

Having attended some of the hearings and having read nearly all the presentations, I would like to offer only a brief comment in opposition to the restrictions proposed by the Administration.

I believe the testimony and briefs by those speaking for the travel business and that offered by many other witnesses have built a solid case against imposition of any tax that will virtually halt tourism to the nations of the Eastern Hemisphere. The Committee hearing record, in my opinion, now contains sufficient documentation by competent authorities proving the fallacy of severe restraints proposed by the Treasury Department.

Even before your Committee has completed action on the pending legislation, substantial losses have been reported throughout the travel industry. A survey of tour operators, retail agents and international airlines shows widespread cancellation of individual bookings and diversion of many groups to Western Hemisphere destinations. Those groups unable to obtain accommodations within this region have abandoned their travel plans for this year. There has been a large decline in forward bookings to Europe, Israel, Middle East, Asia and the Pacific ever since New Year's Day when President Johnson called for a reduction in American overseas tourist spending.

This drop in passenger traffic comes in the face of widespread criticism of the proposals. Newspaper editorial opinion across the nation has been almost unanimous in opposition. Letters to the editor as well as public statements by many members of the House and Senate decry any curbs on freedom to travel.

Despite these expressions of distaste for what the public obviously considers an obnoxious interference in their rights as citizens, some people are afraid to travel because their patriotism may be held up to question. While neither the President nor the Treasury has actually suggested anyone would be committing a disloyal act by making a pleasure trip outside our Hemisphere, a substantial number of Americans apparently fear the risk of being stigmatized.

There are, of course, many others who agree that tourist expenditures in the Eastern Hemisphere are a major cause of our balance of payments problems and sincerely believe the administration is following a sound policy in limiting such spending to the United States, the West Indies, Bermuda, Bahamas and Latin America. Various industrial companies and other organizations closely associated with government also are either cancelling employee tours and incentive group travel or seeking alternate destinations.

Also contributing to the adverse situation is the fact that a number of potential travelers are of the impression that a trip abroad already is taxable or even against the law. We are receiving reports from Western Hemisphere areas that this misconception is having an affect on their tourist trade.

While it is too early to obtain conclusive figures forward bookings are off as much as 60 per cent in the case of some travel agencies. Possibly some of this loss will be recaptured once Congress has completed action on the travel legislation but from past experience a considerable portion must be written off for this year even if no restraints are imposed.

Interrogation of witnesses and private comments by members of your Committee, has given the impression that a compromise measure may be reported. I join my travel industry colleagues in the hope that this will be the very least we may expect. But even if Congress rejects any form of travel tax, American tourist expenditures are certain to decline this year simply because of the psychological influence of the President's statements.

Paradoxically, the Administration is said to favor unrestricted American travel provided everyone spends a little less. If this is true, both the President and the House Ways and Means Committee may see fit to redress some of the psychological injury. For his part, Mr. Johnson should dispel the notion that a trip beyond the Western Hemisphere is unpatriotic. At the same time the Committee, in any report it makes, may wish to stress to Congress and the nation that regardless of whatever tax is recommended, travel remains an inalienable privilege of every free American and that there can be no reflection on his loyalty should he exercise this inherent right.

#### STATEMENT OF NATIONAL ASSOCIATION OF MANUFACTURERS

As part of its balance-of-payments program the Administration has proposed taxes on foreign travel and transportation and a tightening of customs exemptions. This package is purported to reduce the balance-of-payments deficit by about \$400 million annually.