

1.201J / 11.545J / ESD.210J Introduction to Transportation Systems

FALL 2006

ASSIGNMENT 6B:

Date assigned: Dec 1, 2006

Date due: December 8, 2006

Value: 4 points

In Assignment 6A your group of three worked on developing a supply, demand, and equilibrium analysis considering what we would expect to happen under various strategies for further developing the Panama Canal. In Assignment 6B, we ask you to consider the policy implications of these various strategies from three different perspectives.

This is an individual assignment. Each member of your group will write a policy memo from one of three perspectives described below. It is acceptable to begin by brainstorming in a session or two *within your group of three* about approaches to the three memos. Your group should then self-select such that one member of your group is individually writing one of the policy papers. We will assume that you will be able to equitably select topics—if worse comes to worse, you should draw straws if it doesn't naturally come out of your discussion.

Then, each member of the group should *individually* write the policy memo associated with a particular perspective *with no further discussions with your fellow group members*. *Collaboration with members of other groups is not appropriate at any time.*

The policy memo for each of the three perspectives is limited to five pages.

Please recognize that 6B is worth 4 points (4% of your grade) and that you have only one week to prepare your response—and 6B is doubtless competing with other academic demands on your time. So be realistic and pragmatic in choosing how much time to allocate to this effort. Clarity of thought and exposition will be valued more than detailed quantitative analysis beyond what you have already performed in 6A.

Good luck!

Here are the three perspectives:

1. The nation of Panama – You are a special assistant to the President of Panama and he has asked you to put together a policy memo describing the implications on Panama of various strategic alternatives for the Panama Canal studied in 6A. You recognize that how Panama chooses to advance will have important economic implications but will likely have some environmental implications as well. Please write the policy memo discussing these issues, as well as other perspectives you feel may be important. Recommend to the President what is the appropriate way forward for Panama.
2. The Union Pacific Railroad (UP) – The UP is among the largest railroads in the United States. While it does not itself provide coast-to-coast transportation service, it, together with other railroad and trucking partners, does provide services of that nature. Clearly what Panama decides to do relative to the Panama Canal will have implications on the market for freight transportation and for the UP.

As a special assistant to the president of the UP, you are asked to write a memo that discusses the implications of various strategies undertaken by Panama on your market, what strategic alternatives are available for you to consider from the railroad's point of view, and what you recommend UP should do.

3. The World Trade Organization. The WTO is directly concerned with the development of the global economy and also other globally scaled issues, including climate change. The WTO has publicly espoused the concept of *sustainability*, which requires the balanced consideration of economic development, environmental impact, and social equity.

You are the special assistant to the chief executive officer of the WTO. She asks you to write a policy memo that discusses the sustainability implications of the various Panama Canal strategies and recommends what the public posture of the WTO should be relative to this major initiative.