

Now, I know what you are driving at. When you buy a package from an airline that is not only foreign airline but any airline that goes to Europe, it is the traveler who saves on his air ticket by virtue of taking the whole package tour. This is called the tour basing fare, and, incidentally, it was approved by the CAB.

Mr. BROYHILL. Do the domestic hotels pay the same commission as the foreign hotels?

Mr. LoFRISCO. Yes; 10 percent.

Mr. BROYHILL. The only problem you have is through the CAB in getting a commission increase for air travel?

Mr. LoFRISCO. I would say yes.

The CHAIRMAN. Mr. Conable.

Mr. CONABLE. Mr. Grimes, will you identify the retail travel agent for us? Is he a small businessman? Does he operate chains? What is his average volume? Has your association made any estimate of the impact of the administration's proposals on him?

Mr. GRIMES. Judging from the letters that I have received from the members there was quite an impact, yes. I think to speak of actual cancellation would be a fallacy but I would think there is an uneasiness. Even in my own office almost every day people will call or come in and say, has this tax already been passed? They are worried about it. In that sense there is an uneasiness that clients have. The one effect that I notice in my own office is that people are reluctant to make their reservations at this particular point. They usually do right at this point but they don't. They are postponing it to see what is going to happen.

Mr. CONABLE. Will you tell me something about the retail travel agent? Is he traditionally independent, for instance?

Mr. GRIMES. He is an independent, small businessman, highly individualistic, most agonizingly so, I might add. But he usually has about on an average, I am talking about our members now, he has on the average about two or three employees. Usually a husband and wife type, as we call it, a "mom and pop" type of operation. Usually his volume is in the neighborhood of \$500,000 to \$600,000 a year, his gross volume.

Mr. CONABLE. His gross commission?

Mr. GRIMES. That would be nice. No, that is about his average sales.

Mr. CONABLE. How many of them are there in the United States?

Mr. GRIMES. In this country I would say there are 6,700, travel agents. There is actually a report, and I have it right here, and it would answer all your questions. It tells you exactly what the average size is, and how many there are.

Mr. CONABLE. For how many of these does your association speak?

Mr. GRIMES. We have 500 in our association.

Mr. CONABLE. What are the other major associations?

Mr. GRIMES. One that already testified, I believe they have about 1,800 or so actual travel agents. The others of course are not retail travel agents, about 1,800 or so retail travel agents. There are also the bank travel agents, and there are about 80 or 90 of them in the country. There are also the American Automobile Clubs who are not privately owned but are clubs and there are about 350 of those.

In other words, only about half of the agents in the country are really organized but then only half of the insurance agents are organized, so I guess our problem is no different than anyone else's.