ways, and airlines prevents the normal market mechanism from operating. It is impossible to determine the true demand for air navigation service, since the users, the airlines and general aviation, do not pay for it. Airport construction lags traffic growth by a decade – because taxpayers and traffic are very different people. Hundreds of short-haul transport aircraft crowd airports and airways, aircraft whose average passenger load is too small to be profitable and whose owners would be long since bankrupt, but for 22 years of subsidy at public expense.

### The Proper Solution

If the present system is collapsing, and increased government intervention does not attack the core of the problem, what then is the answer? The basic economic problem cannot be solved by legislative fiat – if supply and demand are distorted by arbitrary regulations, they cannot be forced back to normal, since "normal" means what supply and demand would be free of force. What the government must do is to get out of the way and let the market mechanism take over. Since men are volitional beings, it is impossible to spell out in advance exactly how, free, they would solve these (or any other) problems. Nonetheless, it is possible to set forth the principles that apply in this case and draw some logical conclusions from them.

The first principle is that everything which is of value to someone has a market value, which the objective forces of the free market can and do (and should) determine. Any violation of this principle (by subsidy, "free" services, coercive barriers to entry and exit, or enforced price-fixing) distorts the market process and unjustly benefits some by the coerced sacrifice of others. The second principle is that the proper role of government in a capitalist society is to protect rights, in this case, property rights. It is impossible for men to peaceably conduct business unless there is a set of objective ground-rules which define what constitutes particular types of property, how such rights are originally acquired, and how the right is to be legally protected. By misunderstanding this crucial principle, modern legal theory has applied the ancient tribal concept of "public ownership" to such uniquely twentieth-century property as radio and TV frequencies and air routes.

Under capitalism, airports would be private businesses, operated for profit, deriving revenues directly from customers (airlines, individual airplane owners, passengers, concessionaires, etc.)



Such an airport would be free to float bonds and to sell stock (as does Madison Square Garden) in order to raise capital. In order to remain profitable, the airport's management would have a strong incentive to plan for the future, developing the same type of forecasting expertise possessed by aircraft manufacturers and airlines.

The airport management would be free to make whatever contracts it could with the various airlines which would compete for terminal space and landing privileges. In the interest of attracting the largest number of passengers, the airport company would seek the most competent airlines in terms of quality and quantity of service. At the same time, by means of those individual contracts, the airport company could control arrival and departure times to prevent rush-hour congestion of runways. To assure customers of convenient access to the airport, it would be in the company's interest to cooperate with local high-speed transit companies in planning and building airport access links.

It is quite likely that airline customers using such airports would pay more for their trip than they do now. Without the power of "eminent domain," the airport company would have to acquire land at full value, rather than by condemnation and coercion; in addition it would have to bear full legal liability for accidents and noise, like any other business. And, of course, without access to tax money, it would be unable to force the local citizenry to make up any operating losses. On the other hand, the customers, while paying their way, would enjoy the benefits of well-planned, low-congestion terminals, rational scheduling, on-time operation, a wider choice of services, and probably greater safety due to the airport's full-liability status.

### Under Private Ownership

As far as air traffic control is concerned, the basic concept of an ATC "utility" has already been presented. The only flaw in the existing proposals is the automatic assumption of a nonprofit or quasi-governmental status for such a company. If AT&T can provide high-quality telephone service at low rates, while making a healthy profit, why couldn't the same be true of an ATC company? (Interestingly, the existing ATC system was begun by a private company formed by the airlines back in the thirties. When the Federal government took over control of the skies, it inherited a functioning system, including en-route navaids and control towers.)

The largest single benefit of a