



Transportation Seminar Series

*Friday, October 2, 2009
4 - 5 p.m. in 212 O'Brien*

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Airline Emission Charges: Effects on Airfares, Service Quality, and Aircraft Design

Abstract: This paper explores the effect of airline emissions charges on airfares, airline service quality, aircraft design features, and network structure, using a detailed and realistic theoretical model of competing duopoly airlines. These impacts are derived by analyzing the effects of an increase in the effective price of fuel, which is the path by which emissions charges will alter airline choices. The results show that emission charges will raise fares, reduce flight frequency, increase load factors, and raise aircraft fuel efficiency, while having no effect on aircraft size. Given that these adjustments occur in response to the treatment of an emissions externality that is currently unaddressed, they represent efficient changes that move society closer to a social optimum.

Bio: Jan K. Brueckner is Professor of Economics at the University of California, Irvine. He received an A.B. from UC Berkeley in 1972 and a Ph.D. from Stanford University in 1976, and was a long-time faculty member at the University of Illinois at Urbana-Champaign before coming to UCI in 2005. He has served as visiting professor at UC Santa Barbara and UC San Diego, and has been a visiting scholar at many foreign universities. Brueckner has published over 100 scholarly articles in academic journals dealing with a variety of topics in applied microeconomics. His early work on the airline industry provided some of the first economic analysis of hub-and-spoke networks, demonstrating the efficiency gains from operation of such networks. More recently, he has written on the economics of airline alliances, showing both theoretically and empirically that alliances lead to lower fares for interline passengers. Brueckner is also an expert in the fields of urban economics and local public finance. He recently stepped down after a 16-year term as editor of the *Journal of Urban Economics*, the leading scholarly journal in the field, and he serves on the editorial boards of several other journals.

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