Clear Skies or Ongoing Turbulence?

Canadian Airport Policy between Airport Operators, Airlines, and the Federal Government

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ABSTRACT

Clear Skies or Ongoing Turbulence? Canadian Airport Policy between Airport Operators, Airlines, and the Federal Government

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Using the case of Canada's airport policy, this dissertation seeks to give an account of long-lasting conflicts between key actors of a policy sector who otherwise do not challenge the core policies and orientations of their sector and share the same core representations. The argument of this dissertation offers a response to the paradoxical outcome where a long-lasting policy has remained stable over time, despite engendering momentous conflicts and tensions between actors (to the point of threatening the stability of the policy sector) and being attacked by virtually all actors. This objective is sought by analyzing the Canadian airport sector and its four main platforms: Toronto, Montreal, Vancouver and Calgary. The Canadian airport sector is highly puzzling, since long-lasting conflicts over the airport rent, the access to airport infrastructure and the funding and administration of airport screening have polluted the relations between the key stakeholders for years, while none of the key actors involved has challenged the main policy orientations and policy instruments used to regulate the sector. The study of the Canadian airport sector with a refocused and amended cognitive analysis of public policy framework developed by Muller and Jobert is really fruitful: it results in a comprehensive analysis of the conflicts, their nature, the possible ways to solve them, and it also considerably expands the explanatory power of the cognitive analysis of public policy.

ACKNOWLEDGEMENTS

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Introduction

This dissertation gives an account of long-lasting conflicts between key actors of a policy sector who otherwise do not challenge the core policies and orientations of their sector and share the same core representations. The empirical field of the dissertation is Canada's airport policy. The dissertation will demonstrate that the key actors of the Canadian airport sector all share the same core objectives (the development of Canada's four largest platforms on the American and international stages) and share the same core representations of their sector and the way it should be regulated. At the same time, a few specific policy aspects have created momentous conflicts and tensions between these actors, and while these conflicts have lasted for the past two decades, it is surprising that almost no change has happened to ease them and align the policy aspects at stake with the core policy objectives on which virtually all actors agree.

This introduction will present background elements to the dissertation. First, it will briefly summarize the argument and the contribution of this dissertation. Second, it will present give an overview of the evolution of airports and air transport globally over the past 60 years in order to explain the puzzling situation of Canada's largest airports. It will also highlight the relevance of a policy study of the Canadian airport sector.

A – Setting the Scene: Argument and Contribution of the Dissertation

The dissertation asks how key actors of an economic sector can share the same conceptions and ideas about their sector, while at the same time fundamentally disagree on significant policy aspects that frame and shape such sector, in a context where these disagreements engender momentous conflicts and threaten the stability of the sector. More specifically, it offers a

response to the paradoxical outcome where long-lasting conflicts and tensions between key actors of a policy sector about specific and easily identifiable aspect of the sector's policy have not led to changing these aspects, despite the fact that adjusting these policy parameters would ease the tensions and stabilize the sector. Responding to such paradoxical outcomes provides a new contribution to the literature, given that major existing public policy theorizations would rather expect that, in these situations, a policy change would occur at some point. Different theoretical perspectives would give alternative explanations (e.g. opening of a window of opportunity, consideration of actors' economic interests, incremental changes that usually affect a policy, etc.), but they would all share the common expectation of a policy change. Empirically, however, there are many instances where there is no important adjustment of the policy parameters that engender conflicts, and conflicts and tensions are long-lasting and undermine the stability of the sector.

This dissertation establishes a theoretical response to explain adequately the drivers of the conflicts among actors who share the same vision of their sector. By highlighting these key drivers, it analyzes why a policy that creates momentous conflicts and instability remains stable over a long period while all its key stakeholders attempt to change it. Our knowledge and understanding of the policy process needs to be expanded in order to answer adequately these questions, as current approaches do not allow addressing them satisfactorily. While the lack of policy change is often studied with the help of neo-institutionalist models, the dissertation rather embraces a theoretical framework closely associated to important policy changes: the cognitive analysis of public policy framework. More specifically, this dissertation reshapes the cognitive analysis of public policy theoretical approach in order to better equip it to handle the afore-mentioned issue of conflicts in a context of policy stability.

It is proposed to refocus the cognitive analysis on a few specific parameters (so-called algorithms) to demonstrate that key actors of policy sector may share the same values, norms, and representations, but they may subsequently draw different causal relationships between policy objectives and policy effects. The core argument is that in situations of long-lasting conflicts between key actors of a policy sector who otherwise do not challenge the core policies and orientations of their sector and share the same core representations, the analytical focus should be placed on the causal relations between the vision actors have of their sectors and the content of the several policy instruments actually implemented to achieve such vision. A focus on both these causal relations (or 'algorithms)' and policy instruments' content is key. Indeed, momentous conflicts and tensions during decades are created and perpetuated by the fact that actors may not agree on the specific causal relations between the content of policy instruments and their effect on their sector, while these key actors also share the same core values and agree on the general principles of the public action that ensues.

B –The Empirical Field: a Study of Canada's Airport Policy and the situation of the Four Largest Canadian Airports

Canada's airport policy and the momentous tensions and conflicts about some aspects of the regulation that targets the four largest airports provide a fruitful field to ground an analysis of long-lasting conflicts and policy stability. In order to understand what the situation of the four largest airports in Canada is and what the conflicts between the key actors of the sector are, this subsection first provides background elements on the evolution of airports and air transport globally over the past 50 years. It then explains the rationale behind the decision to study

Canada's airport policy. Finally, it offers a brief outlook of the situation of Canada's four largest airports that will be at the heart of the analysis.

1. Background Elements on Airport and Air Transport Liberalization

The time is long past when the nascent International Civil Aviation Organization defined airports as "the physical entity consisting of a landing place for aircraft with a number of buildings housing various facilities for the aircraft in question and their passengers, crews and loads", and remarked that "it is probable that nearly all large airports on the main world air routes are publicly owned and publicly operated" (ICAO 1948, 9, 14–15). Airports have become multimodal and functional businesses which generate significant revenues not only for themselves but also for their region's economic community: major airports of the world are now truly "airport cities" whose future lies significantly in the development of non-aeronautical activities (Reiss 2007). Further, major airports are "expansive aerotropolises" serving as connection transportation corridors for both aviation and non-aviation linked business which are at the heart of an integrated urban economic region (Kasarda 2010, 17). The concept of aerotropolises acknowledges that airports have not only become catalysts for employment and economic growth, but they have also attracted a full range of businesses to the airport vicinity, which are reminiscent of the way seaports and river deltas became centres of economic activity in past centuries (ICAO 2013a, para 5.15). Air transport is also one of the few economic sectors whose liberalization has widely been associated with the word democratization (Giblin 2007). Indeed, flying from New York to Paris in 1930s cost $750 (about $12,000 in today's terms). Today, it can cost as little as $700. In just a few decades, air transport went from a luxury service to a global industry whose economic impact is estimated to be 7.5% of world's GDP (McMillan 2010). Airports are thus of paramount importance for the economic development of communities,

regions and countries. It is therefore crucial to understand and assess airport policy and the role it plays in helping or impeding airports becoming aerotropolises.

1.1. Airports in a Business-Oriented Model….

The transformation of the role of airports, from simple landing places accommodating aircraft to aerotropolises catalyzing economic growth and business development dates from the late 1970s and the 1980s. Air transport policy has undergone significant changes in the past three decades. Prior to these reforms, the "state-planning and control" approach to policy-making was clearly not market-oriented since states had direct control over fares, routes and ownership of airports, air traffic control and, often, of national flags carriers. The "state-planning and control" approach has given way to an era of deregulation. The United States initiated this shift through the deregulation of the airline industry, and it then spread with the deregulation and liberalization of the airline and the airport industries in Canada, in Europe and worldwide (Merlin 2002, 54–59). Merlin further characterizes this "era of deregulation" as the deregulation of commercial domestic air transport, more flexible international air policy, the privatization of aircraft operators and the commercialization/privatization of airport operators and air navigation services providers, resulting in hubbing strategies and alliances between airlines themselves and between airports and airlines.

Deregulation has contributed to a change in the structure of airports in the civil aviation system in two major aspects: the shift toward a hub-and-spoke air traffic operations, and the governance of corporatized airports. With regards to air traffic operations, airlines used to provide a point-to-point service between a pair of two airports. Since the deregulation and the related competition between air carriers, 'hub airports' have emerged in response to the need to make economies of scale and provide more efficient and competitive service to air travellers. To

accommodate large airlines, airports have been used as hubs by airlines, through which all traffic moves along spokes connected to the hub at the center. This means that hub airports have become the centre of a wheel where traffic moves along its spokes. This is visually represented in Figure 1.

Figure 1. Point-to-Point vs. Hub-and-Spoke Model
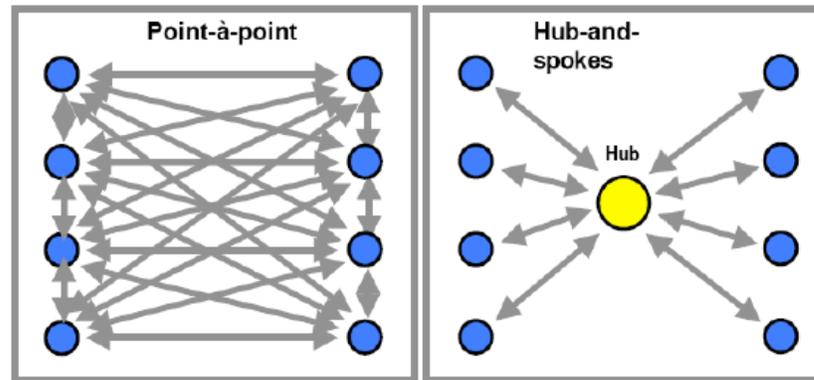
Source : *Les hubs and spokes : atouts et limites* (Packiarajah, Wang et Xu, 2006)

The hubbing strategy is understood to be more advantageous to airlines than the point-to-point strategy as it delegates implementation of various civil aviation policies to functional networks. Economically, the hubbing strategy is said to promote better economies of scale and maximize profits. Politically, this strategy can be used as a tool by airlines to achieve a dominant position within a network and within a market (Varlet 1997). Major hubs[1] compete against each other to attract airlines and passengers.

The second change in the past thirty years pertains to the ownership, governance and control of major airports. There has been an undeniable trend of airport commercialization all over the world (Villard and de la Camara 2011), with an impressive movement of establishing

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[1] Such as: Atlanta (ATL), Chicago (ORD), Los Angeles (LAX), New York (JFK) and Toronto (YYZ) in North America; London (LHR), Paris (CDG), Frankfort (FRA) and Amsterdam (AMS) in Europe; Dubai (DXB), Doha (DOH) and Abu Dhabi (AUX) in the Middel East; or Beijing (PEK0, Tokyo (HND), Honk Kong (HKG) or Singapore (SIN) in Asia.

autonomous entities (either public or private), functioning at arms-length from governmental authorities, to operate airports (ICAO 2013b). The commercialization of airports through the establishment of these autonomous entities has had a significant impact on the management, the efficiency and the growth of commercialized airports. Most notably, the following trends have been associated with commercialization of airports by ICAO: growth of a business culture (for example, closer control over revenues and expenses, quicker decisions and more responsive actions, and good governance), thereby increasing efficiency and improving the quality of services, in addition to enabling airport authorities to access private capital markets, and to make users of the airports contribute directly to the upkeep and development of the facilities they use through charges (user pays principle) (ICAO 2012a, 3–1,3–2).

1.2. … Still Governed by States and Governments

The liberalization of air transport remains paradoxical. On one hand, it is clear that airports have become business-oriented firms. The privatization of national flag air carriers and the removal of restrictions in terms of fares and routes have led to the rise of a market-oriented organization of air transport, notably through the implementation of hub-and-spokes networks for legacy carriers and the rise of low cost carriers competitors. Key actors have thus drastically changed in the past three decades: several airlines have disappeared (for example Pan Am), new airlines have appeared (South west, WestJet) and hub airports have been playing a far more complex role.

On the other hand, one key actor has remained omnipresent despite the waves of liberalization and privatization: air transport regulatory authorities. In legal terms, states have complete and exclusive sovereignty over the airspace above their territories. When establishing the bases for international civil aviation in 1947, states incorporated in the Convention on International Civil Aviation (thereafter the Chicago Convention) that air transport would be

operated soundly and economically. They also stated key charging principles for airport charges, set up binding standards and recommended practices for safety and security that must be adhered to. The exchange of traffic rights and several commercial issues remained however outside the scope of the Chicago Convention and have been dealt with bilaterally since.

The Chicago Convention framework means that despite the waves of liberalization and privatization, states must still regulate air transport and comply with global standards and recommended practices. For instance, they are still ultimately responsible for the provision of airport services over their territory. The functions of safety, security and economic oversight of civil aviation are a state responsibility. States still decide bilaterally to allow foreign air carriers to operate routes to/from their airports. Air carriers cannot fly wherever they want, and airports are forbidden to receive flights from airlines that do not have the specific authorization to operate to/from such airports. Consequently, there are thousands of bilateral air transport agreements that are in force today, regulating access to airports for air carriers.

The paradox is thus that airports and airlines have been privatized and their activities have been liberalized to an extent that has drastically changed the way they operate and they behave, but they are still heavily regulated by governments which interfere in their activities. Airports have become aerotropolises, airlines are the vector of the globalization, but governments and air transport regulation authorities are omnipresent in the organization of their activities, and they base their interventions on a framework established in 1947[2]. It should be noted that most research has not explored this paradox. On the one hand, economists and management scholars

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[2] It should be noted that even though such a situation is not really unique to air transport, it is remarkable that a trade activity is still governed today by a framework established 1947 and outside the multilateral scope of the World Trade Organization. The degree of involvement of States in the affairs of air transport is quite unique.

have focused on the economics, privatization and competition aspects of air transport[3], while on the other hand legal scholars have studied the Chicago Convention and its legal provisions (Carney et al. 2005; Dempsey 2005; Dempsey, Buzdugan, and Nyampong 2005; Abeyratne 2007). They are not really interacting with each other: they publish in different journals, and they have their own, distinct research societies.

The field of public policy can play a leading role in bridging the gap between these research communities since the interaction between private and public sector actors has been a core focus in the discipline (Aucoin 1995; Osborne and McLaughin 2002; Verhoest, Bouckaert, and Peters 2007). What is indeed missing from the economic and management research on air transport is a careful analysis of the role that States and governments are playing and how such a role affects the economics and organization of air transport. What is also missing from a focus on aviation law provisions set up by the Chicago Convention is a dynamic understanding of the world of air transport. Public policy analysis can provide the tools and insights necessary to better understand the dynamic nature of the economic, organizational and strategic aspects of air transport. Because air transport has remained a heavily regulated political object, a comprehensive analysis has to encompass the role of States and political actors, and political science offers the tools to undertake such analysis.

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[3] For instance Martin Dresner, David Gillen, Trevor Heaver, Tae Oum, William Stanburry, Michael Tretheway or W. G. Waters, as highlighted in the survey of the literature in the following chapter (cf. infra).

2. Significance of a Policy Study of the Canadian Airport Sector

2.1. A Brief Outlook of the Canadian Airport Sector: Four Global and/or Regional Hub Airports

In Canada, the 26 largest airports were commercialized in the late 1980s and in the 1990s. Their management was transferred to private, non-share, not-for-profit autonomous entities in charge of running and developing airports on sound commercial bases. Among them, only four airports are fighting for a place in the limited club of hub airports: either a global international hub for Toronto, and to a lesser extent Vancouver, or regional hubs for Montreal and Calgary. All other Canadian airports are simply the spokes of these hubs and serve local and regional needs through point-to-point service (Barros, Peypoch, and Villard 2011, 27). Furthermore, only these four airports are large enough to become aerotropolises, attracting more than 10 million passengers per year (table 1 refers).

RK	Airports	2010	2011
Table 1. Ranking of passengers by Canadian Airports[4], 2010 and 2011				
1	**Lester B. Pearson (YYZ)**	**30,910,795**	**32,278,458**
2	**Vancouver International (YVR)**	**16,254,016**	**16,394,986**
3	**Pierre Elliot Trudeau International (YUL)**	**12,700,175**	**13,228,564**
4	**Calgary International (YYC)**	**11,774,776**	**12,073,264**
5	Edmonton International (YEG)	5,981,206	6,156,730
6	Ottawa International (YOW)	4,390,951	4,359,055
7	Halifax (YHZ)	3,509,473	3,482,421
8	Winnipeg Richardson International (YWG)	3,385,250	3,383,882
9	Gander International (YQX)	97,772	115,382
	Total	**89,004,414**	**91,472,742**

Source: ICAO DATA+ (Airport Traffic module)

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[4] Passengers data includes domestic and international scheduled and non scheduled services as well as direct transit. Gander is part of the ranking for historic reasons, but some other Canadian airports are handling more traffic.

The picture is similar in terms of cargo, where the same four airports (Pierre Elliot Trudeau and Mirabel airports are operated by a single airport authority and therefore their data should be combined) clearly handle much more cargo than other Canadian airports (table 2 refers).

Table 2. Ranking of cargo[5] by Canadian Airports, 2010 and 2011

RK	Airports	2010	2011
1	**Lester B. Pearson (YYZ)**	**340,563**	**339,065**
2	**Vancouver International (YVR)**	**196,855**	**186,385**
3	**Calgary International (YYC)**	**80,491**	**83,524**
4	**Pierre Elliot Trudeau International (YUL)**	**77,230**	**76,623**
4bis	**Mirabel (YMX)**	**69,327**	**66,899**
6	Winnipeg Richardson International (YWG)	61,022	65,254
7	Halifax (YHZ)	27,943	25,471
8	Edmonton International (YEG)	22,882	22,955
9	Ottawa International (YOW)	12,020	10,288
10	Gander International (YQX)	371	377
	Grand Total	**888,704**	**876,842**

Source: ICAO DATA+ (Airport Traffic module)

This data is a clear and unequivocal indication that four Canadian airports are leading the industry both in terms of traffic passengers and cargo.

2.2. The Puzzling Situation of Canada's Four Largest Airports

In most countries, governments regard hub airports as key players in a country's internal competitiveness and economic growth (Reynolds-Feighan 2010; Bowen 2000). Hubs not only provide more direct destination at higher frequencies and lower priced fares, but also make

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[5] Cargo data includes domestic and international scheduled and non scheduled services in tonnes.

countries and communities more competitive for investment, enhance productivity and connectivity and offer major economic gains. In many countries, the success of hubbing strategies has resulted from a close cooperation between airlines, hub airport operators and public authorities[6]. "Hub airports" have been established with governmental support to secure economic growth and competitiveness for the countries in which they are located. Moreover, the hubbing strategy has been successful in producing economic benefits for their local communities, industries and national economies. By driving economic benefits on the global and local stages and by offering enhanced connectivity, hub airports have therefore become the catalysts of economic growth and have been able to attract in their vicinity a whole range of economic activities beyond aviation, thereby becoming aerotropolises.

In Canada, hub airports have been less successful than their American and European counterparts in securing these economic benefits, and most stakeholders interviewed for the purpose of this dissertation believe that it is the government policy that hinders the development of Canada's hubs. On the basis of 50 interviews with stakeholders of the Canadian air transport sector, the research in this dissertation demonstrates that actors have a strong belief that the content of Canada's airport policy instruments are the most important hindrance to the development of Canada's largest airports. The dissertation will demonstrate that air transport stakeholders firmly believe that the content of some of these instruments undermine the competiveness of Canada's airports and airlines and divert traffic to other hub and network carriers. These stakeholders believe that they prevents airports to expand their route network and offer destinations required by Canada's communities. Finally, it will also be shown that they believe they unfairly extracts money from a sector with low profit margins to fund non-related

government activities. They share the same core conception and representation of what the airport sector should be: a cost-efficient business able to grow and expand through the support of a market-oriented airport and air transport policy.

Such beliefs, which are at odds with the effects caused by current content of Canadian airport policy instruments, are not new. They have created numerous long-lasting conflicts and tensions between and among actors over more than two decades, with the shared perception that the effects of the government policy is catastrophic (such shared perception is clearly visible in most of the interviews conducted for this dissertation – excerpts will be presented in the following chapters as well as from the literature). The situation of these four Canadian airports is thus highly puzzling, as the airports of Toronto, Montreal, Vancouver and Calgary are facing several hindrances that prevent them from developing their full potentialities.

Indeed, the policies implemented by the government and the content of several policy instruments it uses not only impede the growth of the four hubs and the business opportunities they foster, but also threaten their position in global and regional civil aviation markets (Lazar 2011). Based on 50 interviews with the stakeholders of the Canadian air transport sector (policy-makers, regulators, airport operators, airlines and trade associations), all agree that the main policy orientations and the content of the policy instruments used to regulate the airport sector should help the four airports to develop their potential. Nonetheless, they have been in sharp disagreement with respect to the content of the instruments used to govern the airport sector. Disagreement, discontent and tensions have lasted for more than two decades and have all targeted Canada's airport policy and the content of the policy instruments it uses. Surprisingly, no major policy change has occurred and a policy that all non-government actors perceive as drastically impeding their development and threatening their sustainability is still in place.

Despite considerable discontent and tensions as well as attacks against Canada's airport policy, there remains inertia with respect to airport policies.

2.3. Three Cases of Conflicts and Tensions in the Sector

Three policy instruments are particularly illustrating this puzzle, because their content appears to contradict fundamentally the goal of favoring the development of Canada's four main airports, therefore creating the dissensions and tensions. Their content appears almost irrational to all non-government stakeholders, as they are perceived as directly contradicting the core objective of Canada's airport policy.

The first of these policy instruments is the rent policy. The rent policy is a taxation-type instrument by which the major airport operators must pay the federal government a lease-rent (not paid by airport operators in Europe or in the U.S) for occupying the land on which the airport infrastructure was built. According to figures released in 2010 by Transport Canada (Transport Canada 2010), the airport operators of Toronto, Montréal, Vancouver and Calgary pay more than 90% of the total rent collected by the federal government. These airport authorities and their users argue that this levy puts these airports in competitive disadvantage and the money levied by the government is strongly hindering the development of these airports and the growth of their networks. They argue that it is also at odds with the general market-oriented environment in which airports evolve. The rent payment is an artificial addition of the cost-base of the Canadian airports, which in turn makes them more expensive to use: it is a competitive disadvantage for these airports and it increases the cost of air transportation in Canada (mechanically decreasing

the economic benefits of aviation)[7]. Airports, airport users and air transport organizations have all advocated the termination of the rent policy, but the federal government has nevertheless consistently maintained the content of this instrument.

The second policy instrument whose content is at stake is the air services agreement (ASA), which is a soft law-type instrument by which the government allows and restricts Canadian airports to serve foreign air carriers. ASAs are bilateral agreements between two countries, in which they define how their respective carriers can access airports (de Mestral and Bashor 2005). Canada has experienced a unique situation with regard to the content of this instrument, which has not occurred in any other Western country: in 2010, the federal government refused Emirati air carriers to double their services to Toronto and to serve the airports of Vancouver and Calgary. Airports consider this refusal as governmental interference which prevents them to attract new air carriers, to expand their routes network and to grow their business. It is also perceived to be at odds with a market-oriented policy framework for air transport, according to which airports and airlines should be free to enter into business if it makes sense economically. It is also highly relevant to note that because it refused landing rights to Emirates and Etihad, Canada faced fierce retaliatory measures from the United Arab Emirates (U.A.E.). The Canadian Forces were ousted from the Emirati Camp Mirage military base that they had been using for nine years to supply the Afghanistan war and the U.A.E imposed a $1,000 visa fee on Canadian visitors (Jang 2011b).

The third policy instrument whose content is contentious is the security charge (again, a taxation-type instrument), consisting of a charge levied on all passengers using or transiting at

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[7] In total, it is more than $214 million that was extracted from the airports of Toronto, Montreal, Vancouver and Calgary for rent payments in 2010 (Transport Canada 2010). The Greater Toronto Airport Authority alone has paid $1.82-billion in rent to the federal government since 1996, while its book value at the time of its transfer in the mid-1990s was evaluated at $263-million (Jang 2011a).

Canadian airports, which is intended to fund the Canadian Air Transportation Security Agency (CATSA) created in the wake of the 9/11 attacks. In Europe, private companies provide airport security. There has not been any movement to bring the provision of airport security services under the control of the state. In the United States, a federal agency is responsible for airport security, but security fees are dramatically lower as compared to Canada. Similar to the rent policy instrument, the content of the security charge policy instrument appears to be at odds with the general market-oriented policy framework: this security fee increases the cost of using Canadian hub airports and decreases the competitiveness of Canada's airports, but it also raises the question of how airport security should be funded.

The content of these three instruments and the way they are used by the federal government is therefore particularly interesting. They seem not only to be at odds with the general market-oriented environment in which airports and air transport have evolved in the past two decades, but they also crystallize the considerable discontent and tensions in the airport policy sector that have taken place for two decades. The content of such instruments has not evolved in order to be in line with a market-oriented philosophy or ease the tensions between actors.

All of these instruments influence the charges billed by airport authorities to users, the funds available to develop and expand their activities and the access to infrastructure for domestic and foreign air carriers in need of scarce infrastructure resources. They dramatically affect the various situations of the four Canadian hub airports and their capacity to develop their infrastructure and to accommodate both their users and air travellers. The presence of multiple actors and government agencies in the policy community as well as the multiple and often-conflicting policy objectives and policy instruments have significantly hindered the outcome of the hubbing strategies at Toronto, Vancouver, Montreal and Calgary and the potential of these

airports to become truly aerotropolises. Other countries have hosted powerful regional and global hubs, securing competitiveness and growth, and have done so because of symbiotic relationships uniting the based airline, hub operator and public authorities. In Canada, there is on the one hand a public discourse of competitiveness in general as well as for civil aviation in particular. Nonetheless, this discourse is limited by the concrete, empirical use of airport policy instruments and the content of the airport policy they highlight.

C – Conclusion: Overview of this Dissertation

Chapter 1 surveys the literature in order to consider how key actors of a sector may share the same core conceptions of a policy sector and the same core representations of how it should be framed and shaped by policies, but would still be in conflict over the policies. It demonstrates that existing public policy approaches are not able to give a satisfactory theoretical account of such situations. After introducing the main analytical framework employed in this dissertation (the cognitive analysis of public policy), it demonstrates that such conflicts are caused by the fact that actors do not draw the same causal relations (the so-called "algorithms") between the core ideas about the sector and the outcome of the use of policy instruments on the same sector. Chapter 2 contextualizes the theoretical framework in a Canadian setting.

Chapter 3, 4, and 5 focus on the most contentious policy instruments of the Canadian airport policy. They each constitute a case empirically grounding the dissertation and demonstrating the validity of the theoretical proposition made in Chapter 1.

Chapter 3 studies the airport ground lease rents and the user charges at the largest Canadian airports. Taking into account the numerous conflicts over the rent the largest airport operators have to pay to the federal government, the chapter establishes that the "user-pay" model

for funding Canada's largest airports by which airlines are funding airport operation and development is a core element of the Canadian airport sector. What is at stake is the content of the related taxation-type instrument which is perceived as being in contradiction with the "user-pay" philosophy. While all actors, including government, share the same idea that airport operators have to transform their platforms into competitive regional and international aerotropolises, the significant amount of money diverted through the rent prevents them from achieving efficiently such objective.

Chapter 4 analyzes the access to the four largest airports that are granted to transborder and foreign air carriers by the federal government through the air service agreement instrument. There have been momentous dissensions between key actors of the airport sector over the issue of granting access to foreign air carriers to some or all of the four Canadian largest airports, and such dissensions have led to one of the most important commercial air transport-related dispute in recent history. The chapter demonstrates that what is at stake is not the access per se, because all stakeholders agree that the largest Canadian hub airports should be able to grow their network. It is rather the inconsistent and ever-changing content of the soft-law instrument used by the Government that is discordant with the stakeholders'' shared vision and has engendered momentous conflicts.

Chapter 5 focuses on the administration and the funding of the provision of security and screening services at Canada's largest airports. It demonstrates that all actors do agree on the following core elements: "security and screening oversight at Canada's largest airports is a core State function" and the "user-pay" model is the best for airport services funding, including security, and for ensuring the sustainability of the Canadian air transport sector. Nevertheless, there have been momentous conflicts between key stakeholders of the airport sector, and the chapter demonstrates that it is the content of the taxation-type instrument by which airport

security is funded that it is really at stake. Many actors of the airport sector perceive that it not only increases the costs of Canada's largest airports and undermines their ability to grow their business, but that it also contradicts the market-oriented philosophy that has shaped and framed the Canadian airport sector.

Finally, the conclusion reviews and compares the three cases by presenting a detailed analysis of theoretical propositions presented in Chapter 1. It also reflects on the applicability of the theoretical framework to other cases and suggests further avenues for research and investigations.

Chapter I: The Cognitive Analysis, Airports, and Canada

This dissertation seeks to understand long-lasting conflicts between key actors of a policy sector who otherwise do not challenge the core policies and orientations of their sector and share the same core representations. This is done through the lens of the Canadian airport policy. Existing public policy approaches are not able to satisfactorily give a theoretical account of situations similar to Canada's airport policy. Indeed, most existing theorizations of the policy process would expect that, in a situation similar to the Canadian airport policy, policy changes and reorientations would occur at some point. This has not occurred in the Canadian case. This chapter surveys the four most prominent public policy approaches: decision-making and rationality-focused approaches of public policy, agenda-focused approaches of public policy, institutions-focused approaches of public policies, and finally ideas-focused approaches of public policy. Of course, such a categorization of public policy theories into four families does not make justice to their subtleties and complexities, and it is often the case that a given theory would combine two or more of the above-mentioned focus. Nonetheless, such a grouping is necessary to highlight the common ground of public policy theories and identify why they do not give an accurate account of situations such as Canada's airport policy.

Part A of this chapter surveys the three first approaches (namely, the decision-making and rationality-focused approaches, the agenda-focused approaches, and the institutions-focused approaches). Part B analyses ideational approaches. The premises of this dissertation are that it is necessary to understand actors' ideas and their perceptions about their environment in order to understand why they act the way they do, how they react to policies that affect them, and how they try to adjust and change situations in which they find themselves in. Indeed, it is both beliefs

about the way the world works and perceptions of actors' actions that impact the reality (Braun and Busch 1999). The role of ideas in the policy process and their impact on actors' actions has been widely debated in the social sciences literature. Three broad approaches were developed: the paradigm approach, the advocacy coalition framework approach and the cognitive analysis approach. Part B of this chapter therefore details the so-called cognitive analysis of public policy and puts it in perspective with other frameworks that relate to the role of ideas in the policy process: the discussion about and comparisons of ideational approaches is conducted through numerous illustrations from the literature related to air transport and airport policy in Canada. It concludes that the cognitive analysis of public policy is best able to give an account of the policy process in general and of Canada's airport policy in particular. Finally, Part C details some weaknesses of the cognitive analysis and summarizes the theoretical contribution of this dissertation.

A – Approaches to Public Policy Studies and Limits in their Ability to explain Canada's Airport Policy

1. Decision-Making and Rationality-Focused Approaches of Public Policy

The question of who decides is at the core of policy studies. Who decides? What? Why and How? With whom? Such questions have been momentous because they allow to both focus on key decisional moments and to cover the various stages of the policy process, from issue definition to implementation and evaluation. Decisions are also the most visible part of the policy process because decision-makers often attempt to project an image of power, resources and arbitration capacity (Gaïti 2008). Decision-making studies are often grounded in methodological individualism, whereby the explanation of any social phenomenon lies on individual actions that

can always be explained and objectivized (Olson 1978). From that standpoint, several types of analyses of decision-making and rationality-focused models have emerged.

A first stream analyzes decision-making in terms of public policy sequences. Laswell originally demonstrated that decision-making should be understood within a broader policy process made of several stages: the decision is only one of the stages and is therefore less momentous than it seems (Lasswell 1956). The stages of the policy process were later formalized (from the emergence of the issue to the problem definition, the decision, the implementation, etc.) (C. O. Jones 1970). Nonetheless, such an approach in terms of stages is of limited relevance to give an accurate account of the Canadian airport policy. Indeed, formalizing the policy process in terms of stages and studying the key decisional moments assume that policies have a beginning and an end and are terminated at some point. In the Canadian case, the first stages of the Canadian policy process are easily identified: the next chapters will demonstrate the emergence of several momentous issues (with respect to airport rent, air carrier access to airports, and security) and their association with a policy problem (Canada's airport policy). There has been no subsequent policy decision that would address such issues, even though all key actors have been requesting a decision to be taken. Conversely, unsolved issues have divided key actors and led to momentous conflicts between and within sectoral and government actors. Nonetheless, all actors agree that the policy should be changed and in line with the market-oriented reality of the air transport world. A stages approach to the Canadian situation does not allow to explain theoretically what is going on (it would result in a circle between two stages: the issue definition and association to a policy problem to the absence of decision, resulting in the issue not being solved and being associated to a policy problem with no decision, etc.).

Another research stream focused on decisions has proposed to look at policies as the aggregation of individual rational decisions that can be explained by referring to actor's

preferences in a context where they are time- and information-constrained (Weber 1971). The tenants of the rational choice school have argued that public policies result from individual choices and decisions that are calculated in terms of opportunities and cost-benefit analyses. Individuals seek to maximize their interests, and their preferences are stable and hierarchized: politicians seek to win elections, voters cast their ballots according to their policy preferences, bureaucrats want to maximize their budgets, and interest groups seek regulations that favor their constituents (Downs 1967; Niskanen 1971). Such a model has some explanatory power for the Canadian situation. The next chapters will indeed demonstrate that many actors have an interest in a policy change that will increase their utility. Simply put, airports and airlines actors believe that a policy change will maximize their interests (for instance increasing the competitiveness of airports, reducing airlines' operating costs, increasing the routes network of the airports, etc.). Politicians have also an interest in a policy change (as offering more air destinations to their voters and business communities will increase their satisfaction). Even bureaucrats have an interest in changing the policy: renouncing to the rent they extract from airport or to the restriction on foreign airlines will increase the economic contribution of air transport and subsequently increase taxes and government's income. The issue is that, in spite of the converging interests of several actors, such change is not happening. Such a model would be perfect to analyze a change in Canada's airport policy, but it fails to explain the maintenance of a policy that has created so many tensions, that virtually all actors want to change, and that is even not the second best-policy choice of the actors involved.

A third research stream focused on decision-making and rationality would rather emphasize that the decision-making is completely dissolved in the broader policy action. An illustration is the "organized anarchy" model of March and Olsen which argues that decisions are taken incoherently and unintentionally: problems, solutions, opportunities and actors are

independent from each other and it is their random interactions that result in policy decisions (Cohen, March, and Olsen 1972). This approach could explain the absence of any decision to change the Canadian airport policy because, in spite of the existence of problems in the policy there has not been any window of opportunity that has been opened in order to solve the issue (by any kind of solution that would present itself). Such an approach has nonetheless two main issues that limit its ability to explain the puzzle at stake. First, Canada's airport sector does not meet the criteria for an "organized anarchy". The cases will indeed demonstrate that the boundaries and decision-makers of the sector are clearly defined and that actors have very clear preferences. This dissertation demonstrates that with respect to Canada's airport policy there was a clear and coherent project to commercialize Canada's airports and to re-orient Canada's airport policy to align it with the market-orientations of the air transport sector. It is the idea of having a market-oriented airport policy that led to a change of policy, and the argument of this dissertation is that it is this idea of a market-oriented policy and its meaning in the real world of air transport that has created tensions and conflicts (cf. next chapter). Second, there have been several windows of opportunity that should have led to re-orient Canada's airport policy. For instance, between 1993 and 2013, there were 7 federal general elections[8], three different prime ministers[9], and 10 ministers of transport (5 Liberals[10], 5 Conservatives[11]), Even if elections are not necessarily windows of opportunity, they often create the possibility of changes and policy reorientations (List and Sturm 2006; Jeffrey 2000). In addition, the dissertation demonstrates that key stakeholders of the airport sector led several advocacy campaigns and provided several solutions to amend Canada's airport policy. Finally, it is surprising that in a contentious context there has

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[8] 1993, 1997, 2000, 2004, 2006, 2008, and 2011.
[9] Jean Chrétien, Paul Martin and Stephen Harper
[10] Doug Young, David Anderson, David Collenette, Tony Valeri and Jean Lapierre.
[11] Lawrence Cannon, John Baird, Chuck Strahl, Denis Lebel, and Lisa Raitt.

been no opportunity to address the issues at stake. In fact, there were so many opportunities to actually re-orient Canada's airport policy that it is puzzling that no change happened, and the organized anarchy model cannot give an account of such a situation.

2. Agenda-Focused Approaches of Public Policy

Another popular approach of public policy research has analyzed policy stability and policy changes by emphasizing the importance of agenda setting. Instead of analyzing decisions and decisional processes, the emphasis has been put on the construction of policy issues and the way they become visible. The first studies in that research stream highlighted that issues become visible because there are entrepreneurs that are defining what the problems are and are bringing them to the policy stage (Cobb and Elder 1972). The concept of "window of opportunity" explains how an issue can be on decision-makers agenda and lead to policy change (Kingdon 1984).

From that standpoint, a first research stream has focused on studying and giving an account of the emergence of public issues. Downs established a five-step process in which public interest is suddenly piqued by an existing problem, and then gradually declines when the costs of addressing the issue is considered and other issues emerge and attract interest. In this approach, effective change can happen provided that public attention remains sufficiently focused on the issue at stake and will therefore generate enough political pressure (Downs 1972). This landmark study has been refined and amended in order give an account of complex situations. For instance, a connection was established between the salience of an issue and how much legislative attention it gets: policies are more likely to evolve when there is an increase in salience and issues are being redefined as change is occurring, notably through the medias (Soroka 2006). Such models would explain the lack of change in the Canadian airport policy by its lack of salience: it fails to

attract public attention, it fails to get legislative attention, and therefore it does not change. These answers are nonetheless unsatisfactorily. Indeed, it is true that Canadian citizens may not be preoccupied with the issues associated with Canada's airport policy, but these issues have nonetheless been regularly in the news over the past two decades. For instance, the chapter on airport access to foreign air carriers shows that medias have largely covered the issue at stake. Parliamentarians, as shown in the chapter on airport security, have also discussed these issues in depth. Furthermore, the issues at stake are extremely salient for the stakeholders of the Canadian airport sector, and they have made sure that their concerns are regularly heard. Finally, the following chapters also demonstrate that the issues at stake have attracted significant legislative attention over the past decade. Nonetheless and contrary to the expectation of the above-mentioned theoretical family, no change has occurred.

Instead of focusing on issue emergence, a second research stream has rather focused on the redefinition of existing issues in order to assess related policy change and policy stability. The punctuated equilibrium theory supports the idea that there is an alternation between long periods of policy stability and period of more or less radical changes. Punctuated equilibriums are determined by the dynamics of issue (re)definition and institutional venues and tenants of this theory consider crucial to take into consideration the competition between policy subsectors to explain how issues can attract attention (Baumgartner and Jones 1991). The punctuated equilibrium seems interesting in giving an account of the stability of Canada's airport policy over the past two decades: it would assume that there has been no change because air transport stakeholders have failed to put their issues forward, while other groups would have been more successful in redefining their issues and having them addressed by the appropriate forum. Unfortunately, such theorization of public action does not resist an empirical verification with the Canadian airport policy for several reasons. First, the punctuated equilibrium model is grounded

in a pluralist approach – that suits very well the United States system and its multiple and competing venues – that is not appropriate with the cases at stake. The Canadian federal government has the exclusive jurisdiction over air transport, and the fusion – rather than separation – of powers within the cabinet and the prime minister office, severely limits the number of available venues and empirical testing of the model in a Canadian setting was subsequently unsuccessful (Savoie 1999; Savoie 2004; Howlett 1997). Second, the punctuated equilibrium model assumes a competition between policy subsystems in order to access the higher agendas. This dissertation will conversely demonstrate that in the case of Canada's airport policy there has rather been collaboration between various policy subsystems (from airports and airlines to tourism, hotels, provincial governments, local communities, etc.) which have allied to put forward the issue of airport policy.

Finally, a moderate constructivist stream of research has produced interesting agenda-focused developments. For instance, a phenomenological or interpretive stance has led analysts to examine how social actors construct their own social reality through the use of language and focused on the sociological aspects of problem definition and agenda setting (Fischer 2003). Such a moderate constructivist stream appears to be relevant and appropriate to give a partial account of the Canadian situation, but it cannot give a full theoretical understanding of the issue at stake. Indeed, the dissertation will show that what has gathered actors of the Canadian airport sector in requesting a policy change is a common ideational representation of what their sector should be. Nonetheless, the focus will be on actors' representations in relation to their values (rather than on agenda considerations) in order to understand and explain the numerous tensions and conflicts that have remained unresolved.

3. Institutions-Focused Approaches of Public Policy

Another set of approaches that needs to be looked at before discussing how a moderate constructivist stream can be used to give a relevant and appropriate account of the Canadian situation is institutions-focused approaches. Institutionalist reasoning is supported by the belief that the structure of political institutions exerts an influence on governmental actions and the way these actions are led (Steinmo 2006, 292). Three dominant approaches have emerged in the new institutionalist field: the historical, rational choice and sociological institutionalism. To summarize, the rational choice institutionalism postulates that actors have preferences and behave instrumentally through strategic calculation. Institutions are thus voluntarily created to facilitate and structure interactions (Shepsle 1989; Hall and Taylor 1997, 476–481; Ostrom 2007). Conversely, sociological institutionalism argues that there is no pure and strict rationality regarding the existence and the shape of institutions: institutions themselves are defined in terms of "frames" that have a cognitive influence on actors (and reciprocally) and are culturally valued within a society (DiMaggio and Powell 1983; Hall and Taylor 1997, 481–486). Finally, historical institutionalism puts forward the concept of path dependence. Political situations are thus determined because of institutional arrangements that can lead to a path dependence phenomenon, but also because of other factors such as ideas. Institutions affect individual behaviour in two ways: first, individuals adopt calculus behaviour and use institutions for estimating degrees of certainty and obtaining information. Second, individuals consider that institutions provide moral and cognitive frames in which there are familiar patterns of behaviour (Steinmo, Thelen, and Longstreth 1992; Hall and Taylor 1997, 470–476; Saint-Martin 1998).

All three new institutionalisms would examine the Canadian situation by focusing on the structuration of its institutions and stressing its stability: changing Canada's airport policy would

lead to undesirable uncertainties and would be difficult to implement given the existing configuration of policies and power relations. Nonetheless, such an approach cannot be considered for at least two reasons. The first one is that most actors of the Canadian airport sector want changes and had clear opportunities to put forward such changes. While the most common observation from institutionalism is that change is infrequent and difficult because both actors and institutions are reluctant to initiate changes, the dissertation will demonstrate that airports-related institutions have changed in the past and that key actors have been pushing to continue changing them. Actors have clear ideas about what the airport sector should look like and they have related policy preferences with opportunities to implement them. Rational choice and sociological institutionalism cannot offer a clear explanation of the origin of these preferences, their emergence and their questioning. The focus on structural or institutional variables to explain these preferences is simply not enough, and it will be the argument of this dissertation that policy preferences of the actors can be traced in how they perceive their sector in relation to other sectors (Smyrl 2005). Historical institutionalism offers very interesting insights on that end, which will be discussed in the next section under ideas-focused approaches. Another reason for which institutionalism may be of limited value is that while Canada's airport policy has generated many long-lasting conflicts and tensions without being addressed, the situation has been much different in most comparable countries such as the United Kingdom, New Zealand or Australia (Corbett 1965). Airport policy has tremendously changed in these Westminster democracies with similar institutions: the policy situation has been regularly re-assessed through the re-setting of the airport economic regulation frameworks (Villard and de la Camara 2012) and it is surprising that no change has happened in a similar institutional setting in Canada. Looking at institutions to explain stability in the Canadian case may hide the fact that comparable situations have led to

drastic changes elsewhere, and therefore it is necessary to look at elements beyond the institutional setting to have an understanding of the Canadian case.

B – Analyzing the Cases: Contributions and Limits of Ideas-Focused Public Policy Analysis Theories

Decision-making and rationality-focused approaches of public policy, agenda-focused approaches of public policy and institutions-focused approaches of public policies have made tremendous contributions to the literature and have drastically expanded the knowledge about the policy process in Canada and elsewhere. Unfortunately, they have some weaknesses that prevent them to make the most of the Canadian airport situation. Simply put, they cannot resolve the Canadian airport policy's puzzle and give an account of long-lasting conflicts between key actors of a policy sector who otherwise do not challenge the core policies and orientations of their sector and share the same core representations. In each of these approaches, it has nonetheless appeared that theorizations emphasizing the role of ideas would offer the most accurate insights, confirming the premises of this dissertation: it is necessary to understand actors' ideas and their perceptions about their environment in order to understand why they act the way they do, how they react to policies that affect them, and how they try to adjust and change situations they find themselves in.

Ideas-focused approaches can be divided into three families: the paradigm approach, the advocacy coalition approach and the cognitive analysis of public policy approach[12]. This division comes from the fact that these three families define the role and the power of ideas in the policy

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[12] Stephane Nahrat provides an accurate and relevant comparison of the three main branches of the ideas-focused approaches in policy research (Nahrath 1999).

process differently. They also refer to different core concepts and they do not identify the same drivers to policy stability and policy change. Table 1 summarizes the core elements of each of the three approaches. These elements are further discussed and elaborated below, with the objective of differentiating these approaches and demonstrating the utility of the cognitive analysis approach to address the puzzling Canadian airport case.

Table 1. Analytical Summary of the Ideas-focused Approaches.

Approach	Paradigm	Advocacy coalition	Referential
Core concepts	Scientific theories, set of ideas, paradigms	Ideology, belief systems	Values, norms, social perceptions, algorithms
Role of ideas	One set of variables among other, ideas are distinct from actors' interests and do not intervene in their definition	Beliefs contribute to determine the field of actors' perceptions and actions	Ideas non-dissociable from the collective identity of actors and from collective and individual interests: ideas essential to maintain cohesion
Policy process	Ideas exercise a real direct and specific power on actors	Actors sharing the same set of beliefs compete to influence the decision-making process and impose their policy goals	Ideas (or referential) contribute to the coherence-building within and between policy sectors
Policy change	Accumulation scientific and political factors under the form of enduring anomalies	Major change in the policy core aspects of a policy subsystem (and minor policy change as a change in the secondary aspects of a policy subsystem)	Dissonance between the norms, values and algorithms of a policy sector with the global referential

1. Ideas-Focused Approaches: Hall and Sabatier

1.1. The Paradigm Approach

The first ideas-focused approach is the paradigm approach. It is grounded in Thomas Kuhn's analysis of scientific revolutions which were understood as a period of change in the social construction of the scientific reality (Kuhn 1972). It is most notably with Peter Hall's works that this perspective has been used in the field of policy analysis (Hall 1989; Hall 1993). Hall's point of departure is that the policy process is determined by the institutional setting, which shapes the configuration of interests and ideas. It thus distinguishes between three distinct sets of variables: the ideas, the interests, and the institutions. In this perspective, actors' ideas are distinct from actors' interests and do not intervene in their definition (Nahrath 1999, 48). Hall's main contribution consists in demonstrating that ideas, which take the form of scientific and policy paradigms, exercise a direct power of persuasion on actors and can lead to policy changes. Such changes depend on the degree of legitimacy actors recognize to the action of the state. The author then categorizes three orders of policy change. A first-order change is very small: technical learning by civil servants and specialists leads to a marginal change in the instrument settings of policy. A second-order change is slightly more important, but is still incremental: societal learning can lead to changing the strategies of a specific policy that are pursued to attain objectives that remain more or less unchanged. A third-order change is a general paradigm shift resulting from a crisis or an anomaly (for instance the incapacity of Keynesian economic policy to solve the economic crisis in the United Kingdom in the 1970s, which resulted in replacing this policy by neo-liberal economic policies) (Hall 1989; Hall 1993).

Such an approach is focused on analyzing either periods of radical changes, where there is an accumulation of anomalies and in the expected results of a policy as well as new scientific and

political factors that participate in the formulation of a competing paradigm, or to analyze minor policy changes resulting from the first or second order of change. Ultimately, the specific power of ideas lies in the their capacity to persuade (Nahrath 1999, 49). While this approach has found significant success in the field of policy analysis, it would not be effective in explaining the dynamics behind Canada's airport policy. For instance, the content of the instruments used to regulate the sector is controversial. The rents paid by airport operators (taxation-type instrument) are accused of impeding the development and the competitiveness of Canada's airports and air carriers. The granting of traffic rights (soft law-type instrument) is accused of being partial and impeding the development of their airports of Vancouver and Calgary and their communities. The cost and administration of airport security and screening services and its funding through charges (again, taxation-type instrument) is accused of undermining the sustainability of Canadian air transport. In a paradigmatic approach, a first-order or a second order change would be anticipated. But such change of instrument settings has not occurred.

Furthermore, Hall assimilates ideas to economic theories, and these ideas are formulated and put forward by "intellectuals" (for instance academics or journalists) who create an external market of ideas: ideas are only a set of variable among others and are clearly distinct from actors' interests (Hall 1992). Hall does not therefore attribute a lot of importance to beliefs and values in explaining the logic of actors' actions" (Braun and Busch 1999, 48). Such a stance is neglecting the role of sectoral actors' beliefs and values whose origin can be traced within the sector. It is indeed imperious to take into consideration the ideas that are from within the sectors and analyze how they contribute to paradigmatic ideas in order to offer a comprehensive analysis. Such a stance is also neglecting the fact that ideas can be an intrinsic component of the collective (sectoral) identities of key actors that shapes and frames the definition of individual and sectoral interests. In the issues at stake, sectoral actors have – and share – their own ideas of what their

sector should be that come from their own understanding of their sector in relation to other sectors and a more global 'paradigm'. In addition, the change in paradigm (from statism to market-based solutions) has not led to a complete change of policies in this direction.

1.2. The Advocacy Coalition Approach

The advocacy coalition framework (ACF) approach is based in Simon's bounded rationality theory, which argues that actors' decisions are based on heuristics rather than rational behavior because they have limited resources and information (Simon 1997). While the paradigm approach reduces ideas to economic policies, the ACF conceptualizes ideas in terms of belief systems. Belief systems are the primary heuristic on which individuals rely for political decision-making. The central elements of these belief systems are the deep core beliefs of actors, which are fundamental to them and often inherited from their early socialization. Such deep core beliefs are difficult to change. Other elements are the policy core beliefs, which are resistant to change but more malleable than deep core beliefs. They are usually limited in scope, and they are the basis of advocacy coalitions, which gather actors who share the same policy core beliefs. Finally, the secondary beliefs are much narrower in scope and the most likely to change overtime because of social learning, new experiences and new information (Sabatier and Jenkins-Smith 1999).

The ACF conceptualizes the policy process in terms of policy subsystems, composed by actors being concerned by the same policy problem. Actors sharing the same policy core beliefs are grouped in advocacy coalitions which compete for the capacity to influence the policymaking process and impose their policy goals. It is thus capable of explaining complicated issues involving conflicts over policy objectives and between actors from different levels of governments (Sabatier 2006).

In line with theoretical expectations developed by the ACF, the case studies demonstrate that all key actors of the Canadian airport and air transport sector share the same core beliefs, including government actors. However, contrary to the expectations of the ACF model, key actors have been unable to influence the airport policy-making process. Under the ACF, the Canadian airport sector represents the policy subsystem and its actors (airports and airlines senior managers as well as representative organizations) compose the advocacy coalition. Furthermore, in line with the ACF, there is a favorable environment to facilitate policy change (as demonstrated later there have been a number of lawmakers favorable to the orientations and that conjectural events such as changes in governments or the 9/11 attacks could have opened a window to advance the cause at stake). Despite the presence of these potent variables that should have led, over a decade, to a change in Canada's airport policy, nothing has happened. A potential reason behind this disconnect between expectations and outcomes may originate from the fact that the ACF is rooted in the American pluralism and the organization of interests in the United States. This leads to the same weakness that is found in other American approaches that share the same pluralist stance (e.g. the punctuated equilibrium theory). Such pluralism is less evident in Canada, where centralized and majoritarian structures of power within the national government frustrate the territorial pluralism (Smiley 1987, 59–60): while federalism in Canada was supposed to accommodate the plurality of regional interests in Canada, the majoritarian dispositions of the Westminster model of parliamentary government has had an opposed effect.

2. The Cognitive Analysis of Public Policy: Theory and Concepts

This section first describes the theory and core concepts associated with the cognitive analysis of public policy. It then gives concrete illustration of the cognitive analysis drawn from the literature employing this analytical framework.

2.1. The Cognitive Analysis of Public Policy: Theory and Core Concepts.

The third ideas-focused approach is the cognitive analysis of public policy. It is grounded on Nizard's neo-Marxist works on the establishment of norms that ensure the coherence of the different sectors in increasing fragmented societies and public policies (Nizard 1975). In such perspective, ideas are non-dissociable from the definition of actor's individual and collective interests. Bruno Jobert and Pierre Muller developed the cognitive analysis of public policy approach, in *L'État en action* (Jobert and Muller 1987). They define cognition as being the process through which ideas frame actors' individual and collective perception of the world. Ideas are essential to maintain cohesion within and among the sectors of a polity. Public policies are then used both to interpret reality and to define normative actions congruent with this interpretation of the reality, thereby ensuring cohesion between different sectors and different fragments of a society. Public policies are thus the concrete way actors make sense of the world they live in, because they allow actors to draw causal interpretations ("if the reality is this way, it is because of such and such") and normative interpretations ("to change such aspect of the reality, it is necessary to do so and so"). (Muller 2000, 194–195; Knoepfel et al. 2011, 290–291; Gouin and Harguindéguy 2012).

The notion of "referential" is at the core of the cognitive analysis. A referential is both a cognitive process that limits the complexity of reality and a normative process that permits one to act on this reality. For instance, a "market referential" would allow actors to interpret the world based on its congruence with market mechanisms and philosophy (e.g. user-pay for public services, liberalization of commerce) and to formulate actions that will ensure such congruence (e.g. such industry has not been liberalized, it should be done in order to improve its efficiency).

In this perspective, actors formulate and apply sectoral frameworks (sectoral referential) to specific sectors that are congruent with the global referential, and thus congruent with actors' interpretation and perception of the reality. It is of paramount importance to note that the notion of referential should not be confused with the concept of frame as developed by the frame theory. The latter has been developed with the objective of evaluating the production of new representations within new frames: "frame theory is rooted in linguistic studies of interaction and points to the way that shared assumptions and meaning shape the interpretations of a particular event" (Oliver and Johnston 2000, 37). If the cognitive analysis also studies shared assumptions and representations that are used to make sense of the sectoral and the global realities, it also provides tools for analyzing the meaning of the referentials themselves and the ideas that support them. Conversely, the frame theory does not focus on the stage of frame emergence per se and does not give an account of ideas beyond linguistic studies (Entman 1993).

In a cognitive analysis of public policy perspective, a referential is a cognitive image created by actors through which they perceive problems as well as solutions. It is a "structure of sense" which articulates four analytical levels of perception (Nahrath 1999, 43–44; Muller 2007, 62–63):

- The values are the most general and fundamental aspects that structure public action, and it is through values that actors define what is desirable or not for their sector or a society as a whole. For instance, a value of the market referential would be the notion of free enterprise, and thus if a firm finds itself into bankruptcy, actors would not even think about the possibility of transforming it into a Crown corporation to rescue it.

- The norms represent the difference between how actors perceive the reality and what they think the reality should be: norms are thus explicitly acknowledged principles of actions that are compatible with the dominant values.

- The algorithms are the elements that constitute a causal relation between a perceived problem and a solution to fix it congruently with the norms and values of a referential. For instance, algorithms in a market referential would be: "for an enterprise to avoid bankruptcy, it must be able to compete freely, and therefore barriers to trade should be reduced". Another algorithm would be: "for an enterprise to avoid bankruptcy, it must control its costs, and therefore wages should be adjusted according to the broader economic context"

- The images are the cognitive shortcuts that carry meanings and ideas, as well as values, norms and algorithms of a referential: they are a concentrated definition of a situation. For instance, images of a market referential would be dynamic enterprises, economic prosperity, etc.

In practice, a symbolic dimension colors the values, norms, algorithms and above all the images, a dimension that can be decoded and interpreted to give coherence to, and legitimize, policy approaches. Policy stability occurs when the four elements are in line with each other and with the referential. Actors feel that the policy is legitimate and appropriate because it is in line with individual and collective expectations. If an element becomes contentious, or dissonant with the others, then it is more difficult for actors to have a sense of what the policy should be, resulting in policy instability. Indeed, actors may not have the same understanding of dissonant elements. Actors will solve this cognitive dissonance by reframing the policy and its four levels in order to make the whole referential coherent and consonant again. A referential operates at two levels (global and sectoral) and they each require their own analysis. The global referential is a

general representation around which all sectoral representations will be defined and aligned with. The global referential is constituted by the fundamental values, norms, algorithms and images of a society. For instance, the current global referential can be defined in terms of liberalism, free markets and globalization. On the other hand, a sectoral referential applies only to a sector, a subsystem, a specific area, etc. The sectoral referential defines the sector, its boundaries, its internal coherence as well as its coherence with the global referential. It is when the sectoral referential and its specific norms, values, algorithms and images are consistent with norms, values, algorithms and images of the global referential that sectoral policy stability is achieved (Muller and Surel 1998; Nahrath 2010; Gouin and Harguindéguy 2012).

Theorists of the cognitive analysis identified a limited succession of stable global referentials since the beginning of the 20th century (Muller 1984; Faure, Pollet, and Warin 1995; Paulhiac and Kaufmann 2006; Daune-Richard 1999; Marques and Moal 2014). First, a referential of equilibrium characterized the first part of the 20th century, during which sectoral policies aimed at maintaining the social world (with the protection of domestic markets for example). Then, from the 1940s to the late 1970s/early 1980s, it is argued that a global referential of modernization structured the understanding of the role of the state in the social world: this global referential was grounded in the idea of modernizing the industrial productive apparatus to strengthen the economy in a Keynesian perspective[13]. Sectoral policies were elaborated and implemented in order to conform to the general ideas carried by this global referential, where the

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[13] While Hall would explain the emergence of a Keynesian referential by the level of economic, administrative and political viability of Keynesian economic policy, Muller and the cognitivists would rather emphasize Keynesianism as a social construction of the understanding of the social world by key actors, which would inevitably lead to the adoption of Keynesian economic policy for all sectors of the society.

market forces were conceived as being a constraint among other more significant coercive forces, such as technological or industrial constraints.

The third global referential emerged in the early 1980s, with a new system of norms and values that were an increasingly apparent rupture with the referential of modernization. The new system of norms and values was centered on the norm of market and is congruent with what authors of the cognitive analysis of public policy would call the 'neo-liberal turn' (Jobert 1994; A. Smith 1999; Surel 2000a; Braun and Busch 1999). The change of referential did not occur in one night, but it is apparent that this period signals the emergence of a new global referential: the market referential. This led to a progressive change in the perception of the legitimate modes of public action: recognition of the role of the private sector and diminution of administrative and tax burden imposed on it; diminution of the scope of industrial policies; introduction of private-sector logics and practices into the public service; reduction of weight of the state and of its place in the economy (privatization of public enterprises, modernization of the public service, etc.) (Muller 1992, 282–284).

The articulation between the global referential and sectoral referentials (what Muller calls the "global/sectoral report") sheds light on a significant difference with the paradigm approach. Changes and adjustments in the paradigm perspective are caused by social learning and experimental investigations. Hall defines learning as a deliberate attempt to adjust the goals or techniques of policy in response to past experiences and new information. Learning is indicated when policy changes as the result of such a process (Hall 1993, 278). There is thus a dialectical relation between the ideas and the institutions and interests that can be distinguished. Changes in the cognitive analysis perspective are conceptualized in a radically different way: policy changes 'must' happen when there is a dissonance between the sectoral and the global referentials. This dissonance is understood as an overall discrepancy between the global and the sectoral

referentials that makes actors unable to make sense of the reality. The dissonance appears intolerable to actors because "the referential that structures the meaning of the policy and the behavior of the actors involved no longer allow them to understand their connection to the world and to act on it: reality becomes deprived of meaning" (Draelants and Maroy 2007, 15).

The focus of the cognitive analysis of public policy is less on the emergence of a global referential, which is not currently contested, but rather on the impact of the global referential on sectoral policies and sectoral referential and on social interactions as a key variable in explaining the diffusion of a given ideological vision of society into the policy community. This impact is analyzed with the notion of "global/sectoral report". In each policy sector, the mediators are those actors who elaborate the sectoral referential of a policy through a double-movement: (1) mediators decode and translate the role of their sector in the global referential to make it understandable for all actors of the sector; and (2) mediators also produce norms by recoding the "global/sectoral report" through the organization into a hierarchy of its norms, and through the definitions of policy intervention to adapt the features of the sector to the norms of the global referential[14]. Mediators can therefore represent a broad range of actors, from elected officials to public servants, academics, experts, industry leaders, etc.[15] This can be visually represented by figure 2 below with an illustration from Canada's air transport sector (a generic

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[14] In Muller's words: "Le rôle des médiateurs consiste donc en deux opérations combinées qu'il est possible de dissocier par l'analyse, mais pas dans la réalité : les médiateurs décodent le monde, le rendent intelligible, lui donnent du sens ; puis ils le « recodent », ils définissent des objectifs et des actions destinés à accélérer cette transformation du monde qui est présentées comme inéluctable. (…) L'exemple des politiques de dérégulation est tout à fait parlant à cet égard. Dire aujourd'hui « Air Inter doit s'adapter à la concurrence parce que le monde a changé et que l'arrivée de nouveaux concurrents est inéluctable » cela revient à la fois à produire un effet de connaissance (on met en évidence une relation causale d'autant plus forte qu'elle est « évidente ») et à définir une norme stratégique de comportement." (Faure, Pollet, and Warin 1995, 164).
[15] The next chapter will identify three sets of mediators in the Canadian airport referential, either elected officials or academics and experts).

and exhaustive illustration is also provided in Annex D). Chapter 3 presents a detailed accounts

of the Canadian sectoral referential for air transport.

Figure 2. The cognitive analysis of public policy
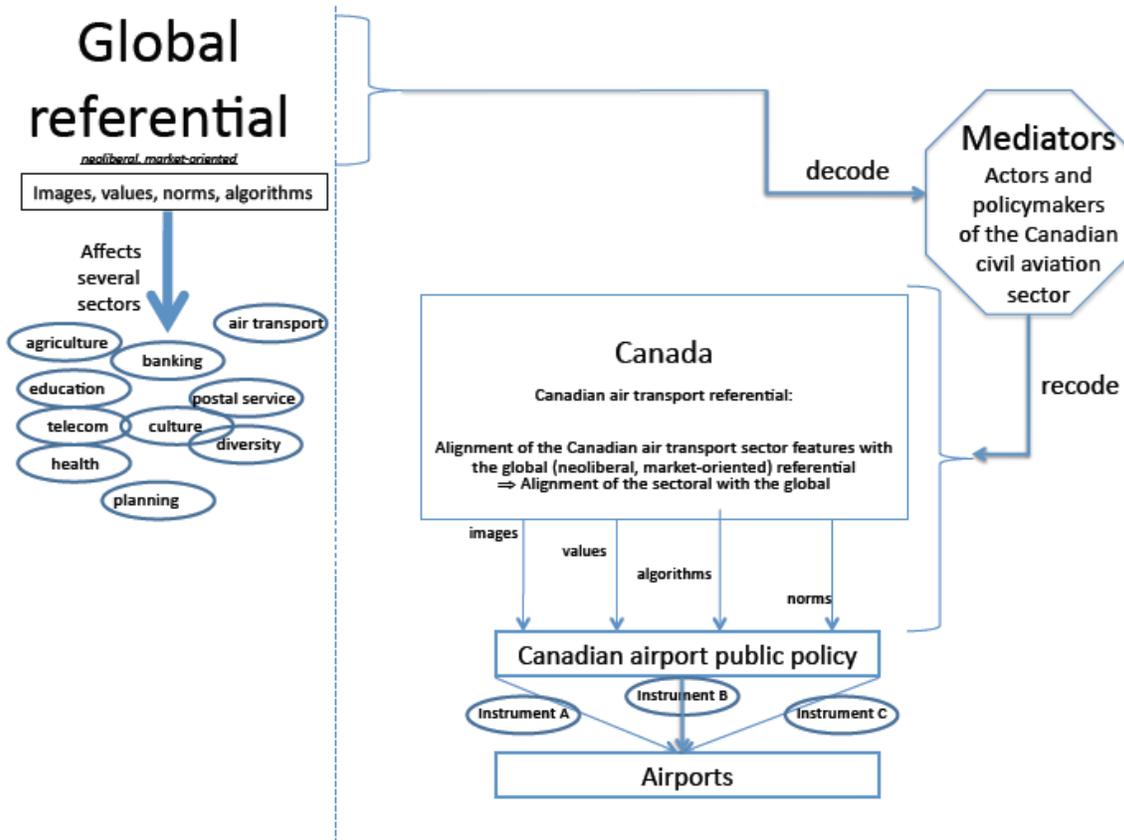
Source: Rapport global-sectoriel selon l'approche des référentiels de politiques publiques (Nahrath 2010, 17)

It should finally be noted that the cognitive analysis of public policy analyzes the

"interpretation" of the values, norms, algorithms and images by actors, but it should not be

assimilated to the interpretive approaches to policy analysis[16]. Interpretive approaches focus on

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[16] Translation issues between French (the language in which the cognitive analysis of public policy was developed) and English (the dominant language for publishing policy research) also probably explain part

meaning-making processes (rather than on the policy-making processes) in a phenomenological perspective: much attention is dedicated to language and to non-verbal communication. Interpretive policy analysis methods are both participant-observer ethnographic methods and textual/language focused methods (Yanow 2000; Yanow 2007). If one of the objectives of interpretive approaches is the comprehension of verbal and non-verbal expressions of beliefs and intents and the identification of the meaning at stakes, the cognitive analysis rather focuses on the comprehension of policy change processes in relation to the organization of the sectors they regulate. While the former analyzes micro and macro discourses, the latter rather focuses on the meso level. In terms of methodological implications, interpretive approaches are oriented towards interviews, observations and ethnographies, often with a perspective of analyzing public policy to facilitate deliberative practices, while the cognitive analysis of public policy is rather based on semi-directive interviews in a record-keeping perspective (Rumpala 2008, 35).

2.2. The Cognitive Analysis of Public Policy: Illustrations

Bourque and Leruste provides a good illustration of the dynamics of the cognitive analysis of public policies and global/sectoral report though the case of health policy in Quebec (Bourque and Leruste 2010). After associating the health public regime to the referential of modernization, they demonstrate that the recent evolutions in the Quebec health regime results from the works of mediators who have been able to formulate policy recommendations aimed at adapting the Quebec health regime to a global, market-oriented referential. The system appeared to be dysfunctional, and the formulation of market-oriented logics and dynamics for the health sector

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of the possible confusion between the interpretation of norms and algorithms and the interpretive approaches.

has aimed at adjusting to a new global market reality. Bourque and Leruste highlight how some groups (CIRANO research group, Arpin-Rochon report, Castonguay working group) have been able to make sense of the market-oriented global referential, its norms, its values, its images, in order to prescribe a new health policy whose norms, values and images are congruent with the global referential. They proposed to policy-makers new solutions that are both congruent with a new market-oriented logic and seen as able to solve all the issues of the public health policy. With respect to the analytical values of the sectoral health referential, they identify as a value "collective and individual risks", as a norm "efficiency" and "responsibility" and as algorithms the following elements that will make the system more efficient and more affordable: "reorganization the management and delivery of health care", "private insurance".

Another illustration is provided in Bernatchez's study on the academic research sector (Bernatchez 2010). Bernatchez gives an account of the emergence and strengthening of a new sectoral referential for academic research in Quebec and in Canada, which is labelled as "commercial valorization of university research". He analyzes a parallel formulation of the parameters at the Quebec and federal level at the same time by different groups of mediators during the 1990s, which all defined similar values (economic prosperity), norms (the U.S. model of research funding and private partnerships) and algorithms (which relate to innovation and the university-government-enterprise "triple helix"). The "commercial valorization of university research" sectoral referential is clearly articulated and in line with a global, market-oriented referential, while the vast majority of the sectoral referential stakeholders adhere to its sectoral norms, values, and algorithms.

C. Explaining Conflicts between Actors who Share the same Representations, or the Contribution to Knowledge of this Dissertation

This dissertation seeks to understand the dynamics of long-lasting conflicts between key policy actors of a sector who share the same understanding of the core elements of the global referential and share the same core representations about their sector. Giving an account of such situations has been a challenge for ideas-focused approaches of public policy.

1. Persistent Conflicts within an Unchallenged Referential: A Challenge

The cognitive analysis of public policy gives a partial explanation for the persistence of conflicts within unchallenged referentials. Indeed, Muller argues that different interests referring to incommensurable logics of action can be in confrontation in the public space (e.g. protect the provision of service in remote communities vs. opening the provision of public services to competition), leading to a situation of "hyperchoice". This notion of "hyperchoice" means that the different options in confrontation do not belong to the same structure of sense. It is the global referential that is the structure of sense in which "hyperchoices" are overcome and through which shared values, norms, and algorithms are framed, thus producing a collective cognitive and normative frame of action (Muller 2005, 162). This constitutes a fundamentally different conception of conflicts as compared with Hall's paradigm approach. The paradigm approach allows for conflicts between the supporters of competing paradigms in the case of policy failures that precipitate a shift in the locus of authority over policy (Hall 1993), which means that momentous conflicts would arise after first and second order changes. In a cognitive analysis of public policy perspective, the escalation would be reversed and be caused by a dissonance with the global referential. The fact that it is the global referential that is the structure of sense in which "hyperchoices" are overcome means that long-lasting conflicts among key stakeholders of

a policy sector should not occur or persist if there is an adjustment between the sectoral referential and the global referential. Disagreements, tensions, and conflicts among the elites of the policymakers and practitioners are to be solved by a change of referential at the sectoral level, with a new referential able to reconcile contradictory imperatives (Jobert 1992, 223–224).

Neither the cognitive analysis of public policy nor other ideas-focused approaches have been able to explain the persistence of conflicts among key actors of a sector in the absence of policy changes. For instance, Muller argues that if it is possible that key actors argue about the values of a sectoral referential, the conflicts would be quickly resolved by a common reinterpretation of the sectoral referential (Muller 2007, 64–65). In the same way, Surel argues that sectoral referentials have an identity dimension. Actors identify themselves through the referential and share the same representations because they have the same understanding of the parameters of the referential (on which their social positions and collective identity are grounded), and therefore intense conflicts between actors would necessarily have to lead to redefining the sectoral referential (Surel 2000b). For instance, empirical illustrations of this phenomenon can be found in Charlier and Sall's study of Senegal, where the religion sector was reformulated in order to integrate nationalist claims along with a more liberal vision of the links between religion and society (Charlier and Sall 2008).

Nonetheless, this conception of sectoral referentials as structuring identities as well as solutions to problems, meaning that long-lasting conflicts would be either avoided or as a last option solved through a change of referential, was criticized in the literature. For instance by Chevalier, who identifies this as a weakness of the model, but does not propose to amend the theoretical model in order to overcome this weakness (Chevalier 2008).

The empirical field of this dissertation is constituted by a double puzzle which highlights the weakness of the cognitive analysis of public policy: first, the presence of conflicts despite

agreements on global and sectoral referentials; and second, the absence of major reforms despite the presence of conflicts. The Canadian airport sector illustrates this double-puzzle, as long-lasting conflicts among key actors of the policy sector have occurred without leading to any important policy changes or reorientations. These tensions have mainly arisen around the issues of airport costs and rents, access to infrastructure, and the cost and administration of airport security, creating long-lasting conflicts over a limited number of very specific elements of the sectoral policy. The conflict is thus not about the global referential nor the sectoral referential, but about some aspects of sectoral policies that are shaped by how actors make sense of these referentials. There is not a single "site of conflict" that can be identified, but rather several elements that crystallize tensions and conflicts among and within actors (industry actors vs. government, and within industry actors airports vs. airlines, and within airlines flag carrier vs. foreign airlines, etc.). The cognitive analysis of public policy as it stands cannot make sense of such highly complex and long-lasting conflicts.

Other ideas-focused approaches are facing the same weakness in explain long-term persistent conflicts among key policy actors in the absence of policy changes or policy adjustments. For instance, the advocacy coalition framework explains the emergence and persistence of value-conflicts because stakeholders are motivated to convert their beliefs into policy: the impediment to conflict resolution then lies in the diverging values of key actors (Weible 2007). Nevertheless, the ACF has not developed any tools to analyze conflicts among key actors who share the same core values. As regards the paradigm approach, it allows for conflicts between the supporters of competing paradigms in the case of policy failures that precipitate a shift in the locus of authority over policy (Hall 1993). But like the advocacy coalition framework model, it does not explain long-lasting conflicts between the tenants of the

same paradigm, for instance long-lasting conflicts over first order or second order parameters, especially when the paradigm is not even challenged.

2. Contributing to Knowledge: Explaining Persistent Conflicts within an Unchallenged Referential

By analyzing three cases of long-lasting conflicts between key actors of the Canadian airport sector, this dissertation proposes to improve the cognitive analysis of public policy as formulated by Muller and Jobert with a renewed focus on the notion of algorithm. Indeed, some contributions to the literature have already highlighted that misunderstandings can occur among key policy actors regarding specific parameters of a referential. For instance, it was demonstrated that different "politically active cultures" can produce different interpretations of specific aspects of a sector, leading to policy arguments and disputes between key actors of a sector (Douglas and Ney 1998, 126–128). These disputes can even lead to real political struggles over the cognitive content of a policy and may engender deadlocks within specific policy sectors (Braun 1998 cited by Schiller 2008). In the Canadian case, a specific contribution suggested that among competing policy conceptions of a sector, one could dominate the other and be imposed upon all the members of a policy sector, thus producing a long-lasting crisis (Inwood 2005).

The contribution of a cognitive analysis of the Canadian airport policy with a specific and renewed focus on algorithm – a parameter that has not been central in previous cognitive analyses – is to demonstrate that key actors may share the same values, norms, and images, but they may subsequently draw different causal relationships between policy objectives and policy effects. In other words, actors are thus sharing the same core values and agree on the general principles of public action that ensue, and they all have the same vision of what their sector is and should be. Nevertheless, they may not agree on specific causal relations between public action and how their

sector should be. A specific contribution of the dissertation and a novelty in cognitive analysis studies is to examine the algorithm through the actual content of policy instrumentation. The content of policy instruments are the best entry to study algorithms, as this dissertation will demonstrate that it is not the instrument per se but rather its content which is misaligned with the algorithms of the referential. Lascoumes and Le Galès define a policy instrument as being "a device that is both technical and social, that organizes specific social relations between the state and those it is addressed to, according to the representations and meanings it carries. It is a particular type of institution, a technical device with the generic purpose of carrying a concrete concept of the politics/society relationship and sustained by a concept of regulation" (Lascoumes and Le Galès 2007). In a cognitive analysis of public policy perspective, it thus appears that an instrument is the empirical side of an algorithm, as both encompass a general representation with a specific regulation.

If there are any persistent tensions or conflicts within a policy subsector (a situation that is unexpected by the core theoretical cognitive analysis literature), it is because there are several issues with the content of policy instruments. Instruments of public action, and more precisely the content of such instruments, are indeed the best point of entry to study the disagreements of some parameters of the referential. Disagreements in the objective of a policy often leads in a conflict over the content of the instruments intended to fulfill this policy's objectives (Bradford 1999). Conflicts also arise from the growing role of an instrument (Bezes 2007). Policy instruments carrying strong representations and meaning can finally evolve and create a context of permanent conflict over legitimation (D. King 2007).

Figure 3 synthesizes how the cognitive analysis of public policy would explain Canadian airport policy. All the elements that are not consistent with cognitive analysis theory or that

directly contradict its assumptions are circled. The figure presents the conceptual challenges this

dissertation attempts to address and highlights the theoretical contributions it intends to make.

Figure 3. Explaining Canadian airport policy: the challenges of the cognitive analysis, and the role of policy instruments.
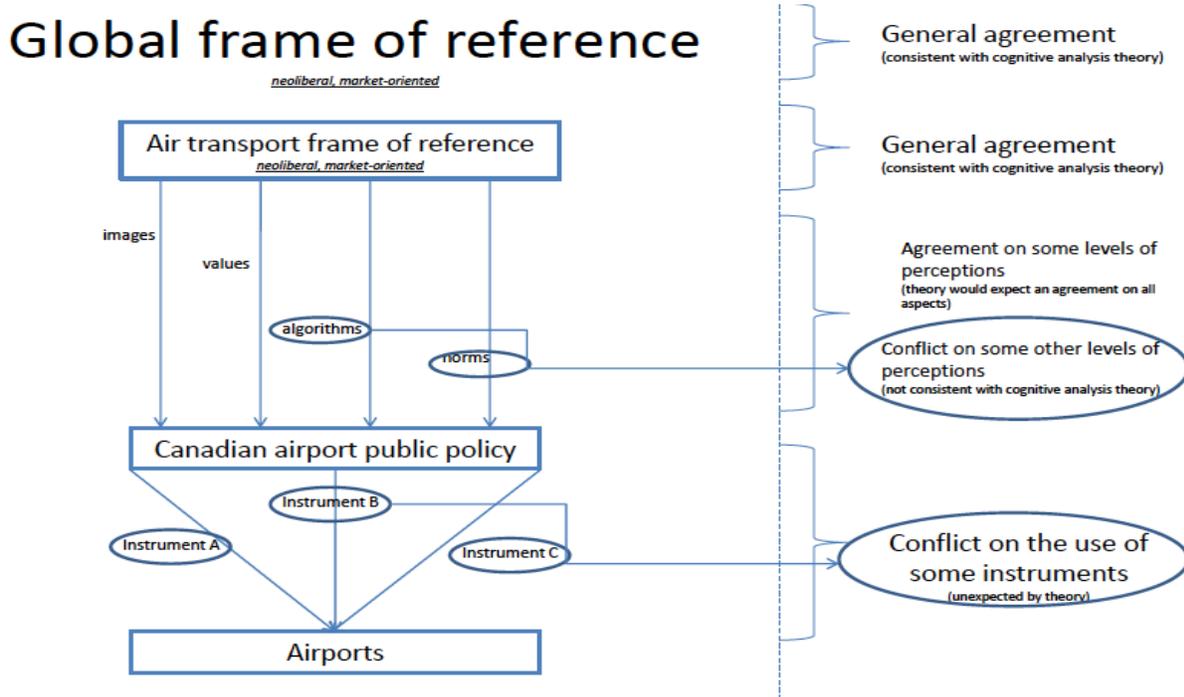
Another important contribution of this dissertation is to further "Canadianize" the

cognitive analysis of public policy as developed by Muller and Jobert. Indeed, the cognitive

analysis of public policy has often been assimilated to the "French approach to policy studies"

(A. Smith 1999; Hassenteufel and Smith 2002), and it is true that such an approach has mainly

been used in a French or European context. In a French context, one can think of policy studies

on administrative reforms (Bezes 2000), education (Morel 2002), or transport such as transport

security (Reigner 2004), railway (Faure 2007) and airport (Villard 2011a). In Europe, one can

think of the policy studies on aeronautics (Muller 1989), political integration (Surel 2000b), the

common agricultural policy (Fouilleux 2000), or air transport bilaterals (Woll 2005). Nonetheless,

scholars have also established on solid grounds the cognitive analysis of public policy in Canada, reviewing its most influential theoretical works (Jalbert 1988; Landry 1991; Villard 2009) and introducing its concepts in Canadian public policy textbooks (Lemieux 2002; Bernier, Paquin, and Lachapelle 2011). A certain number of Canadian policy studies are also based on this theoretical framework, for instance on Montreal's internationalization policy (Plasse 1991), on children policies (Saint-Martin 2002), on cultural policies at the municipal level in Quebec (Béliveau-Paquin 2008), on social investment in Canada (Dufour et al. 2008), on labor policy in Canada (Bernstein et al. 2009), on health system privatization in Quebec (Bourque and Leruste 2010) or on university research in Quebec and in Canada (Bernatchez 2010). Nonetheless, all these studies have in common that they simply apply the cognitive analysis of public policy to a Canadian setting, but they do not allow the specificities of the Canadian setting to feed the theoretical evolution of the model. Unlike France where the cognitive analysis was born, Canada has experienced a strong regionalism that has affected its policy-making (Banting 1987; Bakvis and Skogstad 2008) and makes a convergence between different interests complex (Boychuk 1998; Ladner 2005): how these elements may feed the cognitive analysis model has not been considered by Canadian scholars.

One of the contributions of this dissertation to the literature is to refocus the cognitive analysis of public policy in order to make the most of it for an analysis of a Canadian policy setting. The nature of the Canadian polity leads homogeneous actors (e.g. airport executives, be it in Montreal or Calgary) to share the same values, norms, and images, but to subsequently draw different causal relationships between policy objectives and policy effects. The tenants of the cognitive analysis did not anticipate such a situation. The refocus of the analysis around the notion of algorithm, as I propose to do in this dissertation, is an innovative way to give an account of the Canadian situation. It is an important contribution to the literature as it reshapes

the cognitive analysis in order to allow it to give accurate and relevant analyses of extra-French or extra-European situations.

To conclude, for the purpose of this research, I will build on two sets of literature on public instrumentation. The first one deals with the reduction of the size of the state and the management of the hollow state (Howlett 2000), or regulatory state (Majone 1994; Majone 1997) through the development of new instruments. The research will trace the origin of airport reform in Canada in this movement, which appears to be the best fit to understand the implementation of new instruments in airport policy. A second perspective is the moderate social constructivist approach, which seeks to explain how policy tools shape a policy and organize relations among its stakeholders. Three theories of public instrumentation can be gathered under the label of social constructivism: a social constructionist approach (Schneider and Ingram 1990), a "constituitivist" approach (Linder and Peters 1989) and a sociological approach (Lascoumes and Le Galès 2005). Despite major differences, these approaches all focus on the target of a public instrument, including how the target is perceived by either the policymakers or by the elite of a policy sector, and how this explains both the choice of and the content of an instrument.

3. Cases Selection and Methodology

3.1. Cases Selection

The Canadian airport sector appears ideal to study how key policy actors who agree on almost everything and have the same goals for their sector may still have specific disagreements that have led to long-lasting conflicts that appear unsolvable. The dissertation focuses on Canada's major airport operators, namely Toronto, Montreal, Vancouver and Calgary. These cases are similar in the fact that they constitute the heart of airport activities in Canada: these airports are

the only Canadian hubs, they handle together more than 70% of the domestic and international air passengers travelling or transiting in Canada, pay more than 90% of the rent collected by the federal government, and collect more than 84% of aeronautical revenues accumulated by Canadian airport members of the National Airport System (Annex A refers). They are the only Canadian airports that are or have the capability to become global and regional hubs and to expand as aerotroplises (Annex B refers). The cases also present a certain degree of variance. Key airline actors vary from one airport to another. For instance, the largest airports are not the operational bases of the same carriers (Toronto is the hub of Air Canada and Calgary is the hub of WestJet) and do not attract the same type of international air traffic (transatlantic for central Canada airports, transpacific for Vancouver). Consequently, users differ and have different interests according to the platform they are operating (which does not mean this should result in sectoral conflicts).

In conjunction with these airport cases, I will study the content of three instruments: the rent (taxation-type instrument) paid by these airport operators to the federal government, the access granted to these airports to foreign airlines (soft law-type instrument), and security charges collected on primary and secondary users of airports' infrastructure (taxation-type instrument). These instruments' content are in contention and reveal the tensions and conflicts engendered by the actors' different understanding of how to enhance the growth of Canada's most important airports. The content of regulatory instruments by the federal government remains extremely top-down, it engenders several conflicts that seem to have no solutions and it impedes the four hub airport operators to grow their activities. Other instruments (such as municipal taxes, noise regulation, etc.) do not have the same financial and structural effect on the provision of airport services in Canada.

The cases of rent, access and security and the content of the related policy instruments represent a clear illustration of the symbiotic relation between a policy instrument and a sectoral referential's algorithm. The case studies will show that what is at stake is much more than the simple settings of the instruments (e.g. the level of rent, the type of access, etc.): it is the representation carried by the content of the instrument and its meaning which are cognitively dissonant with the causal relationships carried by an algorithm. A study in terms of instrument settings would examine the content of instruments and the possible adjustments in terms of resources and or in terms of level of incentives and coercion (Hood 1986; Bemelmans-Videc, Rist, and Vedung 1998; Savas 2000), while the contribution of this dissertation is to closely associate the causal relationship induced by algorithms with the representations and empirical meaning of related policy instruments. In that perspective, the three cases represent a gradation, as the dissertation will demonstrate that there is a different degree of dissonance according the object of study.

To conclude, the above-mentioned instruments are therefore the best entry to study the puzzling Canadian situation because the presence of conflicts has actual impacts on the airports and their user airlines to grow their businesses in a sustainable manner.

3.2. Methodology

The research setting took the form of a multiple-cases study. The rationale behind the choice of the cases is a theoretical sampling. Cases were selected according to the possibilities and potentialities to deploy the theoretical perspective (Eisenhardt 1989). More specifically, these cases provide a thorough explanation of the features of the Canadian civil aviation system in terms of instrument's contents effects, actors' representations and stakeholders relations and

conflicts; they encapsulate the key actors and the most important issues of this civil aviation system.

I have conducted semi-directive interviews with key decision-makers of Canada's airport sector, as conducting an interview remains the best way to capture elements, facts and data that cannot be directly observed (Patton 2002, 340). For the purpose of this dissertation, interviews are crucial for understanding the underlying nature of the conflicts since policy documents would likely share the same language as the sectoral referentials – making it difficult to trace conflicts and, more importantly, comprehend their origins. A purposeful sampling of actors (by which interviewees were selected because of their positions within their respective organization) informed the questions (Lincoln and Guba 1985). Access to the more exposed actors within each of these organizations was gained through this purposeful sampling[17], which was then extended through the snowball technique: each interviewee was asked to recommend other actors who could best explain Canada's airport policy and its impact in the four airport systems there were selected for the purpose of this dissertation. I proceeded to a thematic analysis of each interview

Interviewees came from the airport sector, the airline sector, industry representative organizations as well as domestic and supranational regulators. As regards the four largest airports, I interviewed at least two senior executive managers in addition to senior executive managers of domestic airlines based at these airports and transborder and foreign airline representatives operating flights to these platforms. I also interviewed senior executive officers of the trade associations for the Canadian airports, the Canadian domestic airlines, and the international airline industry. This gave me the opportunity to have comprehensive coverage of key actors of the Canadian airport sector. It should be mentioned that no representative from the

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[17] LinkedIn, the social networking website for people in professional occupations, also proved to be a very helpful resource for the identification of senior and middle managers in each of these organizations.

Calgary Airport Authority accepted to be interviewed, despite the guarantee of anonymity that was given to the respondents. Nevertheless, it was still possible to interview all the main users of the airport as well as the trade association representing the Calgary Airport Authority.

I also interviewed several policy actors at the national and international levels. At the national level, interviews were conducted with several officials (including a ministerial aide) in charge of Canada's airport policy at Transport Canada, but also at Foreign Affairs and International Trade Canada and at the Canadian Air Transport Security Authority. At the international level, interviews were conducted with senior officers of the International Civil Aviation Organization.

In total, I conducted 50 semi-directive interviews in 2012, with 13 respondents from the airport industry, 20 respondents from the airline industry (both domestic and international), 14 respondents from the regulation authorities and a few interviews with other key actors. The full list is available in Annex H.

Interviews were semi structured: the interviewees were given the opportunity to describe as freely as possible their perception of Canada's airport policy and the dynamics of the Canadian airport sector. Key questions regarding the role, the beneficiaries (in terms of organizations and activities) and the impact of the airport policy instruments, as well as the international trends in the airport industry, were asked. Actors' words allowed me to deconstruct a monolithic and monopolistic airport policy into its various components, while giving empirical evidence supporting the analysis (Bongrand and Laborier 2005). Other material was also collected, including published documents (annual reports, government and agencies publications, etc.) and confidential material gathered in interaction with the interviewees. This collection of information from various sources gave me the opportunity to triangulate the data and to ensure the credibility and the reliability of the findings.

The analysis followed an inductive logic. A systematic comparison of data, classified according to the institution/organization where they were collected, permitted the gradual construction of categories. I identified the themes through which phenomenon are described, through the identification of a pattern of recognition within the data (Fereday and Muir-Cochrane 2006, 3–4). With regard to documents, I conducted a thematic analysis in which I looked for recurring themes that underline the characterization of the referential and how actors perceive and interpret it. These categories and their properties led to the identification of the core characteristics of the economic regulation framework and of the relationship system that surrounds it. Finally, theoretical concepts were integrated using a grounded theory strategy. The grounded theory approach not only refers to inductive theorization, but it also formally incorporates a succession of integrated steps (Patton 2002, 127–128). First, small units of data need to be isolated and systematically compared: in the case of this dissertation interviews excerpts were isolated according to the interview's position in the airport system and to the topic discussed (e.g. costs, access, foreign airlines, etc.). Second, a system of categories describing the phenomena observed was gradually constructed (for each of our three cases, the gradual construction of categories progressively highlighted the algorithms). Third, as the categories were developed, data that was verifying these categories was sought, notably through additional analyses of the interviews and other materials in order to refine and verify the algorithms. This allowed the researcher to deeply and firmly root or ground the theorization around the concept of algorithms in the original empirical evidence (Langley 1999). After much iteration between the observations and the theorization, existing literature was used to deepen and strengthen the findings emerging from the inductive analysis.

In order to increase the quality and the credibility of the research, a critical number of observations were reached, despite a limited number of cases to be studied. The combination of

the evidence of these numerous observations increased the leverage of this study (G. King, Keohane, and Verba 1994). This research has also adopted a critical epistemology in the sense of Guba and Lincoln (Guba and Lincoln 1994) and has relied on "trustworthiness criteria" (which are credibility, transferability, dependability, confirmability, and generalizability), that have been met through the triangulation of the sources, data and methods (Lincoln and Guba 1985, 301). The research also presents a certain degree of generalizability, due to the fact that the relationships among governments, airport operators and airlines are present throughout the world and are discussed in several countries and on the international stage through ICAO.

Chapter II: The Canadian Airport Sector: A Promising Field to Deploy and Improve the Cognitive Analysis of Public Policy

A –Identifying the Global Referential

1. The Market-Oriented, Global Referential in Theory

Muller and the tenants of the cognitive analysis approach showed that sectoral referentials have been gradually aligned with a market-oriented global referential. This market-oriented global referential has emerged in the 1980s. It is centered around market norms, such as the recognition of the role of the private sector and diminution of administrative and tax burden imposed on it, the diminution of the scope of industrial policies, the introduction of private-sector practices into the public service, and the reduction of the weight of the state and of its place in the economy (privatization of public enterprises, modernization of the public service, etc.) (Muller 1992, 282–284). This market-oriented global referential influences the way key actors perceive both the reality and the policies that should be applied. The global referential cannot be simply assimilated to a corpus of neoliberal ideas. It rather articulates a vision of the economy (around the notions of free enterprise, competition, etc.) and a vision of the society (around the notions of liberty, responsibility and democracy). Such global referential is the core cognitive frame through which key actors make sense of the world they live in and through which they build sectoral policies for all economic and social sectors (Muller 2005).

It is not the intent of this dissertation to gather evidence and demonstrate that the current global referential is a market-oriented referential. Such undertaking would bring this research too far from its objective, which is to explain why actors who share the same general vision of how

their sector should be structured are still in persistent disagreements over the policies that are supposed to implement this shared vision. Nevertheless, it is worth mentioning a few elements that provide evidence of the existence of such referential. The notion of globalization has become the norm in analyzing many market-oriented policy changes that have occurred worldwide since the early 1980s and an impressive number of researches have empirically demonstrated a global shift towards market-oriented reforms. A new academic discipline has specifically studied the market-reorientation of policies and States' actions worldwide: the new international political economy (Paquin 2005). Canada has been part of this paradigm shift like many other countries, its policies have been realigned according to market-oriented standards since the 1980s, and such policy changes have been undertaken both by Conservative and Liberal governments (Albo 2002; McBride 2005).

2. A Specific Market-Orientation of Airport and Air Transport Policies Worldwide

Globally, the air transport sector provides a clear illustration of the domination of a market-oriented referential, which has shaped the cognitive and normative frames of interpretation of this sector in relation to other sectors and to global trends. The aforementioned "state-planning and control" era in air transport policy-making, in which most states retained control on fares, routes and market entry of commercial aviation and ownership of airports, air traffic control and most of national flag carriers[18], has given way to an era of deregulation that has seen the emergence of a new competition between airlines, a change in the structure of airports in the civil aviation system

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[18] The United States was one of the few exceptions to the public ownership of a national flag carrier.

(from a point-to-point to a hub-and-spoke organization) and a substantial growth in air traffic (Merlin 2002, 54–59).

Following the deregulation and the liberalization of air transport at the global stage, almost all public-owned airlines in Western countries were privatized, such as Air Canada in Canada in 1988 (Monteiro and Robertson 2007), air carriers of the European Union (Scharpenseel 2001), or airlines in Eastern Europe and ex-USSR (Shibata 1994). In addition, a new generation of aviation financiers such as pension and mutual funds, private strategic investors, airlines themselves (by taking strategic equity interests in other airlines), private entrepreneurs, and conglomerates, took over airlines and have managed air carriers in a market-oriented perspective (Carney and Dostaler 2006). Several open skies agreements have been signed, opening civil aviation markets to competition and liberalizing airfares. For example, Canada signed an Open Skies Agreement with the United States in 1995 to replace the previous Bilateral Agreement of 1966. Under the new agreements restrictions on air travel were removed, the Canada-U.S. fare approval process was liberalized, restrictions to code-sharing were eliminated, and Canadian carriers were included in the domestic "buy-sell" rules for slot allocation at congested US airports. As a result, the number of new services and of carriers serving more than one airport increased after 1995, resulting in an increase in the volume of passengers and a sharp increase in the volume and value of transborder air cargo (Monteiro, Krause, and Downs 2002).

With regard to airports specifically, there has been an undeniable trend of airport commercialization and/or privatization all over the world, well documented by several case studies conducted by ICAO (Villard and de la Camara 2011). Commercialization is the approach to management of facilities and services in which business principles are applied or emphasis is placed on development of commercial activities, while privatization refers to the transfer of full

or partial ownership of facilities and services from the public sector to the private sector (ICAO 2012a, xii–xiv). Both approaches constitute a significant market-oriented move which are similar in nature but somehow different in degree (commercialization does not necessarily involve a change in ownership). Even ICAO, who sets global norms and standards for aviation, acknowledges the impressive movement of establishing autonomous entities (either public or private) to operate airports, and it further recommends that states adopt such a policy (ICAO 2013a). In the most recent case studies on the commercialization of airports published by ICAO, all states of the 25-country sample commercialized their airports and, in most cases, this involved the participation of a private-sector partner (either as concessionaire, shareholder, etc.) (ICAO 2013b). The privatization of airports started in 1987 with the decision of the Government of the United Kingdom to fully privatize the operator of London-Heathrow airport: the shares in the British Airport Authority (BAA plc) were offered for sale and the company has since been listed on the London Stock Exchange. In most European countries, major airports were partially privatized (Asia has followed a similar path), while major airports in Latin American countries were commercialized through their concessions to private consortia (Villard and de la Camara 2012).

To conclude, this movement towards airport commercialization and privatization is part of a greater movement of network industries[19] privatization (Zembri 2005, 21–23; Finger and Varone 2006) and of air transport liberalization. There is thus evidence of a market-reorientation of air transport and airport activities and policies worldwide that is congruent with the global referential identified by Muller and the tenants of the cognitive analysis of public policy.

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[19] Network industries are those industries in which a fixed infrastructure is required to deliver goods or services to end users, such as telephone or electricity cables and wires, railroads, and airport runways (OECD 2000, 151), whose privatization has been possible thanks to the implementation of new forms of economic regulation (Curien 1993; Currier 2008).

B –The Global Referential and the Canadian Air Transport Sector

This section demonstrates that this global referential is applicable to the Canadian air transport sector. It highlights that the vision of the economy and the society carried by the global referential has influenced key Canadian policy actors, to the extent that they have reshaped Canada's airport policy so that it would become market-oriented. In other words, it identifies a Canadian airport sectoral referential which is congruent with the global, market-oriented referential.

1. Adjusting the Canadian Airport and Air Transport Sector to the Global Referential: Highlights from the Mediation Process

The cognitive analysis of public policy body of literature posits that a sectoral referential is defined and redefined by key actors of a given sector. The "mediators" are the actors that have "the power and the intellectual resources allowing them to do this work of articulation between the 'sectoral' and the 'global' level and, therefore, to elaborate the definition of the [sectoral frame of reference]" (Nahrath 1999, 45). They have both the symbolic resources and the positions of power to decode, interpret and reformulate the sectoral frame of reference in order to adjust it to the global referential. The concept of mediator is thus different from the related concept of 'advocacy coalition' in which actors are pushing their own core ideas (Sabatier 2007, 189), or from the concept of 'epistemic community' which relies on the notion of expertise (Haas 1992). Mediators are rather the actors who decode the global referential in order to recode sectoral referentials accordingly: their role is broader than the role of an expert or of an advocate, since they are those who transform a socioeconomic reality in a policy program (Jobert 1992; Faure, Pollet, and Warin 1995; Muller 2000; Surel 2000a). Mediators in the sense of Muller and

Jobert therefore resemble Sabatier's "policy broker" Kingdon's entrepreneur, as these concepts refer to actors having their capacity to facilitate the integration a subsystem's policy with global public sphere (Bouriaud and Bancu 2008). Mediators are actors that have the ability to decisively act at several levels at the same time (e.g. intellectual, advocacy, policy-making and expertise), either to change directly the course of a policy or exert a determining influence for change to happen. Mediators are those who interpret the world (cognitive and normative functions) as well as reduce the possible dissonance between the global and a sectoral referential.

The next sections of this chapter will illustrate that in the case of Canada's air transport sector, three mediators can be identified[20]. In each case, mediators felt that it was both necessary and ineluctable to give a new or reinforced market-oriented impulsion to Canada's airport policy. This perception that change was ineluctable comes from the global referential through which actors perceive the reality and the actions they have to undertake in order to keep up with this reality. The following three subsections identify the mediators: former Transport Ministers Lloyd Axworthy and Doug Young as well as a group of scholars from the University of British Columbia.

1.1. The Precursor: Lloyd Axworthy's Redefinition of Canada's Transportation Policy

Lloyd Axworthy was the Minister of Transport from 1983-1984 in the Liberal government led by Pierre Elliot Trudeau. Many studies have underlined the momentous role played by Axworthy in redefining transport in Canada (Lazar 2000; Ellison 2002; Clancy 2004). It is acknowledged that a political initiative was needed at that time to boost the popularity of the incumbent government,

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[20] Identification of the mediators was made through a systematic review of the literature (cf. infra).

and Lloyd Axworthy put forward a new agenda of transport liberalization, including air transport liberalization (Lazar 2000, 3). The idea to liberalize air transport came from Axworthy's feeling that the heavy bureaucratic structure of the Ministry of Transport would have to change and adapt to a more "modern" era: Axworthy felt that it was the right time to change transport policy, and he also felt that such change would attract the vote of air travelers (Ellison 2002, 31–32). Axworthy was determined to put forward a new commercial and business orientation for air transport services provision as it felt that such a programme had to be done (Madar 2000, 137–138). The minister had not only the political motive to change air transport policy, but he also possessed the resources and the symbolic position to empirically foster this change. The changes he implemented were symbolic (such as cancelling the complimentary airline passes held by certain Ministry of Transport and Air Transport Committee staff) but most of the policies he changed significantly impacted the development of air transport, for instance by constituting a task force to consider ways of adapting U.S.-style deregulation to Canada, by reviewing the airfare policy and by looking very favorably on any appeals by air carriers where applications for fare or route competition had been denied. It is interesting to note one of the conclusions of Clancy's research on airline policies in Canada. Clancy mentions that "it was only after the appointment of a new transport minister, Lloyd Axworthy, that <u>the paradigm began to shift</u>[21]. […] This constituted a *de facto* deregulation" (Clancy 2004, 213–214). This indicates not only the market-oriented nature of Axworthy's reforms, but it also highlights that these reforms were a starting point toward a more systemic shift in air transport policies.

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[21] Emphasis added.

1.2. Enrolling the Experts: The deregulatory Plea of the UBC School

The UBC School and authors such as Dresner, Gillen, Heaver, Oum, Stanburry, Tretheway, or Waters are the second mediators. Muller defines a "group of mediation" as a group of actors who not only theorize a change and demonstrate that such change must happen, but who also push for such change in liaison with decision makers (Muller 2005, 185). Authors of the UBC School fulfill these two criteria. First, academics of the UBC School oriented their research on the benefits of a market-oriented air transport policy and pleaded for increasing competition, minimizing government spending and involvement, and deregulating the air transport sector and privatizing Air Canada. Their research implied a certain ineluctability on moving toward market-oriented policies for air transport. Some titles of their publications demonstrate this ineluctability, for instance "Privatization of Air Canada: Why It Is Necessary in a Deregulated Environment" (Gillen, Oum, and Tretheway 1989) or, "Canada and the Changing Regime in International Air Transport" (Dresner and Tretheway 1992)[22].

Second, authors of the UBC also pushed for a reorientation of air transport policies in Canada in liaison with decision makers. They directly fed the government of Canada with "ready-to-implement" policies. The authors participated in several committees, commissions and hearings, and they wrote a high number of reports advocating market-oriented policies. Studies, accompanied with new policy orientations, were for instance submitted to the Treasury Board of Canada in 1985 (Gillen, Oum, and Tretheway 1985a), to Consumer and Corporate Affairs Canada in 1985 (Gillen, Oum, and Tretheway 1985b) and 1986 (Gillen, Oum, and Tretheway 1986a), or to the Ministerial Airport Task Force in 1986 (Gillen, Oum, and Tretheway 1986b).

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[22] A more exhaustive literature review of the UBC School publications appears in Chapter 1.

Members of the UBC School were also directly appointed head of research of specific task forces[23].

The UBC School played a momentous mediation role. They linked the global referential to the Canadian air transport sector by demonstrating that Canada's air transport policies had to change and to adapt to a new reality. They went on both academic and public forums to spread this message. Furthermore, they also framed a detailed policy program on how to change the sectoral air transport policies in order to adapt them, which fed the government of Canada's actions. To conclude, it clearly appears that the UBC School was a key "mediation group" which decoded the global referential in order to recode the Canadian air transport sectoral referential. The mediation group demonstrated that a change must happen in order for the airport sector to 'make sense' within a market-oriented global referential and put forward policy propositions that were felt as being indispensable.

1.3. The Final Push: Doug Young and the Formulation of the NAP

The third mediator is Doug Young, who was the first Minister of Transport of Jean Chrétien's Cabinet. Despite his elected official status, Young was a true mediator able to act within two levels at the same time: the policy level and the business level. Young had a real "business sense" with experience in marketing and private law practice (DeMont and Fulton 1996). He was elected to the federal Parliament under the Liberal Party of Canada's flag in 1993 and was categorized as a business (or a "hard-right") Liberal who was fully committed to Prime Minister Jean Chrétien and Finance Minister Paul Martin's budget-cutting agenda (Barlow and Campbell 1996, 120).

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[23] For instance Michael Tretheway was appointed director of research of the Ministerial Task Force on International Air Policy

Young was also in position to influence decisively the airport and air transport sector policies. Appointed Minister of Transport in 1993, he was one of the few ministers who had real control over the national agenda of his portfolio. The Liberal Red Book did not mention any promise related to air transport, giving Young the freedom to set his own agenda within the government fiscal conservatism frame (DeMont and Fulton 1996; Dobbin 2003, 176).

On one hand, Young inherited from the Conservative government of Brian Mulroney a situation where Air Canada was already privatized, the air transport sector was already deregulated and a few airports were already commercialized. He continued and accentuated this policy. All airports were commercialized under the National Airport System or divested to local and/or business communities. Further, air navigation services provision was granted to a private company incorporated in 1996 under the name of Nav Canada[24]. On the other hand, Young systematized the philosophical reorientation of Canada's air transport sector by imposing the notion of "user-pay" to the provision of air transport services, be it airport or air navigation services. In particular, Young saw the commercialization of airport and the cut of any government funding as a way for airport users to get the services they wanted at a cost they would be ready to pay for, thus introducing an efficient offer-and-demand market logic in the provision of services and its cost-recovery through user charges. The "user-pay" model was seen as the best way to get higher quality and better services at a cost assumed solely by the users and not by the government which subsequently cut all funding to major airports and to Nav Canada. In his own words, Young explained in a landmark speech that[25]:

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[24] No other countries went as far as Canada in the privatization of its ANSP, except Thailand for historical reasons, and more recently the United Kingdom through the establishment of a public-private partnership under NATS (ICAO 2013b).
[25] The speech is available in French only.

Le Canada a besoin d'un réseau de transports que les utilisateurs et les contribuables peuvent se payer. Le Canada a besoin d'industries et d'entreprises de transport qui soient solides, viables et compétitives. […] Il nous faut un réseau où les besoins du client déterminent les points de repère, où l'on retrouve un juste équilibre entre l'utilisateur-payeur et l'utilisateur-qui-a-son-mot-à-dire. Nous avons besoin d'un réseau où tous les modes couvrent leurs frais. Le Canada a besoin d'un réseau qui s'adapte aux changements, pas d'un réseau qui se réfugie dans son passé […]. La commercialisation veut dire que les utilisateurs dictent les services qu'ils désirent et comment les coûts peuvent être contrôlés. La commercialisation veut dire que, peu importe l'option retenue, elle doit permettre aux forces du marché de vendre un service plus efficaces, plus souple, et moins dépendant de l'argent des contribuables (D. Young 1994, 6–7).

To sum up, among all actors and groups of actors who were influential in the Canadian airport and air transport sector in the 1980s and 1990s, three can be identified as "mediators" in the sense of Muller, because of their decisive role in reshaping and reframing Canada's sectoral air transport policies and adjusting them to a market-oriented global referentials. Lloyd Axworthy played a pioneer role in shaping a new vision for air transport and eliminating symbols of government interventionism. The UBC School spread the idea that a market reorientation of airport and air transport policy in Canada was both necessary and ineluctable, and they fed the Mulroney Government with several policy proposals that were implemented. Finally, Doug Young systematized a business vision of "user-pay" throughout the whole air transportation system: user charges became the favorite mean to fund the provision of airport, air transport and air navigation services.

2. The Features of the Canadian Sectoral Air Transport Referential

2.1. A Broad Reorientation of Airport and Air Transport Activities in Canada

The actions of the three mediators were successful in giving a strong market-orientation to the Canadian airport sector. In addition to the policy moves undertaken by elected officials in the 1980s and the 1990s, a closer look at the air transport sector in Canada clearly shows the spread of a market-oriented logic to all its branches and subsectors.

Besides the implementation of the NAP and the systemic commercialization of airports, real commodification of the provision of airport services occurred in the 1990's, with Canada's firms competing on the global market to provide such services. For example, ADC (Airport Development Corporation, based in Toronto) holds shares in airports in Ecuador and Costa Rica**;** the Caisse de Dépôt et Placement du Québec, jointly with Ferrovial, owns Airport Development & Investment (Holdings) Ltd, which is the investment vehicle set up to acquire the London-Heathrow operator (it has shares in several other smaller airport operators); Aéroports de Montréal Capital Inc. (owned by Aéroports de Montréal) was a member of a consortium that oversaw the financing, construction and operation of the new terminal at Budapest Airport and also won the concession for the Vatry cargo airport in France as a member of the S.E.V.E. consortium[26]; AECON Group, Canada's largest publicly traded construction and infrastructure development company, owns 46% of Quito Consortium that builds and will operate the new Quito Airport; Quebec's engineering champion SNC-Lavalin manages and operates a network of

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[26] ADM decided in 2000 to focus on the management and the development of Montréal-Trudeau and Montréal-Mirabel airports. ADM International and ADM Capital are not pursuing new ventures, although they honour their existing contracts.

12 airports (such as Malta, Vatry, Tarbes-Lourdes, and Mayotte-Dzaoudzi); GTAA is a proposed partner for the BOT[27] project of Lagos Airport, Nigeria; and finally YVRAS/Vantage, a for-profit subsidy of the Vancouver Airport Authority, currently operates 19 airports in seven countries on three continents and provides consulting services to clients worldwide (ACI 2011, 28–81).

Second, new mechanisms were created to implement a "user-pay, user-say" philosophy in the sector. Such mechanisms were designed during the air navigation services provider (ANSP) privatization process. The Canadian ANSP was facing tremendous financial and organizational challenges that were impeding the safe and orderly development of air navigation in the late 1980s and early 1990s (Kernaghan, Borins, and Marson 2005, 108; McDougall and Roberts 2008, 49), and Doug Young decided to privatize it and to subject it to a user-pay model (McDougall 2004, 20). It was decided to implement a model of 'shared governance' through which stakeholders were invited to manage the structure of the not-for-profit ANSP corporation through direct participation to the Board of Directors. Among Nav Canada's 15 Directors, 5 are appointed by aircraft operators represented by the Air Transport Association of Canada (ATAC), 2 by the employee's unions, 3 by the federal government, the remaining being co-opted (Aucoin 2006, 117), thus creating a real 'stakeholder board' in which interested parties have to reach a significant level of agreement in order to govern the corporation (Poole and Butler 2002). With regard to user charges, charging principles are stated in the *Air Navigation Services Act* in very broad and general terms (such as 'no discrimination among routes and carriers') (A. Jones and Guthrie 2008, 28; Lovink 1999). Several comparative studies highlight the global move toward the commercial orientation of the provision of air navigation services while mentioning Nav

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[27] Build-Operate-Transfer (BOT): "an ownership and management system by which a private entity obtains the right to finance, build and operate a certain facility (including land and/or buildings) over a long period, and on expiry of the right returns it to the owner" (ICAO 2012b, 29).

Canada as a worldwide reference with respect to its engagement with users (Curchod, Dumez, and Jeunemaître 2004; Lewis and Zolin 2004; A. Jones and Guthrie 2008). This shows the strong entrenchment of a market-oriented sectoral referential for air transport and its emphasis on a user-pay philosophy.

Another empirical element that demonstrates the presence of a market-oriented logic in all subsectors of air transport in Canada lies in the opening of Canadian skies through new bilateral air services agreements and Open Skies agreements. If Canada has not been at the forefront of the liberalization trend with respect to bilateral agreements (Janda, Flouris, and Oum 2005, 76), it signed Open Skies agreements with its two most significant international air markets: the United States in 1995, and the European Union in 2009. A number of Blue Sky and liberalized bilaterals have also been signed and/or have been being negotiated with a number of other countries (Monteiro and Robertson 2009, 71–72). Finally, a look at the statements surrounding airport and air transport policy change also indicates a real change of philosophy. An analysis of Canada's Statement on National Transport Policy from its first inception in 1967 to today interestingly shows an evolution of the wording of the statement, which has been progressively rephrased in order to increasingly reflect the importance of competition and market forces (Waters 2006).

To conclude, if the three mediators adjusted the broad policies as well as the philosophy underpinning airport and air transport activities in Canada, various actors within in all branches of the sector implemented numerous market-oriented changes and developments. It demonstrates that there has been a real alignment of airport and air transport activities in Canada with a global, market-oriented logic. The sectoral Canadian airport and air transport referential appears to be market-oriented, similarly to the global referential.

2.2. The Canadian Sectoral Referential for Air Transport

Similarly to the global referential, sectoral referentials are defined by four parameters: the values, the norms, the algorithms and the images. These elements are the sectoral reflections of the same elements at the global level. A synthesis the role and deeds of the mediators, of the changes in the Canadian airport and air transport policies, and in the provision of airport services and facilities allows to define the parameters of the sectoral referential for Canada air transport. Such sectoral referential, which is coherent with the global, market-oriented referential, can be characterized as follows:

- Values (the most general and fundamental aspect of the referential): market-oriented, consumer-oriented provision of air transport services (including transportation, infrastructure, and navigation) sustained by a "user-pay" philosophy

- Norms (principles of action): autonomy of air transport facilities and services providers through the privatization of air carriers and the privatization (commercialization) of airports, light-handed economic regulation, and opening of markets: airports are empowered to organize their own development.

- Algorithms (causal relations): 'If the provision of air transport services is market-oriented and market-driven, than the sector will be efficient'; 'If the air transport infrastructure are privatized/commercialized, it will be funded though user charges', 'Since airports and airlines are private entities, they enter into commercially-oriented relationships with no federal interference';

- Images (simplified/concentrated representations of the situation): the market of air transport, airports as aerotropolises.

The cognitive analysis of public policy gives an excellent account of the alignment of the Canadian sectoral referential for air transport with the global, market-oriented referential. Nevertheless, the theoretical framework is at fault when explaining the conflicts and tensions that have characterized the airport sector in Canada over the past decade.

The introduction to this dissertation illustrated a paradox in airport policy: the federal government is using several instruments under its airport policy framework, and such uses of instruments have created enormous tensions among key actors of the airport sector. Can the cognitive analysis of public policy provide an explanation for these disputes that threaten the stability of the referential? The theoretical model as formulated by Muller and Jobert is disempowered to explain persistent specific disagreements between actors who nonetheless share the same cognitive representation of their sector. This dissertation proposes to overcome this disempowerment of the cognitive analysis by focusing on how actors understand the algorithms of their sectoral referential.

Chapter III: The Airport Ground Lease Rents and the User Charges at the Largest Canadian Airports

In this chapter, I focus on airport Crown rent that the four largest airports are paying to the federal government and on the user charges for the provision of airport services at these facilities. These indeed provide a promising empirical field to ground the theoretical assumptions described in the introductory chapters. Indeed, the chapter shows that there have been momentous dissensions between key actors of the airport sector over the issue of rent and charges for the past 20 years while there has been almost no policy change intended to ease theses dissension. If ideas-focused approaches do not give an appropriate theoretical account of such a situation, the cognitive analysis of public policy as developed by Muller and Jobert gives a set of analytical tools on which a meaningful empirical investigation can be established.

In order to ground the analysis, I will first give background information on the funding of airport services and on user charges in order to clearly identify the algorithm that relates to rent and charges in the Canadian sectoral airport referential. I demonstrate that all actors agree on the following algorithm: the "user-pay" model is the best for airport services funding and for ensuring the sustainability of the Canadian air transport sector. I subsequently link the dissensions over the rent and charges to the algorithm to highlight that the cognitive dissonance is grounded in a different understanding of what the algorithm means in terms of public policy instrumentation. I show that the content of the rent policy instrument by the government of Canada is puzzling in that it seems to hinder the ability of the four largest airport operators to grow their business, expand their activities and offer competitive operating costs to their users. It indicates a cognitive dissonance in the Canadian referential for air transport, highlighting the fact that some prominent actors within the referential do not interpret its algorithms in the same

manner. This leads to different interpretations of what Canada's air transport policy should be. Subsequently, a policy change that would further align the sectoral referential with the global, market-oriented referential is not to be expected, but it is rather an adjustment in the policy instrumentation that will be able to solve the cognitive dissonance and ensure the stability of the Canadian sectoral referential.

The remainder of this chapter is organized as follows: Part A gives background information on airport services funding before and after the emergence and the strengthening of the market-oriented sectoral referential for the Canadian airport sector; Part B analyzes the dissensions over the crown rent and demonstrates that it highlights the presence of a dissonance; Part C establishes the cognitive dissonance over the user-pay algorithm; and Part D concludes that such dissonance can be solved by a change in the public policy instrumentation that relates to rent and charges.

A – The Impact of Canada's Airport Policy on the Costs

1. Airport Funding and Financing before the Change of Referential

1.1. A Brief History of the Funding of Canadian Airports

Historically, municipal governments developed aerodromes in Canada. In several cases the government of Canada took over control of airport fields during the Second World War. It subsequently decided to pay operating subsidies to cover a portion of the potential operating losses and it established an assistance policy for capital expenditure. A major change occurred in 1972, when the Department of Transport took responsibility for developing, operating and maintaining national airports, including funding infrastructure and capital development. The government was the owner, the manager and the regulator of the airports of Toronto, Montreal,

Vancouver and Calgary (McGrath 1992, 19–20). As such, the federal government assumed the funding of Canada's major airports for the greater part of the second half of the twentieth century, meaning that the taxpayer was directly paying for the development of the country's airports.

Nevertheless, in addition to taxes, user charges levied at the airport level were also a source of revenue that funded the operations of Canada's airports. As defined by the Council of ICAO, "a charge is a levy that is designed and applied specifically to recover the costs of providing facilities and services for civil aviation, while a tax is a levy that is designed to raise national or local government revenues, which are generally not applied to civil aviation in their entirety or on a cost-specific basis" (ICAO 2012c, vii). These aeronautical charges are generated by air traffic operations (e.g. landing charges, parking and hangar charges, security charges, etc.), but they were largely insufficient for covering both the operations and the development of Canada's major airports: it was thus necessary to bridge the gap between revenues from user charges and airport expenses, and the federal government covered that gap through taxes and general appropriations to the Department of Transport. Consequently, government expenditures on aviation infrastructure were considerably in excess of the receipts collected from users (Waters 1977, 27).

1.2. The Necessity of Change: Toward a "User-Pay" Model

The change of referential highlighted in the introductory chapters was, in part, supported by the challenge of the funding for Canada's airports. It was estimated that in 1989 the whole transportation system caused a net drain of $1.4 billion on the Treasury (Brooks and Prentice 2001, 14). At that time, the mediation process led by the UBC School and then by Doug Young highlighted the general perception that public funding for air transport infrastructure was not a

sustainable solution, and that new market-oriented mechanisms should be implemented to provide funding for airport infrastructure and services.

Many academic contributions documented this perception in studying the chain of events that led to the policy change in the early 1990s. For example, an Airport Inquiry Commission was constituted in the early 1970s. It was in charge of reporting on a potential new airport in the Toronto area, and it concluded that new airport infrastructure needed to be self-funded and that the self-financing rule was to apply to the airport system as a whole (Waters 1977). Another example is the Task Force on Airport Management, which emphasized in the late 1970s the financial viability and local autonomy of the most important airports of the country, which would thus be able to fund their own development (Valo 2001, 27).

Interestingly, if public bodies agreed on the necessity of change the funding and financing model, the idea was also supported by the airline industry. Research on air navigation services infrastructure demonstrates that representatives of the air transport chain were not only requesting a change in the funding and provision of services, but were also willing to pay for it. In the case of air navigation services (ANS), four distinct groups recommended that the Government study the commercialization of ANS in order to create an entity that would be financially self-sufficient: the Canadian air carriers (through the Air Transport Association of Canada, ATAC); the Canadian commercial pilot association; the business aircraft association; and the air traffic controllers' union[28] (McDougall 2004, 14–15). Among the options[29], all parties agreed on the

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[28] The air traffic controllers' union surprisingly supported the commercialization, because it felt that it would gain freedom from what was perceived as government restrictions on their bargaining rights.

[29] Seven options were proposed. The four government-owned options were as follows: creation of a separate, commercial organization within Transport Canada (a special operating agency), contracting for the operation of the service (government-owned, company-operated), and two types of state-owned enterprises (appropriations-dependent and financially independent). The three privatized options were as

creation of a commercial entity which would collect revenues from user fees rather than depending on finance from taxes and general appropriations from government (McDougall 2004, 19). The airlines using the Canadian air transport infrastructure agreed to use it on a user-pay basis and thus finance directly its operations and its development: in a market-driven perspective, clients agree to pay the price for the services they buy or use.

This agreement on a user-pay mode of financing was achieved not only for ANS, but also for the provision of airport services. Indeed, a representative of the Canadian airline industry stated in an interview that: "ça relève de la philosophie du *user-pay*. Le réseau aérien, c'est du réseau qui devait s'autofinancer, par rapport à Via Rail par exemple, et par rapport aux routes qui sont financées par les contribuables, et pas par les usagers. Et au début, l'industrie était d'accord avec ça, car avec user-pay, il y a aussi user-say : l'usager paie, mais il a aussi un mot à dire.*" Research also showed that airport personnel were on board with such a change (Heaver and Oum 2000). In other words, a user-pay philosophy to support the airport system has been agreeable to all actors.

1.3. The "User-Pay": An Algorithm of the Canadian Frame of Reference

The cognitive analysis of public policy postulates that a referential is constructed, supported and reinforced by four key elements. The algorithms are one of these key elements (cf. supra) and are the direct results of the mediation process. In his work on labor policy, Colomb further specifies

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follows: mixed enterprise (some share in private company), non-share, not-for-profit, private corporation and a share-capital, for-profit, private company.

that an algorithm of a policy focuses on specific topics; it carries both a perception and a prescription onto a sector (Colomb 2007).

The "user-pay" model for funding Canada's largest airports is an algorithm of the Canadian referential for air transport. It indeed focuses on a specific aspect, which is the financing of air transport infrastructure and the respective participation of users and public authorities. In addition, it carries a perception of and a policy prescription on the air transport sector. It identifies the stalemate of the previous policy (the funding), proposes a solution (involve the users) that will solve the stalemate (users pay to fund the system). Subsequently, the algorithms related to the "user-pay" model can be summarized by the following:

- "Users have to pay for the provision of airport service: this will ensure the financial viability of airport operators",

- "If airports are financed by users, then the Government can withdraw from the airport system";

- "In a market-oriented perspective, airports are funded through charges and not through taxes".

There is some evidence that a new referential emerged in the late 1980s, which subsequently imposed a shared conception of what airport policy should be in Canada. First, there has been some continuity in Canada's airport policy since the creation of LAAs by the Conservative government of Brian Mulroney. The Liberal Government of Jean Chrétien, elected in 1993, formalized the policy reorientation made by its predecessor by formulating and implementing the NAP and establishing the NAS. The transfer of NAS airports to local, non-share, not-for-profit CAAs followed the model elaborated by the Progressive-Conservative government of Brian Mulroney, allowing policy-makers to disseminate an airport policy that was in line with the Canadian referential for air transport. For all these airports, including the four largest airports, the

NAP was partly structured by the "user-pay" model, emphasizing that airports meet the needs of users, while these users would pay their fair share of the cost of providing facilities and services through charges (Transport Canada 1994, 8–9, 12).

Further evidence of the importance of the "user-pay" algorithm within the Canadian referential is found in the transfer of the Toronto-Lester B. Pearson airport. In the midst of the 1993 election campaign, the Progressive Conservative government signed a public-private partnership (PPP) with the consortium Paxport/Claridge (Pearson Development Corporation, PDC) that would grant it the development and the operations of Terminals 1 and 2 with a 57-year lease and a minimal $28 million annual payment to the federal government. But this PPP-type of agreement, in which the private sector funds airport development and subsequently seeks a return, gave rise to protests and contestations. The concern was that the Pearson agreement would grant a monopoly to a private company, in addition to generating limited revenues for the government (Lerner 1997). Right after the 1993 election, the incoming Liberal government cancelled the Pearson agreements and transferred the airport to a not-for-profit airport authority to be funded through a "user-pay" model. The PPP model of airport commercialization[30] was at odds with the Canadian referential for air transport: it gave rise to protestations (while the divestiture of airports to CAAs and LAAs was unchallenged), it focused on funding through a

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[30] With respect to airport commercialization, PPPs are indeed defined as "an ownership and management structure in which the private and the public sectors both participate. PPPs refer to arrangements where the private sector supplies infrastructure assets and services that traditionally have been provided by the government. This technique provides private financing for infrastructure investment without immediately adding to government borrowing and debt, and can be a source of government revenue. PPPs also present business opportunities for the private sector in areas from which it was in many cases previously excluded" (ICAO 2012a, xii).

private concessionaire and not users, and it was not supported by any general mediation process but was rather implemented in a hurry during an electoral campaign[31].

To conclude, the transfer of Canada's airports to non-share, not-for-profit entities responded to the formulation of a Canadian referential for airport policy, which is market-oriented and supported by a "user-pay" algorithm. While not-for-profit is not usually associated with network industry businesses, it does constitute in the Canadian airport case a market-oriented move as the not-for-profit model is a form of private participation that allows a commercial operation with private sector corporate structure of facilities and services that are taken out of the scope of government's direct involvement and operations (Kernaghan, Borins, and Marson 2005, 105–109; ICAO 2012a, 3–3).

B – The Airport Crown Rent as the Source of a Profound Discontent

The conception of a new Canadian referential was accompanied by a "user-pay" algorithm, but it also included other elements. While the government decided that it would not be financing the development and the operations of the largest airports, it also decided that it would not give up the ownership of airport fields. The management and the development of infrastructure was divested to not-for-profit corporations, but the Government of Canada decided that the ownership of the land would remain with the Crown. It means that airports own the infrastructure, which will in principle be reverted to the federal government at the end of the lease period. Furthermore, the leases are to be in effect for a 60-year period and the amount of rent to be paid for occupying the land varies by airports.

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[31] Lerner provided an excellent case study on the conclusion of the Pearson PPP agreement and its cancellation in the *Annals of Air and Space Law* (Lerner 1997).

Other features of the ground leases are the absence of requirements to make service contracts available to the public or to submit their business plans to the Minister of Transport; the absence of any form of economic oversight for airport charges and fees (i.e. airports, which were in a monopoly/dominant position within their market, had full authority and power to establish charges); and the possibility for Transport Canada to audit LAAs' finances.

1. The Rationale behind the Rent

1.1. The Rationale

The rationale behind implementing a rent instrument at the time of transfer was threefold. First, the government of Canada considered that it had invested considerable sums in the development of Canada's most important airports and that implementing such an instrument was the appropriate compensation for this long-term funding. In addition, this instrument was also supposed to allow Transport Canada to collect the money it would have received had it continued to operate the airport prior to improvements (Gough 2004, 190). As noted by the Auditor-General:

> "As owner/landlord of transferred airports in the National Airports System, the government is entitled to receive rent from each airport authority for the use of land and airport facilities. [… In addition,] The NAS airports transferred so far represent billions of dollars in airport revenues and other business opportunities such as hotels, restaurants and retail concessions. Airport authorities can also create subsidiaries with the ability to generate even more revenue from "off-airport" business activities. […] Airport authorities pay Transport Canada nothing up front for either the use of the airports or the rights to attendant business opportunities - which include the power to set their own user fees. Instead, the intent is that the government will receive its due consideration in rent payments over the 60-year term of each lease." (Auditor General of Canada 2000, 10–7)

The second rationale behind the design of this instrument is that the Government of Canada decided to retain ownership over the 26 airports identified as LAAs/CAAs at the time of the transfer. According to the NAP, this aimed at enabling the federal government to "guarantee the integrity and long-term viability of the vital NAS system" (Transport Canada 1994, 9). By retaining legal ownership of large airports, the federal government's objective was to ensure that Canada would keep an efficient, secure, and safe network of airports. And because the government retains ownership, it is entitled to receive a rent. Put simply, according to a public servant in Transport Canada: "there is the rationale of the ongoing use of land owned by someone else, it is a license to airport operators. And I think this is a reasonable rationale. It is a good system here, where Treasury Board's guidelines make sense. These companies use someone else's land, so it makes sense[32]."

The third element is that in all countries in which commercialization of airports has taken place, governments have been able to generate money from the commercialization process. This has systematically been the case so far in all case studies on airport commercialization developed by ICAO (ICAO 2013b). Governments have requested various forms of payments and have implemented policy instruments that allow them to collect such payments. For instance, Australia requested an up-front payment with the privatization of its main airports, while France or Belgium received cash payments from selling shares of Aéroports de Paris or of the Brussels Airport Company, respectively. A popular instrument associated with a model relatively close to the Canadian commercialization of airports has been concession fees associated with the establishment of concessions. ICAO defines a concession as the right to operate a certain commercial activity at an airport, commonly on an exclusive basis and usually at a specified

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[32] Respondent from Transport Canada, interview conducted on 13/03/2012.

location (ICAO 2012a, xi). It generally involves a private, for-profit concessionaire in charge of developing and operating the facility, which is often requested to pay the government either an upfront payment or an annual concession fee (or a combination of both). The specificity of the Canadian model is that the government commercialized and divested its airports without selling them, but nevertheless requests a payment. This is well described by an interviewee involved in airport policy at the global level: "Au Canada il y a eu une privatisation sans vendre. Alors que les loyers reflètent cela, c'est logique. Quand il y a une vraie privatisation comme avec BAA, ils ont payé cash le gouvernement. Alors tu payes pour ce que tu achètes, et tu récupères ton investissement à plus long terme. Ici c'est différent car le gouvernement n'a pas vendu, mais il veut cette rente, et maintenant il s'agit d'un *royalty fee*, et le loyer est ensuite reflété dans les charges[33]."

This thus appears to be in line with the global referential, where governments have withdrawn from direct management of airport operations, have commoditized airport services and infrastructure and have generated profits from such operations.

1.2. Some Data and Background Information

At the time of the first transfers, the federal government negotiated directly with each LAAs the terms of the ground lease, leading to major differences among LAAs, and later on among CAAs, with respect to the rent formula they were subject to. There were inequities in terms of rents paid, both in absolute numbers and in terms of amounts per passenger, amounts per acre and amounts per million dollars of historical net book value. Formulas differ with regard to participation rents, rent rates on different types of participation revenues and rent capping. The instrument – the rent

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[33] Respondent from ICAO, interview conducted on 28/02/2012.

– was similar, but its content varied. Indeed, most rent formulas were more or less based on passenger throughput (Tretheway and Andriulaitis 2008, 143–144). Even the Auditor General criticized the absence of consistency among the rent formulas and the absence of sound justification to support these formulas.

The airport rent formula was subsequently revised in 2005. The Minister of Transport announced that airports would be subject to a unique ground rent formula that would replace the prior formulas. The new rent formula is based on growth gross revenue and is graduated by the level of revenue (Cherniavsky and Dachis 2007, 4)[34] : zero percent on the first $5 million, 1 percent on the next $5 million, 5 percent on the next $15 million, 8 percent on the next $75 million, 10 percent on the next $150 million, and 12 percent on any amount over $250 million. The new formula thus constitutes an ad valorem tax applied before interest, depreciation and property tax, which was justified as a way to simplify and harmonize the ground rent formula while reducing the burden imposed upon airport operators[35]. The other advantages of such formula were, according to Transport Canada, the following: the variability of rent with revenues provides some flexibility to deal with all phases of business cycle; there are incentives to reduce costs; it requires a minimal amount of administrative effort (only slightly less than the passenger option) and provides the earliest availability of final figures; and it is the best option from the standpoint of equity among airports and public perceptions of equity among airports (i.e., percentage could be the same for all airports) (Transport Canada 1999).

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[34] Canada's four largest airports, that are the focus of this dissertation, are all in the 12 percent bracket.
[35] According to then-Minister of Transport Jean Lapierre: "The bottom line — every one of the 21 rent-paying airports across Canada will benefit financially every year that they are to pay rent over the life of their leases. Under the old system, they were scheduled to pay $13 billion. This will be reduced to $5 billion over the course of existing leases. This represents a reduction of $8 billion, or more than 60 per cent. In addition, the new rent formula will address concerns related to fairness and equity among airports of similar size and activity. The original process of negotiating lease arrangements resulted in 21 separate deals, each with its own peculiarities." (Morrison 2008, 11).

The revision of the rent formula and its simplification in 2005 lightened the burden imposed upon airport operators. According to a study published in 2008 comparing the effects of the two formulas, the new formula clearly provides relief to Canadian airport operators, as the chart below indicates (Tretheway and Andriulaitis 2008, 146):

Source: Transport Canada, *Airport Rent Policy Fact Sheet, All Airports 2005-09-05.*
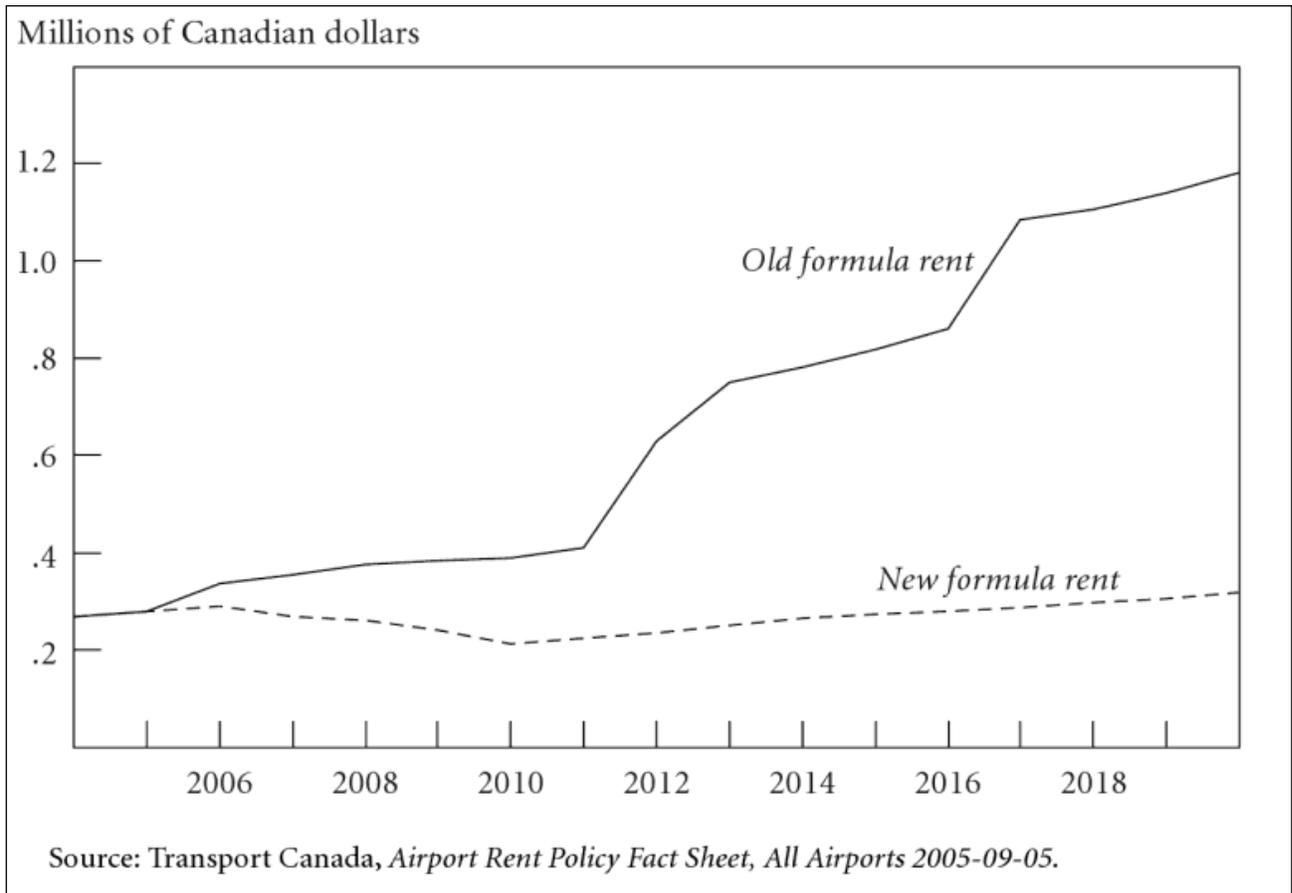
Nevertheless, if the new formula was intended to prevent the amount of collected rent from increasing too rapidly, it remains that it has not decreased the rent that airports operators have had to pay.

According to figures released in 2010 by Transport Canada, the airport operators of Toronto, Montreal, Vancouver and Calgary together pay more than 90% of the total rent

collected by the federal government from NAS-airports paying rent[36]. In total, it is more than

$214 million that was extracted from these four airports in 2010 (Transport Canada 2010). The

Greater Toronto Airport Authority alone has paid $1.82-billion in rent to the federal government

since 1996, while its book value at the time of its transfer in the mid-1990s was evaluated at

$263-million (Jang 2011a).

2. A Growing Critique of the System

Despite Transport Canada's justification over the legitimacy of the ground lease rent, there has

been more and more criticisms about the content of this instrument. It has come from almost all

stakeholders of the Canadian civil aviation system (see next section), and the public dispute over

the rent issue between the federal government on one side, and all other stakeholders on the other

side, has been growing since 2005 and the revision of the rent formula. For instance, the Greater

Toronto Airports Authority launched a campaign entitled: "Let's Get a Fair Deal" in 2007. The

objective was to urge the Canadian government to eliminate airport rent. At the launch, GTAA

President & CEO Lloyd McCoomb argued that the rent placed an unfair burden on Canada's

airports. It is especially interesting to note that representatives from IATA, the Air Transport

Association of Canada, national and foreign airlines as well as local businesses attended the

launch of the campaign and supported the GTAA approach (Nguyen 2007), thus demonstrating a

wide and shared discontent over the government's rent policy. The rent appears to crystallize an

enormous frustration against the federal government collecting this money from the four largest

airports, and thus has attracted the attention of the media. This major disagreement between the

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[36] Other NAS-airports paying rent are the following: Edmonton, Ottawa, Winnipeg, Victoria, Halifax, Saskatoon, Kelowna, Québec City, Regina, St. John's, Thunder Bay. Remaining NAS-airports (London, Moncton, Saint John, Gander, Charlottetown, Fredericton, Prince George) as well as all other airports in Canada do not pay rent to the federal Government.

stakeholders seems to indicate that the Canadian air transport referential has become contentious. The following sections review the criticism of the rent according to several stakeholders' points of view.

2.1. A Critique from the Auditor General

In a report released in 2000, the Auditor General criticized in the inconsistencies between the different lease agreements: they have different specific terms, but they also do not even bore a resemblance to each other (Valo 2001). Specifically, the Auditor General reported in its October 2000 report that before it started the lease negotiations, Transport Canada did not determine the fair market value of the airport assets and business opportunities it was transferring, therefore significantly impairing an informed decision-making over the fair basis to establish these rents (Auditor General of Canada 2000)[37]. Its conclusion about airport transfer was that Transport Canada should clearly define its role as landlord[38] and that Transport Canada should urgently be more diligent in handing Canada's largest airports including by renegotiating lease agreements[39].

2.2. A Critique from the Airports

Canada's four largest airport operators and their representatives (and most notably the Canadian Airports Council, CAC), have been vocal in their criticism of the rent system. The former President of the CAC, Jim Facette, said publicly in an interview that: "Canada's civil aviation sector already suffers a serious competitive disadvantage to other modes of travel and airports across the border in the U.S. due to airport rent and other forms of high taxation […]. To pump

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[37] Paragraph 10.2 refers.
[38] Paragraph 10.156 refers.
[39] Paragraph 10.158 refers.

millions of dollars into a competitor is inexplicable" (Wilson 2007). He went further in another interview, publicly stating that: "Rent elimination is the ultimate. Our airports have more than paid the asset value; airports in Canada have invested more than $9.5 billion in their infrastructure without any tax assistance. We say, you've gotten your money back [but] you're still collecting $280 million a year on airport rent. Imagine how that can be used back into the system?" (Infanger 2009). From the interviews with airport executive managers, three lines of criticism appear against the rent policy instrument, whose design and use are not in line with the Canadian referential for air transport.

The first line of criticism regards the design of the rent policy instrument. A former actor of the airport industry considered, in line with many other points of views collected from airport representatives, that: "Now you have a system similar to a tax system, with exaggerated scales. Airport operators receive no funding from her majesty, they have to generate their revenues, and the formula says that, starting to a certain level, for every penny you earn, you will pay a portion of this penny to the Government. And the more activity you generate, the more pennies you earn, the bigger the portion of the penny you have to pay. Airport operators have increased their activities, they have successfully marketed their city on the map, and now they are in a win-win system for her majesty: she wins on every front: she increases the portion she receives from airport revenues, while airports grow their activities and thus contribute to the economy[40]". It was indeed perceived by many actors that, despite the implementation of a new rent formula in 2005, the amount collected from the four largest airport operators has remained disproportionately high. Foreign airlines have vocally shared this view (Bisignani 2011). Actors feel that it is unfair and

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[40] Respondent from the Canadian airports trade association, interview conducted on 22/02/2012.

inefficient that the government could simply extract a rent of more than $214 million in 2010 just for providing the land on which airport infrastructure is located.

This criticism also appears to be in line with *ICAO's Policies on Charges for Airports and Air Navigation Services* (ICAO 2012c). The policies contained in Doc 9082 are the worldwide holy book for airport and air navigation services charges. ICAO policies contained in Doc 9082 are developed through international conferences organized by the United Nations agency. They are then endorsed by the Assembly and the Council of the organization. There is thus a strong moral obligation for states to conform to the policies and philosophy set out in Doc 9082, which reflects the global norms and standards. It has incorporated market-orientations and user-pay focus for the past two decades. Doc 9082 clearly mentions that states permit the imposition of charges only for services and functions which are provided for, directly related to, or ultimately beneficial for, civil aviation operations (Section I, paragraph 2 refers), plus a reasonable rate of return. For the actors of the four major airports and their representatives, the rent is far too high to represent a fair and reasonable rate of return. This clearly highlights that airport actors' concern does not lie with the instrument per se (i.e. the rent as a taxation-type instrument) but with the content of such an instrument (i.e. the amount of the financial burden).

The second line of criticism concerns the rent formula. Actors from the airport industry perceive the rent formula as being a hindrance to their development and a disincentive to grow their activities. The rent is based on gross revenue and increases according to the level of revenue (cf. supra). The value of the rent is positively correlated with the revenue of the airport operator and has thus no correlation with the value of the land on which airport facilities are located. This has drastically impacted the four largest airports. Major airports usually collect two types of revenues. First, revenues from aeronautical sources are collected from airport charges. They aim to recover the cost of providing airport services dedicated to air traffic (they are usually collected

from landing charges, passenger service charges, cargo charges, parking and hangar charges, security charges, noise-related charges, aerobridge charges, etc.[41]. Second, revenues from non-aeronautical sources are "any revenues received by an airport in consideration for the various commercial arrangements it makes in relation to the granting of concessions, the rental or leasing of premises and land, and free-zone operations (…). Also intended to be included are the gross revenues, less any sales tax or other taxes, earned by shops or services operated by the airport itself." (ICAO 2013a, xv).

Revenues from non-aeronautical sources are crucial to major airports. Research has demonstrated that with growing pressure to control levels of aeronautical revenues, there has been an increasing focus placed on expanding commercial revenues (Graham 2009). For Canada's four largest airports, non-aeronautical revenues in 2010 were $649 million, while aeronautical revenues were of $874.5 million. Moreover, ICAO's policies on charges contained in Doc 9082 recognize the continuing importance of revenues from non-aeronautical activities and recommend in Section II (paragraph 2 and 10 refers) the full development of such revenues to offset aeronautical revenues, except in the case of concessions directly associated with the operation of air transport services such as fuel, in-flight catering and ground handling (ICAO 2012c). An actor from the airport industry explains the effect of the rent on collecting revenues: "even if you accept the principle of the rent, the formula remains perverse, because there is no incentive to invest and develop the business. Everywhere airports tend to increase non aeronautical revenues in order to decrease the share of aeronautical revenues, they use ancillary

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[41] For an exhaustive definition of these charges as well as to determine the cost basis for charges on air traffic, refer to Part A – Accounting and Part B – Determining the Cost Basis for Charges on Air Traffic in Chapter 4 of the *Airport Economics Manual* (Doc 9562).

service to limit user charges. But in Canada the formula is based on the revenue, so it is a disincentive to grow revenues. It is a perverse disincentive.[42]"

In addition, the fact that the operator of Toronto-Pearson operates under a single-till regime, and the three other airport operators are operating under a model close to the single-till as well, accentuates the perverse effect of the formula. The single-till refers to an approach used to describe how an airport recovers the full costs associated with the airport and its essential non-aeronautical services. It is stated in Doc 9562 (paragraph 4.121 refers) that under the single-till approach, the full costs associated with an airport and its essential ancillary services, including appropriate amounts for cost of capital and depreciation of assets, as well as the cost of maintenance and operation, and management and administration expenses, are included in the cost basis attributed to air traffic. These costs are then adjusted to reflect non-aeronautical revenues that accrue for the airport. In general, in exchange for sharing the risk associated with the airport's operations, aircraft operators and/or end-users benefit from a cost basis that is adjusted to reflect non-aeronautical revenues (ICAO 2013a). The perverse effect of the formula appears clearly, as explained by an actor from the GTAA "Canadian airports operate under the single till model. All the money, aeronautical and non-aeronautical, goes in the airport revenue and is subject to the formula. In that respect, because the formula treats all revenues equally, it is a disincentive to invest in non-aeronautical activities. We pay 12% on every dollar we make in rent, so we subcontract to concessionaires many activities of the airport, and they generate money on their own. We don't pay rent on the activities, but the GTAA does not see the money either[43]." Indeed, as it is described in Doc 9562 (paragraph 5.1 refers), revenues from non-aeronautical sources constitute the principal means by which airports that apply the single-till regime are able

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[42] Respondent from the Canadian airport industry, interview conducted on 13/04/2012.
[43] Respondent from the GTAA, interview conducted on 02/04/2012.

to recover their total costs, because their profits from these non-aeronautical activities more than cover the shortfalls that they incur on their airside operations (ICAO 2013a). Again, more than the instrument per se, the discontent is about the content of the rent instrument. Indeed, it is the rent formula that has the perverse effect on the four largest airport authorities disincentivizing the growth non-aeronautical revenues. This is perverse because increasing these revenues would offset user charges paid by air carriers for the use of airport services, thus diminishing the cost of operating Canada's four largest airports.

Finally, actors of the airport industry have developed a third line of criticism addressed to the content of rent instrument and its impact. This third line is less important, as many representatives of foreign airlines operating to/from Canada and several actors from the airport industry ignored it. The concern is about the allocation and use of the money collected by the federal government. The NAP stated that the rent would be reinvested in the airport system (Transport Canada 1994). This element was reemphasized in 2005 in the House of Commons Standing Committee on Transport's *Interim Report on Air Liberalization and the Canadian Airports System*, whose recommendation 1 b) was that the rent received by Transport Canada should be reinvested in the Canadian airports system (Gallaway 2005). The policy proposal would thus imply a cross-subsidization of Canadian airports, through which the airports paying the larger share of the rent collected by the government (thus Toronto, Montreal, Vancouver, and Calgary) would subsidize loss-making and unprofitable airports that constitute the network of Canada's air transport infrastructure. This is the argument made by an actor from the GTAA: "The original purpose was to offer a fair return on the investment made in the past. I can appreciate what the government was trying to do. But today it puts us at a competitive disadvantage. I don't support it, because it is not fair to tax aviation. If the rent is not put off the table, at least it should be spent on other airports in Canada." Nevertheless, this element is not

totally in line with ICAO's policies on charges, which state that airport charges should be cost-related and that users should not be charged for facilities they do not use (Section II, paragraphs 2 i) and ii) refer). In that sense, it means that carriers and travelers coming from foreign country to Toronto or Montreal should not pay for unprofitable Canadian airports they will likely never use. These concerns are, again, about the content of the instrument and not necessarily about the instrument itself.

To conclude, the representatives of the four largest airports in Canada have largely criticized the Crown rent because of its impact on the competitiveness and the potential to grow of the Canadian airport industry. If the apparent concern is about the rent, the content of this taxation-type instrument is really at stake. Indeed, the rationale behind the use of a taxation-type instrument is not at stake. A rent or a similar concession fee or levy is part of the user-pay philosophy that has supported the core values associated with a market-oriented airport sector. The source of the numerous tensions is rather with the content of the rent instrument (e.g. the formula, the level, the allocation). The rent was designed and implemented as part of the airport divestiture process, but no actor from the airport industry is questioning the devolution of airports and the emphasis on a sound commercial management and operation of airport infrastructure and services. Conversely, all airport managers, senior executive and representatives refer to notions such as competitiveness, growth, taxes and profits: they all refer to the core norms and values of a market-oriented referential for air transport. All actors are in agreement over these norms and values, and support the associated taxation-type instrument that supports the user-pay philosophy of the whole system. But all these actors are in disagreement with the content of the rent instrument that they perceive as running counter to the referential it is supposed to accompany.

2.3. A Critique from the Air Carriers

Canada's four largest airport operators and their representatives have strongly raised their opposition to the rent instrument (or rather to the content of such an instrument), but they have not been alone in doing so. They have indeed been joined by their users and their representatives. Giovanni Bisignani, Director General and Chief Executive Officer of the International Air Transport Association from 2002 to 2011, had these words to describe the rent issue when addressing the Montreal Council on Foreign Relations: "the Crown rent bill that was $257 million in 2009 is an unnecessary competitive disadvantage. No other country in the world uses this archaic scheme to tax infrastructure" (Bisignani 2011). Mr. Bisignani further added a few weeks later in *The Globe and Mail* that, in the battle of global air hubs, Toronto, Vancouver and Montreal were slipping in competitiveness because they paid high federal taxes in the form of the airport rent, which in turn showed up in hefty landing fees charged to airlines, specifying that: "the Canadian government doesn't understand that cashing in on Crown rent is a short-term vision." (Jang 2011a). After succeeding Giovanni Bisignani as Director General and Chief Executive Officer of IATA, Tony Tyler also went to the Montreal Council on Foreign Relations to state that "the Crown rent charged for Canada's airport infrastructure is a $250 million competitive disadvantage. The pain is not only felt by the Canadian air transport sector which suffers from passengers opting to start their journeys from US airports. All those extra cars on the roads can't be very good for the environment either! And every business that relies on connectivity shares the burden." (Tyler 2012). If IATA leaders have attracted strong media coverage on the issue of airport rent through the amount of the financial burden it creates, users of the hub airports of Toronto, Montreal, Vancouver and Calgary have all developed their own criticism against the content of this policy instrument. All representatives from airlines using one

or several of these four airports that were interviewed, ranging from the domestic air carrier with a point-to-point network and from the Canadian charters airlines and the former national flag, to major international airlines from the United States, Europe and Asia, opposed the rent policy. Again, three lines of criticism were developed. Again, these criticisms indicate that actors from the airline industry perceive the content of the rent policy as being at odds with the Canadian referential for air transport.

But before going into the specifics, it appears necessary to respond to a fundamental question: why do air carriers oppose the content of the rent instrument? The answer is straightforward: the four largest airport operators project their annual revenues to anticipate the level of ground lease rent they will have to pay to the federal government and they subsequently pass it on as user charges. In the end, the cost of paying the rent is integrated to the cost structure of the airport, and it thus has repercussions on user charges paid by air carriers. The content of the instrument artificially increases airport charges. Passing the rent costs onto the cost base for user charges is in line with ICAO's policies on charges in Doc 9082, which state that the cost to be allocated to airlines through charges is the full cost of providing the airport and its essential ancillary services (Section II, paragraph 2 i) refers). This full cost includes any rent or concession fees payment made by the airport operator to the government.   The repercussions of the rent instrument, and more specifically of the amount of such rent, on user charges are important. A manager from the GTAA stated that "if I remember correctly, it is about 1/3 of the landing fees[44]", while a representative of the Canadian airline industry mentioned that "as it is today the airline industry is paying $300 million of these rents through landing and terminal fees.[45]"

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[44] Respondent from the GTAA, interview conducted on 16/03/2012.
[45] Respondent from a Canadian airlines trade association, interview conducted on 08/03/2012.

Consequently, this increases the cost for airlines that operate at Canada's four largest airports, and this explains why airlines oppose the rent policy.

The first of line of criticism, and a recurrent argument used by air carriers when opposing the content of the rent instrument at Canada's largest airports, is that it represents a threat to their profitability because it increases their costs without increasing their revenues. Representatives of airlines and of the airline industry that were interviewed were all extremely frustrated by this artificial increase in cost, because they perceived that the Government of Canada would extract it irrespective of their financial health and of their contribution to the economic wealth of Canada. The following excerpt from an interview of an airline manager involved with an air transport professional organization reveals this frustration: "Là il y a zéro [contreparties aux loyers], à part les terrains. Nous sommes une industrie qui assure un réseau de transport national qui supporte 30 à 35 milliards de dollars de PNB, avec des milliers d'emplois à la clé. On crée une valeur économique beaucoup plus large que ce qu'elle nous rapporte à nous-mêmes. On assure un réseau productif pour les affaires. Vous imaginez les gens d'affaires de Toronto aller faire un voyage d'affaires à Vancouver en train? Sept jours aller-retour? On n'est pas en Belgique ici, où tu t'assoies dans le train à Anvers, tu bois un café, tu lis ton journal, et tu es à l'autre bout du pays. Au Canada, ça prend un réseau aérien efficace, alors quand le gouvernement le taxe pour rien en plus. Et puis il y a le tourisme aussi, c'est 600 000 emplois au Canada. Alors politiquement, ça ne coûte rien à un politicien d'envoyer « chier » les compagnies aériennes du Canada. Parce que personne ne parle de ça le matin au Tim Horton. Au Tim Horton le matin, les gens parlent de la game de hockey de la veille, qu'ils payent trop de taxe. Mais les compagnies aériennes et les loyers d'aéroports, c'est pas ça qu'on entend le matin au Tim Horton et les

politiciens l'ont bien compris[46]." The perception of this actor is common. A manager of another airline involved in another air transport association mentioned that: "I think that [the rent policy] hurts the industry, and that, for the most part, that is the government treating aviation as a cash cow, and as a result we have higher costs, and we have higher costs especially at the biggest airports, and especially at Pearson's airport. […] I don't have the numbers in front of me, but operating costs are still a significant part of our operating budget[47]."

The frustration against what is perceived by airlines to be as an artificial increase of the cost of operating at Canada's four largest airports finds its rationale in the position of the airline industry within the air transport value chain. The weak profitability of airlines has been a concern for the past two decades (Pearce 2012): airlines have the weakest profitability of the air transport value chain:

Table 3. Uneven returns along the air transport supply chain
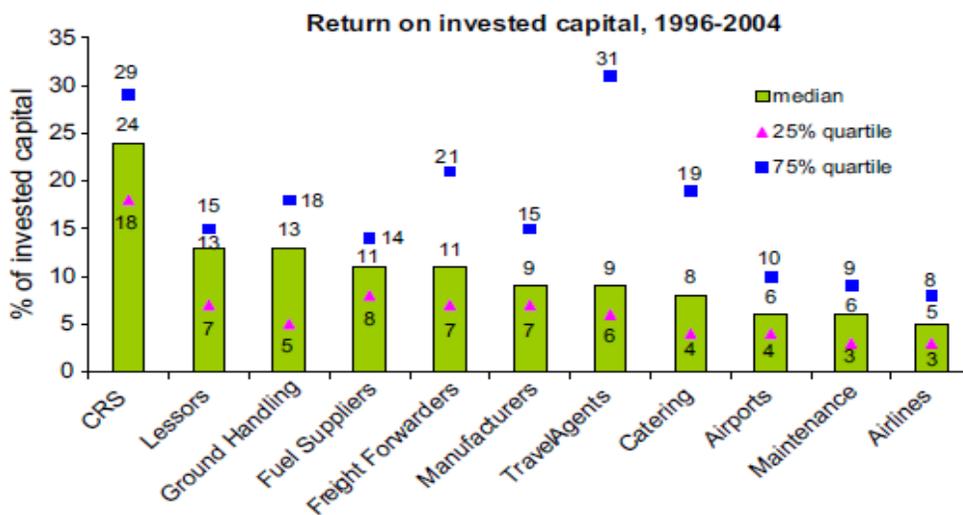
Source: McKinsey & Company analysis in International Air Transport Association Value Chain
Profitability (Pearce 2012).

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[46] Respondent from a Canadian airline, interview conducted on 23/02/2012.
[47] Respondent from a Canadian airline, interview conducted on 14/03/2012.

This weak profitability of airlines in general, while they contribute to wealth and growth of regions and countries, explains the frustration experienced by air carriers with the high level of the airport rent. Far from being perceived as a fair contribution by users to support the costs of the airport system, airlines' stakeholders perceives the high amounts of rent as a hidden tax that they end up paying with no benefit at all. Clearly, the issue is not with the taxation-type instrument, but with its content (a too high financial burden).

The second line of criticism is about the competitiveness of air transport against other modes of transport. Air carriers that operate domestic and short-haul transborder flights have developed a specific line of criticism that complements the first one. Representatives of the Canadian airline industry see the high amounts of rent as artificially increasing the price of air transport in Canada against the price of other modes of transportation, such as rail transportation or road transportation (with car or with bus). Consequently, they perceive the rent as creating a distortion of the competition between air transport and rail and/or road transport. A notable example of this second line of criticism was seen when the Conservative government of Stephen Harper announced in 2007 that Via Rail would receive about $700 million over five years. The subsidy would be dedicated to furbish locomotives and passenger cars, to increase rail capacity and for day-to-day operations. This $700 million envelope was added to the $170 million that Via Rail receives from the federal government in the form of operating subsidies (The Canadian Press 2007). Many stakeholders of the airline industry perceive the subsidies given to the rail industry as contrasting with the rent imposed upon airport operators and subsequently on users through airport charges. If the fact that "unlike rail passengers that are heavily subsidized, it is the opposite for aviation[48]", as said a representative of an airline association. The state of mind of the

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[48] Respondent from a Canadian airline trade association, interview conducted on 08/03/2012.

Canadian air carriers stakeholders interviewed for the purpose of this dissertation was best captured in this public statement from Capt. Dan Adamus, President of the Canada Board –Air Line Pilots Association (ALPA), who said that: "It's time to treat all modes of transportation equally, especially in a country as big as Canada: air travel is not a luxury—it is necessary to do business and will only serve to strengthen our economy. The government's regressive taxation approach towards aviation needs to be overhauled. The federal government must understand that the airline industry is not a cash cow, and that subsidizing one form of transportation while excessively taxing another only punishes those Canadians who fly in and out of their rural communities. Transport Canada set a $691 million precedent this week—and we expect air transport to be next in line." (ALPA 2007).

In addition to paying a rent that is perceived as an unfair burden imposed upon their fragile financial sustainability (first line of criticism), Canadian aircraft operators have the very unpleasant impression that they are subject to an unfair burden which does not apply to other modes of transportation which are favoured by the federal government. The air transport industry is thus being discriminated against by being the sole target of this policy instrument within the transportation industry. Of course, the terms of the debates might be more complex. For example, some have argued that the government deliberately favoured the Canadian airline industry by refusing to engage in the funding of a high speed train in the "eastern triangle", formed by the metropolitan areas of Montreal, Ottawa and Toronto in order to protect a lucrative market for Canadian air carriers (Rebello 2009). Even the bus industry took a stance in favour of changing the dynamic of transportation in the "eastern triangle", pointing to the restrictions imposed by the lobby from air carriers and Air Canada (Porter 2009). The same dynamics can be observed for other regions of Canada, for example the Edmonton-Calgary corridor, or the Pacific Northwest corridor (which includes the Vancouver metropolitan area). Nevertheless, in the cognitive

analysis perspective, it is of high relevance to see that there is a consensus in the airline community, including the pilots, about an unfair treatment of the air transport industry in comparison to other transportation industries. The argument has been further developed to include not only the competition of other modes of transportation in Canada, but also modes of transportation in the United States. In the U.S., almost all the commercial service airports are owned by local governments and, in a few instances, federal or state governments. The *Airport and Airway Improvement Act* of 1982, which is still in force, established an Airport Improvement Program (administered by the Federal Aviation Administration (FAA). Under this program, grants-in-aid for airport planning and development are provided to airport operators and allocated on the basis of a legislated apportionment formula and set aside categories earmarked for specific types of airports and projects (ICAO 2011a). In other words, this program establishes grants paid by the federal government to airport operators. Furthermore, it should be noted that airport operators in the United States do not pay any kind of rent or concession fee to either local or federal governments. An executive officer of a Canadian air carrier explained that the fact that Canada's four largest airports have to pay a significant rent while U.S. airport receive grants constitutes a major hindrance for airlines: "In fact the rents would be less of an issue if we were to fly domestically only, but if you go international and you compete with the U.S., it gives you a significant disadvantage. Canada's government policy has a more important impact on our development than local airport policies. And they are in a difficult position because they are impeded by the rents. They pay rents and the U.S. airports do not. So government policy makes it difficult […][49]." Representatives of the Canadian airline industry perceive that the high amounts of rent distorts the competition with their U.S. counterparts for transborder traffic, because it

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[49] Respondent from a Canadian airline, interview conducted on 01/03/2012.

increases the cost of operating from the Canadian bases (which are basically the four airports of Toronto, Montreal, Vancouver, and Calgary)[50].

The third line of criticism developed by the airline industry also complements the first line on the artificial increase in cost operation and has been developed by both domestic and international air carriers operating to and from Canada. All stakeholders of the airline industry that were interviewed mentioned that airports had already paid back the federal government through the rent that was collected in the past, and that since then, the rent has just been a free source of money for the federal government. Since one of the rationales behind the maintenance of the rent instrument is that the government assumed the construction and the development of Canada's airports, it should earn a return on this investment; airlines' representatives feel that this return on investment was charged twice. A stakeholder explains this mechanism by referring to Doc 9082: "It doesn't make any sense. ICAO's policies clearly state that users should only pay for the service they receive. Airports were paid for, and the federal government acts as if they paid for the infrastructure. But up to the transfer, airlines were paying user fees. Now they are paying again, they just duplicated the costs. Transport Canada has given lots of reasons for the rent, but the only valid reason is that it is good for the Department of Finance[51]." According to another stakeholder, who also referred to Doc 9082: "ICAO is very clear in Doc 9082: airport charges should be cost-based. But now they are taking 18% of the revenues for government taxes. In total, the rent is about CAD$250 million a year, and 18% of every CAD$1 revenue of airports goes to the government. And if airports make commercial revenues, they are also charged for that. So airlines are double-taxed, by the rent and on other activities." This demonstrates that

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[50] This aspect will be further developed in the next section: the full cost of Canada's airports will be assessed and the comparison with neighbouring airports in the United States will be drawn.
[51] Respondent from the international airlines industry, interview conducted on 06/03/2012.

airlines representatives have been looking into ways to undermine the validity of the content of the rent policy by referring to ICAO's policies on charges. Indeed, during interviews, policy-makers that supported the rent policy systematically put forward the fact that the rent reflected the ownership of the land by the government of Canada. But even this argument has not convinced airlines. According an executive officer of an air carrier: "Alors il y a des baux, le fédéral est propriétaire, mais dans la relation locateur locataire, le locateur doit faire quelque chose, il y a des contreparties. Là il y en a zéro, à part les terrains[52]."

Airlines thus have the unpleasant impression that they are paying an unfair burden which is not imposed on other modes of transportation and that the rationale behind this burden is flawed. They are being asked to pay for something they consider having already paid in the past. They are asked to support a lessee-landlord relationship in which the lessee would have all the duties while the landlord would have no obligation toward its lessee. All these excerpts show that a taxation-type instrument is not at stake (taxation-type instrument to ensure a return on investment and in exchange of government services is accepted), but it is rather the way the instrument has been used that has in the end run counter to the referential by impeding the competitiveness of airport's users.

To conclude, airlines have not been the sole stakeholders of the Canadian airport referential to criticize the Crown rent and its impact. The key actors of the Canadian airline industry as well as the key actors of transborder and international air carriers operating to/from the four largest airports have shared and echoed the concerns of the airport industry, adding to the tensions already existing in the referential. This is theoretically extremely interesting, as it reinforces the fact that various actors, from the airport but also the airline sides, are targeting

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[52] Respondent from a Canadian airline, interview conducted on 23/02/2012.

airport Crown rents as a major source of problem in the referential without requesting to go back to the previous situation where airports would be publicly owned and operated. Actors are in agreement over market-oriented norms and values, which can be supported by a taxation-type instrument such as the rent in a user-pay perspective. But the content of the rent is largely at stake, with all airline actors drastically challenging the content of such instrument and the way it has been used by the government. According to them, the content of such an instrument is in the end running counter to the core values of a market-oriented referential because it artificially impedes the competitiveness of economic actors and it is unfair because there is no service in return of tax payment.

2.4. A Critique from the Observers and Analysts

Finally, it is important to note that the content of the rent instrument has been criticized by other stakeholders of the Canadian air transport sector that do not directly engage in aviation activities. Research professionals have investigated the debates of Canada's rent policy, either on the behalf of industry clients or think tanks, or with a non-partisan, academic research expertise. Their criticisms are fundamental in a cognitive analysis of public policy perspective, because they demonstrate that there is a potential for the formation of a mediation space which could reshape and reframe the parameters of the referential. It is indeed postulated by authors of the cognitive analysis stream that not all actors involved in a sector will agree on all the elements of the referential and the policies it implies (Dubois 1997, 250; Jobert 1992; Faure, Pollet, and Warin 1995, 162). Thus, it is expected that some tensions about an instrument, its content, or an aspect of the policy may arise. But the fact that the four airports concerned and their users, as well as the observers of the Canadian air transport sector would consensually agree on an attempt to reframe the terms of the referential indicates that there may be a cognitive dissonance.

Criticism voiced by the observers of the air transport sector can be classified in three categories. First are the criticisms made in studies and reports commissioned by the industry. Second are the notes prepared by think tanks, and third are the conclusions of non-partisan, independent academic researchers. Each of these categories will be briefly developed in the following paragraphs and their criticisms will be described.

First, the airport industry and the airline industry in Canada have commissioned various studies and reports aimed at demonstrating the validity of the criticism they have voiced against the content of the rent instrument. In a way, actors of these industries have looked for an external empirical validation that would make their complaints more trustworthy. The Canadian Airports Council (CAC), a division of Airports Council International-North America (ACI-NA), which was formed in 1992, serves as the industry association that lobbies the federal government on issues that affect the business interests of Canada's airports. CAC commissioned a study to the InterVISTAS Consulting Group, a well-established consulting firm specialized in transport and tourism. Released in 2009 under the title *The Elimination of Airport Rent: Return on Investment*, InterVISTAS' study empirically documents the impact of eliminating airport rents. The conclusions of the study are presented in table 4.

Table 4. Summary of Pros and Cons of the Elimination of Airport Rents

Pro's	Con's
Traffic Impacts: Passenger traffic growth of over 590,000 passengers annually	
Traveller Expenditure Impacts: Increase in airfare and traveller expenditures by $304 million due to passenger traffic growth	
Economic Impacts: • 2,700 direct person years of employment • $90 million in direct wages • $140 million in direct GDP • $300 million in direct economic output	
Tax Impacts: $50.3 million in additional tax revenues due to passenger traffic growth, increase in traveller expenditures and employment generated	Reduction in Federal Government Revenues by $280 million in airport rent collected annually

Source: *The Elimination of Airport Rent: Return on Investment* (InterVISTAS 2009, 16)

This collaboration between the airport industry and a well-established and renowned consulting firm can been seen as an attempt to create some sort of public policy forum from which new policy ideas and representations could emerge (Jobert 1992). The Air Transport Association of Canada (ATAC), which was founded in 1934, is the national trade association for commercial aviation, flight training industries and aviation industry suppliers. ATAC commissioned a study realized by Fred Lazar, Associate Professor of Economics at the Schulich School of Business, York University, which was released in 2007 under the title: *The Potential Economic Impacts of Reducing the Federal Government's Ground Rents for Toronto Pearson International Airport and Reducing the Federal Excise Tax on Aviation*. Lazar produced an economic study on the impact of the rent in Toronto, in which he documented that a reduction of

$58 million in the annual ground rents at Toronto-Pearson airport might lead to an additional 214,000 passengers per year, and he concluded on that matter that:

> "[The] ground rent regime is unfair for YYZ. Indeed […], since YYZ was the only Canadian airport that had been forced, either by the terms of its lease with Transport Canada, or through extraordinary circumstances, to incur large amounts of debt. These in turn necessitated substantial increases in revenues, and thus contributed to larger payments of ground rents." (Lazar 2007, 10).

A few years later, the newly formed National Airlines Council of Canada (NACC), which was founded in September 2008 by Air Canada, Air Transat, Jazz Aviation LP and WestJet to act as the trade association representing Canada's largest passenger air carriers, also commissioned a study to be completed by the same Fred Lazar of the Schulich School of Business. The study entitled *The Economic Impacts of the Member Carriers of the National Airlines Council of Canada* and released in September 2011 contains a significant development on airport rents, in which the author highlights that calculating the rent as a percent of revenues means that the price of every aeronautical service an airport provides has to be marked up by at least the amount of rent charged which, in turn, increases the airport's break-even point and raises the amount of revenue that must be generated. Lazar subsequently documents this argument by explaining that if the operator of an airport situated in the 12% rent bracket of the rent (cf. supra) needs to net $100 from a given fee, it must set the fee at $113.65, which results in a mark-up of 13.6% (Lazar 2010, 27). These two attempts by the airline sector further demonstrate the attempts to establish a new forum of public policy, or a space of mediation, through which the parameters of the Canadian referential for air transport could be discussed and modified to fit with a shared vision of what the sector should be and how it should operate.

This attempt to establish a space of mediation did not solely originate from stakeholders directly involved in the operational aspects of air transports. Think tanks have also been engaged

in the debate and proposed policy evaluations and policy changes with respect to the airport rent. Two independent studies tackled the issues related with the content of the taxation-type rent instrument. A report from the Institut Économique de Montréal published in 2006 identified airport rents as one of the three areas of taxation in need of an urgent reform. It documented that between 2000 and 2005, airport rents accounted for 38% of revenues collected by the federal government from the airline sector. The study concluded that rents are among the main obstacles to the competitive position of Canada's major airports compared to U.S. airports, which face no similar cost; and that the rent burden is shared unequally since nearly the full amount comes from the airport administrations in Toronto (48%), Vancouver (27%), Calgary (9%) and Montreal (7%)[53] (Giaume 2006). The C.D. Howe Institute also tackled the issue of airport rent, with a study released in 2007. According to the Toronto-based think tank, the rent formula is one of the five elements to change in order to alleviate air transport's fiscal burden. For the 1999-2005 period, the study documents that the amount of rent paid by the largest airport operators grew faster than their volume of passengers, which was the basis of the formula. It adds that the new rent formula negatively affects airports' incentives to seek additional revenue sources, because the airport must charge higher rates to cover any rent due from a new source of revenue (Cherniavsky and Dachis 2007).

Finally, the academic community has also criticized the rent policy and its impacts (Morrison 2008).

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[53] The data covers the 2000-2004 period. Subsequently, the conclusions of the study address the pre-rent formula change of 2005 period.

3. A Cognitive Dissonance?

The content of the rent policy instrument and the way it is used by the government of Canada is puzzling in that it seems to hinder the ability of the four largest airport operators to grow their business, expand their activities, and offer competitive operating costs to their users. User charges and a reasonable return on investment are both market-driven and agreeable to all stakeholders, but the level of the rent has been set at a higher level than a market mechanism would have allowed. While the four largest airport authorities were given the necessary autonomy to allow them to transform their platforms into competitive regional and international aerotropolises, and while the rent as a taxation-type instrument may be aligned with such a market-oriented perspective, the significant amount of money diverted because of the rent prevents them to achieve efficiently such objective. It thus indicates a cognitive dissonnance in the Canadian referential for air transport. Indeed, it highlights the fact that some prominent actors within the referential do not interpret its algorithms in the same manner and this leads to different interpretations of what Canada's air transport policy should be. It constitutes an apparent cognitive dissonance for airports, airlines and other parties because they do not have the same understading as compared to key policy-makers and bureaucrats of the implementation of the "user-pay" philosophy. In Muller and Jobert's approach, such a situation is supposed to evolve, with the creation of a space of mediation and the reformulation of the sectoral referential. But this has not been the case in Canada: the policy has not changed and the conflicts have been long-lasting. Therefore, the cognitive analysis of public policy as formulated by Muller and Jobert needs to be amended.

The previous sections illustrated that if the rent is often referred to as one of the most contentious issue that undermines the stability of the sectoral referential, actors consider that, in

general terms, a taxation-type instrument is not counter to a market-oriented approach provided that it allows economic actors to remain competitive and that the system is fair (there should be some kind of services in exchange of the payment of taxes). Such understanding applied to the Canadian airport sector can be found in the following interview excerpts with two senior executive officers, from the GTAA and from the Vancouver Airport Authority, who have a clear mind about a taxation-type instrument being more or less in line with a market-oriented referential:

-   According the senior manager from Vancouver Airport (YVR), "Obviously we would prefer to pay less, because the rent we pay contributes to higher costs. There is a lot of rhetoric in all that, […]. I have no strong opinion, but I know that we have to contribute one way or another. Over the year we negotiated a new rent formula, so there has been progress, but the notion that airports could not pay any rent nor any tax is misguided[54]."

-   And according to the senior executive officer from the GTAA: "There are a lot of politics with the rent issue, and I have never been comfortable with that. It became a political issue very quickly to whether it is fair or unfair. At YYZ we handle 1/3 of the traffic, and we pay 2/3 of the rent. It offended people, but they never measure the economic impact, but the economic impact is the key: what is it really? [55]"

These two leaders of the airport industry accept that airports have to pay something to the government. But all actors except policy-makers are of the strong opinion that the content of the rent instrument (in terms of formula, level, allocation, etc.) runs counter to the referential for the

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[54] Respondent from YVR, interview conducted on 21/03/2012.
[55] Respondent from the GTAA, interview conducted on 12/04/2012.

precise reasons that it undermines competitiveness and it is an unfair burden. These notions are key in the analysis: interviewees are giving hints that what is at stake may be beyond the rent per se. More precisely, the rent appears to be the instrument that has crystallized all the tensions from all stakeholders except Transport Canada, as being representative of something that goes beyond it, and which is the cost of operating at Canada's hub airports. Non-government interviewees all used the airport rent in order to express a profound dissatisfaction and a certain level of concern about the way the sector is regulated. Because the rent is the simplest cost center that can be considered, and because its content – most notably the formula – is perceived as being flawed by almost every actor, it has been at the forefront of the conflict between the Government of Canada and the four major airport operators and their users. However, if one goes deeper, it appears that the discontent about the rent reveals an even more profound concern about the competitiveness of Canadian airports, the fairly high cost of this industry, and the effect of passing these costs onto airlines and passengers through charges. A taxation-type instrument is not at stake: what is contentious is more broadly the whole "user-pay" algorithm and its implication in terms of airport policy. All actors do believe that a "user-pay" orientation is a fundamental algorithm of the Canadian airport sectoral referential, but non-government actors have a radically different perception on what and how users should be paying. This is visible through the dissatisfaction with the content of the rent instrument, and the next section will demonstrate that such dissatisfaction is spread to all other aspects covered by the user-pay algorithm (not only the rent, but also the general cost structure of Canadian largest airports, the airport charges, etc.). It should be noted that such analysis reinforces a theoretical argument put forward in this dissertation: a specific focus on policy instruments and their content is successful in identifying the possible cognitive dissonances. The next section will reinforce the argument even further by shifting the focus on the algorithm of the sectoral referential.

C – The Costs of Canada's Largest Airports and the "User-Pay" Algorithm

1. The Rent as an Addition to Other Costs

The analysis of the interviews reveal that costs other than those engendered by the parameters of the rent instrument are at the source of tensions between key actors of the Canadian referential. All these costs have in common that they relate specifically to the "user-pay" algorithm. The first type is the cost basis for airport charges. The second type is the cost basis for airport development and planning.

1.1. Other Aeronautical and Non Aeronautical Costs

With respect to the cost basis for airport charges, airport operators simply integrate the rent to their landing charges and terminal charges. This automatically increases the cost base on which these charges are established. But notwithstanding the inclusion of the rent in landing charges, these levies are, on average, higher in Canada than they are in the United States. The Air Transport Research Society (ATRS) runs systematic comparisons of airport charges on a worldwide basis. For instance, Figure 4 compares the landing charges for an average long-haul aircraft (in the case a Boeing 767-400) at North America's major airports, and it clearly shows that the landing fees in Toronto are, by far, the highest in North America[56]. In the case of the B-767-400, it is estimated by ATRS that landing charges at Toronto-Pearson are USD 6,000. In comparison, the North American average for landing charges for this aircraft are slightly higher than USD 1,000. Two of the three other main Canadian airports are above this North American mean, with approximately USD 1,600 for Montréal-Trudeau and USD 1,500 for Calgary,

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[56] A worldwide comparison would lead to similar results, with Toronto-Pearson competing with Tokyo-Narita for the award of the « most expensive » airport in the world.

respectively. Only the airport of Vancouver is slightly below this mean. In other words, the table clearly illustrates that Toronto-Pearson is a very expensive airport in terms of landing fees. It is two times more expensive to land a B-767 in Toronto than it is in the most expensive American airport (New York-LaGuardia), and it is almost 6 times more expensive, on average, to land this aircraft in Toronto than in other North American airports. If the three other Canadian airports are more in line with North American standards, two of them remain nevertheless expensive, and thus less appealing than US airports to develop new routes and attract new air carriers.

Figure 4. Landing Charges for Boeing 767-400 in North America, 2010 (in US$)
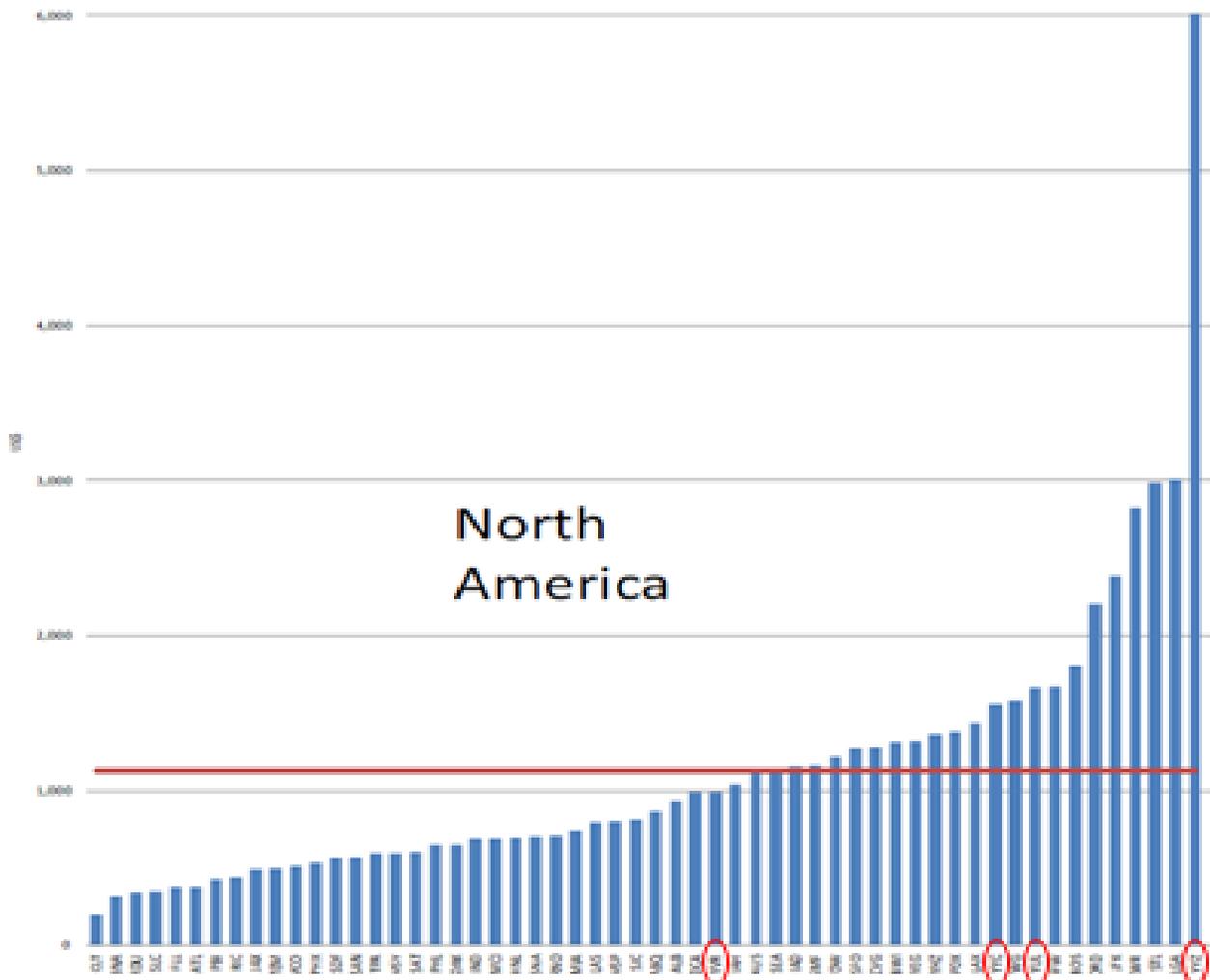
Source: *Global Airport Performance Benchmarking, Global Standards for Airport Excellence* (ATRS 2011, I–82)

If landing fees are billed to airlines, Canada's four largest airports have also billed charges directly to their end-users (the air travelers) under the form of the so-called "airport improvement fees" (AIF). These airport improvement fees are defined as follows:

> "an additional fee charged to departing and connecting passengers at an airport. It is levied by […] an airport management corporation and the proceeds are usually intended for funding of major airport improvements or expansion or airport service.
> The airport improvement fee is included in the cost of traveller's airline ticket, in which case the airline will forward the fee to proper agency. […]. The amount varies usually between US$10 and $30. In some instances, the fee continues to be charged long after construction has been completed (i.e. Ottawa Macdonald-Cartier International Airport). A legitimate reason for this is that the airport must finance the cost of the improvement and then pays off these costs over an extended period of time." (Singh 2008, 315–316)

More specifically, AIF are billed in order to fund airport improvement, development or expansion. In a way, they can be characterized as a form of pre-funding project, through which airport authorities collect costs in advance of commissioning new airport facility or infrastructure. On that matter, ICAO's policies on charges advocate a cautious approach towards pre-funding of projects through charges. Doc 9562 states that this is an acceptable mean of financing airport development when more traditional sources of funds are not available and requests that safeguards are set in place for pre-funding, notably the application of charges for a limited time period (ICAO 2013a, Appendix 2). Nevertheless, while the imposition of AIF has occurred at many airports in the world, AIF at Canada's largest airports have become an automatic and permanent source of revenue. They are not collected for specific projects being realized on specific timeframes. The AIF in 2012 were as high as (ICAO 2012d):

- Toronto-Pearson: $25.00 per departing passenger, and $4.00 for connecting passengers;

- Montréal-Trudeau: $25.00 per departing passenger;

- Vancouver: $5.00 per departing passenger to a destination in British Columbia or Yukon; $15.00 per departing passenger to a North American destination (not including British Columbia or Yukon), $20.00 per departing passenger to a destination outside North America; and

- Calgary: $25.00 per passenger.

If AIFs have become a necessary source of revenues for airport operators in Canada, they add to the cost of flying from Canada, while many competing airports on the U.S. side of the border do not impose such levies on air travelers.

In addition, air navigation services charges have also increased with the creation of Nav Canada. Indeed, if the charging principles for Nav Canada as established in the *Air Navigation Service Act* (Nav Canada 2008, 2) are in line with ICAO's polices on charges in Doc 9082, they were criticized for being stated in very broad and general terms (A. Jones and Guthrie 2008, 24) and for being not practical and leaving too much room for interpretation (Lovink 1999, 375–376). The charging decisions that have followed the implementation of these principles are also questionable: supporting documents elaborated by Nav Canada to justify fees' increase assert the compatibility of these increases with the charging principle without demonstrating this compatibility (Lovink 1999, 381). Air navigation services charges have indeed drastically increased since the creation of Nav Canada, with a dramatic hike in the aftermath of the 09/11 events[57]. What airlines representatives call the "Nav Canada fee" has also been highlighted as an

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[57] User charges for the provision of air navigation services by Nav Canada increased by 6% to compensate the impact of the 09/11 attacks on the service provider's revenues (McDougall 2004, 33). By 2002, the average fee per-traveler increased from $12 to $22 (Sclar and HDR 2003, 11).

element increasing the cost of flying in Canada and creating a competitive disadvantage for Canadian carriers and Canadian airports.

Finally, it should be noted that Canada's air transport system is subject to other charges, taxes, and levies that are accused of impeding the sustainable development of airports and air transport. A unique illustration would be the case of municipal taxes at Montréal-Trudeau. While other airports do pay some municipal taxes, the Montreal airport entity paid $40,3 million to the city of Montreal in 2011, a sum that increase every year (from 2010 to 2011, it represented a 6.3% increase in municipal taxes) (La Presse Canadienne 2012). Municipal taxes in Montreal are thus almost equivalent to the airport rent paid to the federal government ($43.4 million that year), which further decreases the competitive advantage of ADM[58]. Other costs are also factors, such as the fuel excise tax and other levies that airport operators pass on user and end-user charges. If all stakeholders mentioned that the rent was too high and was impeding growth and business, all stakeholders also developed certain resentment against the accumulation, or the addition, of several taxes, charges, and levies that all together increase the cost of operating at Canada's most important airports.

The following interview excerpt is worth noting not only because it is representative of the image given by many stakeholders, but also because it is made by a representative of a U.S. airlines which operates flights both in Canada and in the U.S. (both at low-cost competing airports and at U.S. important hubs): "Toronto or Vancouver are competing with the largest international hub airports in North America, and any cost of operation at these airports impacts

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[58] According to a senior executive of Aéroports de Montréal: "Parce qu'en [plus du loyer], on paie $45M de taxes municipales, et ça c'est unique au Canada, c'est une nuisance additionnelle. Juste avec ces deux là, on rajoute 15 à 20$ sur le prix du billet, et le passager quitte cet aéroport. C'est pas unique car les autres aéroports paient aussi des taxes municipales, mais à Toronto c'est plafonné, c'est moitié moins que nous, pour le double de passagers. À Montréal la ville exige le même montant de taxe que n'importe quelle entreprise." Respondant from Aéroports de Montréal, interview conducted on 23/03/2012.

their competitiveness. But it is not an issue with the rent per se, it is rather the addition of all the costs. The whole has a major impact, and you don't see it if you look only at individual pieces. Whether you are looking at the rent, Nav Canada fees, security fees, they are all absorbed by airlines and airports.[59]" For a representative of the hotel industry, the situation is dramatic and has impact beyond the airport and air transport industry: "when you add all these fees, the rent, the Nav Canada fee, the airport improvement fee, the security fee, the municipal tax, the only result is that you are not competitive, and it makes your airfares more expensive. In the end you see 1/3 of Canadian travelling from a US airport. And there is no reason why landing fees at Toronto are the double to what they are in the US. And it also impact foreign carriers. When you see Air France looking at opening a new route to Vancouver, and finally going to Seattle because of lower costs, it means less people in my hotels! [60]"

1.2. The Debt of Airports

In addition to high costs, the four Canadian airports have high debts. The Government of Canada assumed that Canada's most important airports would have the fiscal capacity[61] to attract the capital necessary for infrastructure investment (Forsyth et al. 2004, 57), in that they would use the debt instrument alongside generating enough revenues from airside and groundside activities in order to finance their development and maintain their assets. Airport infrastructure assets depreciate over time, and it was demonstrated that the airport rent formula takes no account of asset depreciation, leading airport authorities to borrow to finance the investments that would

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[59] Respondent from a U.S. airline, interview conducted on 11/04/2012.
[60] Respondent from the Canadian hotel industry, interview conducted on 04/04/2012.
[61] Fiscal capacity may be defined as "the ability of an airport to achieve a particular level of revenue and/or capital access (bonds) because of the market it serves and traffic level it attracts" (Gillen and Morrison 2004, 57).

increase passenger services, flows and revenue. Another shortcoming of the current rent formula would be that it increases the cost of debt by requiring rent payments on the revenue collected to cover interest expenses (Cherniavsky and Dachis 2007, 6).

Nevertheless, many stakeholders worry about the level of debt that the largest airports have contracted, and its impact on airport charges. This is particularly true for the Greater Toronto Airport Authority. An airline operating from the four largest airports captured this situation: "et ils se sont mis à construire, et construire, et construire, et à s'endetter. Et ensuite, il faut repayer la dette. Alors on a vu les frais d'amélioration aéroportuaire (les FAA) arriver. Mais à Toronto, la dette de l'aéroport c'est 7 milliards, alors s'ils collectent 100 millions par an en FAA, ça paie juste les intérêts de la dette, pas le capital, d'où l'augmentation des redevances de manière très importantes. […] L'élément crucial, c'est l'endettement des aéroports, qu'ils doivent rembourser. Si demain on annule la dette de Toronto, alors les charges baissent de 60%.[62]". A senior executive official from the GTAA confirms both this fact and this state of mind, demonstrating that the GTAA top-management is also extremely concerned by the situation: "The harder question is this: we, at Pearson, had to raise 7.5B in equity markets to build or renovate our infrastructure. And now we have to service that debt. It is a huge part of our balance sheet. And that is never talked about. The rent is not the hardest part, the main impact is the debt, and it is the same at every Canadian airports. [63]"

The debt accumulated by the four largest airport authorities, and to a greater degree by the GTAA, which was required to spend over $700 million to purchase Terminal 3 at the time of the transfer (this is the only facility for which an airport authority had to pay) (Cherniavsky and Dachis 2007, 7) thus impacts airport charges and airport improvement fees, but it is difficult to

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[62] Respondent from a Canadian airline, interview conducted on 23/02/2012.
[63] Respondent from the GTAA, interview conducted on 12/04/2012.

see the reimbursement of the debt in a foreseeable future. Nevertheless, airport operators are required to pay back this debt at some point. Indeed, at the time of the transfer, the federal government decided that airports should be returned to the government at the end of the lease with no debt, meaning that all that airport authorities have borrowed should be paid back before the end of the 60 to 80-year ground lease period. This situation is troublesome, because it may lead airport operators to stop all investments in order to reimburse the debt, a situation that would see a major depreciation of assets with no further investment to support them. According to Tretheway and Andriulatis: "this raises the question as to how airports authorities will be able to sustain a first-class airport to the last day of their lease, yet have no debt" (Tretheway and Andriulaitis 2008, 141).

1.3. Synthesis. The Cumulative Impact of the Rent, the Charges, the AIFs, and the Debts

To conclude on costs other than those related to the rent, it is clear that the content of the rent instrument is not the only concern for the four largest airport operators, their users and the observers. It is rather the whole cost structure of these airports in their relation to the user-pay orientation that is at stake. According to ATRS, the average cost of airport charges for an enplaned passenger in the United States is below US $10, while it is about US $35 at Toronto-Pearson (ATRS 2011, I–87). Of course, Canada's airports do not enjoy the same market as compared to their U.S. counterparts do, but the fact that one in five Canadians flying to a U.S. destination is departing from a U.S. airport (Jang 2010a) creates frustrations and losses of opportunities for both the four Canadian airports and for their users. These dramatic figures for the actors of the Canadian airport sector do therefore highlight the point that if the rent is highly visible, it is not the sole source of dissatisfaction: analyzing the rent sheds light on key elements

such as competitiveness and fairness, and it was fruitful in shifting the analysis towards the all "user-pay" algorithm through other costs. The next section will pursue a similar analysis focused on airport's governance system in order to demonstrate that the real issue lies with the algorithm.

2. A Growing Critique over the Governance System

Canada's four largest airports costs' are passed on to users through user charges. While some of these costs reflect aeronautical and non-aeronautical activities of the airport operators, other costs simply reflect taxes and charges imposed by the government upon the Canadian air transport sector. The preceding sections demonstrated that ground lease rent have crystallized all the tensions and public outcry against the Canadian airport policy, somehow over shadowing the overall cost structure issue of Canada's most important airports. Nevertheless, all stakeholders of the Canadian air transport system used the rent aspect to express their concerns and fears with respect to the cost structure of these four airports. In addition, most stakeholders from the airline industry link their discontent over costs with the governance structure of airports. This last element is of paramount importance, because it directly relates to and challenges a fundamental element of the Canadian referential for air transport: the "user-pay" algorithm.

2.1. A Critique over the Representation of User Interests

When the Canadian federal government established the National Airport Policy, it integrated some safeguards into the policy frameworks aiming at ensuring the accountability of CAAs' administrators and protecting the general interest. The idea at that time, which was already at the core of the transfer of the four LAAs, was to use the Board of Directors as a safeguard through the nomination of representatives of local communities. The NAP clearly states that community accountability is ensured through enhanced principles of accountability, such as: CAAs must be

"not-for-profit" corporations, guided by a local board of directors; the board members will be representative of the local community and will not include government employees or elected representatives; and there will be federal and provincial government representation on the board of directors (Transport Canada 1994, 45–46). For instance, 15 members compose the board of directors of the Greater Toronto Airport Authority. Each of the Regional Municipalities of York, Halton, Peel, Durham and the City of Toronto are entitled to nominate a director. The federal government is entitled to appoint two directors, and the Government of Ontario one director. Moreover, four directors are appointed by the board from a list of candidates nominated by a pool of nominators composed of the Law Society of Upper Canada, the Association of Professional Engineers of Ontario, the Institute of Chartered Accountants of Ontario, the Toronto Board of Trade, and the Boards of Trade and Chambers of Commerce in the Regional Municipalities of York, Halton, Durham and Peel. Finally, the board of director itself is entitled to appoint three additional directors (Gough 2004, 190). In addition, the NAP prescribes that each airport establishes community consultative committees, which include representative of the airline industry and meet at least twice per year to discuss matters related to the airport (Transport Canada 1994, 47).

These elements are implemented in order to prevent the airport authority from abusing its market power and increasing its prices without adequate control and safeguards and without consulting the users and the communities. But for most airlines representatives, these mechanisms are not enough. Many interviewees from the airline sector, and most notably from Canadian aircraft operators, felt that they were ignored by the four airport authorities, which would "simply inform, and not consult" and would overextend airport capacity and pass on the costs through user charges. These complaints are normal and are to be found at every airport for a simple reason. As put by a senior officer of ICAO: "Les compagnies râlent partout, et j'allais

dire, c'est normal. Elles veulent le meilleur service au prix le plus bas, alors si les redevances augmentent, il y a beaucoup de protestations.[64]" An executive from the CAC completes this explanation: "When airports consider capital expenditures, the consult their users. But they don't necessarily have the same perspectives: an airport looks at a 35-year perspective, while an air carrier look at the next quarter, so airport authorities have to balances different interests.[65]" Further, a representative from IATA concludes, in a statement that proves the relative good quality of airport consultation, that: "There is always room for improvement, but Canada is quite advanced [with respect to consultation with users] in comparison to many other places in the world. We used to have a troubled relationship, […] we changed that, and we have built a coalition with airports. [66]"

The real issue is not the absence of consultation; on the contrary there exist several consultation forums. The issue lies in the fact that users are not integrated in the decision-making process. Users acknowledge that they are consulted, but that crucial decisions are taken before they are consulted. It is felt that the Board of Directors does not serve as a safeguard and does not adequately examine spending and investment decisions, and that the absence of any economic regulation for charges lead air carriers to pay for the bill. This conclusion, drawn from the analysis of airline representatives' interviews, is also made by a senior executive officer of the GTAA, who recognized that: "Maybe it is a failure of the NAP. It did not realize that airport authorities would get quite as much control as they do on charges. The policy-makers at that times created board of directors which would represents various interests, but the board never had a strong enough voice. There is a consultation process, we do go to the airlines, and we talk to

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[64] Respondent from ICAO, interview conducted on 28/02/2012.
[65] Respondent from the Canadian Airports Council, interview conducted on 13/04/2012.
[66] Respondent from IATA, interview conducted on 06/03/2012.

them.[67]" When the federal government divested the provision of air navigation services, it followed a somewhat different path through the implementation of a model of 'shared governance' (Aucoin 2006, 117): Nav Canada was established as non-share, not-for-profit but privately owned corporation and its stakeholders were invited to manage the ANSP entity through the participation on the Board of Directors. In this case, the Board of Directors is composed of fifteen members: the federal government appoints three directors, aircraft operators represented by the Air Transport Association of Canada (ATAC) appoint five directors, and employees' unions appoint two members. Four others and the Chief Executive Officer are selected by the ten above, creating a real 'stakeholder board' in which interested parties have to reach a significant level of agreement in order to govern the corporation (Poole and Butler 2002). This shared governance with airline representatives sitting on Nav Canada's board was one of the key factors explaining the success story of Nav Canada (Heaver and Waters 2005, 792) The Board is far removed from government and political intervention but with consensual governance that supports the best interests of both ANS provision and ANS users in Canada. What is achieved with Nav Canada is therefore a joint "user-pay and user-say" through the shared governance model. This has not been achieved for airports: users feel that they do not really have a say in the process. The above is therefore confirming more than with the content of the airport rent, it is really with the "user-pay" algorithm that the issue lies and the causal relation of user-pay user-say that is not adequately realized.

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[67] Respondent from the GTAA, interview conducted on 02/04/2012.

2.2. The Referential: "User-Pay" and "User-Say"

The following algorithm is present in the case of Nav Canada: "user-pay, user-say". In the case of the four largest airports, the "user-pay" is a core algorithm, but the increasing costs and charges of airports have made users requesting a greater "user-say".

Based on the above, it can be said that the issue of the ground lease rent payments required by the federal governments has engendered a high degree of tension among the stakeholders of the Canadian air transport sector. If for almost all actors the rent does indeed constitute an issue that should be discussed, a deeper analysis reveals that the rent is just the visible tip of the iceberg. There is a real discontent, but also a real anxiety among all actors over the cost structure of Canadian airports. A synthesis of the various interviews indicates that the four largest airports are worried because they are put at a competitive disadvantage with their U.S competitors (for both point-to-point traffic and hub traffic). They also feel that the government could improve this situation by simply changing the taxation and rent framework imposed upon airport authorities. It also shows that aircraft operators are worried because they assume the cost of providing airport services through user charges, and in this sense they feel that there is a "user pay" philosophy that does not go hand in hand with the corresponding "user say". They also believe that airports are given too much freedom in their charging and spending capacity: they recognize that consultation mechanisms are in place, but they would like to see upstream safeguards and they would like to see their voice being heard more. In that sense they feel that there is a "user pay" philosophy that does not go hand in hand with the corresponding "user say".

What appears thus is a cognitive dissonance in the Canadian sectoral referential for air transport: key actors of the airport and the airline (both domestic and international) involved in airport activities do not recognize some of core the policy instruments that affect the cost

structure of the four largest Canadian airports as being still valid and relevant for the regulation of their sector, and they subsequently do not recognize the legitimacy of such policy instruments to justify the direction of a policy and the modalities of its implementation (Muller 2000). What is at stake is that these instruments prevent the "user-pay" algorithm to be translated into policies that effectively allow an engagement of the airport and airline actors in a "user-pay" and "user-say" perspective. The analysis indeed reveals that the algorithm is not only "user pay", but also in the case of monopolistic airports funded through charges "user-say". This dissonance between the algorithm and the effects of the content of the rent instrument as well as other cost-related instruments explains the tensions among and between actors of the Canadian civil aviation sector, who do not see any convergence between on one hand their perception of their sector and its regulation, and on the other hand the parameters that support Canada's airport policy.

In other words, the "user-pay" algorithm is at stake (along with the associated rent instrument), because both airports and airlines consider that it is possible to decrease this "pay element", for instance by decreasing government levies on air transportation and/or by better integrating the views of users with respect to spending and investments. The content of the rent instrument crystallizes this cognitive dissonance, in that it simplifies the cost issue at Canada's four largest airports, allowing all actors of the sector and beyond the sector to come to the realization that there is an issue with the core principles that support Canada's airport policy. This explains why air transport stakeholders have given much attention to the rent issue, but this also explains why it is necessary to go beyond the rent to understand the drastic cognitive dissonance that threatens the stability of the referential.

D – Conclusion: Assessing the Cognitive Dissonance

Theoretical works that relate to the cognitive analysis of public policy all consider that a policy change is to be expected given: a) the presence of a major cognitive dissonance(s), and b) a space of mediation through which actors of a sector are both able to reformulate the sectoral referential and its associated policy and policy instruments, and in a position to effectively implement a policy change. The empirical analysis of the tensions related to the rent and the cost structure within the Canadian airport referential shows that there is a major cognitive dissonance related to the "user-pay" algorithm.

Nevertheless, tensions are confined to this algorithm: interviewees do not draw spontaneous lines between these tensions and other elements and algorithms of the Canadian airport referential. Other elements of tensions do exist. For instance, the following chapter demonstrates that Canada's international air policy and the access to Canada's largest airport is a clear element of tensions and conflicts, but actors do not combine the access to Canada's airports with the level of user charges in the perspective of challenging the sectoral referential. Conversely, they perceive these two elements of tensions as having different causes and impacts, and as being separate issues that should be dealt with separately (cf. infra). Furthermore, tensions on the "user-pay" algorithm are well defined within the referential, whose core values, norms and images have not been questioned by any of the respondents. All are taking for granted the commercialization of airports, the market-oriented management and operation of airport services and facilities, and the funding of airport activities through cost-related user charges. Consequently, there is no a space of mediation through which key actors would be both willing and in position to reformulate the sectoral referential and its associated policy and policy instruments. No major airport policy change is thus expected.

Some evidence supports the claim that no major policy change is likely to occur. According to a former senior executive of the airport industry: "the real world is when Her Majesty tastes revenue, she does not let it go easily[68]". In other words, the Government of Canada relies on the money extracted from airport rents, which is a significant source of revenue, to fund Transport Canada. Due to this situation, most actors agree that it is unlikely that any policy change will occur. This can be extended to the entire cognitive dissonance. For many stakeholders within Transport Canada, the cost issue does not threaten the air transport system. According to a Transport Canada's senior officer, "If you look at Air Canada or WestJet, airports and ANS costs represent less than more or less 10% of their ongoing costs. So, rents represent around 1% of the cost of a ticket, between $2.5 and $4 on a ticket. Of course you can argue that every dollar of a ticket has an impact, and you can forecast how much it can decrease the traffic… In reality, it does not make any difference. $2.5 does not make any difference. [69]" On the one hand, the rent and all other airport charges and costs do not seem to be problematic for Transport Canada's officers, and on the other hand it is unlikely to see elected officials giving up an easy and significant source of revenue. Neither the four airport operators nor aircraft operators are in a situation of power through which they could reformulate some parameters of the referential and subsequently implement related policy changes.

Despite this situation, there have been some calls from within the state's apparatus to acknowledge the presence of this cognitive dissonance and act on it through an instrument policy change. A very recent report prepared for and endorsed by the Standing Senate Committee on Transport and Communications entitled *The Future of Canadian Air Travel: Toll Booth or Spark Plug? Report on the Future Growth and Global Competitiveness of Canada's Airports*,

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[68] Respondent from the Canadian airport industry, interview conducted on 22/02/2012.
[69] Respondent from Transport Canada, interview conducted on 13/03/2012.

concluded that government taxes and fees associated with air travel, starting with ground rents, should be reduced in order to make air travel in Canada more affordable and more competitive (Senate 2012a, 15). The Senate's conclusion follows to a qualitative research (dozens of air transport stakeholders were interviewed for the purpose of preparing this report) whose results are similar to those presented in the dissertation, and its conclusion also relates to the "user-pay" algorithm.

In conclusion, this chapter contributed to the literature by demonstrating through a specific and renewed focus on algorithms that key actors may share the same values, norms, and images, but they may subsequently draw different causal relationships between policy objectives and policy effects, providing a theoretical explanations of long-lasting conflicts that were previously unaccounted by political scientists. The chapter demonstrated that actors of a referential may not agree on specific causal relations between the content of policy instruments and its effect on their sector, while these key actors also share the same core values and agree on the general principles of public action that ensue. While ideas-focused approaches of public policy analysis have difficulties in giving an account of such situation, this chapter showed that a combined focus on algorithms and policy instrument contents was a fruitful approach to understand and analyze long-lasting conflicts within unchallenged referential. Despite momentous conflicts and tensions about the airport rent and the cost of operating to/from the largest Canadian airports, actors do not challenge the market-oriented sectoral referential. A detailed analysis rather shows that what is at stake is the content of the policy instrument used by the federal government which is not in line with the algorithms of the sectoral referential. The content of the related taxation-type instrument (i.e. the airport rent) is criticized as being in contradiction with the "user-pay" algorithm: its scale and its allocation are impeding the

competitiveness of airport operators and their users while the "user-say" component of the "user-pay" model has not been effective.

Chapter IV: Accessing Canada's largest airports

In this chapter, I focus on the access to the four largest airports granted to Canadian, transborder and foreign air carriers by the federal government. Access to Canada's largest airport infrastructure provides a promising empirical field to ground the theoretical assumptions described in the introductory chapters. The topic of access to airport infrastructure is closely linked with the market-oriented referential for air transport, in the sense that it would be expected that foreign airlines would be allowed to serve Canadian airports to increase the number of routes and increase competition in terms of routes, prices and quality of service. Conversely to the situation in many other countries (cf. infra), this has not been the case, as the federal government has somehow restricted access for foreign carriers to Canada's largest airports. The chapter shows that there have been momentous dissensions between key actors of the airport sector over the issue of granting access to foreign air carriers to some or all of the four Canadian largest airports while there has been no policy shift to solve the conflicts. If ideas-focused approaches do not give an appropriate theoretical account of such a situation, the cognitive analysis of public policy as developed by Muller and Jobert gives a set of analytical tools on which a meaningful empirical investigation can be established.

In order to ground the analysis, I will first give background information on access to airport infrastructure. It is indeed necessary to trace the origins of the conditions and restrictions associated with market access granted to foreign air carriers in order to understand why some airlines are permitted to fly to/from Canada while some others are not. This necessary historical background will also ground the characterization of the current global referential and the Canadian sectoral referential for air transport and the role that airports have recently been able to

play. I will then analyze the current situation to identify clearly the algorithm that relates to airport access in the Canadian sectoral airport referential. I will thus be able to demonstrate that all actors do agree on the following algorithm: it is through "global marketing" that the largest airports are attracting foreign air carriers to their platforms in order to develop their network and increase their ability to become major global and/or regional aerotropolises. I will subsequently focus on the dissensions over the policies that enable the four largest airport authorities to market themselves globally, in order to highlight that there is a cognitive dissonance which is grounded in a different understanding of what the algorithm means in terms of public policy instrumentation. I will show that the content of policy instruments through which the government of Canada grants access to Canada's airport platforms is puzzling in that it seems to hinder the ability of the largest airport operators to market themselves, grow their business, and expand their network. It indicates a cognitive dissonance in the Canadian referential for air transport, because if actors agree on the core algorithm of "global marketing", they draw different conclusions on what this actually means for the 'real world' of the Canadian airport sector and how this should therefore been translated into concrete policies and policy instruments. The different understanding of what the algorithm means has led actors to strongly disagree on the type of policies that should accompany the algorithm. More specifically, the chapter will show that the disagreement is sourced in the content of a specific soft law-policy instrument. The conclusion of the chapter will address the likelihood of a policy change in order to align the content of the policy instrument with the "global marketing" algorithm.

The remainder of this chapter is organized as follows: Part A gives background information on airport access and the various legal and policy mechanisms that enable airlines to serve a given airport and defines the current "global marketing" algorithm of the Canadian air transport referential; Part B analyzes the dissensions over access to Canada's largest airports and

demonstrates that it highlights the presence of a dissonance; Part C establishes the cognitive dissonance over the global marketing algorithm; and Part D concludes that such dissonance can be solved by a change in the content of the public policy instrumentation that relates to market access.

A – Granting Access to Canadian Airports: From States' Designation to Global Marketing

1. A Brief Background on the Convention on International Civil Aviation and the Legal Provisions Regulating the Access to Airports for Air Carriers

The Convention on International Civil Aviation Organization (Chicago Convention) was signed in Chicago in 1944, and it has remained since then the only international legally binding treaty upon which international air transport is organized. It is based on the concepts in the Convention, its Annexes and the policy it engendered that actors organize their relationships. It is therefore of paramount importance to precisely define a few concepts from the Convention in order to pursue with a meaningful discussion about the Canadian case.

First, the notion of market access refers to the rights for international air carriers to obtain and carry traffic between two places and beyond (ICAO 2004, 4.1–1). It is important to further note that Article 6 of the Chicago Convention prohibits commercial air transport between two states without the permission or the authorization of the two states involved: market access rights are therefore constrained by specific conditions imposed by states, for instance physical and/or geographic specifications of what kinds of traffic may be carried (ICAO 2004, 4.1–2).

Second, the practice has been to grant market access right to a state in exchange for being granted similar rights through bilateral air services agreements (ASAs). ASAs have thus been the

soft-law instrument used for aviation market access objectives. ICAO's guidance material notes that if market access rights provide an opportunity to serve a market, they also constitute a limitation on market access because of their specifications. Indeed, states have limited market access for various reasons including to bring about some perceived balance in rights exchanged; to retain leverage for possible future exchanges; to avoid or minimize competitive impacts on their national carriers; to be precise in order to avoid misinterpretation; and to promote or favor some market segment (such as that of a particular city or national region). Therefore, ASAs are policy instruments used by states to determine the degree of openness of their markets to foreign air carriers.

What really determines market access lies in the restrictions and specifications of freedoms of the air that are granted to air carriers to serve a country. The first and second freedoms are the rights granted by one state to another state or states to fly across its territory and/or to land in its territory for non-traffic purposes. The three following freedoms of the air are granted through bilateral ASAs and subject to restriction. The third freedom is the right granted by one state to another state to put down, in the territory of the first state, traffic coming from the home state of the carrier, and the fourth freedom is the right to take on, in the territory of the first state, traffic destined for the home state of the carrier. Finally, the fifth freedom is the right to put down and to take on, in the territory of the first state, traffic coming from or destined to a third state. Finally, freedoms beyond the five freedoms are characterized as "so-called" freedoms because they are usually not incorporated into air services agreements and other treaties. The so-called sixth freedom is the right of transporting, via the home state of the carrier, traffic moving between two other states. The so-called seven freedom is the right of transporting traffic between the territory of the granting state and any third state with no requirement to include on such operation any point in the territory of the recipient state. The so-called eighth and ninths

freedoms are the rights of transporting cabotage[70] traffic and are outside the scope of this dissertation. A useful graphical illustration of the freedoms is also provided in Annex E.

In order to grasp the degree of openness of an air transport market, one must therefore consider the ASAs and the freedoms of the air they allow. A state signing ASAs allowing foreign air carriers to carry fifth and sixth freedom traffic to/from its territory is drastically opening its market to competition and is strengthening market mechanisms, while a state signing only a limited number of ASAs restricted to third and four freedoms is implementing a highly protectionist air transport policy. ICAO has documented an impressive growing number of liberal ASAs, noting that from 1992 to 2011, more than 400 of the most liberal ASAs only (the so-called open-skies agreements) had been concluded involving 145 states (ICAO 2013c). This trend is congruent with a market-oriented referential for air transport, making the opening of the skies a norm of the referential.

2. A Brief Background on Canada: Market Access through Airports

This section undertakes a historical overview (1940s-mid 1990s) in order to understand the current role of the largest Canadian airports in the referential.

2.1. Bilateralism in Air Services Agreements: A Drastic Restriction on Airport Growth (1940s-1960s)

All the previous definitional elements concern airports in an indirect manner. In the exercise of their sovereignty and under bilateral air services agreements, states can designate specific aircraft operators that are allowed to provide service in other countries and they can also designate

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[70] Cabotage refers to the transport of domestic air traffic within a State other than a carrier's home State (ICAO 2004, 4.1–10).

specific air routes on which aircraft operators are allowed to fly. The ASA instrument is thus used to target, or designate, specific airports. Before the deregulation that occurred in the late 1970s and in the 1980s, states used to designate their national flag carrier as well as a limited number of airports from which international air carriers were allowed to serve the country. For example, in the case of Canada, the federal government signed several bilateral ASAs with European countries, in which it imposed European aircraft operators to land at Montreal's airport. Montreal thus became the Canadian gateway for transatlantic air traffic. The only international air carriers that were granted the right to land at Toronto's airport were Air Canada, Canadian Pacific Airlines (CPA) and British Overseas Airways Corp (BOAC). As a result of the content of the ASA instrument by the Canadian government, international air traffic was highly concentrated in Montreal. The federal government did not grant foreign airlines the right to develop their activities in Ontario or in Western Canada (Discazeaux and Polèse 2007, 27–28).

Thus, by regulating market access through the ASA instrument, the federal government also regulated the access to Canadian air transport infrastructure. More precisely, it chose which airports could handle international air traffic and which airports could not. Montreal became the center for international air transport in Canada, not due to the capacity of the airport, but because of the bilateral air transport regime that was developed after the adoption of the Chicago Convention and the role given to states in the exercise of their sovereignty.

2.2. A First Relaxation: A Shift in the Designation of Air Carriers and Canadian Cities (1970s)

The early international air policy implemented since the 1940s began to change in the early 1970, when the government of Canada allowed new airlines to serve the Canadian market. The policy change was twofold and indirectly impacted the role of airports in Canada. By granting

international routes to an increased number of airports, the government started to undermine the role of Montreal airport as the sole entry point in Canada and to give other airports a role in market access.

In 1964 the federal government officially designated a second airline to carry the Canadian flag abroad. CP Air, a parent company of the Canadian Pacific Railway based in Western Canada, began to grow in the 1950s and 1960s, both on national and on the limited international routes it had been allowed to operate from Vancouver since 1948 (Corbett 1965)[71]. In 1964, the federal government decided to adjust its international air policy by adopting a formal division of the world and by allocating international routes to either TCA or CP Air according to this division. In this bilateral air regime, the government granted all international routes to TCA, with the exception of Pacific routes, and more specifically routes to Japan, Australia and Asia (Clancy 2004, 239). CP Air served its transpacific routes from the airport of Vancouver, making it a new point of entry to Canada along with the Montreal airport. The change in Canada's international air policy that occurred in 1964 thus impacted the notion of airports as point of entry, by officially giving a role to a second airport in handling international traffic. If this policy change should not be overemphasized, as routes allocated to CP Air were not the most strategic ones (Stevenson 1987, 208), it nevertheless constitutes the first official step back from the designation of the airport of Montreal as the sole point of entry to Canada for international flights.

The second element regards transborder flight and the bilateral air relations between Canada and the United States. The first bilateral air services agreement between Canada and the United States predated the ratification of the Chicago Convention and was signed in 1938, but

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[71] International service to/from Vancouver was extremely reduced and by no mean comparable to Montreal.

major developments occurred after the Second World War with the signature of two ASAs (1945 and 1950) which included for the first time specific route schedules and limited fifth freedom rights. Under the 1945 ASA, designated Canadian air carriers were granted the right to operate 8 routes to the United States and designated American air carriers were reciprocally granted the right to operate 10 routes to Canada. The 1966 and 1974 agreements increased the number of routes designated air carriers were allowed to operate (Dresner 1992). The consequence of the expansion of the number of routes operated by both American and Canadian carriers was to increase the number of Canadian airports receiving transborder flights and to increase the density of transborder traffic at some airports. Thus, similar to the designation of a sphere of influence dedicated to CP Air, this evolution of the bilateral relation with the United States changed the scope of the ASA instrument. Consequently, it officially challenged the position of the airport of Montreal in the handling of international air traffic. A growing number of airports were granted right to handle international and transborder air traffic, in a trend that clearly shows that airports could play their own role in the international air transport sector and with respect to market access.

In terms of the Canadian air transport referential, the international air policy from World War Two to the late 1970s can subsequently be qualified as follows. In line with what was said on the funding of airport infrastructure at that time, the main player was the Canadian federal government, and it played the most prominent role with respect to market access. In terms of norms, the referential was structured by a rigid bilateral regime through which states were exerting their sovereign rights to grant access to their territory: airports were not part of the picture. Canada's international air policy was formulated by diplomats and supported by diplomatic purposes.

2.3. A Second Relaxation: The Deregulation of Air Transport and Further Shift in the Designation of Cities

The evolution in Canada's international air policy that began in the late 1970s took a dramatic shift in the mid-1980s with the deregulation of international air transport. By putting airline competition at the core of its air transport policy, the government indirectly impacted the role of airports. They ceased to be the point of entry to a country, but they rather became a variable considered by competing airlines when operating an air route.

A real policy shift through which airports were granted a new role with respect to market access occurred in the mid 1980's with the deregulation of the airline industry and the liberalization of Canada's international air policy. A new framework entitled *Freedom to Move* was released in 1985, following which the Progressive-Conservative Government of Brian Mulroney took many steps towards the deregulation of the airline industry: loosening of regulatory pricing policies for both domestic and international traffic, deregulation of the domestic market in southern Canada, privatization of Air Canada in 1989, and above all termination of the formal division of the world between CP Air and Air Canada (Dempsey, Buzdugan, and Nyampong 2005). Since Canadian air carriers were free to operate international air transport without any consideration of spheres and zones, Canadian Airlines International (former CP Air) could seize the possibility to open new routes from Vancouver, Montreal or Toronto to European countries, while Air Canada (former TCA) could do the same to Asian countries. This loosening in the content of the ASA instrument gave a new role to Canada's largest airports, which were given the possibility to compete for the opening of such routes to any of the aircraft operators who would be interested in operating them. This new freedom was granted to airlines to develop and expand their networks and grow their business. In addition,

despite the remaining economic regulation imposed upon international air transport, the designation of Montreal as the point of entry to Canada was progressively relaxed. In 1972, the federal government changed its use of the ASA instrument by allowing international air carriers to land in Toronto: Toronto airport was accessible to an international air carrier under the condition that it would provide an equivalent service to Montreal. In 1985, the federal government allowed connecting traffic to Toronto, and Montreal airport immediately lost its status of point of entry to and point of transit in Canada (Discazeaux and Polèse 2007, 31).

In terms of referential, this period signaled the beginning of a shift. The restrictive content of ASA instruments engendered a rigid bilateral regime through which states were exerting their sovereign rights to grant access to their territory without giving any role to airports was progressively redrawn through the designation of new cities. Airports were given a limited autonomy in their capacity to convince air carriers to develop new routes and to attract new air carriers as well.

3. The Canadian Referential for Air Transport: Airport Global Marketing

The previous paragraphs demonstrated that airports were often not even considered as a key variable in the design and the implementation of Canada's international air policy, and that such a situation began to change only in the 1980s.

Nonetheless, it is really in the mid-1990s that the situation drastically changed in Canada. A new international air policy was implemented in 1994, followed by the signature of an Open Skies Agreement with the United States. The remainder of this section: a) demonstrates that these two events are at the core of the definition of the current Canadian referential for air transport because they have introduced a significant market-orientation to the definition of Canada's

international air policy; and b) details the algorithm related to airports and access to infrastructure in the current sectoral referential.

3.1. The 1994 International Air Policy and the 1995 Open Skies Agreement with the United States

The mid-1990s signaled a drastic shift in Canada's international air policy. A new referential was progressively formulated and translated into policies and policy instruments that would give airports a new role. Doug Young again played a momentous role in the change of referential by creating of a space of mediation dedicated to Canada's international air policy and which gathered government officials, representatives of Transport Canada, of Air Canada and of Canadian Airlines International. Its objective was to redraw the designation of air carriers and the regulation of international air transport. In the end, the Minister personally decided to allow direct competition on international routes between the two Canadian air carriers, and to allow foreign airlines to serve Canadian airports (with the exception of Toronto-Pearson) even if no Canadian air carrier would serve this country (Leclerc 2004). Airports played a secondary but important role in the mediation process through which they argued in favor of a greater liberalization of Canada's international air policy that would permit foreign carriers to open new routes to Canada and Canadian carriers to expand their networks. And indeed, research shows that Canadian bilaterals based on the 1994 international air policy, in comparison with previous bilaterals, appeared to expand Canadian international air markets and limit traffic diversion to the United States (Dresner and Oum 1998).

A second drastic change occurred in 1995 with the signature of an Open Skies agreement. Open skies give air carriers of contracting states unlimited access to operate routes to and from any point in each other's territory, removing restrictions on route (and thus airport) selection,

capacity, and pricing, thereby favoring the carriage of fifth freedom traffic. In that sense, they are a much looser instruments than rigid ASAs (Havel 2009, 12–13). In the case of the Canada-United States open skies agreement signed in 1995, the accord included the removal of restrictions on air travel (thus allowing unrestricted cross-border services), pricing freedom (with the liberalization of Canada-US fare approval process), and several provisions on slot allocation and code-sharing (Monteiro, Krause, and Downs 2002).

The design of this instrument and its implementation after the ratification of the open skies agreement is a landmark for Canada's major airports in that it represents their first opportunity to market themselves, attract new users and grow their business without any intervention from the federal government. Airports were given total freedom in their ability to go in the U.S. market, and convince American air carriers to fly to their infrastructure. This open skies agreement led to a sharp increase in the capacity of scheduled airline services between the two countries. In the first year alone, transborder traffic grew up by 25% (Blank and Prentice 2012, 11). In addition, the numbers of both new services and carriers serving more than one Canadian airport increased sharply after 1995, leading to a subsequent increase in the volume of passengers (Monteiro, Krause, and Downs 2002). All of these elements characterized the new role of Canada's four largest airports in the current Canadian referential for air transport.

3.2. The "Global Marketing": An Algorithm of the Canadian Referential for Air Transport

A new phenomenon subsequently emerged: airport marketing. While this activity was not considered a core element of airport management in the past, the liberalization of air transport has made airports to compete for routes and for carriers (Thelle, Pedersen, and Harhoff 2012). Airport operators consequently developed marketing departments in order to forecast air traffic,

build business cases, and market their cities in order to convince airlines to choose their infrastructure (Graham 2008; Echevarne 2010).

In Canada, the referential for air transport has integrated this global shift, and as it occurred for airport management and financing, market access has been at the core of the parameters that define and support the Canadian referential and the policies derived from it. Indeed, Canada has ceased to designate Montreal as the only point of entry to the country: American air carriers are free to choose the airports they want to use in Canada, while foreign air carriers are still constrained by the bilateral regimes but are given more freedom. This retreat of the federal government in designating routes and airports allowed newly formed airport operators to play a role in Canada's international air policy: airport managers developed new departments whose work has been to produce business cases and marketing strategies in order to attract airlines. In liberalized air transport markets, airport operators have become responsible for their own fate by being given the tools to grow their international air traffic. This has mainly concerned the four largest airport operators, as their cities are the main business centers of Canada and as they are the only ones in Canada with sufficient local markets to support transoceanic traffic or with the possibility of developing fifth and sixth freedom traffic.

Consequently, global marketing of airports is a fundamental algorithm of the Canadian referential for air transport that has been in place since the mid-1990s. It identifies the stalemate of the previous policy (an anachronistic access to airport platforms rules), proposes a solution (involve the airports) that will solve the stalemate (airports will grow their network by attracting new carriers). Such algorithm does really highlight a causal relation between a perceived problem and a solution to fix it congruently with the norms and values of a referential. Indeed, the algorithm can be specified as follows:

- "In a market-oriented perspective, it is not the role of the government to designate airports that are authorized to handle transborder and international traffic";

- "Operators of the largest international airports are responsible for attracting air carriers and developing their network";

- "Because airports compete for air traffic, they should market themselves on the global routes market";

Theoretically, such an algorithm means that key actors would be assessing the international policy of Canada, they would draw causal relationship between the perceived successes/failures of the policy with the ability of airports to market themselves and widen the access to their platforms to foreign air carriers. Several empirical elements demonstrate the importance of the "global marketing" algorithm. For instance, airports have strengthened their marketing departments and developed their capabilities to build business cases. Moreover, the senior management of airport authorities is directly in charge of monitoring and delivering these activities, indicating how crucial is this business. The airport authorities of Toronto, Montreal, Vancouver and Calgary all have a senior manager in charge of attracting and developing international air services, for instance directors or vice-presidents in charge of network development, air service marketing, etc.[72] Further evidence of the importance of the algorithm in the Canadian referential lies in its impact on public policy. In 2006, the Conservative Government of Stephen Harper formulated and implemented a new international air policy to replace the previous one elaborated in 1994. Entitled the Blue Sky Policy, its core objective is the proactive negotiation of open skies-type agreements, given that they are in Canada's best interests. It is further stated in the policy that Canada's main goals in negotiating agreements are

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[72] Many of these managers were interviewed for the purpose of this dissertation.

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to provide a framework that encourages competition and development of new and expanded international air services to benefit travelers, shippers, and the tourism and business sectors; provide opportunities for Canadian airlines to grow and compete successfully in a more liberalized global environment; enable airports to market themselves in a manner unhindered by bilateral constraints to the greatest extent possible: support and facilitate Canada's international trade objectives; and support a safe, secure, efficient, economically healthy and viable Canadian air transportation industry (Transport Canada 2006a, 2–3).

The third objective of Blue Sky is of paramount importance, because it translates into public policy an algorithm of the Canadian referential, demonstrating the transformation of the role of airports in international air services development. A senior officer of DFAIT describes how Blue Sky enables airports to play a new role: "Fundamentally the international agreement framework is a facilitator; commercial operators[73] can take advantage of it. Now we have new services with Europe, Air Canada increased its service to Europe. With other agreements we saw new traffic coming from every corner of the world, from Qatar, from China, from Brazil, and it is Blue Sky that allows that to happen.[74]" It should nevertheless be noted that the Blue Sky policy is not a fully liberalized framework: a certain number of the bilaterals signed under Blue Sky are not as permissive as those made under the U.S. Open Skies policy, and it has been argued that Canada's overall air transportation policy remains, to a degree, protectionist (Ruffilli 2012). Despite this, Blue Sky has received the assent of Canada's main air carriers through NACC (NACC 2009, 23), which characterize the policy as a "balanced liberalization policy framework for Canada", and airport officials that were interviewed shared the vision expressed by a respondent, who considered that: "C'est un peu protectionniste, c'est vrai, il faut le dire. […] En

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[73] The interviewee was referring both to Air Canada and to the four largest airport operators.
[74] Respondent from DFAIT, interview conducted on 22/03/2012.

général je trouve la politique un peu trop restrictive.[75]" In any case, Blue Sky has provided a framework through which the four largest airports have looked for new routes and aircraft operators to operate them. And indeed, airports have used the Blue Sky framework to play this new role. According to a former official of the Canadian Airports Council, "the governance structure of airport authorities in Canada allows them to exploit all the benefits of these bilateral agreements: they can exploit all the advantages of this system and sell themselves as a destination for air carriers, they can market their city, and they did a wonderful job in attracting new carriers and new destinations. [76]" In this statement, the interviewee clearly highlights the presence of the algorithms that concerns airport marketing and the structuring role it plays in the Canadian referential for air transport.

This algorithm is consistent and in line with the algorithm related to airport financing. Indeed, both algorithms have in common to reject government interventionism and to rely on market mechanisms (either "user-pay" for airport costs or "global marketing" to grow the business). Theoretically, it is expected by the cognitive analysis of public policy as developed by Muller and Jobert that the algorithms of a sectoral referential are related and grounded on the same bases. Indeed, algorithms of the sectoral referential must be congruent with the global referential: their core assumption must be market-oriented related. Therefore, two sectoral algorithms are related because they share the same core market-oriented elements.

On a final note, key actors are similar whether the topic is access to airport infrastructure (Chapter 4) or airport rent and charges (Chapter 3). On one hand, industry actors are at the forefront: airports, because they need to grow their network and therefore need to attract airlines,

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[75] Respondent from one of the four largest Canadian airports, interview conducted on 23/03/2012.
[76] Respondent from the CAC, interview conducted on 22/02/2012.

and airlines, because they compete on routes, prices, quality of service and strategies (offering a point-to-point or hub-and-spoke connection) to the airport they serve. Another key actor is the federal government, which has the power to grant traffic rights through the content of the ASA policy instrument. Finally, it will be shown that experts (both academic and consultants) also play an important role in access to infrastructure. Most of these actors agree on the "global marketing" algorithm by which airports have to play a momentous role in developing their route network by attracting airlines.

B – A Puzzling Conflict with the United Arab Emirates over Market Access to Canada

The "global marketing" of the largest Canadian airports to attract new carriers and grow their network has become a core algorithm of the Canadian sectoral referential. Such algorithm has been accompanied by a relaxed designation of cities in ASAs, and more recently formalized within the Blue Skye policy. Nevertheless, Canada has experienced a unique situation with regard to the content of the ASA instrument, which has not occurred in any other Western country: in 2010, the federal government refused Emirati air carriers to double their services to Toronto and to serve the airports of Vancouver and Calgary. Canada then faced fierce retaliatory measures from the United Arab Emirates (U.A.E.). The Canadian Forces were ousted from the Emirati Camp Mirage military base that they had been using for nine years to supply the Afghanistan war, and the U.A.E imposed a $1,000 visa fee on Canadian visitors (Jang 2011b). Even more surprising than the dramatic consequence of this dispute is that the restrictive use of the ASA with regard to Emirati air carriers appears to fundamentally contradict the "global marketing" algorithm of the sectoral referential. Similarly to the content of the ground lease rent, such

surprising use of the ASA instrument is unexpected by the cognitive analysis of public policy as developed by Muller and Jobert.

The remainder of this part is organized as follows: 1) the dispute between Canada and the U.A.E is described; 2) the specific role of the key actors is assessed in link with the norms, values and algorithms of the sectoral referential; and 3) a possible cognitive dissonance is discussed.

1. The Dispute

1.1. Background: U.A.E.-Canada Aviation Relations

Canada and the United Arab Emirates (U.A.E.) officially entered into air relations in May 1999 through the establishment of a Memorandum of Understanding on an *Agreement between the Government of Canada and the Government of the United Arab Emirates on Air Transport*. Signed in January 2001, the Canada-U.A.E. bilateral air services agreement entered into force in October 2002. Routes and associated rights were defined in the bilateral as follows (Canadian Transportation Agency 2007): any points can be served by designated carriers; for the U.A.E., fifth freedom rights shall be available between points in Canada and points in the U.S.A. but is be limited to no more than fifty percent of the seating capacity of the aircraft on each flight; and a maximum of four flights per week in each direction (increased to six flights per week in 2003) was granted. Air Canada was designated by Canada in 1999, while the U.A.E. designated both Emirates Airlines in 2004 and Etihad Awould this leirways in 2007[77]. For Canada, this bilateral agreement is similar to many other bilaterals it signed with other countries: Air Canada is

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[77] On that note, the bilateral stipulates that the operation of a frequency beyond three flights per week by any one designated airline shall be subject to the approval of the aeronautical authorities of both Contracting Parties.

designated as the Canadian air carrier, the designated foreign air carriers can serve their point of choice in Canada, fifth freedom traffic is limited, and frequencies are restricted[78]. The scope and the content of this ASA instrument appears to be more restrictive than the philosophy behind the Blue Sky policy, but it was designed before the formulation of the framework. For the United Arab Emirates (U.A.E.), this ASA is nevertheless less liberalized than what the country's international air policy is seeking to achieve.

Before going into the details, it is first important to note that Emirates Airlines was founded in the mid-1980s and has grown spectacularly since: Emirates has indeed virtually doubled in size every three years since the early 1990s (Sull, Ghoshal, and Monteiro 2005). Two factors contributed to the unique success of Emirates. First, its geographical location: it was pointed out that "no major agglomeration on the globe is further than 8,000 nautical miles away from DXB. As a result, any two major cities on earth can be connected via Dubai with only one stop" (Knorr and Eisenkopf 2007, 1). This ideal location makes Dubai a natural international hub, especially convenient for traffic between Europe and the Americas with Asia and with the Middle East. The second factor explaining the success of Emirates Airlines lies in the sound aviation strategy implemented by the emirate of Dubai: it has pursued on "open skies" policy that has allowed over 100 airlines serving 140 destinations to operate out of Dubai airport and the government of the Emirate as directly coordinated its aviation policy with the corporate strategy of the airline and the airport (Debbage and Alkaabi 2010, 158). The neighbor Emirate of Abu Dhabi has copied such a successful strategy and supported the creation and growth of Etihad Airways since 2003. The impressive growth of the Emirati air carrier has been made possible by

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[78] Specifically to this ASA, since the U.A.E. designated two air carriers, they were granted three frequencies each: Etihad has thus served Toronto-Pearson from Abu Dhabi three times a week, and Emirates Airlines has served Toronto-Pearson from Dubai three times a week. Both airlines have chosen to concentrate their rights to Canada's economic center.

a policy commitment from governments to ensure the mutual growth of the national flag carrier and its hub airport. In each case, the three actors have engaged a strong and exclusive relationship, which can be characterized as a triangular relationship, through which the interactions, negotiations, and arrangement between the three members of the triangle frame, shape, and transform the air transport strategies and policies to their mutual advantage. According to Peters:

> Each actor in the iron triangle needs the other two to succeed, and the style that develops is symbiotic. The pressure group needs the agency to deliver services to its members and to provide a friendly point of access to government, while the agency needs the pressure group to mobilize political support for its program among the affected clientele. . . . In many ways they all represent the same individuals, variously playing roles of voter, client, and organization member (Peters 1986, 24).

This model of government-airline-airport relationship in terms of iron triangle is evident in the case of the Emirati air carrier, and research shows the strong conjunction of interests between the three actors, the coordination of their actions, and the leadership of domestic public authorities (Sull, Ghoshal, and Monteiro 2005; Davidson 2009; O'Connell 2011a; O'Connell 2011b). This model is not unique to Emirati air carrier: the "iron triangle" has been established in the case of Air France, Aéroports de Paris and the French government and is also suggested in the case of the four other intercontinental European hub airports (Villard 2011b), and with the case of Singapore with Singapore Airlines and Singapore International Airport (Raguraman 1997). But the strength of the iron triangle in the U.A.E. is unique, as the emirates of Dubai and Abu Dhabi haven taken all measures they could take to ensure the development of their flag carrier and hub airport.

1.2. Adapting the Content of the ASA Soft Law-Type Instrument?

In order to have an efficient hubbing strategy, it is best for airlines to operate daily flights between the hub and its spokes. To minimize the loss of passenger demand through the transfer time at the hub, the solution is to implement a wave-system structure consisting of daily connection waves for flights to and from the hub airport (Burghouwt 2007, 10). Indeed, passengers do not wish to spend two days at Dubai or Abu Dhabi airports before being able to find a flight to Toronto, and that is why both Emirates and Etihad, relying on connecting passengers to fill their aircraft, need daily connections to Toronto. Emirati civil aviation and foreign affairs authorities have therefore pressed the Canadian government to redesign the content of the instrument that organizes their aviation relationship by expanding the ASA, in order to grant daily flights to Toronto to both carriers and additional frequencies to serve other cities. Such a proposal to amend the content of the ASA policy instrument is in line with the market-oriented referential and its "global marketing" algorithm, as the airports of Vancouver and Calgary both supported the extension of their route network via service to Dubai and/or Abu Dhabi and beyond. Numerous presentations were made to Canadian officials at the administrative and ministerial levels (Campion-Smith 2009a), but the Canadian Government has each time refused to design the ASA instrument. A senior official from Transport Canada justifies the decision of Canadian authorities as follows: " l'objectif d'Emirates ou d'Etihad n'est pas de répondre à cette demande bilatérale [de transport entre les deux pays], mais de développer une place tournante globale, et d'aller chercher notre marché pour l'amener vers d'autres marchés, alors qu'eux-mêmes n'ont pas de demande domestique pour cela. [...] Alors nous, en tant que Transports Canada, on doit s'assurer de la concurrence durable et saine à long terme. On prend en compte les risques que ça peut avoir, d'ouvrir le marché, et notamment les risqués de perte de

services. Par exemple on a des relations très importantes avec le Royaume-Uni, la France et l'Allemagne, avec des transporteurs qui offrent des services directs entre les villes des deux pays, et qui ont des répercussions importantes pour les affaires et le tourisme. [...] tout le monde y trouve son compte. Et ce n'est pas le cas avec les Émirats, qui veulent du trafic 6ème liberté. Beaucoup de villes canadiennes ont des lignes vers Londres, Paris, Francfort ou Amsterdam, et c'est très important pour ces villes, et quand une compagnie veut ouvrir des lignes qui ne répondent pas à un besoin et qui engendrent un déséquilibre massif pour les transporteurs canadiens, ça pose problème. Il faut que les choses soient un peu plus raisonnables[79]".

Private briefings elaborated by Transport Canada officials went even further. They described Emirates Airlines and Etihad Airways as an heavily subsidized air carriers ("the governments are helping finance massive wide-body aircraft orders and massive expansion of airport infrastructure") which would just be "an instrument of government policy" and that Transport Canada's role should be to shelter Canadian carriers from Middle Eastern carriers' "unhealthy competition and irrational commercial behaviour" (Campion-Smith 2009b). Emirati public authorities and the two designated air carriers did not accept this position. While air services negotiations are usually made within diplomatic alcoves, Emirates and Etihad decided to go public with this issue. For instance, Etihad's chief executive gave an interview to a Canadian national newspaper in September 2008, in which he stated that "it's a shame that Canada is probably one of the last first world markets that hasn't embraced open skies," adding that "from a consumer and competitive point of view not enabling us to operate here daily is not good for competition" (Surridge 2008). A few months later, Emirates adopted the strategy of Etihad. The airline's senior vice-president public and international affairs explained in the *Toronto Star* that

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[79] Respondent from Transport Canada, interview conducted on 19/03/2012.

by denying permission to begin daily service from Dubai to Toronto, the Government of Canada was preventing Emirates from creating several hundred jobs in Toronto, pumping tens of millions of dollars into the region's ailing economy and boosting flagging tourism numbers. He also expressed its surprise and its frustration to see a Conservative government with a pro-market agenda and who often publicly lecture other nations about the dangers of trade protectionism refusing to liberalize the bilateral ASA, while the City of Toronto and the Government of Ontario would support the U.A.E. bidders (Campion-Smith 2009b). Emirates pursued this strategy of going public though numerous press interviews in which it expressed strong frustration towards the federal government and mention supports from other players such as airports and provincial and municipal governments (Jang 2009; J. Lee-Young 2009; Martin 2010).

1.3. The Conflict: A Progressive Escalation

After seeking to bring the debate over the restrictions contained in the 1999 ASA into Canada's local and national newspapers, Emirates engaged experts' credibility by commissioning a study on the liberalization of the bilateral ASA to the Vancouver-based InterVISTAS, a well-established consulting firm focusing on aviation and tourism issues. It is therefore very clear that the dispute lies in the content of the soft law-type instrument (i.e. in the restrictions of the ASA). The study concludes that a daily Emirates service to Toronto would annually add 61,027 passengers on the Dubai-Toronto route, create 344 new direct full-time jobs, add $30.3M in direct economic activity at the airport, bring $18.5M in direct tourism spending, and generate $10.3M in tax revenue. Similar results were displayed for services to Vancouver and Calgary, reinforcing the view that Vancouver and Calgary would also gain from an expansion of their network, in line with the "global marketing" referential by which these two airports should be free to handle Emirates or Etihad if they wish so. InterVISTAS' study also points out that

Emirates' expansion in Canada would have a low impact on Air Canada's international traffic, because the new traffic generated by increased Emirates service to Canada would come from markets that Air Canada does not serve. Last but not least, the report specifically mentions the three concerned airport authorities as one of the main beneficiaries of a liberalized ASA (InterVISTAS 2010, 3–5).

Of course, the report sparked off vigorous reactions from Air Canada and Transport Canada[80] which refused to reconsider the content of the ASA. The government of the U.A.E. made a rare diplomatic move with respect to air services agreements. Following a secret meeting gathering senior officials of civil aviation authorities of the two countries in Paris during which no agreement was found, (Chase, Taber, and Jang 2010), Abu Dhabi threatened Ottawa to evict the Canadian Forces from the Emirati Camp Mirage if the content of the soft law-type instrument was not changed. Camp Mirage was established in late 2001 as a hub for Canadian operations in nearby Afghanistan, and is located in the vicinity of Dubai. Thus, the U.A.E. linked air negotiations to geopolitics in order to convince the Canadian government to grant more access to both Emirates Airlines and Etihad Airways. Since the Canadian government refused to both link the two issues and expand the 1999 bilateral ASA beyond its limited proposal, the government of the U.A.E. gave the Canadian Force a 30-day notice to evacuate the Camp Mirage base and leave the country (Chase, Taber, and Jang 2010). In December 2010, the United Arab Emirates embassy in Ottawa announced it would start charging Canadian citizens up to $1,000 for visas starting January 2, 2011. The $1,000 fee for the entry visa appeared as a seemingly punitive

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[80] Air Canada's spokesperson denounced "Emirates' aggressive tactics to force Canada into a one-sided air services agreement" and Transport Canada officially considered that "the rights under the current Canada-U.A.E. air transport agreement meet the market demands of travellers whose origin or final destination is either Canada or the U.A.E" (Jang 2010b).

pricing that exceeds global norms[81] (Freeze 2010). Such retaliatory measures over refusal to liberalize existing bilateral air services agreements are exceptional: from the research made for the purpose of this dissertation and from the interviews conducted with civil aviation officials, it has not been possible to find any other example of such diplomatic and commercial escalation over landing rights at foreign airports. In addition, while the position of the Canadian government was supported by Air Canada, two provinces went public to express their discontent over the U.A.E.-Canada dispute and the Canadian position (Campion-Smith 2011).

This dispute is clearly linked to a different understanding of what the "global marketing" algorithm within a market-oriented referential means for actors. The next sections will demonstrate that while actors' positions appear to be frontally divergent, they all believe that their actions are totally aligned with a "global marketing" algorithm within a market-oriented referential.

2. Behind Closed Doors: The Role of Air Canada and of Airport Authorities in the Canada-United Arab Emirates Dispute

2.1. An Apparent United Front: Canadian Airlines Operating Scheduled International Services against the Liberalization of the Canada-U.A.E. Bilateral

The first element to be noted is that some stakeholders of the Canadian airport sector responded to Emirati's assertions about the benefits of liberalizing the ASA. Schulich School of Business' Fred Lazar released a counter-report focusing on the additional landing rights at Canadian airports claimed by the two Emirati flag carriers, which was made available on the website of Air

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[81] It is worth noting that no citizen of any other Western country needs a visa to enter the U.A.E. territory.

Canada. The argument of the report is simple: the Emirati air carriers are subsidized, and this constitutes an unfair advantage. Granting them more access to Toronto and access to Calgary and Vancouver would divert passengers from Air Canada and its Star alliance partners' networks to the middle-eastern hubs. This would weaken the presence of Air Canada at the Canadian airports, thus weakening both the carrier and the airport operators, leading to economic losses for Canada (Lazar 2011). The solution would be to compete on a level playing field in line with the principle that international air services should be established "on the basis of equality of opportunity" as set out in Chicago Convention sets (ICAO 2006). In the end, Lazar's report not only provides an answer to InterVISTAS' study, but it also provides some "scientific" credibility to Air Canada's claims. More than the figures disputed between experts, the report gives Air Canada a tool for lobbying and communicating its position by showing that it would not only be the victim of the Emirati air carriers, but that airport operators would also be drastically weakened.

In terms of referential, it appears that the notion of level playing field plays a central role for some actors of the Canadian air transport sector. This notion is key to understand how some actors perceive the meaning of a "global marketing" referential, as compared to other actors having a different understating of the same algorithm. In addition to a "global marketing" algorithm, growing airport networks should be done in a market-oriented manner by which there is a level playing field between competing airlines at these airports. Indeed, the notion of level playing field has increasingly been associated with the market-oriented referential. The liberalization of markets is a key element of the global referential. Consequently, the liberalization of air transport markets is a key element of air transport sectoral referential at the domestic level. But the opening of markets and the lifting of capacity limits at airports opened to international air traffic has been accompanied by fierce debates over the "level playing field" at

the international level: such notion has been central in all the debates of liberalization of market access even though there is no common view of what constitutes a level playing field (ICAO 2012e, 2.4–1; ICAO 2013c).

The notion of level playing field has helped the key policy actors of the Canadian referential to conceptualize (using Muller's terms) the social identity of their sector as well as the correct policy response to maintain this social identity. The following excerpts are extracted from interviews conducted with three senior managers of three different Canadian airlines. The three airlines operate schedule or charter international flights.

- According to the first respondent, who works for Air Canada: "You don't want your own market to be destroyed by foreign carriers. It is very unfortunate that the only carriers interested in coming here are predatory carriers, with unlimited government funds. It is not healthy for the market. The spin on airlines like Emirates is that it is coming to the Canadian market, it is taking traffic with no competition, and it brings it to the Asian subcontinent. If no one can compete with you, you want to be here! [82]".

- For the second respondent, whose air carrier is not a member of any of the three alliances and does not have any hubbing strategy: "Emirates est un modèle spécial quand même. Il n'y a pas beaucoup de compagnies d'un pays de 4 millions d'habitants qui sont capables d'absorber 96 A380 et plus d'une centaine de Dreamliners. Maintenant, c'est pas un problème unique à Air Canada. Personnellement, je pense qu'ils ont un plan qui fait du sens pour eux autres : on va être la plaque tournante du monde. Mais nous autres, il faut qu'on protège nos intérêts à nous. [83] "

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[82] Respondent from Air Canada, interview conducted on 22/03/2012.
[83] Respondent from a Canadian point-to-point carrier, interview conducted on 23/02/2012.

- And finally, according to the third respondent, whose airline is neither a member of an alliance nor it has a hubbing strategy: "It is a complicated story. I think that the federal government did the right thing. It is because of their model. They are highly subsidized. Their model has been designed to destroy the network model of legacy carriers. They are trying to put their hubs on the map, with crazy orders of A380 aircraft. And they can order them only because they are subsidized. So the extent to which they are subsidized is unfair. On the other hand our industry is very fragile. [84]"

It is clear from these interviews that for these actors, the notion of a "level playing field" is at the heart of what they conceive as good international air policy. This is particularly significant considering that only one Canadian air carrier is operating long-haul, scheduled international air services as part of an integrated air transport network centered on a hub-and-spokes model. The two other respondents are not confronted by the direct competition of the Emirati air carriers, and will probably never be. Nevertheless, they feel that it is the Canadian air transport sector as a whole which should compete on a level playing field, and thus that the appropriate policy action from the federal government is to maintain safeguards in order to protect the Canadian sector. This leads another respondent, who works for one of the two Canadian air transport trade associations, to explain that: "I wouldn't say that the government protects Air Canada, but it protects the Canadian airline industry. Not only Air Canada. And this is consistent with the government protecting other sectors, for example the automobile sector, or agriculture.[85]" And during the interviews, all of these respondents acknowledged that their organization (and even themselves in some cases) briefed government officials against liberalizing the ASA for this playing field reason.

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[84] Respondent from a Canadian point-to-point carrier, interview conducted on 29/02/2012.
[85] Respondent from a U.A.E organization, interview conducted on 28/03/2012.

Would this lead to a consideration that, in addition to the "global marketing" algorithm, the notion of a level playing field is a parameter of the Canadian air transport referential regarding Canada's international air policy? Is there a complementary algorithm that could be formulated as follows: "a level playing field is a condition to international air transport liberalization" and "airport global marketing and freedom to handle foreign air carriers is conditioned to a level playing field"? The answer is more complicated than it seems, for two reasons. First, even in Canada there is not a commonly accepted definition of the conditions constituting a "level playing field", and actions from the Canadian government to protect Air Canada on that basis has been easily challenged. Indeed, according to a respondent working for a U.A.E. aviation organization: "Air Canada says that Middle-Eastern air carriers receive subsidies, for example you cannot strike in the U.A.E. But these are not subsidies. These are cultural issues. Cultural differences cannot be overcome, and this is too bad for Air Canada if human rights laws in Canada are very prescriptive. And if you take the example of Air Canada, when unions are threatening to go on strike, if the government is intervening with a so-called "Back to work" legislation, is it an indirect subsidy? If you go on that route, you would be surprised to see the expanded concept of subsidies. [86]" The argument is irrefutable: the Harper government has repeatedly intervened in Air Canada's labor relations. In September 2011, 6,800 flight attendants returned to work after they reached a deal with Air Canada under the threat of back-to-work legislation tabled by the Conservative government. In June 2001, Air Canada's 3,800 striking sales and service agents returned to work after the Conservative Labor Minister tabled back-to-work legislation in the House of Commons. In March 2012, the House of Commons passed back-to-work legislation to prevent a work stoppage at Air Canada during the March break vacation

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[86] Respondent from a Canadian point-to-point carrier, interview conducted on 29/02/2012.

season (Global News 2012). The Harper government-appointed arbitrators imposed new contracts on Air Canada's pilots and Air Canada's ground crew members, each time siding with the less advantageous offer made to the labor. In the absence of definition of fair competition between airlines, some aviation professionals made a clear point by qualifying this practice of indirect subsidies, thus showing that the notion of a level playing field would be too ambiguous to be an algorithm of the Canadian referential. This clearly supports the fact that all actors agree on a same algorithm, but from this agreement, multiple interpretations arise. It can of course be assumed that the long-term impact of the Government interventions in Air Canada labor relations have a much more limited impact in term of competitiveness of the carrier as compared to the alleged massive subsidies received by Middle Eastern carriers, but the fact remains that it clearly shows a different understanding of a similar algorithm.

The second element is even more interesting. On the one hand, representatives of the Canadian airline industry interpret the Canadian air transport policy through the notion of level playing field, which constitutes for them a core norm of the referential. Ensuring a level playing field between Canadian and foreign air carriers would thus be an explicitly acknowledged principle of action that is compatible with the market-oriented values of the referential. But they limit it to a level playing field for airline competition: airports are absent in this picture. On the other hand, other stakeholders, such as representatives of the four largest airports and of their trade association, do not put this notion of level playing field for Air Canada as a core element of the referential: it is not this norm that frames their vision of air transport.

2.2. An Obviously Disunited Front: The Divergent Vision of the Four largest Airport Authorities

The cognitive analysis of public policy as formulated by Muller and Jobert would expect all key actors of the sectoral referential to share a somehow similar understanding of the notion of level playing field. But by focusing the analysis on the algorithm level, or the causal relations drawn by actors, it is possible to see that this not the case. Indeed, not only key airport actors do not share the same understanding than key airlines actors, but in addition they do not share the same understanding between themselves. If they all agree with the "global marketing" algorithm by which they should be free to engage in business relationship with airlines in order to grow their networks, they do not draw the same causal relationships in terms of the content of the ASA policy instruments and the enforcement of a level playing field between airlines.

With the emergence of a market-oriented referential for air transport in Canada, the four largest airports have become autonomous players in the development of air services from/to their runways and terminals. They have become free to get into the air service market and lobby air carriers to develop new routes. This is highlighted by a senior executive of a Canadian air carrier, who noticed that "Now airports have their own marketing departments, they do research and studies on new routes, they hire consultants, and they try to attract operators to establish new air services. They do that with Emirates, but they also do the same thing with us, they approach us as well. All what they want is to develop their network, and they will look for an air carrier willing to do it. [87]"

Consequently, three among the four largest airports which were not directly connected to the Middle East have been trying to establish such connections. Airport authorities at Montreal,

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[87] Respondent from a Canadian airline, interview conducted on 11/04/2012.

Vancouver and Calgary held several meetings with representatives of middle-eastern air carriers, government officials in the Middle East, and government officials in Canada in order to revise the design and the content of ASA instruments in order to attract air carriers to their platforms. They nevertheless followed different strategies.

First, airports in Western Canada decided to support the bid of Emirati air carriers for the liberalization of the Canada-U.A.E. ASA bilateral. This decision was based on a liberal interpretation of the Blue Sky policy, which was seen as the policy-side of the market-oriented referential for air transport. A senior executive of YVR defined its identity as follows: "As an airport authority we are free-traders, we want more carriers coming to Vancouver International Airport, and we have spent a lot of time in Ottawa trying to convince the government that it would be good to have these carriers. [88]" And an official from Etihad confirmed that these two airports have fully played a role in the potential development of routes to the Middle-East: "They [the airport authorities of Vancouver and Calgary] are actively engaged in having us come. The airport authority of Calgary made us an offer in the past, they are very keen. And airports in Canada, and especially Calgary, are very much trying to attract us[89]". Despite the market behavior of these two airport authorities, which is in line with the Canadian referential for air transport, the Canadian government decided not to put the finishing touches on their effort by allowing Emirati air carriers to access their platforms: "Oui, les aéroports y ont intérêt [à recevoir des vols d'Emirates et d'Etihad], notamment Vancouver et Calgary, parce que ça ne peut qu'augmenter le volume de trafic, et donc la connectivité et les revenus. Mais c'est le

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[88] Respondent from YVR, interview conducted on 21/03/2012.
[89] Respondent from Etihad, interview conducted on 07/03/2012.

gouvernement qui refuse. Alors que ça ne peut qu'augmenter les volumes de trafic à ces aéroports. Mais ce ne sont pas les aéroports qui décident. [90]"

Such interpretation is nonetheless contentious. For instance, a senior executive of a Canadian air carrier (which is not Air Canada) provides another understanding of the interests of the airports of Calgary and Vancouver combined with the long-term interest of Canada's air transport in order to explain their unsuccessful attempt to develop routes to the Middle East in spite of Blue Sky: "It would benefit, in the short term, to certain stakeholders. Airports will become spokes of Emirates and Etihad hubs, they will become new points, and it will increase their connectivity and their volumes. But in the long term it may be problematic, because new international service will go to foreign hubs. Volume would benefit to Dubai or Abu Dhabi, but in the end it may decrease at Toronto because Air Canada will decrease its service. [91]" This understanding of the situation is shared by the vast majority of Canadian airlines representatives and Canadian government officials that were interviewed for the purpose of this dissertation, as demonstrates the following representative excerpt: "[These two airports] don't care… their primary stakeholders are the users. So they would welcome foreign carriers, even if that would result in weakening domestic traffic. But because Emirates and Etihad are highly subsidized, they are going to win the battle, they will bring traffic in the short term. But the problem is that they will weaken domestic carriers, which will cut international service, but also local service and this will threaten local traffic. Airport authorities should not undermine Canada's domestic network! It wouldn't take much to weaken Air Canada and WestJet, which would cut their networks. [92]"

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[90] Respondent from ICAO, interview conducted on 28/02/2012.
[91] Respondent from a Canadian airline, interview conducted on 01/03/2012.
[92] Respondent from a Canadian airline, interview conducted on 29/02/2012.

From these two representative excerpts, it can be clearly seen that air carriers representatives that operate scheduled or charter international air services do not put their interests and airport operators interest at the same level within the Canadian referential for air transport. At the airport authorities of Vancouver and Calgary, the understanding of the market-oriented referential is both broad and liberal, in that airports are seeing themselves as market-players. At the airline level, the market-oriented referential is understood as a framework ensuring a level playing field for airline competition, which conditions the effective freedom for airports to market themselves. The airlines are thus adding the level playing field as a core parameter of the referential, without providing any shared definition of what it is and what it means for airports. This creates a fundamental ambiguity between key actors of the air transport sector. Second, Toronto and Montreal airport authorities opted for maintaining a restrictive bilateral to maintain existing routes and protect Air Canada, thus further highlighting the ambiguity between key actors of the sector. The position of the leaders of Aéroports de Montréal represents a middle-ground between the divergent positions of the airports of Vancouver and Calgary on the one hand and the representatives of the Canadian airlines operating international services on the other hand. Indeed, ADM officials appear to be satisfied with somewhat restrictive agreements that allow them to maintain their traffic to European hubs. According to a respondent from ADM: "Nos marchés sont entièrement différents [de ceux de Vancouver et Calgary], ils ont juste une petite fraction de leur trafic vers l'Europe, mais peu de transfert d'activités avec l'Europe. Les gens de Vancouver sont plus ouverts aux *open skies* car ils ont plus à y gagner, alors que Toronto a plus à y perdre, et Montréal est un peu entre les deux. C'est un number game à la fin… C'est aussi simple que ça. Certains pensent qu'Emirates à Montréal peut stimuler le trafic, mais s'ils viennent tous les jours en A380, et je ne sais pas comment ils vont le remplir, je ne sais pas si on garde trois fréquences d'Air France tous les jours, et des fréquences

vers Francfort, Munich et Londres. À Montréal on ne veut pas accorder de fréquence quotidienne à un A380 du golfe car on ne veut pas que notre trafic vers l'Europe s'effondre. [93]"

Preserving the European connections from Montréal-Trudeau is a preoccupation of the top-management of the airport: a daily frequency to the Middle-East would be seen favourably by the airport, on the condition that it be operated with reasonable capacities. While Calgary and Vancouver would welcome a liberalization of the Canada-U.A.E. bilateral ASA, Montreal would rather favour a limited liberalization that would preserve its European traffic (even though it is clear for the senior executives officials that were interviewed that there is a global trend of liberalization that Canada will have to adjust its position). With respect to the U.A.E. dispute *per se*, ADM was much more discrete than the other three airport authorities, for the following reason: "On a été pas mal moins vocal que Toronto et Calgary sur le sujet, mais on a rencontré Etihad et Emirates. C'était clair dans le plan d'expansion d'Emirates qu'ils voulaient deux vols par jour de Toronto, et un par jour de Vancouver et de Calgary, et Montréal n'était pas vraiment dans les plans. Donc on a été moins visible. [94]" ADM officials recognize that Gulf air carriers cannot be kept out of Canada and that some liberalization will become inevitable at some point, and they seek to adjust this liberalization. Since Montréal-Trudeau is not and will never be Air Canada's main international hub, ADM's interests lies in the expansion of its network and the preservation of its European routes.

With respect to Toronto, the executives of GTAA have chosen to support the limitation of landing rights for Emirati air carriers. They perceive that these carriers engender an unfair competition with Air Canada, and they have made this position public. Their logic is as follows: Toronto-Pearson is the only platform through which Air Canada has built its international

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[93] Respondent from ADM, interview conducted on 29/03/2012.
[94] Respondent from ADM, interview conducted on 29/03/2012.

hubbing strategy. In addition, Air Canada and its regional affiliates are the main users of Toronto-Pearson facilities: they carried 56% of total airport passengers in 2011. Consequently, GTAA needs Air Canada to maintain its activities in order to maintain its own level of activities, and the growth of GTAA business is intrinsically linked to the growth of Air Canada. This is what GTAA calls the "particular exposure to this dominant air carrier" (GTAA 2012, 51). The three other airports are also dependent on Air Canada to maintain and grow their activities, but they are not part of the global hubbing strategy of the Canadian air carrier. Since Air Canada does not intend to make them the center of the wheel, they have a strong interest in being the spoke of other wheels. Conversely, Toronto-Pearson has the ambition to be a global hub, and that explains why it sees unfavorably the possibility that Emirati air carriers would bring 6th freedom passenger to the hubs of Dubai and Abu Dhabi.

The two following interview excerpts provide an excellent illustration of how GTAA leaders perceive their relationship with Air Canada, its link with Canada's international air policy and the dispute with the United Arab Emirates. The first excerpt is from an interview with an executive in charge of the strategy of GTAA: "Emirates has a destructive effect on its competitors, it is heavily subsidized by its government, and we see it as a competitive threat. We want people to connect here at Pearson, and our goal is the same than Dubai's airport authority goal, and Air Canada is our tool. When the government looks at our request with the Blue Sky policy, we argue against services that would take away connection from us. Emirates at Toronto, it is 25 jobs. Air Canada, it is thousands of jobs for Canada. [95]" The second excerpt, which is a bit lengthy, comes one of the most senior executive of GTAA, and is of a particular relevance for an analysis in terms of referential: "But at the end of the day, the question is: does this [additional

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[95] Respondent from the GTAA, interview conducted on 02/04/2012.

frequency to the U.A.E.] serve Canada? At Pearson, Air Canada and WestJet must be healthy. The international air policy has to incorporate that, and there are necessarily conflicting objectives with that. The interest of Japan, when JAL flies to Canada, is not to promote Canadian aviation, but Japanese aviation! Aviation is a tool for development and I feel that Pearson is well served by the Blue Sky. […] If we start a conversation about Emirates, we are not talking about international air policy, but about political lobbying from one airline. We are not talking about access to Pearson. I applaud the Blue Sky policy, we are working closely with the government to identify markets that we want to serve. Out of Pearson, there is no direct access to Africa and some regions of Asia. Either we can provide service to these regions with a 787, which will be game changer, or we can discuss it through one access in the Middle-East, one route, and we totally miss what is important in the access to infrastructure. What is important is a) to keep solid foundation for aviation, and it does serve us to have only one international air traffic taking all the traffic to its hub; and b) what are the real markets the we must be able to access with 787 aircraft. Having 14 flights a week to Dubai distorts the discussion on international air policy[96]"

These excerpts clearly reveal that GTAA top managers fear the competition from the Emirati air carriers. They see this competition as being unfair and unhealthy: they see themselves as competing for air traffic in the global air transport market, with a huge positive impact on the Canadian economy, and they consider that Emirates and Etihad are not playing a fair game because of the subsidies they would receive and because of their reliance on 6th freedom traffic only. The argument is thus similar to what Lazar's *A Tale of Four Cities: Canada and the U.A.E.*'s report and Canada's airlines are arguing: the air transport market should be based on market forces, but the competition should be fair with a level playing field.

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[96] Respondent from the GTAA, interview conducted on 12/04/2012.

3. A Cognitive Dissonance?

The dispute between Canada and the U.A.E. over the *Agreement between the Government of Canada and the Government of the United Arab Emirates on Air Transport* and its restrictive market access is puzzling in that it seems to indicate a cognitive dissonnace in the Canadian referential for air transport. Such possible dissonance can be identified by the fact that some prominent actors within the referential do not interpret its algorithms in the same manner, and this leads to a different perception of what Canada's air transport policy should be. It constitutes an apparent cognitive dissonance for airports because they do not have the same understading of designation: Vancouver and Calgary want to receive Emirati air carriers, Toronto does not, but all three emphasize a market-oriented rationale supported by the "global marketing" algorithm to support their position. It also constitutes an apparent cognitive dissonance for airlines, because airlines interested in operating a new route to/from an airport, as per a proposition made by the marketing department of an airport, may not be granted the traffic rights to do so. The notion of airport marketing, which is at the heart of the algorithm, has been challenged by this dispute.

In Muller and Jobert's approach, such apparent cognitive dissonance is supposed to evolve, with the creation of a space of mediation and the reformulation of the sectoral referential. Since the Canadian airport policy has not changed and the conflicts have been long-lasting, the cognitive analysis of public policy as formulated by Muller and Jobert needs to be amended. Indeed, a deeper analysis of the interviews and of other documents reveals more subtle results with respect to the cognitive dissonance. The dissonance in the algorithm seems to lie on the notion of fair competition, or level playing field, and from a divergent interpretation of this notion all subsequent interpretations would follow. But as an interviewee, who works closely with both the Canadian air transport industry and foreign competitors, put it: "Air Canada would

argue that they [Emirates Airlines and Etihad Airways] are heavily subsidized. What we should do instead of banishing them to fly here is supporting Air Canada and our airports as well, instead of taxing them! But refusing the access rights was a purely political decision. And this is coming from a government which is not overly friendly with Air Canada. They don't like the CBC, they don't like Air Canada. Their policy is very difficult to understand, one hand they protect Air Canada from competition, on the other hand they treat air transport as a cash cow. We need to undertake a full review of the aviation sector. There are so many inconsistencies. [97]" When Canada's officials refused to liberalize the Canada-U.A.E. bilateral ASA, they did not formulate this policy response because of their understanding of the situation that would have been framed and shaped by the referential and its algorithm. This response was indeed inconsistent with other policy decisions on that matter, such as the conclusion of several Open Skies Agreements with other countries[98].

Because the dispute with the U.A.E. attracted an important coverage from the media and has had unseen political and economic consequences with respect to the conclusion of bilateral air services agreements, it has been at the forefront of Canada's international air policy. But if one goes deeper, it appears that this particular event may reveal more than an episodic dispute between two countries. It would simply crystallize the diverging interpretations with respect to the content of the ASA instrument and its impact on airport marketing. In fact, it would indicate that there is a cognitive dissonance in the Canadian referential for air transport.

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[97] Respondent from the travel and tourism industry, interview conducted on 04/04/2012.
[98] Under the Chicago Convention bilateral regulatory regime, whatever the referential in place at the domestic level, governments have retained "the power to parcel out (and to deny) access to national airspace by foreign airlines, to exclude foreign airlines from domestic point-to-point service, and to prohibit foreign citizens (and their airlines) from owning or controlling national air carriers" (Havel 2009, 2) without justifying it.

Theoretically, the ASA instrument is part of the broader "global marketing for access to infrastructure" algorithm, which not only regards bilateral air services relation between Canada and other states, but also other elements that relates to accessing airport infrastructure such as airport development or the granting of the freedoms of the air. The next section demonstrates that if the dispute with the U.A.E. is an easily identifiable source of conflict in the referential, other aspects specifically related to the access to the airport infrastructure are at stake.

C – Canada's International Air Policy: the Interests of the National Flag (and Its Hub)

1. Airport Authorities in the Referential: Interests in a Market-Oriented Referential

The dispute between Canada and the U.A.E. gave the impression that the leaders of the airports of Vancouver and Calgary would be supportive of a more liberal international air policy while the leaders of the airports of Montreal and Toronto would be supportive of a more protectionist international air policy. Nevertheless, this impression does not stand up to an attentive scrutiny of their deeds during the dispute: all four airports have adopted, at various degrees, a free-trader position. This is consistent with the parameters of the Canadian referential for air transport.

1.1. Airports are Free-Traders

The following section will look at each airport specifically and evaluate its "free trader" position in the Canadian referential.

First, the leaders of the airports of Vancouver clearly supported the bid of the U.A.E. to liberalize the bilateral ASA. They advocated a global liberalization of Canada's international air policy with a move towards open skies that would permit carriers from all over the world to land on their runways (carriers from the Middle East, but also from Asia for instance). It is from an interview with a Vancouver airport representative that the notion of airports as free trader was mentioned[99]. Such position is coherent with the evolution of Canada's air policy (which ceased to impose Montréal as the sole entry point) and is aligned with the market-oriented referential: Vancouver airport is developing its business by attracting foreign air carriers. Furthermore, the operators of Vancouver and Calgary airports share the same interests in a liberalized air transport market. Because they are not Air Canada's main global hub platform, they have a strong interest in both expanding their direct origin-destination traffic by direct flights and in being spokes of not only Toronto-Pearson, but also of all major hubs in Europe, Asia and the Middle East. This strategy allows them to connect their communities to other communities in the world. In addition, these two airports have also a specific role to play as part of the Asia-Pacific gateway and its Western corridor. The federal government recognized the gateway position of lower British Columbia: it launched in 2006 its Asia-Pacific Gateway and Corridor Initiative, aiming at transforming BC lower mainland into a major network facilitating global supply chains between North America and Asia, in a corridor that would go to Calgary and then expand to the rest of Canada. Airports constitute a major element of such a strategy, and the federal initiative includes a further liberalization of air services agreements that would strengthen the airports of the Gateway (Transport Canada 2006b, 17).

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[99] Respondent from YVR, interview conducted on 27/03/2012.

The position of the leaders of the airports of Vancouver and Calgary is illustrated by the notion of free-trader. They want to expand their network through a liberalization of the Canadian international air policy, consistently with several policy moves made by the Conservative government of Stephen Harper (such as the Blue Sky policy or the Asia-Pacific Gateway and Corridor Initiative). Their representation of airport activities and policies is in line with the Canadian referential of air transport, and more specifically with the parameters on access to infrastructure, which has clearly framed and shaped their policy and economic positions. The notion of free-trader that has been embraced is a coherent understanding of the global and sectoral referentials which reflects the social identity of key airport actors. In terms of policy instrumentation, these airports therefore favor much more liberalized provisions contained in ASAs instruments (fifth and sixth freedoms, open skies, etc.) as compared to what is currently put in the ASAs by the government.

With regard to Montréal, the airport authority has favored a restrictive approach to the liberalization of ASAs which has not prevented the airport to grow its connections to the Middle East. While the dispute between Canada and the U.A.E. was growing, ADM has been successful in attracting two middle-eastern air carriers to operate scheduled air traffic between Montréal-Trudeau and two middle-eastern hub airports. This demonstrated not only its commitment to expand its network towards this region, but also its pro-active, market-oriented behavior that is in line with the Canadian referential for air transport and its "airport marketing" algorithm. In addition to Royal Jordanian who launched a new service to Montréal-Trudeau in 2007, ADM secured new services to Doha and beyond with Qatar Airways. Qatar Airways was launched in 1997, operating only four planes. In 2010, it was operating 70 planes with an additional 220 aircraft on order, intending to maintain its 40% year-on-year expansion. Its growth has been supported by Doha International Airport, which has undergone a series of expansions, and by the

Government of Qatar and its strategy to make Doha into a global and regional powerful hub (Oxford Business Group 2010, 147–149). ADM has been a successful player, using all the provisions it has at its disposal to attract new carriers, including Qatar Airways, while maintaining Montréal-Trudeau network and frequencies to Europe. ADM is thus clearly manoeuvring within the market-oriented referential, which shapes and frames its actions and its vision of international air policy.

Finally, the position of Toronto-Pearson is also more subtle than its advocacy campaign against the liberalization of the Canada-U.A.E. ASA, which does not mean that it does not accept the opening of Canadian skies to fast-growing foreign air carriers. An example of that would be the service provided by Turkish Airlines to Canada from its Istanbul-Atatürk International Airport hub since 2009. Turkish Airlines is one of the European carriers whose share of traffic dramatically increased since 2008, including fifth and sixth freedom traffic through Istanbul-Atatürk airport (Reynolds-Feighan 2010). Interviews with Canadian civil aviation stakeholders reveal that the airport authority of Toronto informed the Canadian authorities of its wish to be connected to Turkey, indicating a will to see foreign carriers being granted a greater access to the Toronto-Pearson platform. This example nevertheless reveals the consistency of the position of the GTAA, because Turkish Airlines – a Star Alliance member – has partnered with Air Canada to transfer its international passengers onto domestic and regional Air Canada's flights (Air Transport News 2012). This demonstrates that Air Canada and Toronto-Pearson intend to go beyond the point-to-point traffic and to develop sixth freedom traffic from fast-growing carriers, with the explicit objective to grow the connectivity of Toronto's hub airport. According to a former Transport Canada policy adviser: "Air Canada is in favour of open skies only if it does not face competitors there, such as the Dominican Republic, or if it "competes" with a friend from

Star Alliance. Otherwise they oppose to Open Skies.[100]" The GTAA executives follow Air Canada's lead because of the mutual objectives and interests surrounding the hubbing strategy developed by the carrier on the airport platform. In fact, many observers have concluded that the mutual growth of Toronto-Pearson and Air Canada is conditioned by the organization of international routes around the Star Alliance network in general, and also around the close partnership between Air Canada, Lufthansa, and United/Continental. These three airlines have embarked in a joint-venture (A++ joint venture) by which they share pricing strategies and revenue on their transatlantic routes (American Bar Association 2010, 403). This may explain why Air Canada and the GTAA opposed the liberalization of the Canada-U.A.E. bilateral ASA. Emirati air carriers intend to serve North American routes to Asia and to the Indian subcontinent through their hubs in Dubai or Abu Dhabi. Air Canada does not operate most of these routes, but it is in its financial interest to send Canadian passengers to Asia through Lufthansa's hub of Frankfurt, because Air Canada will get a portion of the revenue earned from these passengers. For instance, if a Torontonian flies to New Delhi with Emirates and connects through the Dubai airport, Emirates will keep all the profit generated by this trip. But if that same Torontonian flies to New Delhi with Lufthansa or Air Canada and connects through the Frankfurt airport, Air Canada will get a portion of the profit generated by this passenger, because Air Canada and Lufthansa pool revenues through the A++ joint venture. According to a U.A.E. official: "The government is protecting the revenue of these two carriers to protect the revenue of Air Canada.[101]" And this interpretation is even shared by a former official from Transport Canada, who mentioned: "Air Canada doesn't care about India in fact. […] Air Canada doesn't want an Open Skies with the U.A.E. With their A++ venture with Continental/United and Lufthansa, they

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[100] Respondent from Transport Canada, interview conducted on 28/02/2012.
[101] Respondent from a U.A.E. organization, interview conducted on 28/03/2012.

receive a share from Canadian travelers using Frankfurt to connect to India. So they want to protect their portion of the profit. As a result, what you see is Canada's international air policy influenced by Lufthansa, a German carrier. A foreign carrier has now the shot in Canada. [102]"

The partnership between Air Canada and Lufthansa should not be overstated. What results from the interviews with a broad range of stakeholders is that air carriers remain selfish and act according to their individual interest first. According to a senior officer from ICAO: "C'est Air Canada qu'on protège, et pas Lufthansa ou le hub de Frankfort. Le premier intérêt, c'est de protéger son territoire, ils s'en foutent de Lufthansa, à Air Canada. Les compagnies sont assez individualistes et égoïstes, elles tirent des alliances tous les profits qu'elles peuvent. [103]" Another way of expressing this conception was stated by a European air carrier senior executive as follows: "On the one hand, it is clear that Lufthansa had its hand in it. To be honest the close relationship with Air Canada is there for sure, and there was definitely lobbying on the behalf of Air Canada and Lufthansa. But on the other hand, saying that Lufthansa dictates Canada's policy… I don't think that reverse would be true, you would never say that AC dictates Germany's policy.[104]" And as for GTAA, its own interests being highly dependent on the growth of Air Canada, it aligned its position with its main user's position, creating a GTAA-Air Canada nexus lobbying for developing the Star Alliance network at Toronto-Pearson.

To conclude, GTAA is thus also manoeuvring within the market-oriented referential, which shapes and frames its actions and its vision of international air policy, but it has a restrictive interpretation of its parameters. Indeed, it wants to maximize its interests and acts accordingly, but it does not consider the legitimate role and aspiration of Canada's other main

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[102] Respondent from Transport Canada, interview conducted on 28/02/2012.
[103] Respondent from ICAO, interview conducted on 28/02/2012.
[104] Respondent from a European full-network carrier, interview conducted on 19/03/2012.

airports, which could serve as gateways to the Pacific and Western Canada through a spoke position to foreign hubs. In terms of policy instrumentation, it favors a somehow restrictive content of the ASA, as it favors its interests.

1.2. The Four Airport Authorities: Common Ground in the Canadian Referential

What emerges from the above analysis is that the Canadian referential for air transport, and more specifically its parameters on international air policy, has framed and shaped how the four airport authorities' leaders conceive the roles and the interests of their infrastructure. All share the same values of expanding their network though market-oriented mechanisms. With respect to global marketing, all have adapted and transformed the global airport marketing algorithm by setting up marketing departments and by attracting foreign air carriers to develop their network and market their communities as destinations to be served by aircraft operators. Furthermore, the Conservative Government of Stephen Harper formulated new policies that aimed to implement the parameters of the referential. The Blue Sky policy recognized that airports should be enabled to market themselves in a manner unhindered by bilateral constraints to the greatest extent possible. The Asia-Pacific Gateway and Corridor Initiative recognized the major role of the airports of Vancouver and Calgary and the necessary liberalization of bilateral air services agreements to develop their full potential.

Nevertheless, if the government policies are clear on paper, it appears that they have been interpreted differently by actors. Airport authorities have not come to the same understanding of what the liberalization of ASAs really means, who it concerns, and how it should be applied. The Blue Sky policy has been formulated and mentioned several times, but its parameters are broad and vague, allowing the government to justify several different positions by referring to the same

policy provisions. This has generated frustration among the stakeholder of the air transport sector. The following excerpts illustrate this frustration. First, with respect to the Blue Sky policy, a representative of an airport organization mentions that "generally, it isn't as blue as it seems…[105]". Second, a representative of a major foreign air carrier operating in Canada explained: "If you allow Emirates to come 3 times a week, what does it change? Either you allow it, or you don't allow it. Same thing for Qatar Airways in Montreal, they were allowed to come 3 times a week. This is very ambiguous, there is no clear cut in the policy, which makes it difficult to understand for the average stakeholder in the industry. It is probably very clear for the policymakers, but it is difficult the average person.[106]" And third, a senior executive of a Canadian air carrier also mentioned: "that's true that the government jumps to the defense of Air Canada, but this is not part of a structured policy. There is no structured policy in place for this matter. [107]" Finally, another interviewee recounted an anecdote that reveals a great deal about Canada's international air policy. When asked to comment on the organized relationship between the national flag carrier, hub airport operator and public authorities in various countries and compare it with Canada, this senior executive of a major Canadian carrier said: "The government has no policy for aviation. You have the Blue Sky policy, but it is only 25% of a policy, and they did it because it is a worldwide trend, and they did it later than the others, without any kind of policy perspective for aviation. How is it possible to work together if the government does not show any interest for a consistent an up-to-date aviation policy? If you write "commercial aviation policy in Canada", the first Google result is Transport Canada's Policy Letter 133 which is about a possible computer failure in 2000. There is a complete vacuum with respect to aviation

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[105] Respondent from an airport trade association, interview conducted on 12/04/2012.
[106] Respondent from a European full-network carrier, interview conducted on 19/03/2012.
[107] Respondent from a Canadian carrier, interview conducted on 14/03/2012.

policy, to the point that even Google can't find anything[108]". And indeed, the first Google result of a search with the keywords "commercial aviation policy in Canada" is Transport Canada's Policy Letter 133 (Annex F refers).

Thus, it is the government's interpretation of its own policies and the related orientation it inputs in the ASA instrument that are contentious and create ambiguity and frustrations among stakeholders of the Canadian civil aviation sector. All airport authorities share the same commitment to expand their network and enhance their marketing capabilities in a market-oriented approach. Nonetheless, the fact that the government interprets policies in different manners according to the circumstances seems to be the factor that creates a cognitive dissonance within the referential.

2. A Growing Critique over the Blue Sky: A Factor of Policy Instability

This section highlights the source of the cognitive dissonance, and demonstrates that its origin can be traced in the implementation of the Blue Sky policy. While this policy reinforces the role of airports in the global competition for attracting air carriers and developing new routes, its implementation does not enable to play that role, and the government has kept using the ASA instrument in a manner that has restricted the ability of airports to fully become "free traders".

Theoretically, the specific focus on algorithms and the related content of specific policy instruments will highlight how the cognitive analysis of public policy can be improved. Indeed, Mullert and Jobert did not foresee the potential fruitful impact of focusing the analysis on the algorithms (they rather considered the "image" analytical level). But such focus on algorithms and instruments' content highlights the source of conflicts within a referential and allows to give

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[108] Respondent from a Canadian carrier, interview conducted on 2/03/2012.

a clear account of the fact that key actors of a sector may be sharing the same core conceptions of a policy sector and the same core representations of how it should be framed and shaped by policies, but would still be in puzzling conflicts with each other's.

2.1. A Problem of Implementation: Striking a Balance between Airports' Interests and Air Canada's Financial Interests

A first issue lies in defining priorities. The Blue Sky policy contains several objectives that have to be taken into account when determining the priorities of Canada's international air relations, from expanding routes to/from Canada and providing opportunities for Canadian air carriers to grow to giving more freedom to airport authorities to market themselves and facilitate Canada's international trade objectives (Transport Canada 2006a, 2–3). There is no further definition of what an "opportunity to grow" for a Canadian flag is, or what the freedom given to airport authorities entails, and how these should be translated into ASAs. The process of setting priorities in bilateral air negotiations is not clearly defined. An insider from the federal government, when asked to comment on the role of airports in setting priorities, described the "black box" of determining Canada's international air policy: "First, they [the four airport authorities] are included in the consultative process that we have with all stakeholders, and which is run by Transport Canada, and communicated to the Chief Negotiator. We have access to their evolving commercial interest, and we meet with them, individually, and with the Canadian Airports Council, so that they know what arrangements are in place. [What if they have divergent opinions?] Priority-setting is a complicated process. We consult with air carriers and airports; we receive invitations from foreign carriers and foreign governments, in addition to existing bilateral relationships. All need to be taken into account. What we try to do is not to respond solely to one

stakeholder, or one set of stakeholders, but to deliver top priorities for air carriers and airports and foreign governments. In addition, we have to be aware of the regional dynamics, interests can differ at Vancouver and in Ontario or Quebec or Atlantic Canada. We have to identify and respond to the various interests, and I think that we see success in the eyes of stakeholders. [109]" Such an insight has been confirmed in interviews with airport and airline senior executives: Transport Canada consults with airports, air carriers and their professional associations, and they align the results of these consultations with international policy and political priorities. Then, a list of negotiations to be held is given to the Chief Air Negotiator at Foreign Affairs and International Trade Canada, who subsequently negotiate the conclusion and/or the liberalization of bilateral air services agreements with foreign countries.

With the exception of the GTAA, all interviewees from the airport sector expressed frustration with the results of the consultations held by Transport Canada under the Blue Sky framework. For these actors, their priorities were heard, but not taken into account. The government tried to strike a balance between their interests and the interest of Air Canada, disproportionately in favor of the national flag. This means that if an airport authority requests a bilateral agreement with a third country in order to market airlines to serve routes from their platform to this country, and if Air Canada opposed this request or asks to conclude an agreement with another country first, the government would more or less systematically side with Air Canada's position. The following excerpts illustrate this understanding of the consultation process:

- From a senior executive of YVR: "I am speculating here, but maybe they are giving more weight to other stakeholders than us… [...] With a Western Canada perspective: our

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priorities are not placed at the top of the country's high priorities. [...] We suggested alternatives, and we proposed compromises. For the Middle East, we can just sustain one daily service. We were ignored[110]".

- From a senior executive of ADM: " je vois des différences entre la façon dont Transports Canada traite les compagnies aériennes et la façon dont ils traitent les aéroports. C'est pas la même chose. À chaque année Transports Canada fait la liste des négociations qu'ils veulent faire avec chaque pays, quand ils veulent signer une entente ou moderniser un traité, et après ils consultent avec les aéroports et les transporteurs, mais quand ils établissent leur priorité, c'est en ligne avec celles des transporteurs. Ça arrive même que des transporteurs assistent aux négociations, alors que les aéroports ne sont jamais invité (il y a juste eu trois exceptions où ils ont invité les aéroports : pour l'Open Skies avec les États Unis, l'Union Européenne, et la Corée). C'est encore Air Canada qui a le dessus, ils ont une forte influence sur le gouvernement.[111]".

- From a senior executive of CAC: "The government currently appears to favor air carriers. It is difficult for airports. When you have different airports that don't agree, it is difficult to understand the position of the industry, and what the government does, it looks at the interest of the whole. It comes from history, the management of airports used to be centralized in Ottawa, and airports were not considered specifically, and this has continued despite the transfer. [112]"

These representative excerpts illustrate the frustration of some airport authorities with the Blue Sky policy. On the one hand, they welcome this policy in that it offers them the tools to

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[110] Respondent from YVR, interview conducted on 07/03/2012.
[111] Respondent from ADM, interview conducted on 28/03/2012.
[112] Respondent from the CAC, interview conducted on 13/04/2012.

market themselves and expand their network, in line with the role they are supposed to play as per the Canadian referential parameters. But on the other hand, the four largest airport authorities also denounce the gap between the theory and the practice. According to the airport authorities of Montreal, Vancouver and Calgary, the federal government does not act as it is supposed to: it favors some specific actors to the detriment of some others. In other words, the government has aligned its policies with the parameters and algorithms of the Canadian referential for air transport with regard to international air policy, but it has then not acted in accordance with the policies it formulated. In terms of instrumentation, it means that the content of the ASA instrument is not fairly consistent with the algorithms of the referential. For these airports, there is gap between the government's policy moves and its actual behavior, and it is in this gap that a cognitive dissonance lies with regard to access to airport infrastructure.

It is thus the status given to Air Canada that crystallizes the dissonance among and between actors of the Canadian civil aviation sector. In a market-oriented air transport industry, and with a policy objective of enabling airports to market themselves in a manner unhindered by bilateral constraints to the greatest extent possible, airport authorities feel that constraints imposed by the government on Air Canada are not in line with the referential.   On the contrary, for Air Canada and for other Canadian air carriers, advancing the interests on the Canadian airline industry is necessary in order for aircraft operators to be able to compete in a deregulated sector. For air carriers, the main objective of Blue Sky should not target airports, but it should be to ensure a level playing field between airlines to ensure a healthy competition. Thus, they consider that when the government is restrictive in its approach to international air policy, it is in line with the market-oriented referential because the government's interventions would aim to ensure a sustainable competition. According to a senior executive of the Canadian flag carrier: "You don't want your own market to be destroyed by foreign carriers. It is very unfortunate that

the only carriers interested in coming here are predatory carriers, with unlimited government funds. It is not healthy for the market. The spin on airlines like EK is that it is coming to the Canadian market, it is taking traffic with no competition, and it brings it to the Asian subcontinent. If no one can compete with you, you want to be here! […]The Blue Sky policy targets clearly some destinations. I have no further arguments on that.[113]" By favoring the interests of Air Canada over the ones of the airport authorities of Vancouver, Calgary, the government of Canada is also favoring the interests of the Toronto-Pearson airport. In a global air transport market, the growth of Pearson is dependent on the growth carrier using it as a hub. This leads GTAA's officials to support Air Canada's positions and to support the approach implemented by the government[114].

To conclude, a further proof that there is a cognitive dissonance with regard to access to infrastructure can be found in the Asia-Pacific Gateway and Corridor Initiative. Indeed, the cognitive dissonance goes beyond the bizarre implementation of the Blue Sky policy and can be extended to the content of other instruments that relate to the "global marketing of airports" algorithm. The Asia-Pacific Gateway and Corridor Initiative from the federal government aims at contributing to a more productive, competitive economy and at strengthening Canada's competitive position in international commerce. Thus, it is very much a market-oriented initiative. If this sounds good for the airport of Vancouver, it appears in practice that YVR has

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[113] Respondent from Air Canada, interview conducted on 22/03/2012.

[114] For instance, a senior executive manager of GTAA mentions: "But at the end of the day, the question is: does this [access granted to foreign carriers to Canadian airports] service Canada? At Pearson, Air Canada and WestJet must be healthy. The international air policy has to incorporate that, and there are necessarily conflicting objectives with that" (interview conducted on 12/04/2012). Another adds: "the Blue Sky policy is a great deal of policy, it was pushed by the airports. But the implementation is less ambitious than the intent; it doesn't go as far as it could in terms of open skies and restrictions. But in general, from a GTAA perspective, it is a successful policy. Transport Canada and Foreign Affairs have responded to a lot of our priorities, I would say that two third to three quarters of our priorities in terms of markets have resulted in talks with other countries. The negotiations are not always successful or on the side we would like to see them, but overall there are good results" (interview conducted on 16/03/2012).

not been free to develop its Gateway position strategy in a way consistent with the policy and economic objectives of the Initiative. The following excerpt, from a representative of the airline industry, grasps the position of both many users of the airports and of the airport authority: "YVR is competing against San Francisco, Seattle, and Los Angeles for transpacific traffic, and it has lost traffic to these airports. And the federal government does not treat it as a gateway to Asia. Instead, it faces a segmented policy that does not address the issues. [115]" For the senior executives of Vancouver airport, it is the implementation of the policy that is not in line with its both its philosophy and with the Canadian referential for air transport: "For example, Emirates was not allowed to fly to YVR, even if they were committed to fly to YVR, and they were forced to go to Seattle instead. We lost an opportunity, and now we see more Canadian traffic going to Seattle. And there are many other examples like that, like Singapore Airlines. But the issue is not the policy, but its implementation. [116]"

If the Asia-Pacific Gateway and Corridor Initiative concerns mainly the airport of Vancouver, and to a lesser extent the airport of Calgary, it illustrates more broadly the cognitive dissonance on access to airport infrastructure. The dissonance lies in the gap between the philosophy of the Canadian policies (which are very much market-oriented, and thus in line with the Canadian referential for air transport) and their implementation through the content of ASAs signed by the federal government (which had chosen not to put the interest of the four largest airport operators at the top of its priorities). An analysis of the Initiative alone is not sufficient to identify the reason why the government is not acting so as to allow airports to play a major role in the development of their network, but form the above-mentioned, it can be induced that the financial interests of Air Canada have taken precedence over all other interests.

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[115] Respondent from an airlines trade association, interview conducted on 06/03/2012.
[116] Respondent from YVR, interview conducted on 07/03/2012.

2.2. A Problem of Conceptualization: The Fifth and the Sixth Freedoms of the Air in the Policy Framework

The gap between the philosophy and the discourses surrounding Canada's international air policy, its implementation, and the related policy choices made by the Conservative government of Stephen Harper can be summed up by referring to the freedoms of the air (such freedoms are the content of the ASA instrument). It is logical that when a state liberalizes access to its air transport infrastructure, it grants more freedoms of the air to foreign air carriers, in order to alleviate restrictions on frequencies, capacities, and origins and destinations. Subsequently, the more liberal an international air policy, the more freedoms are granted to foreign air carriers. This can be seen through the drastic increase in the number of open skies, which are granting the most freedoms by a growing number of countries in order to liberalize their international air transport policies (ICAO 2013c).

The mismatch in the Canadian referential lies in the fact that it supports a liberal view of air transport, but not with reference to the more liberal freedoms that would allow foreign air carriers to operate traffic between Canada and third countries that are foreign to these air carriers, such as the sixth freedom (the right for a foreign airline to carry revenue traffic to/from third via its home state) or even the fifth freedom (the right for a foreign airline to carry revenue traffic to/from third states without)[117]. But there is a reluctance to fully implement these policies as far as the sixth freedom of the air is concerned: when ASA instruments are designed, this freedom is not incorporated into the instrument. From the perspective of the GTAA, Air Canada and Transport Canada, the development of sixth freedom traffic is necessary for the international growth of both the national flag and the hub airport. Indeed, in order to add to the limited

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[117] See annex E.

potential of the Canadian market, Air Canada aims at attracting foreign passengers (and mainly from the United States) to its Toronto hub and to transfer them onto its international flights to Asia and Europe. This is really Air Canada's strategy: it has been lobbying the federal government in order to expand its possibilities to carry fifth and sixth freedom traffic (Clancy 2004, 250). In that sense, both Air Canada and the GTAA would benefit from a liberalization of international air policy that would enable them to serve fifth and sixth freedoms traffic. The three other airports also benefit, to a lesser extent, from this traffic.

Nevertheless, Air Canada and the GTAA are also afraid that if the federal government liberalizes its approach towards fifth and sixth freedom traffic, foreign competitors would abuse it and take too much traffic away from them because they would enjoy a competitive advantage. From their perspective, the Air Canada/GTAA sixth freedom traffic is justified by the very existence of third and fourth freedom traffic (or origin-destination traffic), and consequently, the only sixth freedom traffic that would be acceptable is the one that is supported by a strong origin-destination market. The following excerpts of interviews with a senior officer from Transport Canada and a former senior official from the same department illustrate this conception:

- "Air Canada transporte aussi du trafic 6ème liberté, mais c'est très différent. Si vous regardez Qatar Airways à Montréal, 90% des passagers sont 6ème liberté. Trouvez-moi un vol d'Air Canada où 9 passagers sur 10 sont des passagers 6ème liberté! et puis Air Canada va chercher le trafic américain, mais c'est de bonne guerre car on a un accord de ciel ouvert avec les américains, qui viennent aussi chercher les passagers canadiens pour leurs hubs. [118]"

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[118] Respondent from Transport Canada, interview conducted on 19/03/2012.

- "The issue is not a capacity issue, but a sixth freedom issue. All bilaterals in Canada are justified by the third and the fourth freedoms. There is a massive sixth freedom traffic with KLM via its hub of Amsterdam, Air France is doing sixth freedom as well, but you always have at least 30% of the plane that end its trip in Paris. With Emirates, they would all go to India. There is no market between Dubai and Canada, or between Abu Dhabi and Canada. So Air Canada strongly opposed the bilateral with the U.A.E. They argue that we should have an Open Skies with India first, and after with the U.A.E. Giving the sixth freedom to Emirates would stab Air Canada in the back. [119]"

This interpretation of Transport Canada's officials gives a clear indication of where a cognitive dissonance lies. The different freedoms are well defined and have remained the core elements to define and establish both the objectives of Canada's international air policy and the subsequent bilaterals which grant access to Canadian airports to foreign air carriers. Nevertheless, what is unclear is the degree to which these freedoms should be granted: should sixth freedom traffic be allowed without restriction, or should sixth freedom traffic be allowed under the condition that there is also certain level of third/fourth freedom traffic? If a certain level of origin-destination market is necessary, to what extent is it necessary (half of the enplaned passengers? 30 per cent? 60 per cent?)? Is it fair to prevent sixth freedom traffic on final destinations not served by Air Canada (e.g. India)? None of these questions are answered by the Blue Sky policy, or by a consistent policy response from the federal government. It is precisely because there is no one answer to these questions that various actors feel that their own answers are legitimate but ignored by the federal government, thus creating a cognitive dissonance in the

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[119] Respondent from Transport Canada (not in the department anymore), interview conducted on 28/02/2012.

Canadian referential for air transport. This cognitive dissonance sheds light on how actors understand and define their identity in the referential and in the social world.

First, Air Canada and the GTAA used the notion of the level playing field to request a granting of the freedoms of the air that would be asymmetrical in the end. Air Canada sought sixth freedom traffic in order to increase its capacity as a North American (and not Canadian) network carrier. This is positive for the GTAA in that it would strengthen its hub strategy and its hub position. Subsequently, these actors argued for a limited granting of the sixth freedom of the air to foreign competitor that may cannibalize Air Canada's lucrative international long-haul market and would take transiting passengers away from Toronto-Pearson hub. These two actors see themselves as the only Canadian flag carrier and the only potential global hub, and they subsequently request a special status within the Canadian referential, whereby they would be given all the tools to strengthen their position in a deregulated and liberalized environment.

Second, the other major airport authorities are clearly aware that it is Toronto-Pearson that is at the heart of the hubbing strategy of Air Canada, and they also use the notion of the level playing field to advance their position. Nevertheless, instead of arguing for a level playing field for air carriers, they argue for a level playing field for airports. For example, YVR is competing with Seattle-Tacoma for international traffic, and it subsequently requests its autonomy within the Canadian referential, whereby it would be given all the tools to attract new air carriers, develop its network, and strengthen its position in a deregulated and liberalized environment. This is convergent in that granting sixth freedom right to foreign air carriers that would connect YVR to their hubs.

Third, the government of Canada has liberalized their air transport industry and has given more freedom to airport authorities to market themselves worldwide. Nevertheless, it has limited sixth freedom traffic to/from Canada for foreign air carriers, and by doing so, it has empirically

taken Air Canada and GTAA's stances without saying it so out loud in terms of policy. This decision does not come from the bureaucracy: it is not Transport Canada or DFAIT that have set this agenda, but it comes from elected officials who deliberately took the stance of Air Canada and the GTAA[120].

To conclude, the Blue Sky policy, which sets the basis for foreign air carriers to access the Canadian airport infrastructure, provides a clear illustration of the cognitive dissonance and of the role given to elected officials in terms of orienting the application of the policy. It both aims at providing opportunities for Canadian airlines to grow (and this implies sixth freedom for air Canada) and at enabling airports to market themselves (and this implies for them attracting a certain level of sixth freedom traffic). In the absence of hierarchy and in the absence of elaboration of the notion of sixth freedom, the government has been able to put forward Air Canada's and GTAA's interests, at the possible expense of the three other largest airports.

D – Conclusion: Assessing the Cognitive Dissonance

The cognitive analysis of public policy as developed by Muller and Jobert predicts that a policy change will occur provided that there is a major cognitive dissonance and a space of mediation through which actors will redesign the policies and policy instruments in order to accord them to the referential. This chapter demonstrated the presence of a major cognitive dissonance with respect to the "global marketing of airports" algorithm and the content of the ASA policy

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[120] These elements were highlighted in this chapter (cf. supra), and it is also interesting that they were publicly pointed out by the CEO of Qatar Airways during a press conference in Montréal (it is unusual to have a CEO of a foreign company commenting abroad the foreign policy of the country he/she is staying at): "You have only one chief negotiator for such a big country. Other countries have teams that go all over the world. But this is no criticism of him. He's a civil servant getting instructions from his political masters. Actually he was very embarrassed when he came to Doha. He told me 'this is my mandate. I cannot go beyond'." (Shalom 2012)

instruments and the granting of the freedom of the air by the federal government, which has not led to redesigning the policies and policy instrument at stake. The contribution of this dissertation has been to analyze the policy instruments and conflicts at stake with a renewed focus on the algorithm in order to give an account of the sustainability of the sectoral referential.

The use and content of the policy instrument at stake also created a major diplomatic conflict with a foreign power followed with military and economic retaliatory measures. Is the Canadian international air policy likely to evolve? Or in other words, is there a space of mediation to reformulate the Canadian international air policy, as the cognitive analysis of public policy as developed by Muller and Jobert would expect? The answer is twofold. First, it is expected that the move towards a greater liberalization of skies will continue, and thus the Canadian government will be likely to face more pressures to relax its market access policy. And indeed, many actors that were interviewed for the purpose of this dissertation expected a minor liberalization through and adjustment of the content of ASAs, which could even concern Emirati air carrier, in the short to medium term. The rationale was that it is not politically possible to let major players of the industry through the door into Canada. But for the referential to evolve, and thus for a clear policy that would be a shared point of reference for all stakeholders, the emergence of a space of mediation is necessary. It does not seem that the Canadian civil aviation community is close to that step. First, the industry is divided on this issue, since the four largest airports are not on the same page. Second, the government favors one side over the other. It welcomes the convergence between the interests of the GTAA and Air Canada, and acts accordingly, despite what has been promised to other major airport authorities with Blue Sky. Third, there does not seem to have any room for engaging a discussion from within the state apparatus: the very recent report prepared for and endorsed by the Standing Senate Committee on Transport and Communications, entitled *The Future of Canadian Air Travel: Toll Booth or Spark*

Plug? Report on the Future Growth and Global Competitiveness of Canada's Airports, does not even mention the issue of granting airport access to foreign air carriers, and the bureaucracy is subject to a very tight control from elected officials with regard to implementing Canada's international air policy and negotiating or revising bilateral air services agreements. Consequently, this cognitive dissonance is likely to remain. Moreover, it is expected that the debate over granting sixth freedom of the air will remain a hot issue for airports, airlines and the government. Since actors are all in agreement with the market-oriented core elements of Canadian referential for air transport, and that there is no venue in which the diverging understanding of what these values mean in terms of traffic right would be aligned, the Canadian government will continue to use the ASA instrument that will dissatisfy many stakeholders of the Canadian air transport and airport sector.

In conclusion, this chapter demonstrated that actors of a referential may not agree on specific causal relations between the content of policy instruments and its effect on their sector, while these key actors also share the same core values and agree on the general principles of public action that ensue. The conclusion of this chapter is therefore similar to the conclusion of the chapter on airport costs and the content of the rent instrument. It reinforces the theoretical argument of this dissertation: while ideas-focused approaches of public policy analysis have difficulties in giving an account of long-lasting between actors sharing the same values, this dissertation shows that a combined focus on algorithms and policy instruments is a fruitful approach to understand and analyze long-lasting conflicts within unchallenged referential. But in addition, it also contributes to "Canadianizing" the cognitive analysis of public policy developed by Muller and Jobert by allowing the specificities of the Canadian setting to feed the theoretical evolution of the model. The diverging interests of airports in Toronto, Montréal and Western Canada and the alliance between GTAA and Air Canada is reminiscent of many federal battles in

Canada. Canadian studies are well equipped to give an account of such situations, and there is no doubt that perspectives on governing from the centre (Savoie 1999; Bakvis 2000) would accurately show that the situation of Western and/or Quebec airports may not have been considered and that the government may have favored Toronto. But such analyses would not be replicable for the airport rent issue, where there is no regional variance. This dissertation is therefore making an important contribution to the literature as it reshapes the cognitive analysis in order to allow it to give accurate and relevant analyses of extra-French or extra-European situations through a proposed theoretical framework that can be applied at all scales and levels in many different institutional settings.

Chapter V: Administrating and Funding the Provision of Security and Screening Services at Canada's Largest Airports

In this chapter, I focus on the administration and the funding of the provision of security and screening services at Canada's largest airports. Airport security and screening provides a promising empirical field to ground the theoretical assumptions described in the introductory chapters. Indeed, the chapter shows that there have been momentous dissensions between key actors of the airport sector over the way the provision of security and screening services is both funded and administrated at the four Canadian largest airports while almost no policy change aimed at solving the dissension has occurred. If ideas-focused approaches do not give an appropriate theoretical account of such situation, the cognitive analysis of public policy as developed by Muller and Jobert gives a set of analytical tools on which a meaningful empirical investigation can be established.

In order to ground the analysis, I will first give background information on the inception and the evolution of Canada's airport security and screening policy and characterize the current global referential and the Canadian sectoral referential for air transport. Indeed, political science has studied airport security and screening in reference to notions such as governmentality and surveillance or power and technology (Lyon 2006; Salter 2006; Salter 2008a), but this chapter will demonstrate that screening and security services at airports are clearly linked to other air transportation aspects (such as airport economics policy, international air policy, etc.). The core elements of transportation policies at large are identical to the core elements of airport screening policy: both have been reframed, reshaped and reoriented in the past decades in order to accompany the liberalization of air transport in a market-oriented perspective, and Canada's airport security and screening policy has become a market-driven and market-oriented policy. I

will then analyze the current situation in order to clearly identify the algorithm that relates to airport security and screening in the Canadian sectoral airport referential. I will thus be able to demonstrate that all actors do agree on the following algorithms: "security and screening oversight at Canada's largest airports is a core State function" and the "user-pay" model is the best for airport services funding, including security, and for ensuring the sustainability of the Canadian air transport sector. This "user-pay" algorithm for security and screening services demonstrates the commoditization of airport security making the market-oriented funding of airport security and screening services fully congruent with the global and sectoral referentials. I will subsequently focus on the dissensions over the policies that organize the administration and the funding of airport security and screening at Canada's largest airports, in order to highlight that there is a cognitive dissonance which is grounded in a different understanding of what the algorithm means in terms of content of public policy instrumentation. I will show that the content of policy instruments related to airport security and screening is puzzling in that: a) it seems to increase the costs of Canada's largest airports, thus undermining their ability to grow their business and truly become aerotropolises; and b) it seems to contradict the market-oriented philosophy that has shaped and framed the Canadian airport sector. I will highlight the fact that some prominent actors within the referential share the same understanding of the algorithms but have different interpretation of the implications in terms of policy instrumentation. This leads to different interpretations about the relevant content that Canada's airport security policy instruments should have. Subsequently, a policy change that would further align the sectoral referential with the global, market-oriented referential is not to be expected, but it is rather an adjustment in the content of the policy instruments that will be able to solve the cognitive dissonance and ensure the stability of the Canadian sectoral referential as regards its airport security and screening algorithms.

The remainder of this chapter is organized as follows: Part A gives background information on airport security and screening policy and put within the broader Canadian airport and air transport policy; Part B analyzes the dissensions over security and screening at Canada's largest airports and demonstrates that it highlights the presence of a dissonance; Part C establishes the cognitive dissonance over the "public service" and "user-pay" algorithms; and Part D concludes that such dissonance can be solved by a change in the public policy instrumentation content that relates to funding and administrating airport security and screening.

A – Canada's Airport Security Policy within the Broader Air Transport Policy

1. Providing and Overseeing Airport Security in Canada: From a Public to Private Service

1.1. A Brief Background on the Airport Security Function before the Commercialization of Canada's Airports

The first aircraft hijacking event in the short history of aviation occurred in 1930, where a Pan Am plane was seized by revolutionaries (Mackenzie 2010, 248). Modern terrorism attacks targeting commercial aircraft became more common in the 1960s and the 1970s. Consequently, states adopted a new Annex to the Chicago Convention that sets standards and recommended practices in the field of aviation security. Canada, along with all member states of ICAO, is

required to comply (or to notify any difference) with the Annexes to the Chicago Convention[121], including Annex 17[122], and this dramatically impacted how the Government has handled the commercialization of airports in regard to airport and aviation security services provision and oversight in order to comply with the provisions of Annex 17. For instance, the *Criminal Code of Canada* was revised in order to take into account aircraft hijacking and the *Aeronautics Act* was amended in 1973 to include provisions on passenger and cargo screening (CATSA Act Review Secretariat 2006, 9). Air carriers assumed the responsibility for the security of their aircraft, including through searching passengers and goods. Transport Canada was the regulator of airport and aviation security, and was in addition the provider of aviation security equipment and facilities at airports (in its capacity of both owner and operator of these airports).

While airport security function represents a legal obligation that states must fulfill, it does not necessary mean that the provision of airport security services has to be delivered by states: the provision of airport security services can be delegated to private security organizations. Aviation security functions, which are intelligence, airport policing, and screening, can be performed by various organizations, from public police forces to security intelligence agencies and to either public or private security agencies. The Canadian Security Intelligence Service has been responsible for collecting intelligence at Canada's airports (Rimsa 2011, 52), and the RCMP was responsible for airport policing (Brodeur 1992, 106; Rimsa 2011, 52) at a great cost: almost

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[121] This confers ICAO a "quasi-legislative" power on that respect (Erler 1964), since the standards contained in the Annexes are somehow binding contracting states (Abeyratne 2007).

[122] Annex 17 requests States to "[…] establish [and maintain] an organization and develop and implement regulations, practices and procedures to safeguard civil aviation against acts of unlawful interference taking into account the safety, regularity and efficiency of flights [and to ensure that] such an organization and such regulations, practices and procedures: a) protect the safety of passengers, crew, ground personnel and the general public in all matters related to safeguarding against acts of unlawful interference with civil aviation; and b) are capable of responding rapidly to meet any increased security threat" (ICAO 2011b, 2–1).

eight hundred RCMP officers were assigned to Canadian airports in the early 1990s (Ericson and Haggerty 1997, 145–146). Finally, screening has been a historic responsibility of the private sector. This was made possible because the screening function in Canada was devolved to airlines, and the Federal Aeronautics Act granted private security personnel special search powers to enforce airport security measures (Shearing and Stenning 1981, 235)[123]. A former senior executive officer in charge of aviation security at Transport Canada describes how this used to work: "And screening was performed by airlines, meaning that they identified among themselves a lead airline at each airport (it was usually Air Canada), who was in charge of contracting out screening to an external company. And through contractual arrangements, all airlines were contributing to funding for the staff who was performing the screening, and the equipment was supplied by Transport Canada[124]".

Following the Air India tragedy[125], the government of Canada decided to modernize its aviation security regime. It specifically focused on baggage and passenger screening. New measures were introduced, such as more stringent security controls on passengers and carry-on baggage; the purchase of additional X-ray detection equipment and explosive detectors; strengthening of the pre-board screening training program and the introduction of a certification program for airport screening personnel, as well as enhanced training for airport security personnel; the consolidation of the security functions in Transport Canada; and the overhaul of

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[123] It should be noted that this was not unique to Canada. For instance, the Protection of aircraft Act in the United Kingdom was also granting private security personnel special search powers (Shearing and Stenning 1981, 235).

[124] Respondent who used to be in charge of aviation security at Transport Canada, interview conducted on 03/05/2012.

[125] On 23 June 1985, an Air India aircraft operating the Montreal-Delhi route (via London) was blown up by a bomb and crashed into the Atlantic Ocean while in Irish airspace. Three hundred and thirty nine passengers and crew members (including 280 Canadians) were killed in the bombing. It appears that the bomb, placed in a suitcase, originated in Vancouver and was transited to Montreal before being checked-in and enplaned in the aircraft. The official inquiry which ensued revealed a host of security and communication lapses (Malcher 1991, 211–212; Sisson 2011).

the regulatory framework, including the creation of new regulations (CATSA Act Review Secretariat 2006, 10–11).

1.2. The Commercialization of Airports: A Parallel Movement toward the Commercialization of Airport Security?

Following the proposal of the Program Review Task Force (or the Nieslen Task Force on government operation) to terminate direct federal ownership and operation of airports (Nielsen 1985), the Airport Task Force advocated the transfer of airports to local authorities but strongly recommended that Transport Canada should keep the responsibility for air transport safety and security in order to ensure compliance with Annex 17 and keep a close eye on such a sensitive issue (Airports Task Force 1986; Kernaghan, Borins, and Marson 2005, 109). Nevertheless, the commercialization of airports to LAAs forced the government to clarify the way in which it would exercise its security oversight function. In the words of a former senior public servant of Transport Canada, "There was a change in a regulatory way. When airports were under federal control, security was the subject of a very minimum set of regulations and a very large set of policies and internal standards. With the commercialization, you have to have regulation in place for airport authorities to be accountable. So we made new very explicit regulations instead of broad internal policies. [126]"

If the oversight of airport security remained with Transport Canada, which established new sets of regulations, the provision of airport security services dramatically evolved with the commercialization of airports. Indeed, since 1987, the airport policing function of the RCMP has been gradually decentralized and transferred to other organizations, including at the airport level.

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[126] Respondent who used to be in charge of aviation security at Transport Canada, interview conducted on 03/05/2012.

A former senior public servant of Transport Canada gives a good account of the change of situation: "Before the transfer [of some airports to LAAs], the RCMP was policing 18 airports[127]. Shortly after that, it decided to no longer provide policing at airports at no charge. So they withdrew. Then Transport Canada introduced new regulations stating that airports were responsible for providing the same level of security than the RCMP. And airport authorities contracted with local police or private security companies. This was in the late 1980s. [128]" With airports taking over the responsibility of providing airport policing (either directly or indirectly through contracting out with local police or private companies), the movement toward the devolution of airport security provisions to private companies was launched.

The movement toward the privatization of airport security services provision continued with the election of the Liberal Government of Jean Chrétien. Nevertheless, what the Chrétien Government did differently is that it integrated its airport security policy provisions within the NAP, thus establishing a clear framework for airport security privatization. Under the NAP, the Government reaffirmed that it would abide by ICAO's SARPs contained in Annex 17, that it would modernize its policy and regulatory framework, and that it would continue to give airlines the responsibility to operate screening of goods and passengers. It stressed that the security of the Canadian air transportation system would continue to be the government's top priority, and that aviation security measures at NAS airports would be provided under existing security regulations and would apply to any certified aerodrome regardless of who owns or operates the airport (Transport Canada 1994). The federal government of Jean Chrétien also decided to stop being involved in the ownership and maintenance of the airport security equipment it until then had

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[127] All were international airports.
[128] Respondent who used to be in charge of aviation security at Transport Canada, interview conducted on 03/05/2012.

provided to screeners. This decision was a small change within a revolution in the provision of the air transport sector. The government consulted with the industry and it was decided to create a non-share, not-for-profit company that would own and maintain screening equipment across Canada's airports: the Air Transport Security Corporation was incorporated in March 1997.

The Corporation's mandate was to assume ownership, operate and manage certain security related equipment situated at Canadian airports. Ownership and membership of the Air Transport Security Corporation was granted to ATAC. In addition, a board was established, which represented the airline industry and the airports (ATAC 1999; House of Commons 2001a). The Air Transport Security Corporation can be described as a policy instrument. Research indeed showed that setting up a corporation to deliver public services has been instrumental to achieve public policy objectives and that considering them as policy instruments has been the source of meaningful analyses (Tupper and Doern 1988; Bellamy 2005). The design of such an instrument represented a significant policy move in that it shifted the responsibility over the cost associated with the screening equipment to air carriers. This was consistent with the overall "user-pay" philosophy that led to the commercialization of airports and the subsequent rent policy. According to a Transport Canada officer: "The creation of the Air Transport Security Corporation was consistent with overall changes in government policy. It is based on the principle that users of the system should pay for it. These were early days after Lockerbie[129], and it was decided to move toward having the capability to screen all air baggage. The level of capital investment to acquire the material and the machines was a private sector responsibility. So the Air Transport Security Corporation was established as a not-for-profit company. It became responsible for the

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[129] Lockerbie refers to the bombing of Pan Am flight 103 from London-Heathrow to New York on 21 December 1988: the aircraft exploded at 31,000 ft over the Scottish town of Lockerbie, killing all 259 on board and 11 in the town.

equipment, which was transferred to the Corporation. And it also became responsible for maintenance. This was an airline company, with its headquarters literally next door to the ATAC's office. At that time it was obvious that because the responsibility for operating the equipment was with airlines, then so to for the acquisition and the maintenance.[130]" It would have been possible to directly transfer the responsibility for screening and equipment to security companies without involving air carriers and ATAC. However, it was felt at that time that the transfer was engendering enough difficulties and that involving several private security services providers in the process would make it even more complex, and that the system of a single ownership of equipment and an air carriers-led screening operations was operating efficiently (House of Commons 2001a). The rationale behind the design of an instrument such as the Air Transport Security Corporation was thus to find a cost-effective solution that would be in line with the user-pay philosophy that was becoming the norm at that time.

1.3. The Referential and its Algorithms: Market, Privatization and User Pay?

The privatization of airport security in Canada is in line with the parameters of the referential for air transport and its market-orientation. Indeed, if the market-oriented referential cannot be assimilated to a corpus of neoliberal ideas which would lead to deregulate and liberalize all aspects of all sectors, it nevertheless carries a vision of the economy and the society centered around the market norms. As regards the private delivery of security services, such a vision can

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[130] Respondent who used to be in charge of aviation security at Transport Canada, interview conducted on 03/05/2012.

be seen in the idea that private security firms would be more effective and less expensive than state policing.

With a greater focus on private management of airport, a greater emphasis on private sector mechanisms to finance airport development, a greater reliance on airport competition to allocate routes and attract air carriers, it is not surprising to see that a similar move occurred for security provision. Indeed, the Government of Canada progressively ceased to be a security services provider at major Canadian airports. The RCMP ceased to provide airport policing services at no cost, and was replaced by private companies, local police, or airport authorities' staff. This move constitutes a privatization in that a private airport authority was given the responsibility of directly providing the service or to contract out the provision of service against a financial remuneration. Transport Canada also ceased to own and maintain screening equipment at airports and transferred them to the Air Transport Security Corporation, a private, non-share, not-for-profit Corporation. The government only kept responsibility over the functions that could not be devolved to any other institution, namely intelligence services (though this could be debated) and security oversight. By devolving airport security services provision, the federal government adopted the "user-pay" model for the provision of such services. This change was done gradually, from the late 1980s to the creation of the Air Transport Security Corporation in 1997. This is very much in line with the general market-oriented perspective that frames and shapes the Canadian referential for air transport. Consequently, private provision of airport security funded by users instead of taxpayers is a fundamental algorithm of the Canadian referential for air transport that has been in place since the mid-1990s. The algorithm can be specified as follows:

- "In a market-oriented perspective, it is not the role of the government to fund and provide security services at Canadian airports";

- "In a market-oriented perspective, airport security is funded through charges (i.e. by user) and not through taxes (i.e. not from the general budget)".

- "Users have to pay for the provision of airport security service: this will ensure the efficient provision of high-quality security services",

- "If airport security is funded by the users, then the government can solely focus on its core function of security oversight";

As highlighted above, these algorithms originated from both the air tragedies (Air India, September 11) and the global trend of privatization of airport facilities and services, including security services. Evidence of the importance of the "user-pay" algorithm for the provision of airport security algorithm within the Canadian referential is the progressive implementation of security charges at Canadian airports. The case of the Calgary airport provides a good illustration of the situation at other large Canadian airports. When the federal government announced in 1996 that it would withdraw funding and RCMP services from Canada's international airports in 1997, giving airport authorities the responsibility for arranging and finding replacement services, the Calgary Airport Authority entered into negotiations and concluded contracts with two organizations which would provide uniformed presence throughout the terminal, patrol roadways, respond to pre-board screening incidents and other policing duties, as well as provide general terminal security patrols, and monitor alarm systems, curb control, parking and other related duties. This was in addition to the private security company which already provided pre-board security screening of passengers and goods. In order to fund its security services providers, Calgary Airport Authority incorporated all costs associated with airport policing and security into

fees and charges to airlines (and their passengers) using the airport (CNW 1997a)[131]. Further evidence of this market-oriented perspective for airport security services provision is the fierce competition that has led to the awarding of pre-boarding security contracts. Right before the transfer of screening equipment to a private, not-for-profit company, a significant event strengthened the market-oriented aspect. In April 1995, the Vancouver-based Executive Security Services Ltd was tipped into bankruptcy. At that time, Executive Security Services was providing pre-boarding screening at the airports of Toronto, Montreal and Vancouver (in addition to 13 other small and medium-size airports), and the value of airport contracts was estimated at $18-million per year (Williamson 1995). This event considerably reshuffled the cards of airport screening activities: the elimination of the dominant player led to a fierce competition open to existing and new forces, reinforcing the market-oriented nature of screening activities.

Finally, the Canadian referential and its algorithm on security provision is in line with the global referential. ICAO, at the request of states, has developed extensive policies and guidance (in Doc 9082 and Doc 9562, respectively) that address user charges for airport security. The continuous development of these policies and guidance is a further evidence of a global trend towards a "user -pay" model of airport security that is part of the global referential.

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[131] On that note, the Calgary Airport Authority also announced it would incorporate costs of policing and security into its user charges, it also announced the implementation of its Airport Improvement Fee (in order to prefund its airport capital improvement program through user charges) (CNW 1997b), which further highlights how much the "user pay" philosophy became one of the most significant algorithm of the Canadian referential for air transport.

2. The 9/11 Terrorist Attacks: A Game Changer for Aviation Security in Canada and in the World

2.1. A Brief Background on the September 11 Attacks and their Immediate Impact on the Canadian Civil Aviation System

The events of September 11 have had a historic and massive impact on airport security worldwide, including in Canada. On that morning, 19 terrorists belonging to the al-Qaeda group hijacked four aircraft: two were intentionally flown into the North and South towers of the World Trade Center complex in New York City, one into the Pentagon building, and one into the Capitol Building in Washington D.C (this attempt failed due to passengers attempting to take control of the aircraft and the aircraft crashed into a field in Pennsylvania) (Campbell 2001).

The attacks dramatically impacted the Canadian civil aviation sector. Right after the attacks, United States Transportation Secretary requested to "get those goddamn planes down" (Scott 2007, 199), shutting down American airspace and ordering every plane in the sky to land immediately at the nearest available airport. It was the first and only time in the history of American civil aviation that such an order was given, forcing 4546 civilian aircraft which were flying in the American airspace to find an airstrip to land. But the closure of the American airspace also impacted about 400 international flights which were flying to the United States and were already en-route. Canadian officials then decided that airports from coast to coast to coast would accept all aircraft which did not have enough fuel to fly back to their origin airport. Subsequently, the Canadian airport system absorbed in a very limited period of time more than 250 aircraft carrying more than 43,000 passengers (15 airports were used, from Vancouver in the West to Whitehorse in the North and to St John's in the East). Even American-bound planes were diverted to closer Canadian airports (DeFede 2003, 5–7; Roach 2003, 4). The Canadian civil air

transport regulator, the military, the airport operators, the air navigation services providers and all involved stakeholders thus demonstrated the extreme reactivity of the Canadian civil aviation sector and the efficient management of an unseen crisis situation by its various stakeholders.

2.2. The Canadian Response to September 11. The Creation of the Canadian Air Transport Security Authority: A Shift in the Referential?

In the immediate aftermath of the September 11 events, security emerged as a new and urgent priority to the Canadian government. A month after the attacks, the Liberal government of Jean Chrétien introduced a massive bill addressing anti-terrorism. The *Anti-Terrorism Act* (Bill C-36) gave new powers to the Canadian government to define and act on groups suspected of terrorism. A second massive bill entitled the *Public Safety Bill* was introduced to broaden the powers of the government with respect to military measures, but it had to be withdrawn because of public criticisms of its extensively broad scope. The bill was amended and later reintroduced; it was ultimately adopted in 2004. With respect to aviation, the Parliament passed a bill on exchange of information about airline passenger lists (to comply with new American security requirements), which was subsequently referred to the Supreme Court. In December 2001 the Court ruled that the bill respected the privacy right of Canadian citizens (Roach 2003, 9–11; Sloan 2005). Finally, in December 2001, the government tabled a so-called "security budget" in which it allocated about $8 billion in spending on security. Specifically, new spending was directed to policing, the military, increased airport security and border and immigration control. This self-proclaimed "security budget' pointed to terrorism as the most significant security threat to Canadians and it was largely devoted to air transport and air security (Roach 2003, 190). The budget was indeed accompanied by a new set of measures aiming at enhancing airport security capabilities in

Canada and transforming the way that airport security was performed, with the objective to prevent any terrorist attack through air.

With security becoming the prominent topic on the political agenda, the federal government identified the screening function as the key element that had to be addressed immediately. The Minister of Transport directed Transport Canada to work on new security measures to be implemented immediately, while several MPs suggested during meetings of the Standing Committee on Transport and Government Operations that screening provisions should be federalized (House of Commons 2001b; House of Commons 2001a). The issue of "nationalizing" or "federalizing" the provision of screening services at airports was thus officially and publicly raised by Canadian lawmakers, giving an indication that drastic changes could soon affect screening provision. Anticipating a drastic policy change with regard to screening, the Canadian Airports Council, speaking on behalf of the airport industry, proposed its own solution to the House of Commons: airport operators requested to take over and assume directly the function of passenger and cargo screening at Canadian airports (House of Commons 2001c). This proposal would constitute a major policy change, by shifting the responsibility from air carriers to airport operators. It would integrate the screening function along with all other security functions performed by airports. This is particularly relevant with regard to Canada's four largest airport operators. The airports of Toronto, Montreal, Vancouver and Calgary handle many more passengers than their closest competitors in the country. This means that they are confronted with different challenges in terms of facilitation than smaller airports[132], and there is an obvious interest for major airport operators to control the facilitation process, so that they coordinate all elements that would ensure the smooth flow of passengers, goods, crews and aircraft.

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[132] Facilitation refers to a wide range of issues and activities in connection with the clearance of aircraft, people and goods through the formalities required at international borders (ICAO 2011c, vii).

Nonetheless, the Government of Canada decided to take over the screening function directly. Specifically, by the end of 2001, the Government of Canada announced the creation of a new federal agency. The Canadian Air Transport Security Authority was established as a Crown Corporation in April 2002, which reports to Parliament through the minister responsible for civil aviation. CATSA became responsible for passengers (and airport/airlines employees) and baggage screening; deployment, operation and maintenance of explosive detection equipment; assisting airports with the costs of enhanced aviation security related policing; financing the RCMP to provide air marshal capabilities and the issuing of access media; and financing the provision of law enforcement officers for airport security. In practice, CATSA became responsible for the screening at 89 airports, which represents more than 4,000 contract employees. CATSA divided Canada into six (and then four) regions. For each region, it then launched a competitive bid for awarding screening at all airports. The winner of the bid then became responsible for providing screeners to all airports of that region. Screeners then wear the CATSA uniform (not the uniform of their employers) and perform screening on behalf of CATSA. Finally, Canadian airport authorities retain responsibility for airport policing, perimeter security and aprons, taxiways and runways security (Price and Forrest 2008, 113–114; Salter 2007, 55–57).

The rationale behind the creation of CATSA was that the government needed a new instrument by which it would ensure the provision of a uniform and consistent airport screening service from coast to coast. By directly writing the terms of references of its subcontractors and by overseeing the competitive bidding process for granting screening services, CATSA was seen a unique policy instrument that would ensure standardized practices across Canada. In addition to the standardization of screening norms and practices, CATSA was also seen as instrumental in improving the qualification of screeners. Before the 9/11 events, screeners usually earned low

wages (for instance, hourly rate at Calgary airport ranged from $8 to $10). Because of these low wages, recruiting attracted mostly immigrant workers unable to qualify for higher paid jobs, and the extremely high turnover of staff was a major preoccupation (Dahlberg 2003, 96–97). The government wanted to change this situation by increasing the wage of screeners, by training them, and by offering them conditions that would retain them. Consequently, when CATSA was created, it immediately launched four training centres to teach effective pre-board screening to 3,000 new security personnel (Lyon 2006, 400).

Finally, the government of Canada also designed a new instrument to fund airport security in general and CATSA more specifically. It announced the creation of a new air traveler security charge (ATSC, or *Droit pour la sécurité des passagers du transport aérien*, DPSTA in French). The so-called "security budget" that was tabled in 2001 created an ATSC to be levied on each departing passenger where screening would be overseen by CATSA, and the charge would be modulated according to the destination of the departing passenger (domestic, transborder, or international). Interestingly enough, CATSA is nevertheless not funded by this charge. Its budget comes through the Treasury Board. The ATSC is intended to fund the air travel security system as a whole, including CATSA, but also the implementation of Transport Canada's regulations and oversight, as well as RCMP "air marshals" officers on selected domestic and international flights (Salter 2007, 55). The process of airport security funding thus became complicated: by creating a new security fee, and by calling it a "charge", the government implies that sums collected would be applied specifically to recover the costs of providing security equipment and services for civil aviation. But the government then treats ATSC revenue as general revenue, since it is integrated to the federal revenue. CATSA is funded separately through parliamentary appropriations from the tax-funded Consolidated Revenue Fund. In addition, the portion of the ATSC revenue that is supposed to fund both Transport Canada's programs on security and safety

the RCMP's air marshals also goes to general revenues, and is then allocated through appropriations, but the cost-basis of such allocation is either unclear for Transport Canada or nonexistent for the RCMP. It would thus be possible to qualify the ATSC as a tax, in that it appears to be designed to raise government revenues and in that it is not applied to civil aviation on a rigorous cost-specific basis. It is worth noting that the separation of the ATSC fee from other levies on aviation and the fact that it was one of the highest security fees in the world has led to substantial controversy surrounding the adoption of the air traveler security charge (Waters and Yu 2003).

2.3. Charges vs. Taxes: Looking for the Algorithm of Airport Security?

CATSA can be seen as a "security shift" through which airport security was both politicized and nationalized. Indeed, research has shown that while airport security was previously expressed in terms of technical standards, the creation of CATSA represented a nationalization of airport security and an expansion of governmental powers that was due to a perceived emergency and an existential threat (Salter 2008b, 331–332). While the government could have granted the responsibility for screening to airports, which would have strengthened the private provision of airport facilities and services (including security), it rather decided to create a Crown Corporation funded through parliamentary appropriation. Canadian public administration scholars often consider crown corporations to be a "traditional" form of program delivery (along with departments, special operating agencies, public partnerships and departmental corporations): despite operating along commercial lines, crown corporations are subject to a policy framework established by the government and are accountable to Parliament through a minister (Kernaghan, Borins, and Marson 2005, 97–99).

In terms of the algorithm, this may indicate that the September 11 events were a game changer in the Canadian referential for air transport. The cognitive analysis of public policy indeed postulates that a referential is constructed, supported and reinforced by four key elements, and the algorithms are one of these key elements that provide causal relations carrying both a perception and a prescription onto a specific topic of a sector (Colomb 2007). The Canadian referential has been shaped and framed by a market-oriented perspective. Stakeholders have understood that users would assume the cost structure of Canada's four largest airports through a "user-pay" model. With regard to airport competition, it is now accepted that Canada's four largest airports are competing with other airports to attract foreign air carriers and develop their networks. But with regard to airport security, the unanticipated involvement of the federal government though the design of two new instruments (a corporation and a levy) seems to indicate a "public service" algorithm that would specifically address the security sector (considered as a subsector within the sectoral referential). Subsequently, the algorithms related to the provision of airport screening services could be the following:

- "In a world threatened by terrorism, it is the role of the federal government to directly monitor airport screening",

- "Screening must be consistent from coast to coast: only the government can guarantee such consistency, through a federal department/agency or a Crown corporation";

- "If the government creates and controls CATSA, it will increase the quality and the efficiency of airport screening at Canada's airports".

The careful search for evidence that would support the presence of such an algorithm indicates an ambiguous situation. On the one hand, the continuous affirmation of the role of the state in the oversight of air transport security, the creation of a federal authority and the nationalization of airport screening, and the decision to fund CATSA via parliamentary appropriation clearly

highlights this "public service" move within a subsector of the referential. This is also reflected by some stakeholders of the Canadian civil aviation sector. For a CATSA representative, "I believe the objective, or the reason why the government created a central organization, is consistency. It was to make sure that screening is consistent, that it is in the public interest, and the reason why CATSA was created is consistency at the national level.[133]" On the other hand, the scrutiny of CATSA practices and the rationale behind the ATSC may indicate otherwise. Indeed, the model that was chosen for airport screening in Canada appears to be ambivalent. If some algorithms are not in line with the market-oriented referential for air transport, some other elements are much more market-friendly. First, CATSA grants screening contracts through competitive bidding. CATSA is not the screening services provider, but the screening services granter. This maintains a private-sector delivery of screening services, and the bidding process ensures fair competition among services. These elements indicate that despite the Crown Corporation status of CATSA, there is still a market-oriented stance with regard to airport screening. Furthermore, the mode of funding chosen by the government also appears to be in line with the market-oriented referential for air transport. The creation of the ATSC to fund airport screening as well as some elements of airport security makes end-users pay for the provision of the specific services they need. The ATSC thus indicates a move towards a "user-pay" algorithm for airport security, in line with other algorithms on airport costs and aligned with the general market-oriented Canadian referential for air transport. Consequently, other algorithms related to the provision of airport screening services could be as follows:

- "Users have to pay for the provision of airport screening services: this will ensure a sound and economically sustainable delivery of screening",

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[133] Respondent from CATSA, interview conducted on 16/03/2012.

- "Providing screening services is not the role of the government, it is the role of the private sector"

- "Since screening benefits air transport end users, they have to assume its cost";

- "In a market-oriented perspective, airport screening is funded through user charges and not through general taxation".

The "security shift" created by the design and the content of two new instruments (the establishment of CATSA and the implementation of the ATSC) is ambivalent. It is both a market-oriented move, which would be in line with the Canadian referential, and a public sector move, which would certainly not be in line with the referential. One could conclude that in theory, the overarching architecture of the system (CATSA and parliamentary appropriations) was unexpected and unaligned with the Canadian referential, but that its internal elements (ATSC and bidding processes) remained strongly market-oriented. Nevertheless, in practice, such a security shift by the government of Canada has dramatically affected the four largest Canadian airports and their business, creating a high level of ambiguity within the Canadian referential.

B – The Cost and Efficiency of Canada's Airport Security Services Provision and its Impact of the Four largest Airports

1. First Line of Criticism: The High Costs of Airport Screening in Canada in Addition to Other Costs

1.1. The Level of the ATSC and the Nature of the Provision of Airport Security Services

At the inception of the instrument in 2001, the various rates of the ATSC were established as follows, including the goods and services tax (GST) or the federal portion of the harmonized sales tax (HST) (ICAO 2012d): one-way domestic travel, $12.00; round-trip domestic travel, $24.00; for transborder flights to the continental United States, or to the Islands of St. Pierre and Miquelon, $12.00; and for travel to other international destinations, a flat rate of $24.00. The government, responding to several calls from industry stakeholders and the Standing Committee on Transport (House of Commons 2002a), decreased the ATSC in the following years. Not even a year after its implementation, it became known as one of the most expensive security charge in the world. As of 1 January 2012, the various rates of the ATSC were slightly reduced (from $7.48 up to $ 25.91) (ICAO 2012d), but they are still deemed to be "the highest in the world by a significant amount" in the recently released Standing Senate Committee on Transport and Communications' report on air transport. It is true that generally, Canada's ATSC is usually higher than security charges at European hub airports: $17.20 at Amsterdam-Schiphol, $16.90 at

Paris-Charles de Gaulle, $1.60 plus $8.70 at Frankfurt, etc. (ICAO 2012d)[134]. If it is difficult to establish comparisons because Canadian airports are integrating non-screening security costs in their cost base for charges, the picture is still clear: for fewer services, Canada appears to charge more.

A more meaningful comparison would be to benchmark the cost of screening services in Canada and in the United States. Indeed, airports in these two countries are competing against each other, and the additional cost of screening on airfares is part of the equation that consumers consider before deciding to depart from one airport or another. In the United States, the Transportation Security Administration (TSA) aviation security activities funding is provided through specific appropriations, which provide for screening of all passengers and baggage, deployment of on-site law enforcement, continuation of a uniform set of background requirements for airport and airline personnel, and deployment of explosives detection technology[135]. The revenue stream that generates these appropriations for aviation security is twofold. First, the Aviation and Transportation Security Act mandated that TSA impose a flat fee of $2.50 per segment and no more than $5 per one-way trip on passengers to pay for the costs of providing specified civil aviation security services: such charges covered 26% of the total cost of providing security services in 2011. Second, the remaining is covered by the general revenue (i.e. by the American taxpayer). Finally, it is worth noting that the average cost for TSA to screen a passenger and accompanying is of about USD 9.00 (Senate 2012b).

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[134] According to the President and CEO of the Tourism Industry Association of Canada (TIAC): "Canada's air security tax is by far the highest in the world, 300% higher, for example, than its American equivalent. In the United States the air security fee is only $2.50 per segment to a maximum of $5 one way, or $7.65 Canadian. In Australia the fee is $8 Canadian and in France it's $10 Canadian. Israel, which is recognized as having the most secure air transportation system in the world, charges just $12, and that's for two-way travel" (House of Commons 2002b).
[135] They do not provide for air marshals.

Many stakeholders of the Canadian civil aviation sector are doing similar comparisons. The two following excerpts represent the perception of a number of interviewees on that issue. First, according to a representative of a foreign network carrier operating in Canada: "All countries charge security fees; and if we get back to do they have the right to charge these fees, yes, absolutely, they have the right. But the level is excessive, and it is hard to find where the fees go. They go the general coffers, and it is impossible to audit where they go. They are overly excessive; it should not cost $15 to screen a passenger." Then, another stakeholder mentioned that: "The ATSC is high because the government wants to recover the full cost of providing airport security. If you compare to the US, the portion paid by the passenger in Canada is higher, but I don't think that the costs of providing airport security are significantly different. It is just that in Canada we recover it all. But if we are charging the full cost, and if our competitors are not, then we have a problem. We should be more aware of that.[136]"

The implementation of a charge in order to recover the costs of providing screening and other security services at airports has led to a major (and still unsolved) debate over the real nature of air transport security. Considering that the terrorist threat is an external situation to air transport (terrorism seeks to disrupt the working of the economy and society), there is a case for the general public who benefits from security to pay at least a substantial part of the costs of achieving security from terrorist threats through taxes (Waters and Zhang 2004). Many interviewees used that argument to denounce the ATSC instrument. For a senior executive manager of GTAA: "we believe that aviation security is a national concern, and that it should be paid by the national revenue. We recognize that the government prefers a user-pay mechanism,

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[136] Respondent from of a foreign network carrier operating in Canada, interview conducted on 15/03/2012.

but we are concerned by the amount of money that is collected and not reinvested. [137]" According to an international air transport industry representative: "My key position and ICAO position is that security is a state responsibility. I think that the industry pays for security on top of what is basically requested and which should be provided and paid for by the state. Other modes of transport do not pay for their own security, and its normal, and it should be the same for air transport.[138]" For a senior executive manager of a foreign airline with major operations in Canada: "C'est une distorsion de concurrence par rapport aux autres modes de transports. Dans le cas de l'aérien on l'impose au passager, alors que le transport ferroviaire et le transport maritime comportent aussi des risques, mais que les voyageurs ne les paient pas. Pourquoi est-ce qu'on taxe le passager sur le niveau de sécurité que le gouvernement veut mettre? Quand même, aujourd'hui, c'est un peu le parcours du combattant si on veut passer la sécurité.[139]" For these stakeholders, airport security is a national security matter, and as such it should be funded by taxpayers and not by air transport end-users.

Nevertheless, the debate is more complicated than it seems, and many interviews have adopted a different point of view with regard to airport security charges. For a senior executive manager of a second foreign airline with major operations in Canada: "At the end of the day somebody has to pay for it, and if airlines have to pay they will put the cost on the consumer. But security is provided on the behalf of the passenger, the passenger has to pay for it. And the model is good because it is transparent: the passenger knows what he is paying for for airport security, even if he doesn't like paying for it![140]". This point view was echoed by a senior officer of Transport Canada: "Again, every dollar makes a difference in theory, but in practice I also think

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[137] Respondent from the GTAA, interview conducted on 16/03/2012.
[138] Respondent from an international trade association of airlines, interview conducted on 06/03/2012.
[139] Respondent from a foreign network carrier operating in Canada, interview conducted on 14/03/2012.
[140] Respondent from a foreign network carrier operating in Canada, interview conducted on 19/03/2012.

that passengers are taking in consideration what happened on 9/11, and they know that there is a fee for that service. And airlines are very happy to put security tax on a separate line on the ticket, saying it is not them which are charging for it. But the system does cost money.[141]"

The debate over the nature of airport security services provisions – a public good or a private good – is a lively debate with dramatic implications in terms of funding. If many interviewees referred to this debate, the majority of them still considered that whatever the philosophical stance over the nature of the security good, end-users would have to assume a portion of its costs: what is therefore at stake is not the taxation-type instrument but rather its content (in terms of levels of charges and transparency).

1.2. A General Issue: The Lack of Transparency in the Allocation of Security Costs

Between the two sides of the nature of security services debates, almost all interviewees share a common perception toward the content of the ATSC instrument, which is perceived as being non-transparent, from establishing the costs to be recovered to collecting and transferring the money from the end-user to the screening company. This issue of transparency of the content of instrument has become a real phenomenon which is part of how stakeholders perceive the "user-pay" model for the provision of airport security services such as screening. Within each branch of air transport (airports, airlines, and associations), the majority of interviewees raised this issue. At the airport level, a GTAA official mentioned that "I would be more inclined to support it if it would go to airport security, but instead it goes to general revenue", and a senior executive from Vancouver International airport added that "One struggle for airport is that the ATSC goes to

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[141] Respondent from Transport Canada, interview conducted on 13/03/2012.

general revenue, and we don't see the benefit of this money. At YVR, if we have about 15 million passengers paying a $5 fee, it is about $75M. Where does all that money go, especially when the federal government is cutting CATSA budget?[142]". At the Canadian airline level, an interviewee from a trade association explained that "le DSPTA, et ça, ça va consolider des revenus, et je ne pense pas qu'on peut savoir combien est collecté par le gouvernement versus combien est mis dans la sûreté. Parce qu'il faut bien comprendre que c'est pas l'ACSTA qui collecte l'argent, l'argent va au gouvernement, au fond consolidé. L'ACTSA n'a rien à faire sur le montant qui est collecté, il n'y a pas de liens entre ce qui est collecté et ce qui est reversé à l'ACSTA[143]". At the foreign airline operating in Canada level, the same concerns were echoed by a representative from an airline operating transborder flights: "I have no problem with the user-pay model if the fee is going in the pot of money for security. But it goes to the general revenue, and there is the general perception that the money used for other ends, and that is just another convenient hidden tax for the government. Transport Canada says that the cost of security is greater than the total amount collected from the fee, and this may be true, but if there was an audit that would show that, if an audit shows that the money collected equals the costs of security, the perception will change. [144]" These excerpts clearly illustrate a significant ambiguity with regard to the content of the policy instrument related to the user pay algorithm for airport security. Almost all stakeholders recognize that users have to fund airport security services provision through user charges, and most of them accept this provided that the taxation-type instrument would have a transparent content. This is this notion of transparency, which should be part of the instrument, which is at stake.

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[142] Respondent from the GTAA, interview conducted on 02/04/2012.
[143] Respondent from a Canadian airlines trade association, interview conducted on 01/03/2012.
[144] Respondent from a foreign airline operating transborder flights, interview conducted on 11/04/2012.

A typical example of the lack of transparency of such taxation-type instrument lies in its name. Charges are by definition cost-related in order to recover the cost of providing a specific service. The ATSC aims to recover the cost of providing airport screening services (i.e. a cost-related charge), but it also aims at funding Transport Canada and at funding the RCMP's air marshals (i.e. a tax to fund government operations). The fact the ATSC goes directly to general revenues is extremely confusing. Referred to as a "security charge", the ATSC appears to be understood by most actors as a tax whose aim is to raise federal government revenues in its entirety. Nevertheless, the government language creates more ambiguity, making the real nature of the ATSC very unclear, and the wording chosen by the government further accentuates its ambiguous nature. The confusion is further increased by the translation the English "Air Travelers Security Charge (ATSC)" into the "Droit pour la sécurité des passagers du transport aérien (DSPTA)" in French ("charge" should be translated by "redevance" to refer to the cost-relatedness principle, using the word "droit" does not carry such meaning and refers to tax)[145].

Secondly, the cost-basis for the ATSC is not transparent and users are not consulted. Interviewees from Transport Canada explained that a portion of the ATSC would be transferred not only for security but also safety programs: if a portion of the security charge is dedicated to safety, then the key charging principle of cost-relatedness becomes obsolete. In addition, charges are used to fund the provision of specific services, while taxes are used to fund a department's programs. The RCMP does not publish how much it spends for air marshals and other air transport security services: there is no transparency with regard to recovering the costs of that

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[145] The phrase "Droit pour la sécurité des passagers du transport aérien" is also extremely confusing: the translation confuses the words "safety" with "security". Safety refers to the efforts that are taken to ensure airplanes are free from factors that may lead to injury or loss. It corresponds to the French word "sécurité". "Security" does not relate to aircraft but rather to preventing people from engaging in unlawful interference with civil aviation. "Security" encompasses intelligence gathering, pre-boarding procedures and airport security personnel, etc. It corresponds to the French word "sûreté".

service through the ATSC. Finally, an interview with a CATSA official dramatically reinforced this perception. When questioned about the cost basis of the ATSC and the consultation of CATSA in the determination of these cost, an official of the organization had the following response: "Obviously, our revenues come from parliamentary appropriation, and ATSC is paid by travelers. But how it is managed, the Department of Finance is in a better position to comment. The Government sets our budget, and we manage our activities within this budget. And for the consultation, we are not consulted, this is a tax issue. [146]" It is extremely surprising to see security experts referring to the ATSC as a "tax" issue rather than a "charge". It is even more surprising when these experts are from CATSA, the organization which is at the core of the cost-setting process of airport screening services.

1.3. The Four Largest Airports: Security Costs… On Top of All Other Costs

Airport security charges vary widely across Canadian airports. At each of the four largest airports, the cost of providing services and the cost-recovery practices are different. For instance, with regards to policing and security charges, YVR charges between $1.40 and $2.07 per enplaned passenger, while ADM integrates airside security charges within landing charges and terminal security charges within general terminal charges. Similarly, U.S pre-clearance varies widely: from $4.20 per departing enplaned passenger at Calgary to $8.70 per departing enplaned passenger at Vancouver[147] (ICAO 2012d).

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[146] Respondent from CATSA, interview conducted on 16/03/2012.
[147] With respect to medium-size airports, Ottawa McDonald-Cartier International Airport charges $1.68 per landed seat based on the seating capacity of the aircraft, while Halifax-Stanfield International Airport charges $3.43 per passenger seats on the departing aircraft (ICAO 2012d). Again, in a similar way to the

Within Transport Canada's tight security regulatory framework, each airport authority determines the level of services it provides and the cost-recovery practices associated to security services provision. This is the norm for all security charges but one: the air travellers security charge, which is established by the Government of Canada. The four largest airports have argued that this system has created an unnecessary additional financial burden on their shoulders. More specifically, the four largest airport authorities argue that since they have the highest level of passengers, they generate most of the fund that is supposed to go to screening, and they subsequently proportionally receive fewer services than they are paying for. Consequently, the four largest airport authorities argue that a uniform ATSC does not reflect the actual costs of providing the service and adds an unnecessary burden that should be reduced. The following excerpt clearly illustrates how the four airport authorities perceive this argument. According to a senior executive manager of one of the four airports: "How much money is made from these airports? We are giving the majority of the funds, but we don't receive what we are paying for. How much does Gander contributes? And how much does it cost there in terms of screeners? And equipment? In the end, our passengers are paying for screening in Gander! [148]" According to another: "CATSA n'est responsable que des dix mètres où il y a le screening. Nous avons suggéré de le faire car c'était moins cher, plus efficient, et meilleur pour les employés, on voulait bonifier l'approche. Ça a été rejeté par le gouvernement du Canada car ils pensent qu'ils peuvent faire mieux que nous, et [… ils pensent] que les gros aéroports peuvent le faire, mais pas les petits, et ils veulent une approche pancanadienne. [149] "

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largest airports, the cost of providing U.S pre-clearance services and the cost-recovery practices varies widely.

[148] Respondent from one of the largest Canadian airports, interview conducted on 04/04/2012.

[149] Respondent from another Canadian airport, interview conducted on 23/03/2012.

The argument made by interviewees from the four largest airports is also in line with ICAO's policies on charges in Doc 9082. Doc 9082 states that charges should be transparent and cost-related; that users should not be charged for facilities they do not use; and that only those facilities used for international air services should be included in the cost basis for charges (Section II, paragraphs 2 i), ii) and iii) refer), which makes cross subsidies from profitable to non-profitable airports at the margins of complying with such policies.

From the high cost of the ATSC, and the questionable cost-relatedness and transparency of this charge, and from the cross subsidization of the four largest airports to the smaller ones, the airport officials from Toronto, Montreal, Vancouver and Calgary and their users have developed a strong criticism of the ATSC by relating it to the high costs of Canadian airports. They have developed an argument that is very much in line with the argument they make about the general costs of Canada's largest airports and how they conflict with the algorithms of the Canadian referential. A typical example is this response from a senior executive manager of YVR elaborating on airport rent: "the problem is not the rent only, it is the accumulation: the crown, fuel taxes, CATSA fees, and all these.[150]" A senior manager from a Canadian air transport trade association had the exact same reaction when interrogated about the rent: "First, there are the ground leases of airports; it is a very significant drain. […] This would be tolerable if it was the only thing, but it is not. You need to add the HST, the excise tax on fuel. We also have the ATSC, which is among the highest in the world.[151]" This is similar to the argument made by other stakeholders of the Canadian civil aviation sector who argued about the rent and other levies: the high air travellers security charge is an additional layer of levy that undermines the

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[150] Respondent from YVR, interview conducted on 27/03/2012.
[151] Respondent from a Canadian air transport trade association, interview conducted on 08/03/2012.

competitiveness of Canada's largest airports and is therefore detrimental to the four largest airport authorities, and also their communities and to the Canadian airline industry as a whole.

The following excerpts are representative of perceptions of managers from both Canada's airport and airport users. First, an Air Canada official explained that: "The problem in Canada is that the rent is not the only source of revenue the government is extracting. When you add the AIF, the security fees, which covers much more than the actual cost of security, fuel taxes, and general taxes, they far exceed the level of extraction that you find in other jurisdictions. It is far more expensive to operate in Canadian terminals than elsewhere, and we are deeply concerned about the costs. [152]" This was completed by another Canadian airline representative: "I think that 10 to 15% of Canadians going to the US to travel use an American airport. Plattsburg even advertises itself as Montréal International Airport. And if you use an American airport, you can save $200 per ticket, so it's a lot of money. And the saving are the costs of Nav Canada, CATSA, the AIF and the rents.[153]" Finally, a senior officer of a trade association summarized the situation as follows: "And this is a matter of competitiveness with the US. If there is a difference of $20 in security fees, and I am not even talking about all other fees charged at Canadian airports that is part of the decision that passengers makes in the end. [154]" The security shift in Canada has thus led to the creation of a new charge for airport end-users. But stakeholders of the Canadian airport sector have integrated the cost of this charge to their overall perception of the norms and algorithms of the Canadian referential. This referential is structured by a "user-pay" philosophy, which has been extended to security over the past decade. But the way this "user-pay" system for airport security has been implemented has led stakeholders to consider that it is not in line with

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[152] Respondent from Air Canada, interview conducted on 11/04/2012.
[153] Respondent from CanJet, interview conducted on 29/02/2012.
[154] Respondent from IATA, interview conducted on 06/03/2012.

the global parameters of the referential (e.g. no cost-relation, high level of the charge, confusion between user-pay charges and taxes, etc.), indicating a possible third cognitive dissonance within the referential.

2. Second Line of Criticism: The Efficiency of the Administration of Screening

2.1. The 'Shared Governance' Model: Managing CATSA through the Inputs of Its Stakeholders?

With the establishment of Nav Canada, the government of Canada created a unique mode of governance for its ANSP. By inviting Nav Canada's stakeholders to manage the ANSP entity through the participation of the Board of Directors, the government implemented a 'shared governance' model for ANS provision (Aucoin 2006, 117). Government representatives, but also members appointed by the airline industry and the unions participate in the 'stakeholder board' in which interested parties have to reach a significant level of agreement in order to govern the corporation (Poole and Butler 2002). This shared governance with airline representatives sitting on Nav Canada's board is a unique feature that explains the success of and the satisfaction towards Nav Canada (Heaver and Waters 2005, 792). Conversely, the government established the Canadian Air Transport Security Authority as a hybrid Crown Corporation. It has to strictly implement government policies while it maintains a certain level of autonomy. With respect to the CATSA instrument, its degree of autonomy is demonstrated in the appointment to its Board of Directors. The Board is composed of eleven directors appointed by airport and airlines representatives, the board itself, and the government which appoints 6 of the members (Bourgault and Thomas 2003; Zaidi 2008). If the ANSP 'shared governance' model or a 'stakeholder board' shows the strong entrenchment of a market-oriented sectoral referential for air transport and its

emphasis on a user-pay philosophy (in that case a user-pay/user say philosophy), in the case of CATSA most stakeholders consider that there is no effective representation of the air transport and airport industry interests. Indeed, the following excerpts, from officers whose organizations are involved in appointing industry's directors, highlight this impression. According to one: "Airlines have no influence, they are not consulted. Key decisions on investments and charges are not made by the board, but by Transport Canada and the government. […] A review is necessary. The system is funded by airlines, by the passenger, and not by the government itself. [155]" According to another person: "There have been some good things and some bad things with CATSA. But not the board, no. Appointing a member does not mean you are heard… the reality is that it only makes you aware of what is happening. [156]" Finally: "Au sein de l'ACTSA, les compagnies ont droit à deux membres sur le CA, et les aéroports deux membres, et il y a des consultations, mais pas sur ce le financement, [...] alors c'est plate que le gouvernement se finance de cette manière là. [157]"

2.2. Consultation with Stakeholders: The (non)Integration of Canada's Civil Aviation Actors in Airport Screening and Security

If CATSA's board of directors does not play the role of an efficient chamber of consultation in a 'shared governance' perspective, there are other ways to include and consult providers and users of air transport services. In a top-down approach, it is possible to consult with airport operators and airport users on the level of the ATSC and on other elements decided at the government level

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[155] Respondent from an organization appointing a representative on the board of CATSA, interview conducted on 06/03/2012.

[156] Respondent from an organization appointing a representative on the board of CATSA, interview conducted on 14/03/2012.

[157] Respondent from an organization appointing a representative on the board of CATSA, interview conducted on 01/03/2012.

and not at the CATSA level. This would not only be in line with the parameters of the referential, but also with international policies which state that when security costs are recovered from the users, consultations take place before any security costs are assumed by airports, air carriers or other entities (ICAO 2012c). The ATSC instrument is officially based on cost-recovery principles (the idea is that ATSC proceeds would be roughly equivalent to expenses for air travel security over time) and should thus be subject to consultation. But it appears from the interviews that there is no consultation process in place. It is the Department of Finance which sets the ATSC level, and it does it by itself. Transport Canada[158] is not consulted neither is CATSA[159]. As there are no intra-governmental consultations, and as airport operators and airport users are not consulted, these stakeholders are significantly frustrated. It is indeed obvious that the 'shared governance' is far from being true for screening in Canada. Not a single interviewee from the industry (the four airports, their users, and the security providers) expressed satisfaction with the consultation process, simply because it does not exist. The four largest airport operators are facing huge facilitation challenges while any additional cost to airfares significantly impacts their business. The fact that their inputs are not even requested by the government influences how they perceive CATSA and screening within the market-oriented referential: like airport charges and rent, stakeholders acknowledge that the "user-pay" philosophy is a core algorithm. But the 'user-pay algorithm should be accompanied by a "user-say" process to be integrated in the content of the policy instruments that regulate this aspect of the airport sector.

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[158] According to a Transport Canada senior executive officer, interview conducted on 19/03/2012: "Non, Transports Canada n'est pas consulté. C'est une question de projections, harmonisées avec l'inflation, la croissance, c'est géré au ministère des finances"
[159] According to a CATSA official, interview conducted on 16/03/2012: "The Government sets our budget, and we manage our activities within this budget. And for the consultation, we are not consulted, this is a tax issue."

In a bottom-up perspective, users and stakeholders can also be consulted on facilitation, screening processes, and the general local implementation of federal regulations on aviation security. This would require a dialogue between all stakeholders. Nevertheless, this has not been the practice since the creation of CATSA. All dialogues at local airports between stakeholders interested in screening are centralized at the CATSA level. Any suggestion, complaint or request has to be addressed to CATSA, which will then provide a response directly: a given airport operator cannot engage directly with its screeners. An airport screening and security services provider explains that: "Nous, on nous demande de gérer l'opérationnel, et CATSA gère le relationnel avec tous les autres intervenants. Si je reçois un courriel d'un gestionnaire d'aéroport parce que mes files d'attentes sont trop longues, je le transfère à CATSA, et ce sont eux qui gèrent. Alors que je pense qu'il existe une place pour nous à chaque aéroport, et que ce n'est pas mauvais qu'on soit assis à la table avec les autres intervenants.[160]" This perception is shared by a representative of one of the four airports: "With CATSA, we have direct relations, because we personally built these relations, but they are not formal. Specific to screening, CATSA receives orders from Transport Canada, so there is no impact we could have on that. [...] On the business side, we don't have any relations with [the private screening firm]. Our operation team has interaction on the front-line level, but not with respect to business relations.[161]" Another stakeholder added: "Si on a des idées on les donne à l'ACSTA, mais je ne peux pas dire qu'il y ait un véritable processus de consultation. On n'est jamais invité. Alors que si on veut savoir ce qui fonctionne et ce qui ne fonctionne pas, il faut voir avec les gens qui sont sur le terrain. Alors

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[160] Respondent from an airport screening and security services provider, interview conducted on 27/03/2012.
[161] Respondent from one of the four largest Canadian airports, interview conducted on 04/04/2012.

je sais que l'ACSTA envisage de créer un sous-comité avec les contractants et les aéroports, mais ils ont aussi les mains liés. [162]"

This situation has created frustrations among the four largest commercial airports. Since airport operators were established as autonomous private entities, and since they face major facilitation challenges which impact their business activities, the representatives of these airports seem to consider that, in a market-oriented perspective, they should have a greater say in screening. And this perception is shared by the users of these airports, as shown in the following excerpts. First, according to an airport industry representative: "But there is a push from the largest airports, they would want to take the responsibility of screening, and it makes sense. Airports are the only entities that are concerned with the flow of passengers from their entry to their exit to the territory of the airport. By giving them the control, there is a great deal of efficiency, economies of scales, and much improved facilitation process that could be gained. And it would be good for screeners as well; it would allow them to have better professional prospects and move up to the system. There is a very valid argument for contracting out screening to airports. [163]" Second, according to one of the most significant users of the four largest airports: "CATSA […] adds complexity, and from a passenger flow perspective, they are completely out of way. I am not enthusiastic with CATSA. There would be some logic in having the airport authorities responsible for all aspects of security, including contracting screening, with Transport Canada in charge of the oversight. There are potential economies of scale and more efficiency. [164]"

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[162] Respondent from an airport screening and security services provider, interview conducted on 27/03/2012.
[163] Respondent from the CAC, interview conducted on 12/04/2012.
[164] Respondent from one of the largest Canadian airline, interview conducted on 11/04/2012.

Again, facilitation and passenger flows management is crucial for the smooth operations of Canada's four largest airports: an efficient facilitation process permits the increase of non-aeronautical revenues and improves the passenger experience (ACPR 2010, 76). In a market-oriented perspective, the four largest airport operators, as well as their users and even the security services providers, consider that they should be consulted on the organization of airport screening. The fact that they are not has created tensions within the Canadian referential.

3. A Cognitive Dissonance?

The provision of airport security screening services at the four largest airports is puzzling in that it seems to indicate a cognitive dissonnace in the Canadian referential for air transport. Indeed, it highlights the fact that some prominent actors within the referential do not interpret its algorithms in the same manner, and this leads to a different perception of what Canada's air transport policy should be. It constitutes an apparent cognitive dissonance for airports because they consider that since passenger flows and facilitation are crucial for their business operations and air transport operations, they should have a greater say in the process. It also constitutes an apparent cognitive dissonance for both the four aiports and their users, who appear to be puzzled by a "user-pay" model that does not appear to be in line with the four key charging principles of non-discrimination (with respect to other modes of transport), cost-relatedness, transparency, and consultation with users/stakeholders that are internationally agreed upon (ICAO 2012c). The very notion of user-pay, which is at the heart of the algorithm, has been challenged, because it is not implemented in a market-oriented perspective as the security charge is much higher than the cost of providing security services (contrary to the situation in many other countries).

The dissonance in the algorithm lies in the high costs of airport security screening and on the efficiency of the Canadian model for airport screening services provisions, which would be

far too expensive and inefficient, thus far from market-oriented mechanisms. Nevertheless, if most actors from the industry (and also a strong minority of actors from the regulators) identify these elements, a more subtle analysis of the interviews reveals results that are somehow different. Actors have very strong feelings about a few elements, and they talk a lot about these elements, but when they reflect on the general airport screening system, at a higher level, many of them soften their position. For instance, when referring to consultation and integration of the stakeholders' perspectives by CATSA, an interviewee involved in airport screening at one of the largest Canadian airport noted that: "CATSA, ils sont pris au milieu de tous les autres intervenants. CATSA c'est comme la viande dans le sandwich. Tout le monde est un expert de la sécurité : les politiciens à Ottawa, les gestionnaires d'aéroports, les compagnies aériennes, les journalistes, et eux ils ont la job ingrate parce que tout leur tombe dessus de tous les côtés.[165]" The metaphor highlights that aviation and airport security is a lively topic, and everybody has an idea about it and is able to talk and articulate a position on it. Consequently, it is difficult to find consensual positions and evaluations about Canada's airport screening policy. Thus, aviation security in general, and more specifically CATSA, is the easy target of every stakeholder in the Canadian civil aviation sector.

Such situation also appears to be the case for the ATSC. According to an interviewee of the airport sector: "It is easy to complain about it [the ATSC], because it is part of the broader club sandwich of fees and charges, and it is an easy target. Airports have complained about it, we are not innocent about that. Pointing to it is easy, but it does not represent the reality. What it does represent is the addition of too many fees, charges, and costs. [166]"

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[165] Respondent from the a private security and screening services provider, interview conducted on 27/03/2012.
[166] Respondent from the CAC, interview conducted on 12/04/2012.

What does this interviewee mean when referring to the "reality"? Is there a real cognitive dissonance in the referential with regard to airport security screening? The argument that will be developed in the next section is that there is not a cognitive dissonance per se in the referential with regard to airport screening. Some elements are at stake, but these elements can be easily changed, and thus do not threaten the stability of the referential. Rather, if actors refer to these elements, it is to put forward other cognitive dissonances (e.g. on rent, costs and charges or on market access). These airport security elements are used to highlight a more general cognitive dissonance over other parameters of the Canadian referential.

Theoretically, the CATSA and ATSC instruments are part of the broader "public service" and "user-pay" algorithms that relate to security within the referential. The next section demonstrates that it is the content of such instruments that is specifically at stake. Furthermore, it shows that the elements at stake can easily be solved because the disagreement between actors does not originate from a different understanding of the algorithms and their meaning for public policy instrumentation. The ambiguity is rather due to the content of the policy instruments, which is perceived as being incomplete. Conclusively, there is no cognitive dissonance as regards airport security and screening.

C –Safeguarding the Implementation of the Referential Parameters on Security

1. CATSA as a Recognized Actor whose Efficiency could be Improved

1.1. The Elements of Success: Training of Screeners and Uniformity of Practices

Since the Air India bombing, training has been a major element of Canada's airport screening policy. After the September 11 events, CATSA was seen as a way to improve the training of screeners in order to make them more effective in their work (Lyon 2006, 400). Indeed, private airport screening services providers are diversified and spread out across Canada. For instance, G4S, which provides airport screening services at YVR, is headquartered in Ontario. GARDA, which provides airport screening services at Toronto-Pearson, is headquartered in Quebec. Securitas, which provides airport screening services at Montréal-Trudeau, is headquartered in Ontario. Subsequently, since each provincial jurisdiction has its own legislation for private policing, there are no national standards for personnel selection and training in Canada (Rigakos 2002). This makes the harmonization of screening standards and procedures in Canada complex and challenging(Burbidge 2005, 76).

The quality of screening in Canada since the inception of CATSA has been praised by stakeholders of the Canadian civil aviation sector. According to an interview from a Canadian air transport trade association: "the level of services provided by CATSA is good. Originally we were against CATSA, but they are good, they do an outstanding job in training or oversight.[167]"

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[167] Respondent from a Canadian air transport trade association, interview conducted on 08/03/2012.

According to another stakeholder: "Ce qui est arrivé, c'est qu'ils ont créé l'ACSTA, qui est devenue une agence fédérale. Je pense que c'est une bonne idée, parce qu'ils ont énormément investi dans la formation, dans les nouvelles technologies, alors par rapport à avant 2001, c'est vraiment le jour et la nuit. L'ACSTA a aussi beaucoup augmenté les salaires, il y a eu beaucoup de bonnes choses, et c'était nécessaire de centraliser, ils ont vraiment amélioré la formation et l'équipement.[168]" Overall, the fact that CATSA has been instrumental in improving the skills of screeners through training has barely been challenged in the literature or during the interviews. What have been fiercely denounced by a number of stakeholders are the overall costs and the inclusion of airports and aircraft operator stakeholders, but not the training mission granted to and successes encountered by CATSA.

Furthermore, one of the objectives of CATSA at its inception was to ensure uniform and standardized screening processes, practices and regulations across Canada. Similarly to screeners training, since each province has its own legislation for private policing, it may be challenging to ensure a standardized implementation of airport screening practices throughout Canada (Rigakos 2002; Burbidge 2005). Granting CATSA with the authority to grant screening contracts was seen as a way to overcome these difficulties, and is seen by many within the federal government as a market-oriented policy, in that it still relies on market mechanisms. The following interview excerpt is very enlightening: a senior public servant describes the last wave of airport screening contracts awarding by CATSA: "in November new contractors took over screening at major Canadian airports. And we set up very clear accountability lines, we have them accountable and we have very consistent discussions with them to make sure they understand the culture we want to foster and we want to achieve. The contracts are very good, and it is always a good opportunity

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[168] Respondent from a Canadian air transport trade association, interview conducted on 01/03/2012.

to go back on the market: we establish rules and practices, we measure performance, and we identify areas to improve.[169]" And stakeholders from the private sector have no problems recognizing that fact. According to one of them: "sans CATSA il n'y aurait pas d'uniformité. […] Je trouve ça correct que ce soit un organisme central qui gère tout. [170]"

Indeed, private sector stakeholders (in that case airports, airport users and private security providers) do not challenge the federal government's emphasis on consistency. The core issue for the industry is not consistency, but the costs it engenders and how it penalizes the four largest airport operators and their users. The first line of criticism is the scope and target of the CATSA instrument, through granting CATSA authority over 89 airports. Consistency is beneficial for the largest airports, but imposing the same criteria at Toronto-Pearson and Dryden Regional Airport (Ontario) is questionable. To use the example raised by a former aide to a Minister of Transport: "From a public policy point of view, the existence of CATSA cannot be justified. CATSA now, it is 89 screening points. I tried to kill 70 of these points. It doesn't make any sense to impose the same burden to the smallest and biggest airports. But they are implanted because of the notion of equity between the territories, even in territories where we don't need them, such as Dryden, Ontario.[171]" And according to a senior executive officer of one of Canada's largest airports: "you see CATSA officers coming here right after auditing an airport with no traffic and no passengers and then explaining us how we should do this and that: they do not realize that we are in two different worlds, and that standards have to be different, or rather adapted, to different realities.[172]" The objective of consistency in screening is thus well accepted, but under the conditions the that busiest airports with large traffic flows would be required to comply with

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[169] Respondent from CATSA, interview conducted on 16/03/2012.
[170] Respondent from a security and screening services provider, interview conducted on 27/03/2012.
[171] Respondent from the office of a former Minister of Transport, interview conducted on 28/02/2012.
[172] Respondent from the Canadian airport sector, interview conducted on 27/03/2012.

consistent standards adapted to their reality and that regional and local airports with limited traffic would be required to comply with consistent standards adapted to their own reality. The argument of the industry is thus as follows: screening consistency must be adapted to facilitation challenges reality.

1.2. The Elements of Dissensions: The Duplication of Costs

Research has shown that devolving security responsibilities to private security services providers does not automatically leads to costs-savings and efficiency in terms of value for money. More specifically, private employees (such as screeners) are "cheaper" than public employees because of less advantageous wages and benefits and more job vulnerability[173] (Manning 2005, 7).

In the case of airport screening in Canada, all stakeholders from the four largest airport authorities, their users, and private security services provider contractors have the same position: currently, there is an enormous duplication of costs engendered by the organization of the screening system. Several interviewees refer to the "layer metaphor" to explain the organization of screening. According to an airport representative: "Security is all about the onion layer approach. And CATSA is an important layer in the process. So are airports, so are airlines, etc. It is like an onion. CATSA brings a national program and standards from coast to coast. Also, CATSA is able to react to security threats on a national level, and this is very important. [174]" The issue with the layers is that each of them performs, at some point, functions and activities also performed by other layers, thus leading to an inefficient duplication of costs. The following excerpt explains this duplication of costs: "la duplication des coûts est aberrante. Il y a trop de

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[173] Private employees (screeners) are more vulnerable to firing and being replaced with younger and less well paid officers.
[174] Respondent from the Canadian airport sector, interview conducted on 16/04/2012.

layers dans le système dont on n'a pas besoin. Moi j'ai une équipe de contrôle de la qualité, qui contrôle ce que font les équipes, qui mesurent, et qui en plus les corrigent. Mais CATSA a aussi ses équipes de contrôle de la qualité, les *oversight officers,* sauf qu'eux ne font que mesurer et n'interviennent pas. Vous imaginez la duplication des coûts? CATSA a aussi une grosse équipe de relation de travail, mais ce sont pour les employés des contractants! Pas ceux de CATSA! [175]"

Most stakeholders share this perception, and a certain number of them raised similar examples during the interviews. What is the issue is again, not CATSA per se, but the duplication of costs it engenders. This is perhaps the clearest indication that there is not a real cognitive dissonance within the Canadian referential regarding security. What constitutes the core of a cognitive dissonance is that it clashes with the parameters of the referential. In such situation, actors cannot make sense of these parameters of the referential anymore. They will then go into action until a change occurs. Actors of the Canadian civil aviation sectors have been mobilized with regard to the high airport cost structure and to the access to airport infrastructure. But such mobilization has not emerged with regard to eliminating the CATSA "layer" from the airport security "onion". The following excerpt is extracted from an interview of a senior executive manager of the airport side of the civil aviation sector clearly highlights that the four airport operators, despite public discourses against the current organization of the screening system, are ready to live with it: "CATSA itself is a very good screening agency, they are leading the way in terms of facilitation. But there is a push from the largest airports, they would want to take the responsibility of screening, and it makes sense. [...] But this is not going to happen anytime soon,

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[175] Respondent from a security and screening services provider, interview conducted on 27/03/2012.

CATSA just signed 5-year contracts with its contractors, so they won't change the system. But we will see what is going to happen in the future. But don't expect any change soon. [176]"

2. Further Aligning Airport Security Screening with the Referential: Implementing Safeguards

2.1. Safeguards: At the Core of a Market-Oriented Referential for Air Transport

The continuing trend of the past decade towards liberalization of air transport has fostered an environment in which states have deregulated air transport and withdrawn from service provision, leaving this domain to private stakeholders. In many cases, states have adapted the concept of liberalization to their specific conditions by implementing safeguard measures. For instance, ICAO's policies on charges in Doc 9082 (Section II, paragraph 2 iv) refers) mentions safeguards for privatization of airport services, for charges aggregation, or for prefunding through charges[177]. Safeguards are therefore in line with a market-oriented referential for air transport. Furthermore, it is the existence of safeguards and their adequate implementation that support the sustainability of this referential and its parameters. For instance, implementing safeguards with regard to charging strengthens the "user-pay" algorithm, by ensuring a "user-say" component and preventing any charging abuses. With regard to screening, CATSA and the ATSC, it appears that dissensions are caused not by a cognitive dissonance or disagreements over the parameters of the referential, but by the absence of implementation of appropriate safeguards.

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[176] Respondent from the Canadian airport sectors, interview conducted on 12/04/2012.
[177] Safeguards are as follows (Section I, paragraph 23 refers): economic oversight of charges, transparent accounting, consultation (and to the greatest extent possible) agreement with users, and application for a limited period of time (ICAO 2012c).

2.2. Safeguards for Airport Screening in Canada

Stakeholders of the four largest Canadian airports have raised transparency as being a major concern with regard to the establishment and the allocation of the security charge. A fairly recent example of this perceived lack of transparency can be found in the last federal budget. Traffic at Canadian airports is forecasted to grow, implying that there will be more travelers and goods to screen. Over the 2013-2015 triennium, traffic will increase by 4% and CATSA will need the resources to accompany this growth. If the federal government decided to increase the Air Travellers Security Charge, it also surprisingly decided to cut the budget of CATSA over the same period. Finance Minister Jim Flaherty's budget calls for a $19.4 million cut in CATSA's spending in 2012-13, $32.4 million by 2013-14 and $59.7 million by 2014-15 (Thompson 2012). These cuts were associated with further cuts in Transport Canada's operating budget, amounting to about 10% of the Department's budget. At the same time, the government is increasing its revenue through the ATSC instrument while cutting its expenses through reducing appropriations to CATSA and Transport Canada. It is explicitly mentioned in its 2012 budget that "the Government is committed to balance air travel security expenses with Air Travellers Security Charge revenues over time. Totals may not add due to rounding" (Department of Finance 2012). It therefore gives the impression that the government is breaching the key charging principles of cost-relatedness and transparency as set out in ICAO's policies on charges in Doc 9082. If this has been denounced by the representatives of airports and their users, it is important to note that even senior public servants dealing with transportation have questioned such a move. According to one of them: "Tout ce que je peux dire, c'est qu'engager un dialogue sur l'ATSC serait probablement une bonne idée. [Les coupes à CATSA et l'augmentation des revenus par

l'ATSC], C'est évidemment le paradoxe que j'encourage mes collègues de l'industrie de communiquer au gouvernement. [178]"

Moreover, the path followed by the money collected from the ATSC is a serious hindrance to the transparency of the allocation of security costs. During an interview with a former senior advisor of Transport Canada, the interviewee even took the time to draw a figure representing where money is taken and where it goes in order to show that why the money is collected, where it therefore should go, and where it actually ends (cf. Annex G). In the perspective of the cognitive analysis of public policies, this drawing is extremely interesting. It shows that actors are operating within the parameters of the referential, using the notions of taxes and charges and what they should be used for in a "user-pay" system, and that they attempt not to change the system, but to adapt it to the exigencies of the referential. In this case, the interviewee demonstrates that in his mind, it is not the ATSC or CATSA that are at fault, but the way the government proceeds with the funds. He thus proposed to make the system more accountable and more transparent by allocating the ATSC to CATSA (and partly to Transport Canada) and the rent to Transport Canada, instead of sending it to the consolidated revenue fund. Many other people that were interviewed for the purpose of this dissertation largely share such position. Such changes to the content of the instruments can be made without modifying the parameters of the referential or challenging its algorithms. Conversely, they would strengthen the basis of the Canadian referential for air transport. Transparency and cost-relatedness in determining and allocating the cost basis for security thus appear as essential safeguards for administrating and funding airport screening in Canada.

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[178] Respondent from Transport Canada, interview conducted on 13/04/2012.

Consultation with stakeholders also constitutes an important safeguard for stakeholders of the Canadian air transport sector, according to whom the system is working but its efficiency can be improved if airport operators and security providers have a greater say in the system. According to a senior executive manager of the GTAA: "The system is largely effective, but airports should have a greater say in it. We do not have enough control on CATSA, and we lack the lever for that.[179]" Beyond the traditional claims from airports to directly control screening in order to monitor facilitation on their facilities, it appears that the four largest airport authorities' senior managers know that CATSA will endure over time, and they are ready to make the system evolve simply by requesting a more institutionalized and efficient consultation process with actors of airport screening. The objective is not to change the parameters of the referential, but simply to modify some processes in order to adjust them to the market-oriented philosophy of the system (through which the four largest airport operators, as well as their users and even the security services providers, consider they should be consulted on the organization of airport screening). Further, this perception of developing consultations in order to strengthen the current model is shared by security screening services providers. According to an interviewee: "il va falloir dire stop et inclure les parties prenantes, consulter, et faire évoluer le modèle. Quand on fait des revues ministérielles, et que rien ne change… En bout de ligne, on veut tous un modèle de sécurité où le niveau de sécurité est élevé et où son coût est bas, et si on veut tous ça alors on peut en discuter et aller vers cet objectif là. [180]" Almost all stakeholders share a common objective of a top-quality screening that does not impact too drastically efficient facilitation and does not cost too much: consultation is subsequently seen as a safeguard necessary for parties to achieve this objective within the parameters of the referential.

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[179] Respondent from the GTAA, interview conducted on 02/04/2012.
[180] Respondent from a security and screening services providers, interview conducted on 27/03/2012.

D – Conclusion: Avoiding a Cognitive Dissonance and the Future of the Canadian Referential

Contrary to the previous chapters on airport rent and access to airport infrastructure for foreign air carriers where cognitive dissonances were identified, this chapter demonstrated that the long-lasting conflict over the administration and the funding of security and screening services provision at Canada's largest has not led to a cognitive dissonance. Indeed, the disagreements between actors do not originate from a different understanding of the algorithms and their meaning for public policy instrumentation. The ambiguity is rather due to the content of the policy instruments, which is perceived as being incomplete. In the previous cases, what was at stake was rather the meaning of the algorithm in terms of instrumentation.

Nevertheless, this outcome is theoretically major, because it demonstrates that focusing on algorithms is the best entry to give an account of conflicts in a stable referential. In the case of security and screening, actors share the same understanding of the 'user-pay" algorithms and its related instruments: what is at stake is simply an orientation in the content of the instrument that can easily be modified in order to ease the tensions. In the perspective of improving the cognitive analysis of public policy, this shows that studying algorithms and instruments indicate not only the source of the tensions, but also their degree and the potentiality to solve them easily. Empirically, almost all industry stakeholders appear to demand changes that can be implemented without changing neither the parameters of the referential nor the current architecture of the security screening services provision system. It should be noted that a number of public servants also request the same changes. What these actors are seeking is in fact no more than the application of the key charging principles of transparency, cost-relatedness and consultation with

users. These principles are all put forward by ICAO's policies on charges in Doc 9082, and ensuring compliance with regard to the ATSC and the funding of CATSA should not be a major issue. Indeed, such changes are fully congruent with the parameters of the referential for air transport and its market-orientation, because they would strengthen its "user-pay" philosophy as well as its market-oriented perspective. Does this mean that such changes are likely to happen in a near future? On the one hand, it would be agreeable to all actors, including policy-makers. Canada, along with other participating states, officially endorsed at the Sixth Worldwide Air Transport Conference in March 2013 the full implementation of the provisions in Doc 9082 for cost recovery of security measures and functions at airports so that security charges are reasonable and cost-effective (ICAO 2013d). And implementing such changes is not difficult, as it is only needed to integrate the safeguards into the taxation-type instrument. This does not require any new law, public funding, or organization. On the other hand, the funding and the administration of airport security and screening is not a priority, as excellently highlighted by the following excerpt: "personne ne parle de ça le matin au Tim Horton. Au Tim Horton le matin, les gens parlent de la gamme de hockey de la veille, qu'ils payent trop de taxe. Mais les compagnies aériennes [...], c'est pas ça qu'on entend le matin au Tim Horton[181]." And since the dispute is not threatening the stability of the referential, it may therefore persist over time.

In conclusion, this chapter demonstrated that actors of a referential may disagree on the specific orientation of a policy instrument, but that they may in the same time very well agree on the related algorithms. In that case, the disagreement may persist over time, but it does not threaten the stability of the referential, and is therefore a rhetorical conflict. This chapter shows

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[181] Respondent from a Canadian airline, interview conducted on 23/02/2012.

that a combined focus on algorithms and policy instruments' content is a fruitful approach to understand and analyzing long-lasting conflicts within unchallenged referential.

Chapter VI: Conclusion

The aim of this chapter is twofold. First, it seeks to evaluate and put in perspective the dynamics of the long-lasting conflicts between key policy actors of the Canadian airport sector, who agree on almost everything and share the same core representations about their sector. Despite the inherent weaknesses of the traditional ideas-focused approaches in giving an account of such situation, it is argued that the theoretical framework used in this dissertation is promising. The process under which long-lasting conflicts are structured and understood by actors relates to the causal relations they draw (the "algorithm") between the vision they have of their sectors and the content of the policy instruments actually implemented to achieve such vision. Key is the focus on both algorithms and policy instruments' content. Second, a brief exploration of the policy implications related to this dissertation is presented alongside further avenues for research.

A. The Dynamics of Long-Lasting Conflicts within an Unchallenged Referential

1. Theoretical and Empirical Premises

The premises of this dissertation lie in the cognitive analysis of public policy's notion of referential. It is demonstrated that, with a global market-oriented referential, it was possible to identify a sectoral market-oriented referential for airports and air transport in Canada. Such a sectoral referential emerged in the 1980s with several policy shifts introduced by then-Transport Minister Lloyd Axworthy. It really took shape under the Conservative government of Brian

Mulroney through the actions of a group of experts (the so-called "UBC school") which theorized the deregulation of air transport and demonstrated that it was ineluctable. The final market-orientation of air transport policy was finally achieved in the 1990s with the commercialization of airports as well as the commercialization of the provision of air navigation and security and screening services.

The dissertation identified the core parameters of the sectoral referential for the Canadian air transport sector, congruently with the global, market-oriented referential, which have been characterized as follows:

- Values (the most general and fundamental aspect of the referential): market-oriented, consumer-oriented provision of air transport services (including transportation, infrastructure, and navigation) sustained by a "user-pay" philosophy;

- Norms (principles of action): autonomy of air transport facilities and services providers through the privatization of air carriers and the privatization (commercialization) of airports – light-handed economic regulation, and opening of markets: airports are empowered to organize their own development;

- Algorithms (causal relations): 'If the provision of air transport services is market-oriented and market-driven, then the sector will be efficient'; 'If the air transport infrastructure are privatized/commercialized, it will be funded though user charges', 'Since airports and airlines are private entities, they enter into commercially-oriented relationships with no federal interference';

- Images (simplified/concentrated representations of the situation): the market of air transport, airports as aerotropolises.

The cognitive analysis of public policy would not predict the occurrence of long-lasting conflicts between key actors who are not challenging the core parameters of a referential. With different concepts, the tenants of the other ideas-focused approaches of policy analysis (such the advocacy coalition framework approach or the paradigm approach) would similarly not expect that long lasting conflicts would pollute an advocacy framework or a paradigm with no actors challenging the core elements of these framework or paradigm. In that sense, the Canadian airport sector was highly puzzling, since long-lasting conflicts over the airport rent, the access to airport infrastructure and the funding and administration of airport screening have been part of the sector's pictures, while none of the key actors involved has challenged the main policy orientations and policy instruments. It must be reminded that these conflicts are significant: they involve an important source of income that is disputed to the federal government, they led Canada to lose its Middle East military support base during the Afghan war, and they challenge how critical security functions at airports are funded and administrated.

In this dissertation, I therefore proposed to refine the analysis of such conflicts by focusing on a combination of the algorithms of a sectoral referential and the related content of policy instruments. Such focus was deemed necessary to give a full account of these conflicts, which are much broader than simple instrument-setting or instrument-design related conflicts. The dissertation demonstrated that it is the representation of the instruments and their meanings that are cognitively dissonant with the causal relationships carried by the algorithms. Such focus was also deemed necessary to strengthen the explanatory power of the cognitive analysis of public policy. The analysis of the algorithms and the related content of used policy instruments was really fruitful: it resulted in a comprehensive analysis of the conflicts, their nature, the possible ways to solve them, and it also considerably expanded the explanatory power of the cognitive analysis of public policy as developed by Muller and Jobert.

Beyond contributing to the public policy literature in general, this dissertation also contributes specifically to the Canadian public policy literature. Canada has experienced a strong regionalism that has affected its policy-making (Banting 1987; Bakvis and Skogstad 2008) and makes a convergence between different interests complex (Boychuk 1998; Ladner 2005). This dissertation demonstrated that this was true with respect to Canada's international air policy: there is a real clash between Central and Western Canada and their respective key actors over access to the largest hub airports. But the impact of regionalism has not been verified with respect to airport rent and charges and airport security and screening. For instance, one could imagine that the impact of the Canadian federalism and regionalism on Canada's policing policy (D. E. Smith 1994) could also be similar for airport security and screening policy. Conversely, stakeholders of the latter policy are speaking with one voice from coast to coast on this matter.

Furthermore, the fact that there has been no major difference between the Conservative and Liberal airport policy is highly interesting. A certain number of Canadian policy scholars have rather shown that political parties do influence policies to some extent, for instance concerning federalism and the welfare state (Jeffrey 2006), international aid policy (Brown 2012), environmental and climate change policy (H. Smith 2008), citizenship and immigration policy (Chapnick 2011; Black 2012), etc. With respect to Canada's airport policy, this dissertation demonstrated that there has been remarkable policy continuity between Liberal and Conservative governments, with no major policy change in spite of the intense discontent from key stakeholders of the Canadian air transport sector. Because of its focus, between the agency and the actor, the cognitive analysis of public policy is a powerful theoretical model when it comes to giving accurate accounts of the complexity of the Canadian polity and its policy dynamics. Its wider use can provide original and unique contributions to the Canadian public policy literature.

The remainder of this section briefly summarizes the research results for each of the three case studies and puts them in perspective with respect to the theoretical claims made in this dissertation.

2. Conflict over Airport rent and Other Charges: A First Research Outcome

Chapter 3 focused on the airport ground lease rents and the user charges at the largest Canadian airports. Taking into account the numerous conflicts over the rent the largest airport operators have to pay to the federal government, the chapter established that the "user-pay" model for funding Canada's largest airports is a core algorithm of the Canadian referential for air transport. Key actors of the Canadian airport sector agree on this algorithm and share the same understanding of its causal relations. They also adhere to such algorithm because it is congruent with the market-orientation of the sectoral referential. It was demonstrated that the source of the tensions and disputes in the referential originated from the content of policy instruments by the federal government that was not perceived to be in line with the algorithm. The content of the related taxation-type instrument (i.e. the airport rent) is criticized by all actors except the ones in the public service, because it is perceived as being in contradiction with the "user-pay" algorithm: its scale and its allocation are impeding the competitiveness of airport operators and their users while the "user-say" component of the "user-pay" model has not been effective. It was demonstrated that a careful look at other policy instruments related to the "user-pay" algorithm was also a source of deep tension in the sectoral referential.

In line with the expectations presented in the introductory chapters, a focus on algorithm and the content of related policy instruments has allowed to demonstrate that the source of long-lasting conflicts within an unchallenged referential can be identified and its degree can be assessed. In the case of the continuing dispute over the rent and user charges, the "user-pay"

algorithm is unchallenged, but the content of policy instruments is at stake because some actors have a slightly different understanding of that referential. For instance, the four largest airport operators consider that the formulas and the high rate of the rent has become market-unfriendly, while the airlines believe that the policy instrument should integrate a "user-say" component. An analysis in terms of cognitive analysis of public policy with a specific focus on algorithms and related content of policy instrument has thus been extremely successful in giving an account of a long-lasting conflict within an unchallenged referential. Such successful outcome was reiterated with respect to explaining momentous conflicts over the access to Canada's largest airports.

To conclude, it is worth noting that while many other countries have embraced a market-driven global and sectoral referential, Canada is an exception with respect to both airport rent and the level of charges. In all countries in which commercialization of airports has taken place, governments have been able to generate money, for instance through upfront payment of the airport facility being divested (for instance Australia) or through the return on the shares it has continued holding (for instance France, Belgium, or the UK until 2003)[182]. In such cases, the compensation is correlated to the value of the assets at stake or their normal return to their shareholders. In Canada, there is no correlation between the government extraction of money from the four largest airport operators, but in addition their user charges, which reflect this extraction, are much higher than other comparable airports, as shown in the benchmarks. Therefore, one could think that more market-oriented mechanisms to remunerate the federal government, provided that it should still be remunerated for assets it has not touched in decades,

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[182] The only other example of rent could be the concession fees that some private airport concessionaires are required to pay to governments in Latin America, but in the latter case airport operators are usually foreign for-profit consortia.

could somehow align the Canadian case with other comparable countries and ease the tensions in the sectoral referential.

3. Conflict over Access to Canada's Largest Airports: A Second Research Outcome

Chapter 4 focused on the access to the four largest airports that are granted to transborder and foreign air carriers by the federal government. There have been momentous dissensions between key actors of the airport sector over the issue of granting access to foreign air carriers to some or all of the four Canadian largest airports, and such dissensions have led to one of the most important commercial air transport-related dispute in recent history. Nevertheless, there has been no policy shift to solve the conflict. The chapter demonstrated that the conflict originated in a different understanding of what the algorithm related to access to airport infrastructure implies in terms of the content of the policy instruments by the federal government. The government used to designate the airports that air carriers were allowed to access to and used to define the fares, schedules and frequencies. Nevertheless, the emergence of a market-oriented referential resulted in a new conception of airport access: the largest airport operators have become responsible for marketing their platforms and attracting new services in order to grow their business and their networks. The content of the ASA instrument has nonetheless been perceived on many occasions as contradicting such "airport marketing algorithm". Chapter 4 precisely demonstrated that while all key actors agree on the key objectives of the airport access policy, the tensions lied in the different understanding of such policy with regard to the actors concerned. On the one hand, the Canadian flag and its largest hub perceive that the content of the ASA instrument must be tailored to help them to grow first and foremost. On the other hand the other largest airports and a

certain number of foreign air carriers operating in Canada perceive that the content of the ASA is biased in favor of a limited number of actors.

The analysis clearly showed that the cognitive dissonance over airport access in Canada originated from this algorithm and the ASA instrument. This is in line with the expectations presented in the introductory chapters: a specific focus on algorithms and the content of related policy instruments has allowed us to demonstrate that the source of long-lasting conflicts within an unchallenged referential can be identified and its degree can be assessed. In the case of the continuing dispute over the access to Canada's largest airport, the disagreement over the degree to which airports can fully market themselves is at the source of the conflicts, while all key actors are still in agreement over the key objectives associated with the market-oriented referential. The analysis in terms of cognitive analysis of public policy with a specific focus on algorithms and related policy instruments' content has thus been successful to explain the conflicts over airport rent and access to airport platforms.

To conclude, the situation in Canada with respect to largest hub access somehow differs from other comparable countries. ICAO has documented the impressive growing number of liberal air services agreements (ICAO 2013c) which has made the opening of the skies a norm. Tensions over granting access to fast growing Gulf carriers have arisen in almost all countries where they would compete with national flag legacy carriers. In Europe, Air France, KLM and Lufthansa have recently complained to the European Commission against Gulf airlines getting more traffic rights to European airports (Dutheil 2014). In the United States, international carriers are openly reluctant to see Gulf carriers getting more traffic rights to US hubs (CAPA 2014). But governments on both sides of the Atlantic have continued expanding access to their airports for gulf carriers, even if the pace is probably much slower than these carriers would request and much faster than American and European legacy carriers would want. But disagreements on the

liberalization pace never came close to the Canadian situation where drastic retaliatory measures such as the expulsion from the Camp Mirage base and the imposition of visas were taken.

4. Conflict over Administrating and Funding Airport Security and Screening: A Last Research Outcome

Chapter 5 focused on the administration and the funding of the provision of security and screening services at Canada's largest airports. The content of policy instruments by which the government of Canada organizes the funding and the administration of airport security and screening has been at stake for more than a decade. Many actors of the airport sector have perceived that it not only increases the costs of Canada's largest airports and undermines their ability to grow their business, but that it also contradicts the market-oriented philosophy that has shaped and framed the Canadian airport sector. The chapter indicated that all actors do agree on the following algorithms: "security and screening oversight at Canada's largest airports is a core State function" and the "user-pay" model is the best for airport services funding, including security, and for ensuring the sustainability of the Canadian air transport sector. Nevertheless, key actors do not understand the subsequent content of policy instruments in the same manner, leading to different interpretations of what Canada's airport security policy should be.

Interestingly, the case of airport security and screening funding and administration is different in degree from the other cases. Indeed, despite vocal disputes for more than a decade, the positions of the actors are not divergent. Since there is no major cognitive dissonance related to security and screening, the disputes and tensions could easily be resolved by minor changes in the content of the policy instruments. This outcome is theoretically significant, because it demonstrates that focusing on algorithms is the best entry to give an account of conflicts in a stable referential. In the case of security and screening, actors share the same understanding of

the 'user-pay" algorithms and its related instruments: what is at stake is simply an orientation in the content of the instrument that can easily be modified and will ease tensions. In the perspective of improving the cognitive analysis of public policy, this shows that studying algorithms and instruments can indicate not only the source of the tensions, but also their degree and the potentiality to solve them easily.

Finally, it is worth noting that while most other countries have embraced a market-driven global and sectoral referential, Canada is an exception with respect to airport security and screening. In Europe, the provision of screening services has been devolved to airport operators and private providers directly, but passenger-based security charges are much lower than in the Canadian case. In fact, the level of security charges in Canada only compares with the most expensive African airports (ICAO 2012d). The organizational structure with a federal agency overseeing screening is also unique: only the US would compare, but the American Transportation Security Agency oversees and delivers services, is partly funded through government appropriations, and again the level of security charges does not compare with Canada (Senate 2012b).

5. Research Outcome: the Impact on the Cognitive Analysis of Public Policy

The outcome of this research empowers the cognitive analysis of public policy as originally formulated by Muller and Jobert. The three broad theoretical families – the paradigm approach, the advocacy coalition framework approach, and the cognitive analysis approach – within the ideas-focused approaches all present important weaknesses in their ability to give an exhaustive approach of unsolved long-lasting conflicts between prominent actors in an unchallenged referential. This dissertation empirically demonstrated that the cognitive analysis of public policy has all the necessary tools to successfully explain such situations provided that it is refocused on

the study of algorithms and that a study of the content of the related policy instrument is performed. Therefore, with such renewed focus, the cognitive analysis of public policy can explain how momentous disputes can or cannot lead to policy changes.

This dissertation also demonstrates that the amended cognitive analysis of public policy is adaptable to a large variety of policy and institutional setting. Formulated in France and diffused in Europe and in Quebec, the cognitive analysis gives an excellent account of the three cases in spite of their variance: the case on airport access is reminiscent of many regional and federal battles in Canada, while the cases on the rent and the provision of screening services do not involve any kind of Canadian regionalism. Therefore, this dissertation also makes the case for a broader diffusion of the cognitive analysis of public policy with a specific focus on the concept of algorithm.

Finally, it is also necessary to take into consideration the limitations of such an amended version of the cognitive analysis of public policy. In order to get meaningful and representative inputs on how stakeholders believe their sector is, how it relates to broader economic and policy principles in Canada and abroad, and how the policies in place affect both the sector and the perception of the sector, a significant number of interviews is required. It may therefore be challenging to conduct research using such a framework in a comparative perspective if the number of cases to be compared is high. Another limitation of the cognitive analysis of public policy as reframed in this dissertation is that it is grounded in a critical epistemology. Its premises are that the replicability of the research undertaken in this dissertation is not guaranteed because of the ever-changing context within which both the policy sector and the research occurs, and the scientific objectivity of the research analysis is challengeable because it remains dependent on the perspective that is brought by the researcher to the study. In the case of this dissertation, I have been looking at air transport in Canada in an academic perspective, but at the same time I have

been a practitioner of civil aviation and air transport in various contexts. Nonetheless, the significant theoretical results that are put forward in this dissertation do meet the expectations of high quality qualitative research, as they meet the trustworthiness criteria of credibility, transferability, dependability, confirmability, and generalizability in the sense of Guba and Lincoln (Guba and Lincoln 1994).

B. Policy Implications

Is it expected that there will be policy changes in the referential in order to cope with such conflicts? Some evidence supports the claim that no major policy change is likely to occur. Indeed, the dissertation demonstrated that the source of the conflicts is limited to the interpretation of some algorithms. Moreover, actors are in agreement with the key elements of the referential (the norms, values and images of the referential). Therefore, none of the actors are requesting a drastic policy change. What can nevertheless happen are adjustments to the content of specific policy instruments. As regards the content of the airport rent instrument in relation to the "user-pay" algorithm, there have been many calls to at least reduce the lease rents, including from within the Canadian state apparatus. It is not expected that the government will suddenly renounce to such a source of revenue, but it is plausible that the ground rent formula is revised so that it does not hinder the growth of the largest Canadian airports and it reduces the cost of air transport in Canada. Since the Standing Senate Committee on Transport and Communications recently endorsed such a proposal, it indicates that politicians may be ready to move on that issue. As regards the content of the ASA instrument in relation to the "global marketing of airports" algorithm, a more coherent approach could solve the tensions. The federal government would have to make its priorities clearer (favoring the growth of the national flag carrier, giving equal opportunities to the largest airport operators, achieve a middle ground between these two

positions, etc.) in order for key actors to have pragmatic expectations. It does not mean that all actors with fully agree with such priorities, but they will be able to act accordingly.

With regards to the funding and administration of the provision of airport security and screening services, it is expected that this issue can be easily solved, because all actors appear to potentially agree on how to solve the issue. Airports and airlines actors are requesting a meaningful implementation of ICAO's policies on security charges in Doc 9082, which were recently endorsed by Canada at the Sixth Worldwide Air Transport Conference in March 2013 with respect to the full implementation of the provisions in Doc 9082 for cost recovery of security measures and functions at airports so that security charges are reasonable and cost-effective (ICAO 2013d). Therefore, it is expected that some adjustments to the content of the policy instruments can solve the tensions in the referential, but it is unlikely that such tensions will cause a complete revamp of Canada's airport policy.

Finally, if policy prescriptions were to be made to policy-makers and industry leaders, one could imagine that a drastic reduction of the ground rent paid by the largest airport operators would have a positive impact on airport charges and would lower the costs of operating to/from the largest Canadian airports. Similarly, a drastic reduction in the ATSC would certainly be beneficial to air transport. The massive cross-subsidies from the largest airports to other platforms is an additional burden that decreases the competitiveness of air transport in Canada, and therefore the economic benefits that it can bring. Solutions do exist: site-specific ATSC, devolution of the provision of security and screening to airport operators directly, etc. Finally with regards to market access, it seems that the policy aims at favoring Air Canada and its hub, but it is not sustainable to do it at the expense of Western airports and it is grounded on false premises. The main threat to Air Canada and its hubs are not Middle Eastern carriers, even

though they have a competitive advantage that may be unfair, but it is rather the very high costs of operating to/from Canada in addition to the geographic constrains of the Canadian air market.

C. Future Avenues for Research

The Canadian airport sector appeared ideal to study how key policy actors who agree on almost everything and have the same goals for their sector may still have specific disagreements that have led to long-lasting conflicts that appear unsolvable. Therefore, the dissertation focused on Canada's major airport operators, namely Toronto, Montreal, Vancouver and Calgary.

One possible avenue that could be undertaken to expand the use and reinforce the relevance of the theoretical framework of this dissertation would be to expand the number of cases under study by analyzing other groups of airports. The four largest airports are the only Canadian airports in position of being aerotropolises and playing major global and/or regional hubs. But there are three other groups of airports that are also part of the Canadian civil aviation system: major regional airports[183], local airports, and remote and northern airports. Provided that there are long-lasting conflicts between key actors of these subgroups over the content of policy instruments, it is expected that the source of such conflicts would be in different understanding of algorithms of the referential. Another avenue consists of expanding the framework to other policy areas. Financial regulation quickly comes to mind due to a somewhat similar dynamic of conflicts between the proponents and the opponents of the installation of a pan-Canadian securities regulator (La Presse Canadienne 2013). Interestingly, both opponents and proponents are in agreement with the key regulation philosophy but are in disagreement over the instrument to

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[183] These airports are all NAS airports (excepted the four largest, which form a cohesive subgroup): Edmonton, Ottawa, Winnipeg, Victoria, Halifax, Saskatoon, Kelowna, Québec City, Regina, St. John's, Thunder Bay, London, Moncton, Saint John, Gander, Charlottetown, Fredericton, Prince George.

enforce such regulations (provincial regulators? federal agency? coordination instruments? etc.). It will also be fruitful to explore these avenues in other countries. If the cognitive analysis of public policy has been an important theoretical framework in France and has been used in Québec and in Canada, it would be really interesting to see such theoretical framework deployed in other institutional and cultural settings.

Annex A. Empirical Evidence for Case Selection

National Airport System Canada's most important airports (more than 200,000 passengers in 1994 or located in a provincial/territorial capital)		Other airports devolved/sold to local governments or to private interests
Airports paying rent lease	Airports not paying rent lease	
Toronto, Montréal, Vancouver, Calgary	Edmonton, Ottawa, Winnipeg, Victoria, Halifax, Saskatoon, Kelowna, Québec City, Regina, St. John's, Thunder Bay	London, Moncton, Saint John, Gander, Charlottetown, Fredericton, Prince George	All other airports, aerodromes or airfields
70% of traffic **90% of the rent collected by federal government** **84% of aeronautical revenue (NAS only)** **Main hubs/bases for Air Canada, Jazz, WestJet and Air Transat**	**24% of traffic** **10% of the rent lease collected by the federal government** **16% of aeronautical revenue (NAS only)**	**6% of traffic** **No rent** **Negligible aeronautical revenue**

Annex B. Some Route Maps of Air Canada, Jazz, and WestJet

1. Jazz (on behalf of Air Canada) Route Maps

(Source: http://www.airlineroutemaps.com/Canada/Air_Canada_Jazz.shtml, Consulted 27/01/2012)

2. Air Canada U.S.A Route Map
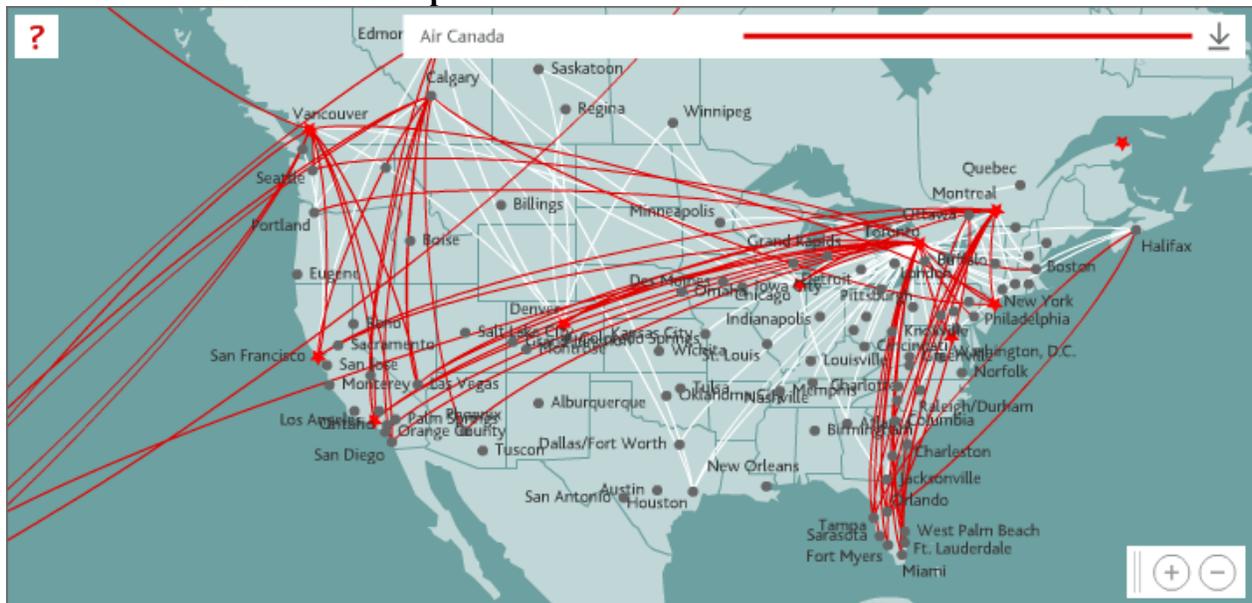
(Source: http://www.airlineroutemaps.com/Canada/Air_Canada_usa.shtml, Consulted 27/01/2012)

3. WestJet Route Maps from Calgary (left) and from Toronto (right)
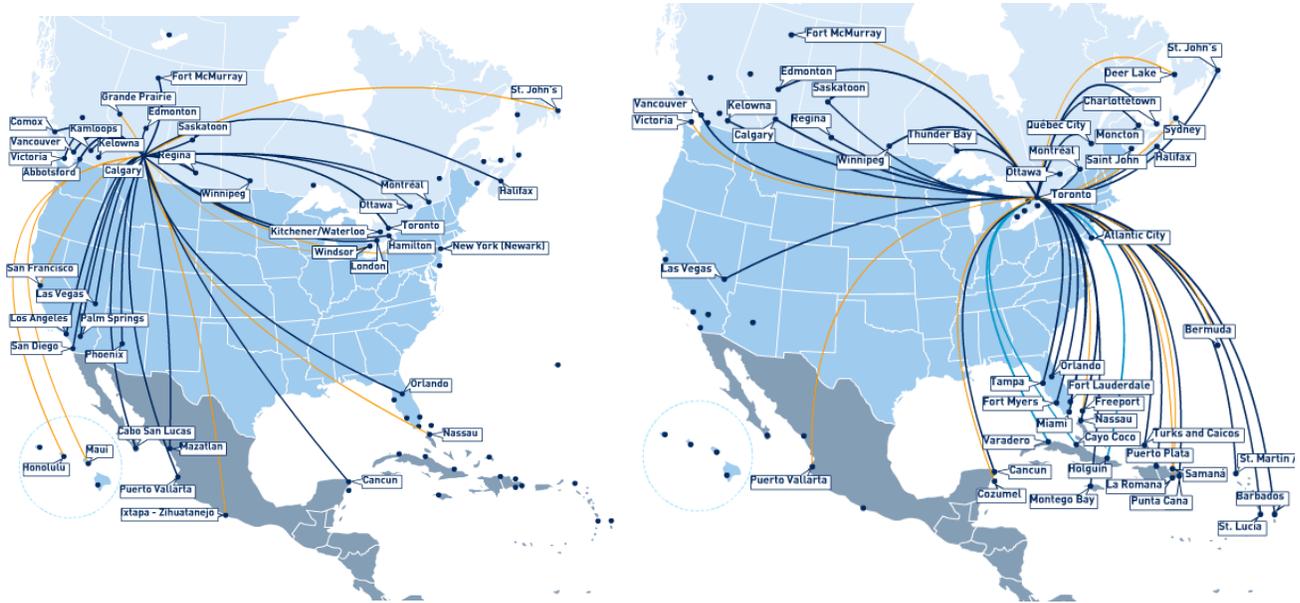
(Source: http://www.airlineroutemaps.com/Canada/WestJet_YYC.shtml, Consulted 27/01/2012)

4. European Routes operated by Air Transat

(Source: http://www.airtransat.ca/FR/Info/vols-pas-chers-europe.aspx?ExitID=CHEAPFLIGHTSEUROPETS, Consulted 27/01/2012)

Annex C. A Comparison of Governance models of LAAs and CAAs

| Elements	LAAs	CAAs
Enable Legislation	Airport Transfer (Miscellaneous Matters) Act Canada Corporations Act Regional Airports Authorities Act (Alberta	Airport Transfer (Miscellaneous Matters) Act Canada Corporations Act
Corporate structure	Non-share capital corporation (not-for-profit) incorporated under Part II of Canada Corporations Act or pursuant to provincial legislation	Non-share capital corporation (not-for-profit) incorporated under Part II of the Canada Corporations Act or pursuant to provincial legislation
Board Composition and Nomination Process	No fixed formula, other than Directors be appointed by a process acceptable to municipalities and Federal Government. Board is to be composed of representatives of local business and community interests; collectively, board is supposed to have skills in specified disciplines (e.g., air transportation, commerce, law, and engineering). Directors must not be elected officials or government employees. Alberta legislation requires Board to have between 9 and 15 directors (Calgary authorised to have 17 directors to accommodate appointment of two directors by Federal Government); Calgary and Edmonton have agreed to Public Accountability Principles	CAA model retains basic principles applicable to LAAs. In addition, Public Accountability Principles establish specific requirements for CAAs, Board to include: at least one director to represent the interests of business, organised labour and consumers; up to 3 directors nominated by Federal Government; one director nominated by the province; a majority of directors to be nominated by local/regional governments; board itself may nominate no more than 3 directors
Federal Participation in Board	No requirement for federal nominee(s); however Calgary, Edmonton, Montréal and Vancouver now each have two federal appointees on their Boards	Federal Government ordinarily nominates 2 directors but reserve the right to also nominate an additional director to any CAA during a period of subsidization by the Federal Government
Provincial Participation in Board	No formal provision for provincial nominee	Provincial government may nominate one director

Source: Table 6-1. Governance models of LAAs and CAAs (integral transcription) (Tretheway and Andriulaitis 2008, 142)

Annex D. Global-Sectoral Report According to the Referential Approach
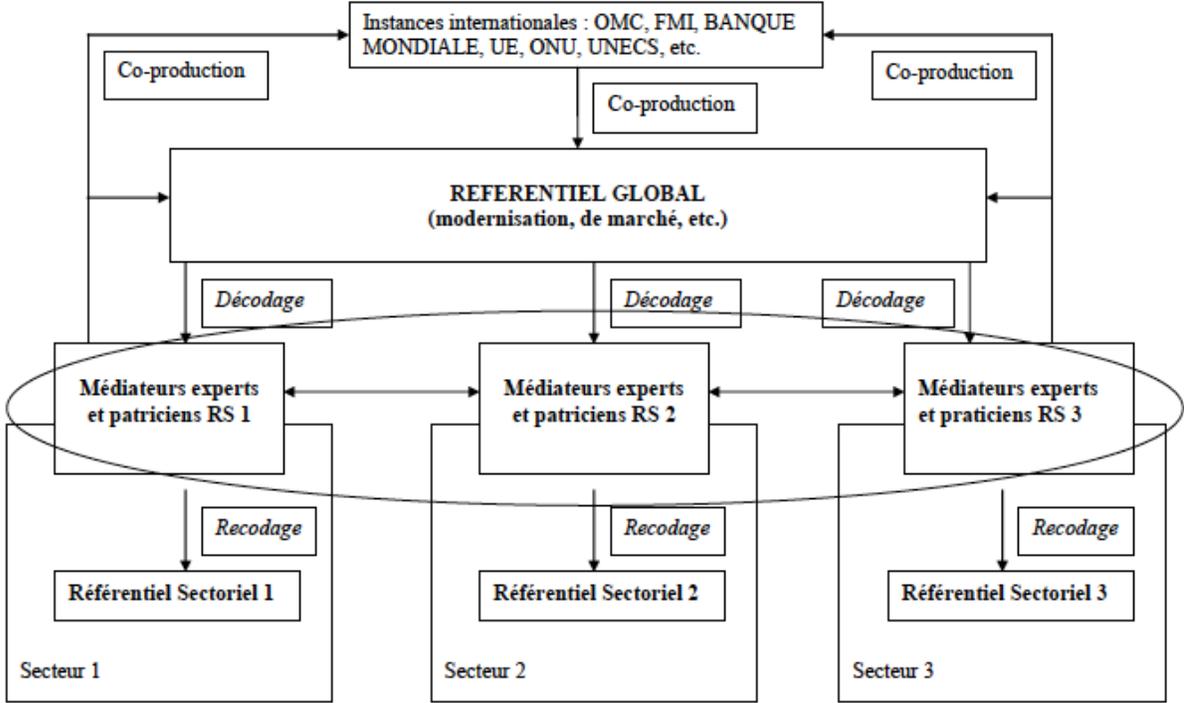
Source: Rapport global-sectoriel selon l'approche des référentiels de politiques publiques (Nahrath 2010, 17)

Annex E. The Nine Freedom of the Air

Nine Freedoms of the Air

1. Overfly
2. Technical stop
3. Set down traffic
4. Pick up traffic
5. Carry traffic to/from third State
6. Carry traffic via Home State
7. Operate from second State to/from third State
8. Carry traffic between two points in a foreign State
9. Operate only in a foreign State
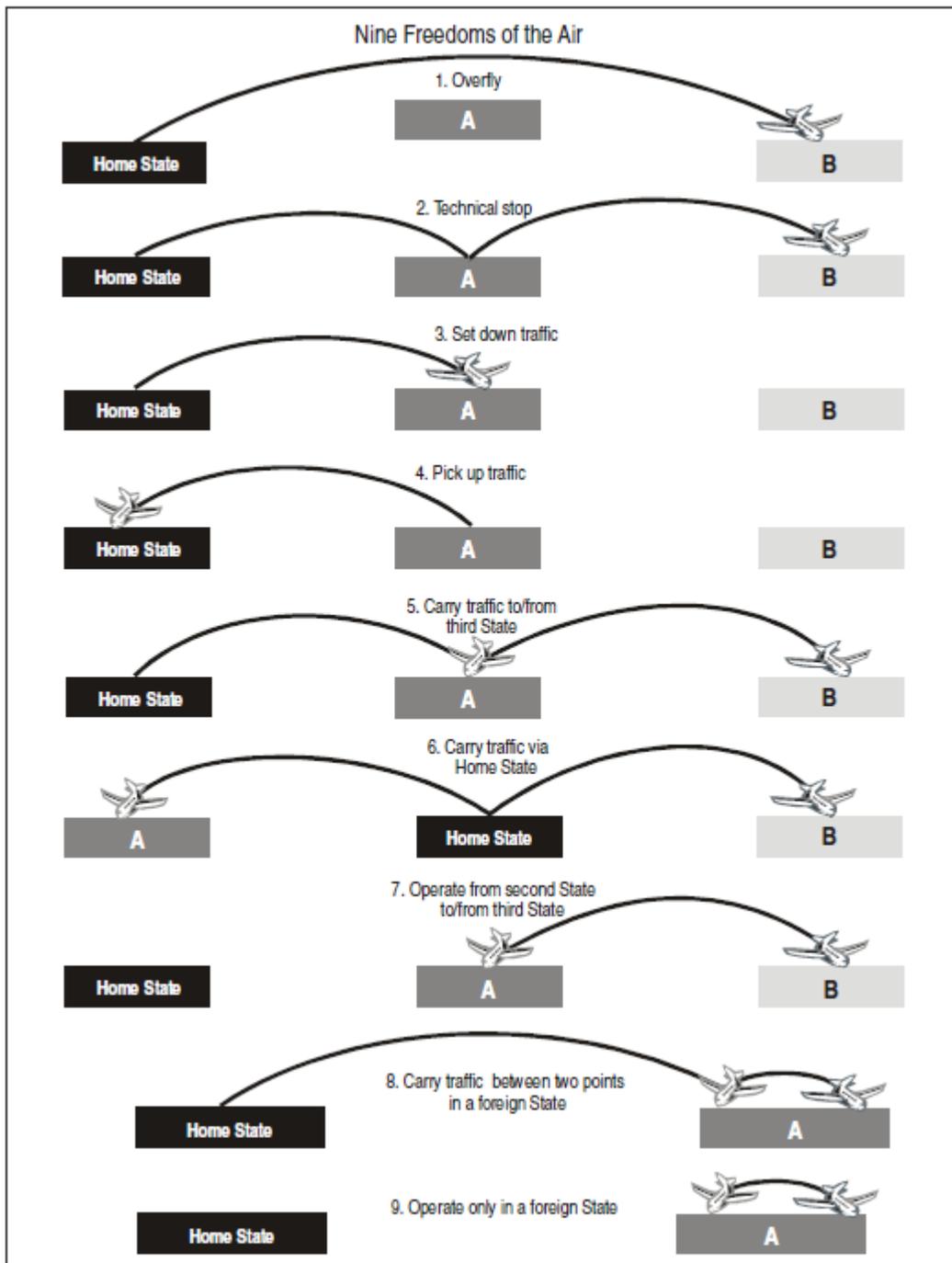
ICAO Doc 9626 page 4.1-9

Annex F. Screenshot of a Google Search: "Commercial Aviation Policy in Canada"
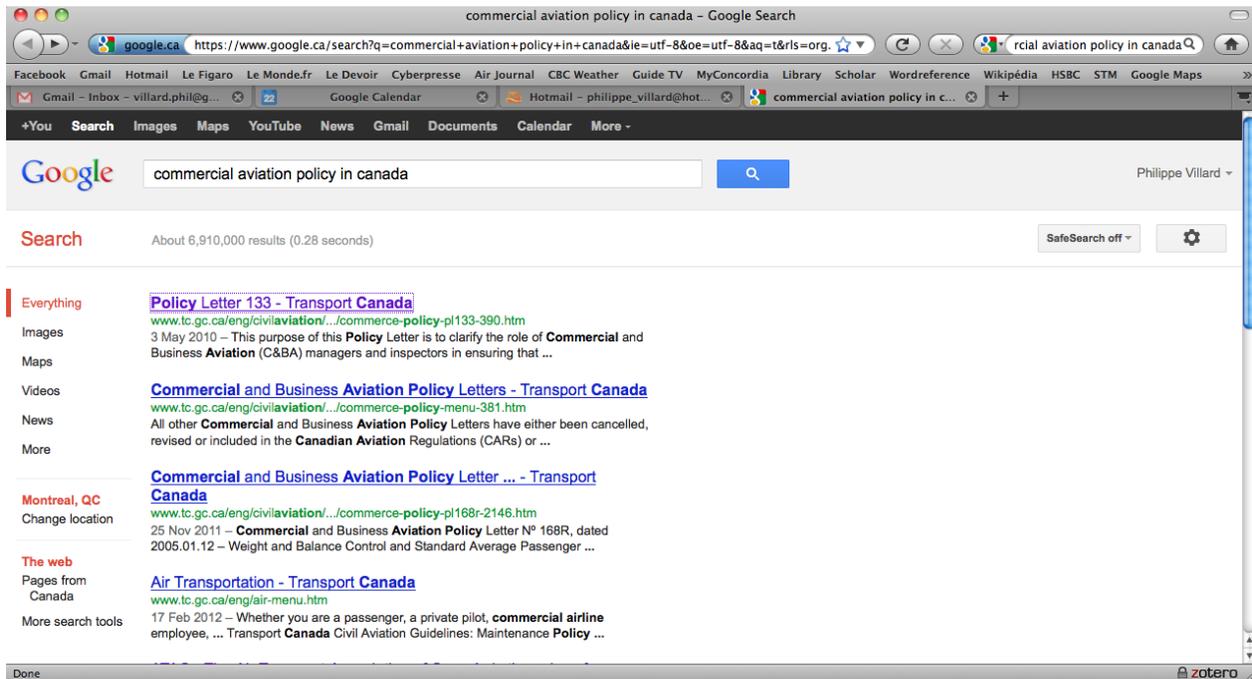
As of 22 March 2012

Annex G. Actor's Perception of where charges and levies go

The figure represents where money is taken and where it goes. The first column represents the different sources of revenues, and the points represent where the money goes. The lines show what the money is actually used for, and thus where it should directly go to ensure a sound and transparent system.
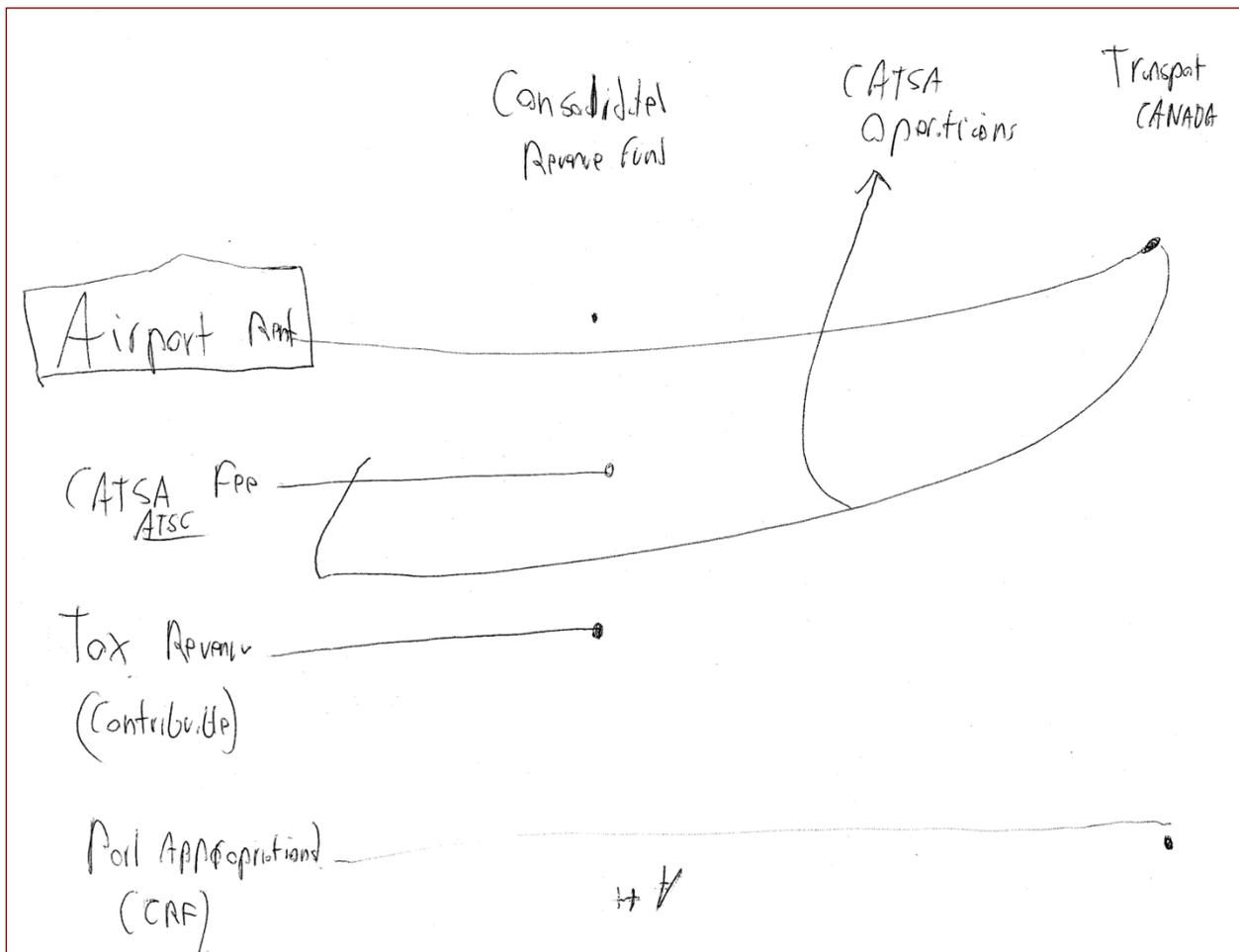
Annex H. List of Interviewees

Airport authorities

      Aéroports de Montréal, senior executive manager
      Aéroports de Montréal, senior executive manager
      Greater Toronto Airport Authority, senior executive manager
      Greater Toronto Airport Authority, senior executive manager
      Greater Toronto Airport Authority, senior manager
      YVR, senior executive manager
      YVR, senior executive manager
      YVR, senior officer
      Port of Bellingham Authority, Bellingham Airport, senior executive manager

Domestic airlines

      Air Canada, senior executive manager 1
      Air Canada, senior executive manager 2
      Air Transat, senior executive manager
      CanJet, senior executive manager
      Sunwing Airlines, senior executive manager
      WestJet, spokesperson
      WestJet, senior executive manager

Foreign airlines

      Air China – Canada, senior officer
      Air France-KLM – Canada, senior executive manager
      Alaska Airlines – Canada, former senior executive manager
      Etihad Airways – Canada, senior executive manager
      Lufthansa – Canada, senior executive manager
      Qatar Airways – Canada, senior executive manager
      US Airways – Canada, senior executive manager

Security

      GARDA, senior executive manager

Government of Canada

      CATSA, senior officer
      CATSA, former legal officer

Foreign Affairs and International Trade Canada, Negotiations and Agreements, senior officer

Transport Canada, Aviation Security, senior executive officer

Transport Canada, International Air Policy, senior executive officer

Transport Canada, National Airports and ANS Policy, senior executive officer 1

Transport Canada, National Airports and ANS Policy, senior executive officer 2

Transport Canada, Airport and Port Programs, senior manager

Transport Canada, Office of the Minister (not in post), senior policy adviser

ICAO

Air Transport Bureau, senior officer 1

Air Transport Bureau, senior officer 2

Delegation of the United Arab Emirates on the Council of ICAO, officer

Professional associations

Canadian Airports Council, former senior executive manager

Canadian Airports Council, senior executive manager

Canadian Airports Council, senior executive manager

Canadian Airports Council, vice-chair of a committee

Canadian Transportation Research Forum, senior officer

Hotel Association of Canada, senior executive manager

IATA North America, senior officer

National Airlines Council of Canada (NACC), senior manager

National Airlines Council of Canada (NACC), member of the board of directors

The Air Transport Association of Canada (ATAC), senior manager

The Air Transport Association of Canada (ATAC), member of the board of directors

Annex I. Abbreviations and Acronyms

ACI   Airports Council International

ACF   Advocacy coalition framework

ANSPs   Air navigation services providers

ASA   Air Service Agreement

ATRS   Air Transport Research Society

CAAs   Canadian Airport Authorities

CAC   Canadian Airports Council

CATSA   Canadian Air Transport Security Authority

CSIS   Canadian Security Intelligence Service

Doc 9082   *ICAO's Policies on Charges for Airports and Air Navigation Services*

Doc 9562   *Airport Economics Manual*

IATA   International Air Transport Association

ICAO   International Civil Aviation Organization

LAAs   Local Airport Authorities

NACC   National Airlines Council of Canada

NAP   National Airport Policy

NAS   National Airports System

OECD   Organisation for Economic Co-operation and Development

RPK   Revenue Passenger Kilometers

SARPs   Standard and Recommended Practices

TIAC   Tourism Industry Association of Canada

TC   Transport Canada

TSA   Transportation Security Administration

UAE   United Arab Emirates

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