

different market segments. Overall, it was estimated that the benefits to air travellers of having more services tailored to their needs and their particular financial position generated savings of about \$6 billion (in 1977 prices)²⁹. Further, accident rates, and these are particularly difficult to evaluate in the short term, showed no significant deviation from the generally falling, historical pattern³⁰. There was also evidence that smaller communities, despite significant changes in the types of service being offered, were not seriously adversely affected by the change³¹.

While the impact of regulatory reform provided encouragement for those in Canada favouring similar moves - these being most notably consumer groups (e.g. the Consumers' Association of Canada), Consumer and Corporate Affairs Canada, the majority of the academic community and, from 1983, the Liberal Minister of Transport³² - others were less enthusiastic. They suggested some caution was appropriate in taking the U.S. experience too completely. It was, after all, only the short term effects which had materialized by this time.

Further, significant differences existed between the U.S. and Canadian aviation markets. The former was much larger and the market much more diverse. In particular, the Canadian route structure is largely linear (East-West) and there is only one major hub on a par with the large ones in the U.S.A., namely Toronto. Linked to this is the limited number of high density routes in Canada - for example, in 1985 45.4% of all domestic air travel was concentrated on 25 markets.

Additionally, the airlines differ in scale. An estimate of the combined revenues of the main U.S. carriers in 1982, for example, was \$35.6 billion compared with \$3.1 billion for Canadian airlines³³. There are also, relatively, far more 'thin' routes in Canada than in the U.S.A. The Canadian airlines are themselves small relative to the main U.S. carriers and the Canadian aviation industry is much more concentrated³⁴. The U.S. industry has also always been entirely privately owned and not been the subject of public ownership at either the national level (as with Air Canada) or the provincial/state level (as with many of the regional carriers). Public

²⁹ S.A. Morrison and C. Winston, *The Economic Effects of Airline Deregulation* (Brookings Institution; Washington) 1986.

³⁰ W.J. Jordan, 'Economic deregulation and airline safety', in *Proceedings of the 21st Annual Meeting of the Canadian Transportation Research Forum*, (CTRF; Vancouver) 1986.

³¹ Bailey, Graham, and Kaplan, 1985, *op cit*.

³² Oum and Tretheway, 1984, *op cit*, especially pp. 276-277.

³³ D.W. Gillen, T.H. Oum and M.W. Tretheway, *Canadian Airline Deregulation and Privatization: Assessing Effects and Prospects*, (Centre for Transportation Studies, University of British Columbia; Vancouver) 1985.

³⁴ Gillen, Oum and Tretheway, 1985, *op cit*, for example, point to the fact that in 1982, the largest U.S. carrier, United Airlines accounted for 13% of the industry's revenues and 14% of its revenue tonne kilometres whereas Air Canada accounted for 56% and 53% respectively.