



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



Course Outline

Economics of Transportation (EE381/382)

SEMESTER 1/2015

Lecture Time: Tuesdays & Thursdays, 14:00-15:30 hrs.
Lecture Venue: Room
Instructor: 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 DESCRIPTION:

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.

PREREQUISITES: a) EE 210 or b) EE 211 or c) EE 213

COURSE OBJECTIVE:

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.

TEXTBOOKS AND OTHER DOCUMENT MATERIALS:

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

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

Several articles from each topic will be posted

IMPORTANT DATES

Class Begins	August 17, 2015
Adding and Dropping Course	August 17-31, 2015
Midterm Exam Period	October 5 – 10, 2015
Midterm Exam	October 6, 2015

(No lectures will be given during the mid-term week)

Course Withdrawal with “W”	October 21-26, 2015
Class Ends	December 4, 2015
Final Exam	December 15, 2015

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

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|---|----|
| 1. Mid-term exam | 30 |
| 2. Country Study Report and presentation | 20 |
| 3. Article presentation/Class participation | 5 |
| 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.

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 EE382 classes behave in proper manner with socially acceptable and right conduct.

Below is advised code of conduct to be performed in EE382 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. Should any mobile phone ring, a pop-up closed-book quiz will be given to all students in the group. Score earned from the quiz will be counted toward the course evaluation. However, if students can behave and keep mobiles away, the two merit points will be awarded to everyone in the group.
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.

Country Study Report and presentation

Students will be assigned to write a country study report. The report will include the overview of transportation system, transportation policies, the economic problem and its relevance to transport issues in the assigned country in ASEAN. Report can be written in group of 3-4 students.

Students will be selected to present their country study report on **November 24, November 26, and December 1, 2014**. The length of the presentation is approximately

25 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 3, 2014** in class

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>

Article presentation

Student will be assigned the date to present an article related to Economics of transportation. The presentation must include the storyline of the case and the economics analysis. The length of the presentation is approximately 15 minutes.

TENTATIVE COURSE OUTLINE

1. Introduction to the economics of transport and Transport and economic development Aug 18,2015

- 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 252015

- 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)

3. Transport demand elasticity

Sept 1 to Sept 8, 2015

- 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 10 and 15, 2015

- 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 17 and 22, 2015

- 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

Sept 24-Oct1, 2015

- 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

Oct13 and 15,2015

- 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 20 and Oct 22, 2015

- 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

Oct 27 and Oct 29, 2015

- 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 3 and 5, 2015

- 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. Logistic (Guest Lecturer) Tentative: Nov 2, 2015 (Monday 8 am to 11 am)

12. The economics of freight transport Nov 10,2015

- 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)

13. Forecasting the demand for transport Nov 12 and Nov 19 and Dec 3,2015

- Alternative approaches to generating a forecast of demand for existing, new or improved services
- Issues surrounding asking people how they or the public would react to new or improved transport services and the problems that will occur
- Methods for identifying trends and projecting demand for existing services when no major changes are expected
- Methods for identifying and projecting seasonal change
- Methods for forecasting demand when significant change is expected in the economic and social environment
- Methods for forecasting the impact of new or improved services in a competitive environment

Reading Lists:

Cowie (Chapter 13)

Remark Students will present their country study report on **November 24, November 26, and December 1, 2014.**