

FLIGHTS WITH MIKE

By David A. Watson, Ph.D.

My brother Mike works all over the world, and to get there he quite often has to fly (almost always alone). I travel by air a good bit myself, not as much as he does, but enough for my aging body (and usually also by my lonesome). There was a time, however, when neither Mike nor I had flown by jet, at least when we could remember it, and not by ourselves. In the fall of 1975, we were young teenagers traveling together sans parents from Raleigh-Durham, North Carolina to St. Louis, Missouri and onward to visit relatives for Thanksgiving. We were nervous, but excited, as we boarded the Eastern Airlines jetliner. We shouldn't have worried. Our flight was uneventful; in fact, by today's standards, it was downright luxurious, even in coach. A full meal on a two hour leg, complete with real silverware, china, and linen napkins. Times have surely changed, and much about air travel is actually better now, though serious challenges do remain. Here is a bit of the good (and the not-so-good) news.

Information available from the U.S. Bureau of Transportation and from the Air Transport Association highlights a number of areas where, since deregulation in 1978, the industry has made real progress. First and foremost, with some scatter in the data and accounting for criminal acts resulting in deaths, air travel has become inexorably safer. In fact, over the past four decades, during the jet age, the accident rate per 100 million passenger miles flown has decreased more than 10-fold. Put another way, since deregulation, there has been less than one fatal accident for each two million passenger departures. On a different topic, over the decade of the 1990's, fuel efficiency (expressed as passenger miles per gallon of jet fuel) has increased an impressive 33 percent. All manner of measures of customer service indicate improvement, including decreases in

delayed flights, lost or otherwise mishandled bags, and denied boardings, as well as an increase in on-time arrivals. From the point of view of the airlines themselves, at least, another positive statistic is that the system load factor, the fraction of seats actually filled with paying customers, has increased steadily in the jet age, exceeding 70 percent for the first time ever during the new millennium. Both passenger volumes and the demand for air cargo shipment of goods have skyrocketed. Who could have predicted in 1980 that the market share for the air courier business (FedEx, UPS, and the rest) would double in 20 years? Lastly, data from the FAA indicate that since the mid 1970's, the number of passengers exposed to excessive noise (defined as >65 decibels) while flying has dropped 20-fold.

All the news is not good, however, for the airline industry. Recent events and circumstances have combined to present serious challenges to the health of this sector of the economy. The Air Transport Association projects that net losses for the industry between 2001 and 2003 will exceed net profits for the years 1995 through 2000 (a period of strong growth for the airlines). Given that commercial aviation accounts for eight percent of the nation's GDP and seven percent of our jobs, this represents a very worrisome trend. Revenue growth has been slower for air travel than for other sectors of the economy. This fact, coupled with higher than average employment costs and even a small dip in utilization of air travel by a newly more reticent and slightly financially pinched public, has left the industry searching for a return to profitability. On the other hand, not all carriers are in the red; Texas' own Southwest Airlines is making money. How do they do it? Mainly on the strength of lower labor costs, as well as by negotiating better deals for landing fees, crew hotel rates, commissions on ticket sales (try buying a

Southwest ticket using Expedia, Travelocity, or one of the other on-line services) and other logistic considerations. Perhaps Herb Kelleher's business model deserves further scrutiny by a struggling industry.

Mike and I didn't travel together by air again for many years. Our next flight was early on the morning of September 11th, 2001. Even now, recalling that day puts a lump in my throat and a pit in my stomach. The details of our trip remain etched in both our brains, of that I am certain. Years from now a calcified memory of that horror will be there still, but for me there will always remain an eternally positive thought to counterbalance the blackness. On one of modern civilization's worst days I wasn't alone; I was traveling with Mike.