

etc. as seats are taken up. They are open, however, to abuse in several ways⁶⁸. For instance, explicitly, the system can present information in such a way that the parent airline's services are favoured. Implicitly, the parent airline can glean information on the demands for rivals' services which are being booked through the system. There are also 'halo' effects which are rather vague in their nature but embrace such things as agent loyalty induced by vendor training programmes, back-up services, etc.

Air Canada's 'Reservec' system had formerly dominated the market, with 85% of automated travel agents linked to it, while Canadian Airlines International's 'Pegasus' had 15%. Many Canadian Airlines International tickets, therefore, were sold through Air Canada's system giving the latter advantages in information collection but also the Reservec system was bias against Canadian Airlines International's services in the sense that its information on the latter's flights was 48 hours old.

When in 1987 the two airlines combined their systems they formed 'Gemini' which is now used by about 90% of agents. The remaining 10% share is dominated by American Airline's 'Sabre' system which is used by a number of large travel agents, especially those with substantive trans-border traffic. Because Gemini does not provide Sabre with details of Air Canada's and Canadian Airlines International's last minute seat availability many travel agents must subscribe to both systems. Rather perversely, American Airlines, while in conflict with Air Canada over this matter, is cooperating with the Canadian airline in terms of developing interlining connections at the new terminal being completed at L.B. Pearson Airport.

The merging actually took place despite the fact that the Canadian government had implicitly assumed two competing computer reservation systems would remain when accepting the creation of Canadian Airlines International. In the early part of 1988, hearings were called before the federal Competition Tribunal, initiated by the Director of Investigations and Research of the Department of Consumer Protection and Corporate Affairs who is seeking to dissolve the Gemini system.

Wardair was offered the chance to join the Gemini system but declined, possibly because of unfavorable terms. Instead it is a 'participating carrier' in the system and a hosted carrier in the American System One of the Texas Air Corporation. This puts the operator at a serious competitive disadvantage in the market for scheduled services.

⁶⁸ For a detailed analysis see, U.S. Department of Transportation, *Study of Airline Computer Reservation Systems* (General Accounting Office: Washington), 1988.