

Courage to Learn: Airlines & Online Travel Agencies

Due to airline deregulation that began in the late 1970s and lax antitrust policy in the 1980s, the airline industry has consolidated into the control of four major airlines: United, American, Delta, and Southwest. The Obama administration allowed three major airline mergers to occur with minimal objection: United-Continental (2010), Southwest-AirTran (2010), and American-U.S. Airways (2013), and allowed consolidation among online travel agencies. Consolidation causes higher fares, worse service and flying conditions, lower wages, and worse working conditions. By the end of Obama's tenure, his administration attempted to stem harmful market power with needed, but insufficient, consumer protection rules. The Trump administration has continued to undermine the authority to enforce consumer protection rules.

Key Facts

- The market share of the four largest airlines is 76 percent.
- The estimated market share of the top two online travel agencies, Expedia and Priceline, in 2015 was 95 percent.
- The percentage of aviation-related work done by outsourced workers was 30 percent in 2018, up from 19 percent in 2001.
- The decrease in real wages for airport operations support workers, such as baggage handlers, since 2001 is 12 percent.
- Airline baggage fees per passenger in mid-2000s were essentially \$0, but by 2015 they were about \$5.
- Complaints per 1 million passengers for the entire airline industry in 2009 was 9; in 2016, it was 48 for American and United alone.

Key Corporations

- Airlines: United Airlines, American Airlines, Delta Air Lines, Southwest Airlines
- Online Travel Agencies: Expedia, Priceline, Orbitz, Travelocity
- Google (Google Flights)
- ITA Software (owned by Google)

Recommended Policies

- Protect Airline Consumers: DOT should retract its [recent rulemaking](#) and issue consumer-friendly rules on refunds, late baggage, and worker protections.
- Congress and federal regulators should launch immediate investigations into all airline mergers concluded since 2007 to consider unwinding anti-competitive mergers.
- Appoint bold independent regulators.
- Reform the Federal Aviation Administration to prevent a recurrence of the Boeing 737 Max scandal.

Further Reading

- [“Terminal Sickness”](#) by Phillip Longman and Lina Khan, March/April 2012.
- [“The American Way”](#) by Justin Elliott, October 2016.

* * *