

Now, as I recall, the reason we took off the excise tax on tickets of foreign travel was because we found out we couldn't enforce it and it was a burden on our domestic lines.

The Secretary of the Treasury and Mr. Surrey, when I cross-examined them on this said, "Well, we think we can enforce it because of the travel tax."

Well, maybe I could see that if their theories on the travel tax were sound. I think they are very unsound. I don't know how we would ever enforce such a thing itself, but then I raised the question another way.

I said, "Well, I don't think you are going to get any travel tax and if you don't get it would you still think you could enforce the ticket tax and would you still want that?"

And they said, "Yes," and I said, "Well, please tell me how you think you could enforce it."

Well, there was no answer to that because I don't think they had thought of it. I said at the time that I was going to ask your group and the airline group what they thought. Maybe you have had a change in mind as to whether it can be enforced. I don't think you would object to it, or maybe you would, if it could be equitably enforced against your competitors so that they were really paying the same excise on tickets.

Am I clear in what I am getting at?

Mr. KEENAN. I think here it would be more inequitable for the airlines than for the steamship lines. Steamship lines are cruising primarily out of the U.S. ports. The market is in the United States and you are not going to run a ship up to Canada to avoid a 5-percent tax.

However, the airlines could conceivably lose quite a bit where a man would fly to Canada and then buy his transatlantic ticket.

Mr. CURTIS. Suppose we talk about ocean passage other than cruises. Suppose someone just wants to go over to London or to go over to France and does decide to go by boat. Is it possible that he could go on a British line or Norwegian and avoid paying this ticket tax?

Mr. KEENAN. I don't think it would be any problem to enforce the ticket tax on departures from the United States.

Mr. CURTIS. You don't? What if they went up to Canada? I remember what happened. If you could put a little statement in the record, it would help refresh my memory, and others too, as to why we did repeal the excise on tickets for foreign travel. My memory may not be good on it, but I thought we did it because we found that there was so much evasion or avoidance—let's not say evasion, which is a violation of the law and might well have occurred—but avoidance, which is equally bad from the standpoint of the effect it has on American carriers because there are ways people have of avoiding this travel tax.

If you could review that for us and then tell us what your views are as to what would happen if this committee were to give an extension of the excise tax on tickets to include foreign travel. This would be helpful.

Mr. KEENAN. Yes, sir.

(The following information was received by the committee:)

In response to Mr. Curtis' question as to whether it would be possible to go to a foreign line and avoid paying a ticket tax, this would be largely a matter of how the law were structured. The excise tax law applied in 1941 to all freight and