

Now, the point I made with Government witnesses on the travel tax is that it will not impede the travel of those 3 percent of our companies in this country who are in the category doing 95 percent of our foreign trade.

But what we have been trying to do for many years is interest the rest of American business in business abroad. I don't see how they can understand how to do business abroad, develop those markets, and adapt their product for those markets, unless they travel.

It seems to me that the travel tax will impose an undue hardship on the very small business that we want to encourage to go abroad to develop these markets that will improve our balance of trade over a period of time. Would this concur with your judgment, being in the practical world of business?

Mr. NORRIS. I thoroughly concur with that viewpoint, and I go further and say that it will impose a considerable hardship on the large companies also who are doing a substantial part of the export business today.

There is not only the matter with respect to the large companies in developing their export business, but it is the management of their investment programs which is extremely important also. If one tries to look at our total position in world trade, I did an exercise on this a few years ago. I think it must have been 1964 or 1965. If you took the total trade that was generated by reason of our own exports, and exports out of affiliates of American companies abroad, I think at that time it amounted to around \$64 billion or \$67 billion. This is in my view the true measure of the stake of our companies, and of our country's stake in world trade.

There is a very definite interrelationship between trade and investment. Each supports the other. Overseas investment generates exports, so that I don't think you can separate the functions. They are very definitely dependent one upon the other.

With respect to the smaller company, that is afraid to get its feet wet in the export business, this is essentially a matter of orientation. I think it is an educational process which we must continually go through. I sit on the executive board of the National Export Expansion Council and much is being done to try to generate this interest with the small businessman. But I think it needs some help. It needs some help in the form of some incentives for the smaller company which has never been in the export business to start, to get its feet wet. I do feel very strongly that small business would be particularly harmed by any travel tax program as far as it relates to business.

Senator PERCY. I wonder if the travel proposal is not terribly discriminatory in favor of big companies as against medium-sized companies. My concern is generated by my experience representing a medium-sized company abroad. We would have to send people from this country to develop sales abroad. But we are competing against huge companies that have resident people abroad who don't have to come back to this country except for infrequent trips. Those fellows don't have the tax. Those smaller companies and medium-sized companies that have to send people back and forth have to pay an unusually discriminatory high cost in the form of the travel tax.

Mr. NORRIS. I think your reasoning follows very clearly.

Senator PERCY. One last question, Mr. Chairman, if I have a minute left.