I think that all of us have seen cartoons, usually appearing in magazines or newspapers around tax time, showing a taxpayer at an Internal Revenue Service office. The taxpayer appears somewhat dedraggled, and his pockets are generally turned inside out.

While these cartoons may or may not be funny, depending on one's general feelings on Federal taxation, all of us, I believe, have previously regarded such cartoons as somewhat overdrawn, and not as reasonably accurate portrayals of what happens to a taxpayer before an Internal Revenue official. None of us had previously felt that a taxpayer had to turn his pockets inside out before a Revenue official.

However, it now appears that all this may change. Under the travel tax program proposed by the Treasury, a taxpayer might, in fact, have to empty his pockets before IRS or customs officials, both when he leaves the country and when he returns, but with this difference—instead of being taxed on what he has, he will be taxed on what he does not have. In other words, you are to be taxed on what you do not have left over after you return from Europe or the Far East. The less you have, the more you are to be taxed.

We at ITT fully share with the President, the Secretary of the Treasury and the Congress their deep concern over the deterioration in the U.S. balance-of-payments position. We have cooperated fully in the past voluntary programs, and we well understand the motivation for the present President's action program, including the foreign direct investment program.

Our 1967 balance-of-payments deficit was some \$3.5 billion. The travel tax is designed to alleviate that deficit by some \$250 to \$300 million, or roughly by some 7 to 8 percent. Thus, we must first recognize that we are dealing with but a relatively small item, both in the balance-of-payments deficit, and in the action program designed to reduce the payments deficit in the year ahead.

Granting that foreign tourism by U.S. travelers has only a minor effect on the U.S. balance-of-payments position, we recognize that it still may be desirable to counteract that effect. We do not oppose a program aimed at reducing or restricting tourism. But we do feel that if tourism is the problem, then the remedy should be aimed at the problem, and not at a far wider portion of the picture.

If there is a tourism imbalance, might it be wise to encourage travel to this country by seeking the cooperation of American firms with foreign operations. For instance, our Avis Rent-a-Car Division, in cooperation with the Industry-Government Special Task Force on Travel, is making available its overseas offices in order to help encourage more visits by foreign tourists to the United States.

The travel tax program announced by the Treasury does not affect only tourism. It extends to business travel. And it has by no means been demonstrated, or even maintained, by the Treasury that business travel, which is less than one-fourth of total U.S., European, and Far Eastern travel, in any way contributes to the balance-of-payments deficit.

On the contrary, we must point out our sincere feeling that business travel has contributed and will continue to contribute to the resolution of our balance-of-payments difficulties. Let us look at the new foreign direct investment program, the major part of the President's action program. To the extent that American corporations are to com-