Transportation Market Equilibrium: A Theoretical Approach

Start Date: Aug 2005

Projected End Date: Dec 2005

POC:

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Problem Addressed:

Traditional demand models describe basic demands in a market economy. These models are greatly simplified and do not take all conditions into consideration. Transportation causes price differences between the regions to be arbitraged in equilibrium, so that prices differ across regions by the transportation costs whenever trade occurs. In this model, all markets are competitive and the regions fixed. Transportation enters the market model through the addition of a fixed transportation price or through the addition of a demand and supply function for transportation.

Objective:

The main objective of this project is to allow for market power and to remove fixed regions in the canonical models. Each of these are considered in this paper with an eye towards evaluating policy actions to improving the transportation sector when both market power and endogenous regions are present. This allows the welfare consequences of improvements to the transportation infrastructure to be explicitly identified.

Benefits:

Transportation aspects of market demands are considered in this paper with an eye towards evaluating policy actions to improving the transportation sector when both market power and endogenous regions are present.

Status:

Completed

Contract Data:

120171, A1440

Progress:

Products (Bookshelf/Toolbox):

Paper by Simon Anderson and Wesley Wilson, September 2005 *(554 KB, pdf)*

Related Links:

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