

Mr. BYRNES. Now, if you are an agent and somebody comes in and they say they want to go to London, is there any advantage in your trying to convince them to go BOAC, or some other British line, as against an American line? Is your commission the same?

Mr. GRIMES. No, there is no advantage, none whatsoever. There is no advantage whatsoever. The commission rate is the same by each airline, exactly the same which, of course, holds true domestically too. This is why our D.I.O. approach for the first time brings in the element of incentive in this business which has never been there before. It was always the same.

Mr. BYRNES. I can see the encouragement for a travel agent, with respect to somebody that comes in and wants to talk to you about taking a vacation, to encourage him to at least go to some point outside the United States because your commission is going to be bigger, is it not?

Mr. GRIMES. That is right.

Mr. BYRNES. Now, when you sell a tour then you say your commission jumps up to 10 percent?

Mr. GRIMES. Yes. When you sell the package tour, the ingredients of a package tour must be not only the air, but sightseeing, hotels, meals and what have you. The other ingredient is that it has to be prepaid completely in advance. Now it is far easier to sell this type of package to someone going to Europe because of what I explained, but selling it domestically is a little more difficult, you see, because people don't want to pay 2 weeks in advance because it is the same language, you know, and so on. That is why in effect we get less commissions on our domestic efforts than we do on our international efforts.

Mr. BYRNES. Now this commission arrangement has to be approved by the CAB?

Mr. LoFRISCO. If I may answer, the CAB has indirect but very complete control over commissions by virtue of their granting of antitrust immunity. They do not have any direct statutory authority to fix commissions but the commission structure appears in the agreements which the airlines submit the CAB in effect says if you raise the commission to such a level we will grant you the antitrust immunity, or if you reduce the commission structure to such a level we will grant you the antitrust immunity, otherwise we will not give it to you. The airlines could not possibly survive without the antitrust immunity. So they must rely on the judgment of the Civil Aeronautics Board. That is how the commission structure is controlled by the CAB.

Mr. BYRNES. I assume that the domestic 5 percent commission—well, I should not assume anything—why is there the differential? Why does CAB approve 7 percent for our domestic lines? They have to get the same approval from the same CAB as the commissions on their overseas flights; don't they?

Mr. LoFRISCO. That is correct. They approve this different commission structure as between international and domestic. The travel agents, at least our association doesn't understand why the CAB has set this difference.

Mr. BYRNES. Do you know whether this difference in commission structure was encouraged by the airlines, or whether it was encouraged by the CAB? If it was encouraged by the airlines they were damaging their own interests, weren't they, because they were en-