orchestra must move from city to city, country to country, in order to play for many different audiences. Therefore, cost of transportation between the first and last stops on a tour are of necessity extremely high.

Under the proposed plans, this portion of the transportation tax is computed at 30%—the rate applicable to travel expenditures abroad, rather than at the 5% rate as is the case for the initial and final stages of such a tour. The impact of the tax will be prohibitive in its effect on a world-wide tour.

The Los Angeles Philharmonic Orchestra, for instance, recently completed a most successful world-wide tour that lasted eight weeks. The U.S. State Department assisted financially in that tour and contributions to the Orchestra from the citizens of Los Angeles, totalling approximately half-a-million dollars, helped make it possible for that orchestra to play in Europe, behind the Iron Curtain, in India, and in other Asian cities. Application of the travel and expenditure taxes to that world-wide tour would have increased the amount of subsidy needed by at least $75,000.

EXPENDITURE TAX WOULD APPLY TO FIXED EXPENDITURES

The Treasury Department has stated that its proposal of a graduated expenditure tax is aimed at cutting down the amount travelers spend overseas rather than at reducing the number of travelers abroad. However well this approach may work with the individual tourist or businessman, it simply cannot work that way for a touring symphony orchestra where the basic costs are *fixed costs* that do not lend themselves to reduction.

As indicated above, the per diem expenses of orchestra musicians must be established in the overall working agreements that are negotiated between each orchestra and the Local of the American Federation of Musicians in its home city. Usually, these are multi-year contracts with the amounts of per diem payments agreed upon for several years in advance.

In taking this large a group on a tour, it is absolutely essential to contract in advance for hotel accommodations in each tour city. We often find there is very little choice in foreign cities in the accommodations we can obtain for as many people as are involved. We take what we can get—be it first class and expensive, or less than satisfactory though very economical.

In any event, these necessary procedures result in the basic expenses of our people being fixed expenses for which contracts have been negotiated far in advance, and they are not subject to the individual control of the persons who make the trip as in the case of the individual tourist or businessman traveling abroad.

It is predictable, therefore, that application of the proposed taxes to symphony orchestra tours could have the effect of substantially reducing the number of future good will, cultural tours abroad by American symphony orchestras, rather than merely reducing the level of expenditures as the Treasury Department intended.

GOVERNMENT TO BE BURDENED WITH INCREASED COSTS

If future tours are to take place in the face of the proposed taxes, the extra costs produced by these taxes would have to be made up by larger contributions from the supporting general public at home. Since these increased contributions would result in larger charitable contribution deductions for Federal income tax purposes, part of the increased costs would be borne by the U.S. Treasury. In those cases in which the State Department assists in financing the tours, the orchestras undoubtedly would call upon that agency for increased subsidies to meet the increased costs resulting from the tax obligations. Therefore, in either case, the proposed taxes would produce an increased burden upon the general public and upon our Government.