

Airlines Industry Overall

- Since the birth of flight in 1903, air travel has emerged as a crucial means of transportation for people and products.
- The hundred-plus years following the invention of the first aircraft have brought about a revolution in the way people travel.
- The airline business is a major industry, relied upon by millions not only for transportation but also as a way of making a living.

- ### Early 20th Century
- Airplanes were around the first few years of the 20th century, but flying was a risky endeavor not commonplace until 1925.
 - In this year, the Air Mail Act facilitated the development of the airline industry by allowing the postmaster to contract with private airlines to deliver mail.
 - Shortly thereafter, the Air Commerce Act gave the Secretary of Commerce power to establish airways, certify aircraft, license pilots, and issue and enforce air traffic regulations.
 - The first commercial airlines included Pan American, Western Air Express and Ford Transport Service. Within 10 years, many modern-day airlines, such as United and American, had emerged as major players.

Mid-20th Century

- In 1938, the Civil Aeronautics Act established the Civil Aeronautics Board, serving numerous functions, the two most significant being determining airlines' routes of travel and regulating prices for passenger fares.
- The CAB based airfares on average costs, so because airlines couldn't compete with each other by offering lower fares, they competed by striving to offer the best quality service.

- The Federal Aviation Agency, now known as the Federal Aviation Administration, was created in 1958 to manage safety operations.

Deregulation

- In the mid-1970s, Alfred Kahn, an economist and deregulation advocate, became chairman of the CAB.
- A British airline began offering exceptionally inexpensive transatlantic flights, awakening a desire for U.S.-based airlines to lower their fares.
- Congress passed the Airline Deregulation Act of 1978, ushering in an era of unencumbered free market competition. The CAB disbanded a few years thereafter.

Late 20th Century

- Post-deregulation, new carriers rushed into the market, and new routes directly connected cities previously accessible only via a string of layovers.
- Fares dropped as competition and the number of customers increased.
- A 1981 air traffic controllers strike brought a temporary setback to the growth, which continued throughout the 1980s.
- Some of the major carriers who had dominated the skies during the middle portion of the century, such as Pan American and TWA, began to collapse in the wake of competition. Such carriers disappeared completely following the Gulf War and subsequent recession of the early 1990s. Surviving airlines rode out the recession and returned to record profitability by the late 1990s.

21st Century

- In 2001, the industry dealt with the effects of another economic downturn, as business travel decreased substantially while labor and fuel costs increased.
- The events 9/11 greatly magnified the airlines' issues, leading to a sharp decline in customers and significantly higher operating costs. Losses continued for years; the industry as a whole didn't return to profitability until 2006.
- A relatively stable period followed, although controversies arose over service quality and passenger treatment in terms of flight delays, particularly those involving planes waiting on the runway.
- In 2010 and 2011, the U.S. Department of Transportation issued a series of rules mandating that the airlines provide adequate accommodations for passengers in extraordinary circumstances.

Asian airline industry

- Philippine Airlines (PAL) was officially founded on February 26, 1941, its license to operate as an airliner was derived from merged Philippine Aerial Taxi Company (PATCO) established by mining magnate Emmanuel N. Bachrach on December 3, 1930, making it Asia's oldest scheduled carrier still in operation.
- Commercial air service commenced three weeks later from Manila to Baguio, making it Asia's first airline route. Bachrach's death in 1937 paved the way for its eventual merger with Philippine Airlines in March 1941 and made it Asia's oldest airline.
- It is also the oldest airline in Asia still operating under its current name. Bachrach's majority share in PATCO was bought by beer magnate Andres R. Soriano in 1939 upon the advice of General Douglas MacArthur and later merged with newly formed Philippine Airlines with PAL as the surviving entity. Soriano has controlling interest in both airlines before the merger. PAL restarted service on March 15, 1941 with a single Beech Model 18 NPC-34 aircraft, which started its daily services between Manila (from Nielson Field) and Baguio, later to expand with larger aircraft such as the DC-3 and Yakovlev Yer-2.

- India was also one of the first countries to embrace civil aviation. One of the first West Asian airline companies was Air India, beginning as Tata Airlines in 1932, a division of Tata Sons Ltd. (now Tata Group).
- The airline was founded by India's leading industrialist, JRD Tata. On October 15, 1932, J. R. D. Tata himself flew a single-engine De Havilland Puss Moth carrying air mail (postal mail of Imperial Airways) from Karachi to Bombay via Ahmedabad.
- The aircraft continued to Madras via Bellary piloted by Royal Air Force pilot Nevill Vintcent. Tata Airlines was also one of the world's first major airlines which began its operations without any support from the Government.

- With the outbreak of World War II, the airline presence in Asia came to a relative halt, with many new flag carriers donating their aircraft for military aid and other uses.
- Following the end of the war in 1945, regular commercial service was restored in India and Tata Airlines became a public limited company on July 29, 1946 under the name Air India.
- After the independence of India, 49% of the airline was acquired by the Government of India. In return, the airline was granted status to operate international services from India as the designated flag carrier under the name Air India International.

- On July 31, 1946, a chartered Philippine Airlines (PAL) DC-4 ferried 40 American servicemen to Oakland, California from Nielson Airport in Makati City with stops in Guam, Wake Island, Johnston Atoll and Honolulu, Hawaii, making PAL the first Asian airline to cross the Pacific Ocean.
- A regular service between Manila and San Francisco was started in December. It was during this year that the airline was designated as the flag carrier of Philippines.



- During the era of decolonization, newly-born Asian countries started to embrace air transport. Among the first Asian carriers during the era were:
- Cathay Pacific of Hong Kong (founded in September 1946)
- Orient Airways (later Pakistan International Airlines) in October 1946
- Malayan Airways Limited (later Singapore and Malaysia Airlines) in 1947
- El Al in Israel in 1948
- Garuda Indonesia in 1948
- Japan Airlines in 1951
- Thai Airways International in 1960
- Korean National Airlines in 1967
