

LEVEL PLAYING FIELDS AND EFFECTIVE PARTICIPATION

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**Level Playing Fields
are designed to
eliminate externalities
in sport.**



**A level playing field
does not level
strength or size.**

**The strongest and
most skilled will win**





We tried a level playing field in Australia – near identical airlines with matching fares and schedules.



**Even their head
offices were on the
same street.....
beside each other.**



Protection

Abuse of market power

Bilateral barriers to entry

Consolidation of Joint Ventures and Codeshare

Unachievable?

Elimination of Subsidy

State funded infrastructure

Government guaranteed debt



Undesirable

Compensation for Inherent Advantage

e.g. Superior geography

Carrier Specific Subsidy

risks X-inefficiency





Unnecessary

**Neutralising product
innovation**

**Innovation should drive
economic efficiency**

Ceteris Paribus

**If air transport
regulators designed
football.....**



Freedoms of the Playing Field.....

Teams may drive past another team's ground without stopping

Teams may stop at another team's ground, but must not touch a football

The home town team can only play a visiting team after the regulators agree the number of players, the admission cost, and the number of matches to be played



Effective Participation

Regardless of the existence of a 'flag carrier' most markets will be connected to a regional hub, or served point to point.

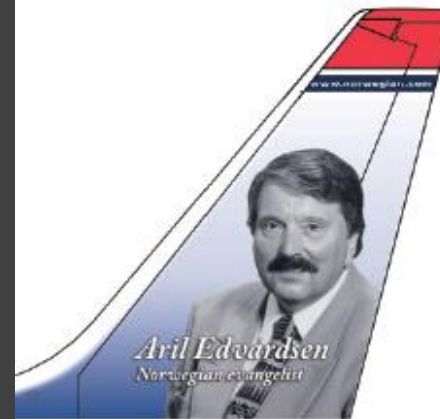
National Flags and National Heroes



Minna Canth
Finnish writer
and activist



Ivo Caprino
Norwegian film
director



Aril Edvardsen
Norwegian evangelist



Thorbjørn Egner
Norwegian writer

Elimination

Is the (sometimes repeated) rescue of a 'National Flag Carrier' the best use of taxpayers money?



Almost the entire fleet of Air KBZ

**Air Asia has over
250 aircraft**



**More like a ski slope
than a level playing
field.**

**Uneven and
Unforgiving**

**High altitude and
High speed**

**With expensive
equipment.**



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