

And in many cases where the new tax will act as a deterrent, it will be counter-productive. For example, where, as often happens, there is a close choice to be made between frequent trips abroad and setting up a permanent foreign establishment, the new travel tax may well dictate choosing the latter—with the adverse balance of payments impact noted above. Similarly, this new tax could discourage a fledging or prospective export program if the company felt that the overseas travel required was not worth the new headaches involved.

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Examining the position of Bulova, for example, in the light of all the above stated obvious and Alice-in-Wonderlandish contradictions, we find a medium-sized American company which has manufacturing facilities in France, Germany, Switzerland, and Italy. All of these, from time to time, utilize American-made components.

Bulova has sales offices in North America, Central American, the Caribbean, South America, Europe, the Middle East, Africa, the Far East and Pacific, and Oceania, with markets in over one hundred foreign countries—selling both our American-made and foreign-made products.

While we pay American taxes on all of our business, both foreign and domestic, we must compete with strong, foreign-based companies which have lower taxes imposed upon their operations and profits, and no travel taxes or restrictions facing them such as will face us if the Administration's balance of payments proposals are given effect. These will simply add one more burden to an already overburdened competitive situation.

We strongly urge that, apart from carefully scrutinizing other troublesome aspects of the travel tax proposals, you and your Committee will recommend the exemption of bona fide business travel from any travel tax that it may recommend.

There are few geese laying golden eggs left us in our balance of payments basket for 1968. Let us fatten them, not starve them.

OVERMYER CORP.,
Winchester, Ind., February 12, 1968.

Mr. JOHN M. MARTIN, Jr.,
Chief Counsel, Committee on Ways and Means,
1102 Longworth House Office Building, Washington, D.C.

DEAR SIR: The Administration's proposal to tax spending by U.S. residents traveling outside the Western Hemisphere is inequitable, unrealistic and unenforceable. If enacted, it runs the risk of retaliatory legislation to discourage foreign visitors to the United States. It further threatens the economic vitality of the Travel Industry as well as International Air Carriers. Finally, it is extremely doubtful that such a tax would, in fact, measurably stem the flow of gold abroad.

In any event, business travel must be exempted from the proposed tax because of the hardship it would place on business protecting investments which have already been made and upon the export of U.S. goods abroad.

Our company has invested nearly \$1,000,000 in Belgium to service more than seventy glass container manufacturers from East Pakistan and Ceylon to East Africa and Peru. We cannot service these customers from domestic facilities because of high labor costs and restrictive union work practices.

To protect this investment and to make profits which can be repatriated, I am required to travel to Belgium six or seven times a year. The purpose of this travel is in sharp contrast to those traveling for personal pleasure. To place this additional tax burden on my small company at the same rate as on the "Jet Set" is not only inequitable but contrary to Public Policy.

The tax is patently unenforceable because of credit cards and sources of foreign funds. The tax will undoubtedly fall on the middle to lower income once-in-a-lifetime traveler as the "professional" will find the obvious loopholes. An expensive civil service agency will be required to administer, enforce and regulate the tax.

I strongly believe that business travel must be exempted particularly in cases where it relates to the management of American Capital abroad and, even of more direct importance, where it relates to expanding foreign markets for American products. Without having statistics, I would suspect a very high percentage of dollars spent for travel abroad are done by persons falling into these categories.

Very truly yours,

LOWELL L. ROESNER, President.