UP256/PP222: Transportation Economics, Finance, and Policy

Quarter: Spring 2023
Room: 2232 Public Affairs Building
Class sessions: Tuesdays and Thursdays 9:30 - 10:45 am
Instructor: Taner Osman
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Office: 5368 Public Affairs Building
Office hours: Mondays and Wednesdays: 11am – 12 pm and by appointment

Course Description

This course examines transportation finance—how we pay for our transportation infrastructure—and transportation economics—how well those systems perform, and how they influence our larger economy. These topics overlap, but they are distinct. They are also broad: this is a survey course that tries to introduce multiple important ideas. In ten weeks, we can only touch the surface of these issues, and it may be hard to stitch them together seamlessly. The goal, however, is to have students emerge with a sense of what the large ideas and debates in transportation economics and finance are. To that end, we will examine debates about the best ways to finance our transportation infrastructure, and about why some of our infrastructure is in such sore need of repair. We will also explore the tension between system finance and system performance. Governments often choose to finance transportation in ways that are politically popular but that ultimately make the systems perform worse than they otherwise might. For example, cities are often reluctant to charge users of transportation directly for transportation services, and as a result our systems are simultaneously overused and under-financed. Cities also often use transportation prices, such as tolls, as tools to raise revenue rather than to manage performance. Finally, we will discuss why transportation is economically valuable: policymakers regularly (and mistakenly) think of transportation’s contributions to the economy in terms of the jobs that are created by building transportation infrastructure, rather than the jobs that are created when that infrastructure works well.
**Assessment**

Attendance and Participation: 15% of your final grade

5 Critical Reading Summaries: 35%

Take-home final Exam: 50%

**Five Critical Summaries of the Required Readings**

Counts for 25% of final grade (7% per paper)

Planners and policy analysts are frequently asked to synthesize detailed and sometimes technical work clearly and concisely, and critically analyze these findings. Accordingly, the critical summaries are designed to improve your critical writing skills. Think of these summaries as policy briefs for a busy and uninformed city mayor. The critical summaries should: (1) introduce the mayor to a particular topic area (what is congestion pricing?); (2) summarize what is known about the topic area and (3) identify shortcomings in what we know about a subject and the challenges presented by the particular policy area (in this last part, you should provide an “editorial” view of the readings, namely, offer comments, criticisms, or insights on their collective content).

The summaries should be submitted via the course website by the day of the session which discusses the readings you choose to summarize. So for instance: if we spend two sessions discussing highway finance and you choose to write about that, your response would be due by the end of the second class on that topic. (You can, of course, turn it in earlier). You are not required to do any external research. The five topics you choose are entirely up to you. The summaries should be about 750 to 1,000 words (3 to 4 pages) each, double-spaced with 1-inch margins and 12-point type. Write in the active voice, and use minimal jargon. The papers should also clearly indicate the course topic being reviewed.

Please do not write summaries for the following sessions:

- An Infrastructure Bill, Finally
- How Sticky is the Work from Home Trend?
- Rethinking Globalization

**Late Submission Penalties**

Reading summaries turned in after a deadline has passed will be deducted one third of a letter grade, without exception. Reading summaries will not be accepted a week after the submission deadline has passed.
Take-Home Final Exam

At the end of week 10 (Friday 9\textsuperscript{th} June), I will post a take-home final exam to the course website. You will be required to return your exams to me one week later (Friday 16\textsuperscript{th} June). You will be required to write five short essays about topics covered in the class. More information about the exam will be provided in class.

Academic Integrity

UCLA’s policy about plagiarism is clear: the sources of all ideas, text, pictures, or graphics that are not your (or your team’s) own must be fully cited, all passages copied from other sources must be in quotation marks with the source cited, and you absolutely cannot submit materials that have previously been submitted by other students in previous iterations of this course, even if you have re-worked this material for your submission. Being in this class constitutes an acknowledgment and willingness to abide by UCLA’s academic integrity policies. Should you have any questions about these policies, go to: http://www.studentgroups.ucla.edu/dos/students/integrity/.

Weekly Topics and Required Readings

Note: The schedule is subject to change depending on how quickly or slowly we move. Students should complete the reading for each class before the class meets. Most of the readings are available on the course website.
Weekly Topics and Required Readings

**Week 1**

**Tuesday, April 4:**
**Introduction and Course Overview**

Course outline and requirements, student introductions.

**Thursday, April 6:**
**Economic Geography and Transportation Costs**

Required readings:


- Chapter 1 and pages 29-41 of chapter 3 of Storper, M., Kemeny, T., Makarem, N., 
  Francisco and Los Angeles. Stanford University Press.

  transport costs. Papers in regional Science, 83(1), 197-228.

- Pages 1-8 of Redding, S. J., & Turner, M. A. (2014). Transportation costs and the 
  spatial organization of economic activity (No. w20235). National Bureau of 
  Economic Research.

**Week 2**

**Tuesday, April 11:**
**Economic Geography and Transportation Costs Cont…**

Required readings:

Same as before

**Thursday, April 13:**
**Globalization and Supply Chains**

Required readings:

- Chapter 6. Transportation Costs and Specialization. World Development Report 
Week 3

Tuesday, April 18:
Rethinking Globalization

Required readings:

“Why the Pandemic Has Disrupted Supply Chains” By Susan Helper and Evan Soltas, June 17, 2021
https://www.whitehouse.gov/cea/written-materials/2021/06/17/why-the-pandemic-has-disrupted-supply-chains/

Is It Time to Rethink Globalized Supply Chains? By Willy Shih March 19, 2020
https://sloanreview.mit.edu/article/is-it-time-to-rethink-globalized-supply-chains/

How the Supply Chain Crisis Unfolded By Lazaro Gamio and Peter S. Goodman, Dec. 5, 2021

Thursday, April 20:
Transportation Investment and Economic Development

Required readings:


Week 4

Tuesday, April 25:
Urban Form and the Pandemic

Required readings:


To recover from COVID-19, downtowns must adapt by Tracy Hadden Loh and Joanne Kim Thursday, April 15, 2021
https://www.brookings.edu/research/to-recover-from-covid-19-downtowns-must-adapt/


Sablik, T. “Has the Pandemic Changed Cities Forever? COVID-19 transformed how we work and socialize, which could put the future of cities on a new path” The Federal Reserve Bank of Richmond

Thursday, April 27:
How Sticky is the Work from Home Trend?

Required readings:


Covid-19 Pandemic Continues To Reshape Work In America. Pew Research Center February 16, 2022

https://siepr.stanford.edu/publications/policy-brief/how-working-home-works-out
**Week 5**

**Tuesday, May 2:**
**How We Finance Transportation: An Overview**

Required readings:


**Thursday, May 4:**
**How We Got Here (I): The Crisis of Highway Finance.**

Required Readings:


Jaffe, Eric. 2013. “The End of Federal Transportation Funding as We Know it” The Atlantic Cities. 1 page.

Week 6

Tuesday, May 9:
How We Got Here (II): The Crisis of Transit Finance

Required readings:


Thursday, May 11:
Transit Finance and the Pandemic

Required readings:


Week 7

Tuesday, May 16:
An Infrastructure Bill, Finally

Required readings:

America has an infrastructure bill. What happens next? By Adie Tomer, Caroline George, Joseph W. Kane, and Andrew Bourne. Tuesday, November 9, 2021

The bipartisan infrastructure law is both historic and not nearly enough By Li Zhou November 15, 2021

Thursday, May 18:
Why is Transit Ridership Falling?

Required readings:


**Week 8**

**Tuesday, May 23:**
**Equity in Public Transportation: More Funding for Buses, for Rails, or for Cars?**

Required readings:


**Thursday, May 25:**
**Alternative Forms of Transportation Finance (I): Local Option Taxes**

Required readings:

Executive Summary of The Equity Challenges and Outcomes of California County Transportation Sales Taxes. By Maxwell Albrect, Anne Brown, Jaimee Lederman, Brian Taylor and Martin Wachs.

Executive Summary of Measure M and the Potential Transformation of Mobility in Los Angeles. M. Manville, UCLA ITS.


Week 9

Tuesday, May 30:
Alternative Forms of Transportation Finance (II): VMT Fees

Required readings:


Thursday, June 1:
The Congestion Problem, and Prices for Performance

Required readings:


Week 10

Tuesday, June 6:
The Equity and Acceptability of Congestion Charges
Required readings:


Thursday, June 8:
Course Summary