

cost to American business. One is tempted to conclude that the only persons who will be deterred from travel as a result of these restrictions will be the low-income groups. The businessman who must travel will travel. The persons of reasonable to affluent means will undoubtedly decide to pay the cost.

Even allowing for the stress of the administration on the objective of curtailed spending rather than trip cancellation, we think the goal will not be approached. In the net, therefore, we have a program conceived in a fundamental philosophy of controlism which will not even achieve its relatively modest goal and which will trigger a burdensome and complex system of procedures. These procedures not only will be annoying but they will be an encumbrance on the right of the American people to move freely on a domestic and international level except where the national interest absolutely makes it necessary to place restrictions on such movements. Beyond this, as usual, in terms of Government's approach to the solution of the balance-of-payments problem as we see it, not enough attention is being given on an action basis to affirmative means by which we may improve our net balance-of-payments position with regard to travel, taking into consideration both U.S. trips abroad and foreign trips to this country. Although there are practical limitations, we have done far from a good job in attracting tourists to the United States. One might conclude that it is a case of too many studies, too many "pronouncements" and not enough action. Let us hope that a really affirmative program will develop and be aggressively implemented in connection with the report of the White House Task Force headed by Ambassador McKinney. It should also be indicated that through the foreign direct investment control program, as we have pointed out above, businessmen will be put on a forced-draft schedule of foreign travel in order to try to compensate for the mischief which the Government is creating through its investment controls. In a word, the foreign travel restrictions aren't worth the price which will have to be paid for creating them, administering them, and living with their restrictive burden. There must be some more imaginative, some more affirmative, some more sensible approach to balance-of-payments improvement than is reflected in this proposal.

*Broadening of the transportation tax.*—The administration has proposed that the current 5-percent transportation tax on domestic air travel be extended to foreign air travel as well, and that it also be applied in the case of transportation by water. We can see some validity to taxing transportation by air and water to and from a foreign destination on the same basis as that applied to purely domestic air travel at the present time. So long as the tax is levied on fares paid in the United States, the collection problem would appear to be relatively simple. However, we have distinct reservations about attempting to deal with the problem of transportation taxes as part of a short-run program to cope with deficits in our balance of payments. We think it would be far better for Congress to consider taxes on air and water transportation in connection with