Mr. WATTS. I did not say that, but I got from your statement a few minutes ago that we probably would be the only country in the world that did impose any travel restrictions.

The £50 limit is a travel restriction of a kind; is it not?

Mr. WILCOX. Yes.

My statement did not say that we were the only one that did. I think I said it would be unbecoming of us, who are a leader in the world, working in the direction of free trade.

I think, secondly, we have the largest stake. Whatever the gap is, the travel gap, we still are earning $2.1 billion from receiving people here.

I am just saying that I would go very slowly about providing an environment in which that $2.1 billion might be materially reduced.

Supposing you could reduce the numbers from $2 billion coming in to $1 billion. Let us reduce the $4 billion going out to $3 billion, but if in the process we reduce the $2 billion coming in to $1 billion, then we would be where we are, and we would not be benefited in any way.

That is what I am afraid of.

Mr. WATTS. Don't assume from my line of questioning I am in favor of the travel tax. I am merely wanting to explore the matter.

I note you say it would be very unfair to put this tax on everybody except the Western Hemisphere. In the event we decided to do it, which we may not decide to do, would you advocate that it go on the Western Hemisphere is well, since you say it is unfair to not do so?

Mr. WILCOX. I think if you take the position that you are going to have travel restrictions, yes; I think I would have to apply it universally.

Mr. WATTS. Universally?

Mr. WILCOX. Yes, sir. I think I would have some difficulty distinguishing whom it benefited, or why.

Mr. WATTS. I notice in your statement on page 2 that the proper way to reduce the balance of payments is to increase the taxes. Domestic taxes, I assume you are talking about.

Does that mean you would take more money out of the people's pockets because that would prohibit them from traveling abroad?

I do not make the connection.

Mr. WILCOX. I am speaking of taxes as a matter of fiscal restraint; yes.

Mr. WATTS. That is not connected with the balance of payments, necessarily; is it?

Mr. WILCOX. Well, to the extent that there are more dollars floating around in this country than there are goods to buy, I suppose you could say it is.

Mr. WATTS. Then you said reduce Government spending. I assume you are talking about foreign aid and expenditures on soldiers abroad.

Mr. WILCOX. I am just thinking about operating the country within its income limitations.

Mr. WATTS. You are talking about spending abroad, or domestic spending?

Mr. WILCOX. Both.

Mr. WATTS. Spending abroad has more to do with the balance of payments than domestic spending; does it not?

Mr. WILCOX. Yes.