we can encourage more foreign visitors to this country, rather than restraining our own people.

This is a matter which can involve the welcome cooperation of government and business. Signs of such working together towards a mutually beneficial goal are already to be seen. The President's Business-Government Task Force on Travel on February 19 announced a series of steps which will or can be taken to attract more foreign visitors here. Seven U.S. hotel-motel chains have cut rates for visitors from outside the Western Hemisphere by up to 40 percent. The three largest car rental agencies have cut their rentals by 10 percent for these visitors. If government and regulatory agencies approve, there will be a 50 percent reduction of domestic air fares and 25 percent reductions in round-trip air fares to the United States, as well as reductions on rail, steamship and charter bus fares. If the Congress approves, visa requirements for business travelers and tourists from outside the Western Hemisphere will be waived on trips of up to 90 days; "hospitality cards" will be supplied them entitling them to discounts on spending in the United States, and permission would be granted them to land at more than one United States port on cruise ships.

These steps, together with a possible strengthening and expansion of the United States Travel Service, should, I believe, do far more towards rectifying the balance of payments deficit, and do it positively, than the administration tax measures themselves which attack the problem in an essentially negative way.

It would also be constructive to take more active measures to stimulate export of goods from this country, possibly providing businessmen with tax incentives to increase their promotional activities abroad, in order to familiarize potential foreign buyers with American products and their particular merits.

SPECIFIC FAULTS OF THE ADMINISTRATION'S TRAVEL TAX PROPOSALS

With the promise of these constructive steps, I do not need to take much more of your time, Mr. Chairman, in pointing out the specific reasons why I believe the Congress would be making a serious mistake if it were to pass these tax measures. I will list but six reasons.

1. The tax represents an effort to restrict the travel of Americans that runs entirely counter to our belief in the freedom of movement and expression of all Americans. It fails to recognize that Americans abroad are our best ambassadors. International goodwill and understanding are fostered by the freedom to travel by Americans abroad just as much as by foreign visitors here.

2. The tax will hit most severely the low to moderate income tourist, the student, the retired, and many with relatives abroad. It will be no deterrent to the wealthy, those whose substantial purchases have the most harmful effect on the balance of payments.

3. Not only the individual students and moderate income traveler, but many organized groups of students and other cultural groups would be seriously affected by the expenditures tax. Such groups usually plan expenditures down to the last penny, taking advantage of group rates at every opportunity, so to obtain maximum cultural and educational benefits from their travel. It is clear that the additional expense which this tax will impose will be sufficient to prevent most of these groups from making and planning trips, and will severely curtail the number of participants in other groups. The reduced numbers in turn will raise the cost for those remaining in the group, since many travel and accommodation rate reductions depend directly on the size of the group.

4. The tax is counter to the spirit of the Kennedy Round. Travel should not be considered as an isolated factor in the balance of payments. There is abundant evidence that payments by Americans for passage on foreign air and steamship lines, and to an only slightly lesser extent within foreign countries themselves, return in substantial measure to this country in terms of purchases of planes, machinery, food, and other commodities and services. If the taxes proposed by the administration should be enacted, they might perhaps cut down on the deficit in the travel account, but these would be an adverse effect in the export of U.S. goods and services.

5. It is futile to expect that foreign countries would not retaliate against the imposition of a travel tax, when the stability of their economies, in many instances, is dependent on the tourist trade.

6. The expenditures tax, a major part of the administration's travel tax proposals, is administratively difficult to enforce and relatively easy to evade.