

Mr. GRIMES. There are some other problems, too, but it is so complex I did not want to get started with it, frankly.

Mr. BYRNES. Are the commissions paid by the airlines for domestic travel a flat 5 percent?

Mr. GRIMES. Yes, point-to-point travel is 5 percent.

Mr. BYRNES. No matter whether it is a point in the United States to a point in Europe, or is it just point to point within the United States?

Mr. GRIMES. Point to point within this country, it is 5 percent.

Mr. BYRNES. That is standard?

Mr. GRIMES. That is standard.

Mr. BYRNES. That is fixed by the CAB?

Mr. GRIMES. That is right.

Mr. BYRNES. So your point is that that does give you some encouragement to try to sell somebody a package or a trip that would take him outside the United States.

Mr. GRIMES. If we are talking about a package tour. Now, a commission on package tours is 10 percent. The air transportation in connection with a package tour is 10 percent also. There is no differential in that part of it between domestic and international. I will try very hard to explain the difference. There is more than the difference in commission which makes it easier to sell foreign transportation. There is also the simple fact that it is easier to make up a package tour for Europe and for the very obvious reason you have five different countries, five different languages. It is easier to sell that kind of package to an American who does not speak the language. Domestically—someone asked before why are there not as many package tours in this country. The reason is obvious, because here you always speak the same language, you don't have the same problem as you have in Europe. In addition to that, you have credit cards which prevent many travelers from paying the whole amount of their vacation in advance.

Mr. BYRNES. You mean it makes it unnecessary to pay it in advance?

Mr. GRIMES. Makes it unnecessary, yes. The problem is that the rules by the ATC, which is the combine of domestic air lines which makes the rules for commissions, insist that in order to get 10 percent on a domestic tour it has to be entirely prepaid. That is one of the difficulties, you see, within this country. We have been trying to convince them to change the rule to 2-day deposit because it is awfully difficult to convince a client to pay 3 weeks in advance.

The same criteria is not true going abroad. This point has been brought up before. I thought I would clarify this. The problem is not merely the differentiation in commission. That is part of it. But also marketing and the climate is easier for selling foreign tours.

An example is a tour operator who wishes to have a foreign tour package of Europe. The airline that he works with will buy from him a thousand number of his folders, thus helping him to defray the expense of it. But domestically this is not possible. This is one reason why the rules domestically are more rigid than internationally.

It is not only the question of the difference in commission, it is also the difference in climate and the difference in approach between the domestic airlines and the international airlines. And I think the committee should understand that.