Friendlier Skies: The Case For Foreign Air Carrier Competition

By “Coach Vance” Trefethen

***"Resolved: The United States federal government should substantially reform its transportation policy."***

Airline deregulation in 1978 was supposed to open up a free market in air travel in the United States. A generation later, we find competition lacking and markets still blocked by ancient rules, while airlines beat up passengers and overcharge them for worse and worse service.

Air travel within the U.S. (between 2 cities within the USA) is restricted from foreign competition. For example, an Air France flight could take you from Paris to New York, but they could not then take you from New York to Los Angeles. Only a US airline can do that.

This plan opens up US airspace to flights by foreign airlines and eliminates restrictions on foreign companies owning domestic airlines. The resulting competition will create new opportunities, lower prices, and improved service in the US air travel market.

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When US airlines beat up their own passengers, charge you for a ticket and then charge you again for actually having a seat or a handbag, it’s time for them to face some stiffer competition. A number of airlines could enter the domestic US market and make change happen – except that current laws don’t allow foreign airlines to operate domestic air travel. That can change if you join us in affirming that: The United States federal government should substantially reform its transportation policy.

OBSERVATION 1. We offer the following DEFINITIONS.

**Policy**: “a high-level overall plan embracing the general goals and acceptable procedures especially of a governmental body” (*Merriam Webster Online Dictionary, copyright 2017* [*http://www.merriam-webster.com/dictionary/policy*](http://www.merriam-webster.com/dictionary/policy))  
  
**Substantial**: “considerable in quantity” (*Merriam Webster Online Dictionary, copyright 2017* [*http://www.merriam-webster.com/dictionary/substantially*](http://www.merriam-webster.com/dictionary/substantially)*)*

**Transportation**: “means of conveyance or travel from one place to another” (*Merriam-Webster Online Dict. 2017 https://www.merriam-webster.com/dictionary/transportation)*

OBSERVATION 2. INHERENCY, the structure of the Status Quo. Two key FACTS

FACT 1. Foreign air competition blocked

Current laws block foreign airlines from transporting passengers between two points in the United States

Ryan McMaken 2017 (has degrees in economics and political science from the University of Colorado, and was the economist for the Colorado Division of Housing from 2009 to 2014) 11 Apr 2017 “End Airline Protectionism: Allow Foreign Carriers on Domestic Routes” <https://mises.org/blog/end-airline-protectionism-allow-foreign-carriers-domestic-routes>

But there is also one big government regulation that directly protects all domestic airlines from competition: the US ban on foreign carriers. USAToday [reports](https://www.usatoday.com/story/travel/flights/2014/01/05/elliott-let-foreign-airlines-fly-domestic-routes/4329825/):   
International airlines do operate in this country, of course, but they're forbidden from flying point-to-point destinations domestically. These laws, which are meant to protect American consumers and jobs, are having the exact opposite effect. Eliminating — or at least partially lifting — outdated restrictions could significantly increase competition and improve customer service.

FACT 2. Foreign ownership blocked

The Federal Aviation Act of 1958 prohibits foreign ownership of US-registered airlines

Destiny Scott 2015 (law student at Charleston School of Law, S. Carolina) United States Ownership, Control and Charter Restrictions: Maritime Coastwise Trade Laws vs. Aviation Laws <http://tecklaw.net/wp-content/uploads/2015/04/Maritime-vs-Aviation-Laws.pdf>

Congress further modified the provisions of prior legislation in its enactment of the Federal Aviation Act of 1958 (“FAA”), which governs who may operate a commercial aircraft in the U.S. Under this act a person wishing to operate an aircraft within the U.S. is required to apply for a certificate of public convenience and necessity from the Department of Transportation (“DOT”). Once a person has applied, the Secretary of Transportation (“SOT”) must determine whether they are fit, willing and able to provide the proposed transportation. In order to pass the fitness review and obtain the certificate one must meet the citizenship requirements set forth in the statute, 49 U.S.C. § 40102(a)(15), which defines a “citizen of the U.S.” as: “(A) an individual U.S. citizen, (B) a partnership, each of whose partners are U.S. citizens, or (C) a corporation or association organized under the laws of the U.S. whereby the president and at least two-thirds of the board of directors and other managing officers are U.S. citizens, which is under the actual control of U.S. citizens, and at least seventy-five percent of the voting interest is owned or controlled by U.S. citizens.”

OBSERVATION 3. We offer the following PLAN implemented by Congress and the President

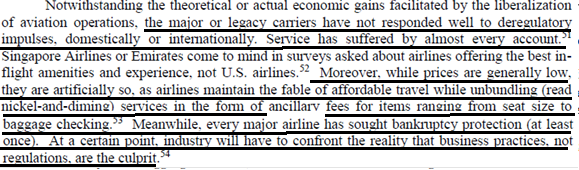
1. Congress votes to   
A) repeal restrictions on foreign air carriers operating domestic routes   
B) repeal restrictions on foreign ownership of US airlines.  
C) subject all foreign airlines to existing regulations on US airlines when they operate in airspace controlled by the U.S.  
2. Funding through existing agencies, existing budgets and general federal revenues.   
3. Plan takes effect 30 days after an affirmative ballot.  
4. Affirmative speeches may clarify.

OBSERVATION 4. ADVANTAGES

ADVANTAGE 1. Lower price & better service

1. The Link: Status Quo service and pricing offered by US domestic airlines are bad

Prof. Timothy M. Ravich 2015 (Assistant Professor, University of Central Florida, Department of Legal Studies) 12 Mar 2015 AEROPOLITICS AND OPEN SKIES <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2577594>



1. The Solution: Foreign competition would bring lower prices and give consumers more choices

Ryan McMaken 2017 (has degrees in economics and political science from the University of Colorado, and was the economist for the Colorado Division of Housing from 2009 to 2014) 11 Apr 2017 “End Airline Protectionism: Allow Foreign Carriers on Domestic Routes” <https://mises.org/blog/end-airline-protectionism-allow-foreign-carriers-domestic-routes>

The protectionist laws eliminating foreign competition are not "outdated." They were never a good idea to begin with. Protectionist laws such as the ban on foreign carriers have always favored the owners of domestic firms at the expense of their customers. United Airlines is more easily able to weather PR disasters because US law prohibits foreign carriers from coming in and offering services that don't involve being smacked around by police when the airline can't count how many seats it has on the plane. Were free trade allowed in the airline business, customers could potentially elect to fly the Irish carrier Aer Lingus — for example — between Boston and New York rather than United. This would, of course, drive down prices and give more choices to consumers.

ADVANTAGE 2. Better flight availability

1. The Link: Service reduced

Joe Sharkey 2015 (journalist) 10 Feb 2015 U.S. airlines want to limit competition from foreign carriers <http://www.seattletimes.com/life/travel/us-airlines-want-to-limit-competition-from-foreign-carriers/>

Why should travelers care about the confounding complexities in the debate over international aviation accords known as open skies agreements? In a word, competition. In the domestic air travel market, competition has been sharply curtailed in the last decade as U.S. airlines went out of business or merged. That has led to a reduction in domestic routes serving smaller markets that do not feed robust revenue into an area where the major airlines are intensely focused: lucrative international flying.

1. The Solution: Removing foreign restrictions creates greater flight availability

Prof. Kenneth Button 2014 (Professor at the George Mason School of Policy, Government, and International Affairs) Sept 2014 Opening the Skies Put Free Trade in Airline Services on the Transatlantic Trade Agenda <https://object.cato.org/sites/cato.org/files/pubs/pdf/pa757_3.pdf>

Cocooning a national market seldom leads to the efficient provision of services or to innovation. It deprives U.S. travelers of the benefits of competition and runs counter to the TTIP’s objective of achieving transatlantic economic integration. The economic arguments for removing these restrictions on foreign competition are compelling. First, competition increases the likelihood that airline service will become more responsive to consumer demands, inspiring greater availability of flights, more competitive prices, fewer delays, and a more natural evolution of hybrid products and services to cater to changing tastes and demands. Of course, this does not mean ubiquitous services at all times of the day, but it does mean a better match between the willingness of potential travelers to pay for a particular flight, and there being a reasonable chance of getting a seat on that flight without being exploited by the airline.

ADVANTAGE 3. More jobs and healthier airlines

The European Union’s experiment with wider internal competition found increased travel and airline company growth

Mark Milke 2010 (*director of research for the Frontier Centre for Public Policy, a Canadian think tank* ) 28 May 2010 “Open Skies” <https://www.aei.org/publication/open-skies/print/>

Consumers are not the only ones who lose because of continued protectionism in North America. The airlines take a hit to their bottom line as well. As the EU experiment has shown, lower prices lead to a significant increase in passenger traffic, which benefits airlines. As the EU notes in a recent briefing, Today, the U.S. retains some of the most restrictive laws on the foreign ownership and operation of airlines in the world, starving its airlines of capital and limiting their options for recovery, growth, and participation in a rapidly globalizing industry. The results, as the EU points out, are “higher costs and lower employment for airlines, generating unrecoverable losses for consumers, aviation employees, investors and businesses.”   
Prospects for Reform  
The potential benefits of greater access to markets and foreign airlines are significant–for travelers and the airline industry.

ADVANTAGE 4. New capital investments

1. The Link: Blocking foreign ownership limits US airlines’ access to capital

Shaun Read 2013 (attorney, Director of Read Hope Phillips, attorneys in Johannesburg, South Africa) US airlines hurt by lack of foreign cash 12 Feb 2013 FINANCIAL TIMES <https://www.ft.com/content/81c7046e-71f8-11e2-886e-00144feab49a?mhq5j=e1>

Faced with increased competition from Gulf and Chinese airlines, the European Commission has stated its intention to review EU restrictions and to seek a relaxation of the US ownership restrictions. The EU reportedly estimates that €12bn of economic benefits would be derived from the liberalisation of its ownership restrictions. Ironically, the very measures introduced to protect the US airline industry are now working against its very survival. For as long as the US retains its limitations on foreign ownership of its airlines, the US airline industry is bound to continue on its Chapter 11 merry-go-round.

1. The Impact: New capital is key to US airline survival

Shaun Read 2013 (attorney, Director of Read Hope Phillips, attorneys in Johannesburg, South Africa) US airlines hurt by lack of foreign cash 12 Feb 2013 FINANCIAL TIMES <https://www.ft.com/content/81c7046e-71f8-11e2-886e-00144feab49a?mhq5j=e1>

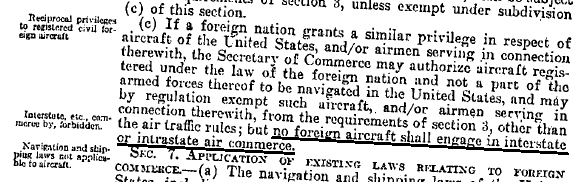
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2A Evidence: Foreign Air Carriers

INHERENCY

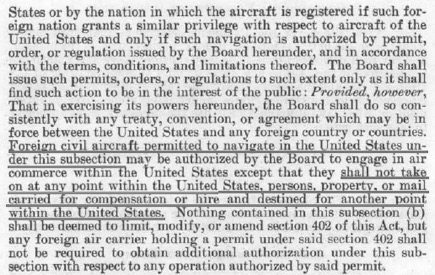
The Air Commerce Act of 1926 – prohibits foreign aircraft from operating domestic flights

Air Commerce Act of 1926 <http://libraryonline.erau.edu/online-full-text/books-online/aircommerceact1926.pdf>



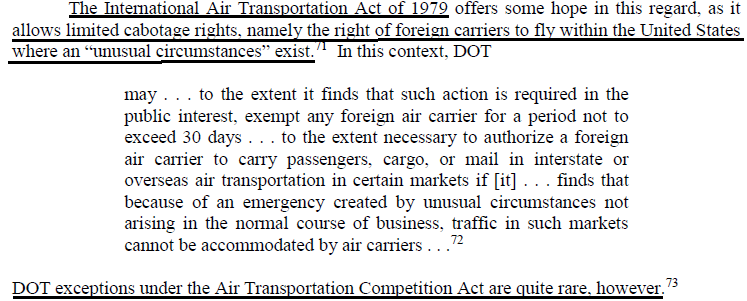
PL 85-726 of 1958 prohibits foreign carriers from domestic flights

Public Law 85-726, enacted 23 Aug 1958 <http://uscode.house.gov/statutes/pl/85/726.pdf>



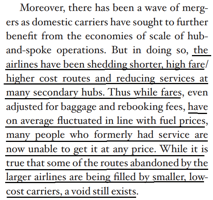
Exceptions to US restrictions are quite rare

Prof. Timothy M. Ravich 2015 (Assistant Professor, University of Central Florida, Department of Legal Studies) 12 Mar 2015 AEROPOLITICS AND OPEN SKIES <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2577594>



Gaps in airline service exist in Status Quo

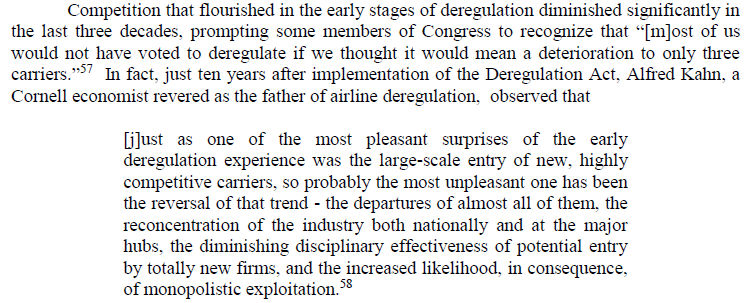
Prof. Kenneth Button 2014 (Professor at the George Mason School of Policy, Government, and International Affairs) Sept 2014 Opening the Skies Put Free Trade in Airline Services on the Transatlantic Trade Agenda <https://object.cato.org/sites/cato.org/files/pubs/pdf/pa757_3.pdf>



HARMS / SIGNIFICANCE

1978 deregulation of the airlines was supposed to expand competition, but no…

Prof. Timothy M. Ravich 2015 (Assistant Professor, University of Central Florida, Department of Legal Studies) 12 Mar 2015 AEROPOLITICS AND OPEN SKIES <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2577594>



United Airlines can beat up customers because government blocks competition

Marc Scribner 2017 (senior fellow at the Competitive Enterprise Institute; undergraduate degree in Economics and Philosophy from George Washington Univ.) 11 Apr 2017 “[Want Better Airline Service? Deregulate to Enhance Competition](https://cei.org/blog/want-better-airline-service-deregulate-enhance-competition)“ <https://cei.org/blog/want-better-airline-service-deregulate-enhance-competition>

United Airlines is taking a public relations beating for its, er, [remarkably poor customer service](http://money.cnn.com/2017/04/11/news/united-passenger-pr-disaster/). This has spurred a flurry of uninformed calls for more government regulation of airline practices. [Derek Thompson in The Atlantic](https://www.theatlantic.com/business/archive/2017/04/united-video-scandal-law/522552/) has a point that the federal cap on overbooking compensation for involuntary denied boarding (codified at [14 C.F.R. § 250.5](https://www.law.cornell.edu/cfr/text/14/250.5)) should be eliminated. But this doesn’t get to the heart of the matter: why would a service provider’s employees feel comfortable treating a customer so poorly? The answer is they face greatly reduced competitive pressures thanks to government policy. Since the [Air Commerce Act of 1926](http://libraryonline.erau.edu/online-full-text/books-online/aircommerceact1926.pdf#page=3), federal law has imposed ownership and control restrictions on U.S.-flag airlines. These restrictions were tightened under the [Civil Aeronautics Act of 1938](https://libraryonline.erau.edu/online-full-text/books-online/CivilAeronauticsAct.pdf). Under current law, the maximum foreign ownership and control share of U.S.-flag airlines is 25 percent (see [49 U.S.C. § 40102(a)(15)(c)](https://www.law.cornell.edu/uscode/text/49/40102) for the relevant definition of “citizen of the United States”). This is why Richard Branson only held 25 percent of Virgin America prior to its sale to Alaska Airlines. The rest was owned by a New York hedge fund. The Air Commerce Act of 1926 also prohibited cabotage (see [49 U.S.C. § 41703](https://www.law.cornell.edu/uscode/text/49/41703) and [19 C.F.R. § 122.165](https://www.law.cornell.edu/cfr/text/19/122.165)), whereby foreign airlines service U.S. domestic routes.

ADVANTAGES / ADVOCACY

Repealing prohibition on foreign ownership and domestic competition would increase consumer choice

Michael Sargent 2017 (Policy Analyst in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation) 11 June 2017 “United's Lousy Service is a Reason for More Competition, Not Regulation” <http://www.heritage.org/government-regulation/commentary/uniteds-lousy-service-reason-more-competition-not-regulation>

Further inhibiting competition among airlines is a protectionist federal law that prohibits foreign-owned airlines from flying between two U.S. cities. Allowing more service by foreign carriers — or at least lowering the requirement that U.S. airlines must be [75 percent owned](https://www.transportation.gov/policy/aviation-policy/licensing/US-carriers) by U.S. citizens to operate domestically — would undoubtedly provide consumers with greater choice.

Foreign competition forces US airlines to lower prices and upgrade service

Christopher Elliott 2014. (journalist) USA TODAY 6 Jan 2014 “Should foreign airlines be allowed to fly domestic routes?” <https://www.usatoday.com/story/travel/flights/2014/01/05/elliott-let-foreign-airlines-fly-domestic-routes/4329825/>

Being able to buy a transcontinental ticket on Cathay Pacific or Qatar Airways would force U.S. airlines to offer lower prices and upgrade their service, ending a shameful race to the bottom that's defined domestic air travel in the last decade. U.S. airlines would no longer take us for granted. "The government regulations are in place to help inefficient corporations at the expense of consumers and more efficient businesses," says Mike Zoril, a financial analyst from Beloit, Wis., who, like many others, dreams of a day when the rules are changed to favor consumers.

Success Examples: Spain and Columbia got more choices and better service

Christopher Elliott 2014. (journalist) USA TODAY 6 Jan 2014 “Should foreign airlines be allowed to fly domestic routes?” <https://www.usatoday.com/story/travel/flights/2014/01/05/elliott-let-foreign-airlines-fly-domestic-routes/4329825/>

Albert Cardenas, an English teacher who lives in Bogotá, Colombia, has had a front-row seat to this kind of liberalization. “For example, Avianca, the supposedly Colombian airline owned by a Brazilian, offers flights between different cities in Spain; and LAN, the Chilean airline, connects several cities in Colombia,” he says. The result: more choices and better service.

Foreign competition increases consumer airline choice

Ryan McMaken 2017 (has degrees in economics and political science from the University of Colorado, and was the economist for the Colorado Division of Housing from 2009 to 2014) 11 Apr 2017 “End Airline Protectionism: Allow Foreign Carriers on Domestic Routes” <https://mises.org/blog/end-airline-protectionism-allow-foreign-carriers-domestic-routes>

Regardless of the industry, two firms virtually never offer *exactly* the same product. Thus, even with multiple firms to choose from, many customers will still prefer the mix of flight times and locations offered only by United. Many potential passengers will decide to "chance it" and recognize the odds of being bloodied in a confrontation with the airline are small. But don't expect airlines to count on this sort of company loyalty when faced with the prospect of foreign competition. No firm wants to have to deal with more competitors, and fortunately for America's big airlines, the federal government is very willing to help.

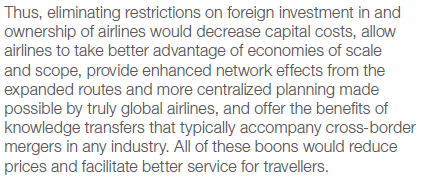
Allowing foreign competition would improve air travel service quality

Marc Scribner 2017 (senior fellow at the Competitive Enterprise Institute; undergraduate degree in Economics and Philosophy from George Washington Univ.) 11 Apr 2017 “[Want Better Airline Service? Deregulate to Enhance Competition](https://cei.org/blog/want-better-airline-service-deregulate-enhance-competition)“ <https://cei.org/blog/want-better-airline-service-deregulate-enhance-competition>

Meanwhile, the four largest U.S. air carriers, their unions, and their protectionist political allies have been waging a war on meager proposals to expand foreign international air travel competition. They have [tried to halt](http://www.latimes.com/business/la-fi-norwegian-air-20161202-story.html) Norwegian Air International’s plan to operate sub-$100 fare transatlantic flights and are currently seeking to halt three Gulf carriers’ expansion into the U.S. international market, which is predicated on the [debunked claim](https://aviationawareness.wordpress.com/2014/05/21/gulf-carriers-myth-buster/) that the Gulf carriers are illegally subsidized. These Gulf carriers, incidentally, enjoy some of the highest customer satisfaction ratings in the world. But heaven forbid United, Delta, American, Southwest, and their unionized workforces face a little market pressure from superior competitors. If American consumers wish to enjoy improved service quality in air travel, they should demand that Congress repeal 90 years of anti-competitive federal law. Less regulation of air travel, not more, is the solution.

Eliminating foreign ownership restrictions would increase investment, reduce prices and bring better service

World Economic Forum 2016 (non-profit international research foundation based in Switzerland) Jan 2016 A New Regulatory Model for Foreign Investment in Airlines <http://www3.weforum.org/docs/IP/2016/MO/WEF_AT_NewRegulatoryModel.pdf>



DISADVANTAGE RESPONSES

A/T “CRAF – war time reserve planes needed”

1. Air Reserve not vital – only used once. 2) Foreign planes can be used if needed

Matthew Yglesias 2013 (journalist) How to Revive Airline Competition 14 2013 <http://www.slate.com/articles/health_and_science/transportation/2013/08/cabotage_will_revive_airline_competition_foreign_airlines_should_be_able.html> (brackets in original)

The reasoning, from ALPA President Lee Moak, is none too convincing. He argues that “dozens of U.S.-based airlines participate in CRAF [the Civil Air Reserve Fleet] and are responsible for the airlift of our troops for overseas deployment in critical situations.” The argument, in other words, is that passenger aviation is a strategic industry like submarine manufacturing that we need to shelter from competition for geopolitical reasons. After all, a major war might break out, straining the Air Force’s airlift capacity and requiring the use of civilian planes. And so it might. In practice, despite fighting two wars simultaneously for a decade, [CRAF seems to have been activated just once](http://www.defense.gov/releases/release.aspx?releaseid=3628) at the very beginning of the Iraq War when the Pentagon activated 47 passenger aircraft and 31 wide-body cargo planes. On the other hand, as a 2006 Congressional Research Service [report on the program observed](http://www.fas.org/sgp/crs/weapons/RL33692.pdf), “the program is voluntary” and domestic airlines participate in it because it’s financially beneficial to them. In fact, “airline complaints about the program tend to address perceived impediments to increased access to the program.” Which is to say that just as foreign-flagged airlines could be allowed to fly domestic routes, foreign-flagged airlines could also be let into CRAF.

US Air Force can solve for cargo capacity with other planes

Christopher Bolkcom 2006 (Specialist in National Defense with Congressional Research Service) “Civil Reserve Air Fleet (CRAF)” 18 Oct 2006 <http://www.fas.org/sgp/crs/weapons/RL33692.pdf>

Recapitalization of the Air Force’s strategic aerial refueling fleet may also have an impact on future DOD CRAF needs and use. This is because both the KC-135 and the KC-10 are dual mission aircraft and carry cargo (primarily pallets) as well as fuel. Currently, DOD is most in need of the cargo portion of the CRAF fleet. If DOD were to recapitalize its aging tanker fleet with a larger number of KC-10-size aircraft (it is considering both large tankers like the KC-30 and medium tankers like the KC-767), it could appreciably increase the amount of organic cargo capability, and thus require less CRAF. Today, the 59 KC-10s in the Air Force inventory represent 12% of the Air Force’s organic airlift capabilities. A purchase, for example, of 50 KC-30s, or similar aircraft, in tandem with the existing KC-10 fleet might take an appreciable bite out of DOD’s CRAF needs.

A/T “Security threat”

Foreign airlines aren’t a security threat. If so, why do we let them drop off passengers at US cities?

Mark Milke 2010 (*director of research for the Frontier Centre for Public Policy, a Canadian think tank* ) 28 May 2010 “Open Skies” <https://www.aei.org/publication/open-skies/print/>

To be fair to the previous administration, then-transportation secretary Mary E. Peters withdrew a set of proposed reforms that would have liberalized air travel only after the 2006 midterm elections and after Democratic senators Frank Lautenberg (N.J.) and Daniel K. Inouye (Hawaii) moved to block the administration’s proposed more liberal rules. At the time, Lautenberg was quoted as follows in one media report: “Letting foreign entities control our nation’s airlines is a dangerous proposition. The Bush administration saw that the Democratic Congress will not put up with this bad idea and backed off.” Lautenberg’s assertion was simply fearmongering. He used the security issue in the service of domestic protectionist sentiment. After all, it is not as if Air Canada, Swiss Air, British Airways, or Japan Airlines would have posed a security threat to U.S. interests or passengers. A liberalized flying regime would have allowed foreign airlines merely to extend what they already did: to pick up passengers in U.S. cities in addition to dropping them off.

A/T “Foreign carriers are subsidized”

So what? American consumers benefit at foreign taxpayers’ expense. Not a problem.

Ryan McMaken 2017 (has degrees in economics and political science from the University of Colorado, and was the economist for the Colorado Division of Housing from 2009 to 2014) 11 Apr 2017 “End Airline Protectionism: Allow Foreign Carriers on Domestic Routes” <https://mises.org/blog/end-airline-protectionism-allow-foreign-carriers-domestic-routes>

Now, we can already predict what the protectionists will say. "Why, don't you know that foreign airlines are subsidized by foreign governments? Those airlines will provide services at below-market prices!" This presumably will mean American firms will be unable to compete. This is the classic "argument" against so-called dumping and the proper response to this is always the same: "so what?" It would not be a problem for Americans if the UK taxpayer were subsidizing British Airways flights between New York and Miami. That's too bad for the British taxpayer, of course, but as Murray Rothbard [notes](https://mises.org/library/smashing-protectionist-theory-again), American customers would simply be enjoying lower airfares thanks to free trade.

US airlines get subsidies too

Bill McGee 2015 (*contributing editor to Consumer Reports and the former editor of Consumer Reports Travel Letter, is an FAA-licensed aircraft dispatcher who worked in airline operations and management for several years* ) How much do taxpayers support airlines? USA TODAY 2 Sept 2015 <https://www.usatoday.com/story/travel/columnist/mcgee/2015/09/02/how-much-do-taxpayers-support-airlines/71568226/>

The issue of government subsidies became red-hot in recent months as American, Delta and United aligned under the Partnership for Open & Fair Skies and asked the White House to oppose expansion into U.S. markets by three Gulf carriers — Emirates, Etihad and Qatar. Proponents for the U.S. Big Three claim aviation agreements “are being used in ways that are contrary to free market competition and U.S. interests” because the Gulf airlines are state owned.   
U.S. to investigate Gulf airlines for alleged subsidies  
However, in various ways and to various degrees, every airline on Earth is funded by its home government, and that certainly is true here. “There’s not a playing field in the world that is level,” says Kevin Mitchell, chairman of the Business Travel Coalition and an opponent of restricting access to Gulf airlines. Other parties — including U.S. carriers FedEx, JetBlue and Hawaiian — agree with Mitchell and have challenged the Big Three’s claims they’re protecting American jobs rather than protecting their turf. Of course, it’s worth stating that each of the Big Three has outsourced thousands of jobs — ranging from reservations to aircraft maintenance — to companies outside the U.S. And all three have partnered with carriers receiving direct state aid. As Delta objects to subsidies for rival airlines in the Gulf, it recently bought a stake in marketing partner China Eastern, which is heavily subsidized by the Chinese government.

US airlines get free money from the government too

Bill McGee 2015 (*contributing editor to Consumer Reports and the former editor of Consumer Reports Travel Letter, is an FAA-licensed aircraft dispatcher who worked in airline operations and management for several years* ) How much do taxpayers support airlines? USA TODAY 2 Sept 2015 <https://www.usatoday.com/story/travel/columnist/mcgee/2015/09/02/how-much-do-taxpayers-support-airlines/71568226/>

But while airlines demand “free markets,” they simultaneously have no trouble accepting government booty. New York reveals $4 billion plan for a new LaGuardia airport   
LaGuardia is no fluke. Throughout the country, taxpayers have supported billions in airline infrastructure over decades. In my book Attention All Passengers, I detail just one aspect, state-of-the-art aircraft maintenance facilities built for U.S. airlines and partially funded by local citizens. Consider that Indianapolis provided almost $300 million in public assistance to a United Airlines repair shop, for a promise of thousands of jobs; subsequently the bulk of such work was outsourced, much of it overseas. Finally, there’s the most lucrative of all government handouts: business grants and tax credits. What airline has said no to them?

Foreign subsidized competition 1) doesn’t happen; 2) even if it did, wouldn’t benefit them

Ryan McMaken 2017 (has degrees in economics and political science from the University of Colorado, and was the economist for the Colorado Division of Housing from 2009 to 2014) 11 Apr 2017 “End Airline Protectionism: Allow Foreign Carriers on Domestic Routes” <https://mises.org/blog/end-airline-protectionism-allow-foreign-carriers-domestic-routes>

It would not be a problem for Americans if the UK taxpayer were subsidizing British Airways flights between New York and Miami. That's too bad for the British taxpayer, of course, but as Murray Rothbard [notes](https://mises.org/library/smashing-protectionist-theory-again), American customers would simply be enjoying lower airfares thanks to free trade. The argument against dumping has long relied on the largely imaginary concept of "predatory pricing." Rothbard continues:   
For decades, indeed, opponents of the free market have claimed that many businesses gained their powerful status on the market by what is called "predatory price cutting," that is, by driving their smaller competitors into bankruptcy by selling their goods below cost, and then reaping the reward of their unfair methods by raising their prices and thereby charging "monopoly prices" to the consumers. The claim is that while consumers may gain in the short run by price wars, "dumping," and selling below costs, they lose in the long run from the alleged monopoly. But, as we have seen, economic theory shows that this would be a mug's game, losing money for the "dumping" firms, and never really achieving a monopoly price. And sure enough, historical investigation has not turned up a single case where predatory pricing, when tried, was successful, and there are actually very few cases where it has even been tried.

A/T “Safety Risk”

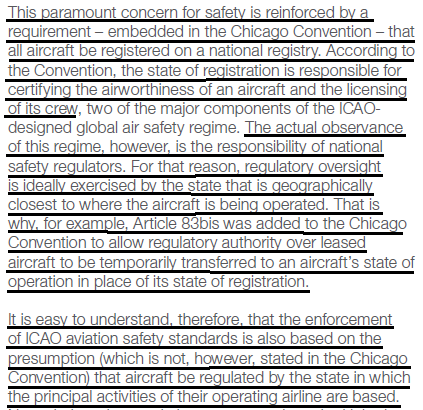
Foreign airlines have to follow same safety standards as US airlines

Brett Snyder 2010 (former airline manager, analyst for CBS News) “Why Arguments Against Airline Foreign Ownership are Bogus” 11 Oct 2010 CBS NEWS <http://www.cbsnews.com/news/why-arguments-against-airline-foreign-ownership-are-bogus/>

Foreign airlines might not be as safe as domestic airlines. Yeah, that's why we have safety regulations in this country. If an airline is going to fly in the U.S., it will have to live up to US safety standards. Besides, we've had our share of domestic airlines that have skirted the safety rules here anyway. There's no reason to think that a foreign airline would behave any differently than a U.S.-owned airline since it'll still be under the FAA's domain.

Yes, the US can regulate the safety of foreign registered aircraft when they operate inside the US

World Economic Forum 2016 (non-profit international research foundation based in Switzerland) Jan 2016 A New Regulatory Model for Foreign Investment in Airlines <http://www3.weforum.org/docs/IP/2016/MO/WEF_AT_NewRegulatoryModel.pdf>



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