

Because airlines make use of publicly provided facilities (at a fee, of course), the public infrastructure can often be a constraint on their own operations. An airline may wish to open a service to a particular community. However, if there is no space available at that community's airport, the entrant could be locked out of the market, either temporarily or for extended periods of time. Because of the public nature of the decision-making process at airports, expansion of facilities can often encounter significant delays. In addition, just as highways become congested, airways can become congested as well. When this happens, airlines can be restricted in their ability to operate, and the operations they are able to perform will be at a higher cost because of the congestion.

Congestion and Shortage. In general, throughout North America, there is a shortage of airport facilities, and a growing problem of congestion in the airways. At certain key airports in the United States and Canada, carriers' ability to take-off and land are severely restricted. The busy times of the day are divided into "slots," the period of time required to perform a single take-off or landing. Since carriers desire more slots than are available, they are rationed. Rationing mechanisms include lotteries (often used in the U.S.), scheduling committees (used in Canada),⁷⁸ and pricing (used in the U.K.).⁷⁹ The first two methods have been criticized for a number of reasons, among which are the difficulty of new airlines to get access to peak hour slots on a timely basis.

Competitive Implications. The shortage of adequate airport and airway capacity is not just an engineering operational issue. It also has important implications for competition among air carriers. Incumbent carriers have large advantages over new

⁷⁸ A scheduling committee consists of representatives of the airlines and other users of an airport. They try to work out among themselves who gets which slots.

⁷⁹ The U.K. charges significantly higher landing fees at peak times, giving incentives to carriers to move some operations to off-peak times.