

tation is sold through travel agents or almost double the domestic rate.

With the proper incentive a travel agent could afford to create more domestic travel. The present domestic commission structure simply does not allow travel agents to promote domestic travel profitably except in certain exceptional cases.

ARTA has instructed its attorney to petition the CAB to increase domestic commissions on an incentive basis. We call it the domestic incentive override, DIO. Under this plan, a travel agent would be given a special 10-percent bonus for any increase in the sale of domestic air transportation over the previous year. It is economically feasible for the airlines to provide the bonus without increasing the fares to the public because the cost breakeven point is not materially affected by the prospective sales increase. This incentive plan will be an effective way to persuade Americans to travel within this country. However, it will also preserve their freedom of choice.

In conclusion, the freedom of Americans to travel should not be impeded, the free flow of commerce should not be tampered with, the travel industry should not be penalized, the Government should take a positive rather than a negative approach to the dollar gap problem.

Mr. Fowler's plan is a backward step which we Americans cannot afford to accept.

The Wall Street Journal recently made the following observation: "For the errors of their governors the people will pay, not only with their money, but with their freedom as well."

Our association has every hope that this forecast will not become a reality.

The CHAIRMAN. Mr. Grimes, we thank you for your statement.

Mr. LoFrisko, do you have a statement?

STATEMENT OF ANTHONY F. LOFRISCO, ATTORNEY, ASSOCIATION OF RETAIL TRAVEL AGENTS

Mr. LOFRISCO. Yes, Mr. Chairman.

The CHAIRMAN. You are recognized.

Mr. LOFRISCO. Mr. Chairman, I am the attorney for the Association of Retail Travel Agents.

Mr. Chairman and members of the committee, I wish to express my thanks for this opportunity to address the committee. I shall address myself to a single point; namely the control by the Government of travel agents commissions particularly as they relate to domestic air passenger transportation.

My purpose is twofold. First, I would like to explain the steps which the Association of Retail Travel Agents will take in order to have its domestic incentive override plan put into effect. Second, I think it will be helpful for this committee to have an explanation of the relationship between travel agents and the Government as it relates to air passenger transportation.

The president of ARTA, Mr. Grimes, has outlined the association's plan, known as DIO. Under this plan it is proposed that travel agents be given an incentive to sell domestic air transportation.

This plan is needed not only as an incentive but as an economic necessity to enable travel agents to sell domestic transportation profitably.