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TOURISM AND TRAVEL—OVERSIGHT

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HEARING

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE

OF THE

COMMITTEE ON

INTERSTATE AND FOREIGN COMMERCE

HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

NATIONAL TOURISM POLICY STUDY

AUGUST 1, 1978

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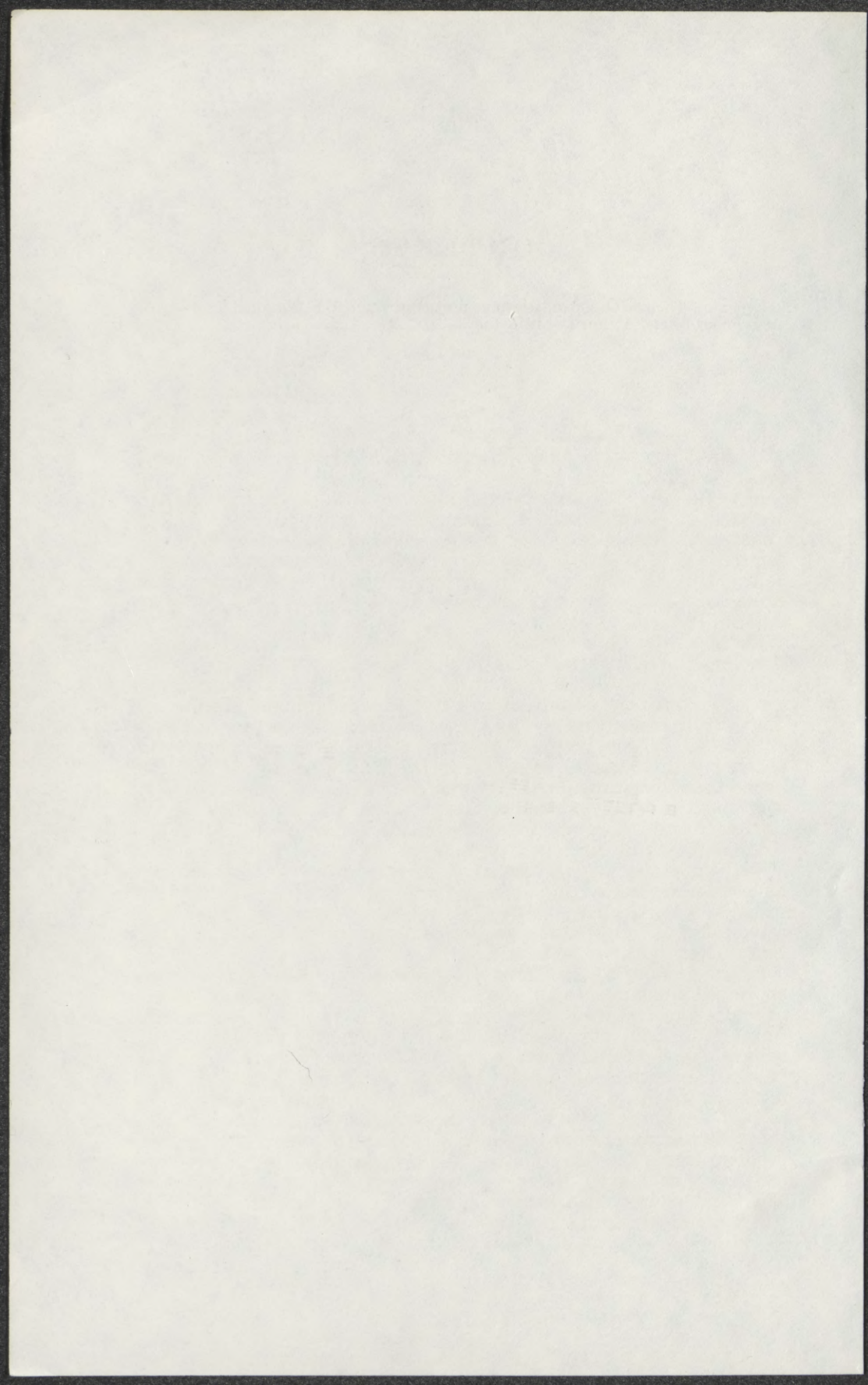
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TOURISM AND TRAVEL—OVERSIGHT

TUESDAY, AUGUST 1, 1978

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The subcommittee met at 2 p.m., pursuant to notice, in room 2218, Rayburn House Office Building, Hon. Fred R. Rooney, chairman, presiding.

Mr. ROONEY. Ordinarily—or rather, always—this committee begins its deliberations on time, and the time is now 2 o'clock. Today is a very special day because the minority member of the committee, Mr. Skubitz, had a very serious message to present before this committee. So in deference to the gentleman from Kansas, we will wait until he arrives.

[Brief recess.]

Mr. ROONEY. This afternoon, the Subcommittee on Transportation and Commerce will receive a presentation of the Arthur D. Little "National Tourism Policy Study." Last year this subcommittee joined with the Senate Subcommittee on Merchant Marine and Tourism in an attempt to analyze and catalog the impact of Federal and other Government programs which deal in one way or another with tourism and travel in the United States. It was also hoped that some order could be created out of what many of us felt was chaotic, poorly structured, and often ad hoc policy in the implementation effort by the Government as a whole.

Mr. Thomas Lloyd is with us this afternoon. As I am sure most of you know, he was the assistant project officer for this effort. I have asked him to summarize the principal findings of the study today and particularly to give a first-hand report on the study's assessment of eight foreign government tourism programs, the portion funded by this subcommittee.

Before you begin, Mr. Lloyd, I want to comment on the criticism expressed along the way of the subcommittee's participation in this policy, voiced most forcefully and eloquently by my good and long-time friend, Congressman Skubitz. I have reviewed the study, and I believe the eight-nation survey played an important role and perhaps an essential part in the exercise. But while I disagree with my good friend on that point, I cannot emphasize enough my respect for him as a student in the area of tourism and travel. I think he has done an exceptional job in taking a look at this great problem facing the travel industry in this country. He has proposed legislation embodying his views on the course that a national tourism effort should take, which will receive the careful scrutiny of this committee; and I can assure you that it will, Mr. Skubitz.

I would like to have him and anyone else to know that I view these hearings not as the end of a long period of study but as a beginning, just the early stages of what I pledge will be the most extensive examination of the whole range of tourism and travel-related issues conducted by the Congress to date.

The gentleman from Kansas, as he regretfully returns to the role of private citizen, can know he has left with this subcommittee a legacy not only of great good will and friendship but dedicated effort on behalf of all of us, indeed, all Americans who are involved in the travel industry.

At this time, I would like to yield to the gentleman from Kansas, Mr. Skubitz.

Mr. SKUBITZ. Mr. Chairman, I thank you for those kind remarks. I am interested in the tourism problem. I would like to read a little statement into the record at this moment, if I may.

Mr. ROONEY. Without objection. This is your day.

Mr. SKUBITZ. Mr. Chairman, I appreciate the need to hold hearings on the Arthur D. Little study and in particular the document entitled "Assessment of eight Foreign Government Tourism Programs" and another document entitled "Survey of Key Problems Faced by the U.S. Public When Traveling for Pleasure." Obviously, since this committee has spent more than \$50,000 for these working memorandums, we should at least acknowledge our errors.

It was, however, my impression at the May 15, 1978, authorization hearings that this subcommittee would be holding hearings on a bill which at least would contribute to a partial solution to the problem which has plagued this Congress for the past 15 years; namely, what to do with the U.S. Travel Service.

Today is obviously not the forum for additional criticism of that agency, but I trust that we will have another day of hearings shortly on the U.S. Travel Service, tourism in general, and what the U.S. policy should be toward the promotion of tourism both domestically and internationally.

With reference to today's hearings on the Arthur D. Little study, I would like to make a few comments.

It has always been my impression that one hired a "consultant" for the purpose of:

1. Gaining access to that consultant's unique expertise in a given field; or
2. To benefit from his unique analytical talents.

A corollary to the hiring of a consultant for his unique expertise is the expectancy on the part of the client that the consultant will provide value for money. That is, that his report will be responsive to the needs of the client and be practical.

The consultant who chooses to prepare a report at the client's expense which is both unresponsive to the needs of the client, and is patently impractical, unrealizable, and calls for solutions which border on the absurd commits a major disservice to the client and his profession. In the case in point, in view of the administration's stated policy to reduce the Federal bureaucracy, it is inconceivable that we consider setting up a whole new agency with a cast of

thousands, and a budget in excess of \$800 million. We would also be setting up a mini-Cabinet with representation of virtually all existing Federal agencies.

It is particularly distressing when a major consulting organization lends its weight and credibility to a study which can only be termed totally impractical.

The tragedy is compounded by the travel industry as a whole, which has accepted the Arthur D. Little report as gospel truth, as irrevocable legislation, as the law of the land.

This is yet another case of fooling some of the people some of the time and all of the people all of the time. If the travel industry can live with a series of Soviet-like 5-year plans and be guided by committees of nobody bureaucrats from nowhere that is up to them. I wish them luck.

I have prepared my own version of a reorganization of the U.S. Travel Service, which I believe will meet the immediate needs of the travel industry and the administration.

Mr. Chairman, I will drop this bill (H.R. 13720) into the hopper today. I brought it to your attention, and I have asked a couple of our members of our committee to co-sponsor it with me. It will be available in print in a few days. What I had hoped, Mr. Chairman, is that after this bill is introduced that I can present it to the Arthur D. Little Co., have them compare it with their bill and have their representatives sit where Mr. Lloyd sits today and give us their viewpoint on their bill as compared with what they have presented to us.

I do have just a few questions. I will have much more if the chairman will permit us to have a hearing upon the bill which I intend to present.

Mr. ROONEY. I assured the gentleman from Kansas we will have hearings on his bill and he will have his day in court. As you know, I have been very fair—

Mr. SKUBITZ. Always, Mr. Chairman.

Mr. ROONEY. As I said prior to this meeting today, we will have extensive hearings on this legislation.

Mr. SKUBITZ. I say, Mr. Chairman, I will limit my questions today.

Mr. ROONEY. We can't ask questions until we hear the testimony.

Mr. SKUBITZ. I am saying, I think this is his day to present to us and we will ask him questions on what he presents. I am wondering if he submitted a printed statement so we can follow his statement. Have you submitted a statement?

Mr. LLOYD. Yes, I have, Congressman.

Mr. ROONEY. I recognize the gentleman from Nevada, Mr. Santini, for any comments he might want to make before the beginning of this hearing.

Mr. SANTINI. Thank you, Mr. Chairman. I am here to consider the testimony of Mr. Lloyd. I recognize and discussed at length with the gentleman from Kansas his concerns and interest in both possible legislative solutions and to practical redirecting of the efforts that our Government has expended in the interest of both domestic and international tourism, and I have read with some considerable interest the National Tourism Policy Study final report, April 1978.

The thrust of my discussion with the witness that is with us today will relate to some of the conclusions contained in that report. I appreciate the opportunity to have this chance to examine those questions.

Thank you, Mr. Chairman.

Mr. ROONEY. Our witness today is Mr. Thomas G. Lloyd, Assistant Project Director of the National Tourism Policy Study of Arthur D. Little, Inc. Mr. Lloyd.

STATEMENT OF THOMAS G. LLOYD, ASSISTANT PROJECT DIRECTOR, U.S. NATIONAL TOURISM POLICY STUDY, ARTHUR D. LITTLE, INC.

Mr. LLOYD. Thank you, Mr. Chairman. I will summarize the document that was submitted for the record.

Mr. ROONEY. Without objection—

Mr. SKUBITZ. Mr. Chairman, I would prefer the gentleman read his statement because this is the first time I have seen his statement and it may bring questions to mind that a summarization wouldn't bring to mind.

Mr. SANTINI. I have always been an enthusiast of summarized statements.

Mr. SKUBITZ. We only have one witness, I believe, today.

Mr. ROONEY. I think we will adhere to the request of the gentleman from Kansas, and you may proceed to read your testimony into the record, Mr. Lloyd.

Mr. LLOYD. In recent years, tourism and travel has increasingly become recognized as making significant and enduring contributions to economic growth, employment, and income in the United States, as well as to the physical, social, and cultural welfare of U.S. citizens. The travel industry is widely recognized as one of the major industries throughout the United States and, in most of the 50 States, generating revenues and income of over \$100 billion a year and supporting more than 4 million jobs. Equally important, leisure time and associated recreational activities are a principal means for maintaining the physical and mental well-being of the population, for contributing to personal growth and education, and for enhancing cultural understanding and appreciation of the diverse nature of the Nation's historical, cultural, and natural heritage.

Within the Federal Government there exists a very large number of policies and programs with impacts on tourism, travel, and associated recreational activities. These are fragmented and often duplicative and conflicting. In spite of the significance of tourism and travel, and the Federal Government's current involvement, little has been done to explicitly define an appropriate role for government in tourism and to identify the means by which the Federal Government can most effectively respond to the tourism, travel, and recreational needs of both industry and the general public.

Mr. ROONEY. Will the gentleman yield? Do you want to ask any questions—

Mr. SKUBITZ. I will wait until he finishes his statement.

Mr. ROONEY. I would like to interrupt at this stage. With the Federal Government, there exists a very large number of policies

and programs with impacts on tourism, travel, and associated recreation activities. Are you going to get into that later? What are they?

Mr. LLOYD. There are over 100 agencies defined by a previous study that either have positive or negative tourism programs. Most of the land agencies have tourism budgets and tourism programs that relate to Federal land holdings, and many of the capital expenditure programs require that recreation and tourism activity be considered as an ancillary activity for water projects and developments of those sorts.

The regulatory agencies, of course, impact generally in a negative sense on tourism, but there is a large number; we examined 35 of those in some detail, and our report goes into each of those as to what they are. We have a chapter that goes into every agency that has a program that impacts tourism and recommends changes to be made to them.

Mr. SANTINI. Will the Chairman yield?

Mr. ROONEY. I will be happy to yield.

Mr. SANTINI. How many Government agencies impact on tourism?

Mr. LLOYD. This was not a study we did, but it was commissioned to Robert Nathan Associates, and they identified over 100 Federal agencies.

Mr. SANTINI. Is that 101 or 199?

Mr. LLOYD. Over 100.

Mr. SANTINI. Do you have any approximate number? Over 100 could possibly be anywhere from 101 to 1,000.

Mr. LLOYD. I don't recall specifically, but the Robert Nathan report identifies two or three studies, and the numbers ranked, as I recall, from about 109 to 121, depending on whose count. These would vary from year to year. This year particularly we have had tax regulations and legislation that has affected tourism. There may be years when there are no new tax initiatives that affect tourism so that that might vary. Many of these are peripheral. There aren't that many mainstream programs.

Mr. SANTINI. And your study examined 35 departments or agencies?

Mr. LLOYD. Thirty-five programs, yes, sir.

Mr. SANTINI. Does that mean departments or agencies——

Mr. LLOYD. Some agencies had one or two.

Mr. ROONEY. I think the gentleman from Kansas had a question.

Mr. SKUBITZ. Mr. Chairman, I am having the same difficulty I had when I first looked at this report. On page 16 and 17, National Tourism Policy Final Report to the Senate, there are the 35 agencies. If you can read them, you are better than I. You see the print. I assume what you are talking about agencies like National Parks and the Bureau of Outdoor Recreation.

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. The Forestry Service. Now, can you name some of the others for me.

Mr. LLOYD. Corps of Engineers; Fish and Wildlife Service.

Mr. SKUBITZ. Let us stop with each one of those.

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. What do you propose to do with regard to the National Parks, the Bureau of Outdoor Recreation, Corps of Engineers, the Forestry Service? How do they fit into this recommendation that you made to the Senate?

Mr. LLOYD. We have recommended the establishment of a policy council that includes representatives from 18 departments and covers virtually all of these major programs in tourism for coordination purposes. There were far too many agencies to propose the consolidation of all of the programs impacting on tourism or contributing to tourism.

Mr. SKUBITZ. Mr. Lloyd, do you know why we established the Bureau of Outdoor Recreation, which you want to turn over, as I understand it, to the U.S. Tourist Service?

Mr. LLOYD. That is a two-part question.

Mr. ROONEY. If the gentleman would yield, why don't we get that—

Mr. SKUBITZ. He is saying 35 different agencies. The point is, the policy or purpose of setting up these things were entirely different from tourist service. For example, and then I will drop it, Mr. Rooney, the Bureau of Outdoor Recreation was established for one purpose, to distribute funds to help the States and communities with their programs. I don't see how it fits into tourism at all.

Mr. ROONEY. I apologize for interrupting your testimony. You may continue, and we will withhold any questions until you are finished with your testimony.

Mr. LLOYD. In an attempt to correct these problems and maximize the beneficial aspects of tourism, while minimizing the costs and conflicts, the Senate undertook a study of the Federal role in tourism. Senate Resolution 347, cosponsored by 71 Senators and unanimously agreed to by the Senate on June 24, 1974, authorized the then Senate Commerce Committee to conduct a National Tourism Policy Study.

In October 1976, Robert R. Nathan Associates, Inc., presented the study's first interim report, which outlined the conceptual basis of the project, gave an overview of legislation which affects tourism, tentatively identified the national interests in tourism, and listed some of the problems associated with the present Federal role in tourism.

In June 1977, Arthur D. Little, Inc., presented a second interim report detailing and analyzing input from the tourism and travel industry on the issues, problems, and needs of the State and local public sectors and the private sectors of the industry, both in general terms and in terms of their specific relationships to Federal agencies and programs.

In April 1978, we presented the final report to the Senate on the National Tourism Policy Study which includes the findings of the final phase of the National Tourism Policy Study and also integrates the findings of all previous phases of the study.

Based on work done by the Senate committee and Arthur D. Little, Inc., this report makes recommendations for a proposed national tourism policy for the United States, proposed definitions of appropriate roles for the Federal Government, the States, cities, private industry, and consumers in carrying out, supporting, and contributing to the national tourism policy; and recommendations

for organizational, programmatic, and legislative strategies for implementing the proposed national tourism policy.

The report also summarizes the principal findings of a related study of national tourism organizations and programs of eight foreign governments sponsored by the Honorable Fred B. Rooney and the U.S. House of Representatives Subcommittee on Transportation and Commerce. We would like to thank Chairman Rooney for his support as well as the other members of the Subcommittee on Transportation and Commerce for their support of our research related to the National Tourism Policy Study and for permission to reproduce the key findings of the House of Representatives study.

Specifically, in this report on the final phase of the National Tourism Policy Study, we explore the basis and rationale for a congressionally-mandated national tourism policy and the nature and character of the current Federal Government's involvement in tourism and travel. We discuss the national interests in tourism, travel, recreation, and natural heritage resource preservation; identify tourism and travel needs of the States and cities as ascertained in the second phase of the study; describe the goals and objectives of the proposed national tourism policy, and describe their relationship to the national interests; and propose a national tourism policy as a starting point for congressional deliberation.

The report summarizes a series of programmatic recommendations for implementing the proposed policy and meeting the national interests and the needs of States and cities; summarizes our principal and alternate recommendations for reorganization of the Federal involvement in tourism; and discusses in detail two recommended options for a principal Federal tourism agency; two recommended alternatives for a Federal inter-agency tourism and recreation coordinating body; two recommended alternatives for a Federal/State/local coordinating body; and two recommended alternatives for a Federal/private industry coordinating body. In addition, we provide, in the report, specific recommendations for changes in policies, programs and activities of various Federal agencies with tourism related programs, and summarize technical recommendations for amendment of existing legislation and the development of new legislation to authorize Federal tourism and recreation activities.

Finally, we describe the background of the study, discuss the process used in developing the study recommendations, describe the budgetary implications of the organizational and programmatic recommendations, and present job descriptions and staffing plans for the two principal organizational options.

As envisioned by the National Tourism Policy Study, a national policy on tourism and travel should be a prescription for assuring that Federal Government activities effectively respond to the national interests in tourism and travel, to national interests in associated recreational activities, and, where appropriate, to meet the tourism and associated recreational needs of State and local governments, private industry—including labor interests—and the general public. The national tourism policy should be designed to focus increased attention and support for tourism and travel and to assist all elements of the travel and recreation fields to mutually enhance and benefit one another's activities and interests.

While this report was developed with guidance from the Senate committee staff, it does not necessarily represent the views of the Senate Committee on Commerce, Science, and Transportation but rather embodies the objective judgments and recommendations of the Arthur D. Little, Inc., study team. In that context, the study team has recommended the following:

The national tourism policy study would be formulated in such a manner as to reflect and embody national policies supporting and enhancing recreation and natural heritage resource interests and activities of the Nation, as well as traditionally-defined tourism and travel interests and activities.

The national tourism policy should include at least seven principal policy goals:

1. Optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, regional economic development, and improved international balance of payments;

2. Make the opportunity for, and the benefits of, travel and recreation universally accessible to residents of the United States and foreign countries;

3. Contribute to personal growth and education of the population and encourage their appreciation of the geography, history, and ethnic diversity of the Nation through tourism and recreation;

4. Encourage the free and welcome entry of foreigners traveling to the United States, while balancing this goal with the need to monitor persons and goods entering the country and with laws protecting public health;

5. Protect and preserve the historical and cultural foundation of the Nation as a living part of community life and development, and to insure future generations an opportunity to appreciate and enjoy a rich national heritage;

6. Insure the compatibility of tourism and recreation policies and activities with other national interests in energy development and conservation, environmental protection, and judicious use of natural resources.

7. Harmonize, to the maximum extent possible, all Federal activities supporting the needs of the general public and the public and private sectors of the tourism and recreation industries. Take a leadership role with all concerned with tourism, recreation, and natural heritage preservation.

To implement the proposed national tourism policy, the Congress should create two organizational entities to assure effective programmatic interpretation of the policy: A principal Federal Travel and Recreation Agency and a principal Federal Interagency Coordinating Council. The Congress should also encourage State and local governments and the private sectors of the tourism and recreation industries to create, in close cooperation with Federal officials, a principal Federal/State/local coordinating body and a principal Federal/private industry coordinating body for travel and recreation.

This proposed United States Travel and Recreation Agency should be created as an executive agency outside of existing departmental structures—headed by an Administrator appointed by the President—through a consolidation of the staff, budgets, and most activities now carried out by the U.S. Travel Service, the Heritage

Conservation and Recreation Service, and the National Visitor Center of the National Park Service. No increase in staff would be required under this proposed rearrangement or related activities.

The programmatic emphasis in the U.S. Travel and Recreation Agency should be in the areas of basic and applied research in travel and recreation; assistance in and coordination of tourism and recreation planning at the local, State, and national levels; and technical assistance, education, and informational clearinghouse services to both industry and consumers. The administration of existing grants-in-aid programs for development of touristic, recreation, and natural heritage resources, attractions, and facilities should be consolidated. International tourism promotional activities should be stepped up, while domestic promotional activities on the part of the Federal Government should be limited to indirect support for State, local, and private sector promotional activities.

The National Travel and Recreation Policy Council should be established as an independent Federal policy coordinating body chaired by a member of the President's domestic and international economic advisory staff. It should consist of the 18 department or agency heads whose departments or agencies have important tourism and recreation-related programs or programs which significantly impact on tourism and recreation interests. The Policy Council should be charged with monitoring Federal agency compliance with national tourism and recreation policy and coordination of the policy's interpretation with other national interests. To assure the effectiveness of the Council and the cooperation of participating agencies, annual reports to the Congress would be required.

State and local governments, working in cooperation with Federal officials, should be encouraged to establish an Intergovernmental Travel and Recreation Planning Board as a principal Federal/State/local public sector coordinating body made up of State and local travel and outdoor recreation officials and representatives from the U.S. Travel and Recreation Agency. The planning board's primary purpose would be to coordinate State and local tourism and recreation interests with Federal activities related to national tourism and recreation policies.

Private sector officials of the travel and recreation industries should be encouraged to establish a Travel and Recreation Development Board as a principal Federal/private industry coordinating body in tourism and recreation. The development board would coordinate private sector interests with Federal activities related to national tourism and recreation policies, including identification of private sector problems, development of industry programs, and joint industry/Federal cooperative programs. Also included would be review, comment, and the making of recommendations on Federal tourism, recreation, and heritage resource preservation policies and programs to the U.S. Travel and Recreation Agency and to the National Travel and Recreation Policy Council.

The details of the Arthur D. Little, Inc., recommendations are contained in the body of the National Tourism Policy Study final report. Following the text of the report, as printed by the Senate, are drafts of two alternative pieces of legislation, each related to one of the two organizational options described in detail in the report. Both options are realistic and feasible within an increased

expenditure range—from general revenues—of \$1.9-2.7 million. The second option discussed in the report proposes the complete restructuring of the U.S. Travel Service. It proposes new program initiatives and an increase in staff size of 24 percent. Consequently, this second option would require an increase in general revenue expenditures of \$2.7 million.

These proposed increases in Federal expenditures are modest and apply to the initial 2 to 3 years following the proposed reorganization. After the new agency has moved through this transitional phase, the new agency's Administrator should be in a position to come to the Congress with proposed programs, budget requirements, and a fully documented justification for increased funding beyond the level recommended in the report. Substantial increased funding appears to be needed in the long term for the United States to compete successfully for international visitors. Our study for this subcommittee has shown that the United Kingdom spends 7.3 times as much as the United States to support its national tourism organization on a per capita basis, and Ireland spends 120 times as much. The average per capita expenditures for international promotion by the eight foreign governments we surveyed was 54 cents, with the U.S. spending 3 cents per capita. These foreign governments spend 18 times more per capita than we do to attract foreign visitors.

While the Federal Government has a significant role to play in tourism, this role must be developed in full partnership with other public and private sector entities. We view our recommendations to the Congress as an intermediate step in developing a new national tourism policy. Although our report has been developed with extensive inputs from the public and private sectors of the tourism industry, further in-depth and critical review by the industry is appropriate at this time. We feel that our work provides an organized framework which will facilitate the congressional hearing process which is to follow. Only through further industry inputs and careful congressional deliberations can a truly effective and representative national tourism policy be developed.

Mr. ROONEY. Thank you very much, Mr. Lloyd. I also thought the Irish were great spenders, but 120 times as much of what?

Mr. LLOYD. On a per capita basis on promoting international tourism to Ireland.

Mr. ROONEY. What do they spend in Ireland?

Mr. LLOYD. I will have to look it up. As I recall, it is about \$20 million or \$30 million.

Mr. ROONEY. And we spend on international tourism what?

Mr. LLOYD. I would defer to Jeanne Westphal, but I think it is in the neighborhood of \$8 million on promotion.

Mr. ROONEY. In your conclusions, have you taken into account the needs and concerns of all segments of the tourism industry?

Mr. LLOYD. We feel we have. In the ascertainment phase, we held six regional meetings in which the elected officials from State and local entities and regional commissions were invited to send representatives, and many of the States sent private sector representatives to those meetings. We held seven national meetings in which we invited the chief executive officer of a variety of companies in ground and air transportation, lodging, food service, outdoor recre-

ation, labor. Two hundred and sixty-some participants in all have been to our meetings, have received advanced copies of our recommendations, and have received copies of the final report.

Mr. ROONEY. Is it safe for me to believe that you are satisfied with the way the U.S. Travel Service [USTS] is operating in the Commerce Department, with the exception of a few modifications here and there?

Mr. LLOYD. No; I don't think that is correct. That wasn't our finding. I would like to preface my comments by saying that our investigations into Federal agency programs were not intended to evaluate those agencies but simply to understand how the processes work. Those were done over a year ago now and at the time the new administration was just beginning to establish their programs. So my comments will then apply to what existed at that time. I have no personal knowledge of improvements or changes made by the new administration.

The Assistant Secretary for Tourism was new at the time, as was the Deputy. What we found at that time was a general lack of direction in the travel service——

Mr. ROONEY. Let us assume that is true. You want to just do away with the USTS in the Commerce Department period?

Mr. LLOYD. No; we have recommended that a new agency be established outside of departmental structures.

Mr. ROONEY. You want the USTS and then you want another agency within the USTS?

Mr. LLOYD. I am sorry; I didn't understand.

Mr. ROONEY. I asked whether you wanted USTS completely removed from tourism?

Mr. LLOYD. Yes, sir, we propose that it be dissolved and then a new agency be created.

Mr. ROONEY. Why do you want a new agency? I remember when the President was campaigning, he wanted to consolidate everything, and you want another agency.

Mr. LLOYD. What we have done is consolidate two existing agencies and an office within one agency. We have recommended no increase in net Federal employment. We have reduced the number of Federal agencies by two.

Mr. ROONEY. What happens to USTS?

Mr. LLOYD. It goes out of business.

Mr. ROONEY. It goes out of business. And then where do its responsibilities go?

Mr. LLOYD. To the proposed new agency.

Mr. ROONEY. And what is the proposed new agency? What would it be called?

Mr. LLOYD. U.S. Travel and Recreation Agency.

Mr. ROONEY. Aren't you just shifting USTS to another derivative of something else?

Mr. LLOYD. Not exactly, because——

Mr. ROONEY. What will you do with the people in USTS?

Mr. LLOYD. I don't know that we would do anything——

Mr. ROONEY. The people there now, you talked about the Secretary——

Mr. LLOYD. I am sorry, I don't quite understand the mechanics of when this happens. But let me describe what we have done. We

have designed this new agency; we have rewritten the job descriptions for those jobs that are to remain and written new job descriptions for slots that are not now existing in USTS or what was then the Bureau of Outdoor Recreation. So we have designed a new agency, a new management structure, and we have rewritten all the job descriptions, which are in the appendix to our report of the slots to be in that new agency. Many of those are very similar to the job descriptions of people now holding jobs in USTS and our assumption is those people would be moved.

Mr. ROONEY. But whose jurisdiction would this come under?

Mr. LLOYD. It would be a new agency.

Mr. ROONEY. Another new agency?

Mr. LLOYD. Yes, sir.

Mr. ROONEY. Not dealing with Outdoor Recreation, not dealing with the Commerce, this is another agency you want to set up, another bureaucratic agency?

Mr. LLOYD. Yes; and doing away with existing ones and moving the responsibilities of those two existing ones into a new one.

Mr. ROONEY. I yield to the distinguished expert on travel, the gentleman from Kansas, Mr. Skubitz.

Mr. SKUBITZ. First thing, Mr. Chairman, they are going to combine, I would assume, all of the functions of the Bureau of Outdoor Recreation and USTS; is that correct?

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. And you would fire some of the people, I would assume, and then move others into your new agency, and that is the reason it wouldn't cost anything; is that correct? I think you made a statement, by making this move it wouldn't cost the Government anything.

Mr. LLOYD. No; I didn't say that. I said there would be no net increase in Federal employment by these reorganizational moves. I didn't say it didn't cost anything.

Mr. SKUBITZ. You would move them over from one agency to another. Certainly the Bureau of Outdoor Recreation takes care of more things than just outdoor recreation?

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. So some of those people would have to stay on to carry on their old functions?

Mr. LLOYD. We have been very specific as to what functions move and where they go. All of these activities in the Bureau of Outdoor Recreation have been described and those moved, and they have been integrated into the new organizational structure.

Mr. SKUBITZ. What authority would this new agency have over all of these 121 different bureaus and commissions, and so on, that are dealing in the field of recreation or tourism, whatever you want to call it?

Mr. LLOYD. The new agency would have no authority over other existing Federal agencies in tourism.

Mr. SKUBITZ. Well, then, what good can it accomplish? Let me give you a for instance. Mr. Santini and I both sat on the Interior Committee. We have national parks under our jurisdiction. I think when your people went down to visit them, and it was very interesting to note you indicated that because of lack of money and time, you spent only a few hours with these people. There isn't

much you can learn in the national parks in a few hours, believe me.

National Park Service is really not interested in tourism; isn't this correct?

Mr. LLOYD. That is correct.

Mr. SKUBITZ. Well, then, what are you going to do about it? Or what do you expect us to do about it?

Mr. LLOYD. Congressman, there seemed to us to be sort of two collections of problems that had to be dealt with. One was the programmatic functions that have to do with tourism, those that are now in USTS and those we combined with recreation—those we have proposed to place in this new Federal agency.

The other category of problems, which was over half of the needs identified by the industry, were coordination problems.

We proposed setting up an interagency coordinating body, and that is where the coordination with the Park Service and these other agencies is to take place. It places no authority of the tourism agency over the Park Service. What it does is creates a mechanism for coordination that does not now exist. The voluntary coordination that is employed in every agency's mandate simply has not been working or we have found little evidence that it has been working, and in order to correct that, we have set up this mechanism that will allow that coordination to take place. It doesn't mean that any one of those agencies on the coordinating body has a say-so over the other agencies' business.

Mr. SKUBITZ. Well, the water runs right off the back—

Mr. ROONEY. There is nothing unusual about that with you.

Mr. SKUBITZ. It is when you are dealing with an organization as big as the National Park Service, Mr. Chairman, because the National Park Service today is screaming about visitors to the national parks, tearing up the park, and really they are trying to discourage visitors to the parks. They are trying to take the various facilities that you have in the park for sheltering people, and I think the move is on to get rid of the concessionaires that are in the park, not allowing space in the park for people.

I happen to be on the other side of the fence. I happen to think that parks are for people; that is what they are for. But the policy of that Department is not in line with your thinking with regard to tourism or what mine might be. So how do you coordinate with somebody that doesn't want to be coordinated, that is my point, unless you take away that function and give them to this Secretary or agency that you are wanting to create?

Mr. LLOYD. Congressman, I would be the last to pretend our recommendations are going to solve the coordination problems of the Federal Government, but our feeling was, and one of the major benefits from the study sponsored by this subcommittee was, the understanding that we were able to obtain of coordination in other national governments and where it worked and how it worked and where it failed and why it failed, and it was a great benefit in our understanding of how to make a coordinating mechanism work here.

The idea of the Interagency Coordinating Council is for the Park Service to be able to sit down and present its problems and its policies that emanate from those problems with having too much

traffic at some parks, so that the tourism agency can understand those problems and not compound them by the tourism agency's policy of attempting to dump too many people in there. Now the tourism agency has to put forth its ideas and reasons for why those parks should be for the people. An accommodation is possible in a coordinating body in which the people who sit on it are at a level high enough to make decisions. The principal failing in coordination that we have been able to determine in the course of this study is that coordination responsibilities are delegated down to a level of the bureaucrat that has no authority to commit his or her agency to an agreement.

Mr. SKUBITZ. I think you missed the point. I think really as far as the National Park Service is concerned, I don't know any way that anyone can go in and convince the Park Service that you should open the parks up to tourists, and I think whoever is in charge of the tourism agency, whether it is this or any other group, is just going to have to advertise these things are available for people to see. You aren't going to get people out there unless you get that, and the Park people aren't going to help you do that.

They don't want you to go into Yosemite. They want you to cut down on Yellowstone. The same is true of Glacier. The same is true of—well, any one of the areas out there. If you don't have any control, which you say you don't recommend for your bill, how do you expect anybody to coordinate or to get the Park people to agree with you?

Mr. LLOYD. I suppose that we trust the deliberation of reasonable people. Right now the two agencies are not talking to each other, Congressman, and the improvement we are proposing is that they do talk to each other, and we have created a reasonable way in which that dialog can take place.

I don't expect that is going to be a major breakthrough in bureaucratic manipulations, and I don't expect we could pass a bill that would give authority over the Park Service to a tourism agency in any area. We have attempted to deal with these problems in a realistic way, recognizing that you are not going to put power into another agency to control what the Park Service does.

But we have attempted to mitigate the problem to the extent it is reasonable.

Mr. SKUBITZ. My friend, the Park Service is under control of the people who don't think parks are for people.

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. And I don't know how you change that. The Bureau of Outdoor Recreation, you say the authority for this group will be transferred over to your new agency. I tried to explain in the beginning that really the Bureau of Outdoor Recreation, the very purpose for setting it up, as I recall, and I think Mr. Santini can correct me if I am wrong, what we were trying to do was to get some money to help little localities and help States in order to provide recreation for their children and for the community.

Now you are going to transfer that over to this new agency?

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. Boy, you are going to have a lot of Congressmen sitting around with knives looking for you when you try that one.

Mr. LLOYD. I understand it is difficult, sir.

Mr. SKUBITZ. Then your proposal is rather unrealistic. That is my point.

Mr. LLOYD. No, sir, I don't agree. Our proposal is not to change the mission or the congressional intent of the Bureau of Outdoor Recreation, which has been modified recently. We don't propose to change that. What we propose to do is to consolidate similar programmatic functions. The Bureau of Outdoor Recreation has a major planning function, has a planning mechanism in place in eight regions in the country. The industry, in the ascertainment phase of our study, felt that tourism needed to have that same sort of planning capability.

We saw no reason to create a parallel planning organization because of the close relationship between the users of parks and what is defined by nearly everyone in the tourism industry as a tourist. What we propose to do is to merge those planning functions into the planning offices already existing in the Bureau of Outdoor Recreation.

We are not attempting to change those planning activities any more than to broaden them to include tourism, which was the consensus of the industry.

Mr. SANTINI. Will the gentleman yield on that point?

Mr. SKUBITZ. Yes; I yield.

Mr. SANTINI. In the course of your preparation of this study, you had occasion, I gather, to discuss with at least representatives from 35 different programs about their problems and roles in tourism?

Mr. LLOYD. Yes, sir.

Mr. SANTINI. In the course of your discussion with these representatives, did you find any one of those representatives that felt that it would be practical or—to borrow the gentleman's word from Kansas—realistic, to propose, as a matter of conclusion from your fact-finding, that we should create a new agency?

Mr. LLOYD. No, sir, I don't think we raised the question with those gentlemen. The reason for the Federal interviews, I might explain, is that during the course of these 1-day meetings with the industry, there was a lot of criticism of Federal programs. In order to get a better view of what was real and what wasn't, we interviewed those agencies that were criticized by the industry as doing things wrong or inadequately, or whatever.

So we really didn't go into those 35 agencies to investigate in depth how they felt about reorganization or anything else. It was really more narrowly focused than that.

Mr. SANTINI. You did not ask any one of these representatives of those 35 agencies for any recommendations they might have for exclusions to the existing problem?

Mr. LLOYD. Yes, we did; yes, sir.

Mr. SANTINI. What recommendations did they make?

Mr. LLOYD. In most cases, they rejected the notion that there was a problem. When they recognized the problem, it was usually attributed to inadequate staff and funding. I wouldn't say that many of those meetings were terribly fruitful in terms of getting assistance in solving the problems.

Mr. SANTINI. None of the Federal representatives recommended a new agency; some recommended either additional staff or people

as the solution to any existing problem with regard to the tourism mission in this country and their role?

Mr. LLOYD. To the extent they recognized their role in tourism, yes.

Mr. SANTINI. It does seem to me, while I share many of the fundamental factual conclusions you have arrived at here, that as you pose your alternative for our legislative consideration, you propose an alternative that from inception smacks of impracticability and is not a particularly helpful alternative to share with us.

I believe, with you, that there has got to be some drastic reordering and restructuring here, but I also am enough of a political realist, even as a hard-headed Italian, to know that for us to assume the burden of advocacy on behalf of establishing a brand new Government agency that would substantially impinge upon the bureaucratic prerogatives of several other bureaucratic agencies, in this time, place, and political climate would be an exercise that only Don Quixote would admire and get us nowhere by way of constructive solutions to the problem.

I don't know that your options remain—as the dollars expire, so do your options for pursuing other alternatives. That one gives me great trouble, as it does the gentleman from Kansas, and I thank him for yielding.

Mr. ROONEY. The gentleman's time has expired.

Mr. SKUBITZ. If I may be yielded 1 actual minute.

Mr. ROONEY. I just want to follow up on this, and then you have as much time as you want, Mr. Skubitz.

In view of this sweeping legislative proposal, have you actually received any testimony from the larger segments of the tourism industry, such as the labor unions, the hotel and motel industry, the travel agents, the passenger carriers?

Mr. LLOYD. Yes, sir.

Mr. ROONEY. DATO—have you talked to DATO about this legislation?

Mr. LLOYD. Not specifically the legislation, since that was not of our making. The legislation was drafted by the Senate committee.

Mr. ROONEY. I meant the report.

Mr. LLOYD. Our recommendations, yes, we have discussed that with DATO.

Mr. ROONEY. And you have discussed it with all the other segments in the industry?

Mr. LLOYD. No; I wouldn't say so. The process we went through was that we sat down with these people and they gave us their recommendations, and we did that with the chief executive officer of nearly all of the major carriers. I think all of the major carriers and nearly all of the regional carriers in the airline industry, and about 25 executives from the lodging industry, and it was a mix of the major chains, some small independents and some motel chains.

Mr. ROONEY. Then you view the industry as being fragmented, as you said the Federal Government is?

Mr. LLOYD. No question about it.

Mr. ROONEY. The gentleman from Kansas.

Mr. SKUBITZ. Mr. Chairman, I can't quite agree with the statement. I want to read to you from his report.

In several instances, the vast majority of the Federal officials express a general willingness to cooperate with the study aims. In several instances, however, the study team found Federal officials to be poorly informed about tourism and travel activities.

Well, I would expect that, wouldn't you, Mr. Lloyd, of the Bureau of Outdoor Recreation?

Mr. LLOYD. No, sir, I would not expect it of the Bureau of Outdoor Recreation.

Mr. SKUBITZ. They are not interested. The reason we created them was not for tourism. The purpose that the Congress had in mind, as I have said twice or three or four times, was that the moneys be used to help communities and help States.

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. What you are recommending is never mind that, let us put this in the tourist trade, and you think any Member of the Congress—I am sure there are some of them—but you are looking at one Congressman who is not going to try to let you get the Bureau of Outdoor Recreation because that is about the only place where we get funds from the Federal Government, particularly the rural areas, to try to develop programs for the underprivileged for our local communities and that sort of thing.

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. Then you make the statement, well, that some of them were poorly informed. I think they were poorly informed by the Bureau of Outdoor Recreation because tourism is not their primary reason for being in business. That isn't why the Congress established those agencies. They have a far greater purpose, at least I hope they do, if we are putting money into 121 different groups here. And then you say, "Some in a few cases to be covertly or openly hostile towards a proposal for meeting tourism and travel needs."

I think you would find that true of the Corps of Engineers, for example. They weren't set up in business for tourism. Do you know what the purpose of reservoirs are?

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. What?

Mr. LLOYD. They, in the budget, as they have in the last several budgets, have a line item for tourism programs. They are required to consider the touristic use of the additional land surrounding water reservoirs. Those all come out of congressional mandates. They are programs that are part of their on-going activities. Because they have programs identified as tourism programs and tourism development programs, I would not expect them to be hostile to the concept of tourism development or tourism programs that we were discussing.

Mr. SKUBITZ. This is the very thing, the development of reservoirs in order to take off some of the heat from our bigger parks—things of that nature.

Mr. LLOYD. They have a program to do that, Congressman.

Mr. SKUBITZ. You say they have programs?

Mr. LLOYD. Yes; they do.

Mr. SKUBITZ. What are they? I have been out to any number of them. That is all we have in our section. The only thing we have

are places to fry hamburgers, places to put up tents, things like that. I don't think that is going to attract many tourists.

Mr. ROONEY. I would suggest the gentleman from Kansas come to the Greater Lehigh Valley, where we have all our outdoor recreation, and not subsidized by the Government either.

Mr. SKUBITZ. Well, I tell you, if I can move to the Poconos from Kansas, I might do that.

Mr. SANTINI. Would the gentleman yield?

Mr. SKUBITZ. Just one point and I will yield.

You were talking about funds. Authorizations of appropriations, section 8A, "There are hereby authorized to be appropriated in the fiscal year ending September 30, 1978, not to exceed \$45 million." Is this going to be in addition to what those other agencies are spending today, or do we take it away from them?

Mr. LLOYD. That is right.

Mr. SKUBITZ. Do we take the money away from the Corps of Engineers then?

Mr. LLOYD. No; just the Bureau of Outdoor Recreation and the National Visitor Center—I am sorry—the Heritage Conservation and Recreation Service.

Mr. SKUBITZ. Just those three would go out of business?

Mr. LLOYD. Yes.

Mr. SKUBITZ. "To carry out the purposes of this act." Here is part B. They are authorized to be appropriated out of the Land and Water Conservation Act for the fiscal year ending September 30, 1979, not to exceed \$800 million to carry out the purpose of this. How much do we have? I think that is our limit? Mr. Santini, I would like your attention on this.

The second part, they are authorized to be appropriated out of the Land and Water Conservation Fund for the fiscal year ending September 30, 1979, not to exceed \$800 million to carry out the purpose of this act. What will Mr. Burden think of that one?

Mr. LLOYD. Congressman, I would like to explain, that money is not recommended to go for any purpose that it is not going for now. That recommendation came from the previous head of the Bureau of Outdoor Recreation, in which he recommended a good deal more than the portion of that that is for the Bureau of Outdoor Recreation. This was a scaled-down recommendation from what had already been introduced in the Congress by the Bureau of Outdoor Recreation previously.

Mr. SKUBITZ. If my memory serves me correctly, \$800 million is the money in the conservation program; isn't that right, Mr. Santini?

Mr. SANTINI. I don't have specific recollection, but I couldn't imagine it would be much more than that.

Mr. SKUBITZ. I thought it was \$365 million, and this is to purchase land in parks and purchase any number, not outdoor recreation. Outdoor Recreation only gets a minor part of this.

Mr. LLOYD. We have not recommended a bill for any new purposes, Congressman. It was only because we moved the Bureau of Outdoor Recreation in there—

Mr. SKUBITZ. My point is, I don't think you understand what the \$800 million is all about. That total amount there is really going to the National Park Service.

Mr. LLOYD. I understand it goes to several land-based agencies, and we have not recommended changing that.

Mr. SKUBITZ. I yield to my chairman if he has a few questions.

Mr. ROONEY. Thank you for yielding. I will recognize the gentleman from Nevada, Mr. Santini.

Mr. SANTINI. Thank you, Mr. Chairman. To follow up on the line of inquiry with regard to both the present legislative obligation of some of these other agencies and their lack of awareness with regard to the consequences of their actions as they impact on tourism, it does seem to me that we can recognize the necessity of that particular agency, whether it be the Federal Energy Administration or the U.S. Park Service, or the IRS, or the Civil Aeronautics Board, continuing to pursue its principal legislative course while asking it all the while that when it makes a decision, a rule or regulation, comes to a conclusion that is going to impact in some significant manner upon one of the Nation's major industries, that it ought to know the consequences of its act.

Mr. LLOYD. Yes.

Mr. SANTINI. Or Federal Energy Agency comes down with a recommendation for standby authority to implement gas rationing. What has distressed me in the past is this decision is made as an energy or economic decision oblivious to the consequences it might have on one of our Nation's strongest industry, tourism. The Civil Aeronautics Board makes a decision with regard to deregulation; it would appear to have an obvious stimulation effect to tourism, but I am not sure the Civil Aeronautics Board makes any calculated judgment on negative or positive impact on tourism. It becomes irrelevant as it defines its legislative role. And IRS either makes a study, finding, or recommendation, one or all three, and concludes that it would be in the best interest of our Nation that we eradicate that most onerous of all evils, the three-martini lunch, and thereby redeem the Nation's coffers and redeem those businessmen whose penchant is to discuss business during lunch. And they do so, they do so without assessing, positive or negative, what is the impact of this IRS rule or regulation upon one of the Nation's most major industries.

If I understand, at least in part, what you are proposing here is that all of the agencies concerned with impacting this tourism industry should be brought up to some level of both understanding and awareness as to what their decisions are going to do to \$100 billion, \$119 billion, whatever, industry in this Nation.

Mr. LLOYD. That is correct.

Mr. SANTINI. You propose there should be an interagency study in order to implement, and that is another one of your major recommendations of your study.

Mr. LLOYD. Interagency coordinating body, yes, sir.

Mr. SANTINI. Has the Federal Government conducted any across-the-board, large-scale studies of the tourism industry in the past?

Mr. LLOYD. No, sir.

Mr. SANTINI. Are there any individual studies by specific agencies of the Government dealing with the subject of tourism in the United States of America?

Mr. LLOYD. Federal agencies, no, sir. USTS did a survey of Federal involvement in tourism, I believe, in the late 1960's, and there

was a study commission that preceeded the National Tourism Policy Study that went into this, and I think legislation was introduced in 1972 as a result of that, and that was aborted and the National Tourism and Policy Study took up from there.

But there has been no major in-depth study of the character of the U.S. tourism industry.

Mr. SANTINI. We are not lacking—we, employed in the legislative, for a shortage of studies. We probably propound more studies than we do constructive legislative products, but I would like to believe that there is some reason to hope that your recommendation here for this kind of interagency study would have some realistic possibility for success. Why do you feel that this kind of study proposal will succeed in becoming something more than a dust collector?

Mr. LLOYD. We haven't recommended a major study, Congressman. In the interagency coordinating body, we have recommended a study process, on issues that cut across agency lines that affect tourism, by in-house staff. That is not visualized as major studies of the agency. Those are simply issue studies so there is a briefing paper available to the interagency coordinating body to understand what a prospective IRS ruling is going to do to the tourism industry or how a tourism policy is going to affect some other agency. It cuts both ways. If the new Federal Tourism Agency is making recommendations that are going to affect some other Federal policy, then that too is exposed in the coordinating body.

Mr. SANTINI. Then your study proposal, and obviously I must have misinterpreted or misconstrued it, your study proposal would merely create some kind of governmental entity that would act as an informational conduit in a perspective fashion about what impact their decisions might have on tourism.

Mr. LLOYD. I am not quite sure where the term "study" came from, because I don't recall any recommendation on our part to do any specific studies. The only place we discussed that was the kinds of activities embodied in the tourism agency and some rudimentary research activities in the coordinating body.

Mr. SANTINI. Returning to my question, then you envision this organization to be a prospective information conduit with regard to information related to tourism as it impacts on the various 35 agencies or programs that you have examined?

Mr. LLOYD. I am a little reluctant to label it an information conduit because I would visualize something a little more dynamic. We visualize it as a negotiating forum where a proposed policy or program of any of those participating agencies that the tourism industry feels is going to impinge on their activities, that issue can be discussed at the interagency coordinating body, not so much to exchange information but to get the issue settled, to reach a compromise and reach an understanding that one of these proposals is going to hurt a major industry and some accommodation must be made.

Mr. SANTINI. I laud your objectives, and I certainly think you have established a sufficient facile basis to suggest something rational should be done to change the present course of action, which is literally nonaction, inaction, or indifference, but I want to

make sure those ideas can be translated in a practical sense with some legislative push on your side.

I have been distraught and dismayed by the fact both the gavel is coming down and the conclusions at page 20 in your report that agencies such as the Park Service, IRS, CAB, Federal Energy Administration, are totally oblivious to the fact they have any decision impact upon the tourism industry of the Nation. I think that is a vacuum of disastrous proportions.

Mr. LLOYD. There is a real definitional problem, and part of it was exposed earlier in Congressman Skubitz' comments about the Bureau of Outdoor Recreation. There is testimony in congressional records of the previous head of that agency indicating that well over, I believe it was 97 percent, or it could have been 96 percent, of the people that use facilities that result from the Bureau of Outdoor Recreation funding activities travel more than an hour to get to those facilities to use them, indicating, in part, that all of these facilities have been built in rural areas away from urban centers. That has attempted to be corrected recently, but the tourism industry generally agrees that if somebody travels an hour that that person is awfully close to falling into the definition of a tourist. They are buying the same things the tourists are, and they are traveling to get to the destination for some recreational activity or leisuretime activity.

Well, if 97 percent of the users of recreational facilities are tourists, by definition of the tourism industry, it is hard for me to see that the Bureau of Outdoor Recreation can turn around and say we don't care how they got here, they are recreationists now, and we won't concern ourselves with the fact they are something else on their way here. Our mandate from the Senate was to try and get a hold of this can of worms and to bring some rationality to it.

I think what we attempted to do was to break down some of these artificial definitions that are keeping agencies from talking to each other, and we have attempted to view everything that we were working on from the ultimate consumer standpoint; we weren't trying to create a tourism industry benefit program; we weren't trying to help one Federal agency over another. We attempted to define all the problems of the person that was going to benefit ultimately, the U.S. public.

And in doing that, we attempted to look beyond those artificial definitions and, as some of the report indicates, some of these Federal agencies view a tourist as someone with six cameras around their neck and a shirt they bought in Honolulu and socks that don't match.

Mr. SANTINI. Or even worse, many of those representatives of other Federal agencies were not even aware of the existence of USTS—page 21 of your report.

Mr. LLOYD. That is correct.

Mr. SANTINI. That kind of blind, either indifference or ignorance, about the action consequence of their tourism-related decisionmaking has produced one of the most deficient realms of, I think, tourism evaluation and decisionmaking of any of the Western World governments.

Thank you, Mr. Chairman.

I hope in a positive construction of your labors here that it can be taken as a starting point for several different kinds of evaluations on problem solving, and I hope that this woeful, dismal, and anachronistic state of bureaucratic mind we have can be rectified because if it isn't we will continue to find ourselves in the back seat of the tourism car. Thank you again, Mr. Chairman.

Mr. ROONEY. Mr. Skubitz.

Mr. SKUBITZ. Thank you, Mr. Chairman. Mr. Lloyd, I have before me something that this committee authorized and paid for. I think it is called the Caravan Survey. I want you to explain to people just why this report was necessary. I have talked to a number of people in the industry itself, and nobody can tell me why the Caravan Study was made or how it relates to a national transportation policy. Can you tell me?

Mr. LLOYD. I will attempt, sir. This was one element in a total research program, and the purpose of the questions to the public were to confirm what the industry had been telling us in our ascertainment phase, and we did attempt to confirm the recommendations and the criticism of the private sector before we took that as fact.

Part of the way we did that was with the Federal interviews, and another part was to take some of these issues to the public, which was done in that survey.

Mr. SKUBITZ. I can't see the relationship between the national tourism policy and the problems you meet with people who are traveling across country, whether signs on the roads aren't correct, where the roads are dusty.

Mr. LLOYD. Those are issues that were brought up by our regional and national meetings, Congressman, as major problems in the tourism industry. There was reason for questioning some of those as major problems, and that was the reason they were questioned.

Mr. SKUBITZ. How did you fit that into your report here? Here is a question: "How big a problem is each of the following to you as reasons for not traveling: High cost." I don't think that takes much of a study. I wouldn't have to send out 100 questionnaires to find that out.

"Lack of time available." I think the very fact most people go on vacation for 1 week, 2 weeks, or 3 weeks, that wouldn't take a questionnaire either.

"Lack of public transportation." How does that fit in?

Mr. LLOYD. Those were all issues raised by the industry in our meetings. When the industry raised those as incumbrances to travel and things that need to be corrected and that Federal Government should have a role in those, we felt they were appropriate questions to be tested to see if the industry itself had a valid perception of what the problems were. In each of our regional meetings there were discussions on the need for public transportation to help the tourism industry. Personally, I have a little trouble making that leap myself, and that is one of the reasons we attempted to test it with the public to see that the perception the industry had was consistent with their constituency.

Mr. SKUBITZ. Did the Arthur Little Co. make this study or did they contract it out?

Mr. LLOYD. Opinion Research Co. is a wholly owned subsidiary of Arthur D. Little, and they operate as a division of Arthur D. Little.

Mr. SKUBITZ. You contracted this job out to one of your subsidiaries; is that correct?

Mr. LLOYD. It doesn't operate as a contract. It is part of the central bookkeeping system. It is just like me picking a team member from San Francisco.

Mr. SKUBITZ. How long has the research corporation been controlled by Arthur Little?

Mr. LLOYD. Fall of 1975.

Mr. SKUBITZ. Is it a profitable organization?

Mr. LLOYD. Yes, sir.

Mr. SKUBITZ. That is all, Mr. Chairman.

Mr. ROONEY. Thank you very much. We appreciate your testimony.

[Whereupon, at 3:30 p.m. the subcommittee adjourned.]

