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The Show that demystifies Economics

Airline Industry - Part 1

The Global Airline Industry: understanding the roots of today's travel industry ©

by Pierre Vercueil

Welcome back to another edition of Economag on EnglishWaves. Today we introduce a brand new theme: the global airline industry. Few inventions have changed how people live and experience the world as much as the invention of the airplane. It has also had a significant impact on the way people conduct business by shortening travel time and altering our concept of distance; it is now possible to easily travel to places once considered remote. Accordingly, the modern aviation industry is a multi-billion dollar one, where the revenue streams and stakes are equally high.

How did airplanes become such an everyday part of our lives? We start with a brief history of commercial aviation. During both World Wars, government subsidies and demands for new airplanes vastly improved techniques for their design and construction. Following WWII, commercial, regional airplane routes were set up in Europe, but intercontinental commercial flights operated as far back as the 1930s. For example, on the 11th of August 1938 a Deutsche Luft Hansa service opened from Berlin to New York, a journey of 6,400km totaling 24 hours and 56 minutes. Commercial long-haul flights only started to become commonplace several decades later, most notably after the birth of the 'jet age', made possible by the invention of the jet engine.

The jet engine made its debut in the Comet, an airplane developed by the British aerospace industry. The Comet was hailed as a great success for British aviation and made its maiden voyage in 1952 between London and Johannesburg, South Africa. The journey of nearly 12,000km took 23 hours and 40 minutes, allowing for five stops at Rome, Beirut, Khartoum and Entebbe (the former capital of Uganda), and Livingstone. But barely a year after it went into commercial service, disaster struck. In March 1953 a Comet crashed on takeoff killing all 11 on board. Two months later another went down a few minutes after takeoff from Calcutta killing all 43 people. The following January another dived into the Mediterranean killing 35. The Comet's poor safety record was put down to metal fatigue – a grave design flaw – and ultimately resulted in the end of the plane's commercial use.

However, the Comet's commercial failure didn't spell the end of long-haul flights. In June 1961 El Al, the Israeli carrier, established the world's longest non-stop commercial flight between New York and Tel Aviv. Indeed, the introduction of ever more frequent, long-distance flights has characterized much of modern aviation, making today's industry an intensely competitive market. In the past, national airline industries were usually government-owned, and although

this is still true in many nations, many of the industry's major airlines are privately held.

In our next episode we'll have a closer look at the current-day global industry. Who flies where? What is the purpose of most commercial flights? How many passengers are served each year? Stay tuned to Economag on EnglishWaves.