What we need are workable alternatives which will overcome the serious balance of payments deficit position in which we now find ourselves. In my opinion the President's travel tax is just such a short term and a negative solution to this serious economic problem.

I do not intend to take your time with the many technical objections that can be made to the travel tax proposal. I do not believe that anyone can question the fact that this is a most inequitable tax, and a difficult one to enforce. If this proposal were adopted, we would be in danger of inducing a "bootleg" era with respect to travel abroad.

I wish to stress also that the proposed restrictions are wrong in principle. It has long been a cherished freedom of the American people that they have a right to travel freely without undue restrictions anywhere in the world—that is, anywhere in the world except in those very few danger spots where their lives or property are in clear jeopardy. Let us not forget that every time an American goes abroad he becomes an ambassador of our way of life. Not only does he get a better understanding of the needs, the way of life and thinking of the people he meets, but they, in turn, get a better appreciation of our country. This is a benefit that we should not lightly toss aside. If we were in the position where such a proposal would either settle or be even a major step towards the solution of our balance of payments problem, then I feel that the people would be willing to temporarily relinquish this "cherished freedom". But this is not the case.

Any restriction of this nature would only serve to destroy the image of the economic leadership we have built with our investments abroad and this factor could hurt our balance of payments more severely than any returns a travel tax could realize.

I admit, of course, that the President's proposal does not prohibit travel abroad but merely places a tax on such travel. This is true for those who can afford the tax, but this is not true for those Americans who have scrimped and saved a lifetime for a trip abroad, or for students and educators whose travel and study abroad is important to a nation which is the leader of the free world.

For the first time in the history of our nation American banks are acting as international financial institutions. By enacting a travel tax of this type we would be admitting that we do not have the financial leadership capable of finding equitable solutions to our balance of payments problem. We might learn a lesson from Britain, or Canada which, in the past resorted to travel restrictions as a solution to their balance of payments problem and subsequently abandoned them.

I am strongly opposed to these taxes because they constitute a direct slap in the face to our foreign partners with whom we, after many months of effort, successfully negotiated the Kennedy Round. You will recall that the President in his Economic Message of February 1 stated, "The Kennedy Round was completed on June 30, the most successful multilateral agreement on tariff reduction ever negotiated." He continued, "We will continue to work with our trading partners in the GATT and in other bodies to find new approaches to the liberalization of world trade with urgent consideration given to known tariff barriers."

I think it completely inconsistent to consider the travel component of our balance of payments deficit apart from exports and imports of goods. Surely the purchase of a plane ticket is in principle no different from the purchase of a foreign automobile. There is hardly a foreign owned airline that is not spending many times more money in the U.S. than it receives from the passage of Americans going abroad. Do we expect American planes to fly to Europe empty to pick up European passengers bound for our shores? It is foolish to believe that we will be able to attract an increasing number of foreign visitors to this country at the same time that we are putting formidable roadblocks in the path of our own people who wish to travel abroad.

Furthermore, I would like to add that I think it highly probable that even our own American carriers—both airlines and the merchant marine carriers—are likely to suffer. It seems unwise to design programs to increase the operating differential subsidies we pay for our merchant ships when they are engaged on regular trade routes to Europe, and at the same time take action which threatens their revenues.

I am certain that it has occured to the members of this Committee that the imposition of such a proposed tax would invite retaliation from those countries that would be affected. Why should we endanger the economics of our staunch