

UTRC-REGION II NEWSWIRE

UTRC Press Release

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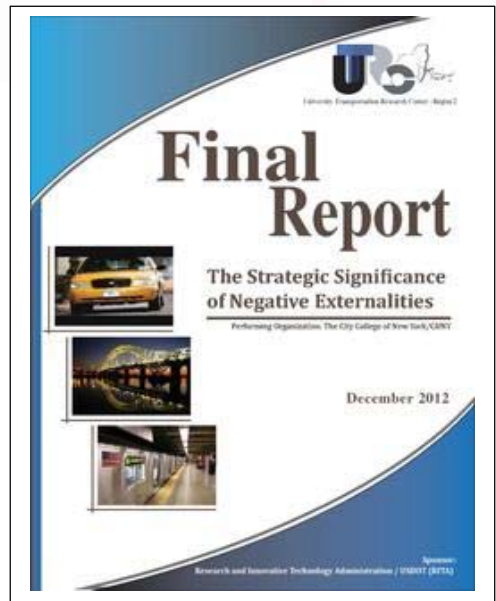
Contact: Nadia Aslam
Assistant Director for Technology Transfer
University Transportation Research Center - Region 2
Tel: 212-650-8051
Email: nadia@utrc2.org

The University Transportation Research Center Publishes the Final Report for the Research Project Titled: "Light Trucks and Highway Fatalities: The Role of Network Effects"

UTRC has released a final report on the research titled: "Light Trucks and Highway Fatalities: The Role of Network Effects" funded by the Research and Innovative Technology Administration (RITA/USDOT). The principal investigator was Dr. Matthew G. Nagler from the City University of New York/CUNY.

The report analyzes how negative externalities have competitive relevance in a market when they have selective impacts - as, for example, when a product in use imposes greater costs on consumers of rival products than on other people. Because managers have discretion over aspects of product design that affect external costs, the externality in such cases may be viewed as a strategic variable. This paper presents evidence of the existence of competitively-relevant negative externalities. Dr. Nagler introduced a metric for the externality's competitive effect, the external cost elasticity of demand, which he estimated econometrically using data from the motor vehicle industry. In that industry, light trucks impose negative externalities that affect to a greater extent the occupants of vehicles other than light trucks, creating a network effect that favors light trucks. Managerial implications are considered.

The full report is available for a free download at the UTRC website: <http://www.utrc2.org/publications/The%20Strategic-Significance-Negative-Externalities-final>



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About The University Transportation Research Center

The University Transportation Research Center (UTRC) is a USDOT Regional Transportation Center addressing surface transportation operations, management, design economics and planning. The Region 2 University Transportation Research Center is one of ten original National Centers, established in 1987, in recognition that transportation plays a key role in the nation's economy and in the quality of people's lives. Located at the City University of New York, the Center is a Consortium of 17 major Academic Institutions in New York, New Jersey, and Puerto Rico. Through the Grant supporting the Center, the mission incorporates research, education and the transfer of technology in the field of transportation. Academically based, the work of Faculty and Students - graduate and undergraduate provide a critical link in resolving our national and regional transportation problems while training the future and current professionals who address our transportation system and their customers on a daily basis. For more information, visit www.utrc2.org.