

The Treasury would thus take from the international passenger about \$70 million for the first full year of its application. The tax would be permanent and would apply worldwide. This recommendation should be rejected because it is wholly unjustified and is not germane to the balance-of-payments problem.

The Secretary merely described it as "an extension of the existing domestic ticket tax to international travel." I suppose we should not be surprised to find that there are those who have forgotten why the domestic ticket tax was imposed and why, at that same time, international passengers were not covered. There were good reasons why these actions were taken, and those reasons are just as valid now as they were when this committee and the Congress originally decided to treat domestic and international passengers differently.

There was at one time, of course, a ticket tax of 15 percent on all passenger tickets by air, rail, ship, and bus. At the end of World War II the international tax was removed from both airplane and steamship tickets. The domestic tax was continued, but was reduced to 10 percent. In 1961 it was concluded by all concerned that the 10 percent domestic ticket tax should be removed from air, rail and bus tickets. At the same time, the administration was contending that the airlines should pay the Government their fair share of the cost of the Federal airways system. Both issues being before this committee at the same time, this committee concluded, upon the recommendation of the Treasury and the airlines, that 5 percent of the airline ticket tax should be retained while exempting the other forms of transportation completely. Thus, the 5 percent domestic ticket tax was recognized as an airline user charge for the Federal airways system. It has been a most successful tax, having delivered to the Federal Government last year some \$200 million. It pays the airlines' share of the cost of the Federal airways system. Since 1961 it has not been a general revenue measure—and it is not now.

There were a number of reasons why this domestic user charge was not imposed upon international passengers. The first reason relates to the use of the domestic airways system by the international passenger. While the airplane transporting the international passenger uses the United States system to a degree; it uses the systems of other countries far more. The trans-Atlantic airplane with its load of passengers proceeds for a relatively short distance up the coast of Maine and then is caught up in to the Canadian system, then crosses the Atlantic using the British, Icelandic, Danish, Portuguese, Irish, Norwegian, French, and Spanish systems. By contrast, the domestic passenger in his airplane is served entirely by the domestic network. Countless examples could be given of the inequity of applying a domestic user charge to an international passenger, but such examples are easily imagined when you consider that U.S.-flag airlines with their passengers range all over the world, utilizing facilities that other nations make available to them.

But a good question could be promptly asked. In view of the fact that the international passenger uses some U.S. facilities, why should he or his airline be charged for that use? Unfortunately, that question cannot be answered in terms as simple as a 5 percent tax on his ticket.

By international law and practice, the establishment of facilities for international aviation is organized in this fashion: Through the