

all bank transfers to foreign accounts. It would also require a frequent personal search of travelers departing from and returning to the United States.

The expenditure tax is to be based on a net worth calculation. When leaving the United States, a traveler will have to declare the currency and travelers checks he is taking with him. When he returns, he must make a similar report. The difference between funds taken out and those brought home is to serve as the basis for the expenditure tax, after amendment by inclusion of funds raised abroad, and of taxable expenses incurred prior to or after the trip.

How would one verify a traveler's report? We submit that there is no satisfactory way that does not entail resort to a complex of controls, akin to the wartime exchange controls of other countries; controls that we worked so hard to dismantle a decade or so ago. How can the Treasury know what assets, including bank accounts, travelers may have abroad? It can, of course, ask questions, but cannot check the answers without securing powers of subpoena over foreign banks and other institutions. How can the Treasury verify a traveler's cash statement, submitted at departure, without resort to personal search?

We ask that the Congress give long consideration to the implications of this particular proposal. Chapter 19, section 482 of the United States Code empowers customs officers to "stop, search, and examine" any "vehicle, beast, or person on which or whom they shall suspect there is merchandise which is subject to duty, or shall have been introduced into the United States in any manner contrary to law * * *."

The Federal courts have held this to mean that the ordinary constitutional guarantees against unreasonable searches and seizures do not apply to "border search," entailing confiscation of dutiable or contraband merchandise; mere suspicion replaces the usual requirement of probable cause. (See, e.g. *Alexander v. U.S.*, C.A. Ariz. 1966, 362 F. 2d 379 and *Rodriguez-Gonzales v. U.S.*, C.A. Cal., 1967, 398 F. 2d 256.) I claim no expertise in constitutional law, but do submit that this well-defined border-search rule, the search for contraband merchandise, cannot be extended, easily or naturally, to cover the verification of a cash declaration. The export of cash is not itself taxable, nor restricted or proscribed by any Federal law. It is not contraband. The export of money is not analogous to the import of dutiable merchandise. To put the point more generally, the proposed verification of travelers' cash reports may seriously impair constitutional guarantees.

One can confidently forecast a full, accurate report of travel spending by a majority of travelers, but the many opportunities for easy evasion could well tempt too large a number. And if some people think that others are cheating, they may be tempted too.

Our objections, it must be stressed, address themselves to the particular tax proposed by the administration. We do not oppose a broad-based travel tax designed to reduce travelers' spending in order to aid the balance of payments. We shall, in fact, propose just such a tax in a moment. Before doing so, however, let me mention further defects of the Treasury proposal.

First, civilian employees of the U.S. Government should not be exempt from tax, even when traveling on official business. Such trips should be taxed, just like other business trips, so that the Federal agencies authorizing them will have a genuine incentive to limit non-