

and for charter services, their development is intricately linked. Their philosophical premise has moved from highly regulated toward more liberal regimes of control.

In 1964, government policy attempted to promote growth in the industry without competition. Internationally, Canadian carrier services would not be "competitive or conflictual" and were intended to represent an integrated plan with a clear division of fields of operations. At the same time new domestic services would be managed so that mainline "competition would not compromise or seriously injure TCA operations" and there would be a role created for regional carriers which could operate without government subsidy.

By 1965 a further statement defined the areas of the world where Air Canada and Canadian Pacific Airlines would be allowed to operate so that "neither airline would serve any point served by the other." This policy also envisioned that cooperation should be established between the two carriers so that, to the extent possible, their initiatives would support the carriage of passengers on Canadian carriers.

In 1966 Canada moved to define the role that regional carriers were expected to play, relaxed charter rules and allowed the regulatory body to determine which domestic routes should be transferred to the smaller regional carriers (Eastern Provincial Airlines, Quebecair, Nordair, Transair, Pacific Western Airlines). Internationally, in the assignment of new routes to the U.S., the policy entrenched the principle that any change to route assignments which resulted in the diversion of traffic from one carrier would be accompanied by a balancing of that loss by the creation of an equal opportunity for the carrier suffering the diversion.