owes $7 billion, France $5 billion, Germany $1 billion and Italy $1 billion.

U.S. travelers abroad spend an average of $18 a day. This is attractive business to any country. Because of this, most countries would give careful thought to cooperating in the debt-credit or currency-credit arrangement, in order to keep dollars from U.S. travel coming in. Even with the $5 adjustment, representing the redemption of U.S.-owned currency or payment on old debts to the United States, the local country would still realize an appealing net of $13 per day per U.S. visitor.

Most travelers will naturally seek to avoid taxes and will therefore travel where they can do so tax free. Travel under the existing tourist-dollar program would not impair our balance of payments at all.

Travel under the proposed currency-credit or debt-credit arrangement would substantially ease the adverse monetary impact of U.S. travel abroad and would have the further virtue of causing other governments to unfreeze a portion of presently useless U.S. currency holdings or begin a modest payment on long overdue debt. Either development would be propitious, and serve as a precedent for further unfreezing of currency and debt payment in time to come.

These exemptions would also protect, to an important extent, the basic right of individual U.S. citizens to travel abroad without penalty.

The debt-credit or currency-credit arrangement I suggest could be administered in any of several ways. To me, the most efficient arrangement would be settlement of accounts when the U.S. traveler returns. On checking through customs, he would pay the per diem tax for travel in countries not cooperating in either the tourist-dollar, or in the currency-credit and debt-credit arrangement.

For travel in other countries customs officials would establish the correct dollar claim to be paid by the appropriate governments. When the government-to-government account is paid, credit would be made against U.S. holdings of local currencies or other obligations to the United States. Travel could be verified by passport endorsements or other documentation approved by mutual agreement.

If this committee should decide against reporting a bill taxing or restricting U.S. travel abroad, I hope you will give consideration to a proposal I made to you 3 years ago.

At that time I noted that the tourist-dollar exchange program, like today, was not being utilized nearly to the maximum extent, and suggested that travelers be given an incentive to use it.

My suggestion was that travelers making full use of this program be given a bonus in tax-free allowance for goods brought back to this country. This would give them a special incentive to visit countries where the program is in operation and there to take the trouble to utilize the program.

Funds used for the bonus purchases would be U.S.-owned local currencies, so the tax-free bonus would not actually be a dollar loss to the U.S. Treasury.

In this connection I call to your attention the operative part of H.R. 6474, 89th Congress, which reads as follows: