

I am fuzzing that question all up simply because——

Mr. ULLMAN. You really are.

Mr. TIPTON (continuing). I don't really want to make a commitment on a type of taxation so far in advance.

Mr. ULLMAN. There is just a little inconsistency in my judgment, in your viewpoint that a 5-percent tax on tickets domestically is a fair way of assessing the cost of the use of airways and yet the same tax internationally is not a fair way of doing it, or might not be a fair way of doing it.

You didn't flatly say it would not be, but in my judgment the situations are pretty parallel and pretty comparable.

If other nations assessed just as we did, the situation, it seems to me, would be very comparable.

Mr. TIPTON. I think that you may well be right. I am just deliberately hedging on this because I am afraid I would change my mind after I saw the data and how it was shaped up.

Mr. ULLMAN. The difficulty would be that if foreign nations assessed an indirect tax, such as obviously the London Airport is doing, in addition to the 5 percent, then this would create the imbalance, but you have indicated that generally they don't do that, that generally they are quite fair.

Mr. TIPTON. That is right; generally speaking.

Mr. ULLMAN. This, I agree, does need study, but, unfortunately, the problem is urgent.

Well, turning to another matter, the recommendations of the administration generally exempt the Western Hemisphere. Do you see any justification from a balance-of-payments viewpoint for making that Western Hemisphere exemption?

Mr. TIPTON. I am sorry to say that I am not in a position to argue that issue, because among the carriers I represent there is a sharp difference of opinion as to whether the Western Hemisphere exemption is justified or is not.

Consequently——

Mr. ULLMAN. You are not a good witness on this issue.

Mr. TIPTON. I am not a good witness on that issue.

Mr. ULLMAN. You talked about the use of foreign airlines by American citizens. Could you summarize for me your judgment of the reasons that American citizens do use a much higher percentage of foreign airlines in their travel as against foreigners using ours coming here?

Mr. TIPTON. I am going to take a shot at this, and then I am going to ask Mr. Philion, our vice president-traffic, to comment on it. I think one of the major reasons that our citizens take foreign-flag carriers is that they tend to want to start their trips abroad in the United States. The foreign-flag carriers advertise and make a great point of that in their advertising, that start your European trip on a European airline, or Latin American, or whatever.

I think that makes a difference. I think that our citizens, who have always been rather determined to do as they please on almost everything, have just not felt any compulsion to use an American-flag airline. I think those two elements, taken with the very high degree of competition in the North Atlantic, for example, are making the difference.