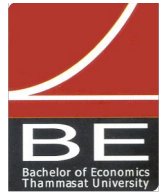




B.E. International Program
Faculty of Economics, Thammasat University



Course Syllabus

EE381 Economics of Transportation

Semester/Academic Year 1/2016

Date & Time: Tuesdays & Thursdays, 14:00-15:30 hrs.

Class room: 203

Instructors:

Assistant Professor Dr. Kaewkwan Tangtipongkul

Office: 458

Email: kaewkwan@econ.tu.ac.th

Office hours: TR 13:00-14:00 hrs. or by appointment

Course Descriptions and Prerequisite

The role of transportation in domestic and international economy, the relationship between transportation and location of production sites and businesses, the criteria and economic reasons for transportation pricing, private and social costs related to transportation, the relationship between transportation in the city and city expansions, problems and policies related to investment in urban transportation.

Course Objectives

The objective of this course is to offers students insight into consumer and firm behavior. Economic theory and its applications enhance transport demand analysis, transport pricing, and transport policy evaluation. We will discuss important issue such as theory of the market in the transportation sector. Students will have an opportunity to apply these understanding and interest on specific transport economics topic on their research paper.

Teaching Materials and Resources

Cowie, J. (2010). *The Economics of Transport*. Routledge.

Mallard G., and Glaister S. (2008). *Transport Economics: Theory, Application and Policy*. Palgrave Macmillan.

Several readings will be posted on BE Moodle website.

Teaching Plans

Week/Session	Date	Topics
1	Aug 16 & 18	<ul style="list-style-type: none"> • Introduction to the economics of transport and Transport and economic development • Market for transport
2	Aug 23 & 25	No class on Aug 23 (Make up on Nov 28) <ul style="list-style-type: none"> • Market for transport
3	Aug 30 & Sept 1	<ul style="list-style-type: none"> • Market for transport
4	Sept 6 & 8	No class on Sept 6 (Make up on Nov 28) <ul style="list-style-type: none"> • Transport demand elasticity
5	Sept 13 & 15	<ul style="list-style-type: none"> • Transport demand elasticity
6	Sept 20 & 22	<ul style="list-style-type: none"> • Transport costs
7	Sept 27 & 29	<ul style="list-style-type: none"> • Perfect competition in transport market
8	Midterm exam: October 4 th , 2016	
9	Oct 11 & 13	<ul style="list-style-type: none"> • Imperfect competition in transport market
10	Oct 18 & 20	<ul style="list-style-type: none"> • Contestable market and Monopolistic competition
11	Oct 25 & 27	<ul style="list-style-type: none"> • Monopolistic competition and Oligopoly market
12	Nov 1 & 3	<ul style="list-style-type: none"> • Oligopoly market and The pricing of transport activities
13	Nov 8 & 10	<ul style="list-style-type: none"> • Transport subsidy
14	Nov 15 & 17	<ul style="list-style-type: none"> • Logistic
	Nov 28 Monday (11 am- 2pm)	<ul style="list-style-type: none"> • Guest lecturer: Logistic
15	Nov 22	<ul style="list-style-type: none"> • Student presentations
16	Nov 29 & Dec 1	<ul style="list-style-type: none"> • Student presentations
	Final exam: December 6 th , 2016	

Evaluation Methods

GRADING The final grade of the course will be based on the following items:

- | | |
|---------------------------|----|
| 1. Mid-term exam | 30 |
| 2. Paper and presentation | 15 |

3. Reaction paper, presentation and class participation	10
4. Final exam	45

Note: The mid-term and final exams are closed books and closed notes. Midterm and final exam dates are not changed due to the official schedule from BE program. Only physical condition with approval medical document is allowed for postponing the exam.

Paper and presentation

Students may select any topics related to Economics of Transportation. Report can be written in group maximum of 2 students. The purpose of this paper is for students to develop a research topic.

The paper must include introduction, literature review, conceptual/ theoretical framework, data description and empirical methodology and references. Lengthwise, the paper should be 10 double-spaced pages, excluding graphs and tables. Copy and plagiarize are prohibited, your score will be zero for plagiarism or copy without appropriate citation and reference (see MLA or APA citation style).

The examples of style are in website

MLA Style: <http://www.liu.edu/CWIS/CWP/library/workshop/citmla.htm>

APA Style: <http://www.liu.edu/CWIS/CWP/library/workshop/citapa.htm>

Chicago Style: <http://www.liu.edu/cwis/cwp/library/workshop/citchi.htm>

Students will be selected to present their papers on **November 22 and November 24**. The length of the presentation is approximately 20 minutes. After the presentation, students can get feedback from instructor and classmates to improve and make some changes before submitting the final version on **December 1, 2016** in class

Reaction paper and presentation

Students will be assigned the date to present paper related to Economics of Transportation. The presentation must include the storyline of the paper and brief economics analysis. The length of the presentation is approximately 15-20 minutes.

Reaction paper:

Students will be asked to write 1 reaction paper to article. The reaction papers are to be typed and no more than 1 page double-spaced.

The first half should be a concise summary of the research described in the reading. It should answer the following questions:

1. What is the primary question/issue/hypothesis that the author wanted to address?
2. Why is the question interesting or important?
3. What data does the author use (if empirical paper)?
4. Give an intuitive description of the author's test or model?
5. What are the author's finding or conclusions?

The second half should be a critique of the paper. It may consider one or two of the following questions:

6. Are you convinced by the author's results/arguments? Why or why not?
7. Do you believe they found a causal relationship? Why or why not?
8. Did the results obtained justify the interpretation and conclusions?
9. Were appropriate controls used or did the approach adequately test the hypothesis?
10. Do you think the results could be biased in some way? Explain.

The above questions are also intended to help guide your reading of some of the more challenging articles in the syllabus. Though you will only be graded on the assigned reaction paper, you are encouraged to answer these questions for the other assigned readings, as they will provide a useful study guide for the exams and will help enable you to contribute to class discussions.

Class policies (if any)

Academic Honesty

You are expected to be honest in all of your academic work. Copying is plagiarism and will be treated as an honor code violation. Potential sanctions include failure in the course and suspension from the university.

Conduct and Manner

Ethics is all above everything, far more valuable than merely subject knowledge. Accordingly, plagiarism and cheating, including any possible

plagiarism and cheating, will be subject to penalties as stated in the University Regulations. More importantly, to achieve overall objectives of learning, it is strongly advised that all students of EE381/382 classes behave in proper manner with socially acceptable and right conduct.

Below is advised code of conduct to be performed in EE381/382 class. Achieving and maintaining the code of conduct throughout the course will surely be awarded.

1. No mobile phones used. This includes silent mode, message sending, LINE, and all social network communication that would interfere teaching and learning.
2. Be punctual. Yet it is understood that students may have continuing classes that cause delay. It is acceptable if it is a few minutes late. But unnecessary delay should be avoided. Even if students are on time, they are advised not to leave the room without unnecessary purposes.
3. Behave. Other socially acceptable manner should be practiced here. For example, this is a classroom whereby food and drink is not allowed. This is the university whereby students wear proper dress.

Other details

TENTATIVE COURSE OUTLINE

1. Introduction to the economics of transport and Transport and economic development

Aug 16, 2016

- The economic problem and its relevance to transport issues
- The factors of production that make up the production of all transport services
- The link between economic development and levels of both freight and passenger transport

Reading Lists:

Cowie (Chapter 1 and 2)

THE THEORY OF THE MARKET: AN OVERVIEW

2. Market for transport

Aug 23, 2016

- The law of demand and the main factors that impact upon the general demand for transport services as well as individual transport modes
- The theory of supply and the main factors that impact upon the supply of transport services
- The market and economic principles that underpin the provision of transport services and ensure that such services are provided to those that are willing and able to pay the market price
- The important role of the price mechanism in balancing the needs of the users and providers of transport services

Reading Lists:

Cowie (Chapter 3)

No class on Sept 6, 2016 (Make up : Nov 28, 2016)

3. Transport demand elasticity Sept 13 & Sept 15, 2016

- The importance of an understanding the elasticity of demand in the planning of transport services and the analysis of transport markets
- Elasticity of demand and the three main types of elasticity of demand relevant to the transport sector in the form of own price, cross price and income elasticity

Reading Lists:

Mallard G., and Glaister S. (Chapter 3)

Cowie (Chapter 4)

4. Transport costs Sept 20 and 22, 2016

- The theory of production
- Definition of technical, cost, and allocative efficiency
- How transport costs behave in the short and long runs
- Returns to scale and economics of scale in the transport industries
- The relevance of production costs to the supply of transport services

Reading Lists:

Mallard G., and Glaister S. (Chapter 4)

Cowie (Chapter 5)

5. Perfect competition in transport Markets Sept 27 and 29, 2016

- The theory of the firm
- The position of profit maximization for the provider of transport services

- The underlying conditions required in order to ensure that competitive pressures on transport operators are maximized
- That such a level of ‘maximum’ competition ensures that economic efficiency is attained in the provision of transport services
- A formal definition for what constitutes ‘market failure’ in transport markets
- Case study presentation: Tramp shipping

Reading Lists:

Mallard G., and Glaister S. (Chapter 5)

Cowie (Chapter 6)

6. Imperfect competition in transport market Oct11 and 13,2016

- The imperfect market structures of monopoly and oligopoly and their high prevalence in transport markets
- The main sources of barriers to entry into transport markets
- The disadvantages and advantages of imperfect markets in the provision of transport services
- The tendency for competitive transport markets to veer towards imperfect market structures through company mergers and acquisitions
- Case study presentation: Public service vehicle operations in Britain

Reading Lists:

Mallard G., and Glaister S. (Chapter 6)

Cowie (Chapter 7)

7. Oligopoly Oct 18 and Oct 20, 2016

- Definition and model
- Location decisions
- Team case study presentation: The European air industry
- Case study presentation: The British bus industry

Reading Lists:

Mallard G., and Glaister S. (Chapter 8)

Cowie (Chapter 7)

8. Monopolistic Competition Oct 25 and Oct 27, 2016

- The model and outcomes
- Competition
- The taxi market in the City of Leicester

- Case study: The road-haulage market in the European Union and Great Britain

Reading Lists:

Mallard G., and Glaister S. (Chapter 7)

9. The pricing of transport activities Nov 1 & Nov 3, 2016

- Price discrimination in the pricing of transport services
- Pricing malpractice, namely predatory pricing, as it has been applied in transport services and price fixing, and thus what constitutes ‘fair’ and ‘unfair’ pricing policies in the pricing of transport services
- Case study presentation: EWS and predatory pricing
- Case study presentation: BA price fixing
- Case study presentation: Central London congestion charging

Reading Lists:

Cowie (Chapter 8)

10. Transport subsidy Nov 8 & Nov 10, 2016

- The economic rationale behind the payment of subsidy to transport operators
- The issues surrounding the cross subsidization of transport services
- The different ways and forms in which subsidy can be paid to the operators of transport services

Reading Lists:

Cowie (Chapter 11)

11. Logistics (Guest Lecturer) TBA (3 hours)

12. The economics of freight transport & Logistics Nov 17, 2016 (3 hours)

- An overview of freight carriage in Great Britain
- Modes of freight transport
- Some of the major economic issues surrounding road haulage, rail freight, air cargo and maritime transport

Reading Lists:

Cowie (Chapter 12)

Remark Students will present their paper on November 22, 29 and December 1 .