

Most orchestras receive in playing fees while abroad no more than 20% of these costs—or roughly the equivalent of their living costs while on tour. The remaining 80% of the total costs of the tour must be met from other sources including contributions made by citizens at home and in some cases by the orchestra's city or county government, grants from the State Department, and allocations from the orchestra's basic operating funds.

The proposed travel and expenditure taxes would increase the total cost of a tour by some 10% or more, and thus would increase the tour deficit by at least \$7,000 to \$10,000 a week. This means that with the new tax, the deficit on a five-week tour would be increased \$35,000 to \$50,000. This would be a severe additional financial burden on the orchestras and on those who contribute to their support.

To show the application of these figures to a specific case, I will use the detailed figures for this summer's tour to which my own organization—the New York Philharmonic—is now committed, both morally and contractually.

#### FINANCES OF THE NEW YORK PHILHARMONIC 1968 TOUR

I should explain that there are unique circumstances for this tour which make its financing more favorable for our organization and for the United States dollar balance than has been true for other foreign tours of either our orchestra or other U.S. orchestras.

Mr. Leonard Bernstein, our conductor, is retiring from his present post with the New York Philharmonic, and this will be his farewell tour with us as Musical Director. So great is the interest abroad in our American-born conductor that our orchestra has been able to command much higher fees for this tour than ever before has been possible for any American symphony orchestra (any orchestra, for that matter).

This situation will make it possible for us to earn a much higher percentage of the total cost of this particular tour than I believe has ever been the case with any other orchestra. It also affects the ratio of outward-inward flow of dollars in connection with this trip as I will show in a few minutes—and to the advantage of the United States.

You will note on page 12 of this statement that the total costs of the New York Philharmonic tour will amount to \$580,000. To fund these costs, we will receive \$250,000 from concert fees payable in U.S. dollars; \$150,000 contributed by Trans World Airlines; and \$100,000 from the Department of State to be paid to us in the local currencies of the countries to be visited. This total income still leaves a deficit of \$80,000 to be provided by the New York Philharmonic-Symphony Society. The proposed travel and expenditure taxes would increase the Society's deficit by approximately 74% or by \$59,000, thus making the Society's possible total deficit \$139,000.

Another unique aspect of this particular tour has to do with the opportunity accorded to us to televise several of the tour concerts. The television fees received will be over to the performers after we return to the United States, and will not assist the Society in meeting the tour deficit. These same fees, however, do affect the total outward-inward flow of money to the advantage of the United States in the following manner:

Actual expenditures made abroad will total \$255,610, of which \$100,000 will be in the foreign currencies provided by the State Department. But the concert receipts along with the television fees, both of which are to be paid in dollars, will produce payments greater than the actual expenditures abroad, with a net result of an inward dollar flow amounting to \$144,490 from this tour.

You will note in the itemization on page 13, the great impact of the proposed travel tax on fixed costs which the Orchestra must of necessity incur—\$14,280 tax on the transport of our personnel, and \$19,530 tax on the transport of equipment. The living allowance, reckoned at \$22 per-day per-man (as called for by our contract with the American Federation of Musicians) is subject to \$17,350 expenditure tax. We call your attention to the fact that the proposed expenditure tax amounts to less than does the projected tax on transporting the instruments and baggage.

#### APPLICATION OF TRAVEL TAX TO TOUR OPERATIONS

This points up one of the aspects of the proposed transportation tax that makes it so burdensome on symphony orchestras. During a tour abroad, an