# ECONOMICS OF AIR TRANSPORTATION

**ECONOMICS EC2166A-001**  
Department of Economics  
Western University

**September 2022**

<table>
<thead>
<tr>
<th>Instructor:</th>
<th>Tai-Yeong Chung</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office:</td>
<td>4079 SSC</td>
</tr>
<tr>
<td>Phone:</td>
<td>519-661-2111 ext. 85512</td>
</tr>
<tr>
<td>E-mail:</td>
<td><a href="mailto:tchung@uwo.ca">tchung@uwo.ca</a> (Please write EC2166 on the subject line)</td>
</tr>
</tbody>
</table>

| 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 41                                               |
| Course website:  | [https://owl.uwo.ca/portal](https://owl.uwo.ca/portal) |
| Undergraduate inquiries: | 519-661-3507 or SSC Room 4075 or 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](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).

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 and Course Materials:**


**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

**Technical Requirements:**

For technical support, see the OWL Help page or contact Western Technology Services Helpdesk ([https://wts.uwo.ca/about-wts/contact.html](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. **Midterm Examination (45%) – Tentative date: Oct. 24, 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.

2. **Final Examination (55%)**
   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
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.


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).

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. 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. 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. 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: **Friday, September 16, 2022**
   - Deadline to drop a first term half course: **Saturday, November 12, 2022**

**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**

- Academic accommodation will not be granted automatically on request. Students must demonstrate by documentation that there are compelling medical or compassionate grounds before academic accommodation will be considered. The Faculty of Social Science’s policies on academic accommodation are found at [https://counselling.ssc.uwo.ca/procedures/academic_consideration.html](https://counselling.ssc.uwo.ca/procedures/academic_consideration.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](http://academicsupport.uwo.ca/accessible_education/index.html).

- **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. Students must also book travel arrangements AFTER final exam dates have been posted as they must not conflict with test or final exams.

- Unless medically incapable of doing so, students must notify their instructor prior to the test date or at least within **24 hours** when requesting a makeup exam. Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. Students should also set up an appointment as soon as possible to meet with their instructor. If the instructor is not available, send an email message to the instructor, copying the Undergraduate Coordinator at econugrd@uwo.ca. **Notifying instructors of a missed exam does not automatically entitle students to a makeup.**
• For medical illnesses, students may consult Student Health Services and request a Student Medical Certificate from the physician. If assessed by an off-campus doctor, students must obtain a certificate from his/her office at the time of the visit/assessment. Student Medical Certificate (SMC) is available here: https://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf

• **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.

• **Western University policy on Consideration for Student Absence** is available here: https://counselling.ssc.uwo.ca/procedures/probation_rtw/appeals.html

• **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/ 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 unit 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.