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## Book Reviews

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## Book Reviews

**IATA AND WHAT IT DOES.** By J. W. S. Brancker,\* Leyden: A. N. Sijthoff. 1977 pp. 257.

It does not happen very often that a book on a particular subject of air commerce or law is published at the time when the subject of the book is the center of public discussion or controversy. If, however, such lucky coincidence takes place, the author cannot but derive a special satisfaction from the contribution his book may render to the discussion on the subject. Thanks to publicity which in 1977 surrounded certain United States criticism addressed to the International Air Transport Association (IATA), and also the statements made by representatives of IATA in response to critical views, the above fortunate circumstance was present when J. W. S. Brancker's book got in the hands of its readers.

The author has made the airline business his career. After serving in Britain from 1929 first with the Imperial Airways and later with BOAC and BEA, he moved to the IATA staff for the period 1953 through 1960 holding the important position of Traffic Director. Given the author's extensive airline and IATA experience, it could be expected that his book on IATA would attempt to clarify many uncertainties which seem to exist in some quarters with regard to the Association's role in present international air transport.

These uncertainties, which are so prominent today, are understandable. The structure of international civil aviation and IATA's place within that structure could not have remained unaffected by developments since 1945, when the new IATA came into being replacing the former International Air Traffic Association. IATA's road after 1945 was not always strewn with roses; it was, on the contrary, hard and rocky on occasion and unqualified success gave place sometimes to unqualified failures. Undoubtedly, a future

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\* Former Member of the Council of the International Civil Aviation Organization; advisor to the Canadian Transport Commission (International Air Transport Branch). The views expressed are those of the author and do not have any official standing.

historian will note not only IATA's traffic, technical, legal, and other activities through which the Association contributed greatly to the orderly development and operation of international air services, but also IATA's failure to pursue some innovative initiatives in the area of tariffs or services, its inability to attain a greater universality of membership, its possibly excessive emphasis on uniformity to the detriment of flexibility, and its belated reaction to new developments in the area of mass leisure travel. IATA is respected and even admired by some, while it is distrusted and disliked by others. For the first group it is an indispensable vehicle for airlines' co-operation in the interest of greater efficiency of their operation. For the other group it is a monstrous international cartel inimical to the principle of free competition and the best interest of the travelling public. IATA is a reality of the present international air transport scene, and any serious re-evaluation of principles on which the structure of international air transport is based cannot help but involve the IATA.

The critics of the Association range from those who question only IATA Traffic Conferences and their tariff-setting function to those who also dispute the merits of some IATA co-operative pursuits, including its Clearing House for inter-airlines payments. Not without significance is the fact that the IATA itself decided at its Annual General Meeting in November, 1977 to establish a task force composed of five top airlines' representatives to review existing Traffic Conference procedures.

Under these circumstances, the writer of a book on the IATA has the choice either to analyze in depth the most important or the most frequently challenged IATA functions, for example, its tariff-setting function and possibly a few other selected activities, and thus, attempt an objective evaluation, or to provide a comprehensive factual information on the IATA, emphasizing the IATA's "persistent and consistent work of . . . detailed nature and at all levels,"<sup>1</sup> leaving the final judgment on controversial areas to the reader. J. W. S. Brancker has chosen the latter alternative, although not without some exceptions, as will be explained later. The result is a methodical presentation of information comprising,

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<sup>1</sup> BRANCKER, *IATA AND WHAT IT DOES*, 3 (1977).

apart from the Introduction, fifteen chapters and a great number of appendices and diagrams.

The book starts with the historical review and later deals with the IATA general technical and traffic activities, the Traffic Conference machinery, the Cost Committee, traffic services, IATA agency program, compliance (enforcement of agreed and approved tariffs), general legal activities, commercial research, and statistics. Special chapters are devoted to IATA long-term policy and development, and to contacts with Governments and other organizations. The book closes with reflections on the future of the Association. Its final chapter is the summary and conclusions. The appendices and diagrams represent more than one-half of the book; unfortunately, some of the appendices do not seem to contribute to a better understanding of the book or of the IATA. For example, Appendix 6 contains the names of organizations with which the IATA co-operates, and Appendix 10 lists IATA publications.

The proportion of appendices or diagrams and other material of the book is indicative of the apparent decision of the author to compile information rather than focus on specific problems which could be analysed in depth. This does not mean that the author was unaware of, or did not pay some attention to, criticism levelled against the IATA. Several times he takes a stand against allegations that the IATA is an international cartel and is opposed to competition. He notes that when the first pre-war IATA was founded in 1919, "the concept of a commercial cartel was firmly rejected," and that no attempts were to be made "to establish monopolies or to divide continents into spheres of influence."<sup>2</sup> In the present IATA, agreements on fares and rates are "subject to government scrutiny and approval; and the authorities concerned take fully into account the actual costs of operation as well as the market conditions."<sup>3</sup> The author does not admit any doubts as to the effectiveness of this government control, although if writers such as K. G. J. Pillai do not give him cause for some concern, the government authorities themselves, through their recent initiatives in the International Civil Aviation Organization, should

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<sup>2</sup> *Id.* at 6.

<sup>3</sup> *Id.* at 104.

make him more attentive to some inadequacies in this respect.

With respect to the IATA's impact on competition between airlines, the author takes what IATA's adversaries would call a usual IATA position: already the old IATA had established the principle that "the benefits of cooperation . . . could be obtained without sacrificing competition."<sup>4</sup> Even now for the "economic survival" of airlines it is "very important" that they "co-operate closely with each other in any way which does not inhibit a sensible degree of competition."<sup>5</sup> IATA members certainly "compete with each other, but they have learned to temper competition with common sense."<sup>6</sup> In another context the author states that "fares and rates must ultimately be agreed upon in a compromise basis and cannot follow the exact cost variation of each and every carrier."<sup>7</sup> This statement is not too far away from allegations that IATA fares and rates are in many cases unnecessarily high in order to satisfy the least efficient members, and cannot help but weaken for some readers the persuasiveness of declarations in the book concerning competition.

The author's philosophy puts heavy emphasis on the "order in the air" which would benefit all customers of air transport as the leading principle of the IATA.<sup>8</sup> For the sake of "order and economic success" the governments should be ready to forego to some extent their individual desire and should devise a framework for the whole spectrum of air transport,<sup>9</sup> apparently attempting to include non-IATA airlines and charter carriers. These suggestions are, of course, familiar to those who have followed developments in international aviation and statements of IATA representatives in recent years. It can be only regretted that the author missed in his book the opportunity to further develop this position. The same applies to the thesis that since "we do not exist in a world in which a completely free international flow of goods is permitted," it would therefore be "illogical to expect the export of a service,

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<sup>4</sup> *Id.* at 9.

<sup>5</sup> *Id.* at 14.

<sup>6</sup> *Id.* at 102.

<sup>7</sup> *Id.* at 43.

<sup>8</sup> *Id.* at 70.

<sup>9</sup> *Id.* at 98.

such as air transport, to be treated without some control of the price to the public."<sup>10</sup>

The importance of the book as a comprehensive and solid information on the IATA is not diminished by some minor inaccuracies such as the date of the Chicago Conference,<sup>11</sup> missing Annexes to the Chicago Convention in the enumeration of "standards,"<sup>12</sup> or incomplete reference to regional inter-governmental organizations.<sup>13</sup> In certain parts of the book<sup>14</sup> there is an excessive use of abbreviations, and the meaning of some of them is not satisfactorily explained. Also irritating is the way the author fails to explain abbreviations until they have been used several times.<sup>15</sup>

Readers will undoubtedly learn many interesting facts, both about the IATA and other subjects. For example, mishandled baggage costs the carriers some 150 million dollars annually; some eight billion pieces of international air mail were carried in 1975; direct savings resulting from the work of the IATA Clearing House were estimated in 1975 to be \$100 million worldwide, etc.

It should be also mentioned that the foreword to the book was written by IATA Director General Knut Hammarskjold. He expresses great pleasure at the fact that J. W. S. Brancker has written this "account of some of the lesser known of IATA's multifold activities." This satisfaction will be shared by many who will find a current compilation of facts about the IATA useful. Some readers may, however, recall remarks made by Mr. Hammarskjold's predecessor, Sir W. Hildred, about the IATA not having been "sufficiently evaluated in terms of its contribution to world peace and understanding." A book of such broader contours probing into the different aspects of the IATA's place in the changing international aviation environment remains to be written.

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<sup>10</sup> *Id.* at 39.

<sup>11</sup> *Id.* at 37.

<sup>12</sup> *Id.* at 91.

<sup>13</sup> *Id.* at 93.

<sup>14</sup> *See, e.g., id.* at ch. 8.

<sup>15</sup> *See, e.g., id.* at 51, 54 ("COMTAPP"), and *id.* at 2, 9 ("ICAO").

RATEMAKING IN INTERNATIONAL AIR TRANSPORT. By Peter P. C. Haanappel. Deventer, The Netherlands: Kluwer B.V., 1978, pp. xii, 1972.

Dr. Haanappel is to be congratulated for filling the real need for a comprehensive, well-organized, and up-to-date account of the institutional framework and practical realities of ratemaking in international air transportation. He has gathered together a wealth of information and presented it in such a way to maximize its usefulness. The extensive bibliography will also be of great value to those who wish to pursue the subject further.

The origins, organization, and functioning of the International Air Transport Association are thoroughly discussed, as are the relations among the Association, its members, and the national governments under whose flags the members operate. Readers will obtain a clear and detailed picture of the role which has been played by the United States Civil Aeronautics Board in influencing IATA decision-making, and will be made to appreciate the necessarily limited nature of this influence.

The history of the level and structure of air fares on the North Atlantic, including the truly remarkable story of the rise and expansion of charter service at fares not subject to IATA control, is covered in such a way that completeness is not allowed to detract from readability. (This is no mean task, as anyone who has attempted to deal with this subject well knows.) It is to be hoped that the author will undertake a similar full treatment of the history of fares in other parts of the world.

The author's concluding discussion of "Alternatives to the Present International Ratemaking System" (Chapter VIII), although interesting and provocative, does not appear convincing in all respects. For example, it is suggested that the underlying economic structure of the industry, rather than its political setting, makes free competition unworkable, and that public utility-type economic regulation may be possible through the use of governmental "guidelines." The truth seems to be that it is governmental support and protection of most international airlines that have precluded, and probably will for some time continue to preclude, the establishment of free competition, and that a truly supranational form of regulation is ruled out for the same reason. Unilateral regulation by an

agency of one government, as well as attempts by various governments separately to regulate the same prices at the same time, appear necessarily doomed to failure. Again, the author may under-rate the importance of maintaining competition in charter service: he appears to contemplate with equanimity both agreed ratemaking by charter airlines and governmental control over charter prices.

A minor *caveat*: The account (pp. 151-152) of the July, 1977 bilateral air transport agreement (Bermuda 2) between the United States and the United Kingdom may lead some readers to underestimate the extent to which this agreement departs from the Bermuda 1 principles regarding capacity control. Even the author's discussion of alternatives to the present system of ratemaking should prove valuable, however, in that it brings important policy issues into sharp focus. All who are seriously concerned with international air transport ratemaking are in Dr. Haanappel's debt for his contribution to the literature.

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