

Guest Column: Wright Amendment is bad for business

By Bill Peacock

Opinion

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AUSTIN - When two businesses involved in an argument both use the "free market" to make their case, consumers should prepare for turbulence - particularly when the subject involves government regulations limiting competition.

All consumers benefit from market competition through the lower prices and improved quality it brings; meanwhile there are winners and losers on the business end - the efficient win customer loyalty, the inefficient are left in the dust. Competition is simply not as kind to individual businesses as it is always is to consumers.

Such is the case in air travel, which was deregulated by the federal government in 1978.

For consumers, the results of air competition have been stunning; prices are lower enabling more people to fly more often to more places.

Of course, after too many years of growing fat with heavy regulatory protection of ticket prices and routes, many airlines in the late 1970s were unprepared to compete in deregulated markets. Some of them simply didn't survive.

Airlines weren't the only businesses affected by deregulation - even airports were suddenly facing market pressure to compete for passengers and airlines alike.

By the late 1970s the relatively new Dallas-Fort Worth International Airport was well on its way to becoming the third busiest terminal in the world. Despite this early success, its managers and backers were not eager to face off in a deregulated market against Love Field and their nimble tenant, Southwest Airlines.

Then-U.S. House Majority Leader Jim Wright, D-Fort Worth, took up the cause and attached an amendment to a bill in 1979 which limited the service of any airline offering flights out of Love Field to cities in Texas, New Mexico, Oklahoma, Kansas, Louisiana and Arkansas. Later changes to the amendment added Mississippi and Alabama.

Today there is a scuffle in Congress over the future of the Wright Amendment. Predictably, the battle lines are drawn based on the economic interests of those involved.

Southwest, joined by supporters like the city of Dallas and the Los Angeles County Economic Development Corporation, argues everyone would benefit by repealing the Wright Amendment - the airline could fly more places at lower costs for travelers. "Wright is Wrong" is one slogan Southwest has adopted to get its message across, while "Set Love Free," has become part of most every flight attendant's message when flying out of Love Field.

American Airlines, D/FW Airport and the cities of Fort Worth and Arlington are fighting back. They have rebuked Southwest Airlines by challenging them in the free market game. Their campaign website calls on Southwest to simply move operations and compete at D/FW.

The Wright Amendment artificially raises the prices at D/FW by eliminating competition with Love Field, while not being as convenient for many travelers.

American CEO Gerald Arpey recently admitted competition will force his company to behave differently. "If the restrictions on Love Field are lifted," he wrote in his airline's in-flight magazine, "American and other airlines, to serve the needs of their customers, will have no choice but to shift a lot of flights from D/FW to Dallas's closer-in airport."

The market, it seems, wants more competition at Love Field, but government rules let Arpey keep at least some of his customers tied to an expensive, out-of-the-way airport.

A recent poll conducted by Public Opinion Strategies shows 82 percent of Metroplex residents favor repeal of the Wright Amendment.

While Southwest Airlines and those who would benefit immediately from more flights into Love Field are pushing hard for deregulation, the business winner of the ensuing battle is far from certain. Indeed, it may be proven that Southwest is not as nimble as it appears, perhaps American Airlines really can beat it in a truly free market where airlines and airports compete.

From air travel to trucking to telecommunications, deregulation has always proven to be the friend of consumers. The case of the Wright Amendment is no different. The benefits this relic of the regulated past bequeaths on a few are far outweighed by its costs to consumers and the economic progress of the state and nation. All Americans, would benefit greatly from its long-overdue repeal.

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