

expanded in 1967, 1970 and 1974 before being removed in a staggered fashion between 1977 and 1979.

In practice, the regime exercised no small influence over the relatively stable nature of the industry during this period, with only a certain amount of shuffling of routes and services and a limited number of mergers taking place between the incumbent airlines.

The early 1960s, and in particular the appearance of the report of the MacPhearson Royal Commission in 1961,¹¹ saw some changes in attitude towards transport regulation. The main concerns were the problems that the railroads were having in recovering costs in the face of mounting competition from the trucking industry. Although primarily concerned with surface transport, the MacPhearson Commission's view that "most of the ills which beset transportation in Canada are caused by the failure of public and private attitudes to adjust to the realities of competition" led to a more general reassessment of policy.

While there had in fact been some slight *de facto* relaxation of entry controls between 1957 and 1963 when Canada had a Conservative government, these were comparatively minor and short lived. To all intents and purposes, the traditional forms of control continued almost unchanged until 1967 and the enactment of the National Transportation Act which created the Canadian Transport Commission¹². The underlying philosophy of the change was to create a regulatory agency which transcends traditional modal boundaries and thus serves a wider co-ordinating function than the old regime. The stated objective of the act was to provide, "an economic, efficient and adequate transportation system making the best use of all available modes of transportation at the lowest possible cost." The Air Transport Board was replaced by the Air Transport Committee of the commission and this had overlapping membership with boards concerned with other modes. The committee operated under a rather general criteria. The decision on whether to grant a route application, for instance, depended upon whether the service, "is and will be required by the present and future public convenience and necessity". The committee was intended to have more autonomy than the old board but the federal government (Governor-in-Council) could still, under Section 64 of the act, change or rescind its actions. Further a degree of governmental suasion could be exercised in that the Canadian Transport Commission was meant to adhere to government policy statements when making its decisions.

The need for change in the aviation field was brought about by the recognition that the market for discretionary travel was expanding and there was a need to cater for such travellers. The initial

¹¹ *Report of the Royal Commission on Transportation* (Queen's Printer, Ottawa) 1961.

¹² Responsibility for safety matters is the province of Transport Canada.