Mr. VANIK. The matter of costs is something that should be more the concern of Treasury. If the average traveler brings over something more than $100, the administrative costs are there, anyway, and just taking away the exemption would mean closing up this little bit of loss of revenue for that portion of it that would come within the $100 limitation.

This is not a serious issue, is it? Really?

Mr. FRANKEL. No; if you are qualifying it as not being serious I must agree that this is not a serious issue.

Mr. VANIK. Your complaint about the 5-percent tax is made in restrained terms if I gage the statement correctly. I have always felt that it is discriminatory to all the other taxpayers to make the great many people who never ride airlines at all contribute to the cost of developing the supersonic jet. I have sponsored legislation here in the past in which I felt that a 5-percent tax ought to be imposed on people who travel fast and want to travel faster so that they become the select group of people that ought to contribute as prime beneficiaries to a commercial aircraft development fund, and it seems to me that this 5-percent tax is a modest contribution that should be made by a special group of travelers who are distinguished from the general public.

Perhaps 99 percent of the people will not have the benefits at all of supersonic travel and it is sort of unfair to impose the burdens of this development on all of the people when only a small portion of the population will ever get the benefit.

Is your point on the 5-percent tax something that the industry could live with?

Mr. FRANKEL. Well, putting it bluntly, I presume we could live with anything if we had to.

Mr. VANIK. As distinguished from the per diem tax this would certainly be easier to take?

Mr. QUINN. If I may, Congressman, our position is that the combination of the transportation tax plus the reduction on duty-free allowance tends in our design, according to the Treasury's presentation, to discourage travel. In that respect, we think they are objectionable.

Mr. VANIK. We took the tax off luggage a few years ago and that should have been an incentive. Maybe we shouldn't have been so hasty about anything like that. A small 5-percent tax on the airline fare and certainly taking away a $100 exemption isn't going to depreciate anybody's interest in travel.

Do you think that is going to be substantial?

Mr. QUINN. It is difficult to measure its effectiveness. I think it would have a cumulative effect and therefore to our mind it is objectionable. The only rationale used by the Treasury Department to justify imposing a 5-percent transportation tax was that there is one now for domestic travel.

Mr. VANIK. Well, I can't see that that is going to discourage very many people if you impose a 5 percent tax, particularly when it makes only a small contribution toward the general taxpayer's expenditures to develop commercial air traffic techniques and controls.

It is not even paying its way. It is making a very minor contribution to the cost of the general taxpayer. Let me go to the next point.