



Figure 9: Comparison of Airline Yields, 1989

- An analysis of economies of scale indicates that both Air Canada and CAI have achieved the size necessary to exploit most available economies.⁴³

Larger traffic levels, while perhaps desirable for other reasons, are not likely to bring about significant cost reductions from exploitation of economies of scale.

Conclusion. None of the measures taken in isolation is conclusive. Moreover, they are average cost measures covering an airline's entire operations and do not reflect

⁴³ D.W. Gillen, W.T. Stanbury and M.W. Tretheway (1989), "Duopoly in Canada's Airline Industry: Consequences and Policy Issues," *Canadian Public Policy*, Vol. XIV(1), pp. 15-31.