

edge of what is called the aircraft industry and I am intrigued by what you say on the next-to-the-last page of your statement with respect to the aircraft industry possibly losing orders.

I have read the same things in the papers a number of times and it never ceases to intrigue me. I always gave any business credit for not getting overly involved in sentimentality and doing things on a pretty cold business basis. What is the rationale for a foreign buyer of aircraft manufactured here to buy an American craft in the first instance as against buying one, let's say, manufactured in France or England? Isn't it that for the money he is getting a better craft? Isn't that what dictates where a person buys an aircraft, that it more meets their needs within the framework of the value and the amount of money they have available to pay for it?

Mr. TALBERT. I think this is to a large degree true, but it isn't quite as simple as that, I don't believe.

Mr. BYRNES. I assume that what is involved here is some commercial airline, say SAS or Air France, buying these aircraft. Who are they? We are talking about commercial craft, are we not?

Mr. TALBERT. Yes.

Mr. BYRNES. Who are the principal buyers of these craft as far as Western Europe is concerned?

Mr. TALBERT. Well, you can almost go down the list of top foreign airlines that fly the Atlantic and you find that almost all of them favor American equipment. This was one of my big points.

Mr. BYRNES. Why? That is the point. Why?

Mr. TALBERT. I think it is because they first of all have been using this equipment and like it and think it is awfully good equipment.

Mr. BYRNES. So that is why they are buying it. Why would they stop buying American equipment just because we put some restriction on tourism to solve our balance-of-payments problem? Why would they decide, "Now we don't think it is such a good aircraft; we had better buy someplace else"?

Mr. TALBERT. I don't think they would decide that way. I think it would be much more complicated. If they made such a decision, which we certainly hope they won't, I think it would be based on something like a combination of, let us say, a pique at the United States which has a way of building up. It might be a matter of using the kind of currency which they could use to buy, let us say, the Concorde if we are speaking about supersonic transports. You can use all sorts of currency to buy the Concorde whereas they have to use dollars here.

Mr. BYRNES. The reason we are in trouble is because they have a surplus of dollars. That is why we have the problem, because of the imbalance, because of the dollar credits that have accumulated abroad. Isn't that why we have the balance-of-payments problem?

Mr. TALBERT. Again I think you are oversimplifying the whole problem.

Mr. BYRNES. You are oversimplifying then and some of the other newspaper reports are when they say there is going to be retaliation, the American industry is going to lose billions of dollars of orders.

Mr. TALBERT. I haven't said that, Congressman.

Mr. BYRNES. I am not being critical of you at all. I ask you simply; because you are the one witness who probably has some personal knowledge in this area of how this aircraft business works.