

ber of students going abroad and teachers going abroad, businessmen going abroad, but he contended that with a graduated tax and with a 30-percent tax on everything spent over \$15 a day, that Americans would be much more careful about where they stay, and how much they pay. They would be much more careful with what they are spending. Is there any validity in that to you?

Mr. NORRIS. Of course, if you want to pay the cost of travel, you can always travel under the proposed program.

Chairman PROXMIRE. Businessmen would certainly tend to travel in spite of the 30 percent tax. It wouldn't stop them from traveling; would it?

Mr. NORRIS. But at great penalty and at great cost. They can't anticipate as an example what their expenditures are going to be, which you are obliged to do under the explanation of the program that was put out by the Secretary. That is a very cumbersome proposal.

Chairman PROXMIRE. I think they would be the least likely to curtail their travel, because they are going abroad for a specific business purpose. The cost of that travel as compared—not in all cases, of course, but as compared to the great majority of the cases with the necessity for having the businessmen travel—the cost would be relatively minor.

On the other hand, a tourist, a student, a teacher, because, of course, they have to pay the whole thing themselves out of their own pockets, in many cases I think that they would not travel.

Mr. NORRIS. I think the cost to business would be substantial.

Chairman PROXMIRE. It undoubtedly would be substantial. I am just wondering if it would deter, actually deter, prevent travel.

Mr. NORRIS. It certainly would not deter necessary travel.

Chairman PROXMIRE. Yes.

Mr. NORRIS. I think, however, that there may be some curbing of travel which you would normally take for long-term objectives in the management of your programs abroad to develop your market position, and I think this in turn would have an effect upon our inflow, short term and long range.

Chairman PROXMIRE. Do you want to comment, Mr. Cook? I wish you would.

Mr. Cook. I would only say this: We have had some experience with foreign exchange controls, particularly with English sterling. These regulations we have are called direct investment controls.

By definition of the word "investments" they are actually exchange controls, I mean that is so if you cut away all of the fat. These are exchange controls.

I have never had any experience with exchange controls except with sterling exchange, and the rules applied to nationals of all countries, whether they were English or Americans. We were doing the switch business after the war in sterling.

This was fine as long as they didn't catch our money going through the system. If they did in violation of the regulations, they confiscated it.

Well, I wonder if any exchange controls such as these are having any real length of life, because I can't imagine a sophisticated investor in Europe subjecting himself to having his money locked up.