

# ITS SEMINAR

## ***INTERNALIZATION OF AIRPORT CONGESTION: A NETWORK ANALYSIS***

Co-sponsored by the  
Department of Economics  
Department of Planning, Policy and Design and  
Program in Transportation Science

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**FRIDAY, MAY 13, 2005  
12:00 noon - 1:30 p.m.**

**Room 408, Multipurpose Academic & Administration Building**

The resurgence of air traffic in the U.S. has focused attention on the need for improved policies and methods for airport congestion pricing. In this presentation, I establish a simple rule for the computation of airport congestion tolls that reflects the internalization of congestion. My theory argues that the airport toll system should not fully charge each airline for the congestion damage caused by an extra flight (as would be suggested by the standard road-pricing rule). Instead, an airline should only pay for the congestion damage it imposes on *other* carriers. This rule is easy to implement and could help policy makers design proper toll systems at airports worldwide. I test its validity within a realistic network structure containing multiple hub airports.

*Jan Brueckner is professor of economics at the University of California, Irvine. Dr. Brueckner joined the UCI faculty this year after nearly thirty years of service as professor of economics at the University of Illinois at Urbana-Champaign. Professor Brueckner has also been a visiting scholar at numerous research institutions in Europe, Asia and Canada. He is the author of over 100 articles and book chapters on urban economics, local public economics, housing finance, and airline industry economics. Since 1991, he has been editor of the international Journal of Urban Economics and has served on the editorial boards of five journals in the fields of real estate economics, regional science and public finance.*