self and the gentleman with you for the record you may proceed in your own way.

Mr. KEENAN. Thank you, sir. Mr. Chairman and members of the committee, my name is Albert J. Keenan. I am vice president, passenger traffic, Moore-McCormack Lines, Inc., and I am appearing here today as a member of the Passenger Ship Committees of the Committee of American Steamship Lines—CASL—and the American Merchant Marine Institute—AMMI. The combined membership of these associations includes all passenger ship operators flying the American flag and serving the international trade.

Mr. Chairman, I was to have been accompanied by Mr. Ralph Casey, president of the American Merchant Marine Institute. Unfortunately, Mr. Casey had a personal tragedy that prevents his being here today.

Rear Adm. Ralph K. James, USN (retired), executive director of the Committee of American Steamship Lines, is with me here.

CASL and AMMI fundamentally are opposed to the provisions of the proposed administration plan for travel taxes which was presented to your committee by the Secretary of the Treasury in testimony given on February 5 and 6, 1968. In that testimony the administration proposed (1) a ticket tax of 5 percent on steamship passenger tickets for travel outside the Western Hemisphere—this tax to be imposed until October 1, 1969; (2) a graduated tax on a traveler's expenditures abroad; and (3) a reduction in the amount of duty-free purchases which could be returned by the traveler to the United States.

The latest figures, for 1966, show that the private sector of our economy exported $30 billion worth of goods and services and imported $25.5 billion. This resulted in a favorable trade balance of $4.5 billion. The deficit in our balance of payments stems largely from our commitments in Vietnam and our military and aid expenditures elsewhere.

The U.S. sector of the transportation industry contributes significantly to favorable net balance of payments through the services it renders in moving cargoes and passengers in foreign commerce abroad U.S.-flag ships and airplanes. We believe a more positive approach to the problem would be to stimulate travel and cargo shipment aboard American ships rather than to effect measures which would tend to weaken or destroy the travel industry as a whole. We think it is economically demonstrable that the results of such efforts would improve our balance-of-payments position. We are convinced that the results of the proposal now before this committee would not improve our balance-of-payments position.

On February 8, 1968, members of the Senate Committee on Commerce and the House Merchant Marine and Fisheries Committee recognized the importance to the U.S. balance of trade and balance of payments of the contributions by the U.S.-flag merchant marine. The chairmen of each of these committees supported by additional Members of each House, introduced Senate Concurrent Resolution 58 and H.R. 640. This resolution reviews the importance of stimulating travel in American-flag ships and movement of export cargoes in American-flag freighters to achieve a significant improvement in our balance-of-payments position. As stated by Chairman Garmatz while introducing this resolution:

"The Concurrent Resolution we are introducing today is intended to emphasize that a nation's shipping services is an export commodity and this American patronage of American ships for travel and transportation of goods can make a significant contribution to the reduction of our balance of payments deficit.