

In addition to job cuts, Continental plans to cut routes by 16 percent and ground airplanes this fall. Helene Bowman is changing plans -- not planes -- for her summer vacation.

As air fares soar, the Stockton resident said yesterday she plans to spend time closer to home instead of catching rays in Florida.

"The price of the flights are holding at a pretty high rate, and they are surcharging for fuel," said Bowman, who was on her way to the airport for a business trip. "We can't just put the family on a plane and go." And it's not just fares. Air travelers are getting nickel-and-dimed with fees on everything from baggage to ticket exchanges, as airlines deal with what Continental Chief Executive Larry Kellner termed Thursday an industry in crisis.

Continental, which controls about 70 percent of the traffic at Newark Liberty International Airport, said it would eliminate 3,000 jobs, cut routes and ground airplanes to cope with soaring fuel prices that have made some of its flights unprofitable.

The steps follow similar moves by other airlines and have many experts wondering if the current age of air travel -- one that made it affordable to almost anybody -- is ending.

"It's no longer who has the lowest fare, it's who has the least number of fees," said Tom Parsons, chief executive of Bestfares.com, an airfare website in Arlington, Texas.

For decades, only the wealthiest could fly. Following fare deregulation in 1978, upstart carriers such as People Express emerged, allowing customers to fly for about the price of a bus ticket. The democratization of the skies continued with a wave of discount carriers such as Southwest and JetBlue offering dirt-cheap fares and daring the bigger carriers to match them.

Now, airlines are ditching their least profitable routes and planes, which reduces the number of available seats for sale. As a result, millions of passengers who gained mobility with low fares will be out of luck, said George Hoffer, professor of economics at Virginia Commonwealth University.

"As airlines take capacity out -- what goes?" he said. "The cheap seats."

So far, summer reservations have not waned, travel experts said. Continental, for example, reported its passenger traffic increased 1.8 percent last month.

"These results illustrate that passenger travel demand is still strong despite recent fare increases," said Standard & Poor's analyst Jim Corridore.

The airline industry is expected to report combined losses of \$6.1 billion this year, the worst since 2003, due largely to soaring fuel costs, according to the International Air Transport Association, a trade group. Airlines earned profits of \$5.6 billion last year, the first year in the black since 2001.





"At \$134 oil and climbing, the need for drastic, unprecedented capacity reductions and fare increases is extreme," said Jamie Baker, an airline analyst for JPMorgan.

But the airlines are caught in a vise. They have to implement measures such as the \$15 fee for the first piece of luggage announced by American Airlines recently. On the other hand, passengers are likely to rebel.

"I was on an American flight recently, and people were talking about how they won't fly American anymore," said Michael Boyd, airline analyst and chief executive of the Boyd Group, an airline consulting company in Evergreen, Colo.

American Airlines said customer response has been limited.

"People do seem to understand that it's a matter of survival for us," said American Airlines spokesman Ned Reynolds.

Last month, Continental became one of several carriers to charge extra when passengers check a second bag.

"The majority of our customers don't check a second bag, and didn't before the second bag charge was implemented," said Mary Clark, a spokeswoman for the Houston-based carrier. "In general, customers understand the impact the high cost of fuel is having on our operations and the need to find ways to defray the cost."

Fuel surcharges, meanwhile, are causing fares to jump. Airlines have raised fares an average of \$340 round-trip this year on flights of 1,500 miles or more, said Carl Schwartz, director of marketing for Cheapflights.com, a Boston travel website.

"We've seen 13 big fare increases this year," he said, including a \$60 roundtrip hike by major airlines a week ago. Air fares for leisure travelers flying out of Newark soared 38 percent since early June of last year, said Bob Harrell, president of Harrell Associates, a New York travel consulting firm. Business fares, most of which involved Continental flights, rose 13 percent.

Some routes served from Newark with the biggest price increases include Nashville, up 178 percent from a year ago, Savannah, up 163 percent, and Charleston, S.C., up 120 percent, according to Bestfares.com.

As for the future, don't be surprised if carriers start charging customers who want access to their club lounges, if they are not already a frequent flier member, said Raphael Bejar, chief executive of Paris-based Airsavings, which supplies services to airlines around the world. They could also make money by charging for mid-air internet access, he said.

Airlines will continue to charge for perks similar to the way European no-frills airlines have sold their seats, he said. Some carriers already charge up to \$20 extra if customers want to book a flight over the phone or at the airport counter or as much as \$11 for reserving a certain seat, he said.

"No word yet on the rumor that airlines are installing subway straps at the back of the plane," he said.

