

Table of Contents

List of Figures	11
List of Tables	13
List of Abbreviations	15
I. Introduction	19
A. Starting Point	19
B. Objectives and Structure of the Thesis	25
C. Delimitation	26
II. Profitability of Airports	30
A. Cost Structures of Airports	30
B. Revenue Structures of Airports	38
C. Profitability of Airports	45
1. Theory	45
2. Empirical Results	49
III. The Current State of Airport Policy	54
A. Fields of Airport Policy	54
1. Airport Ownership	54
1.1 Privatisations and Public Private Partnerships	55
1.1.1 Share Floatation	56
1.1.2 Trade Sale	57
1.1.3 Concessions with Major Capital Expenditure	57
1.1.4 Project Finance Privatisation	59
1.1.5 Management Contract	59
1.2 The Future Role of the State	60
2. Airport Planning and Approval	62

3.	Public Airport Financing	62
3.1	Definition of Subsidies	63
3.2	Definition of State Aid	64
B.	German Airport Policy	65
C.	Airport Policies in Other Countries	84
1.	Great Britain	84
2.	France	91
3.	Discussion of the Different Airport Policies	94
IV.	On the Justification of Subsidies and State Aid	99
A.	Generally Provided Justifications for State Aid	99
B.	Airports as Goods of General Interest	100
1.	Conformity of Goods of General Interest with Market Economical Principals	103
2.	Rawls' Veil of Ignorance	104
3.	Examination of Airports as Goods of General Interest	105
C.	External Effects	106
1.	External Costs	109
2.	External Benefits	111
2.1	Option Value	118
2.2	Positive Network Externalities	122
2.3	External Impulses for the Regional Economy	123
2.3.1	Methodologies for Estimating Airport Related Benefits	128
2.3.1.1	Input-Output Analysis	128
2.3.1.2	Econometric Analysis	132
2.3.1.3	Cost-Benefit Analysis	137
2.3.2	Econometric Estimation for German Airports	140
2.3.2.1	Determination of Variables	141
2.3.2.2	Panel Data Analysis	144
2.3.2.3	Empirical Findings and Tests	145
2.3.2.4	Examination of Smaller Airports	149
2.3.2.5	Discussion of the Empirical Results	150
2.3.3	The Contingent Valuation (CV) Method	155
2.3.3.1	Overview on the Methodology	155
2.3.3.2	Application of the CV-Methodology for a Secondary Airport	157
2.3.3.3	Results of the CV Approach	163
2.4	Conclusions Regarding External Benefits from Airports	163

D.	Recapitulative Appraisal of Subsidies and State Aid	166
V.	The Provision of Airport-Related External Benefits	173
A.	The Question of How to Deal With Positive External Effects	173
1.	The State's Make or Buy Decision	173
1.1	Transaction Costs	175
1.2	Transformation Costs	178
1.3	Procedure Preference Costs	182
1.4	Transaction Specificities	184
2.	Conclusions Regarding the Public Production of Airport Services	185
3.	Alternative Ways to Gain Regional External Benefits	186
3.1.	Public Private Partnerships	187
3.2	Subsidisation of Air Traffic	188
3.3.	Participation from Interregional Spillover Effects	189
4.	Conclusions Regarding the Production of External Benefits	191
B.	Identification of the Optimal Provision Unit	191
1.	Advantages of Centralisation	191
2.	Advantages of Decentralisation	193
2.1	Static Advantages	193
2.2	Dynamic Advantages	194
2.3	Political Economic Advantages	195
3.	On the Choice of the Optimal Level of Centralisation	196
3.1.1	Distribution of External Costs	200
3.1.2	Distribution of External Benefits	201
3.1.2.1	Regional Dispersion of Option Value	201
3.1.2.2	Network Externalities	207
3.1.2.3	Positive Effects for the Regional Economy	209
3.2	Organisational Costs	214
3.2.1	Administration Cost	214
3.2.2	Coordination Costs	217
3.2.3	Signalling Costs	219
3.2.4	Mobility Costs	221
4.	Selection of the Provision Unit for Airport-Related External Benefits	227
4.1	Implications from the Principle of Fiscal Equivalency	228
4.2	Implications Derived from the Discussion of Organisational Costs	229
4.3	Optimal Allocation of Responsibilities	231

VI. Conclusions	232
Bibliography	237
Appendix 1: Categorisations of Airports	263
Appendix 2: Financial Support to German Airports	265
Appendix 3: Planning and Approval Process of “Startbahn West” at Frankfurt Airport	272
Appendix 4: Ownership Structure of German Airports	275
Appendix 5: Ownership Structure of British Airports	277
Appendix 6: Ownership Structure of French Airports	279