FREEING NATIONAL AND DULLES AIRPORTS FROM THEIR FEDERAL BURDEN

National and Dulles airports, serving Washington, D.C., claim a unique status in the U.S. air transportation system. Alone among the hundreds of U.S. commercial airports, they are owned and operated by the federal government. But in subjecting the airports to congressional politics, federal control is anything but advantageous to passengers.

The chances are increasing that National and Dulles airports will be freed from their federal yoke. This week the House Public Works Committee is considering legislation supported by the Reagan Administration (H.R. 2337) to transfer these airports from the Federal Aviation Administration to a new regional airport authority. Similar legislation passed the Senate in April. Under the plan, management of the airports would be shifted from the federal government to a local authority similar to the New York Port Authority, which operates the airports in the New York area. Though the plan involves no shift from the public to the private sector, it would achieve the goal of removing the federal government from the business of running local airports, in which it has no legitimate interest.

Federal control of the airports has caused problems. Congressmen micro-manage the airports for their own benefit, for example, by such measures as ensuring free parking for Members at National Airport. More serious, however, although revenue from landing fees and other user fees makes the airports essentially self-sufficient, decisions on airport spending must pass through the highly political congressional appropriation process. The result: routine, commercial decisions are subject to constituency pressures. Further, budget pressures in Congress mean there is no money to finance much needed capital improvements. The deterioraton of National's facilities makes the airport an embarrassment as a gateway to the nation's capital, while Dulles lacks the money to construct the new terminal it needs to handle its emergence as an airline hub.

To alleviate these problems, the Reagan Administration proposes to lease the airports to a newly created "Metropolitan Washington

Airports Authority" for 35 years. The new authority would pay the federal government an aggregate rent of $44 million, which represents the net loss the federal government has sustained in operating the airports. To assure adequate financing, the authority would have the power to issue bonds to fund improvements. It would be administered by an eleven-member board: five selected by the Governor of Virginia (the state in which both airports are located), three by the Governor of Maryland, two by the Mayor of the District of Columbia, and one by the President of the United States.

A regional board is not an ideal way to operate the Washington airports, but it is the best available alternative. The ideal solution would be to sell the airports to the private sector. Although no major airports in the U.S. are now privately owned, private ownership is feasible. In fact, Great Britain is proceeding with plans to privatize all its major airports, including London's busy Heathrow. Not only could airport privatization benefit airport users and provide the federal government with perhaps a billion dollars in sales revenue, but it could draw private capital to finance improvements. It would provide, moreover, a model for other, similar privatization efforts.

The privatization option, however, has little support in Congress. In its place, the Administration proposal makes most sense, and it is superior to the plan by Representative Norman Y. Mineta, the California Democrat. He would turn the airports over to a federal government corporation under the direction of a General Manager selected by the Secretary of Transportation. One problem is that the corporation would be included in the federal budget, and therefore, vulnerable to congressional budget cuts. Another problem is that airport employees would remain subject to most federal personnel rules, depriving airport managers of needed flexibility. And the airports' being subject to federal procurement rules would increase the cost of needed improvements. Further, since bonds issued by a federal corporation are not tax-exempt, the cost of airport improvements would be increased substantially.

Supporters of a federal corporation contend that many of these problems can be resolved before the committee reports a bill. But it cannot resolve the basic problem of the public corporation concept: control of Washington's airports would remain in federal hands. This no doubt is attractive to Congressmen who want to continue favorable treatment for flights back home or keep their free VIP parking spaces, but it is bad policy for the typical passenger.

Placing Washington's airports under private ownership would be the best way to provide improved air service at the nation's capital. But if Congress is not yet ready for this step, transferring the airports to a regional authority is a reasonable alternative. This step would at last remove the federal government from the business of running airports, which every harried passenger and airline at National or Dulles knows it does not do well.

James L. Gattuso
Policy Analyst