

balance is maintained. Communications have always played a pivotal rôle in helping to maintain this balance. In order to avoid excessive fragmentation and to retain the idea of a single country, the federal government has been particularly active in promoting a national transport system.

By international standards Canadian aviation has, given the comparative youth of the technology, a fairly lengthy history. From 1919 local air services were initiated although, unlike the industry which developed later, but grew more rapidly from 1925 around mail contracts, in the U.S.A., long distance, trans-continental services were very slow to emerge. It was to provide a schedule coast-to-coast service, without the need to go via the United States, that the federally-owned Crown Corporation, Trans Canada Airlines (subsequently from 1964, Air Canada) was founded under the Trans Canadian Airlines Act of 1937<sup>8</sup>. It subsequent became very much a 'preferred vehicle' in the pursuit of the government's transport goals.

Private sector involvement in aviation was mainly on local routes and in the remote areas - Trans Canada Airlines having a protected monopoly on trans-continental routes. In 1933, Canadian Pacific Railways planted the seed for a major second string national airline by buying into the Winnipeg based Canadian Airways and subsequently, by merges and acquisitions of small carriers formed Canadian Pacific Airlines in 1942 (which from 1968 became CP Air). In addition, there were a number of regional carriers (reduced to five major regional by the mid-1970s, i.e. Pacific Western Airlines, Nordair, Eastern Provincial Airlines, Transair and Quebecair) which gradually developed after 1945 through both natural growth and acquisition and merger<sup>9</sup> to meet local market needs. These were often started to provide services to remote communities ('bush services').

There is a further important component of the Canadian aviation industry. Charter services gradually began to develop in the 1950s and grew considerably in the 1960s. The regional carriers have traditionally been active in this market which is less regulated than scheduled services. Wardair, the largest specialist charter concern, was formed in 1953 to offer services in the Northwest Territories and expanded into international charter operations in 1961. In 1979 it obtained licences to operate domestic, non-schedule intercontinental services.

<sup>8</sup> The first route was Montreal-Vancouver which was initiated in 1938

<sup>9</sup> Mergers were particularly common under the regulated regime which existed and the five regional carriers were actually formed as a result of at least 20 mergers between 1947 and 1966, see W.A. Jordan, 'Results of U.S. airline deregulation: evidence from the regulated Canadian airlines', *Logistics and Transportation Review* 22, pp.297-337, 1986