



July 12, 2017

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Rodney Frelinghuysen
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington D.C. 20515

Re: Concerns Regarding the 21st Century AIRR Act – HR 2997

Dear Chairmen Brady and Frelinghuysen:

The Institute for Liberty is sending this letter to voice its opposition to HR 2997, the 21st Century AIRR Act, specifically with the efforts to “privatize” the nation’s Air Traffic Control System. As a matter of principle, our organization, one dedicated to freer-markets and more-limited government, supports true privatization—getting the government out of the business of doing things that are not “governmental” (especially in areas where government directly competes with private industry).

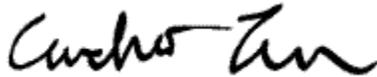
But what we do not support are the creation of entities that are some bizarre hybrid of governmental and private, since these generally contain the worst practices of both worlds (few, if any, of the incentives to innovate or compete, no oversight in how the public actually benefits or how the entity is governed, etc). One need only look at examples like Amtrak, the US Postal Service, or FannieMae and FreddieMac to see just how disastrous these hybrids can be over the long term.

Moreover, one of our great concerns is with policies that harms small businesses or small entities to the benefit of larger ones. Cronyism, the act of government picking winners and losers in a marketplace, generally comes because large entities wish to use public policy as a tool to drive smaller entities out. Concerns with how public policy affects “small entities” drove Congress to pass the Small Business Regulatory Enforcement Fairness Act in 1996—and SBREFA includes small governmental bodies within its definition of small entities. We are deeply concerned that HR 2997 could harm not only small businesses, but small municipalities and small airports that won’t be able to afford the increased costs and lack of public accountability that this effort to “privatize” will bring.

Attached to this letter is a short fact-sheet outlining in greater detail the concerns that we and others have regarding this legislation. We are also in the process of reaching out to some of our allied organizations and will be sending a coalition letter to you within the next several weeks.

Privatization, true privatization, can be a very good thing. Unfortunately, the 21st Century AIRR Act is not true privatization, and that's not a good thing. For these reasons, we must oppose this legislation. Thank you for considering this letter. If you or your staff have any questions, please do not hesitate to reach out to me. The best way to reach me is via email at Andrew.Langer@InstituteForLiberty.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Langer". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Andrew Langer, President
Institute for Liberty

cc: Members of the Appropriations and Ways and Means Committees
The Speaker of the United States House of Representatives
The House Minority Leader
The House Minority Whip

Attachment: Fact Sheet on Privatization



FACT SHEET:

WHY THE 21ST CENTURY AIRR ACT IS BAD PRIVATIZATION POLICY

Aviation in the U.S. is an economic engine and the envy of the world, but legislation in the House of Representatives would change that. HR 2997, The 21st Century AIRR Act, which is now being considered for a vote on the floor of the House proposes spending billions to privatize air traffic control under an enormous, too-big-to-fail organization run by the airlines and modeled after policies that hurt aviation, increase passenger costs, and require numerous bailouts.

From Amtrak to the Post Office, the government has tried time and time again to create non-profits under the guise of privatization but the end result is always the same and American taxpayers always end up having to foot the bill

This Attempt at “Privatization” would:

- Threaten the safest, busiest, and most complex airspace in the world
- Hand control of our skies to the airlines
- Cost tens of billions of dollars
- Create a multi-billion dollar, too-big-to-fail institution that will likely need bailing out
- Disproportionally hurt rural America and general aviation
- Increase costs for both travelers and taxpayers

Data Surrounding American Aviation and ATC Privatization

Aviation In America

“Aviation accounts for more than 5% of our Gross Domestic Product, contributes \$1.6 trillion in total economic activity and supports nearly 11 million jobs. Aviation manufacturing continues to be the nation’s top net export.” ([FAA](#), 11/16)

“In the United States, which is generally considered to have the busiest, most complex and safest ATC system in the world, the Federal Aviation Administration (FAA)—operates both the ATC service and is the safety regulator.” ([GAO](#), 2/10/16)

Costs & The Risk Of A Too-Big-To-Fail Institution

“But privatizing air-traffic control would come with some downsides too. For one thing, a private entity providing critical air-traffic services would necessarily be considered too big to fail. This means taxpayers could potentially be on the hook to bail out that entity—in the name of safety—should it go under.” ([The Atlantic](#), 6/7/17)

“Shifting air-traffic control from the Federal Aviation Administration to a private corporation would raise the deficit \$46 billion over the next decade, under President Trump’s budget proposal released Tuesday.” ([USA Today](#), 5/23/17)

“Privatizing ATC would also likely lead to a rise in the cost of airline tickets in the US. Consumers in Canada faced a 59 percent increase in ATC fees on airline tickets. In the United Kingdom air traffic control fees rose 30 percent, while fees remained relatively constant in the United States with six percent growth.” ([Delta Airlines Study](#), 2/1/16)

“The current FAA-run system costs \$2.07 per mile, 8 cents cheaper than Nav Canada charges, according to a 2015 study by Bob Mann, an industry consultant in Long Island, New York.” ([Bloomberg](#), 6/6/17)

Privatization Would Disproportionally Hurt Rural America & General Aviation Airports

“Effects of privatizing ATC could also place a greater financial strain on smaller airports that serve rural communities and other populations located outside major urban centers.” ([Delta Airlines Study](#), 2/1/16)

“Chao acknowledged that, ‘in a broad term,’ a private air traffic board would have an incentive to prioritize operations of larger airports, but said ‘we are open to working with Congress’ on the details to preserve access. ([AIN](#), 7/8/17)

Technology, Delays, & Other Issues With Airlines

“According to the administration, that entity will be governed by a board of directors that will represent ‘all users of the National Airspace System’ — but a closer look at Rep. Shuster’s bill reveals the board could easily come under the control of the major U.S. airlines, which have spent millions lobbying the government to privatize the nation’s airspace at the same time they

have consolidated carriers, raised prices (despite lower fuel costs) and dealt with a steady stream of viral incidents involving poor customer service.” ([International Business Times](#), 6/5/17)

“According to the BTS, about 50% of all tardy flights between June of 2015 and June 2016 are attributed to circumstances within the airline's control such as aircraft maintenance, crew scheduling, refueling etc.” ([Business Insider](#), 8/24/16)

"More significantly, perhaps, has been the reluctance of airlines to invest billions of dollars in equipping their planes with the necessary technology because many of them perceive the FAA as gripped by bureaucracy that might render their equipment obsolete by the time it gets several necessary systems on line." ([Washington Post](#), 6/28/17)

“The total cost estimate for NextGen evolved but has not increased markedly since the initial projection in fiscal 2004, the GAO found.” ([Washington Post](#), 6/7/17)

- “National Air Traffic Controllers Association President Paul Rinaldi said through collaboration with the aviation industry, FAA is on or ahead of schedule with some of the most critical NextGen programs, such as developing a system to automate communication between controllers and pilots to increase efficiency.”