

European allies for whom the tourist business is a vital ingredient of economic stability and growth? We have witnessed the efforts of the British to put their economic house in order by means of a painful devaluation. We find ourselves partially in this present economic difficulty because the Administration's financial advisors failed to come to the realization that the devaluation of the pound was inevitable.

Regardless of the fact that our support of the pound was one of the factors which caused our present economic crisis, Britain has every reason to expect that the reduction in the cost of travel for Americans and other foreigners in the British Isles would mean a healthy spurt to the tourist business in Britain. So, too, for countries like Ireland, Italy, Greece and Norway which would be severely hurt if these taxes have the effect they are designed to achieve. Does it rationally follow that America would on the one hand put the stability of the dollar on the line in support of the pound in crisis, and then turn around and intentionally destroy one of the prime incomes that Britain has? I think it does not, and any of these countries which would be drastically affected would be likely to retaliate in kind.

In essence, I am convinced that the approach of the President's travel restrictions is completely negative. I feel so particularly since there are very reasonable and practical alternatives to the tax. I think it is much more important to do far more to encourage travel to this country, rather than curtailing the benefits of travel abroad to our own citizens. Some of these alternatives are already familiar to you. You know of the efforts of the United States Travel Service which even within its modest budget is starting to be very effective. Certainly increasing appropriations for this agency would do a great deal to attract many more foreigners to our shores and would be in keeping with our past policies.

I want particularly to call the attention of this Committee to another proposal which I am sponsoring, along with 17 other members of the House: H.R. 14779, the Travel Incentive Act of 1968. Under this bill, each European traveler coming to the United States for the first time would receive from our Federal government stamps worth \$100 in transportation and accommodations. I am firmly convinced that this incentive could attract at least half a million additional European tourists to this country each year. On the surface we might suppose that this hundred dollars per tourist for 500,000 tourists would cost our government \$50 million, but this is not so. The net cost of the program will be zero because of the jobs and income generated by this increased travel to America. The total amount of this subsidy to European travelers would find its way back to the U.S. Treasury in the form of added tax revenues. This bill would benefit both government and private enterprise. It would achieve three worthy goals: unrestricted travel for our citizens as in the past, strengthened international understanding, and a decided improvement in the balance of payments.

It is very disturbing to me to think that the Administration has put forward a proposal of this kind which is, in many ways, inconsistent, which contains so many elements of danger to international goodwill, and which actually thwarts a basic solution of the balance of payments problem itself.

Mr. Chairman, once again I would like to thank you for your careful attention to the testimony which I have offered today in regard to the proposed travel tax. I hope sincerely that my views will aid you in making a just and wise decision on this proposal.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 5, 1968.

HON. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: The President's proposed tax on international air fares and travel outside the Western Hemisphere causes me great anxiety. I am especially concerned about the effect the tax would have on the American Field Service International Scholarship Program.

As you know, this program sponsors the exchange of American and foreign students. Thousands of foreign students attend secondary school for one year in the United States, living in a typical home situation, and participating in all of the family activities. The benefits are long-lasting and incalculable.