markets may be lost for some American firms for years, or, indeed, permanently.

Further, the formula for repatriations will most severely penalize those firms which have cooperated voluntarily with the Government by holding down dollar outflow from our country and increasing the inflow. The regulation's mathematics see to that.

Also, it is well to remember that forced repatriations at too high a rate will likely bring retaliation by foreign governments who may feel compelled to take steps to restrict the transfer of foreign-earned moneys to the United States beyond a certain level.

In conclusion, then, it goes without saying that strong steps must be taken to defend the dollar.

But what I suggest is that the regulations which embody these steps, as set forth in January, should now be reexamined to determine: Can our program be improved, are changes necessary, are there self-defeating measures built into it, and what can be done to assure an effective, meaningful plan, and the unquestioned integrity of our dollar?

As with the direct investment program, we also must be certain the travel tax proposals achieve the purposes for which they are intended—to restrict tourism—without limiting the ability of businessmen to pursue their role in commerce, which so effectively contributes to the positive side of the balance of payments.

Thank you for your attention, and for the opportunity to appear before the committee.

Mr. WATTS. Thank you for your fine statement.

Are there any questions?

Mrs. GRIFFITHS. I would like to say a few kind words on behalf of the Government employees, and explain to you the difference between the businessmen going to spend that money abroad and that Government employee.

In the first place, a businessman on business for his company is not going to pay anything. It is going to be tax free to him, his trip is tax free to the company, and he is not paying anything.

I would like to point out to you that a Government employee has a very careful limit on what he can spend, and in most cases he cannot stay in a decent room on what the Government permits him per day. That rule was passed by this Congress.

I would like to say further that I had a young man at one time in my district who was a supervisor of the installation of a tracking station that was put in Hawaii. He was not permitted to take his family. He could not afford it on his salary. But he was a supervisor.

The people who were installing the tracking station were, of course, just as much Government employees as he was. It was all being paid for by the Government. Those men were permitted to take their wives and their children, and they stayed at the Hawaiian Village.

He was barely able to survive on what he was being paid. Needless to say, he did not remain a long time as a Government employee.

But I really take exception to your type of analysis between a Government employee going abroad and a businessman.

Mr. SEATH. I would like to answer that, if I may.

I referred only to personal expenditures, which are not deductible for business purposes by an employee of a private business.