

Private Planes: Freedom, Security, and Responsibility

by Scott McPherson

He says it takes a private plane
But you could never get back to your feet again
Unless you break the ball and chain
He says "Now, it's a private plane."
—"Private Plane," Hüsker Dü, '80s punk rock band

In the months since September 11 the American government has been searching for the ever-elusive magic cure that will make the friendly skies of air travel once again, well, friendly. Though it might be too early to make a conclusive statement on the subject, one could well say that flying is not significantly more secure, and furthermore, that government is likely the reason.

The presence of armed national guardsmen in airports, the federalization of airport security, new restrictions on airspace, new identification and pre-boarding procedures (including a new proposal to begin security checks on passengers before they even enter the airport), and random searches have certainly had the visible effect of showing that the government is "doing something" about airline safety. Still the public trembles, and with good reason. After being deluged with warnings of possible terrorist attacks, people are repeatedly told that it is just a matter of when, not if, America will again be struck.

This after mountains of new regulations that would "make us safe."

So one would think that a segment of the airline industry that has an excellent track record for security would be given a lot of positive attention by those interested in our protection. Specifically, in North America 1,453 charter operators currently control over 7,000 aircraft that generally fall outside the purview of Federal Aviation Administration (FAA) security guidelines. Flying everything from single-engine propeller-driven planes to giant 737 jumbo jets, the private charter industry shuttles vacationers, businesspeople, law-enforcement personnel, celebrities, and high-level executives to any of a number of destinations on a moment's notice—all with little or no government-mandated security. For example, commercial airline passengers go through the ever-popular screening found universally in American airports, such as metal detectors and x-ray machines. Private charters, on the other hand, operate from small general-aviation terminals typically without any security equipment at all.

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In spite of this unconventional approach, charter operators remain confident in their abilities. "We cater to some of the most security-sensitive people in the world, . . . [and] [t]he air-charter industry views itself as the most secure way for people to fly," says James Coyne, head of the National Air Transportation Association (NATA), which represents charter companies. "You know that no one else is on board the airplane except people that [you] choose to be there."¹ John Hinerman, owner of Dulles-based ExtraordinAir, summed up private-travel security perfectly: "If we don't like you, you're not going to get on our airplane."

Without the crutch of FAA control to lean on, these small charter companies are marketing their reputation for safety and reaching out to a client base that is highly security-conscious. Any whiff that they might not be doing their job means a risk of losing out to a competitor. Such an environment demands personal initiative, "gut-feelings," discrimination, and innovation, all of which are prohibited or actively discouraged in the government-controlled security arena of commercial airline travel. (Witness the lawsuits against commercial airlines for denying boarding to suspicious travelers.) Perhaps most of all, the competitive atmosphere of private charter requires that security practices accomplish goals that most would say are mutually exclusive, namely, being both thorough and non-intrusive.

At risk of oversimplifying the matter, it would seem that to ensure the safety of their passengers and the reputation of their business—and by extension, future profits—private charter airlines rely more on their own sense of how best to handle security than they do on a government-issued checklist—and their competence clearly speaks for itself. According to Clifton Stroud, director of communications for NATA, "There has never been a successful hijacking of a private charter aircraft."²

Regulatory Incentives

Of course, this raises an important question: if market pressures are enough to make

charter carriers implement effective security standards, why hasn't the same business motive had a similar effect on larger airlines? There are a couple of reasons. First, businesses not only adopt a particular method in response to monetary incentives, they also react to regulatory incentives as well. The airline industry has been under the control of federal regulatory agencies since the 1930s. Today the FAA, not individual commercial airlines, decides what security procedures will be followed. In practice this means that bureaucrats, not airline representatives, mandate the "appropriate" level of security. Sadly, and noticeably, this makes the "business" relationship of airlines (at least as far as security is concerned) a matter between airlines and the federal government, rather than the airlines and their customers. The arrangement encourages doing only what is required to avoid punishment by the regulating agency. As long as it's happy, who can complain?

Observing the effects of government safety controls on market forces almost 40 years ago, Alan Greenspan wrote: "Government regulation is not an alternative means of protecting the consumer [because] it grants an automatic . . . guarantee of safety to the products of any company that complies with its arbitrarily set minimum standards." Worse, "The minimum standards . . . tend to become the maximums as well."³ The fact that all commercial airline companies operate at the same basic minimum simply shows that they're all living up to the government's expectations. Unlike private charter carriers, they've been given a pass on the need to please their customers, and the predictable result is complacency.

The flying public, too, has been relieved of the responsibility of individually assessing security procedures because they "know" the government is making the airlines do what's "best." Patrons should not be surprised to find that the airline of their choice gladly adheres to all the security standards set *by the government*.

Second, after September 11 many would-be travelers were skeptical about the safety of air travel and demonstrated their unease

by canceling trips or traveling by rail. In the early days after the World Trade Center and Pentagon attacks, airlines reported a 50–75 percent drop in ticket sales.

Ironically, many opted for “unregulated” air travel instead. In January, three-quarters of private-charter operators saw their business increase, while the same period saw a 10 percent decrease in commercial air travel.

By bailing the major airlines out to the tune of \$15 billion, the President and Congress prevented genuine reform of air safety from coming about through real market demand. By assisting an industry that had failed to adequately protect its clientele, the federal government not only rewarded haphazard safety procedures—it sent a loud and clear message that such conduct is the fast track to a multibillion-dollar pat on the back. Had the government allowed those airlines to fail, charter companies with established safety records could have expanded to fill the void. Other airlines would have had to quickly toe the line.

Uncomfortable with the Unregulated

Although it was FAA-controlled aircraft, not airplanes from “unregulated” private charter companies, that were flown into buildings last September, some folks in government are uncomfortable with general aviation’s more laissez-faire attitude. Speaking before a Senate committee, then-Transportation Security Administration (TSA) director John W. Magaw said that big charter aircraft pose a threat because they “are almost exactly as large as the ones that were used on 9/11 and some even larger than that.”

Wisconsin Senator Herb Kohl warned, “Here we’ve gone through the tremendous expense and inconvenience of trying to make airline flying as safe as possible, and at the same time we’re . . . missing entirely on the dangers of private aircraft.” Transportation Secretary Norman Mineta concurs: “We’ve got to take a look at [private charters]. Because when we take a look at charters, it, to me, should not be much different from scheduled service.”

These concerns overshoot the runway by a mile. The 9/11 hijackers used commercial airliners, regardless of claims that they could easily have used charter planes, because the superior security techniques used by private charter companies were a sufficient deterrent. Rather than admit that central bureaucratic control of airline safety has failed, government officials seem more interested in forcing everyone under the same flawed management. In other words, while the FAA’s farm dog was guarding the henhouse the fox stole the chickens—so the farmer wants to make his neighbor use the same dog.

Not surprisingly, members of the commercial airline industry would also like to see charter services brought under stricter control. According to the *Washington Post*, “The Air Line Pilots Association . . . urged the [TSA] to adopt one level of security for every type of flight, including charter and small-aircraft operators.” This is not the first time that the dominant members of an industry have begged to be more heavily regulated by government. Physicians, pharmacists, truckers, railroads, broadcasters—all have been more than happy to use government power to squeeze out competition, protect their chunk of the market, raise prices, or all of the above. As Milton and Rose Friedman noted, “[I]nterested parties go to work to make sure that [regulatory] power is used for their benefit.” And, they added, “They generally succeed.”⁴

If private charters are forced to put their customers through the same security as commercial airlines do, they will quickly become indistinguishable from those airlines—and no longer worth the extra cost. Travelers will then simply save some money and fly commercial—and you can bet the Air Line Pilots Association is well aware of that.

Another criticism is in the way charters achieve their security. Many insulate themselves from potential threats by working only with repeat customers, by, in Clifton Stroud’s words, “always knowing who you’re traveling with.” Other charter companies will only book large flights for reputable businesses that are highly unlikely to have terrorists on their staff. Obviously,

these are not luxuries that commercial airlines can afford, nor are they designed to offer that character of service. But the form that a particular airline's security measures will take is not important. What is important is that *they* be ultimately responsible for the choices they make.

False Sense of Security

With all the flap over the "loophole" that charter planes get to fly through, the passive observer could be forgiven for concluding that Senator Kohl's fear about ignoring the danger of charters is valid. The truth appears to be quite the opposite. The real danger seems to be from commercial airlines that have been lulled into a false sense of (for lack of a better word) security by government regulation. Rather than bring private charter companies down to their level, we should be demanding that commercial airlines begin to emulate private charters' knack for terrorism prevention.

Many will argue, though, that regardless of the shining security record of charter companies, it just isn't feasible to leave good protection to a charter-carrier-like regime because the cost is so prohibitive. Some of the most expensive charter operators charge as much as \$3,000 per hour for their services. "It really is great service," quipped Kohl, for "those who can afford it." Yet much of the expense of private charter is for its ability to put people in the air quickly and hassle-free. ExtraordinAir boasts that it can do so in as little as 30 minutes.

Still, that doesn't tell the whole tale. Prices are based on supply and demand. Right now, private charters make up a tiny percentage of overall air-travel providers. The market rate for the kind of personalized security they offer has been set by the amount their small number of affluent users are willing to pay for that kind of service. Much like the case of the automobile, only a few can have that level of comfort early on.

But greater things are never far off. Already, a New Mexico-based company

called Eclipse Aviation Corporation is offering the Eclipse 500, a corporate-style jet that will offer the convenience of private travel to American families at a price that will surprise almost everyone. Utilizing new engine, structural, and electronic technologies, the company is marketing the airplane for "less than a quarter of what the least expensive corporate jet out there sells for today," with per-mile operational costs roughly equivalent to an SUV. Vern Raburn, the firm's president, told NBC's "Today" show. "The fundamental thing that makes this airplane so important, and so revolutionary, is that it offers airline performance, jet performance, all at a price . . . that is equal to a coach-fare ticket."

Not at all surprising is that production of the Eclipse 500 is currently sold out for the first three years. Clearly, innovators in the general, private air-travel industry are already responding to demand for more personalized (and thus more secure) service. Raburn sees the day coming soon when the thousands of airports dotted around the country will offer private jets for short- and long-haul trips to the average flyer. "In today's world," he said, "we actually end up through almost every single thing that we do having personal choices—except in air transportation where we're all forced to take big busses." Thanks to the daring and creativity of Eclipse Aviation, that will soon change.

We Americans can experience the freedom of flight without snooping federal security officers rummaging through our belongings and scrutinizing our government-issued ID, and still enjoy real protection, if we're willing to take some responsibility for ourselves and hold airlines to the same standard. All it takes is a private plane. □

1. Greg Schneider, "Private Plane Charters: One Way Around Air Security," *Washington Post*, June 2, 2002. Unless otherwise noted, all quotes are from this source.

2. Telephone interview with author, June 6, 2002.

3. Alan Greenspan, "The Assault on Integrity," in Ayn Rand, *Capitalism: The Unknown Ideal* (New York: Penguin Books, 1967), p. 119.

4. Milton and Rose Friedman, *Free to Choose* (San Diego: Harcourt Brace & Co., 1990), p. 201.

Cigarette Taxes Are Hazardous to Our Health



In the great chess-board of human society,” wrote Adam Smith in *The Theory of Moral Sentiments*, “every single piece has a principle of motion of its own, altogether different from that which the legislature might chuse to impress upon it.”

With monotonous regularity legislatures are busy fine-tuning the lives and habits of millions of citizens—utterly oblivious, in most cases, to Smith’s time-honored wisdom. As if keeping the peace, dispensing justice, and protecting the nation from foreign aggressors were petty, part-time assignments, nanny-state lawmakers are forever prodding us to moderate or abandon certain pastimes they say aren’t good for us (even if many legislators engage in those very pastimes themselves). And if in the process of altruistically prodding us they make a few bucks for their favorite government program, well, that’s just what the nanny state is really all about anyway.

If Adam Smith were with us today he could point to cigarette taxes as proof of what he wrote more than 200 years ago. Armed with the rhetoric of moral righteousness, the Carry Nations of the cigarette wars are jacking up taxes on smokes higher than smoke itself. It’ll discourage a bad habit, they tell us, as they spend the revenues at least as fast as they roll in.

This past summer New York City raised its municipal cigarette tax from eight cents a

pack to \$1.50. New York State imposes the nation’s highest per-pack tax, also \$1.50, which means that \$3 of every \$7 pack of cigarettes in the Big Apple goes just for the government’s take at the retail level. Never mind the baked-in hidden taxes from the tobacco farm to the local 7-Eleven that go into the retail price.

When Mayor Michael Bloomberg signed the latest tax hike into law at a news conference on June 30, a citizen tossed him a very cogent inquiry. According to the *New York Times*, Audrey Silk of Citizens Lobbying Against Smoker Harassment asked His Honor, “I know that you love to eat chunky peanut butter with bacon and bananas. How about I come out and start a campaign to tax that bacon that’s going to cause heart disease, and tax that super-chunky peanut butter that’s going to kill you?” After conferring with an expert at his side, the Mayor essentially said that smoking was different because it’s addictive. Besides, the city’s deficit-ridden budget needed the expected \$111 million a year the \$1.50 per pack would yield.

Who’s really the addict here? I know of many people who have given up smoking. I don’t know of *any* politicians who have given up on making money from it.

Indeed, federal, state, and local governments are the overwhelming reason why the average price of a pack of cigarettes has doubled in the past five years. In the mid-’90s my own state of Michigan tripled its tax from 25 to 75 cents. In August of this year it added another 50 cents. I hasten to add

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