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Managing Editor
Aviation Week & Space Technology
1200 G St., Suite 922
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RE: Letter response to *Common Cause*, by Adrian Schofield, AW&ST Magazine, March 23, 2009.

Sir/Madam,

In mid-2008, the retail price for gasoline in many U.S. markets exceeded \$4 per gallon. This price was so effective at inhibiting gasoline consumption that it caused a steep decline in gasoline tax revenue intended for on-going highway improvements. This decline in revenue ultimately required the U.S. DOT to cover the shortfall with an \$8 billion cash infusion from the federal government's general fund.

As Adrian Schofield illustrates in *Common Cause* (AW&ST, March 23, 2009), the Civil Air Navigation Services Organization (Canso), is discovering the same cause and effect in a tax enabled, centralized system of aviation infrastructure. As consumption falls, tax revenue falls, and fixed costs become uncovered. Providers of services are either faced with consumer demands to reduce un-scalable infrastructure costs, or they are asked to find ways to spread the shortfall in tax revenues over several years through creative accounting.

This diminishing state of tax revenue highlights the disconnection between the free-market provision of aviation seat and freight capacity and the centralized provision of aviation infrastructure. In the current case, aviation infrastructure providers are unable to rapidly flex with the nimble free-market reduction in seat and freight capacity in a 'down' market. Less than 18 months ago, the opposite problem existed as aviation infrastructure could not accommodate the demand for seat and freight capacity in an 'up' market.

Perhaps there is a better way to accommodate these whipsaw conditions and provide more stable continuity of revenues and costs. Aviation infrastructure must be re-created as a ubiquitous utility and a tradable commodity. This would overcome the economic disconnect between centrally-provided and free-market-provided air transportation resources.

Throughout the world there are ubiquitous utilities and intangible tradable commodities which are provided by private enterprises. Examples would include electrical power, the RF spectrum, wireless communications services, etc. Unlike centralized ATC organizations, these private enterprises are incentivized to create the most value for the least cost. And they recognize that this must be accomplished despite prevailing market conditions. Even nuclear power is safely generated by private utilities.

In the midst of this opportunity for change, perhaps Canso should begin to evaluate re-defining aviation infrastructure capacity as a ubiquitous utility and a tradable commodity. And perhaps they could share what they find with the FAA.

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(Velocity 1 LLC is an advocacy enterprise for promoting the free-market provision of aviation infrastructure.)