

In the over-all picture, we'll probably lose monetarily as well as in public opinion. Notice the "Back Britain" movement in England has already started. It probably was partially inspired by our wanting to curtail travel to England.

Sincerely yours,

DAVE JOHNSON, Owner.

PENINSULA TRAVEL SERVICE,
Monterey, Calif., February 15, 1968.

Mr. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
U.S. House of Representatives,
Longworth House Office Building,
Washington, D.C.

DEAR MR. MILLS: This is a formal statement of protest against the proposed legislation of any restrictive tax on travel abroad by United States citizens.

Treasury Secretary Fowler's proposals display a lack of knowledge or indifference to the actual monetary figures involved in the "travel gap", widely advertise the economic misjudgment and inept stewardship of this administration and offer a myopic expedient which will create more monstrous problems to solve in the future.

Mandatory controls on travel abroad will be inequitable and disastrous for these, among many, reasons:

1. Collection, accounting and policing of revenues alleged to accrue from penalty taxes on foreign travel may cost more than the amount supposed to be saved. Mr. Fowler has not given an estimate of the cost of this proposed operation and the creation of another expensive bureaucratic pyramid may well be false economy.

2. Discrimination against the "little man" will be most great. The "jet setter" and the businessman will be able to go wherever and whenever they choose or must, regardless of additional cost. The student, teacher and "save-for-a-lifetime" working man will be denied foreign travel because of increased cost. These latter are the segments of U.S. society which benefit most from travel abroad and contribute most effectively to show the benefits of U.S. democracy.

3. Circumvention of any tax on the greater portion of foreign destination transportation will be possible for the determined traveler. The U.S. carriers and travel agents may well find themselves deluged for tickets to Canadian, Mexican and Bahaman cities and for reservations (for which no revenue will be paid in the U.S.) from those cities to Europe, etc. This will be a boon to foreign carriers, penalize U.S. carriers, eliminate most U.S. travel agents from business completely and reduce revenue paid by foreign carriers in the U.S. for operational costs and purchase of U.S.-produced aircraft.

4. Many countries have a deficit to the U.S. of which these are but a few: Swedish-American Line claims that Sweden spends \$140 million more in the U.S. than America spent in Sweden and that 49.44% of the Lines' U.S. derived revenues were spent in the U.S. for "supplies and operation expenses". Holland-America Line says "60% of dollars earned goes back to the U.S. directly". Lufthansa claims to have spent more than 550 million dollars on American aircraft since 1955 and has contracted for future delivery of over 130 million dollars in American-built aircraft. In addition, it claims that every dollar earned by Lufthansa in the U.S. is retained in the U.S.

5. A travel tax is discriminating against one segment of international trade. When should there be a travel balance but no coffee, tea, steel, petroleum, etc., balance? The deficit figures on these items alone would be most revealing to the taxpayer.

We offer a few positive and more workable suggestions to eliminate a travel deficit.

1. Utilization of "counterpart funds"—the reserves abroad in foreign currency owned by the U.S.—to launch large-scale promotions of travel to the U.S. in media abroad and to allow American flag carriers to expand their promotions overseas. These "counterpart funds" could also be made available to tourists from the U.S. for spending in each of the countries visited.

2. Increase of the U.S. Travel Service budget to a realistic level to obtain optimum results in securing sufficient tourist travel to the U.S. to maintain an equitable balance. A comparison of the U.S. Travel Service's budget to that of other nations' tourist bureaus which have been successful in attracting