

# AIRLINES IN FREE FALL

Mrs Thatcher will be remembered for many things, not least her total commitment to a market economy. The ethos of Thatcherism was simple: sell off everything, totally deregulate all industries, and let the strongest survive. Novel as this idea was to British politics, it was hardly new. Free enterprise may have been advocated by Scottish economist Adam Smith, but it is as American as the Stars and Stripes. There can be little dispute that this has been a gift of the gods for the American consumer. The free market mean cheaper goods and better value for money, but it also has a price, and that price has been too high for one industry at least.

In 1978, the United States government stripped away the last vestiges of controls from the airline industry; the skies were opened to all comers, and come they did, now they have almost all gone. Today, there are a mere ten airlines in the US, five of which account for three quarters of the market; more than two hundred have literally been shot down by the competition. But even now market forces haven't finished with the airlines, total losses this year are expected to approach \$2 billion, which, incredibly, is actually down from last year's record \$2.4 billion.

Pan Am, which flew its last flight on December 4th, had sold off everything in a desperate attempt to keep the company going, including its Park Avenue skyscraper head office, now Trans World is being dragged ineluctably down the same route; in the New Year it will go through the bankruptcy courts in what some see as a last ditch attempt to restructure its debt. TWA has also been talking with Continental Airlines, but though a merger is definitely on the cards, some commentators are distinctly skeptical.

The only good news from the US appears to be that United Airlines, which recently bought Pan Am's Latin American routes, is now the only airline in the world that can claim to run services to the United States, Europe, Latin America and the Pacific. Its two biggest rivals are American Airlines and Delta.