

jets that carry 500 to 600 passengers, despite the fact that Airbus is subsidized by some of the European governments. This subsidization has made Airbus more price competitive than Boeing. As a result of government subsidies for Airbus, the United States filed an unfair competitive complaint with the World Trade Organization.

The competitive rivalry in the airline industry left the industry with sizable losses, cash shortages, and forced Northwest, Delta, U.S. Airways, and United into bankruptcy. When one airline eliminated a route or downsized, another airline jumped into the void, which raised the question per Porter's model as to whether the major airlines can restructure and return to profitability. In the airline industry, barriers to entry are weak to moderate with the intense competitive rivalry, with uncontrollable threats from external risk factors, and with any number of possible scenarios among the different business models, all of which makes forecasting difficult for each airline within an industry where it is difficult to analyze and to predict the future. Can the majors survive, maintain their position, downsize, consolidate, and recover?

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