

Comparison of airport managing efficiency between national-ownership and local-ownership airports*

Akio Kawasaki[†]

Faculty of Education, Kagoshima University

Abstract

This paper analyzes which, the national or the local government, puts more efforts to reduce the airport managing cost. The substitute two airports are assumed. In the national-ownership case, there is no competition and the common airport charge is decided. In the local-ownership case, the airport competition occurs and each local government decides the airport charge. Then, each airport manager puts efforts. Based on this setup, the following is demonstrated. When the airport competition is moderate (heavy), the effort level in the local-ownership case is smaller (larger) than that in the national-ownership case. However, from the viewpoint of social welfare, the national-ownership is always socially preferable.

In the following, when the timing of the above game is reversed, the local-ownership case can be socially preferable since the local-ownership case takes an incentive to put efforts for the airport manager although the national-ownership case does not.

JEL: L93, L98, R48.

keywords: local-ownership airport, national-ownership airport, cost reducing effort.

*The author gratefully acknowledges the financial support in the form of a Grant-in-Aid from the Ministry of Education, Culture, Sports, and Technology (No. 22730201).

[†]1-20-6 Korimoto, Kagoshima-shi, Kagoshima 890-0065, Japan. Tel/Fax: +81-99-285-7857. E-mail: kawasaki@edu.kagoshima-u.ac.jp