Open Skies or Rational Competition?

What Happens When the Big 3 Meet Up

Airlines, and before that, the maritime and rail industries, as well as roads, have always been used -- whether by states or commercial firms -- as economic development tools. Accompanying that economic development role is a global responsibility to compete rationally, or 'fairly', if you prefer that term.

The issues raised by U.S. airlines in re: Gulf carrier subsidies is symptomatic of the fact that 'the devil is in the details' of ALL free trade agreements -- NAFTA, Trans-Pacific Partnership, whatever. Comparative advantage in the form of environmental regulation, labor practices, and outright subsidies all matter.

It can't be assumed away (though it is often used as a deal rationale) that the introduction of 'free trade' will float all boats, as well as lift the working and living conditions of those lowly oarsmen rowing them, equally, or in some cases at all.

Which is why 'Open Skies' and for that matter ALL free trade agreements (including relaxation of foreign ownership restrictions) must have clear and enforceable 'consultations' clauses, mandating action with real teeth.

It's unfortunate that it took 25 years for these issues surrounding 'Open Skies' to come to a boil, but here we are, with the US industry having consolidated to a 'Big 3', the global industry having consolidated around 'Big 3' alliances, and with a regional group of 'Big 3' Gulf carriers being placed in the cross-hairs.

- R.W. Mann, Jr. / 6 March 2015