PLAN 603
Fall 2011


Time: Wednesday 9:00 am – 11:45 am
Location: Saunders 116

Instructor:
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Office Hours: Thursday 1:00-4:00 (TBC) or by arrangement.

Course Description
This course is one of the three core requirements of the MURP program and is intended to provide students with the basic principles of economics applied to urban contexts. It will review the general economic forces affecting cities, relevant microeconomic theories for planners, and spatial economic theories explaining economic growth and regional development. The learning objectives of the course are to provide students with the language to discuss the market forces affecting cities, urban development, and urbanization by exploring the principles of

1) Factors of Production: Land, labor and capital markets;

2) Externalities, Welfare, and Public finance

3) Economic geography
This course will not provide a mathematical review of these concepts and there is no laboratory. The material will focus on the broad spatial and economic concepts and how they shape the form and economy of cities. There will be a midterm exam and a final paper analyzing a particular urban economy using the principles explored in the class. Students will also be required to complete periodic problem sets.

There are no required textbooks, and readings will be posted on the Laulima website for students to download. In general, we will plan to upload the readings two weeks prior to the class during which they are to be discussed.

**Preparation**

While there are no requirements for this course, a basic understanding of conventional terms used in economics such as, Elasticity, Sensitivity, Marginal Utility, Externalities, Pareto Optimization, for example, is helpful. It may be useful to purchase a dictionary of economic terms.

**Course Structure and Requirements**

**Grading Breakdown**

- Midterm Exam: 20%
- Final Term Paper: 35%
- Homework/Problem Sets: 25%
- In-Class Participation: 10%
- Attendance: 10%

**Readings**

**Textbooks (selections from)**

Topical Papers in scientific journals and popular media

Class Schedule

Week 1: August 24

Introduction: Microeconomics, Economic Geography, Public Finance
Readings to be discussed:
None.
In class listen to National Public Radio “The Giant Pool of Money.”

UNIT 1 - ECONOMIC PRINCIPLES FOR PLANNERS: LAND, LABOR AND CAPITAL FACTORS

Week 2: August 31

Urban Economics: The Market System
Readings to be discussed
O’Sullivan, Ch. 1.

Week 3: September 7

Micro-review: Supply/Demand, Markets, Incentives
Readings to be referenced and discussed
Mankiw, Ch. 1, 2, 4, 5

Week 4: September 14

Real Estate Markets I: Overview of Land and housing; Residential Real Estate
Readings to be discussed:
DiPasquale and Wheaton, Ch. 1-4

Week 5: September 21

Real Estate Markets II: Non-Residential Real Estate; Segregation
Readings to be discussed:
DiPasquale and Wheaton, Ch. 5-6.

Week 6: September 28 (Prof Spencer in all-day workshop)
*** Guest Speaker (tentative) – Shem Lawlor, Honolulu Department of Planning and Permitting ***

Week 7: October 5
Labor Markets: Overview, Supply and Demand for Labor
Readings to be discussed:
Ehrenberg, Ch. 2-4, 10, 12-15

Week 8: October 12
Capital Markets: Institutions, Credit, Debt, Foreign Investments
In class listen to National Public Radio “The Invention of Money.”
Readings to be discussed:
Fabozzi and Modigliani, Ch. 1-9, 17, 24-26, 30
Carbaugh, Ch. 10

Week 9: October 19
*** Midterm Exam ***

Week 10: October 26 (Prof Spencer out of town; review class)

UNIT 2 – EXTERNALITIES, WELFARE AND PUBLIC FINANCE
Week 11: November 2
Externalities and Public Goods
Readings to be discussed:
Week 12: November 9

**Inequality and Poverty**

Readings to be discussed:

Mankiw, Ch 20.

Oliver and Shapiro, TBD


Week 13: November 16

**Taxes (personal, business, corporate, consumption, property), Managerial Privatization, Tax credits, tax increment financing**

Readings to be discussed:


Week 14: November 23

**Lumpy Investments and Debt, Bonds, Capital Improvement Privatization**

Readings to be discussed:


suppliers in Gresik, Indonesia.” Environment and Planning A 42(9): 2131-2146. Week 18: May 9

UNIT 3 – OVERVIEW OF ECONOMIC GEOGRAPHY: TRADE, DIVISION OF LABOR, TRANSACTION COSTS, SPATIAL INEQUALITY

Week 15: November 30

Industrial Districts, Clustering, Agglomeration economies

Readings to be discussed:
O’Sullivan, Ch 3
Carbaugh, Ch. 7

Regional Economic Development: The Cumulative Causation School

Assigned readings:

Further readings:

Regional Economic Development: The Transactions School

Assigned readings:

Further readings:

Trade and the Ricardian School of Regional Economic Development

Assigned readings:
Further readings:
Carbaugh Ch 2

Week 16: December 7

***Final Term Paper Due***