

A substantially greater percentage of international air transportation as compared to domestic air transportation is sold through travel agents. The reason for this is simply one of economics.

Thus, a travel agent who sells a point-to-point ticket between New York City and California earns a commission of 5 percent on an average of \$250 or approximately \$12.50. If that same agent sells a point to point ticket between New York City and Rome he will earn 7 percent of approximately \$450, or \$31. The commission on the international ticket thus would be 150 percent higher than the commissions on the domestic ticket.

Even at the international rate of commission many agents are just barely able to make ends meet. So unprofitable is the domestic commission scale that a substantial number of agents although authorized to sell domestic tickets either refuse to do so or sell them as an accommodation to their clients.

The object of the DIO program is to equalize the differences between the commissions on international air transportation and domestic air transportation.

In order to attain this goal it will be necessary to obtain the approval of the CAB. This is so for the reason that the CAB in effect controls the rate of commissions payable to airlines to travel agents.

This applies to domestic as well as international commissions.

This control by the CAB is based upon its authority to grant anti-trust immunity to agreements among airlines. Thus, the agreements among the airlines which provide for the payment of an identical commission to each of its agents is immune from any antitrust attack if given CAB approval. In conferring its approval, the CAB can and does condition such approval upon certain changes in the agreement submitted by the airlines including commissions. In this way the CAB sets the commission rate payable to travel agents for the sale of international as well as domestic air transportation.

It is presently anticipated that the Association of Retail Travel Agents shall shortly petition the CAB to amend the travel agent's commission structure so as to give effect to ARTA's DIO proposal.

If the CAB grants ARTA's petition the DIO plan will undoubtedly have a substantial effect in promoting travel within the United States, thus the travel gap as well as the dollar gap could be narrowed.

It is respectfully submitted that this reliance upon the free enterprise system is a better solution to the dollar gap problem than the proposal that Americans be restricted in their freedom to travel.

The CHAIRMAN. Thank you also for your statement, both of you representing the Association of Retail Travel Agents.

Are there any questions of these gentlemen?

Mr. BYRNES. Mr. Chairman.

The CHAIRMAN. Mr. Byrnes.

Mr. BYRNES. Can one of you gentlemen tell me what a retail travel agent is? Is there a wholesale travel agent too?

Mr. GRIMES. Yes, there is. Our association exclusively represents small retail travelers.

Mr. BYRNES. Who are they? What do they do? Where is the distinction?

Mr. GRIMES. They have these little ticket offices all over the place where they sell to the public. There is also such a thing as a tour op-