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BOOK REVIEWS

TERMINAL AIRPORT FINANCING AND MANAGEMENT, by Lynn L. Bollinger, Alan Passen and Robert E. McElfresh. Harvard Business School, Division of Research, Soldiers Field, Boston 63, Mass., 386 pp., \$4.25.

The basic conclusion of this study is that most terminal type airports can be made self supporting in a few years without unduly burdening aviation. Revenues can be made to cover operating expenses after 1946 and by 1954 can cover all costs. However, the authors insist this will happen only provided a sound financial plan is established and all revenue sources including terminal building concessions are aggressively developed.

Poor cost control is the most obvious weakness of terminal airport management. A big source of trouble is that the private groups, especially the commercial airlines have not assumed the full responsibilities of which they are capable. Landing area operations including supervision and physical maintenance of the landing area can be satisfactorily left under public control, as the task is similar to operating and maintaining public streets, parks, and bridges. However, business activities on the airport perimeter and especially in the terminal building area can be more successfully taken over by private management. To do this, the authors suggest a joint corporation might accomplish further economies by taking over on a voluntary basis some of the ground operations now duplicated by each individual air carrier.

The book is divided into four parts prefaced by summary and conclusions: Part I deals with airport financial policy and deals with the question of whether airports should be expected to be fully self supporting and if so, how. It concludes that the terminal type airport is a special kind of public utility which should seek to collect sufficient user charges to recover both operating and capital costs. Part II presents a financial analysis of airport operations based on actual figures collected at 51 selected airports in various parts of the country which were visited and carefully studied by the authors. The study examines capital costs, operating costs, and revenues in detail. Part III tests the rate-setting procedure developed in Part I for assessing fair charges from airport users against actual operating results reported in Part II. Part IV deals with two basic changes recommended in management practices: first, an adequate system of records and control, and second, an adequate organization for airport administration.

All in all the book is a contribution of major value: first, as a guide for all persons directly involved in the management of any terminal airport, and second, for its suggested scheme of equitable user charges for the support of terminal airports. The following pattern of user charges is suggested: (a) Charge commercial air carriers according to number of landings, adjusted for weight of aircraft. (b) Deduct proportional costs for military aircraft before estimating amount chargeable to civil aviation and, when military use is extensive, reimburse the local airport owner by charge against the national military budget. (c) Charge private flyers indirectly by percent-of-gross charge against aircraft-service operators instead of landing fees. (d) Charge aircraft service (fixed-base) operators by a percent-of-gross charge plus fixed rental based on cost of any hangars or other facilities provided for their use. (e) Charge aviation suppliers and vendors the full costs of any facilities they use, but do not levy additional charges which will place an unfair burden on portions of interstate air commerce.

S. B.

COMMERCIAL AIR TRANSPORTATION, by John H. Frederick. Rev. and enl. (Chicago: Richard D. Irwin, Inc., 1946, pp. xviii, 791. \$5.00.)

Students and others interested in the field of air transportation will welcome this revision of Professor Frederick's well-known volume, originally published in January, 1942.

Part I reviews the history of the industry in the United States, and discusses our airway and airport systems, the routes of our airlines, feeder lines, and non-scheduled air transportation. The chapters on "Feeder Airlines" and "Non-Scheduled Air Transport" are added in this edition.

Part II, devoted to a summary of federal regulation of air transportation, has been expanded considerably. There are new chapters on rates, business practices, state regulation and taxation of airlines. Part III discusses the economics of air transportation, air transport equipment, airline financing, and transportation of passengers, mail, express, and cargo.

The first edition contained a chapter on airline operations. In the new edition this subject is expanded into Part IV, and includes chapters dealing with airline company organization, station administration, flight operations, maintenance, selling and handling passengers and cargo, and airline public relations. New appendices on "Air Transportation in Alaska," "Air Transportation in Canada," and "Airline Employment Possibilities" are included with the appendix on "Digest of the Civil Aeronautics Act of 1938" that appeared in the first edition.

For people who desire an introduction to the various phases of domestic commercial air transportation this book should have a considerable use. It is noted that the author has not brought some of his material up to date. The chapter on "Financing Airline Operations" devotes little attention to significant developments in this phase of the field since April, 1945, the date of a special study from which much of the material in the chapter is adapted. The discussion of non-scheduled air transportation takes little account of the important developments which have occurred in this phase of the field in the postwar period.

In presenting data on page 132 on "Increases in Certificated Route Mileage United States Airlines, 1938-45" an error is made in the method of computing percentage increases and readers may get an erroneous impression of what has occurred. There appear to be omissions of material on pages 60 and 119. The statement on page 452 that ". . . not one of the airlines has any funded debt as of the beginning of 1946" conflicts with a footnote on the same page citing two outstanding bond issues. A number of people probably will not agree with the statement on page 129 that ". . . successful competition in the product they have to sell—transportation services—has never been established within the air transport industry."

While the book has certain weaknesses, it is undoubtedly the best introduction to the business side of air transportation currently available. Students of the field are indebted to Professor Frederick for his pioneer work.

H. W. T.