ISSUE TOPIC: Flying the Friendly Skies

Issue Summary: How safe should airplane travel be? Who should be responsible for guaranteeing or achieving that level of safety? How can we maximize safety given constraints (scarcity)? This can pertain to crashes or to terrorist threat (9/11).

Do airlines have any incentives to provide adequate safety? If yes, will they give us the right or optimal level of safety? If not, should the government mandate a certain level of safety? How much will either of these choices cost and who will bear the cost?

Major Economic Issue Discussed: Does economics have anything to say about the level of safety that will be, or should be provided? What incentives are in place for airlines to provide safety as part of airline travel? Or the same question for the government.

It turns out the marginal benefit/cost analysis can help answer these questions.

Mythconceptions Surrounding the Issue: Air travel should be 100% safe. The airlines can gain by skimping on safety. It is the responsibility of the government to guarantee the safety of air travel...it is what they do and they are good at it. Air travel is safer than automobile travel or vice versa.

Economic Analysis of the Issue: Risk is inherent in air travel or any travel for that matter (walking, biking, automobile). 100% safety is impossible or at least prohibitively costly. On the margin the benefit of additional safety is diminishing, while the marginal cost of additional safety is rising (exit door and security/police).

Economics suggests that safety can be optimized at the level where the MB = MC of the last safety precaution undertaken. Where it gets sticky is how to measure MC and MB and determining who decides. People respond to incentives in predictable ways and information is important to this process. Consumers are free to choose which airline to fly on if they choose to fly. Moreover they are free to choose not to fly. Information is costly for consumers, but it is also costly for the government. Data shows that consumers do adjust to unsafe practices or accidents/tragedies. Airplane travel is among the safest activities there is.
The ‘Walk Away’ (Mythconception vs Reality):

There is no one right answer. Prevailing conditions including benefits and costs are dynamic which shakes things up (technology, 9/11, passengers on the plane). Consumers (stay alive) and airline companies (stay in business) actually have the most to gain from a high level of safety....but information is costly and safety is costly and there are emotions in play.

Comments: One security guard for each passenger. Take off all of your clothes, random search or everyone. Arrive 4 hours before your flight. Two secret agents fly on every plane to observe passengers. Search every automobile coming into the airport grounds. No frills whatsoever because all resources are in safety (beverage, food, snacks, toilet, service of any kind). Better floatation devices. No bags at all, mail stuff ahead of time. Parachutes for everyone!

How much attention do people pay to safety instructions before take-off?

I want an exit row for more room to stretch my legs, but what is my responsibility?

Pictured Rock Lake Superior Boat Cruises, life jackets, October 1st, May 1st, wet suits, shut down.