

The original documents are located in Box 25, folder “5/28/75 HR5357 US Travel Service (vetoed)” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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VETOED
5/28/75
Delivered to Clerk of the House
5/28/75 (5pm)

Veto - 5/28/75

19/5/75

ACTION

1st Day: June 2

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *Jim*

SUBJECT:

H.R. 5357 - U.S. Travel Service

You have before you H.R. 5357 which authorizes funds for the U. S. Travel Service.

This bill authorizes funds of

- a. \$30 million for each of three years for international tourism promotion,
- b. \$8.1 million for domestic tourism promotion.

Arguments for veto:

- a. The level of \$30 million for international travel is twice the level you recommended in your Budget.
- b. You did not recommend funds for a domestic tourism program.
- c. The enrolled bill is substantially identical to an earlier Commerce draft proposal which you specifically rejected.
- d. A veto would not interfere with the operation of the international tourism program for 1976.

See more detailed OMB memo (Tab A).



Received in Records Office 5/28/75 (4PM)
Veto message dated 5/28/75 - per request of John Patchford!

June 6, 1975

Nancy:

Please return to us --
this is the official bill file.

Many thanks.

Katie



Arguments against veto:

- a. A larger international tourism program, if successful, will enhance the balance of payments.
- b. A domestic program is necessary to coordinate international travel promotion, etc.
- c. Several legislative leaders supported the measure. (See Max Friedersdorf's memo, Tab B).

Recommending veto:

OMB

Recommending approval: Sign bill at Tab D.

Friedersdorf, Commerce, Interior, Buchen (Lazarus)
(Tab D)

Recommendation:

I recommend you veto this bill. A proposed draft veto message which has been cleared by Paul Theis is attached. (Tab C) Sign message at Tab C.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 23 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 5357 - U.S. Travel Service
Authorization
Sponsor - Rep. Rooney (D) Pennsylvania and 8 others

Last Day for Action

June 2, 1975 - Monday

Purpose

Authorizes appropriations totalling \$90 million for the period July 1, 1976 to September 30, 1979 for the program of the U.S. Travel Service (USTS) to promote foreign tourism in the United States, and authorizes appropriations totalling \$8,125,000 for the period July 1, 1975 to September 30, 1978 to reinstitute a program to encourage U. S. citizens to travel in the United States.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto message attached)
Department of State	No objection (Informally)
Department of Commerce	Approval
Department of the Interior	Approval
Department of the Treasury	Defers to Commerce
Council on International Economic Policy	Supports promotion of tourist travel but defers to OMB on amounts

Discussion

The USTS and its program were established in 1961 in the Department of Commerce for the purpose of encouraging foreigners to visit this country. The domestic tourism program originated in



the Interior Department (National Park Service) in 1940; beginning in fiscal year 1971 the President's Budget has not included a request for that program, the authority for which was transferred to Commerce in December 1973 by P.L. 93-193.

H.R. 5357 would authorize appropriations to USTS for its international tourism program of \$5 million for the July-September 1976 transition quarter, \$25 million for fiscal year 1977, and \$30 million for each of the fiscal years 1978 and 1979. The bill would also authorize appropriations to reinstitute a domestic tourism program of \$2.5 million for fiscal year 1976, \$625,000 for the transition quarter and \$2.5 million for each of the fiscal years 1977 and 1978. The House Committee report states that these levels are based on an integrated marketing plan developed for Commerce in 1972 by a management consultant firm. The bill passed the House on May 13, 1975 by a vote of 282-137 (a two-thirds majority). It passed the Senate by voice vote.

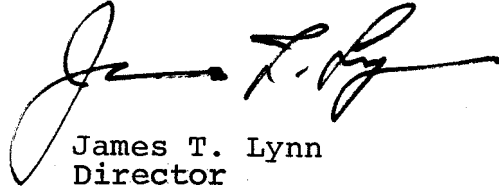
On March 14, 1975, I sent an option paper to you to determine the Administration's position on the future of both the international and domestic tourism programs. In a letter of March 31, 1975, I informed Acting Secretary of Commerce Tabor, that you had decided to "seek a three-year extension of the International Travel Act of 1961 at a \$15 million authorization level" per year, and to "oppose the initiation of a domestic tourism program..." I also stated that you had "decided that there was not a national problem or need that would warrant such a new Federal program."

Although tourism can in some cases be a means of creating employment in economically depressed areas of the country, there are already numerous Federal programs to assist regional economic development where the needs are greatest and many state programs to promote tourism. Unlike international tourism, a domestic program does not help alleviate balance of payments problems and may be contrary to national efforts to conserve energy.

The enrolled bill is substantively identical to the draft proposals submitted by Commerce for OMB clearance which you explicitly rejected on the basis of the March 14 option paper. The grounds for your decisions in March remain valid and are the basis for OMB's recommendation that you veto H.R. 5357. Attached for your consideration is a draft of a veto message.

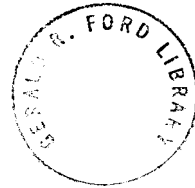


Because an authorization for the international tourism program is available for fiscal year 1976, a veto will not interfere with its continuation.



James T. Lynn
Director

Enclosures





**GENERAL COUNSEL OF THE
DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

MAY 19 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning H.R. 5357, an enrolled enactment

"To authorize appropriations to the Secretary of Commerce for the promotion of tourist travel."

The enrolled enactment would authorize appropriations of not to exceed \$2.5 million for each of the fiscal years 1976, 1977, and 1978, and \$625,000 for the transition period between fiscal years 1976 and 1977 for domestic tourism; and \$5 million for the transition period, \$25 million for fiscal year 1977, and \$30 million for each of fiscal years 1978 and 1979 for international travel activities of the Department of Commerce.

We recommend approval by the President of H.R. 5357. The amounts authorized by H.R. 5357 for international travel are in excess of the Administration's recommendations to the Congress, and the authorizations for domestic travel are contrary to the President's recommendation that no funds be authorized at this time for the domestic travel program. Nevertheless we recognize that H.R. 5357 is merely an authorization and its approval by the President need in no way constitute a commitment that the Administration will support appropriations in the amounts authorized by the bill. Since authorizations are necessary for appropriations to be made for the transition period and fiscal year 1977 for the international travel program, we believe it would be preferable to approve H.R. 5357 and use the budget process to establish the level of funding for the Travel Service recommended by the President.



OFFICE OF MANAGEMENT
AND BUDGET

'75 MAY 20 AM 10:02

RECEIVED

2

Enactment of this legislation would authorize the appropriation of funds for the Travel Service beyond the amounts now authorized by law as indicated above.

Sincerely,

Karl E. Bakke

General Counsel



MEMORANDUM

COUNCIL ON INTERNATIONAL ECONOMIC POLICY

May 20, 1975

FOR: James M. Frey
Assistant Director for
Legislative Affairs
O M B

FROM: Skip Hartquist *SH*
General Counsel

SUBJECT: Enrolled Bill Request re: HR5357

CIEP supports the authorization of appropriations for the Commerce Department for the promotion of tourist travel. We defer to OMB with respect to the correctness of the amounts appropriated, but note that they appear to be ample.



OFFICE OF MANAGEMENT
AND BUDGET

75 MAY 28 PM 4:36

RECEIVED



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAY 20 1975

Dear Mr. Lynn:

This responds to your request for the views of this Department on the enrolled bill H.R. 5357, "To authorize appropriations to the Secretary of Commerce for the promotion of tourist travel."

We recommend that the bill be approved by the President.

H.R. 5357 would amend the International Travel Act of 1961 (22 U.S.C. 2126) by providing authorization for various levels of funding to promote tourist travel through fiscal years 1976 to 1979.

This Department recognizes the significant role which tourism plays in our national economy and our quality of life. The Bureau of Outdoor Recreation, the National Park Service, the Fish and Wildlife Service, and the Office of Territorial Affairs of this Department are actively engaged in programs which promote tourist travel.

Because of our interest and participation in the vital tourism industry, we would like to stress the importance of regular and intensive coordination of both domestic and foreign tourism promotional activities with this Department, as well as other Federal agencies. We believe that such coordination is necessary to assure that such activities will complement agency goals and national policies in the areas of parks and recreation, resource management, transportation, energy, economics, and employment. Special care needs to be taken, for example, to avoid promoting travel to destinations which should not or cannot be made to withstand increased visitation, and to avoid encouraging travel by energy-inefficient modes.

Sincerely yours,

Rayston C. Hughes

Assistant Secretary of the Interior

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D.C.



Save Energy and You Serve America!

[Faint, illegible text covering the majority of the page, likely bleed-through from the reverse side.]

OFFICE OF MANAGEMENT
AND BUDGET

'75 MAY 20 AM 9:53

RECEIVED



DEPARTMENT OF STATE

Washington, D.C. 20520

MAY 21 1975

Honorable James T. Lynn,
Director, Office of
Management and Budget
Washington, D.C.

Dear Mr. Lynn:

With reference to Mr. Hyde's communication of May 16 concerning H.R. 5357, an act to authorize appropriations to the Secretary of Commerce for the promotion of tourist travel, the Department of State has no objection or comment.

Sincerely,

Robert J. McCloskey

Robert J. McCloskey
Assistant Secretary
for Congressional Relations



1975

OFFICE OF MANAGEMENT
AND BUDGET

RECEIVED

THE OFFICE OF MANAGEMENT AND BUDGET
IS PLEASED TO ANNOUNCE THAT IT HAS
COMPLETED THE REVIEW OF THE
BUDGETARY PROPOSALS FOR FISCAL
YEAR 1975.

ADMINISTRATIVE

FOR INFORMATION OF THE
COMMISSIONERS OF THE
REVENUE AND FINANCE

OFFICE OF MANAGEMENT
AND BUDGET

75 MAR 23 PM 2 44

RECEIVED



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

MAY 21 1975

Director, Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:


Reference is made to your request for the views of this Department on the enrolled enactment of H.R. 5357, "To authorize appropriations to the Secretary of Commerce for the promotion of tourist travel."

The enrolled enactment extends for three years authorization of appropriations to carry out the provisions of the International Travel Act of 1961, as amended, relating to the promotion of international tourism. Funding for fiscal years 1977, 1978, and 1979 is not to exceed the ceilings of \$25 million, \$30 million, and \$30 million, respectively. The enrolled enactment also authorizes appropriations not to exceed \$2.5 million per year for fiscal years 1976 to 1979 to promote domestic tourism.

At the request of the Assistant Secretary for Tourism of the Department of Commerce, Secretary Simon sent a letter to Chairman Rooney of the House Subcommittee on Transportation and Commerce recommending that the International Travel Act of 1961, as amended, be extended. Subsequently, the Deputy General Counsel of the Commerce Department wrote a letter to the House Committee on Interstate and Foreign Commerce stating that the President only supports authorization levels of \$15 million each fiscal year for the international tourism program and strongly opposes the funding of a domestic tourism program.

In view of these circumstances, the Department defers to the views of the Department of Commerce as to whether the enrolled enactment should be approved by the President.

Sincerely yours,


General Counsel

Richard R. Albrecht



OFFICE OF MANAGEMENT
AND BUDGET

75 MAY 21 PM 4:48

RECEIVED

THE WHITE HOUSE

WASHINGTON

May 26, 1975

MEMORANDUM FOR THE STAFF SECRETARY

FROM: MAX L. FRIEDERSDORF *M.L.F.*
SUBJECT: H.R. 5357 - U.S. Travel Service Authorization

I recommend the President sign H.R. 5357.

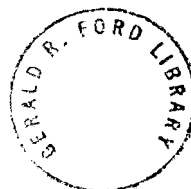
It passed the House with 132 votes against, rather than the 137 mentioned in the action memo. Forty-seven of these were Democrats.

The vote in the Senate was by voice. Both Senators Scott and Griffin strongly recommend signing. Griffin believes a veto would be "nitpicking."

In the House, John Rhodes voted for the bill, as did most tourist state Congressmen. Rhodes would prefer the bill be signed, but said he would not be upset with a veto. Bob Michel opposed the bill during House passage. Rhodes says the bill is an authorization only and the President could say at signing that he opposes the amounts.

Senator Inouye is a Senate sponsor and Bob Griffin believes that Inouye's personal popularity would negate against a veto sustaining in the Senate.

The Administration's opposition to the bill was expressed during Floor debate in the House, and a veto could probably be sustained. However, because of the leaders' attitudes, I recommend signing.



THE WHITE HOUSE

ACTION-MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 24

Time: 200pm

FOR ACTION:

Lynn May
MMx Friedersdorf *Sign*
KKen Lazarus *Sign*
Paul Theis

cc (for information):

Jim Cavanaugh
Jack Marsh
Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date: May 26

Time: 400pm

SUBJECT:

H.R.5357-U.S. Travel Service Authorization

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

TO THE HOUSE OF REPRESENTATIVES

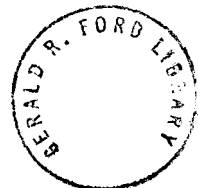
I am returning herewith, without my approval, H.R. 5357, "To authorize appropriations to the Secretary of Commerce for the promotion of tourist travel."

This bill would authorize appropriations totalling \$8,125,000 to reinstitute in the Department of Commerce a domestic tourism program to encourage U.S. citizens to travel within the United States. It also would authorize appropriations totalling \$90 million for the period July 1, 1976 through September 30, 1979, for continuation and expansion of the current program of the United States Travel Service to promote and facilitate foreign tourism in the United States.

My Administration proposed an extension of the existing program through fiscal year 1979 at an annual authorization level of \$15 million to encourage foreign visitors to the United States. It opposed an unneeded domestic tourism program.

In the course of its consideration of H.R. 5357, the Congress failed to identify any national problem that would warrant the creation of yet another Federal program which would inevitably grow and unnecessarily overlay and supplant the efforts of the private sector and State and local governments.

The promotion and management of domestic tourism should remain the responsibility of the private sector, especially the accommodation and transportation industries, and of State and local governments. They are capable of handling their responsibilities without additional Federal assistance. I find no justification for the Federal Government taking on this role.



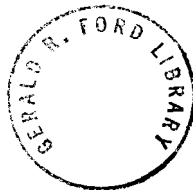
All of the 50 States have agencies which are concerned with tourism promotion -- attracting tourist travel to their own State. Several of the States are heavily dependent on tourism; others are less so. Each State should set its own priorities for tourism promotion, without Federal involvement or interference in those decisions.

Moreover, the amounts authorized in this bill for the Travel Service's existing program are excessive, almost doubling the adequate amounts proposed by my Administration for the promotion of foreign travel to this country.

I find it necessary, therefore, to withhold my approval from a bill which would create an unnecessary new Federal program and unduly enlarge an existing program.

THE WHITE HOUSE

June , 1975



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 24

Time: 200pm

FOR ACTION: Lynn May
Max Friedersdorf
Ken Lazarus
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh
Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date: May 26

Time: 400pm

SUBJECT:

H.R.5357-U.S. Travel Service Authorization

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Recommend approval with caveat to indicate that President will not request full funding. Ken Lazarus



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James H. Cavanaugh
For the President

RETURN TO RESEARCH
ROOM 228

PB

ACTION MEMORANDUM

Date: May 24

Time: 200pm

W/ok

FOR ACTION: Lynn May
Max Friedersdorf
Ken Lazarus
Paul Theis *OK / [initials]*

cc (for information): Jim Cavanaugh
Jack Marsh
Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date: May 26

Time: 400pm

SUBJECT:

H.R. 5357-U.S. Travel Service Authorization

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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James H. Cavanaugh
For the President

PB

OMB
Memo

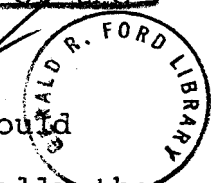
TO THE HOUSE OF REPRESENTATIVES

I am returning ~~herewith~~ without my approval, H.R. 5357, ^{OK} which would ^{totaling ~~totaling~~ \$8,125,000} authorize appropriations to the Secretary of Commerce for the promotion of tourist travel.

This bill would ~~authorize appropriations totalling \$8,125,000 to~~ reinstitute in the Department of Commerce a domestic tourism program to encourage ^{Americans} ~~U.S. citizens~~ to travel within the United States. It also would authorize appropriations totalling \$90 million for the period July 1, 1976 through September 30, 1979, ^{OK} for continuation and expansion of the current program of the United States Travel Service to promote and facilitate foreign tourism in the United States.

My Administration proposed an extension of the existing program through fiscal year 1979 at an annual authorization level of \$15 million to encourage foreign visitors to the United States. It opposed ~~an unneeded~~ ^{the reinstatement of a ~~program~~ ~~5357~~} domestic tourism program,

~~In the course of its consideration of H.R. 5357, the Congress failed to identify any national problem that would warrant the creation of yet another Federal program which would inevitably grow and unnecessarily overlay and supplant the efforts of the private sector and State and local governments.~~ ^{which was needless unnecessary.}



The promotion and management of domestic tourism should remain the responsibility of the private sector, especially the accommodation and transportation industries, and of State and local governments. ^{Each of the 50 States has its own tourist promotion agency, and} ~~They are capable of handling their responsibilities without additional Federal assistance.~~ I find no justification for the Federal Government taking on this role.

~~All of the 50 States have agencies which are concerned with tourism promotion attracting tourist travel to their own State. Several of the States are heavily dependent on tourism; others are less so. Each State should set its own priorities for tourism promotion, without Federal involvement or interference in those decisions.~~

Moreover, the amounts authorized in this bill for the Travel Service's existing program are excessive, almost doubling the adequate amounts proposed by my Administration for the promotion of foreign travel to this country.

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THE WHITE HOUSE

June , 1975

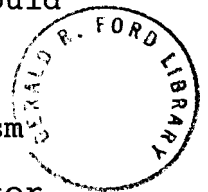
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THE WHITE HOUSE

June, 1975

May 28, 1975

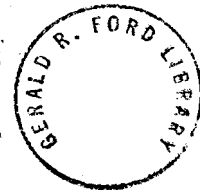
Received from the White House a sealed envelope said to contain a veto message from the President on H.R. 5357, An Act to authorize appropriations to the Secretary of Commerce for the promotion of tourist travel.

W. St. James

Clerk of the House of Representatives

4:55 PM

Time received



TO THE HOUSE OF REPRESENTATIVES:

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THE WHITE HOUSE,

May 28, 1975.

Gerald R. Ford



Delivered to Clerk of House: 5/28/75 (4:55pm)

*noted
5/28/75*

TO THE HOUSE OF REPRESENTATIVES:

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THE WHITE HOUSE,



MAY 28, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE HOUSE OF REPRESENTATIVES:

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GERALD R. FORD

THE WHITE HOUSE,
May 28, 1975



#

AUTHORIZING APPROPRIATIONS FOR TOURIST TRAVEL PROMOTION

APRIL 28, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. STAGGERS, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany H.R. 5357]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 5357), to authorize appropriations to the Secretary of Commerce for the promotion of tourist travel, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY

This legislation authorizes appropriations to the Secretary of Commerce to promote tourist travel. First, the Act to amend the International Travel Act of 1961 to authorize appropriations for fiscal years 1974, 1975, and 1976, and for other purposes, approved December 19, 1973 (87 Stat. 765), is amended to authorize the appropriation to the Secretary of Commerce of sums not to exceed \$2.5 million for fiscal year 1976; \$625,000 for the transition period to the new fiscal year beginning October 1, 1976; and \$2.5 million for each of the fiscal years ending September 30, 1977, and September 30, 1978. These funds will be used for the purpose of carrying out the functions, powers, and duties transferred to the Secretary of Commerce from the Secretary of the Interior to promote travel within the United States.

Second, section 6 of the International Travel Act of 1961 (22 U.S.C. 2126) is amended by authorizing the appropriation to the Secretary of Commerce of \$5 million for the transition period to the new fiscal year beginning October 1, 1976; \$25 million for the fiscal year ending September 30, 1977; and \$30 million each for the fiscal years ending September 30, 1978, and September 30, 1979. These funds will be used

(1)



H.R. 177

to encourage foreign residents to visit the United States and to facilitate international travel generally, according to the programs administered by the United States Travel Service in the Department of Commerce.

BASIS FOR THE LEGISLATION

Some background history on the domestic travel program is important. This program originated in 1940 in the Department of the Interior as part of the National Park Service program. There were sporadic efforts to generate activity, interrupted by World War II and the Korean War. Although authorizing legislation was approved for fiscal years 1971 and 1972, the Department of Interior requested no funds for fiscal year 1972 and permitted the program to become dormant. The 93d Congress was convinced that the domestic travel program needed new vitality, and for that reason, the committee held hearings and reported a bill which became law in December 1973 (Public Law 93-193). This law transferred the domestic travel program to the Secretary of Commerce. The committee intended that the domestic travel promotion authority be coordinated with the Department of Commerce program encouraging foreign residents to visit the United States under the International Travel Act of 1961, as amended. The Administration would not agree to fund the domestic travel program during the 93d Congress.

The government has the unique opportunity to promote domestic travel in connection with the Bicentennial era and the authorized funds should be utilized to seize this opportunity. While the emphasis of this once-in-two-hundred years celebration will be local, participation by the people of the nation in bicentennial events will also depend on federal efforts to encourage nationwide travel. Tourism spending in the United States amounts to approximately \$61 billion annually and generates successive ways of spending throughout local and regional economies, resulting in increased federal, state, or local tax receipts. The U.S. Travel Service estimates that every \$15,000 received from tourists creates or supports one job in the travel and related industries. The report submitted by the National Tourism Resources Review Commission in 1972 estimated that employment attributed to tourism accounted for 5.6 percent of total private employment, totaling approximately 4 million jobs in the United States. The tourism industry is labor intensive and employs a relatively large number of low-skilled workers who have comparatively few alternative job options.

However, the benefits of tourist travel can be jeopardized by adverse developments. A study by the Department of Labor during the peak of the energy crisis in 1974 identified 125,000 to 200,000 as being lost as a direct result of fuel shortages. In addition, unemployment in the hotel, motel, amusement, and recreational vehicle industries was reported to reach 300,000 jobs. According to testimony presented to the Subcommittee on Transportation and Commerce at the hearings in March 1975 on this bill, these industries are currently operating at far below their capacity levels. The members of the Subcommittee on Transportation and Commerce are concerned about a recurrence of this situation if energy conservation measures currently under consideration by the Congress do not consider the effects of these measures on the tourism industry. For this reason the members of the Subcom-

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mittee have requested the Department of Commerce to submit a report no later than August 1, 1975, on the effects of national fuel conservation efforts on tourist travel in the United States in connection with the Bicentennial. There was substantial testimony at the Subcommittee's hearings that domestic tourism can be developed in an intelligent manner also consistent with conservation methods. The report from the Department of Commerce should also consider positive measures to increase the use of available public transportation in connection with Bicentennial travel.

The continuation of funding for the international travel program administered by the United States Travel Service in the Department of Commerce is particularly important at this time. Worldwide, international tourism represents a \$29 billion industry which represented 209 million international trips in 1974. By contrast, in the same year the United States earned \$3.9 billion in foreign visitor receipts (\$4.7 billion including air transportation), attracting approximately 14.1 million visitors. From overseas arrivals alone, we earned \$1.8 billion representing 3.6 million arrivals. The net balance of payment deficit from tourism in 1974 was slightly under \$3 billion which was less than the \$3.1 billion recorded in 1973. It is important that we maintain and increase our earnings from foreign visitors in order to begin to cover these deficits abroad.

The funding levels in this bill are based on the implementation by the United States Travel Service of an integrated marketing plan. The plan is the result of a management study completed in December 1972 for the Department of Commerce by a management consultant firm. The five-year travel and promotional program integrates U.S.T.S. activities to accomplish stated objectives. Periodic measurement of the programs' effectiveness is incorporated in the plan. For fiscal year 1977 the plan called for total funding of \$30 million; however, this bill does not reach the \$30 million level until fiscal year 1978 and 1979. The United States Travel Service believes \$25 million is an adequate authorization level for fiscal year 1977. The authorization-appropriation history charted below indicates the difficulty the United States Travel Service has had in achieving an adequate level of appropriated funds.

U.S. TRAVEL SERVICE
APPROPRIATION/AUTHORIZATION HISTORY
[In thousands of dollars]

Fiscal year:	Authority	Appropriation requested	Appropriation made	obligated	Outlay
1964.....	4,700	4,200	2,600	2,495	2,561
1965.....	4,700	3,950	3,000	2,991	2,432
1966.....	4,700	3,500	3,000	2,975	3,101
1967.....	4,700	4,700	3,000	2,936	3,047
1968.....	4,700	6,400	3,000	2,910	2,805
1969.....	4,700	4,678	4,500	4,441	3,742
1970.....	4,700	6,000	4,538	4,525	4,847
1971.....	15,000	6,605	4,605	4,562	4,713
1972.....	15,000	9,454	6,480	6,377	4,952
1973.....	15,000	12,081	9,000	8,843	7,515
1974.....	15,000	11,344	11,100	11,239	10,900
1975.....	20,000	11,533	11,250	11,244	10,243

¹ Preliminary.
² Estimate.

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In recent years, United States Travel Service promotional programs have undergone a significant reorientation, and are now being implemented in the six-country markets which generate the largest number of foreign visitors to the United States. In descending order these are Mexico, Canada, Japan, the United Kingdom, France, and West Germany. In 1974, U.S.T.S. estimated that the dollar return on the federal government's investment in U.S.T.S. programs was 9 to 1. In 1975 that return on investment ratio is expected to reach 10 to 1. The Committee strongly believes that if the appropriated funds more nearly approximated the level of authorized funds this return on investment ratio could be increased substantially.

Tourism is among the top three industries in 46 states, and is the top industry in Nevada, Florida, and Hawaii. Tourism expenditures enhance wide sectors of the U.S. economy, and often involves small businesses—Commercial lodging, food service, travel arrangement, service stations, and other important establishments. The Committee believes that the funding for promotion of travel and tourism in this country has not been adequate. According to the International Union of Official Travel Organizations, the U.S. expenditure of \$9.1 million in 1973 for the promotion of tourism is less than the following countries: Ireland \$24.7 million; Canada \$21.6 million; Israel \$18.3 million; Turkey \$14 million; Greece \$12.7 million; France \$11 million; Belgium \$10.9 million; Mexico \$9.4 million; Italy \$9.2 million and Iran \$9.2 million.

There are some who argue that because of floating exchange rates it is no longer necessary to promote travel to the United States or, in fact, necessary to promote the export of U.S. goods—both of which are exports which earn foreign exchange. In a system of managed floating exchange rates, theoretically the demand for and the supply of currencies on the foreign exchange market results in an equilibrium exchange rate which "clears the market," eliminating the need to be concerned about a deficit which is supposed to be self-corrective; and as currencies fluctuate, so too does the effective price of goods traded. Where international agreements result in a low tariff profile and relatively free trade, there could be less of a rationale for having an expensive export promotion program in order to sell your goods especially when your currency is devaluing (assuming that foreign countries do not unfairly engage in import restrictions or export promotion). These principles cannot be held relevant, however, in the case of service exports, especially in the tourism area.

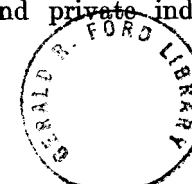
Bringing a tourist to the United States is equivalent to exporting an item worth about \$400 because, on the average, each overseas tourist spends that amount of money while here. Exchange rate fluctuations, however, affect only a portion of the cost of a trip to the United States by an overseas visitor, because at least 50 percent of the cost of visiting the U.S. is accounted for by transportation. When the decision is made to take a trip, the cost (or perception of cost) becomes one of the most important decision factors. Under the current international rules, air fares charged in local domestic currencies overseas do not automatically change when the dollar floats downward; exchange rate fluctuations are not passed on in lower cost to the local purchaser as could be the case with the sale of a good. A ticket to the United States from Germany that may have cost 1200 deutsche marks in early 1974 would still cost 1200

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deutsche marks today, regardless of the downward movement of the dollar that has occurred in the intervening period, assuming no official rate adjustments.

In addition, the relative freedom of movement and competition prevalent in goods trade does not exist in the case of services; especially tourism services which are not covered by any international agreements such as the GATT. Many international air carriers around the world own or control travel-related entities in their own country which are frequently responsible for selling the bulk of travel services to their citizens. As an example, in Belgium, Sabena has controlling interest in Air Tours which controls 80 percent of the charter market, 60 percent of the GIT and FIT market, and Transair, a tour operator which controls approximately 30 percent of the single passenger and small group market. In Germany, Lufthansa is owned 80 percent by the government which also owns the railroads which, in turn, license Deutsches Reisbuero (D.E.R.), the largest producer of inclusive tour charters (ITC) in Germany. D.E.R. works closely with Lufthansa which wholly owns Condor, a charter company controlling roughly 85 percent of the German charter business. Making matters worse, Air Tours International, a consortium of the biggest German travel agents, is a major inclusive tour operator founded with Lufthansa help and can certainly be called upon to favor the national carrier wherever possible. In Britain, British Airways owns 51 percent of ALTA, the major U.K. tour operator, and 100 percent of SWSA, an operator providing ground arrangements and consolidations of group travel. In Italy, Alitalia has 10 percent of the financial interest in Air Tour, the largest tour operator in Italy, which sells approximately 65 percent of all transatlantic traffic. In the Netherlands, KLM has 50 percent or more interest in each of five major tour operators which together control 50 percent of the market. In most of the above cases, the airlines concerned also own and operate charter companies which provide substantial amounts of nonscheduled service. The interrelationship of the tour companies, the major airlines, and the charter companies is extremely significant for business relationships and the flow of international passengers. The United States must promote heavily to generate traffic from Europe and the Far East into the United States in the face of such consolidated competition.

Because airfares paid at the tourist's origin in local currency do not automatically change when there is a devaluation of the dollar, and with such interlocking relationships between various forces in the market, it is difficult to see how the United States can hope to gain its fair share of the market through a simple reliance on exchange rate fluctuations. There are some 85 million individuals throughout the world who have the financial ability to travel to the United States, and we have, over a period of years, managed to induce only a small portion of those to visit. This poor performance is a function of the small financial effort we put into promoting the United States as a travel destination. The job of selling the United States as a travel destination cannot be left entirely to the U.S. international air carriers, for their function is to sell their service as best they can. The task of giving a good image to the United States as a travel destination and of motivating individuals to see the U.S.A. must be the function of both the Federal Government and private industry working together.



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Foreign government-aided or -owned carriers such as British Airways and Air France use their respective government travel bureaus overseas to maximum advantage in selling the services of their country's airlines. In conjunction with the job of selling the United States as a travel destination, the U.S. Travel Service should consider doing the same for U.S. international carriers. In fact, the Congress expressed its desires in this matter by amending the International Travel Act of 1961 by the International Air Transportation Fair Competitive Practices Act of 1974 (P.L. 93-623) which requires the U.S. Travel Service (to the maximum extent feasible) to encourage travel on U.S. carriers. The Executive Branch should implement the will of the Congress and aid all U.S. international carriers through combined promotional campaigns with the United States Travel Service in the major overseas markets. This could give maximum foreign visibility to use of U.S. carriers, but it cannot be accomplished when the Executive funds USTS programs substantially below authorized levels.

Only with adequate funding can we expect to continue the vital function of promoting the U.S. as a travel destination and maximize our travel account foreign exchange earnings.

COMMITTEE CONSIDERATION

The Subcommittee on Transportation and Commerce held hearings on H.R. 4449, introduced by the Subcommittee Chairman and other members, on March 18 and 19, 1975.

The Department of Commerce was represented by C. Langhorne Washburn, the Assistant Secretary for Tourism. Mr. Washburn heads the United States Travel Service in the Department of Commerce which administers the tourism programs. Also present was the Administrator of the Bicentennial Administration, John W. Warner, who described the activities across the nation in preparation for the Bicentennial.

Many witnesses explained in detail the importance of tourism to the U.S. economy. Representatives of State travel bureaus; the Discover America Travel Organizations, whose members include representatives of the hotel and motel industry, the travel agents' association, the airlines, the railroads, the motor bus owners, the American Automobile Association, and the American Express Company; the Hotel and Restaurant Employees and Bartenders International Union; and others explained in detail the importance of the tourism industry to the U.S. economy. Tourism is a \$61 billion industry in this country, supporting approximately 4 million jobs. Curtailment or inadequate support of travel promotion programs could have a drastic effect on employment in this service-oriented industry and an adverse effect on the domestic economy.

The Subcommittee, after executive session, unanimously reported a clean bill, H.R. 5357, on March 20, 1975, to the full committee with a technical amendment to provide for the transition to the new dates for the fiscal year beginning in 1976. The full committee favorably ordered the bill reported to the House with no further amendments by voice vote, a quorum being present, on April 17, 1975.

OVERSIGHT FINDINGS

Pursuant to clause 2(1)(3)(A) of Rule XI of the Rules of the House of Representatives, the Committee issues the following oversight findings:

In the 94th Congress the hearings held by the Subcommittee on Transportation and Commerce included statements and statistics from the Department of Commerce and from independent groups which indicate the success of the travel promotional programs instituted by the United States Travel Service. These facts are supported by the legislative and oversight hearings previously conducted in the 93d Congress. (See Ser. No. 93-41 and Report No. 93-651.)

The return ratio on the Federal funds invested in the travel promotion programs in FY 1974 was 9 to 1; in FY 1975 it is expected to be 10 to 1. The incremental foreign exchange earnings brought to this country by foreign visitors are a valuable asset which reduce the balance of payments deficit in the goods and services sector. As indicated previously in the basis for this legislation, the Subcommittee on Transportation and Commerce is convinced that these benefits could and should be increased by a commitment to a higher level of appropriated funds for the domestic and international travel programs, as provided in this legislation.

The Committee has not received oversight reports from either its own recently organized Subcommittee on Oversight and Investigations or the Committee on Government Operations.

INFLATIONARY IMPACT STATEMENT

Pursuant to Rule XI, clause 2(1)(4) of the Rules of the House of Representatives, the Committee makes the following statement regarding the inflationary impact of the reported bill.

The Committee is unaware of any inflationary impact on the economy that would result from the passage of H.R. 5357. The reported bill continues existing programs for the promotion of international travel for the same amount (\$25 million) in FY 1977 as that authorized for FY 1976. The authorization is increased to \$30 million for each of FY 1978 and FY 1979, an amount which the National Tourism Resources Review Commission urged for FY 1977. In addition, \$2.5 million is authorized for the promotion of travel within the United States for each of FYs 1976-1978.

These funds would be used primarily for the promotion of tourist travel to and within the United States by foreign and American residents. The tourism industry is currently operating considerably below capacity level; for example, the hotel-motel business is operating at approximately 30 percent of capacity. Approximately 4 million jobs are dependent upon a viable tourism industry. Without federal efforts to encourage the use of existing facilities, there could well be a recessionary impact on the industry resulting in unemployment for relatively low-skilled workers who have few job alternatives. This happened in 1974 when the energy crisis prevented many persons from traveling. A recurrence of this problem could well have a recessionary impact on the economy. The basis for this legislation contains a fuller discussion of this problem.

An important factor to remember is that the balance of payments deficit for the United States has been reduced by the incremental foreign exchange earnings resulting from promoting travel to this country from abroad. These earnings are estimated at \$200 million for 1975.

The benefits to the national economy from the travel programs are, therefore, positive, although not inflationary. To maintain these benefits and to put the cost of the United States Travel Service programs in proper perspective, it should be noted that the resources allocated to these programs amounted to 6/10 of 1 percent of the total budget of the Department of Commerce in FY 1975 and are expected to be the same in fiscal year 1976.

The Assistant Secretary for Tourism in the Department of Commerce received the following memorandum from the Assistant Secretary for Economic Affairs in the Department of Commerce regarding the economics of tourism:

U.S. DEPARTMENT OF COMMERCE,
THE ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS,
Washington, D.C., February 7, 1975.

Memorandum for: C. Langhorne Washburn Assistant Secretary for Tourism.

From: James L. Pate Assistant Secretary for Economic Affairs.

Subject: Statement on the Economics of Tourism.

The following statement on tourism is submitted in response to your request.

The tourism industry, currently generating an annual payroll of more than \$24 billion and providing employment for approximately 4 million Americans, is important to the economic health of our economy. As foreign and domestic tourists spend for lodging, food, clothing, transportation, entertainment and other outlays incidental to traveling, the expenditures get multiplied into higher levels of employment and income in the tourism industry and in supporting industries and add to our country's prosperity. These expenditures will stimulate our sluggish economy and help the airline, hotel-motel, transportation and recreation industries. These industries are particularly hard hit by the current recession and inflation and by the high cost of gasoline which has had a dampening effect on travel.

COST ESTIMATE

In accordance with clause 7(a) of Rule XIII of the Rules of the House of Representatives, the Committee estimates that the following costs will be incurred in carrying out the functions under H.R. 5357:

Fiscal year:	<i>Domestic travel</i>	<i>Millions</i>
1976.....		\$2.5
1977.....		2.5
1978.....		2.5
•		
	<i>International travel</i>	
1977.....		25
1978.....		30
1979.....		30

The Department of Commerce, which administers these programs, has transmitted the President's estimate of the costs to be incurred in carrying out the functions under H.R. 5357.

Domestic travel.—No funding for this program.

Fiscal year:	<i>International travel</i>	<i>Millions</i>
1977.....		\$15
1978.....		15
1979.....		15

SECTION-BY-SECTION EXPLANATION

Section I of the bill amends section 2 of the Act entitled "An Act to amend the International Travel Act of 1961 to authorize appropriations for fiscal years 1974, 1975, and 1976, and for other purposes" (Public Law 93-193) approved December 19, 1973 (87 Stat. 765). A new subsection (c) of section 2 authorizes appropriations to the Secretary of Commerce not to exceed \$2,500,000 for FY 1976; \$625,000 for the transition period to the new fiscal year beginning October 1, 1976; and \$2,500,000 for each of FYs 1977 and 1978. These funds will be used to carry out the functions, powers, and duties transferred to the Secretary of Commerce by Public Law 93-193.

Section 2 amends section 6 of the International Travel Act of 1961 (22 U.S.C. 2126) to authorize appropriations to the Secretary of Commerce not in excess of \$5,000,000 for the transition period from the fiscal year ending June 30, 1976 to that beginning October 1, 1976; \$25,000,000 for FY 1977; and \$30,000,000 for each of FYs 1978 and 1979. These funds will be used to carry out the provisions of the international Travel Act of 1961, as amended.

AGENCY REPORTS

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., April 21, 1975.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: As you know, the President has recently reviewed the desirability of seeking an extension of the International Travel Act of 1961, and has reviewed the need for a new Federal program to promote travel within the United States by U.S. citizens. This is to inform you of the President's decisions since legislation concerning both of these matters is pending before your Committee (H.R. 5357).

The President has decided that the Administration will seek a three-year extension of the International Travel Act of 1961, as amended, at a \$15 million authorization level for each of the three years. The \$15 million annual authorization would be a ceiling for each of the next three years; specific funding levels will be determined each year as part of the budget process.

The President has also decided that the Administration will strongly oppose the initiation of a domestic tourism program since there is not a national problem or need that would warrant such a new Federal program.

Sincerely,

BERNARD V. PARRETTE,
Deputy General Counsel.

THE SECRETARY OF THE TREASURY,
Washington, D.C., March 17, 1975.

HON. FRED B. ROONEY,
*Chairman, House Subcommittee on Transportation and Commerce,
U.S. House of Representatives, Washington, D.C.*

DEAR CHAIRMAN ROONEY: I am happy to submit this statement on behalf of H.R. 4449.

Foreign visitor receipts constitute a major credit item in U.S. international transactions and can have a significant impact on the U.S. external position, rates of exchange and the domestic economy.

In 1974, receipts from foreign visitors reached an estimated \$4.7 billion. Tourism ranked as this country's sixth largest export. Exports of invisibles such as travel and transportation can strengthen the U.S. external position and stimulate greater economic activity in the United States. But such exports cannot always be depended upon to grow automatically. For years, the U.S. travel industry has concentrated on selling outbound travel rather than promoting U.S. destinations abroad. The receptive segment of the industry is still in its infancy. It has to be developed and strengthened and its interests need to be represented within the councils of government where critical policy decisions are made.

The U.S. exports of travel and transportation will grow in an orderly manner only if the development of inbound tourism continues to be a national priority and if the United States Travel Service continues to receive resource support. At this point, in our economic history, there is no question in my mind that our national tourist office has a vital function to perform and that the International Travel Act of 1961 as amended should be extended.

Sincerely yours,

WILLIAM E. SIMON.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

ACT OF DECEMBER 19, 1973

AN ACT To amend the International Travel Act of 1961 to authorize appropriations for fiscal years 1974, 1975, and 1976, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of

section 6 of the International Travel Act of 1961 (22 U.S.C. 2126) is amended to read as follows: "For purposes of carrying out the provisions of this Act, there is authorized to be appropriated an aggregate amount not in excess of (1) \$15,000,000 for the fiscal year ending June 30, 1974; (2) \$20,000,000 for the fiscal year ending June 30, 1975; and (3) \$25,000,000 for the fiscal year ending June 30, 1976."

(b) In determining whether appropriations for the fiscal year ending June 30, 1974, for carrying out the International Travel Act of 1961 exceed \$15,000,000 in the aggregate, any appropriation made to carry out such Act for such fiscal year before the date of enactment of this Act shall be included.

SEC. 2. (a) There are hereby transferred to and vested in the Secretary of Commerce all functions, powers, and duties of the Secretary of the Interior and other offices and officers of the Department of the Interior under the Act of July 19, 1940 (54 Stat. 773; 16 U.S.C. 18-18d).

(b) The assets, liabilities, contracts, property, records, authorizations, and allocations, employed, held, used, rising from, available or to be made available in connection with the functions, powers, and duties transferred by subsection (a) of this section are hereby transferred to the Secretary of Commerce.

(c) *There are authorized to be appropriated to the Secretary of Commerce not to exceed \$2,500,000 for the fiscal year ending June 30, 1976; \$625,000 for the transition period from the fiscal year ending June 30, 1976, to the fiscal year beginning October 1, 1976; \$2,500,000 for the fiscal year ending September 30, 1977; and \$2,500,000 for the fiscal year ending September 30, 1978 for the purpose of carrying out the functions, powers, and duties transferred pursuant to this section.*

SECTION 6 OF THE INTERNATIONAL TRAVEL ACT OF 1961

SEC. 6. For purposes of carrying out the provisions of this Act, there is authorized to be appropriated an aggregate amount not in excess of (1) \$15,000,000 for the fiscal year ending June 30, 1974; (2) \$20,000,000 for the fiscal year ending June 30, 1975; [and] (3) \$25,000,000 for the fiscal year ending June 30, 1976; (4) \$5,000,000 for the transition period from the fiscal year ending June 30, 1976, to the fiscal year beginning October 1, 1976; (5) \$25,000,000 for the fiscal year ending September 30, 1977 and (6) \$30,000,000 for the fiscal years ending September 30, 1978, and September 30, 1979. Funds appropriated under this section shall be available without regard to the provisions of section 501 and 3702 of title 44 of the United States Code. Funds appropriated under this section for printing of travel promotion materials are authorized to be made available for two fiscal years.

Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To authorize appropriations to the Secretary of Commerce for the promotion of tourist travel.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to amend the International Travel Act of 1961 to authorize appropriations for fiscal years 1974, 1975, and 1976, and for other purposes", approved December 19, 1973 (87 Stat. 765), is amended by inserting at the end thereof the following new subsection:

"(c) There are authorized to be appropriated to the Secretary of Commerce not to exceed \$2,500,000 for the fiscal year ending June 30, 1976; \$625,000 for the transition period from the fiscal year ending June 30, 1976, to the fiscal year beginning October 1, 1976; \$2,500,000 for the fiscal year ending September 30, 1977; and \$2,500,000 for the fiscal year ending September 30, 1978, for the purpose of carrying out the functions, powers, and duties transferred pursuant to this section."

SEC. 2. Section 6 of the International Travel Act of 1961 (22 U.S.C. 2126) is amended in the first sentence thereof by striking out "and" immediately before "(3)" and by striking out the period and inserting in lieu thereof "; (4) \$5,000,000 for the transition period from the fiscal year ending June 30, 1976, to the fiscal year beginning October 1, 1976; (5) \$25,000,000 for the fiscal year ending September 30, 1977; and (6) \$30,000,000 for the fiscal years ending September 30, 1978, and September 30, 1979."

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*



May 21, 1975

Dear Mr. Director:

The following bills were received at the White House on May 21st:

H.R. 4481

H.R. 5357

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk



The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.