

1. The 5% "ticket tax" would be accepted by the public with little difficulty. It simply puts foreign transportation on the same basis as domestic, which seems fair. The tax should be on all transportation, with no conditions or exceptions.

But a proviso should be that a substantial proportion of the revenue from this tax, should go to the United States Travel Service—to increase quickly its promotion of foreign travel to U.S.A. This is important.

2. The reduction in duty exemption on purchases seems reasonable. But why reduce it from \$100 to \$10: Why not abolish all exemptions? And the decrease in "packages sent" from \$10 to \$1: Why? Allow no exemption at all, to simplify handling.

3. The main body of the proposal, though doubtless well-intentioned, is like something out of Alice-in-Wonderland. Consider—

It is cumbersome, requiring thousands of new employees at a time when the Government is trying to save money.

It is complicated: The explanations and figuring would be endless.

It encourages evasion: People scrupulously honest on their income tax, will vie with each other to "beat" this hodge-podge of conditions.

It is impracticable: Visualize Idlewild at a busy time with inspectors trying to enforce such regulations!

It is destructive: Though intended "to restrict expenditures rather than travel," its primary effect will be to make a European trip impossible for the *average* American.

As business people, we feel sure that the experienced members of your Committee will not approve this illogical and unworkable conglomeration of dollars, percentages, taxes, hours, etc., etc.

Out of all this discussion, one constructive result must certainly emerge: an *aggressive*, properly-financed campaign to get more foreigners to visit U.S.A.

We feel that the Committee members will eventually decide that *this* is the practical method of improving the travel balance-of-payments, and the only one consistent with the American way of doing things.

Cordially,

E. O'CONNOR, *President*.

OPINION—TRAVEL DEFICIT MAY BE FALSE

By Eric Friedheim, Editor, *The Travel Agent*

One of the most compelling reasons why Congress should reject any taxes on tourism is that nobody in Washington really knows the actual size of our travel deficit.

The Administration says Americans are spending \$2 billion a year more on outbound travel than we receive from foreign visitors, including the Mexicans and Canadians.

But this \$2 billion figure could very well be highly inflated. There are many researchers and economists who question the validity of the statistics from which the travel deficit is computed. Even those officials in the Department of Commerce who are responsible for compiling the travel figures admit they may be off as much as 10 percent which means that the deficit conceivably may be overstated by \$200 million. This is nearly half the amount that President Johnson wants to save on overseas travel in 1968.

How does the Government arrive at its travel deficit?

This job belongs to a small unit known as the Balance of Payments Division in the Commerce Department, and which is considerably understaffed. Responsibility for putting together the information about travel rests with a corporal's guard of clerks headed by one official. He in turn is dependent on information extracted from 20,000 to 30,000 questionnaires distributed each year to U.S. travelers on their return trip. This form is handed out by the Immigration Service and a few are passed along abroad to returning citizens by the State Department. Current return is about 30 percent, which may be statistically acceptable but in actuality this means the Government bases its travel spending estimate on the replies of about 10,000 persons, many of whom are filling out forms from memory which can be faulty and in some cases have reasons for not providing accurate data on how much they spent on their trip.

The Government's methods of calculating travel spending were criticized sharply several years ago by a special Committee appointed by the Budget Bureau to review how the balance of payments statistics were gathered. This special