

1)⁵⁷. In particular, the formation of Canadian Airlines International through mergers has meant a genuine competitor to Air Canada exists on all major routes.

In more detail, the important mergers and acquisitions in recent years were CP Air's acquisition of Eastern Provincial Airways Inc. in 1984 and the subsequent merging of the two to become Canadian Pacific Air Lines two years later. The company then acquired a 99% holding in Nordair by the middle of 1986 with a formal merger resulting the following year. In turn, Canadian Pacific Airlines Ltd was purchased by the Pacific Western Airlines Corporation and the undertakings merged in 1987. As a product of the earlier merger with Nordair, this also gives Canadian Airlines International Ltd. a 35% share in Quebecair, now conducting business as Inter-Canadien with links to Nordair-Metro and Quebec Aviation. *En route* to this conglomerate of airlines, a number of third-level carriers were also taken over, e.g. Canadian Pacific Air Lines acquired Air Atlantic in 1986, while Air Canada acquired Air B.C., and a majority shareholding in Air Ontario and Austin Airways in 1986.

Airline	Domestic Market Share (% Revenue)
Air Canada	50-55
Canadian Airlines International	35
Wairdair	7
Small Regionals	Remainder

TABLE 1
Share of the Domestic Canadian Aviation Market (1987)

The airlines anticipating the ultimate liberalization of markets, and with the benefit of hindsight from the U.S. experiences, attempted to form themselves into hub-and-spoke style operations similar to those which now dominate American domestic aviation operations. Essentially, the aim of the mergers was to ensure a powerful market position with good feeder services to their main hubs. The objective was, therefore, to try to exploit economies of density to the maximum. In particular, acquisition of local airlines was seen as a quick means of attaining control over the vital feeder services - see Table 2 for details of the resultant ties between the two largest scheduled operators and their affiliates.

⁵⁷ E.g. see, Gillen, Stanbury and Tretloway, 1988, *op cit*.