

of it was due to nonessential or pleasure travel and certainly if you are going to tax business travel this is tax deductible and I don't think it is going to discourage that.

I just feel that it is discriminatory against the lower income group and the nonbusiness travel or student. I don't think it will be effective.

Mr. BATTIN. Do you see any impact on our economy other than the reduction in nonessential travel?

Mr. FUGAZY. I think it is going to hurt terribly, as has been brought out here already, in foreign airlines buying equipment and I believe they bought some \$921 million worth of equipment and, as I see when I go abroad to our board meetings and so forth, the attitude is going to change terribly toward the Americans and hurt.

I think it is going to have terrible effects both on hotel bills as well as airlines and general tourist bills.

Mr. BATTIN. How would you put this legislation as it affects an American carrier? What is going to be their interpretation?

Mr. FUGAZY. I think it is going to hurt and, as I say, as the general agent of an American steamship company, with the complete inconsistency of telling them not to go abroad and if they don't go abroad we get no subsidy, I don't see the purpose in taxing the American carrier, whether it be an airline or steamship line, if the dollars are staying here.

It doesn't make sense.

On the other hand, I know it is difficult and the CAB and the Maritime Commission would have trouble having our fares not competitive with the foreign airlines because they had a tax on theirs where we didn't.

I recognize the problem. I don't think it is fair to the American carrier.

Mr. BATTIN. In general I don't know how many people might be employed, but is this in any way in your opinion going to affect the employment not only here, but certainly in European countries?

Mr. FUGAZY. I think it is going to affect the employment here terrifically. I know companies like ours are going to be affected by this legislation if it goes through. I think airlines and hotels that employ Americans here and abroad are going to be affected. I think there is going to be a lot of unemployment if this legislation goes through.

I feel quite strongly about that. I believe the Boeing Co. estimated that thousands upon thousands of jobs would be lost and \$596 million in sales, which certainly is significant and would be felt in our economy.

Mr. BATTIN. I was intrigued by this world trade ship that you were talking about. Just for my own edification, and that of the committee, would you describe in detail what you contemplate.

Mr. FUGAZY. Yes, sir; the only real trade ship which has ever really been successful has been the Japanese. They had a trade ship that they claim has brought in \$18 billion in sales in 7 years. The United States has never had a trade ship.

The trade ship that we are proposing would be the SS *Atlantic*, which American Export is not operating at this time. We think that the first year with 400 companies abroad as exhibitors that we could bring close to \$200 million in sales throughout the world of American products. We are hoping that the administration will get behind this