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## Air Traffic Control Modernization

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The Senate Commerce Committee held a fascinating hearing on Wednesday regarding air traffic control (ATC). The hearing showcased the momentum to proceed with ATC restructuring. Because aviation is crucial to the economy, such a reform would create wide-ranging benefits.

At this point, industry experts are ahead of Congress in thinking about ATC reform. At the hearing, some of the senators seemed short-sighted and parochial. They had not done their homework and they nit-picked instead of considering the big-picture benefits.

However, the witness testimony was powerful and so it hopefully helped sway the skeptics. America's ATC needs a big upgrade to meet rising passenger demand. Air-space is getting crowded and our antiquated ATC is causing delays and wasting fuel. Other countries have improved performance by separating ATC from their governments. That is the reform that America needs.

The testimonies of former Democratic senator Byron Dorgan (here), Paul Rinaldi of the National Air Traffic Controllers Association (here), and Jeff Smisek of United Airlines (here) were impressive. Kudos to them all for embracing change.

Dorgan heads an ATC reform group, and he clearly had done his homework. If he were still a sitting senator, he might be skeptical of ATC changes, but he now favors restructuring. He argued that separating ATC finances from the federal budget is a crucial step to take. His testimony illustrates that when politicians take the time to learn about policy issues in detail, they are more likely to embrace reform.

Rinaldi is carving out a thoughtful pro-reform position as head of the controller's union. Unions are often resistant to change. But to Rinaldi and his union's credit, they have researched international ATC reforms and they seem to be open to major U.S. restructuring.

Smisek is chairman of United Airlines and heads Airlines for America (A4A). Corporations often resist reforms that reduce their subsidies. Currently, ATC is partly funded by general tax revenues, and those aviation subsidies might end if ATC were separated from the government. So bravo to United and A4A for putting the long-term interests of aviation first.

The skunk at the picnic was Ed Bolen, who heads the trade group for general aviation, the National Business Aviation Association. Bolen fears that separating ATC from the government might result in higher fees. His mistake is to believe that the current bureaucratic ATC will miraculously start working better in the future and that Congress will deliver billions of dollars for new ATC investment. That seems unlikely. As other witnesses observed, the current ATC system still uses World War II-era technology. Bolen is being short-sighted. His members would be better off if America had a more efficient privatized ATC that reduced delays and saved fuel costs. ATC is a high-tech industry, so embracing stasis over dynamism makes no sense.

The model for American ATC reforms is the Canadian reforms of the 1990s. Under a Liberal government, Canada moved its ATC to a stand-alone nonprofit corporation, Nav Canada. The company has won "three IATA Eagle Awards since 2001 as [the] world's best air navigation services provider."

Witnesses at the hearing discussed advantages of the Canadian system. One is that an independent ATC company has a strong incentive to make technological advances and to export them around the world. In the Q&A, Rinaldi explained:

I was up last week visiting [Nav Canada] in Ottawa, and looking at their technical center. And the unique thing they do is that they have a true collaboration from the position of developing their next-gen technology. They have the air traffic controller, the engineer, and the manufacturer working together from conceptual stage all the way through to training, implementation, and deployment within their facilities. And what that does is it saves time and money. And they actually are developing probably the best equipment out there, and they are selling it around the world. And they are doing it in a 30-month to three-year time frame, when we have to look much longer down the road because of our procurement process in this country.

This is a long-time controller and industry expert telling Congress that there are major advantages to setting up ATC as an independent organization. Nav Canada collaborates, innovates, and it generates revenues from exporting technology. It has won numerous awards for its high-quality services, such as this recent one.

The bottom line: Canadian-style ATC reform is a no-brainer for the United States. If President Obama wants to add a bipartisan pro-growth reform to his legacy, he should get on board with overhauling our antiquated air traffic control system.



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