

either in the form of enhanced frequency in markets already served or entry into markets where it has to compete directly with both Air Canada and Canadian Airlines International.

Carrier	Domestic (South)		Domestic (North)		Transborder		International	
	1988	% change	1988	% change	1988	% change	1988	% change
Air Canada	297653	-1.4	1000	0.0	33525	1.9	16520	-4.3
Affiliates	80328	37.4	18242	92.2	5727	73.3	0	NA
<i>Total</i>	<i>377981</i>	<i>12.2</i>	<i>19242</i>	<i>83.4</i>	<i>39252</i>	<i>8.4</i>	<i>16520</i>	<i>-4.3</i>
Canadian	287715	4.6	37598	-8.8	8216	-13.7	11415	22.9
Affiliates	103682	142.7	28413	96.1	1738	282.0	0	NA
<i>Total</i>	<i>391397</i>	<i>23.1</i>	<i>66011</i>	<i>18.4</i>	<i>9954</i>	<i>-0.3</i>	<i>11415</i>	<i>22.9</i>
Wardair	58862	107.7	0	NA	0	NA	11295	109.7
Independents	50284	-31.3	24164	-27.1	3365	9.2	1555	94.6
Total	87524	12.7	109417	10.1	52571	6.7	40785	24.6

TABLE 4

Second Quarter 1988 Changes in Total Scheduled Departing Seat per Week Compared with Second Quarter 1987<sup>73</sup>

## 7 The Possible Lessons of Gradualism

The changes in Canadian aviation policy, at least in the southern part of the country, have created a deregulated domestic industry akin to that found in post-1978 U.A.S. and similar to that some parties advocate for Europe<sup>74</sup>. There are still differences but the main difference was in the way the deregulation was achieved. It was by gradualism. Whether this is in the longer term to be preferred to the more dramatic shift in U.S. policy is not easy to assess, after all the Canadian reforms were enacted with the experiences of the U.S.A. as guide-lines. Some general points do seem, however, to emerge and to indicate differences in both the short and long term effects of the two strategies.

Gradualism has given the opportunity for the Canadian airlines to adjust their fleets in a systematic fashion rather than be confronted with the types of shortage of suitable aircraft which

<sup>73</sup> From Table 4A of *Aviation Industry Review: Second Quarter 1988*, op cit.

<sup>74</sup> For instance, D. Sawers, *Competition in the Air - What Europe Can Learn from the U.S.A.*, (Institute of Economic Affairs Research Monograph 41; London, 1987).