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Airline Slump Hurts Queens—Industry's Future Debated At Jamaica Conference

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Paul Stephen Dempsey, vice chairman of Frontier Airlines, said that in the last decade U.S. airlines lost all of the money they have made since the Wright Brothers flew at Kitty Hawk a century ago. (photo by Daniel Hendrick)

The airline industry is in an unprecedented downturn and must take drastic measures to survive, industry experts warn.

Speaking at the first-ever conference at York College's new Aviation Institute on Monday, airline observers said that a prolonged decline in the industry would have serious repercussions in Queens, where LaGuardia and Kennedy Airports are major employers.

"It will have a drastic effect," said Morris Lee, of the Council for Airport Opportunity, an organization that helped place 1,300 Queens residents in aviation-related jobs last year. "The current environment is just not sustainable."

Monday's conference—which brought together airport officials, civic groups, educators, lawmakers and business leaders—was designed to air ideas about how to revitalize the industry.

It also heralded the first public event held by the Aviation Institute, which got off the ground last year with an \$800,000 grant from the Port Authority.

It's hard to underestimate just how bad the current climate is for the industry, according to Paul Stephen Dempsey, a university professor and chairman of Frontier Airlines, which operates in the western United States.

Following the September 11th attacks, U.S. airlines lost \$24 million each day, for a total loss of \$13 billion in 2001—the single worst year for the industry.

In 2002, despite a \$15 billion bailout package from the federal government, the airlines lost an additional \$9.5 billion. For this year, the industry is expected to be another \$11 billion to \$13 billion in the red.

The total loss for the three years, between \$34 billion and \$36 billion, would erase all the profits that commercial aviation has ever made.

That news is bad for the entire country, but particularly in aviation-dependent areas like Queens, where the aviation industry has been one of the largest economic sectors for many years.

According to Port Authority analysts, Kennedy Airport alone generates over 67,000 jobs. Nearly half of those are based off the airport, including jobs in catering, cleaning, security and air freight.

All told, Kennedy Airport creates \$2.5 billion in wages and another \$9 billion

in economic activity in the area.

Exactly what steps the industry needs to take to right itself were among the highlights of Monday's conference.

According to Dempsey, the airlines will likely reduce the number and types of planes they fly and do away with the fixed hub-and-spoke structure used by most airlines. There will also be fewer jobs, as the industry downsizes.

Those changes will make new demands on Queens' workforce, according to Cruz Russell, the director of the Port Authority's Office of Policy and Planning.

Russell said he hopes York College's Aviation Institute will help local residents acquire the skills to keep them gainfully employed in the industry.

Next fall, the Jamaica college will offer two courses in aviation, according to Eric Tyrer, the Aviation Institute's program manager. Eventually, the program is expected to expand into a major course of studies at York College.