spirit, if not the letter, of the General Agreement on Tariffs and Trade (GATT). It must therefore be shown to reduce the tariff on a significant number of other items.

What is more important, the true change in duty proposed by the administration is a large, unambiguous increase, not an averaging around present rates. While concerned to avoid any double taxation of airline tickets, the Treasury shows no such concern for the travelers' merchandise imports.

Under its proposal dutiable merchandise would be taxable at 25 percent and, as travelers' expenditure, at an additional 30 percent if brought back by someone whose total expenditure exceeded $15 per day. Other countries are apt to look askance at this compounding of duties, coming as it does so near to the end of the recent Kennedy Round. We oppose the expenditure tax itself.

I will come to that in a moment.

At this point, however, we wish only to ask that the Congress exempt dutiable goods from that expenditure tax if it enacts that particular tax.

Before turning to the expenditure tax, we want to offer an answer to any charge that the flat rate of duty, at 25 percent, involves an increase in American tariffs. A returning traveler should be given a clear, simple choice: to pay the flat 25-percent tax on the first $500 of dutiable merchandise—which tax, incidentally, would be simpler to administer were it levied on retail value, known to the traveler—or to opt for a detailed computation of the applicable tariff, using the usual rates and valuation methods. He must, of course, make his choice before he comes to customs: he could not ask for an itemized tariff calculation, then elect the flat 25-percent rate. His choice could be expressed, most simply, by checking the appropriate box on his customs declaration.

THE EXPENDITURE TAX

The administration proposes a graduated tax on all travel spending outside the Western Hemisphere. It relies on this part of its program for most of the reduction in total travel spending at which its program aims. The expenditure tax proposed by the Treasury, however, violates a basic rule of tax policy, that taxes should be collectable, and threatens to undermine taxpayers' respect for the whole of the Federal tax system.

No one likes to pay taxes. But most of us pay our Federal income tax with a minimum of grumbling, and more importantly, a minimum of cheating, because we are convinced that our neighbors are paying their fair share. We know, moreover, that flagrant dishonesty in reporting income or claiming deductions will be caught sooner or later and, in this computer age, is apt to be found out very soon indeed. We also know that honesty will be rewarded. Those who report all their income and claim reasonable deductions have fair assurance of freedom from harassment and invasion of privacy.

The proposed expenditure tax threatens these standards and expectations. Reported travel spending subject to tax cannot be verified without an enormous extension of Federal jurisdiction. It would require the compulsory registration of all our foreign assets and of