

Are you getting the Government traffic or aren't you? If you are not getting it, why not, and why do 50 percent of the Americans want to travel foreign lines instead of traveling on an American line, because they are doing a lot more traveling than the foreigners are.

My goodness, the President appoints a major task force to encourage foreigners to travel to the United States but the biggest bulk of all travelers are Americans and only half of them use American lines. After all, the failure of the U.S. travelers to use American carriers also contribute to our balance-of-payments problem.

Mr. TIPTON. And our objective there is to sell them. As I said, we wouldn't like to have our citizens restricted in that respect.

Mr. BYRNES. No, I am not talking about restriction. I am sure no one else would.

Mr. TIPTON. But it is up to us to sell them.

Mr. BYRNES. But if there is something here that is in the works that causes this imbalance, somebody ought to focus in on it. That is all.

The CHAIRMAN. Mr. Ullman.

Mr. ULLMAN. Mr. Tipton, you have given us some very constructive testimony. There are a number of things I would like to get your views on.

First, your analysis of tourist expenditures abroad. They aren't too complete and I won't go into detail about them. You object to a graduated rate, is that right?

Mr. TIPTON. Yes.

Mr. ULLMAN. If there were some kind of expenditure tax, probably the most palatable kind would be an overall exemption with a flat rate above that amount. Would you agree with that?

Mr. TIPTON. I think that is right, a flat rate coupled with a daily rate, a reasonable one. If we had to have some that would work better. There isn't any point in having a graduated rate because the Treasury has not suggested that this is a revenue measure, so that the percentage tax above \$7 is something everyone that went abroad would have to pay, and that isn't their objective as we understand it.

Mr. ULLMAN. You gave us some figures about income groupings based upon your study and indicated that under the administration proposal the low-income people would pay a higher proportion. Can you give me any figure as to an overall expenditure exemption that in your judgment might be fair?

Mr. TIPTON. Well, in our test run we set out the results. This is attachment A, page 2, at the back of our statement. On the test results of our study it appeared that if travelers were to limit themselves to \$500, or \$25 daily, whichever is higher, \$440 million of expenditures would be saved. \$600, \$25 daily, which is probably a more reasonable figure, would produce savings of \$347 million.

Mr. ULLMAN. What is your reason for advocating the daily exemption and what would the difference in revenue be if you had no daily exemption but just had a flat overall exemption?

For instance, use your \$500 overall figure. If you eliminated the \$25 daily expenditure provision what would be the effect on revenue?

Mr. TIPTON. The reason we include a daily figure is to accommodate those who wish or are required to stay a longer time and to give those who are making a trip a reasonable limit to work under.