

ECONOMICS OF AIR TRANSPORTATION  
ECONOMICS EC2166F-001  
Department of Economics  
Western University

September 2021

**Instructor:** Tai-Yeong Chung  
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**Office hours:** Monday and Wednesday 1:30 pm – 2:30 pm  
**Delivery mode:** In-person  
**Meeting time(s):** Monday 10:30 am – 12:30 pm and Wednesday 10:30 am – 11:30 am  
**Classroom:** UCC 54B  
**Course website:** <https://owl.uwo.ca/portal>  
**Undergraduate inquiries:** 519-661-3507 or SSC Room 4075 or [econugrd@uwo.ca](mailto:econugrd@uwo.ca)

**Registration:**

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

**Prerequisite Note:**

The prerequisites for this course are **Economics 1021A/B** and **1022A/B**, or **Economics 2001A/B**).

*Prerequisites and antirequisites for your course can be found in the Western Calendar at:*  
<http://westerncalendar.uwo.ca/Courses.cfm?Subject=ECONOMIC&SelectedCalendar=Live&ArchiveID>

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken any anti-requisite courses. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

## **Course Objectives and Topics Covered:**

The purpose of this course is to introduce students to the economic foundations of the air transportation industry. Microeconomic theory will be developed within the context of the aviation industry including supply, demand, and cost and production analysis. This theory will be used to investigate topics including market structure; firm structure and business models; aviation infrastructure; public policy and regulation; dynamic pricing policy and revenue management.

## **Course Learning Outcomes:**

- Students will learn to identify key determinants of supply and demand in the context of air transportation and interpret how these factors affect the coordination of markets.
- Students will learn to distinguish between economies of scale, scope and density and explain how various industry cost structures shape management decision rules and firm structure in the aviation industry.
- Students will learn to compare industry pricing strategies and interpret how these strategies are influenced by market structure, elasticity of demand, and forecasting methods.
- Students will learn to apply revenue management techniques to determine optimal pricing strategies for different fare classes.
- Students will learn to analyze government regulation and policies and interpret how such policies may affect market equilibrium, aviation safety, and industry sustainability.

## **Textbook(s) and Course Materials:**

Bijan Vasigh, Ken Fleming and Thomas Tacker, 2018. *Introduction to Air Transport Economics: From Theory to Applications*, 3rd Edition, Ashgate, ISBN: 9781315299075

## **Communication:**

- Students should check the course OWL site regularly (say, every 48 hours)
- A weekly update will be provided on OWL announcements
- Students should use OWL “messages” tool to email their instructor
- Emails will be monitored daily; students will receive a response in 24 hours
- This course will use OWL forum for an online discussion forum
- Students should post all course-related questions and comments on the discussion forum so that everyone can access answers to questions

For technical support, see the OWL Help page or contact Western Technology Services Helpdesk (<https://wts.uwo.ca/about-wts/contact.html>). Google Chrome or Mozilla Firefox are the preferred browsers for OWL; update your browser frequently.

## Assessments and Grading:

### 1. Essay Project (25%)

The essay component consists of a polished research paper, 7-10 pages in length. This essay should be an economic analysis of some current issue relating to air transportation or aviation industry. It is very important that the essay refer to current issues. Detailed guideline will be posted at OWL in due course.

- A detailed proposal (2 pages) is due on **November 22, 2021**. A detailed proposal is a proposal detailed enough so that a reader can understand which topic you plan to analyze and how. It typically has two parts. The first part is to identify an issue or news and provide some background information. The second part is to outline your analysis, and methodology. What economic concepts and tools do you plan to use?
- Presentation video and the final essay are due on **December 6, 2021**.
- All assignments are due by the end of the due date (that is, by 11:59:59 p.m. Eastern Time)

#### <Essay Grading>

Detailed proposal – 5 points (late penalty is one-point deduction per day)

Presentation video – 5 points (late penalty is one-point deduction per day)

Final Essay – 15 points (late penalty is four-point deduction per day)

The grade on this component will be based on both content and on quality of the student's writing (organization, grammar, and style). Only essays that demonstrate outstanding quality in both content and writing style will be awarded a grade of A.

### 2. Midterm Examination (32%) – Tentative date: Oct. 25, 10:30 a.m. - noon

A midterm exam may be comprised of calculations, short answer, true/false, essay questions, or a combination thereof, on material covered up to and including the last class prior to the exam. The structure of the exam will be announced at OWL as the date approaches. All Department and University policies regarding missed exams and necessary documentation apply. Please see attached **Policy Regarding Makeup Tests and Final Examinations**.

### 3. Final Examination (43%)

The final examination will occur during the regular final exam period and will be scheduled by the registrar. This exam will assess students' ability to meet the

learning outcomes of the course and will be based on all concepts learned during the course with more weight being assigned to material covered after the midterm examination. All Department and University policies regarding missed exams and necessary documentation apply. Please see attached **Policy Regarding Makeup Tests and Final Examinations**.

- Students are responsible for material covered in the lectures **as well as** the assigned material in the text. Exams will not be returned to students but may be reviewed in the instructor's office.
- Missed midterm exam without approved, documented official accommodation will be given a mark of zero
- If there has been an approved, documented official accommodation, the weight of a missed midterm will be transferred to the final exam.

### **Professionalism, Privacy and Copyright:**

- Students are expected to follow the [Student Code of Conduct](#)
- All lectures and course materials, including slides, presentations, outlines, and similar materials, are protected by **copyright**. Students may take notes and make copies of course materials for their own educational purposes only.
- Students may not record lectures and may not reproduce (or allow others to reproduce), post or distribute lecture notes, assessments, or any other course materials publicly and/or for commercial purposes without written consent.
- Recordings (audio or video) are not permitted without written consent. Permitted recordings may not be distributed or shared.
- Students are expected to follow online etiquette expectations provided on OWL (*if applicable; otherwise delete this bullet point*)
- Students will be expected to take an academic integrity pledge before some assessments
- Some sessions may be recorded by the instructor. Recorded sessions will remain within the course site or unlisted if streamed

**Please Note**  
**Department & University Policies for Fall 2021**

The University expects all students to take responsibility for their own Academic Programs. Students should also check their registration to ensure they are enrolled in the correct courses.

1. **Guidelines, policies, and your academic rights and responsibilities** are posted online in the current Western Academic Calendar at: <http://westerncalendar.uwo.ca>. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated policies and procedures.
2. Students must familiarize themselves with the “**Rules of Conduct for Examinations**” [http://www.uwo.ca/univsec/pdf/academic\\_policies/exam/administration.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/exam/administration.pdf).
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat.” The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other Economics courses or programs. The University may impose further penalties such as suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. When taking an idea/passage from another author, it must be acknowledged with quotation marks where appropriate and referenced with footnotes or citations. Plagiarism is an academic offence (see Scholastic Discipline for Undergraduate Students in the Western Calendar at [http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_20](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_20)).

Western University uses software to check for plagiarism and students may be required to electronically submit their work. Those found guilty will be penalized as noted in point 3.

5. It is a Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students must submit assignments to the instructor.
6. **Appeals:** University policies and procedures for appealing a mark can be found in the Student Academic Appeals section in the current Western Academic Calendar at: [http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_14](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_14). **Please note the relevant deadlines.**

Department of Economics procedures for appealing a mark can be found here: [https://economics.uwo.ca/undergraduate/program\\_counselling/responsibilities\\_policies.html#appeals](https://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals). The Department will not consider an appeal unless an attempt has been made to settle the matter with the instructor first. Students who remain dissatisfied with the outcome may proceed to submit an appeal to [econugrd@uwo.ca](mailto:econugrd@uwo.ca). Please follow the instructions and use the appeal form shown in the above link.

7. **Systematic adjustments of a class grade distribution** (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.
8. Note the following **add and drop deadlines**:

Deadline to add a first term half course:  
Deadline to drop a first term half course:

**Thursday September 16, 2021**  
**Friday November 12, 2021**

### **Policy Regarding Makeup Tests and Final Examinations**

Faculty of Social Science policy states that oversleeping or misreading an exam schedule is NOT grounds for a makeup. This rule applies to midterm and final exams in the Department of Economics.

### **Policies Regarding Academic Accommodation**

- The Faculty of Social Science's policies on academic accommodation are found at [http://counselling.ssc.uwo.ca/procedures/having\\_problems/index.html](http://counselling.ssc.uwo.ca/procedures/having_problems/index.html).
- **Accommodation for Students with Disabilities:** Students with disabilities or accessibility challenges should work with Accessible Education (formerly SSD, see [http://academicsupport.uwo.ca/accessible\\_education/index.html](http://academicsupport.uwo.ca/accessible_education/index.html)), which provides recommendations for accommodation based on medical documentation or psychological and cognitive testing. The accommodation policy can be found here: [Academic Accommodation for Students with Disabilities](#).
- **Rewriting Exams and Retroactive Reweighting are NOT Permitted:** Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or retroactive reweighting of marks, is **not** permitted. Self-Reported Absences cannot be used once a student has proceeded to start to write a test or exam.
- **Self-Reported Absences:** Students will have two opportunities during the fall and winter terms to receive academic consideration if they self-report a missed assessment using the online self-reported absence portal, provided the following conditions are met: the assessment is missed due to an absence of no more than 48 hours in duration, and the assessment for which consideration is being sought is worth 30% or less of the student's final grade. Students are expected to contact their instructors within 24 hours of the end of the period of the self-reported absence, unless noted otherwise on the syllabus. Students are not able to use the self-reporting option in the following circumstances:
  - for exams scheduled by the Office of the Registrar (e.g., final exams)
  - absence of a duration greater than 48 hours
  - assessments worth more than 30% of the student's final grade
  - if the student has opened or started the test or exam
  - if a student has already used the self-reporting portal twice during the fall/winter terms

If the conditions for a Self-Reported Absence are *not* met, students will need to provide a Student Medical Certificate (SMC) if the absence is medical or provide appropriate documentation if there are compassionate grounds for the absence in question. Students are encouraged to contact their Faculty academic counselling office for more information about the relevant documentation. It is strongly recommended that students notify the instructor as soon as possible, ideally before the assessment, when they become aware of an absence. University policy is that students must communicate with their instructors no later than 24 hours after the end of the period covered by the SMC or immediately upon their return from their documented absence. Failure to follow University policy and procedures may result in denial of academic accommodation and a grade of zero.

- **Documentation for Accommodation:** Individual instructors are not permitted to receive documentation directly from a student, whether in support of an application for consideration on medical grounds or for other reasons. **All required documentation for absences that are not covered by the Self-Reported Absence Policy must be submitted to the Academic Counselling office of a student's Home Faculty.**
- **Western University policy on Consideration for Student Absence** is available here: [Policy on Academic Consideration for Student Absences - Undergraduate Students in First Entry Programs.](#)
- **Student Medical Certificate (SMC):** This form is available here: [http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/medicalform.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf).
- **Religious Accommodation:** Students should consult the University's list of recognized religious holidays and should give reasonable notice in writing, prior to the holiday, to the Instructor and an Academic Counsellor if their course requirements will be affected by a religious observance. Additional information is given in the [Western Multicultural Calendar](#).

**Policy Regarding Class Attendance and Engagement:** If the instructor deems a student's attendance or engagement in the class to be unsatisfactory, that student may be prohibited from writing the final examination. Examples of unsatisfactory class engagement include frequent absences from an in-person or synchronous online class, lack of assignment submissions, and inadequate use of online course materials. Instructors who intend to make use of this policy will notify the student in advance.

**Statement on Mental Health and Support Services:** Students under emotional/mental distress should visit [http://uwo.ca/health/mental\\_wellbeing/](http://uwo.ca/health/mental_wellbeing/) for more information and a complete list of resources on how to obtain help.

**Statement on Remote Proctoring:** While Western intends to hold most classes, mid-terms and finals in-person, the London-Middlesex Health unity may require western to teach in a remote format. If this occurs, all assessments will be done remotely and may involve the use of remote proctoring software (i.e., Proctorio, ProctorTrack). Instructors will provide information on the details should the need arise.

## Guidelines for Essay Courses

### Essay Courses<sup>1</sup>

An essay course is a course in which the cumulative amount of written work, excluding written work in examinations, is at least 2,500 words (for a half course).

To pass an essay course, students must exhibit a minimal level of competence in essay writing in addition to comprehension of the course content.

### English Language Proficiency for Assignment of Grades<sup>2</sup>

Written work that demonstrates a lack of English proficiency will be failed or, at the discretion of the instructor, returned to the student for revision to an acceptable level.

To foster competence in the English language, *all instructors will take English proficiency into account when marking*. This policy applies to all courses, not only essay courses.

### Recycling of Assignments

Students are prohibited from handing in the same paper for two different courses. Doing so is considered a scholastic offence and will be subjected to academic penalties.

### Plagiarism

Plagiarism is defined as “the act or an instance of copying or stealing another’s words or ideas and attributing them as one’s own.”<sup>3</sup>

Plagiarism applies to ALL assignments including essays, reports, diagrams, statistical tables, and computer projects. Examples of plagiarism include:<sup>4</sup>

- Submitting someone else’s work as your own
- Buying a paper from a mill, website or other source and submitting it as your own
- Copying sentences, phrases, paragraphs, or ideas from someone else’s work, published or unpublished, without citing them
- Replacing selected words from a passage from someone else’s work and using it as your own without citing them
- Copying multimedia (graphics, audio, video, internet streams), computer programs, music compositions, graphs, or charts from someone else’s work without citing them
- Piecing together phrases and ideas from a variety of sources without citing them
- Building on someone else’s ideas or phrases without citing them

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<sup>1</sup>From the UWO Academic Handbook. See [http://www.uwo.ca/univsec/pdf/academic\\_policies/registration\\_progression\\_grad/coursenumbering.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/registration_progression_grad/coursenumbering.pdf)

<sup>2</sup> From the UWO Academic Handbook. See [http://www.uwo.ca/univsec/pdf/academic\\_policies/exam/english.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/exam/english.pdf)

<sup>3</sup>Excerpted from HC Black, *Black’s Law Dictionary*, West Publishing Co., 1999, 7th ed., p. 1170.

<sup>4</sup> Adapted from the San José State University Plagiarism Tutorial <https://libguides.sjsu.edu/plagiarism>



Plagiarism is a serious scholastic offence. Possible consequences of plagiarism include a mark of 0% on the assignment, a mark of 0% for the course, and expulsion from the university.

Instructors may require students to submit written work electronically to <http://www.turnitin.com>. This is a service that assists instructors in detecting plagiarism.

Students seeking further guidance on avoiding plagiarism should consult their instructor. ***Claiming ignorance is not an acceptable excuse.***

The key to avoiding plagiarism is to correctly cite reference sources.

## **Referencing and Citation Guidelines**

The Economics Department has adopted the citation guidelines used in *The Chicago Manual of Style*, 16<sup>th</sup> edition. Chicago: University of Chicago Press, 2010. You can find an online version on the Western Libraries website. Go to <https://www.lib.uwo.ca/essayhelp/index.html> and click on 'style guides'. For off-campus access, use the *OffCampus Access* sign-in on the Library's homepage.

Economics papers often use the in-text **author-date** style of citations and references. Details and examples of this style are shown in chapter 15 of the *Chicago Manual of Style Online*. See also the handy "Chicago-Style Citation Quick Guide" under Tools on the homepage.

In the body of an essay, in-text citations list the last names of the authors of the piece that are referenced, the year of publication, and, where relevant, page numbers. In-text citations refer the reader to a complete list of bibliographic references at the end of the essay. Papers that cite multiple works by the same author(s) with the same publication year should add a lower case letter after the date in both the in-text citation and References (e.g., 1993a and 1993b). In doing so, the in-text citation points the reader to the relevant work.

Examples of in-text citations:

Diamond (1981, 1982) and Mortensen (1982a, 1982b) find these externalities can cause an inefficient level of search activity...

The "new view of unemployment" which emerged during the 1970s emphasized the importance of turnover in the labour force and the brief duration of many employments spells (Hall 1970, 1972; Perry 1972; Marston 1976).

The primary objectives of the LMAS are "1. To provide measures of the dynamic...the Labour Force Survey" (Statistics Canada 1990, 5).

The list of references at the end of the essay should be titled References or Works Cited. It should provide complete bibliographic information about each source cited. In addition, students should also provide adequate referencing of any data sources. This can be done in a data appendix following the text of the paper and before the References.

Examples of the format and content of references can be found here: <https://www.lib.uwo.ca/files/styleguides/ChicagoStyleAuthorDate.pdf>.

### **Writing an Economics Essay: Starting Points**

To start a written assignment, review your professor's instructions. Read published work written by economists, which will give you examples of the structure and content of economics writing. Examples are readings in the course outline, journals, working papers, etc.

Two helpful sources that give information about how to write for economics are:

McCloskey, Dierdre N. 2000. *Economical Writing*, 2<sup>nd</sup> edition. Prospect Heights, Illinois: Waveland Press.

Greenlaw, Steven A. 2006. *Doing Economics: A Guide to Understanding and Doing Economic Research*. New York: Houghton Mifflin Co.

### **Writing an Economics Essay: Resources**

The **Resources Link** on Western University's Department of Economics website (<http://economics.uwo.ca/resources/index.html>) provides a link to a list of sources for published and unpublished economic papers, articles, books, theses, government publications, data, etc. Western Libraries has a very useful economics resource page <https://guides.lib.uwo.ca/economics>.

**DB Weldon Library** has a collection of bibliographies, indexes, handbooks, and periodicals in economics. Library holdings, the online library catalogue, and other resources are available electronically from the Western Libraries Homepage <http://www.lib.uwo.ca/>. These can be accessed off-campus with the OffCampus Proxy Server on the Library main page.

Students are encouraged to take a library orientation tour to learn about where sources of information are located both physically and online. Consult library staff for questions

*The New Palgrave Dictionary of Economics* is the most comprehensive dictionary of economics in existence today. It is available online through the library catalogue, or in print in the Weldon's Reference section (call # HB 61.N49 2008 v. 1-8).

*EconLit (Economic Literature)* is an electronic bibliography of literature from 1969 to the present. It covers journals, collected articles, books, book reviews, dissertations, and working papers. It also provides citations, selected abstracts, and links to Western's full-text resources. Students can also print records by downloading marked records to a text file, sending marked records by email, or exporting them to a citation manager such as *Zotaro*. For a list of citation software, see <https://www.lib.uwo.ca/essayhelp/citationmanagementsoftware.html>.

**CANSIM (Canadian Socio-economic Information Management System)** is Statistics Canada's database of time series data covering a variety of economic aspects of Canadian society. Access the database by a Title Search on the Western Library's Catalogue, or from the Library's list of Databases under "Research Tools" on the Library's homepage.

## **Western Undergraduate Economics Review (WUER)**

The Department of Economics encourages students to consider submitting their essays to the *Western Undergraduate Economics Review*, a journal published annually by the Department that showcases student work in economics. For further information, please visit [http://economics.uwo.ca/undergraduate/undergraduate\\_economics\\_review.html](http://economics.uwo.ca/undergraduate/undergraduate_economics_review.html).

### **Essay Prize in Economics**

Two prizes may be awarded at the end of the academic year. One prize is for a student registered in a 2100 level course, and one is for a student registered in a 2200 or higher level course. Each prize is valued at \$500.

Students can only win the Essay Prize in Economics once. Economics 4400E is not eligible for this prize as it has its own essay award.

Instructors will nominate student essays for the prize. The essay should be submitted to the Undergraduate Coordinator for consideration by the Essay Prize Committee, which will decide the winner. The Essay Prize Committee will consist of the Undergraduate Program Director, WUER Faculty Advisor and one other faculty member. The decision of the Committee is final and cannot be appeal.

Papers will be judged on content, originality, use of references, spelling and grammar.

The grade given to the paper will not influence the decision of the Essay Prize Committee as all comments by the original marker will be removed.

The deadlines for instructor submissions are:

Fall courses: January 1<sup>st</sup>

Winter courses: May 1<sup>st</sup>

***The winner of the essay prize is encouraged to submit their paper to the Western Undergraduate Economics Review. Other appropriate papers may also be submitted.***