the problem the Board is continuously reviewing and revising the subsidy payment formula for the carriers and adopting techniques for making their operating authority more flexible so as to enable them to profit from the better routes in order to cut down the subsidy required for their system operations. These carriers, of course, serve many cities where the traffic is simply not large enough to enable other than loss operation and, without subsidy support, these cities would not have the benefits of air services.

17. Do you administer any grants, loans, or other disbursed funds related to this program? If so, is the size of your administrative staff commensurate with the magnitude of the outlay?

Subsidy accruals for fiscal 1968 are currently estimated at $59.3 million, which is some $28 million less than in the peak year 1963. It is anticipated that the future expenditures for subsidy will continue to decline. The 1969 estimates is $4.6 million less than for 1968. Expenditures for salaries and expenses have also declined.

18. If your appropriations were reduced, how would you absorb the cut—by an overall reduction, or by cutting or curtailing certain activities?

By overall reduction. The Board has very little discretion as to processing the work of the program. The quality of work would be affected if certain activities were curtailed.

19. If additional funds were available, what would you do with the new money?

The Board intends to decrease expenditures of this program in the future.

E. *Regulation of Agreements and Interlocking Relationships*

1. What is the nature of and authority for this program?

In accordance with the Federal Aviation Act of 1958, the Civil Aeronautics Board has approval jurisdiction over all consolidations, mergers, and acquisitions of control between or among air carriers, and any other common carrier, or any person engaged in any other phase of aeronautics. This jurisdiction also includes agreements under which U.S.-flag carriers participate in the International Air Transport Association (IATA). IATA's activities cover relationships with travel agents and many other matters, including agreements on international rates and fares. The authority to approve or disapprove these agreements gives the Board a voice, in an indirect way, in the determination of international rates and fares.

The Board's basic objective in administering this program is to keep agreements, interlocking relationships, and other forms of control from contravening the antitrust laws, and to prevent conflicts of interest that might be detrimental to the development of air transportation and the public interest.

2. Who is the person primarily in charge of this program at the operative level (name and title)?

The official responsible for the operations of this program:

John H. Crooker, Jr., Chairman.
Charles F. Kiefer, Executive Director.
Alphonse M. Andrews, Director, Bureau of Operating Rights.

3. How much money and capital equipment is available under this program for fiscal 1968?

$561,390, primarily for salaries and expenses of the personnel associated with this program. There is no capital equipment except the usual office equipment. Outputs from the Board's centralized, rented ADP equipment also serve this program.

4. Would you describe the output generated by this program?

The output chiefly takes the form of orders (decisions) issued by the Board disposing of intercarrier agreements and formal applications for approval of relationships involving the acquisition of control of one company by another and interlocking directorates between air carriers and other companies. Staff advisory service is also provided to the Board on matters involving agreements and other forms of interlocking relationships.

5. Can you quantify this output in any way?

The estimated and actual program outputs are:

Outputs	Items completed or processed		
	Actual, 1967	Estimate, 1968	Estimate, 1969
A. Acquisitions and interlocking directorate matters	2,357	2,229	2,231
B. Intercarrier rate agreements (IATA)	861	1,050	1,300