

# NATIONAL REVIEW

## Privatizing Air Traffic Control Beats the Status Quo

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On Monday, President Trump announced his plan to modernize the U.S air-traffic-control system. The plan is [here](#). It's about time a reform was advanced — because our current system is really awful, as documented by Chris Edwards [here](#) and [here](#).

The Trump administration has modeled its reform on Pennsylvania Republican representative Bill Shuster's Federal Aviation Administration–restructuring bill that passed the House Transportation Committee last year. The first step would move the responsibility for modernizing and operating air traffic control out of the Federal Aviation Administration (FAA) and establish an independent, not-for-profit corporation to provide that service.

As Edwards notes:

“In recent decades, many nations have partly or fully separated their air traffic control (ATC) systems from their governments. In 1996 Canada moved its ATC to a private nonprofit corporation, Nav Canada.”

The original architect of the plan is the libertarian Reason Foundation's co-founder, Bob Poole, who wrote a [paper on the issue](#) in the '80s for the Heritage Foundation. Poole has written a [ton on the issue](#) over the years. On Monday, he [noted](#) that:

“The world's second-largest air traffic system, Nav Canada, was “corporatized” 20 years ago. Over 60 countries, including the United Kingdom, Australia, New Zealand, Germany, Italy, Switzerland, and Spain, have self-supporting air traffic control corporations.

This plan would shift air traffic control funding so that it is paid for, not by taxes, but by aircraft operators paying for the services received. A stream of user payments is more reliable than tax funding. It also enables air traffic corporations to issue long-term revenue bonds to pay for modernization projects, which is why countries like Canada and the UK are far ahead of the US.

These countries already use advanced tracking and communications technology that our controllers can only dream about. Thanks to FAA's cumbersome budgeting and upgrade process, this technology will continue to be implemented in the US in dribs and drabs over the next 15 years.”

If I had to bet, I would say that of all the infrastructure reforms that the administration is going to throw at us this week, this one is the most likely to stick in part because there is wide support for

the reform, our air-traffic-control system is a disaster, and so many other countries have done it before us.

Having said that, not all proponents of limited government are enamored with the Shuster-Trump intention to convert the government's air-traffic-control monopoly into a nonprofit corporation. As the Institute for Liberty's Andrew Langer previously explained in his [criticism of the Shuster bill](#), what's being proposed isn't truly "privatization":

"The proposal, which is being pushed almost exclusively by the big commercial airline lobby, would actually create a new quasi-governmental, public-private entity similar to a government sponsored enterprise (think Fannie Mae or Amtrak). The history of such GSEs is hardly private. From their codified monopolies to their government-appointed leadership and powerful unions, GSEs usually represent the worst of both worlds: none of the profit motivation of the free market, but none of the oversight or political accountability of a federal agency. And when they fail, taxpayers are on the hook."

Anything is better than a government monopoly though, right? Well, I'd like to believe that's always the case but there is still something that bothers me about the plan. Call it a Pavlovian reflex or a professional derangement syndrome. The federal government is already plagued by an unhealthy relationship between politicians and special interests, and this proposal comes with a whiff of cronyism. I could of course be worrying for nothing. It would be good to look at what other countries have done to protect against bad crony outcomes. If there is a good argument that the model being discussed will be implemented in such ways that protect it from leading to more cronyism or worse, I'm all ears.

Until then, I'm refraining from rolling out the red carpet for the Trump-Shuster plan — but I will allow myself to be cautiously optimistic.

Update: I have received some useful information about the ATC reform.

First, Reason's Bob Poole tells me that "the ATC corporation would not be a GSE, which generally are terrible. It would be a federally chartered, private, non-profit corporation. ... And it would be governed similar to a user co-op, one of three ways of dealing with a utility monopoly—and one that has worked remarkably well for Nav Canada (now in its 21st year), widely recognized by ATC experts as the world's best ATC provider."

Also, CEI's Marc Scribner writes more in details about how the ATC corporation would be noting like a GSE [here](#).

Also, Chris Edwards tells me I shouldn't worry about cronyism. He says:

"The cronyism is in the ATC today—today the aviation industry is partly subsidized by general fund federal taxes.

Under the House ATC bill, the system would move to user pays—meaning no subsidies.

What has happened is that the airlines are willing to fully pay the costs of their ATC use because they're so sick of the backwards government system.

They know that if they pay the full cost, and have input on the operation of a private system, they will be far better off because private ATC innovation will benefit their business.

By the way, we can further reduce cronyism in aviation by ending federal funding of airports. There is no need to subsidize airports—airports can and should raise their revenues from passenger charges, retail concessions, advertising, and other private sector revenues. Half of Europe’s airports are now private; America should do the same, and sell its airports off.”

That’s good news all around.