

The worst is that they are unwieldy, unfair and probably unworkable. They also pose the threat of throwing the whole tax structure into disrepute by offering an easy target for evasion.

What the administration is driving at is legitimate—reduction by a significant amount of the \$2,000,000,000 drain generated by U.S. tourists abroad.

When the idea was broached at the beginning of the year it sounded reasonable enough. Surely, it seemed, there must be some effective way to do it.

But the more one thought about it, the harder the job began to look, and the administration's disclosure of its proposals last week confirmed that view.

The administration's plan can be broken into three parts—a transportation tax, a graduated tax on the amount of money spent abroad and a lowering of the duty-free amount of goods that can be bought abroad.

The transportation tax—5 per cent on steamship or airline tickets—is all right, although regressive, like any other excise. The lowering of the duty-free limit also is worth putting into effect. Since the customs exemption discriminates against those of us who stay home, it could be eliminated entirely in the interests of equity.

It is the graduated tax on money spent abroad that strikes the sourest note. The first \$7 each day would be tax free. The next \$8 would be taxed at a rate of 15 per cent. Everything over \$15 would be taxed at 30 per cent.

Enforcement would depend on pretrip estimates, voluntary declarations and spot checks. The possibilities for evasion are virtually limitless.

The one good thing about most existing taxes is that they are not easily evaded. It's easier to pay a tax if one is convinced of its universality. The per diem travel tax would make cheats out of honest men the way Prohibition made boozers out of the abstemious.

Further, if ever adopted it surely would involve a welter of forms, a tangle of rules and an army of inspectors whose cost in time and money would be as high as their effectiveness would be low.

The daily-expense travel tax was a sincere try, but a bad one. The congress had better forget about it, looking instead for ways of aiding the sale of more U.S. goods overseas, attracting more visitors to this country from abroad and eliminating low-priority foreign expenditures.

THOS. COOK & SON, INC.,
New York N.Y., February 13, 1968.

MR. JOHN M. MARTIN, JR.,
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THE TRAVEL-TAX PROPOSAL

DEAR MR. MARTIN: You will probably receive many letters regarding the above. Let me try to make this one brief and (hopefully) logical . . .

I am not an unbiased correspondent. As president of Cook's, it is obvious that I have a business interest opposed to restrictions on travel.

Yet as an American (three years overseas in the U.S. Army during World War II), I have a greater obligation to see that the U.S.A. follows policies which are most advantageous to our citizens overall.

My approach to the subject of travel restrictions has therefore been, as far as I could make it so, a balanced one.

Too many people speak of things "whereof they know not. . . ." May I qualify myself to comment on the subject at issue?

My travel career spans forty-five years (since graduation from Boston University in 1923), including many "crises" and many sorts of taxes. I am familiar with similar problems in other countries—with exchange controls, and tourist marks, and all the episodes of international tourism during this long period.

All will agree, first of all, that the balance-of-payments situation is unsatisfactory.

Let us further agree that foreign travel expenditures obviously contribute to that adverse balance. There is, however, little confidence in *how much* they contribute, since the figures are based on small samplings and sometimes on unreliable personal estimates. (See attached).

So—some action must be taken, and the Treasury Department has submitted its proposals. Here are our frank reactions: