," *Journal of Economic Perspectives*—Volume 23, Number 2—Spring 2009 —Pages 29 –51
- 23a. Elbert Dijkgraaf and Raymond Gradus, "Per Unit Garbage Charges," *Journal of Economic Perspectives*—Volume 22, Number 2—Spring 2008—Pages 243–246
- 23b. Thomas Kinnaman, "Response," *ibid.*

10-11. Segregation and Intervention

24. Bo Zhao, Jan Ondrich and John Yinger "Why do real estate brokers continue to discriminate? Evidence from the 2000 Housing Discrimination Study," *Journal of Urban Economics*, May 2006 Pages 394-419.
25. Andrew Hanson, Zackary Hawley "Do landlords discriminate in the rental housing market? Evidence from an internet field experiment in US cities," *Journal of Urban Economics*, 70 (2011) 90-114
26. Justin McCrary, "The Effect of Court-Ordered Hiring Quotas on the Composition and Quality of Police," *The American Economic Review*, March 2007, 318-353
27. David M Cutler, Edward L Glaeser and Jacob L Vigdor "The rise and decline of the American ghetto," *The Journal of Political Economy*, June 1999.

12. Welfare, Wages and Poverty

28. Hilary W. Hoynes, Marianne E. Page and Ann Huff Stevens, "Poverty in America: Trends and Explanations," *Journal of Economic Perspectives*, Volume 20, Number 1, Winter 2006, Pages 47-68

29. Timothy Smeeding, "Poor People in Rich Nations: The United States in Comparative Perspective," *Journal of Economic Perspectives*—Volume 20, Number 1, Winter 2006, Pages 69–90
30. Moshe Adler, "Why Did New York Workers Lose Ground in the 1990s?" -- *Regional Labor Review*, Fall, 2003.
31. Moshe Adler, "Theories of Wages," *Economics for the Rest of Us*, Chapters 9-12.
32. Josh Bivens and Lawrence Mishel, "The Pay of Corporate Executives and Financial Professionals as Evidence of Rents in Top 1 Percent Incomes," *Journal of Economic Perspectives*—Volume 27, Number 3—Summer 2013—Pages 57–78.

13. Subverting the Plan

33. John D Donahue, "Tiebout? Or not tiebout? The market metaphor and America's devolution debate," *The Journal of Economic Perspectives*, Fall 1997, 73-82.
34. Dowding, Keith; John, Peter; Biggs, Stephen, "Tiebout: A survey of the empirical literature," *Urban Studies*, 767-790, May 1994.
35. Schmidt, Amy B., "Private School Enrollment in Metropolitan Areas," *Public Finance Quarterly*, July 1992, 398-321.
36. Christiana Stoddard and Sean P. Corcoran, The political economy of school choice: Support for charter schools across states and school districts, *Journal of Urban Economics* 62 (2007) 27–54

14. The Bottom Line

37. Lindert, *Growing Public*, chs. 1, 7, 10, 11