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95-128 NATIONAL TOURISM POLICY STUDY

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HEARINGS

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

NATIONAL TOURISM POLICY STUDY

SEPTEMBER 20, 26, AND 28, 1978

Serial No. 95-128

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NATIONAL TOURISM POLICY STUDY

WEDNESDAY, SEPTEMBER 20, 1978

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C.

The committee met at 2:05 p.m. in room 235, Russell Senate Office Building, Hon. Daniel Inouye presiding.

OPENING STATEMENT BY THE CHAIRMAN

The CHAIRMAN [presiding]. The hearing will come to order.

Senator Inouye will be joining me. He's on his way from the same meeting I was attending, so I will get the meeting underway and he will be here very shortly.

The travel industry contributes about \$115 billion annually to the economy of the United States and supports approximately 5 million jobs.

From the consumers' standpoint, there has been a threefold increase in tourism in the United States since the end of World War II. In 1972, for example, according to the Bureau of the Census, Americans made nearly 460 million person-trips at least 100 miles away from home, an average of 2.3 trips per man, woman, and child. And it has been estimated that 97 percent of our public recreation lands are utilized almost entirely by tourists.

Clearly, an activity which was once the privilege of a few, has been brought within the reach of the great majority of Americans.

Herman Kahn of the Hudson Institute predicts that "by the end of this century tourism will be one of the largest industries in the world, if not the largest."

Not surprisingly, therefore, the current effects of tourism on general economic conditions recently prompted this comment from the Organization for Economic Cooperation and Development:

Government measures in the field of tourism supply and demand, regulations, social measures and public funding are all increasingly the subject of consultations with regional and local authorities, trade associations and consumer groups. The decisions taken can therefore be integrated more effectively into the * * * regional plans for economic and social development * * *.

For its part, our Federal Government significantly affects the travel industry and the traveling public. Over 100 programs administered by some 50 separate agencies now adopt policies and administer programs which directly or indirectly impact travel and tourism.

To date, however, no legislation has been enacted which provides these agencies with the necessary policy guidance to assure that their programs are consistent with public policy principles such as full employment, equitable taxation, economic growth, energy conserva-

tion, consumer protection, and minimum regulation of private industry. Nor are there any mechanisms for coordinating and implementing a tourism policy if one existed. As a consequence, the Federal involvement in tourism is chaotic at best.

According to the recently completed Arthur D. Little study, lack of policy guidance is responsible for poor to nonexistent interagency coordination in 24 agencies administering 29 programs which significantly affect travel and tourism. This lack of coordination also extends to State and local tourism officials.

It should come as no surprise that over one-half of the top-ranked needs of the tourism and travel industry ascertained in the meetings held with the industry during the study relate to coordination problems between two or more Federal agencies, or between Federal agencies on one hand, and State, local, public, and private sectors of the industry on the other.

The Arthur D. Little study concluded that the No. 1 problem in constructing a cohesive Federal involvement in tourism is the lack of an effective coordinating mechanism among the departments and agencies having important tourism and recreation related programs, or programs which significantly impact these activities.

The study also found a widespread lack of understanding among Federal officials as to the degree of their own agency's current involvement in, or impact on, tourism and travel. And, of 22 agencies administering 26 programs that had a program mandate which clearly included or supported travel-related goals and needs, one-half felt their mandate did not include these objectives.

It is not difficult therefore to understand why our vast Federal effort has been characterized as a grossly inefficient use of a valuable national resource.

For precisely these reasons the Senate unanimously agreed to Senate Resolution 347, which authorized this committee to conduct an investigation and recommend legislation which would prescribe a national tourism policy and the mechanisms to implement and coordinate it.

From the outset it was understood that whatever recommendations came from this committee, there would be none recommending:

A super agency for tourism—for example, Cabinet-level Department of Tourism;

A large-scale uprooting and consolidation of existing Federal agencies;

A substantially larger expenditure of Federal funds; and

Further Government regulation of the private sectors of the industry.

The study which Arthur D. Little has submitted represents that organization's recommendations on how best to achieve the objectives of Senate Resolution 347. At this point, I should emphasize that the committee has made no judgment one way or the other on the recommendations of Arthur D. Little.

During these hearings and others to follow the committee expects to hear the specific views and recommendations of the administration and numerous witnesses from the public and private sectors of the industry as to how each feels the purposes of Senate Resolution 347, may be realized most effectively and expeditiously.

Upon the completion of the hearings the committee will then have a basis for its recommendations on the study prepared by Arthur D. Little, and the testimony of Federal, State, and local witnesses as well as that of the private sector of the industry.

Because of the complex nature of the task before us, the 3 days of hearings scheduled for September will be concerned solely with the content of a national tourism policy statement itself, and the creation of a Federal mechanism to coordinate that policy among the many Federal agencies having travel and travel-related programs.

Next month the committee expects to conclude hearings on the study with 3 days of hearings on the issue of determining the most effective principal mechanism for implementing that policy.

During the final 3 days of hearings the committee will also be interested in recommendations as to how Congress can encourage State and local governments and the private sectors of the tourism and recreation industry to create, in close cooperation with Federal officials, a Federal-State-local coordinating body, and a Federal-private industry coordinating body for travel and recreation.

All segments of the industry have had the opportunity to participate fully in every phase of the committee's policy study and our effort to date may truly be described as a joint one. We are now approaching the conclusion of the work which we began over 4 years ago and I would hope that the open, frank, and constructive exchange of ideas that have characterized the study to date will continue during these hearings.

In my judgment, two of the central issues at the first 3 days of the hearings are the lack of an awareness of the importance of travel and tourism throughout the various agencies of government; and, the failure of the various agencies of government to coordinate their policies and programs affecting travel and tourism.

At the heart of the State Department's decision to close USTS/London is a failure to understand the "unique" contribution a Federal presence in London can and should make to the marketing efforts of the private sectors of the travel industry to sell the United States as a travel destination; and, a complete failure from the beginning on the part of the State Department to inquire of the private sector as to whether the Federal presence does offer it "unique" assistance as well as a failure to coordinate with USTS in any meaningful sense its evaluation of the London office. And I may say that that could as well go for the office in Japan which was proposed to be closed. Fortunately, we have been able to turn that around, but I refer to that as the same short-sighted approach that the administration has taken comparable to the London action.

Accordingly, today the Chairman of the National Tourism Policy Study (NTPS) and I have requested the following representatives of Government and industry to meet privately with us to discuss the "unique" contribution a Federal presence in London can make to the marketing efforts of the private sector and to afford the Secretary of State an opportunity to discuss the Federal role with the industry leaders: Secretary Vance, Secretary of Commerce Kreps; the White House; the U.S.-scheduled airlines serving London; representatives of U.S. hotel and motel properties; the American Express Co.; the Hotel

and Restaurant Employees and Bartenders International Union, AFL-CIO; the International Association of Convention and Visitor Bureaus; Discover America Travel Organization; the Air Transport Association and the American Hotel and Motel Association.

I will turn it over to Senator Inouye now. If you will excuse me, I have to review a file in the backroom and I will be back shortly.

OPENING STATEMENT BY SENATOR INUOYE

Senator INUOYE [presiding]. First of all, my apologies for being late.

In April of 1974, the travel industry, in public testimony before this committee, recommended that we complete the work begun by the National Tourism Resources Review Commission, and undertake a study which would recommend legislation establishing a national tourism policy and mechanisms to coordinate and implement that policy.

From that industry recommendation, our own estimates of the national importance of travel and tourism, and our failure as a government to recognize that importance, came Senate Resolution 347. That resolution was cosponsored by 71 Senators and unanimously agreed to by the full Senate.

Now, 4½ years later, the committee is nearing completion of its work under the mandate of Senate Resolution 347. After these hearings, and the later ones to be held before the year is out, the committee will have a comprehensive record on which to draft legislation for consideration by the Senate early next year. Significantly, the record on which we will make our recommendations will reflect the views and opinions expressed by all segments of the travel industry throughout our study.

When the industry testified before the committee in 1974, it expressly said that overall responsibility for travel and tourism should not be placed in the Department of Commerce but proposed that it be put in an independent entity. The industry spokesman explained, and I quote:

Our reasons * * * are that the scope of tourism cuts across departmental lines, * * * and (an entity with overall responsibility) * * * could function more effectively without the limitations in scope that would be realized in any established department.

During those same hearings in 1974, the administration witnesses told the committee that Representatives of 14 government agencies with tourism responsibilities sat down to consider their roles in officially promoting and providing for tourism, and that one outstanding resolve came out of the discussions: that the various agencies dealing with tourism should meet on a regular basis and in an established forum to coordinate their individual tourism programs.

The administration witnesses went on to say that no Federal reorganization was necessary to accommodate tourism because—

the White House had formed an interagency Federal Tourism Resources Board to be chaired by the Secretary of Commerce which will give immediate attention to establishment and coordination of Government [tourism] programs.

These efforts, of course, never materialized. It is therefore, neither surprising that the recent study done by Arthur D. Little found poor to nonexistent interagency coordination in 24 agencies administering 29 programs significantly affecting tourism; nor that it concluded that

historically, Secretaries of Commerce have failed to demonstrate any significant support for tourism interests.

Because of this history, and because these hearings involve organization and policy issues to be resolved at the highest levels of Government and transcend any one agency or department, the committee contacted the White House staff person who had been given responsibility for tourism and expressed its hope that the administration would consider these issues at a level commensurate with their importance to the national economy and social well-being.

Specifically, the issues in these 3 days of hearings will involve Federal policy with respect to tourism, and how to assure that in view of its economic and social importance tourism interests get a "fair shake" at the highest administration levels vis-a-vis other public policy principles and considerations such as energy conservations, full employment, and equitable taxation.

To help assure that the industry gets a "fair shake," Senate Resolution 347 assumed that as a first step there must be a statement of national policy which is articulate—as specific as a policy can be—and that has the permanency and effect of a legislative enactment; that is, a law.

The point is, if a policy is definite and has the effect of law, all agencies having programs and policies affecting tourism will have guidelines which they will be required to follow in formulating and administering their programs. And the Federal coordinating mechanism will have something to coordinate.

After a national policy is enacted, Senate Resolution 347 contemplated a mechanism to coordinate that policy to assure the industry gets the "fair shake" to which it would then be entitled by law. That mechanism should:

Coordinate tourism related activities and policies at the highest levels in the various Federal agencies;

Monitor Federal agencies' compliance with it;

Resolve conflicts that involve two or more Federal agencies and involve issues of national or regional significance;

Identify for potential elimination program duplication and overlap among agencies; and,

Continuously update Federal policies related to tourism.

In emphasizing, as a principal issue of these hearings, the importance of coordination at the highest levels of Government, the committee was mindful of past testimony on the importance of that issue; the A. D. Little conclusion that the No. 1 problem in constructing a cohesive Federal involvement in tourism is the lack of an effective coordinating mechanism among the departments and agencies having important tourism and recreation related programs; and the administration's commitment to interagency coordination in the interest of more efficient and effective Government.

In connection with this administration's commitment to interagency coordination, I would like to quote from a White House press release, dated August 16, 1978:

As part of the Carter administration's commitment to make more effective use of existing urban programs, the President created the Interagency Coordinating Council on March 27, 1978. The Council is a unique vehicle for coordinating day-to-day operations of urban programs across agency lines.

It brings together high-level agency officials with direct program operating responsibilities to discuss needed improvements, examine specific local development plans, and resolve interagency conflicts as these arise. Because it is chaired by an assistant to the President, the Council functions as a direct arm of the President and raises coordination to a high level of priority.

The first witness today will tell the committee and the travel industry, which contributes \$115 billion annually to our economy and sustains 5 million jobs, of the administration's "commitment to make more effective use" of the existing 100 or so programs administered by 50 or more Federal agencies which significantly affect travel and tourism.

Mr. Patrick O'Malley, chairman of the board of Canteen Corp., was scheduled to appear and testify today, but an unavoidable conflict arose and he will not be able to do so.

Our first witness is the Honorable Elsa Porter, the Assistant Secretary for Administration, Department of Commerce, who is appearing on behalf of the administration.

Mrs. Porter, welcome.

**STATEMENT OF HON. ELSA A. PORTER, ASSISTANT SECRETARY
FOR ADMINISTRATION, DEPARTMENT OF COMMERCE**

Mrs. PORTER. Thank you, Mr. Chairman.

I am very pleased to be here to provide you with some of the administration's initial views on the development of a national tourism policy and on the implications which such a policy might have for the organization of the Federal Government's tourism program. My remarks will focus primarily on the broader issues and briefly on our plans to analyze some of these issues in greater detail.

Let me say at the outset that I think it is clear that we must have some reassessment of the policies and directions for the Federal role in travel and tourism. But identifying these directions is not easy. We need to ask and answer: What is the appropriate Federal role in this area?

In this context, I think you would agree that tourism in this country today is not faced with the critical problems confronting some of the other sectors of our economy. Data for the full year 1977 show that the 18.6 million international travelers to the United States was up 6.2 percent over the 1976 level and that foreign exchange earnings associated with these visitors was an estimated \$7.4 billion, up 7.2 percent from the level during our Bicentennial year. Moreover, data for the first 6 months of 1978 show that two of the most important tourism-related industries—airlines and food and lodging—had significant increases in both revenues and profits over the comparable period for 1977. Airline revenues were up 15 percent and profits were up by 174 percent. In food and lodging, revenues were up 16 percent while profits were up 32 percent. These data suggest that, at least in general terms, the tourism industry in this country is today in a reasonably healthy condition.

The NTPS does, however, give us some indication as to the kinds of problems which even an otherwise healthy industry might have to face in the future. These problems, in turn, provide some direction for adjusting Federal involvement in tourism. For example, the study notes that there are considerable differences in the way tourism-related terms are defined and tourism data are collected. Given the complex-

ity of the industry, the number of interested parties, both governmental and nongovernmental, and the need to develop sound data as a basis for research and planning, it would appear that the Federal Government has a legitimate role to play in facilitating the development of tourism data based upon standardized definitions and collection methodologies.

The NTPS also notes that there are a large number of Federal programs whose activities and policies have an impact on tourism. This condition is not unique to tourism but the fact that it exists indicates that the Federal Government has a role in insuring a reasonable degree of coordination among tourism-related programs. This coordination role involves at least two elements. The first is the coordination of operational activities related to tourism. These include tourism development, economic development, overseas promotion, customs and immigration operations, and so forth. The second is our responsibility for assessing the impact that Federal policies have on tourism and the tourism industry. Here I refer to policies concerning taxation, energy, transportation, the environment, and so forth.

The third general direction which is discussed in the NTPS relates to the Federal role in research. Research is clearly needed to support the policy role which I have just described. We also believe that the Federal Government could stimulate, support, and coordinate Federal as well as private sector and local government research on important issues such as seasonality, energy conservation, increased travel to depressed areas, and expanded employment opportunities.

As I have suggested, we need to reassess our tourism responsibilities to concentrate more on coordination, policy assessment, data, and research. The next question, therefore, is what kind of program is needed to meet these responsibilities.

The NTPS recommends the establishment of a new, independent U.S. Travel and Recreation Agency. Our initial judgment is that this recommendation is not one that we can support. For two reasons. First, it runs counter to the President's policy of curbing the growth in the number of independent Federal agencies. Second, we are not convinced that tourism programs and recreation programs are as closely related as the study suggests. We are sympathetic to the notion that it is difficult to determine when a person is involved in recreation or in tourism. Nonetheless, our view is that the principal aim of a tourism program differs markedly from the principal aim of recreation programs. Tourism focuses on visitor expenditures as a source of economic development. Recreation programs are principally designed to provide increased recreational and cultural opportunities for the Nation's population. These two activities are obviously interrelated. The important point, however, is that they are based on fundamentally different missions and, therefore, require fundamentally different kinds of policy directions and management. Because of these differences we fear that the economic development focus of the tourism program would be lost if combined with recreation. We do not believe that these two programs should be merged.

While we cannot support the study's recommendation to establish an independent travel and recreation agency, we believe that the Department of Commerce can serve as an effective organizational base to accommodate new Federal directions in tourism. One factor, certainly, is Secretary Kreps' effort to focus all of the Department's resources on

some of our critical economic development problems. As you know, Mr. Chairman, the Secretary views tourism as an important tool in this effort. Moreover, Commerce already has expertise that will be important if new directions in tourism are to be effectively implemented. For example, the Bureau of the Census is already an important resource in developing improved tourism data. In addition, a Commerce-based program can take advantage of its access to the Economic Development Administration and the title V regional commissions also in Commerce. We think that an effective tourism program must work with these two agencies, and through them with State and local government officials, to integrate tourism into economic development and planning. Indeed, sir, the U.S. Travel Service (USTS) has been very effective during the last few months in doing so. Recently the Department has taken a number of steps to improve its industrial policy and analysis capabilities. The thrust here is to understand business and economic conditions in specific industrial sectors so that we can determine the impact that new developments, including governmental policies, have on these sectors. We think that this is an important part of any Federal role in tourism, and believe that it can be performed well as part of Commerce's overall industrial analysis effort.

Finally, few issues are more difficult to deal with in Government than coordination among programs in different agencies. The NTPS has tried to deal with this problem by recommending the establishment of three committees, one to coordinate Federal programs, another for coordinating Federal with State and local government activities, and a third for coordinating Federal activities with the private sector. I agree that coordination among these parties is necessary, but the proposed committees are not the answer. The committee structures, in my view, are too complex and cumbersome and would collapse of their own weight. I believe coordination is an intrinsic part of the management function for any program and can be better accomplished that way.

In summary, Mr. Chairman, the administration certainly agrees that the Federal role in tourism must be reassessed. The Department of Commerce now has underway an effort to develop the specifics of an appropriate Federal role in tourism. We intend that this effort will involve discussions with many of the people participating in these hearings as well as with members of this committee and its staff. We hope that our work together will provide a sound and effective Federal tourism program which will reflect legitimate Federal interests while addressing the needs of State and local governments, the tourism industry, and the American public.

Mr. Chairman, that concludes by testimony. I will be happy to answer any questions.

Senator INOUE. Thank you very much, Madam Secretary.

Are you seriously convinced that tourism enjoys a position of high importance and significance in this administration?

Mrs. PORTER. I am absolutely convinced, Mr. Chairman, that this administration recognizes the importance of the tourism industry to the overall economic welfare of this country. We and the Office of Management and Budget (OMB) and the White House recognize how important tourism is to our economic well-being.

Senator INOUE. I ask this question because as one American citizen I cannot quite agree with that conclusion after studying some of

the activities and nonactivities. It is not just this administration, but I must say that ever since I have been in Washington, tourism has been, at best, a nuisance in some administrations and in others it was, at best, reluctantly agreed upon. This was in prior administrations, but I recall those days not too long ago when—and by “we” I mean Congress—had to force on that administration an assistant secretary in charge of tourism. Its reason for opposing an upgrade for that position was that it would require an additional car with a driver. We didn’t want to add that cost to this Government of ours. I notice that this administration has made a big issue out of the deduction of certain luncheon costs as part of business expenses. Some of us maintain that this is a legitimate cost of running business, and has much to do with hotel and restaurant industries. So I welcome your concern and your interest, but I think, once again, we’ll have to pull some teeth here. And we have found in the past that it’s not easy to pull teeth, whether it’s a Democratic or Republican administration.

In communicating with the White House tourism representative, I believe the committee staff emphasized that these 3 days of hearings would be concerned solely with the national tourism policy and on a Federal coordinating mechanism, and that in subsequent hearings we would be concerned with implementing mechanisms as the U.S. Travel and Recreation Agency to which you address your testimony.

The press release of the committee announcing these hearings and the fact sheet went into great detail on this point. The Federal coordinating mechanism which the A. D. Little report recommended was a Cabinet level interagency coordinating council. Is there any reason why your testimony did not address itself to the National Travel and Recreation Policy Council, especially since this issue was a concern of the committee today?

Mrs. PORTER. Our position is that a national policy coordinating council would not be a useful coordinating mechanism, sir. It is our view that the coordinating mechanisms that are proposed by the study are not the answer to the problem of coordination.

Senator INOUE. I believe your testimony says it’s too complex.

Mrs. PORTER. That’s correct, sir.

Senator INOUE. Now what would you suggest, besides business as usual?

Mrs. PORTER. Well, sir, it is not business as usual at the Commerce Department. We are constructing an also complex but we think more workable process of coordination, particularly on the various industrial sectors of the society. It’s our view that the answer to coordination is not necessarily structural. It can be and perhaps might be more successful if it is process.

I mentioned in my testimony that the Department of Commerce is developing a process of industrial policy analysis. We have undertaken steps now to significantly strengthen the microeconomic analysis that was supposed to have been done and we felt had not been effectively done in our Industry and Trade Administration.

We are building an internal policy analysis and review process which would provide the policymakers in the Federal Government—the Council of Economic Advisers, the Council on Wage and Price Stability, the Treasury Department, and others—with information on

the effects of government regulation, government actions, foreign markets, and economic conditions on various sectors of the society. We think that by analyzing information about the impact of various actions on the various elements of the tourism industry or other industries, we have a mechanism, a process, of bringing this information to the decisionmakers so that intelligent policies are effected.

Senator INOUE. Is this coordinating agency in operation now?

Mrs. PORTER. This is not a coordinating agency, sir. This is a coordinating mechanism within the Department of Commerce. It would be a very small organizational structure. We have it in its final design stages now. It would be two committees under the overall supervision of the Under Secretary, bringing together the development of policy from the Office of the Assistant Secretary for Policy with the analysis of information about the health of these various industries from the Industry Trade Administration. Obviously, tourism would be a high priority industry to keep our finger on.

It is in the process of being developed now and we have just received approval from the Office of Management and Budget for establishing it. We are about to begin. We require some reprogramming. We need to get the approval of our appropriations committee for that.

Senator INOUE. Madam Secretary, if you had gone through the files of this committee and the record of our concern, I'm certain you would have noted that we have been suggesting, recommending, and cajoling over many years that something be done to coordinate all of these activities, and to have a general policy.

Four years ago the administration witnesses said, "We are going to do that," and that was the Alpha and Omega. We never heard anything after that.

We have been told time and again that this is of prime importance, but yet the Arthur D. Little study indicates from their interviews with high-level, mid-level, and low-level staff personnel, that with all the other agencies—name them—tourism and tourism-related activities are considered the lowest priority. Some agencies have never heard of USTS and now you're suggesting that they play a hand in running the show here. What I'm afraid of is that if we went along with your suggestions, we'll be back again 2 years from now doing the same thing.

Mrs. PORTER. Mr. Chairman, I—

Senator INOUE. I don't doubt your sincerity at all, but I know that's what we'll be doing.

Mrs. PORTER. Well, sir, I share your frustration. I think that the difficulty that this committee and the country has experienced has been the fact that to really change anything in government requires persistence and requires leadership that stays. You have not had Secretaries of the Commerce Department who stayed year after year after year until the job was done. This Secretary is committed to stay and she's also committed to seeing that tourism is recognized as the important industry that it is. The interviews that are reflected in the study were made at the beginning of this administration, sir, and I think do not reflect the importance that all of the agencies in Commerce now attach to tourism.

Senator INOUE. Just recently the Heritage Conservation and Recreation Service in the Interior Department conducted a nationwide study and survey on the national priority issues to be addressed in the

1978 nationwide outdoor recreation plan which must be submitted to Congress. It was almost like afterthought that they called upon the USTS to comment after the issue reports were prepared. Do you consider that giving USTS high priority or where was the Commerce Department? For that matter, where was the USTS when this study was going on?

Mrs. PORTER. I beg your pardon? Which study are you referring to?

Senator INOUE. The 10 national priority issue reports being developed as part of the 1978 nationwide outdoor recreation plan.

Mrs. PORTER. It is my understanding that representatives from the USTS were involved and have consulted with the Interior Department in the development of the recreation plan.

Senator INOUE. I would suggest you ask the USTS representative because that representative will tell you that the role the agency played was a very small one and indeed a good deal of that role was after it was all over. Then there are other matters of coordination that possibly in our naivete we can't understand. There's an agency that plays a major role in determining the future of tourism in the United States, and that's the CAB. I would think that the administration would almost insist that there be some sort of working relationship between USTS and CAB. I don't think they even send reports to each other.¹

Mrs. PORTER. Again, sir, it is my understanding that we communicate very frequently and regularly with the Civil Aeronautics Board and the Interior Department. I believe, sir, that in the last few months our communications with other agencies in the Government have been significantly improved. I do agree with you that 1½ years ago and even 1 year ago communication was nonexistent, but we have been working very, very hard to establish linkages with those agencies that impact upon tourism. We're not perfect but we are getting better at it every day.

Senator INOUE. I'm certain you will agree that if it were not for the action taken by the Congress and the action taken by the industry,

¹ The following letter appears at pp. 14-15, of the hearing on the nomination of Creighton D. Holden, before the Committee on Commerce, 94th Cong., 1st sess. (serial No. 94-39):

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., October 17, 1975.

HON. DANIEL K. INOUE,
Chairman, Subcommittee on Foreign Commerce and Tourism,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In a recent telephone conversation between Mr. Hardy of the Subcommittee staff and Mrs. Breed of my office, Mr. Hardy requested additional comments on some points I discussed in my letter to you of October 3, 1975. The letter responded to two questions you raised during the September 29th hearings on the confirmation of Mr. Creighton Holden as Assistant Secretary of Commerce for Tourism.

Second, Mr. Hardy requested my further opinion as to what action would be necessary in order to permit USTS to make its independent views known to the Civil Aeronautics Board on matters affecting tourism, or to participate formally and independently in proceedings where tourism matters are involved before the CAB or other government agencies.

As I explained in my October 3rd letter, USTS is a primary operating unit of the Department of Commerce, and not an independent agency. Thus, as a matter of policy, any position developed by USTS in response to a matter pending before another government agency must take into account the views of other interested units of this Department. The position which is ultimately taken must be a Department of Commerce position, and is presented as such.

Accordingly, I am of the opinion that legislation removing USTS from the Department and establishing it as an independent agency would be necessary before USTS could speak independently of this Department on tourism matters. If Congress should propose such legislation, we would have to examine the implications closely at that time.

I trust that you will find this responsive to Mr. Hardy's questions.

Sincerely,

KARL E. BAKKE, *General Counsel.*

the USTS offices in Tokyo and London would have been closed several months ago.

Mrs. PORTER. Well, we do appreciate your assistance in getting the attention of the State Department. We will be meeting with Assistant Secretary Vest on that tomorrow.

Senator INOUE. Would you have been doing that if the industry and this committee hadn't shown a little interest?

Mrs. PORTER. Yes. The Secretary did appeal the State Department's decision.

Senator INOUE. I don't wish to embarrass the Department, but the Secretary was not aware of these closings until we notified her.

Mrs. PORTER. Sir, I notified her and she was aware of them and we have kept her fully informed on these matters.

Senator INOUE. Was there any coordination with the State Department?

Mrs. PORTER. No; there was not, and that is a problem which was made visible both in the attempt to reduce the Japan center as well as the London center. We now are going to be working with the State Department on that and we have many questions about their responsibilities and ours in promoting travel to the United States. Again, sir, the situation has not been perfect, but I do believe that we have an excellent record and we are working to improve it.

Senator INOUE. And you're convinced that the mechanism that you're working on would do the job?

Mrs. PORTER. No, sir. I'm not convinced that the mechanism that we are working on will do the entire job. I think that mechanism is an important piece and I welcome an opportunity to explain it in greater detail to the committee and the staff. We are not now certain of what other mechanisms will work. The Department of Commerce, with the approval of the OMB, has launched an effort to really design better mechanisms because we agree with you that there are problems. We don't say all of those problems don't exist. We have discussed with your committee informally our plan for a review and we would like to make some decisions. As I say, we are in a hurry to solve these problems, as you are. In the next 3 or 4 months we would like to work very closely with you and the representatives of the industry and consumers and so forth to try to design the appropriate mechanisms. We don't think that large committees or large agencies—structural solutions—are necessarily the answer to these very, very complex problems of communication with agencies, with the State and local governments, with the industry and so forth.

Senator INOUE. Have you made an attempt to convince the agencies such as Customs, Immigration and Naturalization, the visa section, of the importance of tourism?

Mrs. PORTER. We are in discussions with them now, sir.

Senator INOUE. Because according to this survey, none of these agencies consider tourism to be of any importance.

Mrs. PORTER. That's correct, sir, and we are in discussions with them now.

Senator INOUE. When did the discussions begin?

Mrs. PORTER. I simply am aware that Assistant Secretary Chavez and Deputy Secretary Westphal have been talking with officials in

other agencies. I do not have the exact dates, but over the last few months, sir.

Senator INOUE. Well, the first statement I made at the confirmation hearings of Mr. Chavez, I indicated to the nominee the importance of convincing all of these various segments of Government of the importance of tourism, because what's the use of appropriating a lot of money to one agency to entice people to come to see us and have other agencies going out of their way to keep them out?

Mrs. PORTER. We agree with you, sir.

Senator INOUE. Do you think you will be successful?

Mrs. PORTER. I think we will be successful. I think that one important element of our ability to be successful this time, sir, is that we are not leaving. We are here. The Commerce Department and the agencies in it have suffered from a revolving door leadership. If the leadership doesn't stay long enough to do its job, it has failed.

It's been that temporary nature of top level leadership that has really undermined the effectiveness of both the Department and the U.S. Travel Service. They have not had the sustained leadership that is necessary to make major changes. We have been there 1½ years. We are committed for at least a full term and maybe another. I believe that by persistently working on this problem and with your assistance we can change the understanding of Government agencies about the importance of tourism.

Senator INOUE. I would like to once again emphasize that I don't wish to sound as if I'm doubting the sincerity and the dedication of your office or the office of the Secretary, but I hope you will understand that after having been in this position now for many years and faced with one frustration after another, you get to be a bit cynical about all of this.

Mrs. PORTER. I do understand that, Mr. Chairman. I have been in the Federal Government for 22 years and I'm familiar with how difficult it is to effect change. I think we also, however, bring to the Department not only the persistence but also an understanding of how the system works and how, for example, communication and coordination does effectively take place and why some of the old structural solutions are not good solutions. I would welcome an opportunity to discuss our suggested prescriptions with you and the staff and to invite your cynical and very good review of them because I think your frustration is certainly shared by many of us.

Senator INOUE. I have learned a long time ago that courteously discussing these problems with other agencies will get you nowhere because I'm certain, as evidenced by our hearings, that successive assistant secretaries have indicated that they are discussing with the Interior Department; they are discussing with Justice; and Immigration and Customs and so on. And so it grieves me whenever I hear or read letters from visitors telling me how harshly they were treated at the point of entry. It came to me very vividly when about a year ago I took my first trip in 5 years—I'm ashamed to say that I haven't traveled much other than to Hawaii—I had left the United States for 6 hours. I had an engagement in Madrid. I flew in and I flew out. All I had was an attaché case. I believe I was dressed neatly and when I landed at Dulles and came up this line—this was about midnight—the treatment I got made me feel I was an unwanted

criminal until some supervisor recognized me as chairman of this committee.

I would hope that your coordination will work because the last thing that we would like to do is to get into an adversary situation with the administration because we are convinced that this is a legitimate business; \$115 billion is nothing to sniff at. Five million jobs is deserving of more than an assistant secretary as far as I'm concerned, and 5 million jobs and \$115 billion is deserving of more than just a statement saying that we will look into it and discuss this.

I wish we had the time to close this hearing and let you do your work and come back again. But I'm afraid that when the next session comes along your fine statements will be forgotten by the administration because that's the way it's been with each succeeding one. However, we will take your thoughts very seriously. We will consider them in all seriousness, but let me assure you that in the meantime we will be taking steps to insist that tourism be given a higher priority, at least be given some priority. Right now it's given no priority, notwithstanding your statement. I'm certain you will agree that those are the facts of the day.

Are you convinced that our visitors from abroad are now truly welcomed?

Mrs. PORTER. No, sir. They are not truly welcomed. There are many things that need to be done to improve the United States as a place to visit, but, sir, tourism as an industry, I must repeat, is given high priority in this administration. The development of places and activities which will attract tourists to the United States are of a very, very high priority because we understand how these kind of activities address our needs for job creation as well as for income production. So I think we agree with you on that, and we do agree there are many, many problems yet to be resolved.

I must say, however, that we are working on them, and I think the situation that was described in the Arthur D. Little study is significantly changed, not eradicated, but significantly improved.

Senator INOUE. In order to be helpful to the Commerce Department, the Congress, without the initiative on the part of the administration, appropriated and authorized funds for a domestic tourism program. We felt it was very important. Just as much as we entice foreigners to come here, we thought it would be well to bring to the attention of fellow Americans all the things that are available to them here in the United States so they don't have to go abroad to have rest and recreation. What happened to that program?

Mrs. PORTER. Well, we agreed that that was an important program, and in the President's budget we requested continuing appropriations to support it. Certainly it was experimental in many ways, but we agree that it was supportive of many other things we were doing in the Commerce Department in economic development initiatives and so forth, particularly in the Secretary's efforts to bring the entire forces of the Department to the help of cities. We wanted that program to continue. It will stop for the next fiscal year because neither the House nor the Senate put money in for it, and we are disappointed.

Senator INOUE. We passed the authorization bill, but no effort was done by the administration to urge the House to do likewise.

Mrs. PORTER. That is not my understanding, sir.

Senator INOUE. It's waiting in the House Rules Committee for someone to push the button, but it hasn't happened, and adjournment day is coming along pretty fast. While we are not here to discuss that, I sincerely hope that what you plan can bear some fruit and I wish you well, but in the meantime, we will do our best also. And if you come up with a better plan before we formulate our plan, that will be fine. Otherwise, I think the Congress will have to once again take this issue on its own and bring it to some conclusion.

Madam Secretary, we have many questions here that are rather technical in nature relating to certain sections of the report which we would like to submit to you and your staff for study and consideration and some response.

Mrs. PORTER. We will be happy to answer them, Mr. Chairman.

Senator INOUE. And Chairman Cannon has several questions that he would like to submit also.

Mrs. PORTER. We will be happy to answer them, sir.

Senator INOUE. Thank you very much for your appearance this afternoon.

[The following information was subsequently received for the record:]

U.S. DEPARTMENT OF COMMERCE,
ASSISTANT SECRETARY FOR ADMINISTRATION,
Washington, D.C., October 20, 1978.

HON. DANIEL K. INOUE,
Chairman, National Tourism Policy Study, Committee on Commerce, Science,
and Transportation, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed are my answers to the questions you asked for the record during my September 20, 1978, testimony on the National Tourism Policy Study.

Please contact me should you need any additional information.

Sincerely,

ELSA A. PORTER,
Assistant Secretary for Administration.

Enclosures.

Question 1. Based on its study of our system and its "on-site" studies of 8 foreign government programs, the ADLittle Study recognized that successful coordination of Federal tourism and recreation efforts is a difficult undertaking. Nevertheless, based on these studies, it concluded that the following factors must be present to achieve a reasonable level of successful coordination:

Recognized dedicated leadership;

Consistent leadership over time;

Government commitment, at the highest levels, to the goals to be achieved and to the policies and programs to be coordinated;

Specifically defined responsibilities for policy and coordination activities;

Coordination responsibilities assigned to decision-makers who have "vested power" and authority to implement policy and coordination body decisions;

Clearly defined public policy principles which guide specific policy (i.e., tourism policy) and coordination decisions;

Competent independent staff to provide substantive inputs to decisionmaking;

Clearly defined time frames in which actions must take place;

Reporting and evaluation responsibilities with oversight by an authority committed to assuring that responsibilities are carried out;

Participants in policy and coordination decisionmaking with a "national" perspective and a broad frame of reference;

Substantive content to issues consistent with decisionmakers' level of authority; and

Participants with a clear perception of national priorities.

Do you think a coordinating mechanism within the Department of Commerce would have these characteristics:

Answer. Regardless of how it is attempted, coordination of Federal tourism efforts will be a complex task, primarily because it involves the development of consensus among:

A wide spectrum of executive branch agencies which represent different constituencies with disparate interests, and which are often vested with conflicting powers and authorities;

Independent regulatory agencies whose policies are determined by multi-member boards or commissions whose members have staggered terms and differing views and loyalties.

Given this situation, we ought not to have unrealistic expectations concerning the ability of a coordination mechanism to solve all of the problems identified in the ADLittle study. Some of these problems, for example, stem from conflicting legislative mandates (tourism development vs. environmental protection tourism promotion vs. immigration controls, tourism development vs. energy conservation, and so forth) assigned to various agencies, or to fundamental differences over basic public policy principles. Problems of this type may more appropriately be resolved through legislative action rather than through coordination efforts.

Nonetheless, I believe that an interagency coordination mechanism can play a legitimate and effective role, and that such a mechanism, based in Commerce, would have a number of the characteristics identified by ADLittle. This mechanism, while it might include a more simplified committee than that proposed by ADLittle, should also rely for much of its effectiveness on intensive, day-to-day coordination between counterparts at the working/operational level of those agencies with tourism related programs. Similar mechanisms have worked successfully in other areas, and I see no reason to believe that a Commerce-based, tourism coordination mechanism would not function with equal effectiveness, provided Commerce has a clear mandate to implement the national tourism policy.

Question 2. Your testimony recommends that any coordination and monitoring mechanism for the total Federal tourism involvement (100 programs; 50 agencies) be put in the Department of Commerce.

As you know the AD Little report concluded that historically travel issues have been given a low priority by Secretaries of Commerce.

Most recently this Committee was told that the Secretary of Commerce was not even aware of the possible USTS/London closing until a few weeks ago, although this Committee and others had raised the issue with the Department months ago. I might add that USTS confirmed what the Committee had been told.

Are you also aware of a legal opinion from a former General Counsel of the Department to this Committee dated October 17, 1975, in which he concluded that under the law USTS could not formally make its independent views known on the programs of another Department which affect travel. The General Counsel concluded that in order for USTS to be able to do so, legislation would be required removing it from the Department and establishing it as an independent agency.

Do you feel it would be reasonable to expect USTS or any other mechanism in the Department of Commerce to coordinate and monitor policies which cut across several Departments? Would it take legislation? If so, would you please submit your recommendation in legislative form.

Answer. In response to your observations concerning the Secretary's support for travel issues, I might note, as I did in my testimony, that Secretary Kreps has sought to bring all of the Department's resources to bear on some of this nation's major economic development problems. In this context, she has looked upon USTS as one of the tools available to her and is thus giving more priority to tourism than some of her predecessors.

I should also note that Secretary Kreps became aware of the USTS/London closing as soon as we realized that her assistance would be needed. As you know, we were able to come to a mutually satisfactory agreement on USTS/Tokyo without involving either Secretary Kreps or Secretary Vance. We had hoped to do the same with USTS/London, but when that effort failed, I informed the Secretary about the London situation.

I am aware of the legal opinion you have cited, but I think we should consider three things. The first is that while any position developed by USTS in response to a matter pending before another government agency must take into account the views of other interested units of the Department of Commerce, we recognize

that USTS is the principal Federal source of tourism expertise. Thus, although USTS views are not made independently of the Department, they do serve as the basis for the views put forth by Commerce on tourism.

Secondly, I would suggest that there are some advantages to having the USTS position put forward under the name of this Department. Such a condition lends the full weight of a Cabinet level department to these views, and it ensures that views put forth on tourism issues reflect consideration of the impact which these issues may have on non-tourism sectors of our economy—a condition which I think we would all like to see apply in the reverse as well.

And thirdly, it should be stated that nothing in the legal opinion, in Department of Commerce Orders, or in applicable law prohibits USTS from working cooperatively with other agencies in the development or implementation of policies and programs which could affect tourism. If this were not the case, USTS could not engage in any of its current coordinating activities with such agencies as the Department of the Interior, the Economic Development Administration, the Regional Commissions, the Department of State, the Department of Transportation, the Department of Labor, the Small Business Administration, the Civil Aeronautics Board, etc.

In light of these considerations, I believe that it is reasonable to expect that a Commerce-based mechanism could effectively coordinate and monitor tourism policies which cut across several departments. As I stated in my testimony, we are now undertaking an effort designed to develop that mechanism. As part of our effort, we will have to determine whether the implementation of that mechanism will require legislation.

Question 3. Based upon its assessment of interagency coordination, ADLittle states that officials almost unanimously reported little or no coordination of program activities and policies with the U.S. Travel Service. In several cases, officials of other agencies either were unfamiliar with the name and functions of USTS or were totally unaware of the agency's existence. In spite of this, you believe a coordinating mechanism should be in the Department of Commerce?

Answer. This condition may have applied in the past, but based on the high level of USTS coordination activity during the past year, I do not believe that it applies today. USTS has been working effectively and cooperatively with a wide range of Federal, State and local government agencies and with the private sector. I believe that this kind of effort indicates that, with the additional improvements expected as a result of our current review, Commerce can serve as the focus for an effective coordinating mechanism.

Question 4. Under the ADLittle proposal the staff of the Cabinet level Coordinating Council would have to review appropriate annual program and planning documents by agencies whose activities the Council may determine have broad and significant implications for national tourism and recreation policy.

The purposes of the review would be to:

Determine if the agencies under review have considered the implications of their programs and plans on national tourism, recreation and heritage resource policy;

Determine if national tourism, recreation and heritage resource policy has been accorded an appropriate priority by these agencies in their programs and plans;

Determine if tourism and recreation programs and plans reflect appropriate priorities of other agencies;

Identify potential program conflicts that might be resolved by council negotiations;

Identify areas of overlap and/or duplication that are potentially wasteful or inefficient;

Identify tourism-related programs and plans in two or more agencies that might be improved by interagency coordination; and

Identify tourism-related programs and plans that might be strengthened through a cooperative concentration of Federal efforts.

The staff would then prepare briefing papers outlining their findings and recommendations for the Council.

Do you believe a coordinating mechanism in the Department of Commerce could do this?

Answer. I believe that the Commerce Department could serve as the base for a coordination effort which could make such reviews. I would hope, however, that the coordination mechanism which emerges from our review of Federal tourism programs would go beyond the review you mention. A coordination process that is based on regular, on-going, staff-to-staff contact among agencies with

appropriate jurisdiction and authority should enable us to ensure that tourism considerations are built in, rather than added on, to the program planning process in other agencies.

I should also note, however, that I have serious reservations concerning the ability to resolve issues and coordinate programs on the basis of briefing papers prepared by a Council staff. Members on the Council can be expected to look to their own staff personnel for advice in considering such matters. In this context, it would appear to me that the work of the Council staff would be unnecessary and have little influence over final decisions made by agencies with tourism related programs.

Question 5. Under the ADLittle recommendation, the staff of the Cabinet level coordinating council would monitor new legislative proposals and proposed new administrative actions, principally of regulatory agencies (e.g., the Department of Energy, CAB, ICC, etc.) in order to:

Identify areas of potential conflict with national tourism, recreation, and heritage resource policy;

Identify proposals that may have a negative impact on tourism, recreation or heritage resources and determine the nature and approximate magnitude of the potential impacts; and

Identify tourism-related proposals that potentially overlap and/or duplicate existing activities.

The staff would prepare briefing papers outlining their findings and recommendations for the Council.

Do you believe a coordinating mechanism in the Department of Commerce could do this?

Answer. This type of monitoring and analysis will be part of the Department's overall industrial analysis effort that I mentioned in my testimony. The review of new legislative proposals and proposed new administrative actions affecting tourism will be an important element in that effort. Again, however, I would suggest that cooperative staff level work during the early stages of the development process could be an even more effective way of ensuring that any new legislative proposals or administrative actions are coordinated with tourism policies and programs.

Question 6. You say that the Federal coordinating mechanism recommended by ADLittle is too complex to work. Would you please explain the coordinating mechanism (Interagency Coordinating Council) which ADLittle recommended and tell the Committee why in detail it is too complex to work?

Answer. As proposed by ADLittle, the National Travel and Recreation Policy Council would monitor Federal agency compliance with the national tourism and recreation policy and would coordinate this policy with other national interests. Membership on the Council would include the following principals or their designated alternates: the head of each Cabinet-level department; the Chairmen of the Federal Trade Commission, the Civil Aeronautics Board and the Interstate Commerce Commission; the Director of the International Communication Agency; and the Administrators of the Environmental Protection Agency and the U.S. Travel and Recreation Agency.

The designated alternates would not be below the rank of Deputy Under Secretary and would be the designated alternates for the duration of the principal's term in office.

The Council would be chaired by a person appointed by the President from among members of the White House economics advisory staff. The Secretaries of Commerce and Interior would alternate as Vice Chairperson. Council activities would be directed by an Executive Committee composed of the Chairperson, the Administrator of the USTRA, and the Secretaries of Commerce, Interior, Transportation, State, Agriculture and Labor.

The Council would have four policy committees—for Transportation and Facilitation, for Economic Development, for Energy and Natural Resources, and for Health, Education and Cultural Affairs—with the chairperson for each committee appointed for a two-year term by the Council Chairperson. Membership on the committees would include agency heads or designated alternates from member agencies. Additional ad hoc subcommittees could be established as needed.

The Council would have an initial support and research staff of fifteen people headed by a Staff Director who would report to the Council Chairperson.

There are a number of reasons why I believe that this proposal is too complex to work:

1. Membership on the Council is limited to principals or alternates no lower in rank than a Deputy Under Secretary. Because a wide range of duties and

responsibilities place heavy demands on the time available to them, it would be difficult to convene a meeting of all Council members. Given this condition, meetings can be expected to be infrequent, with the result that little in the way of operational or policy coordination would be accomplished.

2. The Committee notes that the Federal involvement in tourism encompasses 100 programs and 50 agencies. With this level of activity and the expected infrequency of Council meetings, it would be most difficult for the Council to substantively address any of the important issues affecting tourism.

3. The sheer size of the Council and the range of interests represented by its membership seems to preclude the possibility that any substantive issues could be resolved through Council meetings.

4. The existence of a structured coordinating Council means that issues which might quickly be resolved through direct agency-to-agency contact would be deferred until the Council could consider them. This tendency to defer staff resolution of issues would overload the Council with relatively trivial matters and would delay decision making on important issues.

5. The history of job stability among high level Federal officials is not such that I would expect to see the continuity of Council membership envisioned by the ADLittle Study. Moreover, Council members will be interested in other important areas beyond tourism. Under these conditions, I do not believe that the Council structure would provide the long term, systematic leadership on tourism issues required to effectively carry out the coordination responsibilities envisioned in the ADLittle study.

6. Since one of the major roles of the Council would be in policy coordination, three things should be noted:

a. Policy disagreement frequently originates in conflicting legislative mandates. When this is the case, the conflict cannot be resolved by Executive branch coordinating councils.

b. Policy problems seldom fall neatly into logical categories which can be dealt with effectively by pre-established committees. Having such committees creates potential for jurisdictional overlap and conditions in which important issues may not be considered from all appropriate points of view. In the Council structure, for example, only one of the four committees has jurisdiction over energy matters, yet energy is an essential concern for transportation and it affects economic development, both of which are handled by other separate committees.

c. Policies often emerge in the form of agency regulations. These regulations, in turn, emerge from the hundreds of individual proceedings, rulemakings and negotiations conducted by Federal agencies. Decisions in such cases are based on evidence and facts weighed by competent and reasonable authorities; they cannot be reached by interagency committees.

7. The ADLittle proposal assumes that Council meetings will focus on the pros and cons of various policy options, with policy decisions being made on the basis of such considerations. Aside from the fact that I think this would be a very time-consuming, inefficient process, such meetings would probably not be the best vehicles for seeking resolution of policy differences. By the time any meeting was called, agency positions might have hardened and resolution might be difficult. To the extent that it is possible at all, the resolution of policy differences can take place more effectively through staff level contacts among concerned agencies at an early stage in the policy development process.

These are the principal reasons why I do not believe that the ADLittle proposal will work. I should also note, however, that the views I have expressed are based on the experience gained during my 22 years as a Federal employee. During that time, I have found that coordinating committees, particularly those in which membership is limited to the highest level officials, are effective for dealing only with short-term or one-time issues. Tourism is neither a short-term nor a one-time issue. I believe that the coordination of tourism policies and programs can best be accomplished through a continuous process of interaction among agencies with programs affecting tourism interests. In order to have the dedicated leadership which this process requires, it must be lead by, and become an institutional part of, the agency responsible for carrying out the Federal tourism program.

Question 7. The ADLittle Study found that of 22 agencies administering 26 programs that had a program mandate which clearly included or supported travel-related goals and needs, one-half felt that their mandate did not include these objectives. In view of this myopia, wouldn't you agree that even if Congress

enacted a national tourism policy there would be little chance of the agencies following it unless Congress also created a monitoring or "watch dog" mechanism?

Answer. I do not believe that a "watch dog" mechanism of the type envisioned in the ADLittle report is necessary. Coordination is much more effective if it takes place within a framework of mutual cooperation and respect. My experience is that "watch dog" mechanisms contribute little to the development of such a framework. Moreover, USTS' experience over the past year shows that agencies are willing to work with us in developing coordinated programs and policies.

Question 8. I note that one of the three main functions of the President's Inter-agency Coordinating Council on urban programs is:

"To promote coordination among agencies as needed to carry out immediate program operations. If, in pursuing these short-run coordination projects, the IACC discovers long-range management improvements, these suggestions and proposals are referred to the Office of Management and Budget which has primary responsibility for such reforms."

Doesn't this kind of management coordinating problem exist in our travel programs? For example, USTS and ICA (formerly USIA); or Immigration and Customs; or Immigration and the State Department's Visa section?

Answer. There is no question that OMB has primary responsibility for affecting long-term management improvements across the entire operation of Federal programs. I think, however, that one of the additional reasons why the IACC is to refer suggestions on long range management improvements to OMB is the realization that, while the IACC can be effective over the short term, its efficacy over the longer term is questionable. The coordination of tourism related programs in Federal agencies must be carried out on a continuous basis. This is one of the major reasons why I do not support the formation of the coordinating council proposed by ADLittle. I believe that this coordination need can be met not only through the efforts of OMB, but also through the cooperative efforts of those agencies who manage tourism related programs.

Question 9. The ADLittle Study concluded that a national tourism policy could not be successfully developed while ignoring the need for a national policy on recreation.

The reasons for that conclusion, as stated in its report are as follows:

"The natural ties between travel and recreation (as well as in national heritage development and preservation) have become increasingly evident in recent years. Public and private sector activities in these areas are increasingly widespread, interdependent, and interactive . . . recreational attractions and surrounding facilities have increasingly been designed and operated to cater to recreationists arriving from outside the community. Moreover, public and private sector interests in these areas have many of the same underlying needs and face many of the same basic issues and problems."

Do you agree with ADLittle that without a consolidated Federal approach to meeting the needs of the public and private sector interests in travel and recreation, it is impossible to maximize the effectiveness and flexibility of Federal involvement and to minimize interagency program duplication and conflict?

Answer. As I indicated in my testimony, I do not believe that tourism and recreation interests are as closely related as the Study suggests, principally because their basic missions are different. That is not to say, however, that these two interests are completely unrelated. There are enough mutual concerns to require coordination, but I think it goes too far to say that a consolidated approach is necessary.

Question 10. I note that one of the three main functions of the President's Inter-agency Coordinating Council on urban programs is:

"To resolve conflicts in program operations. When one agency plans a project that tends to cancel the benefits of another agency's program or when a Federal project would have a serious negative impact on a locality, these conflicts can be brought to the IACC for discussion and resolution."

(a) Do you agree that this is a problem that needs to be addressed where travel and recreation programs are concerned?

(b) If so, is it reasonable to assume that any one agency of government, such as the Department of Commerce, could resolve conflicts between say the Environmental Protection Agency and the Department of Transportation; or between the State Department and the CAB?

Answer. (a) I agree that this is a problem.

(b) I think it is reasonable to assume that the Department of Commerce could serve as the base for a coordination effort which could resolve many such conflicts. I would only note, however, as I did in my response to Question 6, that such

conflicts frequently originate in conflicting legislative mandates. When this is the case, the conflict cannot be resolved either by any one agency or by an Executive branch coordinating council.

Question 11. The ADLittle report concluded (p. vi-5) that "the importance of creating an effective interagency coordinating mechanism cannot be overemphasized. At least half of the twenty-five top ranked tourism and travel needs identified by the tourism industry during the Ascertainment Phase of the Study can be met by effective interagency coordination and greater responsiveness to tourism needs."

(a) Do you agree with that conclusion?

(b) That conclusion was based on, and is documented by, the report in Phase II of the Study which consisted of 6 regional meetings across the United States; 7 national meetings in Washington; and 35 interviews with various Federal officials in Washington. Hundreds of travel industry executives and State and local officials participated in the regional and national meetings. If you disagree with the ADLittle conclusion, on what record or documentation do you base your disagreement?

Answer. (a) I agree with the conclusion. As I noted in my response to other questions, I disagree only with the ADLittle recommendation that coordination should take place through a National Travel and Recreation Policy Council.

Question 12. In your testimony you cite the percentage increases in international visitors to the U.S. and foreign exchange earnings as evidence of the healthy condition of the industry.

(a) Are you aware that domestic tourism is far more important to the U.S. economy (\$107 billion vs. \$7.4 billion). And in that connection, according to the 1972 National Transportation Survey, 45 percent of our civilian population did not take a trip of "100 miles away from home and return?"

(b) With regard to our foreign exchange earnings, even though there is a percentage increase isn't it true that the \$2.5-3.0 billion travel deficit continues?

Answer. (a) Yes. This is one of the reasons why I believe it is necessary to reassess the current Federal role in tourism and the existing Federal tourist programs.

(b) Yes, but the latest information we have shows a desirable trend. For the first 6 months of 1978, foreign travelers to the U.S. numbered 8.6 million, a 7 percent rise over the first half of 1977. For all of 1978, USTS projects that some 20 million foreign travelers will visit the U.S., 7.7 percent more than for 1977. These arrivals are expected to generate \$8.5 billion to \$8.9 billion in foreign receipts, an increase of 18 to 24 percent over the 1977 level. On the basis of these projections we expect the travel deficit to drop below \$3 billion for only the second time since 1971.

Question 13. The ADLittle report specifically recommends an "independent" coordinating Council rather than putting the Council in the White House. I understand ADLittle's recommendation was made after interviewing the Administration's Reorganization team who pointed out that the President had promised not to enlarge the White House Staff. Would you agree that the ADLittle proposal is consistent with the President's position in this respect?

Answer. No, I don't believe it is. The Council will have an initial staff of 15 people. The Director of this staff will report to the Council Chairperson who, in turn, is to be a member of the White House staff. Under these conditions, it will be difficult to disassociate the Council staff from the White House staff. In effect the White House staff will be enlarged by 15 people. I would also note that if this disassociation could somehow be made, the existence of the Council as an independent entity would run counter to the President's aim of decreasing the number of small, independent agencies.

Question 14. When we speak of a Federal coordinating mechanism is it your understanding that we are speaking of coordinating a tourism policy with other public policy principles such as energy conservation, judicious use of our natural resources, etc.? In other words, to the extent travel interests may conflict with other public policy principles, the travel interests would get a "fair shake" where interagency policies conflict or are not in step with one another.

Answer. As I indicated in my testimony, I believe there are two aspects to coordination. The first is ensuring that there is some coordination among Federal agencies' operational activities that relate to tourism. The second is coordination which ensures that Federal agencies are aware of and have adequately considered the impact which proposed policies, programs, legislation or regulations can have on tourism. The purpose of this second element in the coordination effort is to see that tourism interests do get a fair hearing and a "fair shake".

It goes without saying, however, that this element of the coordination effort cannot be, and should not be seen to be, a guarantee that tourism interest would predominate over other legitimate national interests. It should also be noted that tourism interests cannot be confined to the interests of the tourism industry. The ADLittle report appropriately finds that tourism interests also include consumer interests, environmental interests, public health interests, economic development interests as well as the interests of State and local governments.

Question 15. If Congress enacts into law a tourism policy the agencies which have programs and policies affecting tourism would have to consider that law when it develops and implements those programs and policies. The ADLittle report recommends 7 standards that such a law should contain. For example, insofar as its programs affect tourism, an agency would be responsible for assuring that program assists in "optimizing the contribution of the tourism and recreation industries to economic prosperity, full employment, and the Nation's international balance of payments."

(a) Recognizing that such a policy statement must necessarily be broad do you feel that the provision by ADLittle is specific enough to offer guidance to the concerned agency; and specific enough to offer a standard to which a "watch dog" monitoring mechanism could hold the agency?

(b) Do you think the provision is specific enough to enable the industry and a coordinating mechanism to identify interagency programs which should be coordinated in the interest of making these programs more efficient and responsive to the national interests in tourism?

(c) Do you have any suggestions for the refinement, addition, or change in the ADLittle provisions? I realize you may want to submit such an answer for the record.

Answer. (a) The policy statement can serve as a vehicle for putting agencies on notice that they must consider tourism interests when developing their programs. To be effective, however, the statement must be coupled with an on-going effort which seeks to alert agencies to the specific tourism impact of their individual programs, and to work cooperatively with them to minimize any adverse impact. Such a dual effort would be specific enough to offer guidance to Federal agencies.

If "hold the agency" means ensuring that the agency must consider tourism interests when programs are being developed, the policy is sufficiently specific. If "hold the agency" means ensuring that the agency takes no action which could adversely affect tourism interest, the policy is not sufficiently specific. In order to have the latter, a considerable amount of work in defining the precise relationship between tourism interests and other public policy principles would be necessary.

(b) Yes, although I do not think that a policy statement is necessary in order to make such an identification.

(c) The policy statement recognizes the economic importance of tourism; it focuses on the needs of the tourism consumer; it strives for a balance between tourism interests and the national interests in such areas as public health and the environment; and it provides guidance for the overall Federal involvement in tourism. Although, as you say, a policy statement must necessarily be broad, this statement seems to give consideration to all of the major tourism related interests. Consequently, I have no reason for seeking any substantive change.

Question 16. According to a White House press release dated August 16, 1978, the President's Interagency Coordinating Council on urban programs has facilitated such interagency coordination projects as:

Bringing to a final resolution the negotiations between the Environmental Protection Agency (EPA) and the Department of Transportation to establish joint guidelines for transportation and air quality planning (announced June 16, 1978).

The ADLittle report found that EPA perceived the degree of its program involvement/impact on tourism to be "low"; that the agency assigned a "low" priority to tourism; and that the agency did not believe its program mandate includes/supports tourism goals and needs. The Study also found that the FAA and the Federal Highway Administration assigned a "low" priority to tourism.

(a) Based on the ADLittle findings, how much consideration do you believe was given to tourism interests in the negotiations between EPA and DoT to establish joint guidelines for transportation and air quality planning?

(b) Even if EPA and DoT wanted to consider tourism interests, don't you agree it would have been difficult to do so in view of the lack of standards to follow. Isn't this why a policy should be enacted into law to guide these agencies?

Answer. (a) Very little, principally because the guidelines cannot be expected to have any substantive impact on tourism interests. The agreements announced on June 16 by EPA and DoT establishing procedural guidelines for coordinating EPA and DoT activities related to locally based transportation planning efforts. They are not guidelines in the sense of establishing standards for transportation vehicle pollution emissions. They relate only to the responsibilities of the local planning agency and the process whereby EPA and DoT will fund, monitor and review local transportation plans.

(b) In this particular case, the lack of standards presented no problem. In more general terms, however, I believe that having standards is less important than having a cooperative, on-going effort to ensure that tourism interests are considered in the development of any policies or programs which might affect these interests.

Question 17. You say that the "Department of Commerce can serve as an effective organizational base to accommodate new Federal directions in tourism, and that Commerce already has expertise such as the Economic Development Administration which will be important." Are you aware that based on interviews in EDA the ADLittle Study found that EDA assigned a low priority to tourism programs, and that it had poor coordination with other agencies on tourism; that EDA felt it had a low degree program involvement and impact on tourism?

Answer. I am aware of the ADLittle findings, but such findings no longer apply. USTS and EDA have engaged in several cooperative efforts during the past year. These efforts have been based on discussions between Assistant Secretaries Chavez and Hall, on their mutual recognition of the important role that tourism can play in economic development, and on good cooperation and coordination among their respective staffs. It is exactly this type of cooperative effort that Secretary Kreps has sought to encourage throughout the Department.

Question 18. If USTS sets such a high priority on tourism, why did they recently take out their toll free hot line? (Verbally received from John Hardy).

Answer. USTS did not take out the toll free line until September 30, 1978. The line was set up as a test activity in 1976 as part of the USTS domestic tourism program. It would not have been continued in fiscal year 1979 because analysis showed that it was not a cost-effective operation. Moreover, USTS could not continue the line after September 30, 1978 since USTS has neither the authority nor the funds for a domestic program in fiscal year 1979.

ARTHUR D. LITTLE, INC.,
Washington, D.C., October 31, 1978.

MR. JOHN D. HARDY,
Merchant Marine and Tourism Counsel,
U.S. Senate Committee on Commerce, Science, and Transportation,
Washington, D.C.

DEAR JOHN: We have reviewed the answers to the questions the Committee submitted to the Assistant Secretary for Administration, DOC. At the Committee's request, we have commented on the answers provided by Ms. Porter on behalf of the Department of Commerce.

The attached Arthur D. Little comments do not go into full detail where we felt it appropriate to reference the NTPS final report. If the Committee has any questions, please let me know.

Sincerely,

THOMAS G. LLOYD.

Enclosure.

Answer to question 1: Recognition of coordination difficulties is a given and we concur with DOC that differing agency mandates bring inherent conflicts into the coordination process. However, the suggestion that because a DOC based coordinating mechanism "would have a number of the characteristics identified by A. D. Little" indicates a misunderstanding of our findings. Having some of the necessary characteristics falls far short of necessity. As we indicated in our report—"the following factors (mean all of the following factors) must be present to achieve a reasonable level of successful coordination." The more relevant factors that would not be present in a DOC based coordinating body include "recognized dedicated leadership, coordination responsibilities assigned to decision-makers who have 'vested power' and authority to implement policy and coordinating body decisions, and competent independent staff to provide substantive inputs to decision-making."

The "recognized dedicated leadership" necessary is that leadership which is recognized by all parties to the coordination process. DOC leadership will not and cannot be recognized by other agencies as DOC itself pointed out (i.e., "different constituencies," "fundamental differences over basic public policy principles," etc.). That is why only a representative of the President, with the whole of the population as a constituency, is appropriate as a leader of the interagency coordinating body. Such an individual can guide the necessary trade-off decisions necessary when "different constituencies" are involved and can deal better than most with "fundamental differences."

We agree with DOC that coordination between counterparts at the working/operational level is necessary. However, that level of coordination is powerless to deal with the difficult issues intended for the Policy Council. When we speak of "coordination responsibilities assigned to decisionmakers who have 'vested power' and authority to implement policy and coordination body decisions" it is clearly with the intent to elevate coordination to levels of decision-making, vested power and authority much higher than DOC has recommended. The third factor absent from DOC's recommendation is "competent independent staff to provide substantive inputs to decision-making." Surely DOC doesn't believe that DOC staff would be regarded by other agencies, many more powerful politically than DOC, as independent.

A final point on this question was DOC's statement that "similar mechanisms have worked successfully in other areas" (referring to operational level coordination), which left us somewhat surprised. Of the 70 Federal officials, over 15 in DOC, that we interviewed, none were able to identify a successful coordination function in the Federal Government. It would be of interest to us and invaluable to the Congress to know of even one such example.

Answer to question 2: The discussion of the USTS/London office closing appears to indicate the Secretary's involvement in issues significant to the tourism industry, is dependent on whether or not her staff thinks she should know that a problem exists. This process only confirms the tourism industry's suspicions that certain constraints are inherent in having the principal Federal tourism agency in the DOC.

The suggestion that a "commerce-based mechanism could effectively coordinate and monitor tourism policies which cut across several departments" is not supported by the discussion that precedes this statement. We are pleased with DOC's renewed interest in tourism and with the news that USTS is now coordinating with a number of agencies. Improvement over past practices, while important, would not be sufficient grounds for our recommending any part of DOC as the principal Federal tourism coordinating body. The issue is, and always has been, to achieve effective coordination. No evidence has been presented that would indicate that successful coordination has occurred or that current coordination efforts have involved the difficult issues expected to be dealt with by the Policy Council.

Answer to question 3: See question 2.

Answer to question 4: The expectation that Council members will look to their own staff for advice is predictable and necessary. The staff of individual agencies will predictably help agency heads defend their turf. This is precisely why Council staff is necessary. The viewpoint expressed by DOC is one of the root causes of unsuccessful Federal coordination. To view the process of coordination as a combative exercise intended to produce "winners" and "losers" will never result in the kind of negotiation that leads to compromise and accommodation based upon objective consideration of issues. The proposed Council staff is not intended to have "influence over final decisions" in terms of the Council staff being "winners." Their intended purpose is to bring objectivity to the decision-making process. Objectivity is the keystone to the concept of the Policy Council and the principal purpose for having an independent Council staff and Council leadership independent of individual Federal departments.

Answer to question 5: Cooperative staff level work during the early stages of the development process, presumably during a period in which DOC was exercising its renewed interest in tourism (see answer to question 2) and USTS was engaged in "its current coordinating activities" as the "principal Federal source of tourism expertise" (see answer to question 2) has resulted in decisions to reduce the staff of USTS/Tokyo and close USTS/London. We do not see this as making a very strong case for "an even more effective way of ensuring that any new legislative proposals or administrative actions are coordinated with tourism policies and programs." It does however, provide a good example of "winners" and "losers" that result from each agency using their own staff as discussed above under question 4. In this case tourism was once again the "loser."

Answer to question 6: 1. Chapter VI of the NTPS final report discusses the need for high level representation on the Policy Council and recognizes the "heavy demands on the time available" to such individuals by (1) limiting activities to those of national policy significance, (2) proposing quarterly meetings, (3) providing staff support, and (4) providing for delegation of time consuming activities.

2. See above.

3. Chapter VI of the final report discusses how issues would be handled and the DOC suspicion that the Council as a whole would be asked to handle all issues of interest to the Council indicates a misreading of the report. The "range of interests" of the Council has little bearing on the resolvability of issues. We would suggest that a quick review of the "range of interests" dealt with by the Supreme Court, the Congress, the White House, or even individual Federal departments would indicate that "range" has nothing to do with the process of issue resolution.

4. The suggestion that issues resolvable "through direct agency-to-agency contact" would be deferred to the Council indicates a misreading of Council functions. The only issues elevated to the Council level would be those that the involved agencies fail to resolve. The issues to be dealt with by the Council are further limited by definition. See Chapter VI of the final report.

5. We cannot analyze the beliefs of the DOC relative to this portion of the answer to the question. However, the interest in tourism of the representatives is expected to be directed by national policy as are the "other important areas" of interest of representatives.

6a. We agree that conflicting legislative mandates cannot be resolved by Executive branch coordinating councils. We did not recommend that the Council attempt to resolve such conflicts. The Council was designed to: (1) identify potential conflicts before policy is established, (2) resolve issues not rooted in conflicting legislative mandates, and (3) report to the Congress on issues brought to the Council. The report to the Congress would provide an opportunity to identify any necessary legislative remedy to conflicting legislated mandates. Further, the findings of the NTPS indicate that the major problems relating to what the Executive Branch agencies believe to be conflicting mandates are in agency understanding and interpretation of legislated mandates and not in the mandates themselves. See Chapter II of the final report.

6b. The absence of neat categories was recognized by the study team and Chapter VI discusses the various options available to the Council leadership for dealing with issues, the Committees being only one such option.

6c. The monitoring function of the Council staff is intended to deal with regulatory processes (see Chapter VI, b. Monitoring, in the NTPS final report) within the appropriate procedural framework, principally during the very earliest stages of proposed rule making.

7. A. D. Little did not assume that "Council meetings will focus on the pros and cons of various policy options, with policy decisions being made on the basis of such considerations" as suggested by DOC. The Council will direct Council staff to focus on proposed policies of non-tourism agencies that would potentially conflict with national tourism policy, assuring that these agencies have adequately considered the impact on tourism of their proposed policies, to direct agencies directly involved in potential policy conflicts with national tourism policy to join efforts to eliminate and/or reduce potential conflicts. Finally, if satisfactory conflict resolution is not achieved, to bring these deliberations to the Council for resolution through negotiation by the decision-makers with the authority to resolve such issues. Our study findings produced no evidence that policy differences of any significance could be effectively resolved at the agency staff level. Further, none of the eight foreign governments that we studied had found staff level coordination of significant interagency conflicts a hopeful approach. The Council concept was founded on the factors these other governments felt were necessary for successful coordination of issues of national significance.

Answer to question 7: The answer to this question once again refers to recent USTS experience in coordination efforts which we, of course, have no direct knowledge of. Although no examples of successful coordination are provided, it can only be assumed that DOC is particularly proud of the USTS achievements in this area. To have so many Federal agencies move from little to no recognition of their own role in tourism to effective coordination with USTS in one year should be sufficient grounds for such pride. We would be sincerely interested in knowing in which areas of needed coordination that the tourism industry identified during the Ascertainment Phase of the NTPS the successes have been most significant.

Answer to question 8: We cannot speak to the beliefs of the DOC relative to the IACC and OMB because it is an area outside of our direct experience. A part of the answer refers, for the second time, to the need for coordination on a continuous basis. We have not recommended discontinuous coordination nor have we suggested that day-to-day coordination was to be abdicated by the principal Federal tourism agency to the Policy Council. Staff level coordination by the principal tourism agency is expected to be a routine and effective part of the agency's responsibilities. The coordination responsibilities of the Policy Council are specifically limited as described in the final report and represent only a portion of needed coordination.

You will recall that the Policy Council concept, organization and proposed functions were discussed by the study team with OMB while in the formative stages. Its final configuration was modified to encompass a number of OMB recommendations.

Answer to question 9: No substantive arguments are offered in this DOC answer. Therefore, in the absence of any basis for the DOC disagreement with our findings we cannot pass judgment on the merits of the Department's position.

Answer to question 10: 10a. No response required.

10b. This portion of the DOC answer provides no basis for the opinion offered. Our study findings do not lead us to a similar conclusion. We would have to discuss the DOC view on this subject with the other agencies at issue before we could support or refute the DOC assertion that conflicts between the EPA and DOT or others could be resolved by DOC.

Answer to question 11: No response is appropriate.

Answer to question 18: No comment required.

Answer to question 13: As discussed above under question 8, and indicated by the Committee in question 13, OMB is aware of the Arthur D. Little recommendations. OMB made it clear to the study team that they would not support a recommendation to place the Policy Council in the White House. The Policy Council as recommended was therefore not placed in the White House. The Council is independent of the White House and, in the view of OMB, it is an interagency coordinating body similar to others they intend to recommend to the President. While the proposed staff of the Council does number 15 people, and as Chapter VI of the final report explains, the staff has two components. Only five of these staff members are required to support Council operations. The remaining 10 staff members are to be transferred from the Historic Conservation and Recreation Service (formerly BOR staff) because their current specific responsibilities are in the area of interagency coordination. It is not contemplated that their responsibilities would change significantly except to include tourism concerns along with recreation.

Answer to question 14: We concur with DOC.

Answer to question 15: 15a. We concur with DOC. For purposes of clarification, it was not recommended by the study team that any agency "takes no action which could adversely affect tourism interest." The tourism industry does not expect preferential treatment by the Government and Arthur D. Little does not recommend such treatment.

15b. No comment is appropriate.

15c. No comment required.

Answer to question 16: 16a. No comment is appropriate.

16b. No comment is appropriate.

Answer to question 17: In the absence of specifics on the nature of coordination between USTS and EDA, the programs involved, or the effectiveness of those efforts in bringing about substantive change, it would be inappropriate to comment. The repeated references to staff level coordination and new USTS and DOC initiatives in coordination imply that much has changed since the study was completed. We are encouraged by these efforts, but must restrain any real enthusiasm because the DOC response to this question and others does not indicate clearly whether or not DOC makes the same distinction between coordination efforts and successful effective coordination that our study attempts to do. While effort is commendable, the final test must be effectiveness.

Answer to question 18: No comment required.

Senator INOUE. Our next witness is the vice chairman of the board of Holiday Inns, Inc., Mr. William B. Walton. As chairman of the policy study, I thought I could take the personal liberty to invite as the first industry witness Mr. Walton. I'm doing this because when the

days were dark and we were hitting bottom, one man came to the assistance of this committee, and I think we should recognize that fact.

At this time I'd like to say how grateful I am as a Member of the Senate and as the chairman of the policy study and the subcommittee for all the assistance, the advice, and counsel Mr. Walton has given us. Much of the credit for the hearings today can be placed on the doorstep of the vice chairman of the board of Holiday Inns, and so it is with special pleasure that I welcome "Wild Bill" Walton.

STATEMENT OF WILLIAM B. WALTON, VICE CHAIRMAN OF THE BOARD, HOLIDAY INNS, INC.

Mr. WALTON. Thank you, Mr. Chairman.

Mr. Chairman, I'd like to digress from the formal agenda today for just a moment if I might because I believe that I would be remiss and probably we all might be remiss if we didn't recognize what could very well be one of the truly great milestones in the history of our country's leadership in the area of world peace. I'm quite sure that around the world and throughout our Nation this very day that the prayers of the peoples of the world for the success of the peace conferences begun at Camp David and outlined here recently to the world, and I think it's right providential that this particular Committee on Commerce, the U.S. commerce, be considering a national policy of this country, one that we have not had in over 200 years, a policy that, among other things, does state this country's position on its attitude toward visitors to our home, that we would extend to them the warm friendship, a hand of welcome, if we do those things it would make their visit to this country a happy occasion, one that would make them want to come back, one that when they left this country they would go to their homes with a very good and warm feeling for the friendship that they had experienced in the United States.

And just a moment on a personal note, in 1972, my company on the occasion when we extended our activities into world business and entered into some 31 countries, we instituted a program which we titled "World Understanding Through Tourism—One Road to Peace." Now, this program was designed with the intent to do all those things that we could, recognizing our position as "the world's innkeeper," recognizing that innkeeping has been recognized as a warm place of hospitality through generations, that we had a unique opportunity to carry the banner of world peace and to promote world peace, and this program was designed to do exactly that.

It was designed to welcome people to our country. It was designed to carry the message of friendship around the world and abroad, and over the years we have had a great feeling of satisfaction that we have done our little bit to promote this program.

Now, the program has a peace flag and it has various and sundry subordinate programs within it designed to accomplish its intent to make a traveler's problems with medical needs, money exchange, and language easier. Everybody that flies the peace flag across these Holiday Inns, there's an identification that they subscribe to this program, and on this particular occasion I'd like to say to the chairman and to Senator Cannon, who's been with us on many occasions, that we as a company intend to rededicate ourselves to that program. We intend

to do everything we can to promote world understanding through tourism as being one major road to peace.

Mr. Chairman, I'd like to pass along to you, as we rededicate ourselves as a company to this program—we want to dedicate the program to you, and I want to pass along to you the brochure that goes with the program, the definitions and the peace flag, and say to you that we thank you for your leadership. We thank you for what you've done. We thank you for your commitment. We appreciate and thank you for your tenacity because it's become pretty obvious that tenacity is a prerequisite of getting the attention of Government on occasion.

Now, Mr. Chairman, I will address myself to the agenda, and I have filed a written statement and I will speak from that if I may and just highlight it because there are many of my associates that are anxiously awaiting the opportunity to give evidence in this hearing, and I will try to be brief and directly to the point.

Senator INOUE. Without objection, your statement will be made part of the record.

Mr. WALTON. Thank you, sir.

My written statement says, by the way, that on this auspicious occasion, as we gather in this meeting, that I'm happy to be here. Now Mr. Chairman, I was happy to be here when I came in and I'm still substantially happy, but after listening to the Government's position, I can't honestly say that I'm still very happy to be here insofar as finding that the unbelievable situation that this country found itself in during the Arab embargo in 1973 and 1974 apparently still prevails in the administration that has had several changes or has had one or two changes at any rate even today.

In 1973 and 1974, the winter of 1973—I call it the black winter of 1973 and 1974 because that was the Arab embargo. That was the occasion for the allocation of fuel and that was the occasion for classifying the tourism industry as a nonessential industry.

Now I would be hard pressed, and I'm sure most anybody in this room would be hard pressed, to find something good that came out of the Arab embargo. One thing it did do, which is typical of America, it shocked us into an awareness. It shocked us into an awakened condition to do something about a bad situation. The bad situation mainly was the energy situation and the lack of the necessary fuels to power this great country and a second shock was an industry that later was to be learned to be the third major industry contributing to the economy and the well-being of this country to be classified as nonessential. That was unbelievable in a country as affluent as this one, probably one of the most affluent countries in the history of the world, well educated, well informed, with communications unbelievably beyond the realm of man's imagination, and yet an industry which has been, as stated here already twice, employing nearly 5 percent of the total work force of this country—a \$22-billion payroll, \$114 or \$115 billion—and call it nonessential. And it becomes necessary for the Senate of the United States, on a resolution introduced by the chairman of today's meeting, S. Res. 281, which as I recall was introduced on February 4, 1974, and it said, we, the Senate of the United States, among other things, does recognize that travel and tourism industry, at that time the third major industry in America contributing to the retail trade of this country, and we do mandate that in the future in any allocation of scarce mate-

rials that this travel and tourism industry be recognized and put in its appropriate position.

And, Mr. Chairman, your efforts and activities have been tireless since then because it's been my pleasure to work with you to help you because on the occasion of the Arab embargo, I was president of Holiday Inns. I'm one of the three founders of what has grown to be the world's largest food and lodging operation, one that grew that way in 16 years and one that we recognized could have only grown that way where free enterprise, as we know it in this country, was our way of life. On that particular occasion when the Arab embargo was set, we were classified nonessential. It shocked my board of directors into the realization that we apparently had a serious situation in Washington and the board unseated my comfortable position as president and inasmuch as I had been the spokesman for the company over the years, they said somebody has got to go to Washington. When the chairman called me in for the conference, I agreed with that, but when he said, "I think it ought to be you," I disagreed with that. I enjoyed what I was doing, but I found my way to Washington at the direction of the board of directors, responsible for my company's activities in the area of external matters that affect its business.

One of the first stops I made was on Secretary Dent. Secretary Dent admonished me for not having been to see him before and I agreed with him, and he said,

Henceforth, it is my hope that you and your peers, your associates in this industry, the other chairmen and the other vice chairmen and the other presidents, will recognize what can happen to your industry when you get too involved in carrying on the personal activities of your corporations and your business and lose sight of the public affairs and governmental affairs that go on in this country.

My next call was on you, Mr. Chairman. I found you in a state of exasperation because you had tried to get legislation after the first NTPS was made and you couldn't get anybody to agree on anything and you were, to say the least, exasperated. I happened in your office on that occasion and I'm happy to say thus began a respect and a friendship that has endured over the years that I hope will be beneficial to our country and to our industry.

Now shortly after the introduction of S. 281, the recognition of the Senate, you set about with Senate Resolution 347—which has been referred to here to unite—to study this industry in order that we may find a singular national policy, one that would unite the industry, one that would allow the industry to grow, one that would allow the industry to produce in a manner that would be beneficial to the economy and the welfare of our country, and thereafter, I'm happy to recall that we helped in acquiring and contacting the Senators who finally became cosponsors of your bill, 71 in number, which as I recall, for 71 Senators to become cosponsors is a rather significant action within itself.

Now I understand that our Senators will agree to vote for a resolution or a bill, but to become a cosponsor is a little bit unusual, but 71 of them did that, mandated this study that we now comment on at this hearing. And as we do, I can't help but reflect back on a meeting I had with our dearly beloved Senator Humphrey in 1974 at the AHMA—American Hotel and Motel Association—convention. He made a speech and he told us all, he said, "Now we, in the Senate, are going to make

laws. If you don't give us good input,"—and he's talking to the industry and I'm now talking to the industry—

If you don't give us good input, we are going to make these laws anyway. We may stumble and bumble through, but we will make those laws and you're going to have to live with them one way or the other. So it would certainly be to your advantage to give us good information.

I committed myself at that time that never again within my power would this industry default in expressing its views on matters which affect this industry which in turn affect the peoples of this country I think so importantly.

Now you said this meeting was called to talk about the segment of the industry and how the lack of legislation and the lack of a national tourism policy had affected us and what recommendations we might have.

Well, I believe the effect of classifying us as nonessential, which was obviously the direct result of there being no national policy, no national understanding, no way that an administration could classify us as non-essential and have the facts as to just exactly what this industry did amount to, I think that becomes pretty apparent that the urgency for a national policy is well set out right within itself.

Now the fact that in about 3 months 90,000 people were put out of work and another 197,000 jobs were affected and about \$717 million of revenue was lost, and I think unnecessarily, it's true we were beginning an energy shortage and an energy crisis and that led us into I think to a large degree the recession, possibly all of that might have been unnecessary had there been a better understanding of the energy problem and the tourism problem and possibly that may be because we of the industry have not communicated well enough.

As Secretary Dent put it to me, you should be more involved.

Now before I really begin to talk about the NTPS, I do want to say this. I want to say what we are not asking for. I think it's important to say what the industry doesn't want. We don't want the Government, for example, in Holiday Inns. We don't want the Government selling our rooms. We do a pretty good job of that. We don't want the Government building our Holiday Inns. We don't want the Government managing our Holiday Inns. We have never asked the Government to do our job and we never will. We don't want the Government in our board room. We have enough Government in our board rooms already.

We do want to comply with the laws of this land. We do want to assume our rightful responsibility in the case of a national emergency, but we don't want to be discriminated against. We want our rightful position recognized by all segments of Government, especially those segments that can affect us directly, and that, I think, is shared by most of the men of the industry with whom I've talked.

But even so, as you pointed out a few moments ago, with your resolution 281, recently it was still necessary for the Senate again to play policeman, to try to protect this industry when the energy segment of the administration worked on that tired and worn-out old idea that the way to conserve energy is to close service stations on Sundays or on weekends instead of coming up with a program to produce more energy and produce more energy from that energy activity rather than trying to curtail the activity of one of its major industries, and it was necessary again for the Senate to come to our aid and assistance to protect us.

The same thing was true in the three-martini lunch. The same thing was true in the recent action on tax reform and the same thing was true on the so-called consumer protection bill. We policed ourselves and set up new programs to stop overbooking, for example. We are capable of managing our business in this industry and I think that to ask the Senate to constantly—as I see the Senate, if it could be allowed to concentrate its efforts on making good laws instead of playing policeman to bad activities that seem to come to them, we might get along with some legislation that might be much more beneficial, in my opinion, to the country.

Now addressing myself specifically to the national tourism policy, the seven policy goals as outlined I think are very good, Mr. Chairman. I think they talk about the balance of payments very well, and I think they address themselves to the action of those things that we need to do to welcome guests to our shores, such as you mentioned a few moments ago, at Immigration and visas and things like that. They are activities that only the Government—there's nothing that Holiday Inns or any of my associates or any of us can do except complain about the mistreatment at the gates of Immigration which make it something that is more desirable certainly to achieve to welcome guests to this country.

I think that the seven points of the goals are very well taken and I think that we can accept the goals as part of the national policy.

Now during phase two we testified there again and we made certain recommendations that I will reiterate because I think they are still good: that we have better coordination of Government programs. Now I shall not belabor that because time is of the essence and everybody in this room is well aware of what the better coordination between Government agencies is.

Now, how we are going to—and I say “we” because I think the Senate and we are working together, the industry—how we're going to bring together and pull together 136 different programs operated by 46 departments and independent agencies into a cohesive package, in a politically unthreatening manner, that, Mr. Chairman, is going to be an interesting operation, to say the least, and I don't know that I have the greatest wisdom to, here in these few minutes, say to you how to do that, and I understand that's not part of what we will be doing here today anyway.

We want to recommend that full consideration be given to the enactment of a national tourism policy and an organization that will encourage employment, further employment, in this great engine of employment, as was set out by Bill Toohy and the DATO Organization during the year in a very interesting work they did to prove that actually this industry is an engine of employment because we cross all the barriers. We move into the minorities, the skilled and the unskilled. We cross into all areas. So it is truly an area of employment.

We want to recommend that there certainly be cooperation between the States. The States have carried a major burden for the tourism industry in the last several years. The States have increased their activity insofar as budgeting is concerned by some 67 percent. So the States are very definitely involved. They should be recognized.

And that committee of national tourism policy which acknowledges and sets up the intergovernmental travel and recreational planning

board, I think we can endorse that because anything that keeps the States involved.

Now then, I think that this legislation should have as a direction the cooperation between Government and industry, that we should do those things, that this policy should finally encompass those actions and activities which form a sound base for the cooperation between industry and Government.

Now this industry, Mr. Chairman, has much to offer. We have a lot of people with a lot of expertise in various areas of marketing and organization and finance and so forth, men that I'm sure would be happy to serve their country and to serve their industry on the old dollar-a-year idea, but it should be pursued because there's a vast reservoir of talent that hasn't really been tapped that I believe is available, and we wouldn't have to materially affect the already overburdened budget of this country.

I do think that this legislation should be set up in such a way that the committee that's contemplated by the study for industry—I think it should be mandated in a way that you get—the country gets—the very best that the industry has to offer, if possible. It should be the top-level chairmen, vice chairmen, presidents, executive vice presidents, of the corporations because, Mr. Chairman, the industry is going to insist that comparable people from the Government be on the council committee, that that council be made up of top-level men who are in a position to make a judgment, not men that have to refer it to a half-dozen other communities before it finally gets somewhere and then it's lost.

Then, we would have top level from industry and the top level from Government. That should be mandated on both sides. I don't think industry should delegate this job to a manager of a department. By the way, this is not too far afield. If you will read back in 1976 I believe it was, the great General Electric Corp.'s Mr. Reginald Jones made an announcement that he had realigned, General Electric had realigned its management because it recognized that external matters were going to affect its future as much or more than internal matters, and the new organization was going to free up the chairman and the president to become more involved in public affairs and governmental affairs. I think that could very well be followed by many of the corporations of this country.

My corporation has loaned me, for all practical purposes, because in the last 4 years my major thrust has been the activities representing this industry.

So in keeping with these ideas, as was mentioned earlier, there are the two major committees or councils or however you would refer to them, one being the council, that being the top-level Government agency heads, and the other being the travel and recreational development board. That would be made up of your top-level executives in the industry.

Now here I divert just a little bit from the recommendations made by Arthur Little. I would let those two committees do their work and then I would have those two committees report to an executive committee, and an executive committee would be made up of six agency heads and six industry executives. That's the way most corporations of this country operate. That's the way my company operates. That's

the way most great corporations do operate. Then that executive committee would be chaired by a person who would be on the executive staff of the President himself. It would be an administrative assistant of whatever title, a man such as Jack Watson, who is the chairman of the council that was mentioned here earlier. We of the industry would not lose touch with anything that was going on until it was in the hands of the President.

I think I can safely say that we want no part of being a small office in the Department of Commerce. In my way of thinking, that's no way. Apparently it doesn't work. It hasn't worked and I don't believe it will work. This I think as a recommendation could very well answer the problems and here you would use people that are already in place. You wouldn't have to have a big, new bureaucracy to grow up and you wouldn't have to hire a whole lot of people. These folks are already hired and the people over here in the travel and recreation, most of those are going to be dollar-a-year men. They will serve for free and there's talent that this Government couldn't buy, but it's going to have to relate those men. They are not going to come up here and be relegated to a department head somewhere down the line. I believe that is a workable idea that I'd like to suggest and say to you that I think, above all, that we are going to have to be prepared to, all of us, work very hard, to be committed to the doing of this program, and we should remember this—and I think this is appropriate—that, above all, we need to be prepared to love our colleagues, our customers, our adversaries and our fellow man, remembering that God's great command throughout the Old Testament and the New Testament has, the resolutions to strife and contention in the world is simply to love our neighbor as ourselves.

The other night as I sat and watched television and I saw President Sadat embrace Prime Minister Begin, I think that was something that should be meaningful to this entire world and that we all should make an effort to follow that lead and to do what we can to promote world peace. It's not just Sadat, Begin and Carter's job to do. World peace is a job for all of us to do, and I don't know of a better way to do it than the activities that are being considered here today by this committee, and I would certainly wish you all well.

Mr. Chairman, I thank you for the opportunity of being here and I certainly pledge to you my continuing support and my efforts to help you in your activities. Thank you.

Senator INOUE. Mr. Walton, as always, you have been most helpful and on behalf of the committee I thank you very much. Do you have any questions?

The CHAIRMAN. No questions, Mr. Walton, but just to say that you are a very active and successful employer in my State and we are very happy to have you there.

Mr. WALTON. We're happy to be there. Thank you.

Senator INOUE. Thank you very much.

[The statement follows:]

STATEMENT OF WILLIAM B. WALTON, VICE CHAIRMAN OF THE BOARD,
HOLIDAY INNS, INC.

Mr. Chairman, my name is William B. Walton, Vice Chairman of the Board of Holiday Inns., Inc., the largest food and lodging operation in the world. Today the Holiday Inn System includes 1,716 properties in 53 countries. By

the end of this year our over 155,000 employees will have served 110,000,000 customers . . . satisfied ones, we hope.

I am honored and delighted to be with you on this auspicious occasion . . . to have the opportunity to share some of our thoughts and views on the National Tourism Policy Study and the events it may energize.

I am honored not only to be a spokesman for my own company on these important issues but, in some small way, to try to represent my colleagues in the tourism and travel industry. I hope and trust my remarks will underscore and support those industry leaders whose views will also be heard in these hearings and . . . perhaps more importantly . . . the many dedicated executives and industry leaders whose unselfish involvement has contributed immeasurably to the unification and recognition our industry has enjoyed in the past few years.

I am pleased because these hearings mark another milestone in the inevitable shaping and development of an adequate policy on tourism for our nation and, as such, are a tribute to the dedication and perseverance of our Chairman, Senator Dan Inouye.

I, for one, recall very vividly the perilous times of the winter of 1973-74 . . . the near disaster of our industry being declared "nonessential" by the Federal Energy Office and Senator Inouye's leadership in passing Senate Resolution 281 . . . a signal event that many of us often praised in the years since.

But I also remember a lesser event—not often discussed—where the Senator made an effort to draft in legislative language the findings of the National Tourism Resources Review Commission (NTRRC) . . . whose report had languished for nearly a year . . . only to find almost no consensus among individual industry groups, various affected government agencies and assorted special interests.

It is important to note that it was from THAT failure, and Senator Inouye's lament about lack of industry unity . . . where so much potential exists . . . that the initiative emerged for Senate Resolution 347, the National Tourism Policy Study, and the chain of events that brings us here today.

Thus, as we review our progress, and use the completion of the National Tourism Policy Study as a launching pad for our future aspirations, I would be remiss if I did not reflect on a few of the important touchstones that have created the posture and perspective with which the industry views the National Tourism Policy Study and the legislative initiatives that may spring from it.

It is important to remember that the specific objective of Senate Resolution 347 authorized this Committee to ". . . make a full and complete investigation and study for the purpose of determining a policy and role for the Federal Government on tourism in the United States which will most effectively enable the industry to realize fully its potential to contribute to the social well-being, the cultural understanding, and the economic prosperity of the United States."

We at Holiday Inns were most encouraged by Senator Inouye's approach with Senate Resolution 347 and worked hard to help him increase its co-sponsorship which numbered 71 Senators, as I recall, at the time of passage.

We applaud those associated with the conduct of the National Tourism Policy Study, especially their scrupulous attention to detail and their insistence on adequate input by the tourism/travel industry at every stage of their deliberations. Without that input any recommendations, no matter how supportive of industry needs and goals, may have been suspect . . . and challenged by various groups.

Industry involvement at every stage is absolutely crucial . . . and calls forth special responsibility from us all. Senate Resolution 347 speaks not only to the National Tourism Policy Study—now completed—but clearly contemplates legislation which would "establish a national tourism policy and the mechanisms to coordinate and implement that policy. . . ."

I am reminded of a very important lesson I learned from Senator Hubert Humphrey . . . a great leader and a "good man" whose passing this year we have all mourned . . . when he advised me, along with the delegates to the 1974 AHMA Convention in Puerto Rico, that ". . . It is the purpose of the Congress of the United States to pass laws. You can provide good information and input and help us make good laws, or you can provide no information at all and we will stumble and bumble along and perhaps make bad laws. But we will make laws . . . and either way you've got to live with the results."

I, for one, do not intend that this industry should ever default on its rights and responsibilities for participation in the legislative process regarding any legislation affecting the future of travel and tourism. I know that my colleagues and the Chairman of this hearing share that view.

The call for these hearings asks that the private industry witnesses address themselves specifically to:

1. "How their particular segment of the industry has been affected by the lack of a legislatively enacted national tourism policy and a Federal mechanism to assure that policy is coordinated among and reflected in the numerous Federal tourism and tourism-related programs," and

2. Our "recommendations for a national tourism policy and a Federal coordinating mechanism,"

As we consider those areas of our industry's operations which can be affected, often adversely, by uncoordinated and insensitive Federal action . . . lack of a Federal policy toward the tourism industry, if you will . . . it is important to note what we are not asking for, as well as what we are saying.

Never has this industry, or any entity in the private sector asked the Federal Government to do our job for us. I don't want the Federal Government selling my rooms, or designing my marketing and expansion policy, or promoting my restaurants. My company is perfectly capable of doing that on its own . . . and intends to continue to do so. There have been concerns expressed . . . legitimate perhaps . . . that the invitation to the Federal Government to involve itself in tourism promotion was a "cop-out" of proper industry responsibility.

I have never heard one industry executive ever suggest Federal tourism promotion activities as a substitute or subsidy for his own advertising and marketing efforts.

There may well be a role, for the USTS or any successor agency, to extol the virtues of travel to and within the United States and among its many natural wonders and splendors. But I'm not inviting the Federal Government into my board room to help sell Holiday Inn rooms or manage Holiday Inns. There are too many Federal agencies whose presence is already felt in that board room and on our operations . . . and we don't need another one.

We are concerned, however, when the lack of identity and visibility of our industry . . . or the stature of an advocate for travel and tourism within the Federal Executive Branch . . . renders us vulnerable to intemperate action by other elements of the bureaucracy.

My company sent me to Washington nearly five years ago at the height of the Arab oil embargo. It was a crisis atmosphere. Our industry had been labeled non-essential by Federal fuel allocation policy makers . . . an action which in 3 months cost the tourism industry 90,000 jobs, jeopardized 179,000 more and resulted in a loss of \$717 million dollars in revenue . . . with its corresponding loss of tax dollars for cities, states and the Federal Government.

It took an action of Congress . . . Senate Resolution 281 offered by the Chairman of this hearing . . . to reverse that trend.

Is it any wonder then, that the travel and tourism industry continues to be concerned about unwise and ill-conceived Federal initiative when:

Within the past month we have again had to forcefully testify before the Department of Energy when their "new" rationing contingency plan proposals contained the same tired references to weekend station closings, odd-even gasoline buying schemes and assorted allocation policies clearly discriminating against our industry.

When an Assistant Secretary of the Department of Agriculture makes a speech citing the Federal Government's objectives in nutrition and labelling of telling all Americans what we can and cannot eat and how it must be grown, packaged, labelled, cooked and served.

When uncoordinated Administration tax initiatives claiming "reform" jeopardize our ability to operate our businesses and require Congressional sensitivity to correct them.

When the rhetoric surrounding presumed consumer "abuses" becomes couched in unreasonable labels . . . truth-in-menu, overbooking, illegal alien hiring practices, etc. . . . and is unreasonably targeted at the travel and tourism industry.

I believe it is a distortion of the proper function of the Congress, as our nation's law-making body, when it is required to serve as the protector of the legitimate rights of the nation's third largest retail industry . . . when that industry is under attack by an unfeeling, insensitive bureaucracy.

What is it that we are asking for? The beginning of the answer is found in the seven principal policy goals of the report on the NTPS. We have participated in the study and can enthusiastically embrace a national tourism policy that seeks to:

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

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

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;

Encourage the free and welcome entry of foreigners traveling to the United States, consistent with the national interest in protecting the revenue, and preventing the entrance of illegal aliens, and the importation of prohibited merchandise at ports of entry;

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 the rich heritage of the Nation;

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; and

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 national heritage preservation.

The fundamental question of whether the recommendations for implementation contained in the report will adequately fulfill these goals is another matter . . . clearly open for debate . . . and a question on which we have some thoughts.

During Phase II of the NTPS we participated in the Lodging Industry Group national meeting at which time I made the following observations . . . that for any national tourism policy to be effective, it must adhere to the following criteria:

1. BETTER COORDINATION OF GOVERNMENT PROGRAMS

The October, 1976, Interim Report of the NTPS called for a national tourism policy that would, and I quote, ". . . capitalize on the social and economic significance of the travel and tourism industry by coordinating the considerable Federal programmatic involvement, and making that involvement responsive to the needs and interests of the public and private sectors of the industry and the traveling public."

This is a laudable goal . . . and a challenging task. We are not to speak here of specific implementing mechanisms and I'm certainly not the person, with my limited experience in the inner workings of government agencies to comment on how one pulls together 136 programs operated by 46 departments and independent agencies into a cohesive package in a politically unthreatening manner.

But I do know this . . . the enabling legislation for any tourism policy coordinator must mandate that all agencies, programs, councils, advisory bodies, etc. strive to conduct their efforts in a manner that will Support and Advance that Tourism Policy and the interests of the traveling public, rather than to simply operate their own little kingdoms in a manner "not inconsistent" with the tourism policy of the land.

2. ENCOURAGING EMPLOYMENT

Tourism and travel is a labor-intensive service industry. It has long been recognized for its great contribution not only to overall employment . . . 4.4 percent of the nation's work force . . . but its special focus on areas of chronic unemployment—minorities, youth, women, the under skilled and under employed.

Any economic condition or initiatives which enhances tourism's growth advances these employment goals, which have been articulated by every Administration and Congress in recent years.

Conversely, any Government effort which restricts or constrains tourism and travel works at cross-purposes with its own publicly stated employment objectives.

3. COOPERATION WITH STATES

Most frequently, the aspects of domestic travel promotion not undertaken by the private sector have been addressed by state and local governments, regional tourism councils and other quasi public/private interests.

Since 1974 state tourism budgets have grown by 67.6 percent and now total more than 60,000,000 annually.

Any Federal tourism policy must recognize and appreciate the value of this commitment and work in concert with it. Inasmuch as the NTPS acknowledges this goal through its recommended formation of an Intergovernmental Travel and Recreation Planning Board, we endorse such a move.

4. COOPERATION WITH INDUSTRY

With the completion of the NTPS and the prospect of new enabling legislation we are, at long last Mr. Chairman, on the verge of a true "full cooperation with (other) public and private sector entities" as your own letter of transmittal accompanying the NTPS report so ably states.

No goal could be nearer and clearer to our hearts, or more elusive to the grasp.

The industry has much to offer. It is ready, willing . . . and able as never before . . . to enter into a practical, functional and pragmatic partnership with government . . . one where our skills in management of resources, planning for effective land-use, coordination of data and policy can be effectively utilized by our colleagues in Federal roles.

We must design a mechanism for involvement that is flexible enough to call forth the best that our industry has to offer . . . in donated time and expertise . . . at all levels, and to justify that involvement on a continuing basis.

I am most conscious of the difficulties inherent within the Travel Advisory Board . . . or the short life of the ill-fated Advisory Committee on Tourism and Recreation to the Federal Energy Administration. Neither body has optimally used the industry executive talent available to it.

When you asked me to accept this assignment, Mr. Chairman, I took the occasion to ask a number of my colleagues in the industry to share their views with me. Many responded, some will appear before the committee in coming days. I have tried to reflect their views. Many are compelling . . . and while very supportive of this committee's efforts in moving the National Tourism Policy Study forward . . . are perhaps best summarized by United Airlines, Inc. Chairman Eddie Carlson's comment that ". . . too often the very large contribution to the national welfare that our industry makes is not adequately recognized."

I submit that these criteria, presented on behalf of the lodging group are still appropriate . . . for all tourism . . . and to them I would like to add two additional elements . . . advocacy and access.

If a national tourism policy was in place whose enabling legislation called for adherence on the part of agencies whose actions affected tourism . . . and mandated the chief official responsible for tourism to be an advocate and to enforce and defend that policy's interests . . . then perhaps tourism could be heard in CAB action, proposed DOE energy contingency plans, USDA nutrition/labelling studies and FTC overbooking probes and consensus achieved before it became necessary for Congressional intervention to resolve difficult and politicized issues.

The tourism industry must have access to government at all levels . . . and particularly at the highest levels where broad policy issues are forged which inevitably affect tourism's interests. As the third largest industry in the nation, tourism, by definition, should be heard in the planning stages, not reaction stages, of national policy regarding energy, the economy, employment, others.

An effective national tourism policy must establish, by enabling legislation, that accessibility within the executive office of the President.

Therefore, Mr. Chairman, in keeping with the objectives of these hearings, we would urge the committee to consider two major factors in formulating a national tourism policy and in designing a useful implementing mechanism.

1. That the formal private sector advisory function to be set forth in the enabling legislation be clearly structured in such a way as to command the involvement of the highest level of industry officials and correspond to the highest possible level of responsiveness from the Federal Government. For example, any private sector body, such as the "Travel and Recreation Development Board" contemplated in the National Tourism Policy Study must carry the same weight

and stature as the Government's own inter-agency coordinating body . . . and must "plug into" the Administration at the same level.

2. That the formal responsibility for coordination of federal tourism policy rest within the office of the President itself . . . and that the enabling legislation carry with it a mandate for stewardship of that policy and an accountability to the Congress of the United States to ensure that it is being carried out.

We have no basic quarrel with the concept of the National Travel and Recreation Policy Council called for by the National Tourism Policy Study as a body comprised of the agency and department heads whose authorities embrace tourism and travel functions.

To accomplish both these goals, we advocate a rather minor, but we think important, modification to the National Tourism Policy Study recommendations. We propose that both bodies . . . the governmental National Travel and Recreation Policy Council and the private sector's Travel and Recreation Development Board . . . feed their analyses and input through the same executive committee containing joint representation of both groups. This executive committee shall be chaired by an assistant to the President of suitable rank. A preliminary chart outlining this view is attached.

Make no mistake, we do not advocate the establishment of any massive new bureaucracy for tourism, or even a significant enlargement of the President's staff, which he has pledged to reduce.

But we do feel strongly that the tourism and travel industry is large enough . . . and the needs of tourism and travel so pervasive across traditional agency and functional lines . . . as to command the attention of senior-level policy coordination within the highest levels of advisors to the President of the United States.

We feel this approach is not without precedent as seen in the recent creation by the President of the Inter-Agency Coordinating Council (IAAC) for urban policy, to be chaired by presidential assistant Jack Watson. Such a group designed to coordinate federal programs and policies affecting tourism would go a long way toward providing those crucial functions of access and advocacy necessary to ensure that the "non-essential" label is never again laid at the doorstep of this industry.

Mr. Chairman, I have greatly appreciated this opportunity to be with you and to share some of my observations about the work that is past . . . and the challenges that lie ahead.

You, the Committee, the Senate . . . all of us . . . have a great stake in working hard to artfully shape a national policy for tourism and a viable, acceptable methodology for bringing it about.

The task is arduous . . . and there will be dissonant voices. We must be prepared to listen, to share, to argue, to compromise . . . and to lead . . . in forging our destiny.

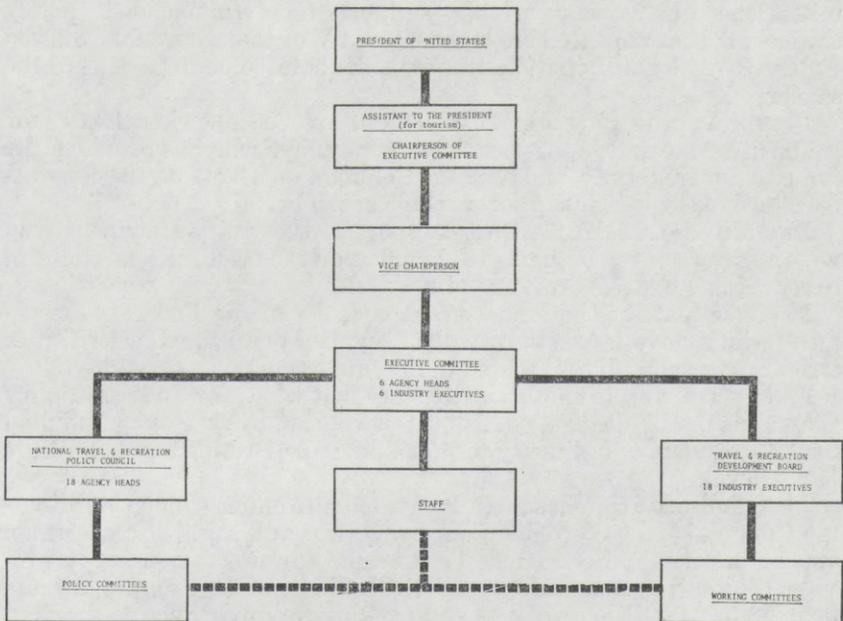
We must be ever mindful that the goal, the resulting good it can bring around the globe, is larger than any one of us. We must remember the admonition of Robert Lonati, Secretary General of the World Tourism Organization, in a wire to me just last week, and I quote:

"The States' position on tourism has too often been guided by economic aspects while the most important impact of tourism on the social and cultural life of nations has been neglected."

Above all, we must be prepared to love . . . our colleague, our customer, our adversary and our fellowman . . . remembering that God's great commandment throughout the Old and New Testaments . . . as the resolution to all strife and tension . . . is simply to love—our neighbor as ourselves.

In that spirit, Mr. Chairman, I offer my gratitude, and that of my company and my industry, for your leadership. I pledge my continued dedication and involvement in the months and years ahead.

Together we shall all prevail.



Senator INOUE. Our next witnesses will be four men who will constitute a panel representing the lodging industry. First, the president of the Homestead, Mr. Thomas Lennon; second, the vice president of Howard Johnson, Mr. Wallace Lee; third, the general manager of Magee Hotel, Mr. Richard Benefield; and fourth, president and chief executive officer of the Sheraton Corp., Mr. Howard James.

Gentlemen, we are most grateful for your participation this afternoon, and your presence here gives great legitimacy to our efforts. We thank you for your participation.

STATEMENT OF THOMAS J. LENNON, PRESIDENT, THE HOMESTEAD, HOT SPRINGS, VA.

MR. LENNON. Thank you, Mr. Chairman.

My name is Thomas Lennon and I'm president of the Homestead, in Hot Springs, Va. I am also chairman of the American Hotel & Motel Association's Governmental Affairs Committee.

It is an honor for me to participate at the opening day of hearings on the National Tourism Policy Study representing the resort segment of our industry. I am also proud to be associated with this lodging panel as each member here is either associated with A.H. & M.A.'s Governmental Affairs Committee or its Industry Advisory Council. You may recall that during phase II of the study, many of us were called to Washington to provide the views of the lodging industry to the Arthur D. Little people and staffs of this committee.

I am pleased that I now have the opportunity to inform this committee that our association fully supports the recommended "policy statement" that appeared on pages IV and V of the "National Tourism Policy Study Final Report" and further elaborated on in page 34 of the same report.

I know I speak for all members of our association when I say how grateful we are for the efforts of Senator Inouye who has provided the impetus for this study, and Senator Cannon and others on the committee who have lent their support to these hearings.

In addition to A.H. & M.A.'s support of the policy statement, you wish also for the participants to comment on the need for a mechanism to coordinate Federal tourism policy.

I believe that it is imperative that agencies of the Federal Government which have a tourism involvement be bound together within a structure as generally presented in the final report on pages 126-128.

However, I wish to emphatically state that whatever Tourism Policy Council is finally decided on, it must be chaired by someone appointed by the President and directly responsible to the President at the White House level.

The administration has already created an "Interagency Coordinating Council" (IACC) to handle urban affairs and using as a chairman an assistant to the President. For the same administration not to provide White House support to a \$115 billion industry employing approximately 5 million workers and ranking in importance as the first, second, or third industry in 46 of 50 States, is unthinkable to me.

Respecting the question of how a Council would benefit tourism and especially resorts, let me say that two important things will develop. One, each agency will have a greater appreciation of tourism and thus, when making decisions of a regulatory nature, will better understand the impact their regulations have on our business.

For instance:

1. Law Enforcement Assistance Administration (LEAA), a part of the Justice Department, in the spring of this year promulgated an internal policy prohibiting its money from being spent for meetings held in resorts. How discriminating was this? Fortunately, we recently learned that they have rescinded this policy—thanks to the efforts of the association. But, how many dollars were lost by resorts as a result of this type of action?

2. IRS has instructed beginning this year that employers retain a record of all employee "charged tips" so that we will act as watchdogs for them. Is it the job of American employers to do the work of the Revenue Service? In resorts, it is very common to "share" or "pool" tips with other employees. Can you imagine the paperwork, cost, and employee dissension we will face if on January 1, 1979, we are forced to comply with this regulation? We have asked for legislative relief on this question and are supporting a bill, S. 1674, introduced by, among others, the distinguished chairman of the Commerce Committee, Senator Cannon. It is still too early to tell how we will fare, but we are hopeful. Perhaps under the "Council" approach, the IRS would have had a better opportunity to study the impact their proposal would have on us; at least I think so.

Those are just two examples of where a Federal agency became involved in our business without any idea of their impact on us.

Second, in the area of coordination of agencies, a good example would be the conflict that currently exists between Labor and Treasury respecting the question of "value of meals."

Simply, the Labor Department permits a credit to be taken by the employer based on the reasonable cost of the meal. However, it would like that value to be as low as possible to insure a greater cash wage to the employee. On the other hand, the IRS wants the valuation to be higher for social security purposes. Consequently, employers in the hotel-motel and restaurant industries are whipsawed on this issue. Trying to comply with both agencies is near an impossibility.

Another area of where agency coordination and cooperation is sorely needed is between the USIA and USTS. Both agencies have tourism responsibility, but as the report in the "National Tourism Policy Study Ascertainment Phase" pointed out on page 71, a need to develop a uniform promotion policy is lacking.

At a time when the devaluation of the dollar makes America a great travel bargain and more importantly American resorts an affordable destination, we need promotion help right away.

Lastly, an example of needed coordination within one agency would be where the Commerce Department and the Bureau of Census are often at odds respecting data. Unfortunately, Census provides information on the tourism industry which is often outdated. Something must be done in this important area to insure accuracy.

In summary, the best reason I can think of for a Federal inter-agency tourism and recreation coordinating body is found on pages 15-19 in the "National Tourism Policy Study Final Report." How shameful it was for me to see the rating "poor" given to the coordination found to exist between Federal agencies with tourism involvement by the Arthur D. Little team.

It is my hope that this committee will support the concept of a Tourism Policy Council chaired by an individual appointed by the President from the White House staff.

In conclusion, I can't agree more with the statement made by tourism's great friend, Senator Inouye, when he said in a speech in Chicago in April 1978:

A national tourism policy must recognize the role of the private sector of the industry. In our free enterprise system, however, a Government policy can only recommend and encourage you. If it were to do more, it would necessarily further involve the Federal Government in private business. No one, in my judgment, advocates any further, pervasive Federal involvement.

That concludes my statement, Senator.

Senator INOUE. Thank you very much, sir.

How do you comply with this conflict in the so-called value of meals?

Mr. LENNON. How do we comply? I don't understand.

Senator INOUE. You said that the Departments of Labor and Treasury place a great burden upon you trying to comply with their conflicting policies regarding the valuation of employee needs.

Mr. LENNON. Well, one wants the meals to be as low as possible and the other one wants them to be as high as possible.

Senator INOUE. How do you resolve this?

Mr. LENNON. Well, we haven't resolved it yet. We're doing the best we can to try to negotiate it.

Senator INOUE. Well, there isn't much I can add to your statement. I know one thing I'm going to do. I'm sending your statement and that of Bill Walton to the Secretary of Commerce so no one can say they were not aware of some of these problems of coordination because notwithstanding what the Government witness may say, the left hand of the Government doesn't know what the right hand is doing all the time.

Mr. LENNON. Agreed.

Senator INOUE. So I'm well aware of the complaint you have made about the prohibition of meetings in certain resorts, because for a long time Hawaii was considered a foreign destination and Waikiki was considered some exotic resort, so it was a "no-no" for any Government agency to have meeting there. But it takes a little while for the Government in Washington to realize that Hawaii is a State. Give us another 50 years and they will reach that conclusion.

I thank you very much.

Senator Cannon.

The CHAIRMAN. I have nothing to add, Mr. Chairman.

Senator INOUE. Mr. Lee.

STATEMENT OF WALLACE W. LEE, JR., GROUP VICE PRESIDENT, HOWARD JOHNSON CO.

Mr. LEE. Perhaps I might testify next upon this national tourism policy, Mr. Chairman, and I thank you for inviting me.

My name is Wallace W. Lee, Jr. I am group vice president of the Howard Johnson Co. Our company serves the public with approximately 60,000 rooms in 530 locations; also, there are more than 1,000 restaurants in approximately 42 States. Seventy-five percent of the motor lodges and 26 percent of the restaurants are operated by individual businessmen and I think this is important. They are franchised by Howard Johnson Co. to use our company name.

I am also appearing as a member of the Industry Advisory Council, American Hotel/Motel Association, and as president of The Hospitality, Lodging & Travel Research Foundation. The latter is affiliated with the AH/MA and responsible for meeting our industry commitments to the executive branch and the legislative branches for responsible and aggressive energy conservation management throughout the industry.

Responding to the purposes of this hearing upon the NTPS, my remarks apply to and are in support of the proposal to establish a National Travel and Recreation Policy Council.

A policy council would include representatives from each Federal department, having ongoing interests in tourism, plus those departments having any indirect interest in tourism. Its purpose is badly needed—that is, to coordinate tourism-related activities in the various Federal agencies, concentrated for maximum benefit to the public, while eliminating confusion or duplication of effort. Such duplication currently leads to conflicting action, inefficient use of moneys and/or manpower; and if I might be permitted, I'd like to offer seven or eight examples. Some may be repetitious with those mentioned previously, but I think it's important perhaps that we do reemphasize them.

(1) To carry out the Highway Beautification Act, DOT has initiated action to remove all commercial signs from the interstate highways. No adequate alternate has been identified to meet the consumer's need for information concerning available services and facilities; at the same time, the business enterprise, more often than not that of a small, individually operated business person, has no adequate way to announce availability and nearness of product and service. The Department of Commerce is charged with encouraging economic health of business, and the serving of consumer needs for information and availability of services. These two departments should agree upon an acceptable solution.

(2) The Housing and the Urban Development Department has released information purporting to describe the amount of energy—measured in Btu's—that an average hotel/motel building consumes. Yet this information is 60 percent understated, leading to disastrous miscalculations concerning the industry in times of critical energy shortages. The Department of Energy has been alerted to the inaccuracy and is considering the data now under development by the hotel/motel industry. But the divergent views must be reconciled.

(3) Initial pilot programs of DOE involving the use of solar energy have been initiated without the industry's knowledge or awareness. Such programs seem uniquely designed for extremely large installations and companies, or for special situations. The paperwork, the redtape, the procedural requirements are so extensive that the average hotel/motel cannot participate, or even consider such a project. These projects should be planned by inviting industry participation and seek greater research as to benefits for the normal size property application. DOE should coordinate with SBA and the Department of Commerce to achieve participation by more properties, simplification of paperwork, and awareness of findings within industry could be the goal and the result.

(4) The contingency gasoline rationing plan, established by DOE, indicates the possibility of weekend closings and ban upon travel, under emergency conditions, and refers to our industry needs as "discretionary" and "nonessential." Yet the Senate of the United States several years ago rejected such rationale as applied to the travel industry, confirming that it viewed travel, in all its related industries, as an integral part of the way fabric of American business and the American way of life. The Department of Commerce supports same. Which interpretation is intended when actual emergencies in energy exist? Will the employment of 4.4 million people and the related investments be jeopardized by one "Department's" conclusion that travel-related businesses are nonessential—or the alternate position—which expects all facets of the economy to equally bear any burden of reduced or restricted energy availability?

(5) Currently, DOE gives full support to programs of conversion from petroleum products to coal-burning facilities. The impact or even the feasibility within the hotel-motel industry must be considered. The environmental consideration would indicate that pollution of air by small business enterprises will be no less acceptable than by large industrial or utility installations. This area needs input from touring-responsible departments.

(6) Another example of conflicting positions—the matter of employee meals, as interpreted by the IRS, requires as high a value as possible to be indicated. Since taxes are paid, based on such value, their position supports their basic objective—increase taxes to be collected. On the other hand, the Labor Department has an objective of increasing the cash wages to the highest proper level—rather than let fringe benefits nibble away at wage base. And so the Labor Department wants minimal value to be set on meals given employees as a part of their job. The hotel-motel operator is caught in the middle. Needed is one uniform policy that best serves Government's interests. The businessman will accept—but needs a decision that is uniformly applied by all Government departments and agencies.

(7) Consider the matter of uniform standards. The IRS has an extremely narrow definition of clothing characteristics that defines a uniform purchased by an employee as necessary for his job and deductible. It is a personal expense on his income tax, when deductions are itemized, only if narrow definition is met. As a result, very few uniforms meet the criteria. Yet the Labor Department has an expansive definition of uniforms, requiring the employee to maintain and provide at his expense, even though uniform may be adaptable to street-personal wear by employee. I do not plea for one interpretation or the other. I do urge that the Departments be brought together to determine which policy is most appropriate for matter at hand. Then, the businessman can accept and properly work within the ruling.

(8) One more example, this time of burdensome reporting requirements that result in great paperwork, with no apparent purpose. EEOC requires that an employer submit form EEO No. 1 on each restaurant and each motel, covering each individual employee. These forms are going by the truckload to Washington headquarters from our corporate headquarters in the Boston area. Yet the regional offices of the EEOC, when processing a complaint concerning an individual require—demand—that the company submit a new EEO No. 1 each time such complaint is considered. The original information goes to Washington to be computerized. Why doesn't the regional office secure information through their own headquarters rather than require resubmission of the same data a second time?

There could be listed many other areas of inconsistency or opposing positions within Government departments and agencies as they relate to the hotel-motel industry. The purpose of my examples is not to ridicule the respective offices identified, for each is sincere in their activity. Rather, it is to illustrate the great need for better understanding, achieved through coordination and consideration of alternate views and decisions to be reached that are truly consistent and acceptable to all Cabinet departments involved on any specific issue. A Policy Council, as proposed, would go a long way toward solving the present problems. Under the direction of a chairman, selected by the executive branch from within the White House staff, it could function very effectively to better benefit the hotel-motel industry and all other segments of the travel industry, serving the best interests, therefore, of the public and the Congress representing them.

Every agency and department has its own policies, and probably each is acceptable within its own framework. But the impact upon tourism can be most favorable when better understandings, mutual

consideration, and final agreements between departments and agencies are achieved. We heartily endorse establishing a National Travel and Recreational Policy Council. And that is my statement, Mr. Chairman. Thank you.

Senator INOUE. Thank you very much.

I have a question for all the panel members. You gentlemen represent the very highest level, the management of the industry, at least the lodging industry. Have you ever been called upon by the Government for consultation, say, by the DOE? Have they ever called upon you to receive your views on highway signs?

Mr. LEE. The problem is that we have not, sir, to my knowledge. We have never been contacted.

Senator INOUE. Has DOE consulted you?

Mr. JAMES. No, Senator, to my knowledge, they haven't called upon us, with the possible exception in some areas as serving on the USTS Board for consultation, say, by the DOE? They have never counseled with us on pending legislation or things of that nature.

Senator INOUE. When the administration was planning the three-martini lunch proposal, did they ever call upon you for your views?

Mr. JAMES. Well, we demanded to be heard. They did not call on us. We asked if we could have a hearing. It was granted with a subdepartment head in the Treasury Department after most of the comment on the tax bill had been released to the public. After the trial balloons had been floated, they asked us in for our comments and what effect did we see it would have on us, and then we had following that, at our request, a rather heated meeting in the White House that 17 of us attended. They were all at our request, however. We have never to this date had a reply from the Secretary of the Treasury nor the President on letters that we wrote immediately to them when we heard of this type of legislation.

Senator INOUE. You were present I believe when Secretary Porter testified. Do you believe the program she has presented is a workable one?

Mr. BENEFIELD. No, sir.

Senator INOUE. Do you believe that the proposal submitted by A. D. Little is so complex that it would be an excessive burden upon the Government?

Mr. LENNON. I don't believe so, Senator. I believe that the proposal submitted by the Little organization is a workable one.

Mr. JAMES. I do, also. My testimony is in writing, and it contains just about the same thing that the other gentlemen have talked about. I do not agree with Madam Secretary on what should be done and what can be done. I do not agree that this is impossible to do. It has been done before, and I think it depends entirely on what kind of importance you place on this industry, and, in saying that, I have to say and I submit to you that today somebody made reference to tourism being the third largest industry in the United States and in the world, and I submit respectfully that the tourism and the hospitality and the travel industry within a very short number of years is going to be the first and largest industry, not only here but in the world, and we today do not have a national tourism policy nor do we have an international tourism policy, as does every other country, and the time is fast approaching. It doesn't take Herman Kahn to tell us that it's going to be the No. 1 industry.

Certainly you, in your growing up in the Hawaiian Islands, have seen what the tourist industry has done there. My 30 years in the hotel business tells me what's happened to it.

Another thing that's been told to me by visual aids and by travel in the world is that every country—I don't care where it is—if it has a waterfall, is after the tourist's dollar and they are providing government assistance and government airlines to get it there, and if we don't get off our tail one of these days and do it we are going to find most of the people are traveling that way and damned few of them coming this way—excuse the French, Mr. Chairman.

Senator INOUE. Very descriptive, sir. Who is the next witness?

Mr. BENEFIELD. I am, Senator.

**STATEMENT OF RICHARD A. BENEFIELD, GENERAL MANAGER,
MAGEE HOTEL, BLOOMSBURG, PA.**

Mr. BENEFIELD. Thank you, Mr. Chairman.

My name is Richard Benefield, general manager of the Hotel Magee. I am also a member of the American Hotel & Motel Association's Governmental Affairs Committee.

It is a pleasure for me to have this opportunity to represent the small independent properties of the lodging industry at these important hearings on the NTPS.

Mr. Lennon has already expressed the association's support of the tourism policy statement as recommended by the Arthur D. Little people in the "Final Report." I too wish to echo Mr. Lennon's statement.

It is my feeling that a policy statement is imperative to the long-range interests of the lodging industry.

I would have to believe that if the National Government had a tourism policy in being at the outset of the Arab oil embargo, the cruel "weekend ban on the sale of gasoline" may never have been invoked. That punitive action to our segment of the industry cost us countless dollars in sales and more importantly precipitated human suffering in the form of lost jobs.

To divert from my written statement, in our small hotel in a town of 10,000 people, during that ban you could shoot a cannon up and down Interstate 80, which is 2 or 3 miles from us, and our Saturday business went from \$4,000 to \$400, and our Sunday business went from \$3,000 to \$200, and had we not had some relief after a period of about 4 months, our hotel, which has been in operation since 1855, would have just expired. We just could not have existed very much longer.

I very strongly urge this committee on behalf of the small tourism enterprises to enact a policy statement as quickly as possible.

Respecting this committee's desire to hear from the witnesses our views on the desirability of a Federal Interagency Tourism and Recreation Coordinating Council, let me say that Federal cooperation and understanding of tourism is presently so poor that anything less than the recommendation proposed on page 128 of the "Final Report" would, in my view, be imprudent.

The suggested organizational structure (alternative I) is a well-thought-out proposal and deserving of this committee's support.

I might add that the linchpin of this proposal is that the Council be "chaired" by an individual appointed from within the White House and responsible to the President.

As a small businessman in the lodging industry, I have come to be aware of Federal agency decisions which often impact on our business. For instance:

One. The Federal Highway Administration (FHA) in enforcing the Highway Beautification Act appears to have an indifference to the regards of small operators who may be off the interstate and primary system and are not part of a reservations network. For instance, we are downtown. We are $2\frac{1}{2}$ or 3 miles away, and unless we can put signs on the highways, it's very, very difficult to get the tourists to come off the highway. Frankly, without some form of visual advertising, it is near impossible to draw people off the highways to our business. On this point, I believe the Small Business Administration should be doing more coordinating with FHA to make them better understand our problem.

Two. Another point that is very important to me, the U.S. Department of Agriculture in their inspection requirements prohibits a restaurant from purchasing meats at retail for resale in a restaurant. I believe that Federal inspection is proper and often needed. However, in our property which has the regional charm of the Pennsylvania Dutch country, we believe it important that we be permitted to purchase the best Pennsylvania Dutch scrapple and sausage for our customers, some of whom are overseas visitors. Unfortunately, USDA rules force us to purchase wholesale and thus, make us settle for mediocrity. It seems if we are in the business of tourism, we should proudly sell the best foods our region specializes in. Therefore, the USDA should review the inflexibility of their rules.

Now an analogy might be this, Senator Inouye: Talking about the finest nut in the world, which is a Macadamian nut, you have scattered throughout the island of Hawaii small businesses operated principally by families that make candies, that make baked goods, using the Macadamian nut, and some of those products are now sold by many of the hotels, especially in islands other than Oahu, and if you would pass a ruling or the USDA, would pass a ruling that these hotels and restaurants might only resell products bought from C. Brewer or Castle & Cook, while those are fine companies, this would be both unfair to the hotels and restaurants, and unfair to the tourists that visit Hawaii. We have the same kind of problem with our products in Pennsylvania.

Senator INOUE. May I interrupt at that point?

Mr. BENEFIELD. Yes, sir.

Senator INOUE. When did this rule come into effect?

Mr. BENEFIELD. It came into effect in this way, there are many State departments of agriculture that have abdicated their function, either for economic reasons or other reasons, and when the Pennsylvania Department of Agriculture no longer inspected hotels, restaurants, retail stores, wholesale stores, they abdicated this responsibility to the Federal Government; and when the USDA took over the inspections in Pennsylvania, they made this what we consider arbitrary ruling. They came into our establishment and tagged scrapple and tagged bacon and sausage, and said, "You may not use this." I said, "Why? It has Government inspection stamps on it." They said, "You purchased

it from Davis Butcher on Light Street, Pennsylvania, and they are not a wholesale establishment."

Well, we have fought them all the way. We came down to Washington and we finally were able to get at least one of our local suppliers to stop selling retail in order to be able to supply us, and this is a very discriminatory policy.

Senator INOUE. What was the rationale? That the wholesale food is much more wholesome than the retail food?

Mr. BENEFIELD. There can be no rationale, Senator, because, for instance, if you're going to poison people, you're going to poison them if you buy it retail or wholesale. There is no logical rationale. It just doesn't make sense. But I think that this is an important area for some action as far as our business is concerned.

Senator INOUE. I will make certain that Secretary Kreps is made aware of this.

The CHAIRMAN. Better notify the Secretary of Agriculture.

Senator INOUE. She will get in touch with Secretary Bergland.

Mr. BENEFIELD. Three. The Small Business Administration and the Economic Development Administration should look into the possibility of revising their minimum lending criteria downward to permit greater numbers of small businesses to qualify for small-scale loans. In addition, financial assistance programs should be expanded to support continued development of small businesses in the tourism industry.

Four. In another area, DOD over the past few years has become a source of "unfair competition" to many small motel operators. Historically, small motel operators have located around bases with the idea of housing military people in transit. The rates charged are Government rates taking into account the salaries of our service people. Now, DOD has been aggressively moving in the direction of upgrading base housing and in many bases allowing people to stay who are not even on temporary duty station. The military should not be in the motel business. They have other more important roles to fill. Now, this does not affect me personally, but my colleagues in the small motel and hotel business have expressed this concern to me.

In conclusion, I would like to stress that an important service to the small business sector by the Federal Government would be in the area of career-training programs. It would be most helpful if agencies within the Federal Government having tourism promotion responsibilities be encouraged to support efforts by vocational schools to train people in the hotel, motel, and restaurant industries.

So those are just a few areas, but I'm particularly concerned about the USDA. I also would like to state that over the years we feel that the chairman has been very, very sensitive to the needs of the small hotel people, and we appreciate the great concern that both you gentlemen have had. It's very helpful, and when we come to Washington we know that we are going to get an audience.

Senator INOUE. Thank you very much.

I think all of you have very dramatically articulated what we have been contending with up until now, that there's absolutely no coordination between the various agencies here. I guarantee you that Secretary Kreps will hear of this because, according to what you tell me, I should now think about buying all of my meat wholesale. Something must be wrong with the retail meat.

[The following information was subsequently received for the record:]

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C., October 5, 1978.

HON. JUANITA M. KREPS,
Secretary, Department of Commerce,
Washington, D.C.

DEAR SECRETARY KREPS: Recently, during hearings on our National Tourism Policy Study, the Committee heard testimony from a number of witnesses regarding the failure of government agencies to consider adequately the impact of their policies and programs on various segments of the tourism industry; and the lack of interagency coordination of programs affecting tourism.

For example, one small hotel owner testified that:

"The U.S. Department of Agriculture in their inspection requirements prohibits a restaurant from purchasing meats at retail for resale in a restaurant. I believe that Federal inspection is proper and often needed. However, in our property which has the regional charm of the Pennsylvania Dutch country, we believe it important that we be permitted to purchase the best Pennsylvania Dutch scrapple and sausage for our customers, some of whom are overseas visitors. Unfortunately, USDA rules force us to purchase wholesale and thus, make us settle for mediocrity. It seems if we are in the business of tourism we should proudly sell the best in foods our region specializes in. Therefore, the Agriculture Department should review the inflexibility of their rules."

When asked how this USDA regulation came into effect, he replied:

"It came into effect in this way. There are many state Departments of Agriculture that have abdicated their function, either for economic reasons or other reasons, and when the Pennsylvania Department of Agriculture no longer inspected hotels, restaurants, retail stores, wholesale stores, they abdicated this responsibility to the Federal government. When the Federal Department of Agriculture took over the inspections in Pennsylvania they made this what we consider arbitrary ruling. They came into our establishment and tagged scrapple and tagged bacon and sausage and said, "You may not use this." I said, "Why?" It has government inspection stamps on it." They said, "You purchased it from Davis Butcher in Light Street, Pennsylvania, and they are not a wholesale establishment."

In view of the earlier testimony of the Assistant Secretary of Commerce for Administration regarding the concern and emphasis your Department places on the economic importance of tourism, I felt you would want this matter brought to your attention so that in turn you might discuss it with the Secretary of Agriculture from the standpoint of reconciling the conflicting public policy principles involved.

I would therefore appreciate a report on the issues which were raised by the witness in his testimony.

Aloha,

DANIEL K. INOUE, *Chairman,*
National Tourism Policy Study.

THE SECRETARY OF COMMERCE,
Washington, D.C., October 31, 1978.

HON. DANIEL K. INOUE,
Chairman, National Tourism Policy Study, Committee on Commerce, Science,
and Transportation, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter of October 5. My staff has talked with Department of Agriculture personnel about this situation which involves a Pennsylvania hotel owner who was told by Agriculture inspectors that he could not sell scrapple, bacon and sausage prepared by a local retail establishment despite his testimony to the effect that the product bore "Government inspection stamps".

The Federal Meat Inspection Act of 1907 authorized the Secretary of Agriculture to permit retail dealers to prepare and sell uninspected meat products such as scrapple, bacon and sausage, provided that such sales were made only to consumers. Despite substantial revisions in the Wholesome Meat Act of 1967, Federal law still provides that retail sales of prepared meat products to con-

sumers are not subject to Federal inspection requirements. In such cases, however, the concept of consumer does not include restaurants and hotels. They are required to purchase prepared meat products from sources subject to inspection, which sources do not include retail establishments.

The regulations issued by the Department of Agriculture pursuant to the 1967 amendments (7 CFR 303.1(d)) reflect these legislative provisions. These regulations have applied to Pennsylvania since July, 1972, when the State discontinued its meat inspection program and became subject to Federal inspection programs. Department of Agriculture personnel informed my staff that the existence of State inspected meat products in the system during the 1972 transition from State to Federal inspection probably accounts for the hotel owner's statement that the product which Federal inspectors tagged as not complying with law "has Government inspection stamps on it".

The Department of Agriculture has informed us that they have interpreted the law as flexibly as they believe they can. We have found no basis for contradicting their view and, accordingly, we believe that this is a matter which can only be resolved by legislative changes. Therefore, I do not feel my intercession with Secretary Bergland would be fruitful. However, as Assistant Secretary Porter noted in her September testimony on tourism policy, the Department of Commerce and the United States Travel Service will seek to work with other agencies in those cases where executive branch coordination and cooperation can be effective.

Sincerely,

SIDNEY SNEED,
Acting Secretary of Commerce.

Senator INOUE. I believe Mr. James would like testify now.

**STATEMENT OF HOWARD P. JAMES, CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER, THE SHERATON CORP.**

Mr. JAMES. Yes, sir.

Chairman Cannon and Chairman Inouye, I should introduce myself officially for the record so that if you prefer not to invite me back, you will know who you have here. I'm Bud James. I'm the president, chairman, and chief executive officer of the Sheraton Corp.

I'm also a member of the American Hotel and Motel Governmental Affairs Committee and chairman of the Association Industry Advisory Council. The Industry Advisory Council is a committee comprised of the chief executive officers of the major U.S. hotel companies which was organized to provide a voice for that sector of the industry in the association.

It's a pleasure for me to appear here today and if you will take my printed testimony—as I said once before, it coincides right down the line with what the other people have said—I would like to deviate from that and just make a few remarks because it would be repeating and taking your time if I did anything else.

Senator INOUE. Without objection, your prepared statement will be made a part of the record.

Mr. JAMES. Thank you. I want to reiterate that we do not have a national policy nor do we have an international tourist policy. We are, as Madam Secretary said, having an excellent tourist year. It has been good for several years. I do not agree with her that that's a reason that we should not take a look at it and do something about it.

It happens to be that if we have anything good going for us and we are healthy today, it's because we have done most of it ourselves. We have gone out and we have done our own advertising, our own promoting. We have represented ourselves around the world and we have,

as Vice Chairman Walton so eloquently put it, developed our own friends and have brought them to this country.

Several facts should be made known, I think, that should be included in the minutes of this meeting. You know, in Western Europe there are 330 million people who are capable of traveling and who will pay high rates and pay good air fares to travel. Of that group, 23 percent of them would like to come to the United States, but to date, only 1 percent of them have come here.

Today, we are the best travel bargain in the world. The United States, with the devaluation of the dollar all over the world, is the best place for people to travel to, and yet only 1 percent of that 300 million people in Western Europe have come here. And what do we do in the face of all this? We close down our offices in those areas. We cut out the assistance that those people could have to come to the United States.

Now I submit to you that the vacation dollar that comes into this country is a little better dollar than we generate here among ourselves because it brings no problems with it. It's good, clean, fresh money. It doesn't bring a school problem. It doesn't bring a welfare problem. It doesn't bring any of the other problems that we have to fight our way through to generate moneys here in this country.

It creates jobs. We are talking about 5 million jobs today being created by the tourism industry in the United States and I can say that in 3 or 4 years from now, that figure can be increased by 15 to 20 percent. We are the major source of providing minority and untrained labor a source of living in this United States and yet I submit to you and say before you today that we have no policy for bringing more people here. We have no policy for taking care of them when they get here. And I sympathize with you in your return to Dulles on your short flight. Just for a brief minute do I sympathize with you, because I do it three times a month. I know most of the Customs people in Boston and I still go through the same thing every time I come in. It isn't a matter of protecting the United States from my carrying something back in. It's a matter of having a little bit of authority and exercising it to the hilt.

We don't welcome people into the United States. We prohibit them from coming here.

The purpose of our being here today, of course, is to take a look at the report submitted to you by Arthur D. Little, and I concur with my colleagues in that I think they have done a good job in that they are recommending a council be formed out of the different agencies that have something to do with tourism. I concur with that.

In cutting through the boilerplate that's in here, I would like to say that I believe that a principal Federal interagency coordinating council could be put together. It's going to be difficult. If you asked me to do the job I would tell you how I would go about doing it. I would have senior members of every one of these departments put on that council by law. I would have a senior head on the President's staff as the chairman of that committee and I would have a senior tourism person as a full-time staff person conducting that council so that that person knows the tourism business.

I would also suggest that that legislation be passed that would include an industry advisory committee such as we have done in our own association comprised of the different elements of travel. The

Airline Industry Association, the Hotel Association, the National Restaurant Association, the Association of Travel Agents all send a member to the advisory committee to advise that committee and work with that committee. That would fulfill the type job that Mr. Walton talked about and these are not dollar-a-year men. These are men who are here working for not a dollar. They will come for nothing and they would work full time at this because it's their livelihood. I believe that if senior people are made to report via a piece of legislation on their activities on a regular basis and that if they have a staff that can coordinate that council and if they have an advisory council on the outside that can bring in the facts that they don't have here at hand, that can be done and it should be done because I think nothing less should be offered for an industry that is as important as the travel industry and will in 2 or 3 years, in Herman Kahn's words and in mine, be the No. 1 industry in the United States. Thank you.
[The statement follows:]

STATEMENT OF HOWARD P. "BUD" JAMES, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, THE SHERATON CORP., ON BEHALF OF THE AMERICAN HOTEL AND MOTEL ASSOCIATION

SENATE TESTIMONY

Mr. Chairman, Members of the Committee—I am Bud James, President, Chairman and Executive Officer of The Sheraton Corporation. I am also a member of the American Hotel and Motel Governmental Affairs Committee and Chairman of the Association Industry Advisory Council. The Industry Advisory Council is a committee comprised of the chief executive officers of the major U.S. Hotel companies which was organized to provide a voice for that sector of the industry in the association.

The Sheraton Corporation is an international hotel company with 404 hotels and inns operating in 41 countries throughout the world. Sheraton properties employ more than 60,000 people and in 1977, gross revenues for our company exceeded \$1.2 billion.

The Sheraton name is now carried on properties estimated in value at \$2.5 billion, and by the early 1980's, properties currently on the drawing boards and under construction will increase that figure to a projected value of \$5 billion. During this year alone, we will open 34 new properties in the United States and ten foreign countries.

It is a pleasure for me to appear at these important hearings of the National Tourism Policy. I believe that this is one of the most important steps in developing a true partnership between the tourism industry and the federal government. I have participated in this endeavor from the outset in the Phase II study. We provided input to that study and I am here now to talk with you about the more substantive stages of developing a National Tourism Policy and what is really most important, the enactment of that policy into law.

I am here to present one company's view on the subject of a national tourism policy. I would say that that view represents the opinion of most other major chain executives if not all of them.

Mr. Chairman, we are confronted with one overriding fact here—The United States has no national tourism policy. The travel industry is one of the major industries in the United States generating revenues and income of over One Hundred Billion Dollars per year and supporting more than four million jobs. We are a major employer of minorities and women. We provide thousands of entry level jobs for the youth of this country. And yet, Mr. Chairman, this country has no national tourism policy.

We need only to go back to 1973 for a rather chilling example of what that means when there was a discussion in the Congress which characterized the travel and tourism industry as a "non-essential" one. I believe that it was only through your foresight, Mr. Chairman, when Senate Resolution 281 was introduced in April 29, 1974 which indicated that it was the "sense of the Senate that," if I may paraphrase, "Tourism was indeed an essential industry and that federal departments and agencies would assure a proper allocation of energy supplies to the tourism industry".

Is a National Tourism Policy a good idea? We think so.

Mr. Chairman, on page 199 of your study here, a table indicates that the governments of Canada, Mexico, United Kingdom, France, Spain, Hong Kong, Ireland and Japan have a legislated tourism policy. Apparently they think it is a good idea.

We were shocked to find upon reading this study that the United States ranks dead last among the trading partners I just mentioned in terms of all sorts of categories of government tourism promotion expenditures be they domestic or international.

I can look out my window every morning and see a British Airways 747 taking off from Logan Airport with hundreds of American tourists aboard. Undoubtedly, as a result of a very aggressive promotional effort by the British government. Now I wouldn't suggest for a moment that we restrict travel by our citizens—but why not a more rational approach to encouraging foreign citizens to visit the U.S.

This country is faced with a serious balance of payments deficit overall and indeed a deficit in the tourism account as a portion of that overall deficit. It is my opinion that the beauty of this country, particularly my own southwest (Chairman Cannon can attest to that) and the diversity of its people represents a natural resource that has been substantially untapped as a far more significant contributor to reducing our overall trade deficit. We need a National Tourism Policy, Mr. Chairman.

Beyond the enactment of a National Tourism Policy into law which is of itself an essential objective, we must address two other corollary aspects. Number one is a coordinating mechanism in the government and a method or mechanism for implementing the National Tourism Policy after its enactment. I am told that 50 separate federal agencies administer over 100 programs which in some way either directly or indirectly touch upon our industry or our business.

Let's talk about the subject of coordination. If I can impress upon you the problems created for the Tourism Industry by a lack of coordination between and among the federal agencies I will have made a substantial contribution here this afternoon. How about a few recent examples?

While Sheraton and other companies were out spending millions of dollars to advertise U.S. destinations and incidentally the government was also promoting travel from foreign countries to U.S. destinations, the State Department was considering closing various foreign tourism offices. Did they check with private tourism industry to determine whether a federal presence would assist us? I don't believe so. Did they check with convention bureaus in major U.S. cities, New York, Boston, Chicago to see if a federal presence overseas helped them? I don't believe so.

The current foreign convention legislation is a classic example of governmental action which impedes the free ebb and flow of international tourism.

The "three-martini-lunch" fiction still hangs over our heads as a dark cloud. Did the Treasury coordinate with the Department of Labor? Do they know how many jobs are at stake? Do they know how much business is at stake with this unwise proposal. I don't believe so.

The substantial increases in the minimum wage and the reduction of our tip credit is another example. While the Council on Price Stability urges restraint in prices and wages, the Department of Labor proposes to increase the salary base test for administrative people by 40 percent.

The EPA still talks about the indirect source regulations which would impede our ability to build new lodging facilities because they attract automobiles to a particular area. I cite these as examples of government action affecting tourism which is uncoordinated, contradictory, compartmentalized and lacking in perspective with respect to its impact on our industry.

What is the solution? Stripping away the boilerplate, I find myself in substantial agreement with the Arthur D. Little recommendation for a Coordinating Council. I disagree, however, with their recommendation for four separate agencies and/or coordinating councils to accomplish this end. I believe that a principal federal interagency coordinating council comprised of the 18 department or agency heads having direct or substantial tourism related programs or regulatory responsibility should be established. This coordinating council should be chaired by one of the existing presidential assistants. The subject of presidential assistants leads me to comment that part of the problem that we are faced with is a result of not having visibility at the highest levels of the government and indeed the White House.

It is my understanding that Mr. Eisenstadt now has an assistant with some direct tourism related responsibility. To be effective the Congress must require regular meetings of the Council with a detailed annual report which gives an accounting of their efforts to assure that the actions of their agencies with respect to tourism are consistent with the National Tourism Policy Law as enacted.

That then leads us to the other critical facet of a response to a national tourism policy, namely; the implementing mechanism. I submit to you that the United States is not ready for a Minister of Tourism! Nor do we need one! With all of the various governmental agencies and the numerous programs in each agency, I think it would be impractical to uproot them and attempt to consolidate all of these agencies' tourism related programs into one giant superagency.

If the existing federal agencies can through the coordinating council and White House overview, execute their programs in consonance with National Tourism Policy to be enacted by this Congress, I would recommend leaving them essentially untouched.

In summary then, we would advocate the enactment into law of a National Tourism Policy not unlike that proposed on page 33 of this report. Secondly, the establishment of a coordinating mechanism or council is absolutely critical to assist the federal agencies in conforming their programs to the National Tourism Policy Law. Third, the existing federal agencies should probably be the implementing mechanism for the National Tourism Policy. In closing, permit me to tell you briefly what we don't want:

We don't want to need a super tourism agency or a cabinet-level Secretariat.

We are not recommending or asking for an uprooting or consolidation of existing federal agency programs.

We are not asking for substantial increases of taxpayers' money.

We don't want or need additional intrusion of government into what after all is a rather fragile people-to-people business.

We believe that fostering and promoting tourism is in the national interest when it fosters and supports one of the largest industries we have.

We are not asking for a hand-out.

We are not asking for additional federal funds.

We are not asking for subsidies.

What we are advocating in the strongest possible terms is to allow our free enterprise system to operate in the tourist industry unfettered by ill-conceived or conflicting government policies, programs or regulations.

Thank you Mr. Chairman. If you have any questions, I would be happy to try to respond to them.

Senator INOUE. Thank you very much.

I'm not aware of the experiences you or your industry has had with the USTS but may I ask how you would rate this agency? Are you satisfied with the services provided you or have they provided you with any services?

Mr. JAMES. I should say, for myself, I was appointed a director to USTS. I did not attend the meetings. The meetings were not scheduled on a regular basis, so I could not attend those. I didn't know where they were to be held and when they did call them I could not attend them, so I resigned my position.

I think, in looking at some of the things that USTS has attempted to do in the past, had they had the funding to do it, they may have accomplished something. These are my own thoughts and I don't think they embodied everybody that should be embodied on their board, and I should also say—and this I want to express and go back to my industry advisory council—when we talk about industry advisory council, I think you must include on an industry advisory council representatives from organized labor. They are the people that are going to lose the jobs and they are the people we need to work with on that.

On the USTS I can't be too specific. I know they have been working in the foreign areas. They have never assisted my company personally. Senator INOUE. Have any of you had experience?

Mr. LENNON. Nothing.

Mr. LEE. No.

Senator INOUE. Senator Cannon.

The CHAIRMAN. Thank you, Mr. Chairman.

I want to compliment all of you for what I consider to be an excellent presentation and I'm particularly interested in hearing a number of these day-to-day problems that you have that disrupt your plans of doing business or your business operations more than they assist them.

It's rather interesting that I came to the Senate—my first year here was 1959 and in that year there was a branch in the Department of Commerce—I think they had five people and their total budget was \$60,000. The following year, 1960, President Eisenhower proclaimed that year as "Visit U.S.A. Year" and the budget on that particular department was cut by 23 percent from the \$60,000.

Now at that time we had a travel deficit in 1960 of \$1.2 billion. We continued to have it for a number of years and when we established USTS to encourage foreign tourism in the United States and to help the foreign tourists it was not established with the idea of going out and spending a lot of money in a promotional role. With the exception of Mr. Benefield, I'm sure that each one of your companies spend more than the United States does in tourist promotion; but the idea was that we would try to establish a travel office in these foreign countries so important to us to generate interest locally. Subsequently, of course, the USTS adopted a marketing program to assist the private sector promote the United States of America as a visitor destination.

During all of this period of time our deficit increased and, as Bud James says, now the United States of America is the best travel bargain there is in the world. People from these foreign countries have the money to travel. A lot of them are traveling at a tremendous rate now, but we are still trying to make it more difficult for them to come over here and see us instead of trying to assist them in every way possible, and that was one of the reasons that I was really shocked when the move was made to close down the London office and to close down the Tokyo office.

The Japanese trade, as you gentlemen here know, is our biggest single country tourism trade today and very, very important to us. When these people could come over at a deflated value of the dollar such as it is now and all we need to do is try to encourage them and not put roadblocks in their way, but assist them in working out their problems so they can come and visit us—I think we are making a very serious mistake.

I think the highest authorization that we ever did get through was \$30 million for the USTS, if I recall correctly. We did finally get the appropriation up to \$14 million and of that amount \$1.5 million was for development of a domestic program by the Department of Commerce. But at the same time, again, in 1977, the travel deficit was \$2.7 billion. So to me, we talk about increasing our trade advantages and our balance of payments with these foreign countries and here's something that we don't even have to put up a nickel of capital investment

for that sort of thing. All we'd have to do is encourage people and get them to come over here. With the airline fares the way they are today, people in most of these foreign countries can afford to travel. At least an awful lot of them can afford to travel and visit this country.

So I'm particularly happy to have had you gentlemen here and have you give us your views on the problems that you have and see if we can't find some way of helping you out. The only thing that I'm sorry about is that none of you happen to be constituents of either mine or Senator Inouye. Bud James is the closest. I guess he's the only voting constituent in this group that I have had, but we certainly want to help you if we can and we appreciate you presenting a very clear picture of your views on this problem.

Senator INOUE. I must say that I'd like to echo the chairman's sentiment. I thought I knew a lot about this business, but this is the first time I learned that you've got to buy wholesale. Let me assure you that I will personally get in touch with USDA and try to get an explanation from them, because from what you tell me it's total nonsense.

Mr. BENEFIELD. It is, and I thank you.

Senator INOUE. It's been a most educational afternoon.

I'd like to call a short recess at this time because there's a vote pending on the floor, but we will be right back. Our next witness after the recess will be Mr. Robert Juliano.

[Recess.]

Senator INOUE. The hearing will come to order.

Oftentimes in referring to the tourism industry, we inadvertently leave out an important segment of that industry, the men and women who work in hotels and restaurants, driving the buses, piloting the planes, serving food. This afternoon we have the legislative representative of the Hotel and Restaurant Employees and Bartenders International Union. It is with great pleasure that I call upon Mr. Robert Juliano to testify. Welcome, sir.

STATEMENT OF ROBERT E. JULIANO, LEGISLATIVE REPRESENTATIVE, HOTEL AND RESTAURANT EMPLOYEES AND BARTENDERS INTERNATIONAL UNION

Mr. JULIANO. Thank you, Senator.

Mr. Chairman, in behalf of our general president, Edward T. Hanley, and the 500,000 members of the Hotel and Restaurant Employees and Bartenders International Union, it is a pleasure once again to appear before your subcommittee to testify relative to the national tourism policy study.

It is our understanding that you wish all interested parties to comment, during this phase of the hearings, on how our particular segment has been affected by the lack of a national tourism policy and a Federal mechanism to assure that that policy is coordinated among and reflected in the numerous Federal tourism and tourism related programs. Also, that we proffer our recommendations for a national tourism policy and a Federal coordinating mechanism.

It is a pleasure to respond to your statement. As usual, I will leave the lengthy statements and consummate eloquence to others. Believe it or not, my statement will be short and to the point.

First, any help you can give us in securing recognition for the tourism industry will be personally appreciated since I feel it will hopefully add a few years to my life. It is our strong feeling that a national tourism policy provide for the recognition of tourism by the Federal Government as an integral part of our Nation's economy and that this must be specified in the law much the same as previous landmark labor legislation stated that collective bargaining is a part of our national labor/management policy—no more—no less.

The promotion of tourism as part of our national policy must be spelled out in statute once and for all as an essential part of our country's economic fibre.

To present this distinguished committee with problems that have confronted us due to the lack of a national tourism policy and the lack of coordination from various departments and agencies of Government would take the rest of the day and probably the rest of the week. Such areas as the proposed restrictions on business lunches and dinners, foreign conventions, the energy problem a few years back where tourism was going to be classified as a nonessential industry, and many, many others too numerous to mention vividly point up the total lack of coordination between the respective agencies who have responsibility for tourism programs.

We would strongly recommend that this subcommittee consider, after formulating a strong tourism policy statement, that an interagency coordinating council be mandated, headed up by no one less than an assistant to the President of the United States. Just as this committee in its infinite wisdom saw fit to include all committee chairmen as ex officio members of the policy study, so too this proposed interagency coordinating council should consist of top ranking deputies of all departments of the executive branch of Government. It is our opinion that this council would be in a position to then monitor how the congressional mandate would be coordinated by those departments who are affected by the mandate.

Mr. Chairman, to us, tourism simply means one thing; jobs. I would hope at this juncture in time we can state categorically that Congress is aware of the labor intensity of our industry. We can absorb into our job mainstream unskilled, semiskilled, females, minorities, and certain qualified professionals because of the variety of jobs our industry has to offer. Yet we have spent the last 2 years trying to put out brush fires by fighting symbols and campaign rhetoric, most of which emanates from either a lack of understanding of our industry or a calculated attempt to portray our industry and our union in a very unfavorable light. Little or no attention has been paid as to what kind of programs should be developed right now, the results of which will manifest themselves in the 1980's and the 1990's. Those who attempt to portray our industry in a pejorative sense are really endeavoring to perpetuate their narrowminded ideology by obfuscating the positive facts; namely, the impact we have in providing jobs and stimulating the national economy.

One last comment cannot be ignored and must be made for the record. As one whose union has been involved in these fights, almost from the beginning, we believe very strongly that these hearings and subsequent ones along with the information gleaned from the Arthur

D. Little study will lend to constructive legislative initiatives which we will all work together on during the next session of Congress. Lest anyone be deluded, it is imperative that these hearings and subsequent legislation be conducted, Mr. Chairman, under your aegis. Your continued contribution is not only essential, we would not be here in the first place without your efforts. Senator Magnuson, when he was chairman of the Commerce Committee, was supportive of your efforts and ours and that support was very instrumental in achieving some gains. We are delighted that the new chairman of this distinguished committee, our good friend, Senator Howard Cannon of Nevada, will be working together with you on all of these matters, and that he brings not only the support of the chair, but also a personally vast and extensive knowledge of the positive contribution tourism makes to our national economy.

It is difficult for us, as one whose members derive their livelihood from working in this industry, to adequately express our thanks to you. We stand ready, willing and able to support your efforts in this area, and look forward to the day when we all have seen our efforts culminated in the recognition of the tourism industry as a part of our national policy.

Senator INOUE. Thank you very much, Mr. Julianano.

I asked the lodging industry representatives whether they had ever been called upon for advice and counsel or consultation by the administration or the various agencies of the administration and I'm certain you heard the response that the only time they saw the administration was at their insistence.

It's been suggested that the administrations in Washington, whether they be Republican or Democrat, are generally very sensitive to the needs or demands of labor, and that labor often has an open door to the White House. Has your union ever been called upon for advice?

Mr. JULIANO. Unfortunately, yes. Not by the USTS too often, but we get involved with the Panama Canal and natural gas regulation.

Senator INOUE. What about tourism?

Mr. JULIANO. Well, that's an ancillary matter. We don't want to talk about the reason that sustains our members; of course someone is deluded into thinking, Mr. Chairman, that we perhaps could be persuasive with a few members of the House and the Senate, and I don't know where the misconception started, but they are most anxious to solicit and curry favor on matters of national importance such as the Panama Canal, where we did agree to help them out, and most recently in the natural gas deregulation issue, and we are endeavoring to do whatever we can to help them on that.

I also pointed out to them that at the same time we are working together on those issues because after all, you know, that's the name of the game—we must support each other—that this morning, while you were busy and other Senators were, I'm sure you're aware that in the Finance Committee they passed an amendment that had to do with yachts and country club dues and hunting lodges and it's my understanding that the reason why they did that was that this was No. 1 on the wish list from the White House, that at least they should do something as a show of faith to show some semblance of tax reform.

So there's quite a discrepancy between apparently endeavoring to work with people on the one hand, and finding out on the other hand

that they really are still trying as best they can to pick up a few crumbs. The only reason, they have told me, that they have basically backed off of the business lunch and dinner issue is because they were rather soundly defeated in the Ways and Means Committee and in the overall House, and I think that perhaps they probably learned a lesson because they came out with a total bill that was less than satisfactory in their eyes. However, we are still facing the prospect of a floor fight here because your distinguished colleague, Senator Kennedy, is obviously going to bring up an amendment when the full Senate deliberates the tax bill next week, but we have really never got—to hopefully answer your question, we have never really been able to engage in any kind of meaningful dialog with anybody in the administration about the programs that we consider to be nuts and bolts, such as the types of things you're talking about, and I have tried, because of the fact that we apparently have a little entree because of these other issues and also some labor issues—to try and initiate some sort of dialog and I think the fact that we can't even get it started really indicates the need for exactly what you're talking about in trying to set up a policy and, in fact, to me, it points up the glaring lack of knowledge that exists in this administration about what our industry is all about.

Otherwise, they wouldn't be calling us into conferences and saying, what do you think we can do to stimulate employment, and then my answer is, well, you could quit coming out with some stupid ideas such as the reduction for business lunches and dinners. To them, they apparently think that something like that is incompatible. American people want tax reform and the polls show it and their way of achieving that is to try and knock the legs out from under our industry. They don't believe that by the 1980's and 1990's that we are going to be probably No. 1 in the country and, as other witnesses have testified, perhaps No. 1 in the world, and our national economy is a little bit bigger than my own checkbook, unfortunately, so it takes a little while to recycle programs through our economy and we are very disturbed over the fact that not only has nobody seemed to grasp in the administration how important this industry is and the tremendous effects it has on employment, but they seem to be prone to looking at our industry as one that's not in the mainstream of commerce such as steel and automobiles and the old tried and true economic barometers, and so as a result, there are no programs to my knowledge being formulated which are going to take into account the fact that we are going to continue to grow and what are they going to do about it and what's the United States going to do about it to come up with programs geared toward that growth.

So the answer is we think rather obvious. The initiative in this area has got to come from the Congress of the United States.

Senator INOUE. I believe you were here when Assistant Secretary Porter testified.

Mr. JULIANO. Yes.

Senator INOUE. Do you believe that the administration is doing a good job or making a sincere effort to coordinate these activities?

Mr. JULIANO. No, not at all.

Senator INOUE. Do you believe that the proposal recommended by the A. D. Little report is too complex, too burdensome for the administration to handle?

Mr. JULIANO. Well, considering it takes some looking into, I would say yes. If they had taken a more superficial approach or more shallow in nature, maybe it would have been much more well received by various people, but I think the fact that they really went in-depth into certain items indicates the fact that there aren't too many people in the administration that have probably looked at it or really wanted to look at it and, in fact, the more in-depth they started to look at it, the more concerned they got.

I don't really see any movement afoot by anybody in the executive branch to really say we are going to make a positive statement that this is a major industry. When I testified, Senator, before the Senate Finance Committee, Senator Curtis and others were bringing up the fact that we had to look for ways to come up with capital formation and we had to look for other avenues of capital and they are concerned about the dollar and everything else, and two of them, two of your colleagues, said one of the reasons why we needed new capital formation and stimulation and so on was because the manufacturing segment of our economy was declining; where previously it had been a third of our overall economic output, it had dropped to a quarter. Of course, when I got in the chair I couldn't resist, and I said, I don't mean to digress, but I think I have a suggestion as to why they are declining, because the service sector is increasing, and I think that we are going to continue to increase. And I never heard—of course, the committee felt very much the same way, but I don't see—and you would certainly be in a better position than all of us—I don't see any plans afoot to take in all the economic barometers and all the parameters of our industry and say, hey, we had better start backing this thing and sit down with industry and labor leaders and sit down with Congress and let's once and for all start working on something substantive.

Senator INOUE. So am I correct to deduce from your statement that in general your organization favors the recommendations made by the Arthur D. Little report?

Mr. JULIANO. We have had a few bills going in both bodies, and I haven't had a chance to read chapter and verse, but I did go over a good part of it and at least to me what was certainly I think a fundamental part of their efforts was the fact that they did an awful lot of thinking and consideration on the part of various groups, and if it did nothing else, I think it would be a monumental effort in achieving some sort of progress, but this is why our testimony—it's very difficult—this was very difficult to write and, as usual, it was not very eloquent, but we could have come up with reams—you know, I've got files in our office of volumes of information that we worked on in the last 5 years, and it's kind of difficult to really go through and say I wonder what I should focus in on, and I think it really hit me when I was writing this that unless and until you people can get the President to once and for all stand up and say this is what we are going to do and have him stand up and say OK, we now recognize this industry as an essential part of our economic system and we are going to do whatever we can to foster and encourage travel and tourism, and this is what it means and so on, even if it's a preamble to some legislative initiative you have, there has to be, in our opinion, some sort of statement like that, that once and for all puts all this stuff to rest.

Senator INOUE. Well, as always, Mr. Juliano, you have been of extreme help to us. You have been most helpful and thank you very much.

Mr. JULIANO. Thank you.

Senator INOUE. Our final witness for the first session is Mr. Michael Horrocks, the director of the Public Citizen Visitors Center of Washington, D.C. Welcome, sir.

**STATEMENT OF J. N. "MIKE" HORROCKS, JR., DIRECTOR, PUBLIC
CITIZEN VISITORS CENTER, WASHINGTON, D.C.**

Mr. HORROCKS. Good afternoon, Mr. Chairman. You have a copy of my statement?

Senator INOUE. Yes, sir.

Mr. HORROCKS. Good; I would like to read it.

The Ralph Nader organization in general and the Public Citizen Visitors Center in particular welcome this second opportunity to testify before your committee.

Whereas we do not presume to represent the precise opinion of all public interest groups, I think it is accurate to say that there is overall agreement among us that tourism and travel—both as an industry and a consumer product—have reached the proportions which indicate the need for a national tourism policy. Specifically, I refer to the need for a Federal commitment to implement a coordinating mechanism which will streamline and improve the fragmented efforts of about 50 separate agencies and their 100 different programs.

In this context, we support the seven principal policy goals as enunciated by the Arthur D. Little study:

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

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

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;

Encourage the free and welcome entry of foreigners traveling to the United States, consistent with the national interest in protecting the revenue, and preventing the entrance of illegal aliens, and the importation of prohibited merchandise at ports of entry;

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 the rich heritage of the Nation;

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; and

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 national heritage preservation.

And in our role of consumer advocacy, we would add an eighth policy goal:

Afford the individual tourist-traveler the benefits of Federal supervision—both in providing consumer information and education, and, most importantly, providing consumer protection in the event of noncompliance, fraud, or misrepresentation.

The consumer must have avenues to redress which can be guaranteed him only by Federal law. Therefore, it is essential that Congress provide consumers with the basis for such action, if required. I do not mean to suggest the necessity—at the present time—of a regulatory agency, such as the CAB or the ICC, but, rather, a type of Cabinet-level coordinating council capable of supplying the standards and operational guidance so sorely needed in the current absence of a clearly defined national tourism policy.

The Public Citizen Visitors Center is, as you probably know, Mr. Chairman, a facility established by Ralph Nader in 1974 to provide visitors to our Capital—as well as residents of Washington, D.C.—with a diversity of interesting ways to learn about, and contribute to, their Federal Government. Our motto is “Don’t just look at Washington—look into it,” with the hope that visitors will make their visit to the Federal City a satisfying, personal experience in citizenship.

To implement this goal, the PCVC Capitol Hill tour program gave 1,300 visitors a close-up view of the U.S. Congress in 1977 and, so far in 1978, over 1,500 people have taken this 3½-hour walking tour, conducted daily whenever Congress is in session. College interns, trained by experienced volunteers, act as guides for groups averaging eight persons. They attend congressional hearings in both the House and Senate, observe their legislators in action from the visitors galleries in the Capitol, visit at least one Member of Congress, tour the Supreme Court, and conclude with an historical look at the Capitol itself. The emphasis, of course, is to enable the participants to gain a view of the Federal legislative process unavailable in such detail in any other Washington tour.

The PCVC coordinates the Public Citizen Forum—a monthly important provocative news event which encourages open discussion between high-ranking Federal officials, concerned citizens, and the news media. Recent speakers include Attorney General Bell, HEW Secretary Califano, Secretary of Agriculture Bergland, HUD Secretary Harris, Treasury Secretary Blumenthal, and former Postmaster General Bailar. Just this month, three retiring Members of Congress—Senator James Abourezk, Congressman John Moss, and Congressman Lloyd Meeds—spoke to the forum on the intriguing subject: “The Rites and Wrongs of Congress.” As you may imagine, Mr. Chairman, this was a session which provided both light and heat. The forums are, of course, nonprofit and are open to the public.

In addition to publishing a biweekly calendar titled “Inside the Capitol,” which notes congressional committee schedules, Federal regulatory agency meetings, public interest functions, consumer resources, and Washington area cultural and recreational activities, the PCVC also distributes a variety of visitor information brochures; presents

documentary films, speakers, symposia, and press conferences in its 55-seat auditorium where programs for visitor groups are arranged to fit particular needs. Lest we be accused of bureaucratic excesses, the PCVC conducted these many-faceted activities during 1977 with a budget of \$29,385. I think of Senator Cannon's remarks about the \$60,000 budget of a small group of travel experts in Commerce.

I have risked boring you with these operational details because I wished to emphasize that the Public Citizen Visitors Center combines its function as a supplier of tourist services with its yet-unmentioned role as a consumer clearinghouse for the Nader organization. In this context, the PCVC represents the traveler's viewpoint as a consumer.

Wearing this hat, we became acutely aware of the dark side of the tourism moon: the bumpings from scheduled airlines—incredibly, despite stringent penalties levied by the CAB, 138,346 passengers were denied confirmed reservations on U.S. airlines in 1977; and, astonishingly, this total is 5,000 more than were bumped in 1976—the “No room at the inn” complaints received from visitors to Washington who thought they had hotel or motel rooms awaiting their arrival; the tourists who believe Washington restaurant prices are astronomical; the out-of-State motorists who are convinced they receive a disproportionate amount of traffic tickets issued by the District of Columbia police force; the unwary travelers who are assured “first-class” accommodations but receive something rather less than their expectation. (Incidentally, the phrase “first class” is probably the most broadly interpreted usage of words in the entire tourist industry and is typical of many areas where standardization is mandatory.)

To continue, we receive complaints about tour brochures which promise the Garden of Eden and deliver something resembling a patch of weeds; rooms on shipboard described as “spacious” but which are, in reality, no larger than broom closets; “air-conditioned,” tropical cottages which are, literally, cooled by the prevailing breezes—not by air-conditioners; “spacious” reservations on charter flights where the passengers are packed in like sardines in a can. Is there no “truth in advertising” where the tourist industry is concerned?

By and large, the reputable tour agencies and established organizations such as DATO do a fine job in establishing standards (and adhering to them). They are self-regulatory and, since they are anxious for repeat business and intent upon keeping their hard-earned good reputations, they usually are able to achieve reasonable settlements for aggrieved consumers. However, it is surprising to read of the picayune adjustments offered by large air, steamship, and hotel operators to some of their customers who have been victimized by poor goods or services, or both. These are the instances which cry for some sort of Federal coordinating mechanism which would give redress where obvious wrongs had been inflicted.

Perhaps the most vulnerable traveler is the tourist from a foreign country who is doubly penalized by not knowing where, how, or to whom to turn for assistance. I can vividly recall a tourist from London whose luggage was broken into at one of the local bus depots and his valuable camera was stolen. Receiving no satisfaction from the depot manager, he walked to the PCVC and requested our assistance. Three months later, he was mailed a check which partially compensated him

for his loss. But what about the thousands of foreign tourists who require assistance of this sort and can't avail themselves of a Nader office?

On the bright side, I realize that, in appearing before this committee, I am "preaching to the choir" when I advocate the immediate adoption of a national tourism policy. It is astonishing to contemplate an industry which generates revenues and incomes exceeding \$100 billion a year, which is so unregulated and so much in need of an interdependent, cohesive, productive policy. Little has been done to explicitly define an appropriate role for the Federal Government in tourism or to identify the means by which the Government can respond to the tourism, travel, and recreational needs of both industry and the general public. This committee, under the skillful chairmanship of Senator Inouye, is to be commended for its systematic, detailed approach to the problems involved. Insofar as the consumer section(s) of any pending legislation is concerned, the Nader organization stands ready to provide whatever assistance the committee may request. Thank you, and if you have any questions I will be glad to answer them.

Senator INOUE. As always, we welcome your assistance. Your viewpoint is always looked upon very seriously. Mr. Ralph Nader is no stranger to the Congress of the United States.

However, I think the record should show that, as indicated by you, 138,346 passengers were denied confirmed reservations. I have no evidence here or documents to suggest that those figures are wrong, but I think the record should be complete in this sense, that during that year our scheduled airlines carried 226 million passengers. If out of 226 million passengers, 138,000 were denied reservations, it's still wrong; but I think those statistics would indicate that the overwhelming numbers were not denied confirmed reservations.

Mr. HORROCKS. True.

Senator INOUE. It's less than 1 percent.

Mr. HORROCKS. We get the letters, though, Senator, from those 138,000.

Senator INOUE. I did check on a number of those passengers who have written to me. They may not have been the same as have written to you. But when I investigate, I find that many of them had confirmed reservations on airlines that were struck.

Mr. HORROCKS. Such as Northwest.

Senator INOUE. You can't fault the airlines who in good faith gave reservations and found themselves being struck.

Second, this committee did communicate with FTC suggesting that agency investigate some of the unscrupulous tour agents that were ripping off the people and, as you know, there was a time when hundreds upon hundreds of Americans were stranded in Europe. There were those within the domestic trade who found themselves stranded in San Francisco or Los Angeles and places like that, but they were, at worst, the exception to the rule; but at that time the FTC found all kinds of excuses not to look into this situation. But I think the record shows, contrary to what you say, that the industry in my mind is overregulated, but in overregulating this industry there's almost a total lack of coordination. I'm not aware of all of the facts involved, but for

the life of me I can't understand why a hotel cannot buy retail meat and must be required to buy wholesale meat.

Mr. HORROCKS. That certainly was a new one to me, too.

Senator INOUE. I think Ralph Nader should get involved in something like this, and maybe give an assist to the industry. They have all kinds of regulations on highways about signs, but it's never been confirmed that those were effective. So I would hope that your agency would get a bit concerned about some of the complaints that were suggested today because, overall, like in any other activity, even if there are wrongdoers, the vast, vast majority of the members of the industry have done a good job.

Mr. HORROCKS. I agree.

Senator INOUE. And that's why I just wanted to clarify the record, to say that out of 226 million, 138,346 were denied confirmed reservations—that's bad, but from statistics, it's not bad. I think countrywise, the United States has the best record.

Mr. HORROCKS. We find sort of a domino effect—for want of a nail on the shoe, the battle was lost—the man is bumped which causes him to miss a hotel reservation which makes him go to another airline which makes him late to a business appointment and so forth and so on, and it's an accumulative effect which results in the original complaint burgeoning into maybe half a dozen and impinging on other areas of the tourist industry and inflicting hardship and financial loss to the individual involved for the original sin. So that 138,000, granted, is a small percentage of the overall air passengers, but it multiplies into a great many other grievances.

Senator INOUE. I would also like to point out that a good proportion of those passengers with confirmed reservations get into that fix because there are a vast number of passengers during the so-called peak periods who make more than one reservation.

Mr. HORROCKS. True. Overbooking is the *bête noir*.

Senator INOUE. But these reservations aren't made by the industry. They are made by the consumers.

Mr. HORROCKS. Yes. Consumers are not without fault.

Senator INOUE. So the industry, in abiding with the law, would find itself holding the bag.

Mr. HORROCKS. They have a pretty sophisticated reservations system now Senator, where you can spot double bookings.

Senator INOUE. I recall being on a flight about a year ago where when we called in, I was on the wait list and it was booked completely. When I got there, the plane was about two-thirds filled. So I asked what happened. They said, well, we did have reservations. These are all no-shows. So with that type of situation, to just have 138,000, I think we should give the industry a pat on the back. They did a pretty good job.

But seriously, we appreciate your participation today and you, as always, have been very helpful to us.

Mr. HORROCKS. Thank you sir. I would like to add one other thing. In listening to the Assistant Secretary today extol the virtues of Commerce's interest in tourism, we have been putting out a toll-free hotline booklet here which used to include the USTS. They had

a hotline which was called the "Travel Hot Line." Say you wanted to travel from here to Mr. Benefield's hotel in Bloomsburg, Pa., to his Pennsylvania Dutch hotel. They would let you know what route to take, whether the weather was good, any tolls involved, and that sort of thing. It was so successful that they cut it out. They don't have that hotline any more.

Senator INOUE. That's par for the course.

Mr. HORROCKS. Well, I'm told that they are having budgetary problems, but don't we all?

Senator INOUE. Well, I thank you again, Mr. Horrocks.

Mr. HORROCKS. My pleasure, sir.

Senator INOUE. This hearing will stand in recess until 2 o'clock, September 26, 1978.

[Whereupon, at 5:20 p.m., the hearing was recessed, to be reconvened at 2 p.m., September 26, 1978.]

NATIONAL TOURISM POLICY STUDY

TUESDAY, SEPTEMBER 26, 1978

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C.

The committee met at 2:10 p.m., in room 235, Russell Senate Office Building, Hon. Daniel Inouye presiding.

Senator INOUE. The chairman of the committee, Mr. Cannon, is unable to be with us at this time, but he has asked me to advise the hearing that he will be here shortly. In the meantime, I have been asked to read a statement which he has prepared.

OPENING STATEMENT BY THE CHAIRMAN

Today the Committee continues the hearings which it began September 20, on the NTPS.

That hearing, as well as today's and the one scheduled for this Thursday, September 28, are concerned with testimony on the objectives a national tourism policy should seek to achieve, and the most effective federal mechanism to coordinate such a policy among the many government agencies having programs and responsibilities which impact travel and tourism.

Subsequent hearings this year will consider the most effective principal federal implementing mechanism for that policy, and how best to provide for cooperation with the states, cities and the private sectors of the industry.

The federal government significantly affects the travel industry and the traveling public because over 100 programs administered by some fifty separate agencies now adopt policies and administer programs which directly or indirectly impact travel and tourism. To date, however, no legislation has been enacted which provides these agencies with the necessary policy guidance to assure that their programs are furthering the national interests in tourism. Nor is there a federal mechanism for coordinating and implementing a tourism policy if one existed.

The government failure in this regard was, I believe, illustrated by the Bermuda II agreement which we concluded with the United Kingdom.

Until Bermuda II, most U.S. Air Service Agreements had followed the precept that carriers from each country should have a fair and equal opportunity to compete for traffic, without a guarantee of either specific market share or level of revenue.

I believe it is accurate to say that the consensus is that Bermuda II represents a substantial departure from the kind of system envisioned by Congress and generally incorporated in other bilateral agreements.

It is also fair to say that this departure has been made at the expense of U.S. air carriers, both scheduled and supplemental.

That Bermuda II was not in the best interests of the United States and our carriers was, in large measure, due to the traditional lack of coordination among the agencies of government which made up our negotiation team.

In testimony before my Aviation Subcommittee last year the Chairman of the CAB noted that the increasingly complex nature of air services agreements, and the larger number of federal agencies who sometimes have an interest in particular negotiations strongly suggest that our negotiation process could be improved.

He recommended that various government agencies with expertise and perspective to contribute should share integrally in the responsibility for the planning of a broad negotiating strategy in each instance.

At present, Chairman Kahn said, (November 1976), "each agency makes recommendations reflecting the particular perspective of its own individual institutional interests and legal responsibilities, without sharing in the responsibilities for integrating the relevant economic regulatory and foreign policy considerations."

I am pleased to note that since Chairman Kahn's remarks of November 1976 the situation has improved and that the federal agencies involved are more effectively coordinating and negotiating international aviation bilateral agreements.

Chairman Kahn's words came as no surprise to my Committee, because we know that there are over 100 tourism and tourism-related programs administered by 50 federal agencies. There is little or no coordination. Often there is contradiction. And in some cases, duplication.

As a consequence, the federal tourism effort is wasteful, inefficient, and unresponsive to the needs and interests of the private sector of the industry.

Essentially, this is what the NTPS is about. It is an attempt to make sense out of the vast federal involvement in travel and tourism.

Last week the Committee heard testimony from the Administration, the lodging industry, organized labor, and consumer representatives. Today we look forward to hearing from representatives of the Lieutenant Governors' Association, the scheduled U.S. airlines, the International Association of Convention & Visitor Bureaus, and the American Express Company.

OPENING STATEMENT BY SENATOR INOUE

Senator INOUE. I would like to say a few additional words.

Today the committee expects to learn from representatives of the States, the cities, the scheduled airlines, and the travel promotion and sales segment of the industry how each has been affected by the lack of a legislatively enacted national tourism policy and a Federal mechanism to assure that such a policy is coordinated among and reflected in the numerous tourism and tourism-related programs.

We would also hope that the witnesses will make whatever recommendations they feel necessary for a national policy and coordinating mechanism.

Today's witnesses represent additional segments of the \$115 billion a year travel industry which has been seriously handicapped by the Federal Government's myopia and inertia.

All of us are, I believe, aware of the proposals to limit tax deductions for business meals and to restrict attendance at foreign conventions. It would probably surprise many, however, to know that the Bureau of Security and Consular Affairs which administers the visa program is operating under visa issuance regulations developed to implement legislation enacted in 1952. In other words, we have gone into the jet age and from there into the jumbo jet age with regulations designed to accommodate the volume of traffic which existed in the prop age.

Current policies and regulations regarding visas, customs and immigration procedures, and the quality of receptive facilities and services at U.S. ports of entry have caused many people to question whether these requirements and conditions do not, in fact, needlessly detract from the quality of a visitor's experience, and discourage travel to the United States.

According to testimony received during earlier hearings, if our visa requirement were abolished the United States could expect an additional 63,000 visitors from 9 European countries, another 33,500 visitors from South America: 20,500 more from Central America; an additional 41,700 from 10 Asian countries; and, 17,000 more from Australia and New Zealand. This is a total of 160,000 more visitors per year.

The USTS estimates that every incoming visitor is a "living \$343 export" for the United States. Using that yardstick, our international travel deficit would be reduced by over \$55 million annually if there were no visa requirements.

In response to a question during that hearing, the Immigration Service replied that the standards for visa issuance to tourists by the State Department and the standards for admissibility of tourists by Immigration are the same. If ever there were duplication, this, it seems to me, is it.

Another example of the failure of the present Federal effort which emerged from that hearing relates to the role of the DOT in international visitor facilitation.

That agency described its role to the committee as "one that emphasizes coordination and cooperation with other interested agencies of government."

In answer to our inquiry, however, the Department of Transportation said it "has not undertaken a comprehensive examination of the restrictive or deterrent effect that the policies of our inspection agencies may have on international visitors" because the agency did not feel inspection policies could be a substantial deterrent to travel.

I doubt if too many here would agree with this assessment. There are many other areas when Federal programs have been uncoordinated or failed to take into account the legitimate needs and interests of the States, cities, and those segments of the travel industry testifying today.

I would therefore hope that everyone will work together and assist the committee in making its recommendations to the Senate as required by Senate Resolution 347.

Our first witness this afternoon is the Honorable Thomas P. O'Neill, III, Lieutenant Governor of the State of Massachusetts, and chairman of the National Association of Lieutenant Governors Conference.

Governor, it's my pleasure, sir. Welcome.

STATEMENT OF HON. THOMAS P. O'NEILL III, LIEUTENANT GOVERNOR OF THE COMMONWEALTH OF MASSACHUSETTS, AND CHAIRMAN, NATIONAL ASSOCIATION OF LIEUTENANT GOVERNORS

Mr. O'NEILL. Thank you Mr. Chairman. It's good to be here. It's an honor and pleasure to be invited to testify before the Senate Committee on Commerce, Science, and Transportation. As the newly elected chairman of the National Association of Lieutenant Governors of the United States, may I convey to you our appreciation and respect for the work you are doing. Mr. Chairman, I think it ought to be pointed out to you that I also chair the Travel Advisory Committee of the Council of State Governments, funded by the USTS, and I would like to keep you attuned and abreast as to what our organization has been doing over the last 10 or 11 months.

We have a draft report which we are about to submit to you and to your committee. I hope you will inform us if you think our report can be improved, or perhaps how you think you can supplement or complement it in any way. We would deeply appreciate that. We have Mr. Chavez from the USTS himself.

Mr. Chairman, the work that has been accomplished by the NTPS is very important. For the first time, we are now coming to grips with a national policy issue—tourism—that has been neglected for too long in the councils of Government at the Federal level. Your hard work, dedication, and determination, Senator, in chairing the National Tourism Policy Study has already produced a clear message to Federal policymakers at the executive and congressional levels: First, that tourism is a vital and important part of our Nation's economy; and, second, that tourism must be accorded equal treatment and status as an economic development tool if we are to have maximum economic growth and expansion in the United States in the future.

I am here today as a representative of State government to talk about one part of that study, namely, the area of cooperation and coordination between Federal and State governments. The tourism policy study makes an excellent beginning by proposing an organizational framework that, to quote from the NTPS report, would attempt "to create a workable forum for effective coordination between State and local public sector interests in travel and recreation and Federal Government interests." The proposed Intergovernmental Travel and Recreation Planning Board (ITRPB) is an excellent idea. We endorse it and pledge our wholehearted support, cooperation and participation. Coordination and cooperation between Federal, State, and local tourism programs is essential if we as a nation are to improve our competitive position in the free world economy and strengthen our domestic tourism industry.

Mr. Chairman, State governments have long recognized the important role of tourism in enhancing economic development at the State and regional level. All of the States, commonwealths, and territories have tourism programs. Altogether, we spend on an annual basis approximately \$61 million in taxpayer dollars to promote and develop tourism and travel. The level of professionalism in the ranks of State tourism administrators has risen dramatically in the last few years as States have accorded tourism programs a status equal to that of other State economic development programs. I believe that the same can be said for local government. Tourism programs provide a resource and reservoir of talent that can be drawn upon to develop an effective and meaningful national tourism policy.

The next few weeks will be critical as you develop legislation that will be introduced in early 1979. At this point, therefore, let me offer a few ideas, Mr. Chairman, that you and your staff may wish to consider as part of this proposed legislation, First, the partnership between the Federal, State, and local governments needs to be strengthened, particularly in terms of allocating financial resources to tourism programs. The number of Federal dollars made available to State and local governments for tourism programs is so meager as to be pitiful.

The Federal Government spends billions of dollars in assistance to State and local governments for many important programs that relate to economic development, yet in the area of travel promotion—where the economic benefits in terms of job creation and increased per capita income are measurable and direct—the Federal Government is spending in fiscal 1977-78 the total sum of \$580,000 in direct matching grant programs. We have matching programs for building highways, subways, parks, playgrounds, sewers, and waterworks, and even for hotels

and convention centers—as part of the UDAG program—but there is no effective matching program that would strengthen tourism at the State and local level and thus bolster tourism at the national level. State and local governments are not asking for a handout but for a partnership.

As a start, I would suggest that you consider a matching program of Federal participation that would allow the Federal Government to match on a one-for-four basis every dollar expended by State and local governments for tourism programs that meet acceptable standards. For example, the Commonwealth of Massachusetts spends about \$1.2 million per year on State and local tourism programs. Under our proposal, the Federal Government would provide approximately \$300,000 in matching funds. Florida spent approximately \$5 million at the State level this year. Under our proposal, Florida would receive \$1,250,000 in matching Federal funds. Under this proposal, the total cost to the Federal Government would be approximately \$15 million.

Second, the relationship between Federal, State and local governments and the private sector needs to be strengthened. State and local tourism programs are most effective when there is close cooperation and communication between State, local and private sector interests. As you draft legislation to implement recent studies and evaluations, I would strongly urge you to include the expertise of the private sector at every opportunity. Based upon my work with the State tourism programs throughout the country, I can assure you that tourism programs thrive and produce results when there is a strong and continuing dialog between the private and public sectors.

Finally, Mr. Chairman, I believe that there is a greater need for input into Federal decisionmaking before policy decisions are made. As I indicated earlier in my testimony, we support the creation of an intergovernmental travel and recreation advisory board, and we hope that this advisory committee will advise decisionmakers in Congress as well as in the executive branch. Given the increased responsibilities of Congress in the area of policy formulation and budgetmaking, we at the State and local government level are focusing our attention upon the congressional process to insure that State and local tourism interests are recognized.

These are but some of the ideas that the lieutenant governors have developed in their work with the Governors, State legislators, local and regional governmental bodies and the private sector. We are deeply appreciative of the invitation to join with you in developing an effective national tourism policy and stand ready to work with you and your colleagues in the House of Representatives to insure that 1979 brings to tourism the recognition and status that it so rightly deserves.

Mr. Chairman, Senator Inouye, may I again thank you for the opportunity to present our views. We commend the work that you are doing and hope that we can provide the kind of support and assistance that will bear fruit in the next year.

Senator INOUE. Governor, it's a pleasure hearing from you. We thank you for your assistance. We note that 46 out of 50 States look upon tourism as one of the top three moneymakers and in many States you have very important positions filled by highly talented men and women.

How is it, then, that the message has never been received in Washington? If you know how that message can be sent to the White House—I'm not being facetious—I would really appreciate it. It's been the same with every administration. No one seems to take tourism seriously in the White House. Once a year they come here and give you lip service, but beyond that, when the time comes to act, the results are reduced appropriations and counterproductive legislation. I'm just up to my neck in frustration.

Mr. O'NEILL. Well, I think the frustrations that you realize here are probably repeated time and again in State governments State after State after State. I think the level of priority, the recognition given to it in States like New York and Florida and Nevada, are programs that are fashioned after those things that we find to be natural resources for States, and it's incumbent upon them to really go out and exercise every tool they have at their disposal to make sure tourism works in their best interest.

In the State of Massachusetts alone, we have approximately 100,000 jobs tied into, in one way or another, tourism. The recognition of a tourism program has been heightened on a priority list by the sitting Governor, Michael Dukakis, because he recognizes if you're really serious about bringing back the economy and expanding it, that you begin to work with your known economic building blocks. Tourism, with all the things that a State like Massachusetts has to offer—whether it's an historic site or a beach—really begins to make one appreciate, if you're in a public policymaking position, the fact that you have got to do a job. We spend, as I pointed out in my testimony, approximately \$1.2 million a year in the State of Massachusetts. I think when you begin to appreciate the fact that we perhaps have not done much more than provide the service in the last few years in the administration—in the second 2 years of the administration—we had an overriding appreciation for what that building block had done. Not only was it a 100,000 jobs related, but it meant approximately \$1.5 to \$2 billion in a revolving and very generating economy for our State, and we'd better be sincere about making sure that we hold it in place, that we maintain it, and help its growth wherever we possibly can.

I think now, after you have had the Governors, after you have had Lieutenant Governors and members of State legislative bodies come together in conjunction with the USTS, our opportunity to come before you and get some linkup, I think that brings a heightened priority. I think it begins to force us to recognize that needs to be done, and I can only tell you for Governors and Lieutenant Governors, we would be more than willing to work along with you to make sure the White House gets the message.

Senator INOUE. We would appreciate that, sir. We have been trying our best to convince the White House in all the administration that, for example, it's a \$115 billion industry, employs about 5 million men and women, yet somehow it doesn't get across there. We need a professional like you, sir.

I gather from your testimony that at the present time coordination and partnership between the Federal level and the State level are almost nonexistent.

Mr. O'NEILL. Well, I would say there's very little communication between the State and Federal level. I think that the contract which

was signed by the Council of State Governments with the USTS began to bridge a gap, and I think we can learn by that experience and kind of build on it. I think there's nothing else but new horizons to be realized, and if we continuously work together—if you take some of the suggestions I made in the testimony and suggestions made by other people who have appeared before your committee and put them to work, I think you'll give it that heightened responsible role, and I think that's tremendously important.

I think it's really a question of sitting people around the table, people who have been involved in tourism along the line—the industry and people who have made it their cause within the public sector—to make sure that they are sitting down and bringing that priority along with them so they have public policymakers like myself or a Governor like Michael Dukakis or an administration to make sure we continue on a job to make sure that tourism plays a very important role in the foreseeable future.

Senator INOUE. This may not be a reasonable question, but if, given the choice of continuing the operation of the USTS as is, or your 1-to-4 ratio grant program, what would you prefer?

Mr. O'NEILL. I missed the first part of the question, Senator.

Senator INOUE. The continuance of the USTS program.

Mr. O'NEILL. I would say that the USTS and the level of expertise you have there ought to be maintained. However you maintain it is really to be discussed and to be reasoned out both by you and the people who have been working there for a long period of time. I think, however, if you're planning to put Government officials onboard in an advisory capacity, if you are to bring about an intergovernmental advisory board to help bring this public policy about, then I think there ought to be a role fashioned out of something that can be arrived at in conclusion by both you and perhaps a Chavez of USTS.

Senator INOUE. Well, I thank you again.

Mr. O'NEILL. All I'm asking for is that you appreciate the fact that there are State governments who are willing to take advantage of any assistance program that currently is working for us and to build on it to make sure that Washington pays attention because it means so much to our overall well-being and our programs to expand the economy at home.

Senator INOUE. Thank you very much. I appreciate your help.

Mr. O'NEILL. Thank you, Senator.

Senator INOUE. There's a vote pending at the present time, so I'd like to call a short recess. However, I'd like to announce that the next witness is Ms. Carol Huffman, Director of Federal-State Relations, Department of Commerce, State of Michigan, reading a statement on behalf of the Honorable James Damman, Lieutenant Governor, State of Michigan, member, National Lieutenant Governors' Conference.

[Recess.]

Senator INOUE. Before proceeding, I'd like to apologize for this delay, but as you have noted we had a series of votes and I felt that it would make no sense if I returned to conduct the hearing for just 2 minutes.

As I indicated before recessing, our next witness is Ms. Carol Huffman, Director, Federal-State Relations, Department of Commerce, the State of Michigan. Is Ms. Huffman here?

[No response.]

Senator INOUE. If not, I'd like to call upon a dear friend of mine, Mr. Robert J. Sullivan, Chairman of the Board, International Association of Convention & Visitor Bureaus, San Francisco. I believe Mr. Charles Gillett is also here, and Mr. Gillett is a member of the International Association of Convention & Visitors Bureaus.

**STATEMENTS OF ROBERT J. SULLIVAN, CHAIRMAN OF THE BOARD,
INTERNATIONAL ASSOCIATION OF CONVENTION & VISITOR BU-
REAUS; ACCOMPANIED BY CHARLES GILLETT, MEMBER**

Mr. SULLIVAN. Good afternoon, Senator.

Senator INOUE. It's always good to have both of you here.

Mr. SULLIVAN. Mr. Chairman, my name is Robert J. Sullivan. I am general manager of the San Francisco Convention & Visitors Bureau. My appearance before you today is on behalf of the International Association of Convention & Visitor Bureaus, which I serve in the capacity of Chairman of the Board.

I am joined by my colleague, Charles Gillett, past president of the International Association of Convention & Visitor Bureaus, currently chairman of this association's National Urban Tourism Committee, and president of the New York Convention & Visitors Bureau.

While IACVB is an international organization, its U.S. membership consists of 116 cities. And it is these cities that we represent before you today.

Mr. Gillett will address himself to the specific points of this hearing. I only wish to focus on the magnitude of the tourist industry represented by these cities, and to commend you for the leadership in pressing for the NTPS, and compliment the committee staff, and the work accomplished under their direction by the Arthur D. Little Co., to focus on the need for a national tourism policy and a mechanism to coordinate that policy among the many agencies of Government with tourism-related programs.

Mr. Chairman, the International Association of Convention & Visitor Bureaus is proud of its affiliation with Discover America Travel Organizations, and we wish to convey to you today our wholehearted support and endorsement of their qualifications to represent the travel industry of our Nation. As a matter of record, our president, Eugene Hosmer, will be appearing on the panel of the DATO presentation before your committee to underscore and emphasize this relationship. However, there are several elements unique to city tourism that the nonprofit city convention and visitors bureaus wish to underscore in a special way to emphasize our particular segment of the travel industry's concerns for the need of a national tourism policy and the creation of the necessary mechanism to coordinate that policy.

The cities and metropolitan areas of our Nation represent 73 percent of our country's population, and by the year 2000, the percentage is expected to reach 85 percent urban.

A survey conducted prior to these hearings among 90 U.S. member bureaus of our organization, representing a population of 87,240,000, showed a combined economic thrust from tourism in the amount of \$30 billion. Tourism, of course, consists of the organized convention and trade shows, as well as the individual and tour vacation visitors. **In 14 of these cities, tourism is the No. 1 industry and economic force**

within their community. In another 24 cities, the visitor industry ranks No. 2; and an additional 21 cities peg tourism as their third largest source of economy. And these cities alone receive \$45,718,000 of direct State and local tax dollars to promote and encourage tourism to their respective areas.

Cities are the engineroom of our society. And without a coordinated national focus by the Federal Government, the visitor industry within these areas suffers from diminished effectiveness and uncertainty with respect to the vacillating policy of the Federal Government.

My colleague will address you on a number of specific items that point to the absolute necessity of a strong Federal policy, citing the disastrous effects caused by the absence of such policies in the past. The impact of the energy crisis disproportionately punished tourism-related business enterprises. The arbitrary rulings limiting U.S. citizens' participation in foreign conventions have had an adverse effect on international meetings selecting the United States as a future site. The three-martini-lunch proposed legislation completely neglected the employment and economic ramifications within the tourist industry that such regulations would impose. The myopic visa restrictions imposed on official delegates attending international meetings in the United States have caused entire international congresses not to meet in our country.

On behalf of the International Association of Convention Visitor Bureaus, I again wish to thank you, Mr. Chairman, for allowing us to present our specific city testimony, and to reiterate that we are only underscoring those areas of the DATO testimony which specifically impact on our efforts, and that we completely concur in the statements and recommendations that will be made in the presentation by Discover America Travel Organizations.

Senator INOUE. Thank you very much. Apparently your pleas have been heard because I'm certain when this Congress adjourns you will find that the three-martini-lunch proposal will be a dead issue. So we are getting there, but you will note that primarily it's an effort exercised on the part of the Congress, not the administration.

I was told that San Francisco has been having some problems with the Federal Government in building its convention center. Is that correct?

Mr. SULLIVAN. There have been numerous problems, Senator, over the past 16 years, primarily in the areas of lack of coordination between agencies such as HUD and other Federal agencies. I believe that at the present time, although it is 14 years past when it should have started, the construction has commenced and most of the problems seem to have been resolved.

The loss of business and employment in the economy during that period of time, of course, can never be recovered.

Senator INOUE. What was the reaction of the Government agencies to your suggestion that this center would be a source of much income for the State?

Mr. SULLIVAN. I don't believe that their agency priorities were necessarily akin to the priorities of tourism.

Senator INOUE. Do you think that with the type of organization envisioned in the Arthur D. Little recommendation, the type of problem you had would be overcome?

Mr. SULLIVAN. I believe the concept of an interagency coordinating body would have been extremely valuable in pointing out the dangers of delay while trying to solve a problem for one segment of our society without addressing the adverse impacts to another segment.

Senator INOUE. I note in your testimony a suggestion that our restriction upon U.S. citizen participation abroad and their conventions has had some effect on foreigners coming to the United States for conventions. Do you have any statistics to back this up?

Mr. SULLIVAN. I don't have statistics, Senator. I have two opinions I would wish to bring forth. One is that there is a growing tendency by other nations to exercise similar restrictions on their citizens coming to meetings in the United States—reciprocity—but, more importantly, in order to extend a formal invitation for an international meeting to meet in the United States of America, it is necessary and customary that an official invitation be carried by the U.S. delegation, and when there is diminished attendance by U.S. participants, the chances of a successful invitation being extended to their home body is consequently diminished.

Senator INOUE. Before proceeding with questions, I'd like to now call upon Mr. Gillett.

Mr. GILLETT. My name is Charles Gillett and I am president of the New York Convention and Visitors Bureau. I also am chairman of the National Urban Tourism Committee of both the International Association of Convention & Visitor Bureaus and of the Discover America Travel Organizations. Today I am privileged to appear before this august subcommittee to comment from the perspective of urban areas—particularly New York City—which are the centers of tourism in the United States.

I would like to preface my remarks by noting that for many years we have struggled to evolve a national tourism policy with efficient supporting mechanisms. Throughout this long period we have been sustained by the support and understanding of Senator Inouye. I want to thank you, Senator, for your grasp of the scope and importance of tourism, for your patience in this long process, and for your clarity in expressing support, and, when you thought it necessary, in asserting your opposition on specific tourism issues.

All of us in the cities, in Discover America Travel Organizations and in IACVB, are anxious to see the NTPS final report evolve into the type of realistic policy statement and organization we have been seeking for such a long time.

We feel we have come a long way since the days earlier in the decade when Congress financed a National Tourism Resources Review Commission to report on tourism needs and resources. At hearings at that time I testified that the report was seriously flawed because of its failures to understand urban tourism, and its pessimistic projections of the future of cities. The report was subsequently discredited, in part because of these failures.

Happily, history proved the report to be incorrect; urban tourism is stronger now than ever before. In New York City, for example, we have enjoyed a series of excellent years in tourism traffic. This year, 1978, may be the best year, and it is possible that 1979 will be even better.

I refer back to the National Tourism Resources Review Commission report to emphasize the importance of understanding the role of cities as the hubs of tourism in this country. It is also essential to recognize that nearly all of the convention and visitor bureaus in this country are private, nonprofit organizations, supported in part by local government funds, but operating under the banner of free enterprise. They are not city governmental organizations, and they differ from State tourism bodies which, on the whole, are agencies of State governments.

I emphasize this unique nature of urban tourism since in my opinion the cities are a key element in a national tourism policy. The report now before this committee has a number of organizational recommendations that still fail to reflect the nature of urban tourism organizations. As a result, in several places in the study, there is a need to redefine and strengthen representation by visitor bureaus, and in other places there is a need to distinguish between urban and State organizations.

The NTPS is a complex document demanding much study and analysis. I do want to say that many of us in our vast industry are indebted to the Discover America Travel Organizations and the Arthur D. Little organization which have done so much to clarify this report for those of us who have difficulty in digesting this exceptional document.

I still cannot claim that I am an expert on the study. However, I do believe it takes us a long way down the road in establishing a national policy and a formula to carry out that policy. I do think, however, that in consummating the marriage between recreation and tourism, we have to make sure that tourism will not play a secondary role. The concept of various task forces and interagency committees is sound in theory. But, again, we have to make sure that the legislation provides the mechanisms and management authority to insure that these task forces and interagency committees interact efficiently.

The seven major tourism goals listed in the study are well conceived and meritorious. They provide the promise of stature and recognition for tourism, an industry that has had to battle for fair treatment during the fuel crisis and has had to exert a tremendous effort to avert the devastating penalties of the so-called three-martini-lunch legislation.

I want to point out that in the seven major tourism goals listed in the study it is hard to find any reference to marketing and promotion of our product. After all, in addition to establishing tourism in its rightful role as a bastion of the economy, what we are trying to do is to sell the U.S.A. tourism product, particularly abroad. That's the bottom line.

The NTPS could serve as a blueprint for a national tourism effort comparable to those of other nations which have capitalized on the great resources of tourism. I do want to suggest, however, that beyond a blueprint we need another force—and that is commitment. For years we've been hearing about the importance of the balance of payments and the vital role of tourism, and yet, as we meet here today, the State Department is in the process of closing down the London USTS office.

I hope that the national tourism policy study and the legislation that emerges will give us both the clout and the commitment to avoid debacles of this nature in the future.

Thank you.

Senator INOUE. Mr. Gillett, I agree with you that this effort in which we have joined has been an experience of one frustration followed by another, and I suppose the other alternative is to just roll over and play dead. But I don't think that any of us would prefer to do that. The effort on our part has, I think, borne some fruit. So if we continue in our endeavor, we should finally score a touchdown. It's getting close to that.

I gather from this that you're not at all convinced that the Federal Government views tourism as an important source of income or important enough to be a subject of national policy.

Mr. GILLETT. There's no question about it, Senator.

Senator INOUE. What do you think we can do that we haven't done to bring about a change in this attitude?

Mr. GILLETT. I think you're on the right track. I think that we are getting there even with the great patience that is needed on your part, but I think in addition, something else has happened across the country that has changed in the last few years, and this is the fact that tourism is now recognized throughout the country. It eventually will get to the entire administration we hope, but I know in New York City alone when we talk about tourism, we are not talking just about airlines, hotels, restaurants—every businessman of the city now is firmly convinced of the importance of tourism. Tourism has become the leading growth industry of New York City, pouring over \$1.8 billion into the community directly, and, you know, in New York City we need money, and this has turned out to be a very efficient way of getting it.

The New York Convention & Visitors Bureau has been recognized by private industry. We have also been recognized by the city administration of New York City, and currently they are fully supporting us not only with commitment but with funds, and I think that this change, however, in the country where tourism is being talked about by everybody, may well propel this study.

Senator INOUE. I suppose you have made a study as to the possible effects of the so-called three-martini-lunch legislation. What effect would it have had on your economy?

Mr. GILLETT. It would be devastating. Naturally, it hasn't gone into effect yet, but we know that going back some years when it was only proposed by the Internal Revenue that a new system be evolved, within a matter of weeks many restaurants in New York City suffered a 30- to 40-percent decline in their revenues. It took almost 6 months for that to be corrected. I can imagine that a three-martini-lunch, with all of its consequences, both in industry and labor, not even to mention alone just taxes, would be very hard for any city or area to bear.

Senator INOUE. Do you have anything to say in criticism of this study? So far, everybody has been praising this study. There must be something wrong with it.

Mr. GILLETT. No; the only statement that I'd like to make is—

Senator INOUE. The administration thinks that the whole thing is wrong.

Mr. GILLETT. I'd like to reemphasize one statement that I made, and that is that we have to make sure if this study goes through that the mechanism and management authority insure that these task forces and interagency committees interact efficiently. If we don't have the necessary commitment and the strength, then forget about the study because it will be like previous studies that have gone before it.

Senator INOUE. Do you agree with the conclusions of the administration, as noted last week? For example, tourism in this country today is not faced with the critical problems confronting some of the other sectors of our economy?

Mr. GILLETT. I wouldn't have phrased it that way at all because people have asked me the same question about New York City. New York City is now doing capacity business. I'm still concerned about the future. I feel that we can never take for granted the business that will be coming in the future, no matter how well we are doing now. We always have to think about the future.

Senator INOUE. What are your thoughts on the administration's belief that a Cabinet-level coordinating council would be unworkable and useless?

Mr. GILLETT. Well, I think it might be unworkable and useless unless, again I repeat, the necessary legislation provided the necessary force to make them act properly. I feel that if you constituted a task force and simply gave everybody another job in addition to their present duties, without spelling out the priorities, then your task force would fail.

Senator INOUE. Are you satisfied with the assistance you're receiving from the USTS?

Mr. GILLETT. Well, we are now, yes. We have not been for many years. We have criticized the USTS severely, but now we are hopeful that with new methods being put forward—I'm thinking particularly this morning we discussed the international convention office—we are hopeful that things can be worked out.

Senator INOUE. Are you convinced that tourism enjoys a position of high priority in this administration?

Mr. GILLETT. No; I'm not.

Senator INOUE. In other words, the mechanism alone would fail unless there is a spirit of commitment?

Mr. GILLETT. Absolutely.

Senator INOUE. How can we generate this spirit of commitment? It's something we can't do legislatively. We can set up the organizational structure. We can mandate the Government to appoint *x* number of people or designate the deputy secretaries, but how can you instill in these people this necessary spirit? This is my concern.

Mr. GILLETT. I think it should be your concern, Senator. And I really don't have an answer as to how you can get that commitment fulfilled.

Mr. SULLIVAN. Senator, if I might add, I think that one way to instill a higher degree of enthusiasm for tourism is an even closer relationship between the private sector and Government. The private sector is very convinced and has put its effort into the tourism industry and it knows and understands the dynamics of tourism. Government is not in that same position and a closer liaison between the private sector

travel industry and the city and State governments with the Federal Government, I think the effect would be accomplished.

Senator INOUE. I have always felt that this industry has never been clearly defined and as a result this Government and all former Governments have looked upon the industry in its fragmented form. I don't blame the administrations for doing so because in a sense the airlines are concerned about their problems; the buses are concerned about their problems; the railways, they have their problems; the hotels and motels seem to be concentrating on their problems; and the same thing with the convention bureaus.

It would be of immense help if something could be done to further consolidate all of your forces and when that happens you will have the necessary enthusiasm here because no administration will be able to resist the political appeal of such an organization. To me it's inconceivable that an industry that hires 5 million men and women and brings in \$115 billion, is somehow unable to present a united front with this massive political muscle—it's there but we haven't exploited that.

Mr. GILLETT. Well, Senator, I think it will come. Even in New York City we had the same problem for another reason for many years and the reason was that New York City had so much industry of all kinds, so many different interests, that tourism never really occupied the rightful place. It's taken years actually to get tourism recognized in New York City, which is still as fragmented there, but today tourism is recognized in New York City and I think what you say is correct. I think the same thing must be done to get the tourism recognized on a national level.

Senator INOUE. Is your mayor convinced that this is an important source of funds for the State and city?

Mr. GILLETT. Yes; he is, very much so, and he's not only said so, but he's demonstrated it.

Senator INOUE. I noticed that New York State and city have been mounting a very ambitious campaign. I commend you for that.

Mr. GILLETT. Thank you.

Senator INOUE. Well, once again, I'm extremely grateful to both of you for traveling this distance to be with us and I can assure you that your words of wisdom will be taken very seriously as we proceed. Thank you very much.

Next we have the airlines panel. I'd like to call upon Mr. Russell V. Stephenson, the president and chief executive officer of Hughes Airwest; Mr. Dan Colussy, president, Pan American World Airways, Inc.; Mr. C. E. Meyer, Jr., president and airline executive officer, Trans World Airlines, Inc.; and Mr. Dominic P. Renda, president and chief operating officer, Western Air Lines.

This is a high-powered panel. I presume, Mr. Stephenson, you would like to begin the testimony.

**STATEMENT OF DOMINIC P. RENDA, PRESIDENT AND CHIEF
OPERATING OFFICER, WESTERN AIRLINES, INC.**

Mr. RENDA. Mr. Chairman, we decided, subject to your permission, that I would lead off.

Senator INOUE. Fine.

Mr. RENDA. Then followed by Dan Colussy here, and then Mr. Stephenson and then Mr. Meyer.

Senator INOUE. It's always good to have you with us, Mr. Renda.

Mr. RENDA. Thank you. It's a privilege, believe me.

Mr. Chairman, at the outset, on behalf of the over 10,000 employees of Western Airlines, I appreciate the opportunity to appear before you today and present our analysis of the National Tourism Policy Study and to express our strongest support for the goals and programs formulated by the study.

As you know, Western Airlines has a wealth of experience in both international travel and markets where passengers are destined for leisure and tourist activities. As a part of the travel industry, which today contributes an estimated \$115 billion annually to the U.S. economy and provides jobs for approximately 5 million Americans, we believe that with the proper promotion, encouragement, and coordination, travel and tourism can make an even more significant contribution.

Tourism is an industry—unlike the other leading industries, agriculture, or manufacturing—which does not deplete resources. Instead of burning, chopping, digging, or blasting natural resources—in some cases, irreplaceable resources—tourism is a method of adding to the national treasury in a way which is designed to protect and retain natural beauty. Instead of using our resources in a manner in which they are destroyed, tourism enriches the country by preserving and protecting the resources given to us by nature. For example, the Grand Canyon, Yosemite National Park, the beautiful beaches of Hawaii and California—all take advantage of the resource through preservation and enhancement rather than exploitation.

Obviously, a dynamic, industrial, and agricultural country such as the United States must use its resources in order to provide the jobs, the comforts, and the conditions which make this life so desirable. But, equally important to the quality of life is the esthetic beauty of our land that is retained—not at a monetary loss, but at a financial gain—as it attracts tourists from other parts of the globe.

Thus, Mr. Chairman, to promote and encourage tourism and travel is in the public interest, as it creates jobs, and increases the national wealth, without exploiting natural resources. In addition, tourism enhances international understanding and good will, encourages the preservation of historical and cultural foundations, and contributes to the personal growth and intercultural appreciation of our citizenry.

For these reasons, Mr. Chairman, we are especially appreciative of your efforts and leadership and those of your colleagues in focusing attention on the opportunities and the problems of this important industry.

Specifically, regarding promotion, I feel that we can and should do a better job in promoting the United States as a destination. In competing for the tourist dollar, other countries promote their homeland heavily and do a great job. For example, Mexico has an extensive program promoting "the Amigo Country." Canada also advertises heavily in the United States. British Airways, which enjoys substantial government financial backing, participates in a major way in promoting Great Britain as a destination.

While air carrier advertisements are directed at carrier selection, a more substantial Federal program to promote the United States as a destination would complement these efforts. Not only does it enjoy the credibility only a government can have, but it also denotes a welcoming spirit which is essential in today's world.

Mr. Chairman, one of the key problems facing tourism and travel today, one of the major reasons tourism may not fulfill its promise, is because of a lack of coordination among the many State, local, and Federal agencies which may impact upon this industry. And, if just one of these agencies fails to perform as it should, if one of these agencies takes unilateral action which may adversely affect another, then the whole industry may be handicapped.

Air transportation has changed radically in the last several years, thanks largely to the movement heading into deregulation and the resulting lowering of fares by practically all the airlines and thanks to the efforts of Dr. Alfred Kahn and the national economy. The change in Civil Aeronautics Board policy, coupled with a thriving national economy, has resulted in record numbers of travelers—both nationally and internationally. While this new policy, which encourages greater competition and lower fares, has benefited the airline industry and the air traveler, it has had noticeable impacts on airport and airway facilities that were designed to accommodate fewer numbers of people than are traveling today.

Due to the new international policies, more and more people are traveling to the United States, only to be greeted by terminal areas which make their first impression less than pleasant. At Los Angeles International Airport, which happens to be the headquarters of my company, international passengers are processed by customs agents in a facility designed to accommodate 500 persons an hour when the need is for one with a 1,000-an-hour capacity, and although I don't transit Honolulu as frequently on international voyages, I find my experience there also indicates that the present facility is inadequate to take care of the flow of the tremendous volume of traffic. Thus, an arriving international traveler can wait up to 1½ hours to pass through customs.

While the purpose of the inspection and clearance facilities is to benefit the public at large, by keeping out those who have no means of support, by preventing the introduction of disease or unbeneficial substances, and by prohibiting the importation of unauthorized products, the air travelers—rather than the general public—are required to pay for these facilities. Since these activities are designed to benefit society at large, I submit that the general public should pay for these activities and not just the travelers.

Better coordination among and between the various agencies—Department of State, the Civil Aeronautics Board, the Treasury, Justice, Transportation, and Agriculture—could result in better clearance for persons first arriving in the United States, and better clearance might result in larger numbers entering for both tourism and business.

The new program, customs accelerated passenger inspection system—CAPIS—I understand, has been successful at Dulles International Airport, and we look forward to this program being implemented in other areas. I understand, for example, that that program is to be implemented at least in part if not totally in Honolulu in October of this year.

Not only is better coordination important in international aviation, but also in domestic aviation. The policies of the CAB and the Congress could be frustrated by a lack of space in U.S. airports for the new service and traffic envisioned by an unregulated environment in which we are moving rapidly. For example, here at Washington National Airport and Chicago O'Hare are two examples where we have reached the saturation point by the heavy increase in traffic that makes it most difficult to be able to take care of additional flights and additional traffic flow.

As we look at the impact of "automatic entry" in many of these areas, these markets may be somewhat difficult to handle the additional traffic unless the Federal Aviation Administration activity is able to do something about it.

Moreover, Mr. Chairman, because of the low fares, airplanes are at or near full capacity. We are experiencing one of our best years in the industry. But this "crush" has caused more businesses to rely on general aviation rather than the airlines. As a result, general aviation activity has increased measurably, making a bad situation even worse at our large hub airports, which are becoming more and more congested and thus creating very serious problems.

In addition, while airplanes may have adequate access to the airfield, at some airports the terminal, baggage, and ground access facilities may be so overloaded that no more air traffic can be accommodated. And only in 1976 were terminal facilities made eligible for Federal airport development (ADAP) grants. The "landside" of an airport—the terminal, parking, and access roads—is equally important to air travel as the "airside"—the landing area. Yet, policy often maintains a separation of these activities. For example, the FAA is responsible for what I characterize as the airside, and the FHA is responsible for the landside, to the overall detriment many times to the traveling public.

Mr. Chairman, since travel and tourism is such a broad multidimensional industry, crossing many disciplines, touching most fields of endeavor, it often is neglected—not by design necessarily, but by happenstance—with the idea that "someone else will do it." Because of this lack of proper coordination among the agencies which are or should be involved, this industry can be left many times without the benefit of a sound decisionmaking process.

I believe, Mr. Chairman, that the creation of an agency, such as the United States Travel and Recreation Agency—as envisioned in section 3 of proposed legislation, "Draft A" in the April 1978 report—with the responsibility of coordinating the services and the facilities of the various Federal, State, and local agencies which potentially impact upon travel and tourism, would go a long way toward solving the problems which beset the industry today and would be a giant step forward toward fulfilling the promise and reaching the full potential of this industry.

I appreciate very much the opportunity of appearing before you today and presenting this statement, and we would be most happy to answer any questions you may have, sir.

Senator INOUE. Does British Airways receive financial support from the British Government?

Mr. RENDA. Yes; it does.

Senator INOUE. What about the French airlines?

Mr. RENDA. Air France is supported by the French Government. Senator INOUE. KLM?

Mr. RENDA. It also receives support from the various consortiums of the governments it represents.

Senator INOUE. Alitalia?

Mr. RENDA. Absolutely. It's Italian supported by the Italian Government.

Senator INOUE. El Israel?

Mr. RENDA. The same is true with El Israel.

Senator INOUE. Can you think of any major airlines operating in this world not receiving direct financial support from the government?

Mr. RENDA. I think only U.S. carriers which operate in international and domestic fields are the only ones which are not receiving any direct government support at this time. There may be some exceptions to that. I don't mean to be all inclusive in my comment because there are certain airlines that do not receive government support; namely, Canadian Pacific comes to my mind as one. Mexicana operating in Mexico is a privately owned, publicly owned company. But in the main, the airlines we have mentioned and in the main the international carriers are all government supported.

Senator INOUE. Are you satisfied that in negotiating for air rights, landing rights, our Government has done a good job in representing our airline interests?

Mr. RENDA. That's a pretty broad question. I guess the answer is one which from my point of view, speaking for a company that operates internationally in only two countries—that is, Mexico and Canada—would be lacking of the experience of carriers such as Pan Am and TWA which are large international carriers, but I would have to say that in the past our Government has endeavored to maintain a fair balance based on economic viability in respect to allowing foreign carriers to serve points in the United States and similarly in obtaining for U.S. carriers destinations in foreign countries.

Senator INOUE. I ask this series of questions because in recent days we have heard many important officials of this Government criticize the attempt on the part of some of us here to provide assistance to the airline industry in combating noise pollution. It's been described as being a boondoggle or giveaway program.

I just want to point out that, unlike the industries in other countries, we do not provide that much giveaway as you will find the industrialized countries of Europe to provide. I'm just getting off the path a little just in preparation for the bill that's due to come up pretty soon.

Mr. RENDA. Senator, if I may, I would like to say that in my judgment the House of Representatives should be commended for the action it took last week in adopting the noise reduction bill and I would hope that the U.S. Senate would follow a similar course of action because in the final analysis the real beneficiaries of that program are not just the airlines per se. The real beneficiaries are the many publics which will benefit from the point of view of environment, from the point of view of reduction in noise, from the point of view of having an air transportation system structured in a manner that can better serve the needs of the public.

Senator INOUE. Thank you very much, sir. Before proceeding with more questions, I would like now to recognize Mr. Dan Colussy.

STATEMENT OF DAN A. COLUSSY, PRESIDENT AND CHIEF OPERATING OFFICER, PAN AMERICAN WORLD AIRWAYS, INC.

Mr. COLUSSY. Thank you, Mr. Chairman.

You have before you my prepared statement. In the interest of saving your time and with your permission, I would ask that the statement be entered into the record.

Senator INOUE. Without objection, your full statement will be made part of the record, sir.

Mr. COLUSSY. Thank you, Mr. Chairman.

Before proceeding even with my summary, Pan Am wishes, along with many others today, to make some general remarks to recognize your positive efforts on behalf of the tourism community of the United States and, indeed, of the entire world. Not only do you have an impressively consistent record of encouraging improvements in the Federal effort to promote and facilitate international travel to the United States, but you also have a record of openly discouraging actions by Federal agencies having a negative impact on travel by U.S. residents to foreign countries. The international tourism community certainly owes you a debt of gratitude for your perception of the community's belief that world tourism is a constructive force to improve the world's economy, to create fresh sources of employment and—through the social, educational, and cultural impacts it makes—to contribute significantly to national and international good will and understanding.

Your vision of the pressing need for a legislated national tourism policy in order to bring cohesion to the Federal involvement in tourism and your persistence in bringing the national tourism policy study to its present stage of development show not only the importance you attach to the benefits of tourism, but also your willingness to assume the burden of leadership in achieving the practical realization of these benefits.

Pan Am is a private international airline enterprise and has had for more than 50 years experience working with governments in the development of international tourism.

Pan Am is recognized as the U.S.-flag carrier which in its 50-year history has pioneered every significant overseas air route. Pan Am has been the leader in developing the technology which has made it possible for the world's air transport system to perform beneficially for the traveling public.

Mr. Chairman, you have indicated that the travel/tourism industry contributes about \$115 billion to the economy of the United States. A recent estimate puts the tourism industry's current contribution to the world's economy at a level well over \$400 billion. It is a big, big industry which can continue to become increasingly vital if it is stimulated properly. Practically all long-distance, interregional, and intercontinental tourism develops through and depends on the world's air transport system. At the heart of tourism activity for the United States and its relation to the rest of the world is the U.S.-flag air transportation system.

It is for this reason that I will confine my testimony to the area in which we are most expert—the development of a strong inbound flow of tourism to the United States. It is also the area which most needs

and will benefit most by the clarification of our national policy and the setting up of adequate coordination between the various involved U.S. Government departments and agencies.

The U.S. domestic tourism industry is already a highly developed business and takes little in the way of expenditure or effort by Government or by the industry to meet the demands or service requirements of a greatly increased number of foreign visitors.

On the negative side, it is true that there is still too much redtape involved for prospective visitors to obtain permission from our public authorities to visit the United States. Visa and other formalities deter tourist travel. The clearance procedures and the physical plant required by the public authorities add significantly to the costs of operation. The inabilities of the public authorities to handle increased traffic are causing expensive delays to aircraft on the ground awaiting clearance, adversely affecting aircraft utilization and forcing uneconomic scheduling. Serious consideration must be given to finding the ways and means of establishing new facilitation measures including aircraft clearance procedures more nearly in tune with existing needs of the international traveling public.

We have studied closely the policy statement containing the seven recommendations proposed in the final report of the NTPS to provide guidance for the numerous Government agencies who now adopt policies and administer programs either directly or indirectly impacting on tourism.

We have also reviewed the 45 goals and objectives included in the 7 policy recommendations and believe that, with certain modifications which we will suggest for legislation, they will give the necessary directions to assure that the Federal Government effectively responds to the national interests in tourism.

Likewise, we have examined the Federal Government interagency policy council organization proposed in the report. We understand its purpose is to refine national policy and make certain policy actually implemented by all the multitude of Federal agencies involved. This is the key to bringing cohesion to the extensive Federal involvement in tourism and, while the organizational structure may appear to some to be unwieldy, it must be the most practical arrangement to eliminate the uncoordinated Federal involvement in tourism.

At this stage of the hearings we will attempt to illustrate why a tourism policy is needed and how a congressionally mandated interagency policy council provides the basic solution to the problem of implementation of policy relating to important international tourism objectives.

Take the recommended policy statement to "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 the public health." The objectives of this goal, according to the report, are to (1) facilitate the entry of foreign travelers into the United States and (2) increase the awareness of U.S. travel and recreation opportunities among potential foreign visitors in their home countries.

As a policy to facilitate air travel to the United States this statement is inadequate. It is suggested that the policy statement be broadened to include the concept of facilitation of international air trans-

port as it is used in the Facilitation Annex Nine to the Chicago Convention on International Civil Aviation (1944). Annex 9 establishes guidelines governing the clearance of aircraft and the persons and goods they carry across national borders.

These guidelines, including provisions relating to services and facilities of the Customs, Immigration, Public Health and other public authorities concerned, are aimed at eliminating the costly "redtape" which is still prevalent in international travel by air. Many of the annex 9 standards and recommended practices were reinforced by the facilitation recommendations of the United National Conference on International Travel and Tourism (Rome 1963), concerning passports, unilateral or reciprocal waiver of visa requirements for temporary visitors, foreign currency and exchange controls, taxes, charges and fees levied on tourists on arrival or on departure.

Most of the legislation governing the activities of the Federal agencies, some of it predating this century, was enacted to carry out other public policies with inadequate consideration to the potential negative effects on tourism much less to its positive promotion. A national tourism policy to facilitate international air transportation would bring positive results if implemented through coordination by an interagency body mandated by Congress. There are a number of Federal agencies involved: the Treasury Department, Customs Service; the Attorney General, Immigration and Naturalization Service; State Department, Passport, Visa and Consular Affairs; Health, Education, and Welfare, Public Health Service; Agriculture Department, Plant and Animal Quarantine.

Another recommended policy statement is "Optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, regional development and improved balance of payments." According to the report, important objectives of this goal, among others having a bearing on foreign visitor development, are to:

- Stimulate and maintain growth in demand for travel to and within the United States in primary and secondary foreign visitor markets.

- Support growth in the number of meetings and conventions (international) held in the United States.

- Stimulate growth in the number of international fairs and sporting events held in the United States.

- Increase public knowledge of United States travel and recreation opportunities among potential foreign visitors.

An effective program to encourage increased foreign visitor travel would bring positive results on the U.S. economy. The tourism industry is not a production-oriented industry. Rather it is an important labor-intensive service industry with underutilized capacity. It can be stimulated without creating significant inflationary pressures with positive results for the public and private sectors of the economy, particularly by creating more jobs, decreasing public spending for income maintenance and providing more tax revenues.

The U.S. Department of Commerce estimates that 1977 foreign visitors spent \$6.2 billion in the United States and \$1 billion for fares on U.S.-flag carriers; these expenditures supported 270,000 jobs. The \$6.2 billion spent in the United States resulted in at least \$434 million in Federal, State, and local taxes.

In balance-of-payments terms, in 1977 the United States registered receipts in tourism accounts of \$7.2 billion and payments of \$10.3 billion resulting in a deficit of \$3.1 billion.

If it is the policy of Congress to improve the balance through tourism, a very constructive way to achieve an improvement is for Congress to give specific directions which would require Federal agencies to undertake positive promotional programs abroad to stimulate greatly increased foreign visitor travel to the United States and such programs in the United States and in all foreign markets which would result in an equitable share of passenger fares for the U.S.-flag carriers.

For Congress to state policy giving the necessary directions is one thing. Implementation is another. We concur with the finding of the report that it will take a high level interagency coordinating body to resolve the differing viewpoints of the several Federal agencies and bring about implementation of this policy and its objectives. Agencies in State, in DOT, in Treasury, in Commerce, and in the CAB are among those involved.

Some of the economic objectives encompassed in this policy to optimize the contribution of the industry to an improved international balance of payments are now stated as purposes or can be inferred in existing tourism related legislation such as the International Travel Act of 1961, as amended, and the act of July 29, 1940 (relating to the encouragement of domestic and international travel). For example, the Commerce Department, at times joined by Treasury Department, understands that the promotion of tourism can result in a significant contribution to the foreign and domestic commerce of the United States and to an improved international balance of payments.

The State Department does not always share this view, although one of its agencies, ICA, formerly the USIA, is providing support for Commerce's export expansion and tourism promotion programs. And other State and DOT agencies, along with the CAB, are negotiating trade and transportation agreements to provide equal opportunities for U.S. interests for these reasons. While measures are being taken to improve the balance of payments, many in Government still seem to ignore the significant contributions that can be realized from expanded tourism receipts.

When it comes to promotion of travel to achieve economic goals and objectives, there is the question of how much does it take and who will do it.

The report contains the findings of an examination made by A. D. Little of the areas of funding in the official tourism organizations of eight countries. However, there was no attempt to assess the funding needs to stimulate and maintain the growth in demand for travel to the United States. Apparently this assessment would be left for consideration by the Federal mechanisms established to carry out policy. We believe that the legislation should indicate that it is the policy of Congress in cooperation with public and private organizations to use all practical means and measures, including financial resources, to stimulate and maintain growth in demand for travel to the United States recognizing that foreign tourism is a good business for the Government to be in and that commercial advertising, publicity, and other promotional activities are the most effective way to stimulate this activity.

As a helpful guideline to determine the "financial resources" that might be required, the experts on tourism at the United Nations Conference on International Travel and Tourism held in Rome in 1963

suggested that a national tourist office budget for the purpose should be comparable to that of private sectors of the industry such as the transportation companies, particularly air carriers, who spend 3 to 5 percent of their sales revenues on promotional and selling activities.

The Conference felt that a working target of the budget amount to be allocated by governments to activities promoting their country as a travel destination should be 3 to 5 percent of the total expenditures made by foreign tourists in the country after arrival. The Conference realized that such promotion benefits a broad enough spectrum of the population to justify its being supported by public taxes. Some countries, notably Ireland, have reached this target amount; 35 countries collectively spend \$420 million in promotional activities; the United States spends less than \$15 million. Foreign governments alone, not counting the expenditures of their national carriers, spend \$22 million in U.S. measured media advertising their countries as a travel destination, while the U.S. Government allocates a mere \$2 million in countervailing consumer and trade advertising in the six primary markets where there is a USTS presence.

For the United States, taking only the 3 percent of tourist receipts for 1977 would result in a total promotion budget of \$185 million which, if allocated to overseas markets on a tourist revenue receipts basis, would mean, for example, that \$30 million would be allocated for Western European markets—an amount possibly adequate for the task.

Mr. Chairman, it is difficult for Government officials, even those in agencies that have direct interest in stimulating the domestic and foreign commerce, to understand the need for commercial advertising and promotion. In the case of the United States, the difficulty is compounded by the fact that there are so many agencies concerned. We thus look to and strongly endorse the Interagency Policy Council recommended by the report as the mechanism to achieve necessary understanding among the agencies and see to it the policy is implemented.

I realize that the Federal implementing mechanisms will be the subject of hearings next month and early next year. However, I foresee that it may be determined as a policy matter that a Government agency is subject to so many constraints that it cannot effectively carry out marketing programs. In this case the solution would be to turn to Discover America Travel Organizations, Inc. (DATO), as the private sector nonprofit national organization for tourism in the United States through which the Government would implement its policy goal to stimulate the growth in demand for travel to the United States. Responsive to the conclusions of the 1968 Presidential Commission on Travel, it was after all largely set up for that purpose and in its present form is a less complicated and more effective mechanism than that discussed in the final report. A parallel approach to this methodology can be found in the Defense Department's allocation of funds to private enterprise advertising agencies for their military recruiting campaigns.

Mr. Chairman, that concludes my statement. We hope to participate in the hearings on implementing agencies and programs. We are particularly interested in facilitation procedures, travel research and data-collection methods, training resources and techniques for the tourism industry, and the development of an attitudinal tourism consciousness throughout the general populace.

Thank you for hearing me.

Senator INOUE. Thank you very much, Mr. Colussy. As I listened to your testimony, I couldn't help but note that when we began our plans for these hearings, we literally begged the White House to send as the kickoff witness a top Presidential assistant. The administration sent a fine lady, an Assistant Secretary of Commerce. Those who are familiar with the protocol in Washington would know that an Assistant Secretary, though very important, is not very high. And here we have the industry, on the other hand, responding to an invitation from the committee and right before me seated are the chief executive officers of four major airlines. Last week we heard from the chief executive officers of the largest hotel and motel chains in the United States.

I just would hope that this Government of ours will note the presence of these very important executives here. Even if they didn't read one word of your testimony, if they will just note your presence, I think it should make some impression. At least I hope so. Because you have decided that this issue is sufficiently important, and I'm sufficiently aware of the immense responsibilities all of you have in your positions. Yet you found time to travel long distances across the country to be here to sit before a Member of the U.S. Senate to share your words of wisdom.

We will have hearings early next year, and at that time this committee will insist that the administration send its top officer. I can assure you that we will not accept testimony from anything less than the top.

I thank you very much, Mr. Colussy.
[The statement follows:]

STATEMENT OF DAN A. COLUSSY, PRESIDENT AND CHIEF OPERATING OFFICER,
PAN AMERICAN WORLD AIRWAYS, INC.

Mr. Chairman, my name is Dan A. Colussy. I am president and chief operating officer of Pan American World Airways. As Pan Am president, I direct the pattern of our airline operations and the marketing of our service products.

First of all I want to voice my thanks for giving Pan Am this opportunity to appear before your committee to present our views relating to the recommendations concerning a legislated national tourism policy and a Federal interagency coordinating mechanism to refine and see to it that the several policy goals and objectives are carried out.

Before proceeding, however, Pan Am wishes to make some general remarks to recognize your positive efforts on behalf of the tourism community of the United States and, indeed, of the entire world. Not only do you have an impressively consistent record of encouraging improvements in the Federal effort to promote and facilitate international travel to the United States but you also have a record of openly discouraging actions by Federal agencies having a negative impact on travel by United States residents to foreign countries. The international tourism community certainly owes you a debt of gratitude for your perception of the community's belief that world tourism is a constructive force to improve the world's economy, to create fresh sources of employment and—through the social, educational, and cultural impacts it makes—to contribute significantly to national and international good will and understanding.

The degree of your perception is evidenced and made more acute by your demonstrated awareness of the reciprocal realities of political relations between nations and the pragmatics of the competitive environment in which the foreign and domestic commerce in tourism is carried out.

Your vision of the pressing need for a legislated national tourism policy in order to bring cohesion to the Federal involvement in tourism and your persistence in bringing the National Tourism Policy Study to its present stage of development show not only the importance you attach to the benefits of tourism, but also your willingness to assume the burden of leadership in achieving the practical realization of these benefits.

While sectors of the U.S. tourism industry including states, cities, businesses and labor share this evaluation of the significance of the work which you have stimulated, I am particularly glad to speak for a private enterprise which has the longest experience and a most intensive interest in the development of international tourism.

Pan Am is recognized as the U.S. flag carrier which in its fifty year history has pioneered every significant overseas air route. Pan Am has been the leader in developing the technology which has made it possible for the world's air transport system to perform beneficially for the traveling public. We started operations between Florida and Cuba in October 1927, carrying our first passenger in January 1928. In our first year of operation we carried 1,184 passengers; five years later, in 1937, 100,000; in 1977 about 9 million passengers were carried worldwide by Pan Am—averaging about 25,000 every single day.

During all of our history we have been essentially an overseas carrier with our domestic routes having been confined until recently to the states of Hawaii and Alaska and overseas territories and possessions of the U.S. We now have some domestic fill-up rights, however, which begin to place us on the equal footing with other domestic and foreign carriers we have long sought. We recently announced a proposed merger with an essentially domestic airline which would create a more vigorous carrier able to compete more effectively domestically and internationally.

If you are a U.S.-flag airline that possesses a domestic system, you have a cushion against the effects of inequitable market access and discriminatory treatment abroad. This is particularly relevant to efforts of foreign countries to earn foreign exchange through subsidization of their national carriers. Additionally, the foreign-flag competitor not only has control of domestic transportation within its national market area but also practical control of the total market through government holdings in many of the retail and wholesale travel agencies.

Mr. Chairman, you have indicated that the travel/tourism industry contributes about \$115 billion to the economy of the United States. A recent estimate puts the tourism industry's current contribution to the world's economy at a level well over \$400 billion. It is a big, big industry which can continue to become increasingly vital if it is stimulated properly. Practically all long distance, interregional and intercontinental tourism develops through and depends on the world's air transport system. At the heart of tourism activity for the United States and its relation to the rest of the world is the U.S.-flag air transportation system.

It is for this reason that I will confine my testimony to the area in which we are most expert—the development of a strong inbound flow of tourism to the United States. It is also the area which most needs and will benefit most by the clarification of our national policy and the setting up of adequate coordination between the various involved U.S. Government departments and agencies.

The United States finds itself in an enviable position relative to other countries who find it necessary or desirable to increase visitor travel.

Those in national and international tourism organizations agree that governments themselves must undertake action in three general areas:

(1) They must take steps to provide an adequate "tourism plant". This includes provisions for hotels and other accommodations, for access to national scenery and historical sites and other places of cultural or recreational interest including private industry attractions;

(2) They must facilitate and remove the artificial barriers to travel making it easy for people to decide to come and to expect a warm welcome when the visitors enter their countries;

(3) They must vigorously advertise and promote their country as a desirable place to visit not only in competition with other governments but also to compete with the promotional efforts of those who have other goods and services to sell.

The U.S. domestic tourism industry is already a highly developed business and takes little in the way of expenditure or efforts by government or by the industry to meet the demands of service requirements of a greatly increased number of foreign visitors. There are hotels, motels and other accommodations in adequate numbers in the cities, along the highways and in the resort areas. There exists a wide range of prices and many facilities and services are well within the ability to pay of those with even the most modest means. There is no need to elaborate on the fact that the United States offers the scenery, summer and winter resorts, recreational and cultural attractions to entice, delight and satisfy the visitor. These are readily accessible by all modes of transport, including the automobile, and at relatively low prices.

To bring people in large numbers to the United States there is a well developed transportation system capable of meeting additional demand that is created.

On the negative side, it is true that there is still too much red tape involved for prospective visitors to obtain permission from our public authorities to visit the United States. Visa and other formalities deter tourist travel. The clearance procedures and the physical plant required by the public authorities add significantly to costs of operation. The inability of the public authorities to handle increased traffic are causing expensive delays to aircraft on the ground awaiting clearance, adversely affecting aircraft utilization and forcing uneconomic scheduling. Serious consideration must be given to finding the ways and means of establishing new facilitation measures including aircraft clearance procedures more nearly in tune with existing needs of the international traveling public.

On balance, however, and unlike many other developed and developing countries, the United States finds itself in the fortunate position of not having to invest excessive capital for the development of accommodations, facilities, services and attractions for foreign visitors. All the U.S. Government needs to do is provide the most vital missing ingredient for a foreign visitor development program. That is to finance an effective advertising and promotion effort to increase the volume of foreign visitors.

We have studied closely the policy statement containing the seven recommendations proposed in the Final Report of the National Tourism Policy Study to provide guidance for the numerous government agencies who now adopt policies and administer programs directly or indirectly impacting on tourism.

We have also reviewed the forty-five goals and objectives included in the seven policy recommendations and believe that, with certain modifications which we will suggest for legislation, they will give the necessary directions to assure that the Federal Government effectively responds to the national interests in tourism.

Likewise we have examined the Federal Government Interagency policy council organization proposed in the Report. We understand its purpose is to refine national policy and make certain policy is actually implemented by all the multitude of Federal agencies involved. This is the key to bringing cohesion to the extensive Federal involvement in tourism and, while the organizational structure may appear to some to be unwieldy, it must be the most practical arrangement to eliminate the uncoordinated Federal involvement in tourism.

At this stage of the hearings we will attempt to illustrate why a tourism policy is needed and how a congressional mandated interagency Policy Council provides the basic solution to the problem of implementation of policy relating to important international tourism objectives.

Take the recommended policy statement to "Encourage the free and welcome entry of foreigners travelling to the United States, while balancing this goal with the need to monitor persons and goods entering the country, and with laws protecting the public health." The objectives of this goal, according to the Report, are to (1) facilitate the entry of foreign travelers into the United States and (2) increase the awareness of United States travel and recreation opportunities among potential foreign visitors in their home countries.

As a policy to facilitate air travel to the United States this statement is inadequate. It is suggested that the policy statement be broadened to include the concept of facilitation of international air transport as it is used in the Facilitation Annex Nine to the Chicago Convention on International Civil Aviation (1944). Annex 9 establishes guidelines governing the clearance of aircraft and the persons and goods they carry across national borders. These guidelines, including provisions relating to services and facilities of the Customs, Immigration, Public Health and other public authorities concerned, are aimed at eliminating the costly "red tape" which is still prevalent in international travel by air. Many of the Annex 9 Standards and Recommended Practices were reinforced by the facilitation recommendations of the United Nations Conference on International Travel and Tourism (Rome 1963), concerning passports, unilateral or reciprocal waiver of visa requirements for temporary visitors, foreign currency and exchange controls, taxes, charges and fees levied on tourists on arrival or on departure.

Most of the legislation governing the activities of the Federal agencies, some of it predating this century, was enacted to carry out other public policies with inadequate consideration to the potential negative effects on tourism much less to its positive promotion. A national tourism policy to facilitate international air transportation would bring positive results if implemented through coordi-

nation by an interagency body mandated by Congress. There are a number of Federal agencies involved: the Treasury Department, Customs Service; the Attorney General, Immigration and Naturalization Service; State Department, Passport, Visa and Consular Affairs; Health, Education and Welfare, Public Health Service; Agriculture Department, Plant and Animal Quarantine.

Another recommended policy statement is "Optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, regional development and improved balance of payments". According to the Report important objectives of this goal, among others having a bearing on foreign visitor development, are to:

"Stimulate and maintain growth in demand for travel to and within the United States in primary and secondary foreign visitor markets".

(At present the "primary markets" are Canada, Mexico, contiguous to the United States, and the overseas markets of France, Germany, Japan and the United Kingdom. The secondary or "special" markets are Australia/New Zealand, Brazil, Belgium, Italy, Netherlands, Sweden/Norway/Denmark/Finland, Venezuela.)

"Support growth in the number of meetings and conventions (international) held in the United States."

"Stimulate growth in the number of international fairs and sporting events held in the United States."

"Increase public knowledge of United States travel and recreation opportunities among potential foreign visitors."

An effective program to encourage increased foreign visitor travel would bring positive results on the U.S. economy. The tourism industry is not a production-oriented industry. Rather it is an important labor-intensive service industry with unutilized capacity. It can be stimulated without creating significant inflationary pressures with positive results for the public and private sectors of the economy, particularly by creating more jobs, decreasing public spending for income maintenance and providing more tax revenues.

The U.S. Department of Commerce estimates that 1977 foreign visitors spent \$6.2 billion in the United States and \$1 billion for fares on U.S. Flag carriers; these expenditures supported 270,000 jobs. The \$6.2 billion spent in the United States resulted in at least \$434 million in Federal, state and local taxes.

In balance of payments terms in 1977 the United States registered receipts in tourism accounts of \$7.2 billion and payments of \$10.3 billion resulting in a deficit of \$3.1 billion.

If it is the policy of Congress to improve the balance through tourism, a very constructive way to achieve an improvement is for Congress to give specific directions which would require Federal agencies to undertake positive promotional programs abroad to stimulate greatly increased foreign visitor travel to the United States and such programs in the United States and in all foreign markets which would result in an equitable share of passenger fares for the U.S. Flag carriers.

For Congress to state policy giving the necessary directions is one thing. Implementation is another. We concur with the finding of the Report that it will take a high level interagency coordinating body to resolve the differing viewpoints of the several Federal agencies and bring about implementation of this policy and its objectives. Agencies in State, in DOT, in Treasury, in Commerce and in the CAB are among those involved.

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When it comes to promotion of travel to achieve economic goals and objectives, there is the question of how much does it take and who will do it.

The Report contains the findings of an examination made by A. D. Little of the areas of funding in the official tourism organizations of eight countries. However, there was no attempt to assess the funding needs to stimulate and maintain the growth in demand for travel to the United States. Apparently this assessment would be left for consideration by the Federal mechanisms established to carry out policy. We believe that the legislation should indicate that it is the policy of Congress in cooperation with public and private organizations to use all practical means and measures including financial resources, to stimulate and maintain growth in demand for travel to the United States recognizing that foreign tourism is a good business for the government to be in and that commercial advertising, publicity, and other promotional activities are the most effective way to stimulate this activity.

As a helpful guideline to determine the "financial resources" that might be required, the experts on tourism at the United Nations Conference on International Travel and Tourism held in Rome in 1963 suggested that a national tourist office budget for the purpose should be comparable to that of private sectors of the industry such as the transportation companies, particularly air carriers, who spend three to five percent of their sales revenues on promotional and selling activities.

The Conference felt that a working target of the budget amount to be allocated by governments to activities promoting their country as a travel destination should be three to five percent of the total expenditures made by foreign tourists in the country after arrival. The Conference realized that such promotion benefits a broad enough spectrum of the population to justify its being supported by public taxes. Some countries, notably Ireland, have reached this target amount. Thirty-five countries collectively spend \$420 million in promotional activities; the U.S. spends less than \$15 million. Foreign governments alone, not counting the expenditures of their national carriers, spend \$22 million in U.S. measured media advertising their countries as a travel destination while the U.S. Government allocates a mere \$2.0 million in countervailing consumer and trade advertising in the six primary markets where there is a USTS presence.

For the United States, taking only the three percent of tourist receipts would result in a total promotion budget of \$185 million which, if allocated to overseas markets on a tourist revenue receipts basis, would mean, for example, that \$30 million would be allocated for Western European markets—an amount possibly adequate for the task.

Mr. Chairman, it is difficult for government officials even those in agencies that have a direct interest in stimulating the domestic and foreign commerce to understand the need for commercial advertising and promotion. In the case of the United States the difficulty is compounded by the fact that there are so many agencies concerned. We thus look to and strongly endorse the Interagency Policy Council recommended by the Report as the mechanism to achieve necessary understanding among the agencies and see to it the policy is implemented.

I realize that the Federal implementing mechanisms will be the subject of hearings next month and early next year. However, I foresee that it may be determined as a policy matter that a government agency is subject to so many constraints that it cannot effectively carry out marketing programs. In this case the solution would be to turn to Discover America Travel Organizations, Inc. (DATO) as the private sector non-profit national organization for tourism in the United States through which the government would implement its policy goal to stimulate the growth in demand for travel to the United States. Responsive to the conclusions of the 1968 Presidential Commission on Travel, it was after all largely set up for that purpose and in its present form is a less complicated and more effective mechanism than that discussed in the Final Report. A parallel approach to this methodology can be found in the Defense Department's allocation of funds to private enterprise advertising agencies for their military recruiting campaigns.

Mr. Chairman, that concludes my statement. We hope to participate in the hearings on implementing agencies and programs. We are particularly interested in facilitation procedures, travel research and data collection methods, training resources and techniques for the tourism industry and the development of an attitudinal tourism consciousness throughout the general populace.

Thank you for hearing me.

Senator INOUE. Before proceeding with questions, I would like to hear from the rest of the panel, so may I now recognize Mr. Russell Stephenson.

STATEMENT OF RUSSELL V. STEPHENSON, PRESIDENT AND CHIEF EXECUTIVE OFFICER, HUGHES AIRWEST

Mr. STEPHENSON. Thank you, Mr. Chairman. In the interest of time, I will summarize my statement if you like.

Senator INOUE. Without objection, your full statement will be made a part of the record.

Mr. STEPHENSON. I'd like to first establish the credentials by which I'm here. I'm Russell V. Stephenson, president and chief executive officer of Hughes Airwest, which is headquartered in the San Francisco Bay area.

Let me summarize by saying that my company is the second largest among the so-called regional airlines in the United States. We are the only one that serves both Mexico and Canada. We have a very substantial interest in traffic from overseas.

For example, 140,000 foreign visitors, not including Canadian and Mexican—most of those from Japan, but we have a very fine balance of visitors from throughout the world on our airline tour system.

Senator INOUE. May I interrupt. Just a matter of curiosity. You're the second. Who is the first?

Mr. STEPHENSON. Allegheny is the largest.

Senator INOUE. Thank you.

Mr. STEPHENSON. Because of the importance of the international tourism, we have sales personnel of our own in Tokyo, Sydney, and in the U.S. entry cities of Honolulu and New York City. In addition, we maintain sales offices in Hong Kong, Rio de Janeiro, Brazil, Costa Rica, and three cities on the European Continent.

In terms of financial resources, that's a very substantial investment for us. I'm not sure that that couldn't be done much better by USTS or by some Federal budget rather than by us. I think more could be got from the same money perhaps.

Let me say that the programs that we have remind me of a French proverb which goes like this: "A good archer is not known by his arrows but his aim." Our view from our relatively smaller position than the three gentleman on my right suggests that we have different directions at different times at various thrust levels, by diverse uncoordinated groups and, quite often, without comprehensive awareness of what the precise target is and where it is located. In short, it all goes to say the thing you have been saying, we'd like a cohesive national tourism policy. We think that's very important.

We think that tourism, to summarize, is vastly understated not only as to what it contributes to the economy today but for its potential, and I would like to offer these observations as a summary of the strength of our feeling.

We think your national tourism policy, the one that you are now in the process of designing, should be very, very strong because if you have been unable to reach the White House so far we believe it's unlikely you will be able to reach them without a very, very strong policy.

Second, we believe that there is need for some kind of interagency

policy council or whatever to give direction and focus to the 18 to 50 or more Government agencies that are involved directly or indirectly in tourism. Certainly there needs to be some sort of a guiding force.

However—and I think this is one of the important points and here I endorse what I believe Mr. Bud James of the Sheraton Corp., said, a gentleman whom I don't know but whose views I share, that unless a sparkplug is appointed whose job it is to ignite the ideas and keep the finger on what I like to call the "hot button" of tourism, all of this is going to be just so much rhetoric and self-stroking and the kicking around of ideas, which is a phrase which I refuse to let my people use because all that means is we're going to have fun talking about something but doing nothing about it in the ultimate—and I think that's a disaster—and unless your next series of hearings which as I understand it will focus on the who is successful, I'm afraid all the tremendous work that you have been doing is going to go for nought.

I have suggested in my paper that someone like Nevada's Governor Michel Callaghan, who not only believes in tourism, but encourages, exhorts, cajoles, jawbones, and commends to make tourism work in Nevada, is the kind of person that is required.

Last, we feel that there are three levels of tourism. There's the international, which I suspect can best be done by the Federal Government. That is to say, bringing our neighbors from other countries to the United States. Then there's the regional-State which the Council of Governors as reported by Governor O'Neill and the USTS study has done a lot of work on and some tremendous good could come from that—could—because it will only come if it is focused on it.

Finally, there's the more local variety, which is best left it seems to me to the States and local communities.

Now I can skip over all of this because unless there is a focus on the "who" that's going to do this, all of the reams of paper and the rhetoric are going to do absolutely no good, in our judgment.

Senator INOUE. I agree with you, sir.

Mr. STEPHENSON. The one example that I offer as an addition to those Mr. Renda cited is in Phoenix where we have attempted for 5 years now to get a coordinated program among Customs, Immigration, and FAA, to get an expedited program for the entry of Mexico customers to the United States and we have so far failed with everybody doing his own thing. This is an example of the type of thing that Mr. Renda was talking about in Los Angeles and other places and the type of thing we would hope would be improved.

Now, if I may, just go to a summary, I think the Pacific Regional Seminar on Travel and Tourism held in Las Vegas, Nev., which was one I believe of five that Governor O'Neill was referring to, is the type of thing that can provide a tremendous amount of valuable information as to how things can be done, coordinationwise, among the Federal, State and local governments as well as private industry, and I would urge that when this report Governor O'Neill talked about comes out it would be worth studying as part of your recommendations. It seems to me that Nevada is a good example of where there is very active government tourism but they don't have a massive budget and a massive budget is not necessary. So we're talking about the need for action.

The caveat it seems to me are twofold: One is the proposition 13 syndrome, and the other is the environment. Let me point out that like

advertising budgets in industry, the easiest thing to cut to save money, the same thing will be true of tourism as it reflects proposition 13 activity as it becomes more a part of the U.S. scene, and it seems to me we need the Federal Government and State governments to help so that those two elements don't bring to frustration all of the other well-intentioned and good plans that you have.

We do not think the Government superagency will do any good. As a matter of fact, it will probably just slow things down. We think this strong man—let's call him a special ambassador for tourism or whatever—needed to keep this hot button pressed for tourism, is the type of thing that is required rather than any kind of superagency; which is not to say that this council would not be worthwhile with regard to however many Government agencies there are in tourism.

Nevada and Hawaii have successful tourism programs. I suggest sincerely that those be looked at for their elements of success and that to the extent they are appropriate they be copied for the balance of the United States.

In closing, I'd like to point out that if we look upon tourism as industrial development, which it truly is, rather than as a rather imprecise thing that is generally thought of, I think we would get far more attention to it and I can tell you that the cash flow comes from tourism much more rapidly than it does from industrial development in the pure sense. It's too bad that a crisis has to occur like that that Mr. Gillett has been through, of the nature of New York City, to get us to do something about the tremendous potential of tourism, and I would hope that your excellent efforts would permit that not to happen.

Last, I'd like to observe that if there's anything that will draw people from foreign countries to the United States, it seems to me it's a supermarket of opportunities presented in each of these foreign countries, and I don't believe that any of us or the airlines collectively are big enough to do that. I think that takes a Federal agency with imagination, with a program that's endorsed by Congress, pushed by the White House, and then I think you will begin to see a national tourism program that will truly come somewhere near its potential. Thank you very much.

Senator INOUYE. Thank you very much, Mr. Stephenson, and I concur with you 1,000 percent with what you have suggested. All the administrations from the very earliest days have filled the important positions in USTS not with sparkplugs but with good fund raisers. I just hope that when the appropriate time comes along, if and when we create this new group, that a sparkplug will be appointed. I look forward to that day.

[The statement follows:]

STATEMENT OF RUSSELL V. STEPHENSON, PRESIDENT AND CHIEF EXECUTIVE OFFICER, HUGHES AIRWEST

My name is Russell V. Stephenson. I am President and Chief Executive Officer of Hughes Airwest which is headquartered in the San Francisco Bay Area. Hughes Airwest is a regional airline that provides air transportation services to 57 cities in the United States, Mexico and Canada.

I have been in the transportation industry for more than 25 years, and was a founding director of Discover America when the late Senator Hubert Humphrey was taking a particular interest in domestic tourism.

In order to properly relate our services and what I presume to be the reason for my being invited to testify before this distinguished committee, I would

like to briefly describe a few characteristics of the geographic area we serve. Nearly all of the Hughes Airwest cities are in the eight western states of the United States and in the western portions of Mexico and Canada.

A majority of these cities can be described best as combination business-tourism destinations. But a number are almost pure tourism areas. We say that this traffic is "leisure-personal" oriented.

Last year we served nearly 5 million passengers. About half were tourist-related, as opposed to business. Exclusive of Canada/Mexico these tourists included nearly 140,000 foreign visitors, a majority from Japan, but the balance distributed from throughout the world.

This is one reason why we employ sales personnel in Tokyo, Sydney and in the United States entry cities of Honolulu and New York City. In addition, we maintain sales offices in Hong Kong, Rio de Janeiro, Brazil, Costa Rica, and three cities on the European Continent.

In terms of financial resources, we are much smaller than the other airlines represented here today. Yet we find it is imperative that we invest significant resources in overseas sales effort to promote and attract tourism to the United States, and specifically to destinations on our system.

This need to promote tourism also places us in the position to observe the international and domestic efforts of United States government tourism programs, and those of the private sector with regard to their effectiveness, cohesiveness, and priority.

These programs remind me of a French proverb which goes like this: "A good archer is not known by his arrows but his aim."

We in the United States seem to have a variety of arrows in our tourism arsenal—but they are aimed in different directions at different times, at various thrust levels, by diverse uncoordinated groups, and—quite often—without comprehensive awareness of what the precise target is and where it is located. In short, we lack a cohesive national tourism policy.

We in Hughes Airwest believe tourism is a key segment of the United States economy, frequently underrated as to impact. But understanding and developing the "hot button" of tourism, both internationally and domestically, could put it among the top economic impact areas in and for these United States.

But some things will have to change to make that come to pass. What those changes are and how to effect them is what you are seeking, as I understand the gut issue to which these hearings are directed.

Summarized, these are our observations:

(1) A national tourism policy must be enunciated by Congress. The strength with which the policy is stated will no doubt determine the level of attention of the White House and the myriad of government agencies involved. Such a policy will also provide encouragement and focus for the private sector that is struggling to achieve its objectives.

(2) Some method of providing direction to and focus of the 18 to 50 or more government agencies that are involved directly or indirectly with tourism is absolutely necessary. Coordination with the private sector is also a must. The Interagency Policy Council which Senator Inouye is suggesting appears to be a good forum for developing an understanding of the policy implications and for master planning coordination.

(3) However, results will only flow from the combination of the national tourism policy and the policy council if there is one "spark plug" whose job it is to ignite the ideas and keep the finger on the "hot button". Absent such an individual, only rhetoric, self-stroking and "kicking ideas around" will occur all without focused, consistent results, perhaps without any results at all.

I am thinking of a spark plug like Nevada's Governor Mike O'Callaghan, who not only believes in tourism, but encourages, exhorts, cajoles, jawbones and commends to make tourism work in Nevada, as an example.

(4) There are at least two, perhaps three specific levels of tourism: levels not in the sense of higher/lower but in terms of differences both of clientele and therefore approach:

(a) One is international development, bringing overseas neighbors to the United States wherever they may wish to go by geographic area.

(b) A second is regional and state development serving both overseas and domestic travel.

(c) The third, if indeed it should be considered separate from the second, and I believe it should for maximization of results, is state and local stimulation of essentially domestic tourism.

Clarifying the third, we lose sight of the fact that filling hotels and motels through pricing specials for honeymooning couples that may not be able to afford a distant trip, filling trailer parks in off-seasons and shoulder seasons and the like, are forms of tourism that need to be recognized and matured as do the more exotic. All of these are economic stimuli, the same as industrial development but much more readily within reach for many smaller communities.

All three require coordination, cooperation among the appropriate government and private sector elements; none can operate in a vacuum without firm direction and follow through. But these are lacking today and that is what you are here to do something about.

A sentence about each of these levels.

The neighbors from overseas (I decline to call him a foreigner in today's world.)

If the Federal Government is needed, this is the area. For Hughes Airwest to employ 3 agents in Tokyo to develop its Japanese business and the US Travel Service to employ 6 to develop business for all the US in much of the Far East does not make sense, yet funds are adequate for only that level of USTA service, I am told. Moreover, it is the Federal Government which plays the major role in handling the visitor's entry. One example of how the lack of coordinated national tourist policy impacts on Airwest is seen at Phoenix which is a major gateway for our system to and from Mexico. Today we serve more cities in Mexico than any other US airline.

We are trying to develop terminal facilities in Phoenix that would permit a smooth and efficient flow of incoming international passengers as well as meeting various federal requirements. So far this has been impossible.

Whenever we think we have a plan finalized to handle the incoming passengers, another federal requirement is imposed by Customs, Immigration or FAA officials. Each have their own set of parochial requirements. Some are essential . . . some in conflict with each other . . . and some are arbitrary and inconsistent. But, each presumably is faithfully doing its duties.

Parenthetically, when my staff researched this example, they asked our Phoenix personnel if we had any problems with health officials. I was told that we have had no problems, because they do not staff their offices at the airport.

The end result is—that after five years—our plans to achieve a smooth and efficient system for moving incoming passengers through our Phoenix gateway are still frustrated because of delays caused by federal requirements and/or lack of coordination among the agencies involved.

THE REGIONAL/STATE EFFORTS TO ATTRACT THE OVERSEAS/DOMESTIC TOURIST

Here the pin-pointing becomes more necessary. The coordination becomes more acute.

State/regional definition of a tourism policy and state legislative/private sector support are essential.

The most successful tourism campaigns with which I am familiar are the "Paradise of the Pacific" variety in which the state (or region) is the focus on the part of all concerned, and from which, then all local entities benefit.

TOURISM ON THE STRICTLY STATE/LOCAL LEVEL

The Pacific Regional Seminar on Travel and Tourism held in Las Vegas, Nevada under the chairmanship of Governor O'Callaghan actually was aimed at a combination of targets—points one, two and three just mentioned. It was one of five held around the US, the object of which was to develop specimen budgets. The question remains as to who is going to take management steps to convert ideas to policy, do the extensive work required to coordinate diverse interests, and push, push, push the decisions to action status.

Nevada has an active state tourism group which, from my company's experience, does bring the government and private sector interests into cooperative, effective focus. Other states will have to make a similar investment—in time and money. But a massive budget is not necessary.

CAVEATS

This leads one to two problems that must be surmounted and can only be by Federal and state policy statements, legislative action and "mediation services".

I am talking about Proposition 13 and about the environment, neither of which were problems of the past when dealing with tourism. They are today, in spades.

Under Proposition 13 type threats, tourism allotments are the easiest to cut out, like advertising budgets in private industry.

With regard to the environment, a balance must be achieved. It seems to me government cannot, indeed must not, leave that balancing act to private industry alone, political hot potato though it may be.

GOVERNMENT SUPER AGENCY?

No! Not from our point of view. If it is not possible to find a lead agency among the 18 government agencies I am told dabble in tourism today, setting up a super agency won't help. But a strong man to keep the "hot button" in pressure contact will. That, together with focus on tourism/travel as an economic plus to the United States, to the regions, to the states and to local communities can bring this "industrial development" objective closer to its potential, a potential, I believe, beyond those we today envision for it.

In no way facetious, I remark that if the committee can find answers as convincing as those the states represented by Senators Cannon and Inouye have found—Nevada and Hawaii respectively—we will have gone a long way toward relatively simple answers and achieved or at least achievable results. But each region/state has different offerings and problems that require attention directed specifically to them.

Thank you very much for the opportunity to comment on this very important and interesting problem which you face legislatively, but which we all face collectively if solutions are to be not only found but implemented.

Senator INOUE. Now I'd like to call upon Mr. C. E. Meyer, Jr., the president and chief airline executive of Trans World Airlines.

STATEMENT OF C. E. MYER, JR., PRESIDENT AND CHIEF AIRLINE EXECUTIVE, TRANS WORLD AIRLINES, INC.

Mr. MEYER. Senator Inouye, with your permission, I will read my written testimony.

First, let me state that while I'm chief executive officer of the airline, there is in our family Hilton International, which operates 77 hotels around the world and is building one in the United States now, and Canteen Corp., a major vending food company in the United States. The total revenues of the combined corporation will approach \$4 billion this year.

I very much welcome this opportunity to appear before the committee and offer some thoughts on travel and tourism, and the vital need for a national tourism policy. May I first, however, thank this committee, particularly you, Senator Inouye, for your efforts in bringing to the travel industry a significant measure of long-overdue recognition. The importance of the travel industry to the social and economic well-being of the Nation has never been fully understood nor appreciated. This committee's efforts in commissioning the study on a tourism policy goes a long way toward correcting that situation and focusing productive attention on a vital industry in our economy.

There can be no doubt about the economic importance of tourism when you look at just a few statistics. The industry contributes more than \$115 billion to the company, employs some 5 million people, many of whom are relatively unskilled and would swell the already high unemployment rate if they were not employer in tourism. As a further indication of its importance, I would note that tourism contributes approximately 5 percent to the U.S. gross national product.

The United Nations notes that by the year 2000 tourism will become the most important economic activity in most countries of the world.

It is regrettable that given the economic and social importance of tourism, this Nation has not had a national tourism policy under which the many Federal programs and those in the private sector dealing with tourism could be effectively coordinated. In spite of this absence, we will greet a record number of foreign visitors this year as the United States is truly a tourist bargain, thanks to a combination of low air fares and the relative value of the U.S. dollar against various foreign currencies.

As I mentioned, we are now enjoying significant traffic growth from overseas. The number of visitors is running well ahead of last year and the USTS is predicting some 20 million visitors. They will leave almost \$9 billion here in the cash registers of airlines, hotels, tour operators, restaurants, and other service businesses. Therefore, the sooner we insure a program to coordinate policy in this vital area, the more likely will be a continued growth pattern.

This year TWA alone will spend about \$4.5 million overseas to promote USA travel—this represents 35 percent of the total USTS budget.

Our latest overseas promotional efforts involve DATO where we are helping in the planning of a travel mart to be held in March in England to promote travel and tourism in America. The expectation is that such an event will bring together vendors and travel agents from across Europe, initially on a smaller scale than the big domestic powwows. But, like the recent Albuquerque session, they will be selling travel and tours. I mention this because it is a tangible example of an area in which I believe the U.S. Government can and has been helpful.

Let me now turn to the specific question of a national tourism policy, its objectives, how it should be coordinated within the Government, and how we in the airline industry have been affected by the lack of an existing national tourism policy.

We believe that the absence of a national tourism policy has placed the United States at a serious disadvantage vis-a-vis the other nations of the world, both in terms of attracting foreign visitors to the United States and in encouraging U.S. citizens to see their own Nation first. England, Ireland, France, and Canada will spend over \$100 million of their tax dollars to promote tourism within their nation. In the United States, our Government has committed less than \$15 million in 1978 to that goal and, frankly, much of those funds appear to be directed toward administration rather than promotion.

We believe that the greatest potential for increased tourism in the United States rests with developing a promotional program that identifies the many unique opportunities available for visitors from all nations. Of course, there is a need to insure that State and local efforts are coordinated in a fashion that permits appropriate attention to be drawn to specific areas during various times of the year.

Although TWA is both a domestic and international air carrier, we believe it is the international area that provides an opportunity for the greatest potential return on assets committed to the promotion of tourism. We believe there is a critical need to accelerate the efforts to ease international travel restrictions and inconveniences for foreign visitors. For example, there should be reciprocal waiving of visa requirements, expansion of customs preclearance, improvements in cus-

toms and immigration procedures, and an organized "Welcome to America program" for foreign visitors.

We believe that an expanded effort of the type developed by USTS would help draw many visitors to our shores, but we need to be prepared to accept them in the same efficient and open way now practiced by the European nations in receiving U.S. visitors. Naturally, this must be accomplished within the bounds of reasonableness in terms of protecting public health and immigration standards.

The policy enunciated by the A. D. Little report is, in general, a very effective description of what can and should be done in establishing a new direction for tourism and recreation. As indicated in my prior remarks, we would urge that the order of priority be adjusted to insure that increased attention is given to the development and implementation of an effective promotional program to take advantage of the balanced growth urged in the tourism-recreation area. Although research and statistical review is a very important aspect of the new policy recommendations, we would urge that care be taken to insure that the gathering of facts does not replace the practical work of providing an awareness of the many opportunities available in our Nation for visitors from overseas.

We also believe that a more sophisticated system of providing information at various key national gateway airports is needed. A multilingual capacity along with the availability of general travel information in several languages would demonstrate to foreign visitors the sincerity of the United States in welcoming them to our shores.

The coordinating mechanism suggested by the A. D. Little study in regard to industry involvement would appear somewhat cumbersome, and we would suggest that the existing Discover America Travel Organization provides a useful framework for further coordination. Therefore, creation of a new system to deal with industry matters does not seem necessary.

As to the basic organization, we would prefer to deal with a specific staff at an appropriate level within the Federal administration that would speak on behalf of all agencies and departments in regard to major tourism issues. Alternative 1, as described in the Little study, appears to provide the most effective means of coordinating policy. It clearly will not be an easy task and, therefore, great care must be taken to insure that the professional skill and reputation of the staff director are such that support will be forthcoming from the many organizations involved in this broad area of the American economy. Whether the organization should be a part of the Department of Commerce, Transportation or some other department or agency, is an issue that we will defer to the experts.

In closing, we would observe that a national tourism policy will be a major step forward in addressing one issue of great significance to our national economy. We support the effort and the program, and urge that action be taken to implement the recommendations as soon as possible, particularly in regard to a coordinated promotional effort designed to bring more visitors to the United States and to insure that they are welcomed as efficiently and as graciously as possible.

In closing, I would like to state most emphatically that I believe national attention both in terms of funds and recognition at a sufficiently high level of Government on a coordinated basis has been woefully

inadequate in the area of tourism. I believe that a \$3 billion deficit in the balance of payments generated in this area, which represents approximately one-sixth of this year's deficit, would have been turned into a positive contribution if several years ago our Government recognized the importance of this very productive service industry rather than maintaining a historical bias of greater support and attention to manufacturing and other allied segments of American business.

In short, Senator, I believe we have been missing the boat. One day your efforts in this area will pay off, as the importance of this industry to the U.S. economy cannot continue to go unnoticed. Thank you.

Senator INOUE. Gentlemen, I thank you very, very much. You have been extremely helpful. For my part, I can assure you that after spending 19 years in Washington, I'm not prone to just spin my wheels and introduce legislation just for the sake of introduction. I personally intend to do something about this. I think it's a scandal to see money frittering away and I know that something can be done.

I would gather that those of you involved in the international markets must have indicated concern to the Government on the lack of welcome that we seem to demonstrate at the ports of entry. What sort of response have you had?

Mr. COLUSSY. Senator, let me comment on that. We have had very recent discussions with the new Commissioner of Customs and I think for the first time we have seen a responsive attitude on his part. I think there is a constructive effort going on there now.

However, I think the problems are substantial, and if we don't get at the root causes which are basically the procedures rather than the facilities themselves, that we won't begin to solve the problem. We have tried to express this at all levels of government—local and at the Federal level—but I think the problems facilitywise seem to be ones that just supplies a solution in the short term, so it really has to be directed first at the procedural side.

Senator INOUE. I realize there are many factors. For example, in the case of Honolulu, you have the problem of pileup caused by take-off schedules.

Mr. COLUSSY. Right.

Senator INOUE. You have curfews, also. But would the expansion of facilities improve the situation?

Mr. COLUSSY. There's certainly some potential for the expansion of facilities. I think in Hawaii specifically the facilities there are probably better than they are, frankly, at some of the other gateway cities. My recollection is in going through this exercise a number of times within Pan Am, is that there's more of a manpower staffing problem in Honolulu per se than some of the other gateway cities such as Los Angeles, which has already been mentioned by Mr. Renda. There you have a very acute facility situation.

You simply do not have an adequate area to process the number of people that are coming in on the various flights. So I think it's a combination, but I would really hark back to what I said earlier; I think we need to look at procedural ways to expedite the processing of inbound passengers as the principal approach short term at least to this problem, as well as an expansion of preclearance procedures.

Senator INOUE. I think it's amazing that we are enjoying such a boom when you consider that we hardly make any effort as a Gov-

ernment to entice people to come here. I always pick upon little Ireland as an example. They spend twice the amount we spend throughout the world in the United States. Ireland just spends in the United States to entice our people to go there and kiss the Blarney Stone. I think it just doesn't make sense. We have a product to sell but we don't wish to sell it, and when we do make a sales pitch and they respond to that sales pitch and get here they find that they are not welcome.

How do you, as chief executive officers in the private sector, cope with this, knowing that some of your passengers may be facing difficulties? Do you do anything to ease their pain?

Mr. COLUSSY. Well, it is a very difficult service problem and, of course, the difficult part about it for the airlines is we get blamed for it. The private sector really gets the blame for this inadequate situation.

We try to make up for it in as many ways as we can, by having special people meet and greet the aircraft, explain to them what the problems are; but beyond that, you really can't do much other than to provide whatever services you can once they are on the ground for their connecting flights and other services they might require.

Senator INOUE. Just for the record, how do our gateways cities facilities compare with, say, Heathrow, Orly, or Rome?

Mr. COLUSSY. I'll let Mr. Meyer also comment on this. Certainly in the case of Heathrow, the customs and immigration are clearly much better than ours because of the procedures they use. Frankfurt would be the same way. Rome I think represents a problem that might be comparable to our own. But I think as a general statement, if you take the major industrialized countries around the world—and there, of course, are exceptions to this—they basically do have better reception facilities than we do and, again, there are some obvious exceptions to that, but I think it lies in the area of the procedures they employ for both immigration and even more importantly the customs requirements are generally a lot simpler than ours.

Therefore, this prevents all the backlog and long lines. Mr. Meyer may want to add to that.

Mr. MEYER. I think, Senator, I largely concur with that statement. Possibly only at New York do our facilities approach, let's say, the ability to handle volumes of people that they can handle in Orly or at Heathrow. When you get to Los Angeles or Chicago or any of the other points of entry, they are quite inadequate for the traffic.

Mr. RENDA. Senator, may I supplement that, please? I join with what these two gentleman have said, but I think there's one thing that, in my judgment, is lacking in the United States, and that is a lack of attitude, an attitude of trying to encourage travel to this country. As one moves from the United States to other foreign countries you find that procedures have been expedited, as Mr. Colussy said, so as to make it much easier for people to come in. Here we seem to find at practically all the gateways we go to extremes to make it more difficult and to me it's a general attitude that prevails throughout the country which is a lack of the understanding of the importance of bringing tourism and business to this country.

Senator INOUE. I've made the point in the past 19 years whenever I travel abroad at least on private aircraft to use my regular passport instead of my official passport and go in line with the rest of the people. From my personal experience the reception I get here as

compared to it would drive me to tears as to the type of reception for example, that I get in Australia. Entering Australia I just walk right through. I think they have a system of inspecting one out of every five and at that I was one of those picked, and they were very courteous about it, no fuss. I thought that I might have some difficulty in Spain because of this change in government, and even though I didn't understand Spanish and they didn't understand English, we got along very well.

Almost without exception, other than Honolulu because somehow they recognize me there, in other gateway cities, be it Dulles or Boston or Miami, I hate to tell you for the record my reaction to it. If an American citizen gets that hassling, I can imagine what a foreigner gets.

So I would hope that something can be done, that a change of attitude, as Mr. Renda indicated, can be brought about.

Are you satisfied that the recommendation here is a workable one? We'd hate to go through this and finally realize that this is at best a pie-in-the-sky deal. You're all management experts so that's why I'm asking this.

Mr. COLUSSY. Senator, at Pan Am we definitely believe it's workable. We think a specific policy statement is needed backed up by legislation, and as I tried to say in my official comments, we believe that adequate funding is what really will make it come to life. I think in order to get the sparkplug we talked about, in order to get the organization and the interagency cooperation, there really has to be funding that would indicate the importance of tourism to the country. So we believe at Pan Am that those are the two crucial issues—that the policy must be stated by legislation in order to get the attention of the executive branch and, further, that sufficient funds have to be available to indicate its importance. And when you're talking about a \$13 million budget for USTS, right off the bat everybody assumes it must not be very important because that's how much it costs to operate a battleship for a day or an aircraft carrier. So it can't be all that important to the national interest. I think the amount of funding that it's given and, of course, given proper management, will go a long way in assuring that the mandate of Congress is carried out.

Mr. RENDA. Senator, I would add two other ingredients. No. 1, I think that no matter how you structure this—I'll talk about the mechanism for a moment—it must have high visibility. It must be given the importance and the attention. Second, I think in the final analysis there must be accountability. The only way you can have accountability is that that agency or council or whatever it is that you're thinking of creating ought to be held accountable to the Congress to report periodically as to what's being done. That's the only way you can control it, in my considered judgment.

Senator INOUE. I suppose we're unanimous in support of the findings of the Arthur D. Little report that at the present time there's little or no coordination among the various agencies.

Mr. MEYER. We are.

Mr. COLUSSY. Very much so.

Mr. STEPHENSON. Correct.

Senator INOUE. Would you also say there's very little cooperation? After all, we have no policy, so there's nothing to cooperate with.

Mr. COLUSSY. I think it would be a fair statement, and if I could just add one thing, Senator, the interagency council that's been proposed obviously is large and unwieldy, but on the other hand, we could come up with no alternatives for it. I think it's just a fact of life we have to learn to deal with. Hopefully, in time, it will become more streamlined and doesn't have to be that large and difficult to coordinate, but for openers, I don't think any of us can come up with anything better.

Mr. MEYER. I would like to add to that that I think it is a good workmanlike approach, but I don't think that it goes far enough. I think it's a first step, but it has to have high visibility and attention of the Government or it will go nowhere.

Senator INOUE. Let me assure you that this is going to be an uphill battle because you can imagine what we have to go through to create one position, the Assistant Secretary of Commerce in charge of tourism. When this Senate recommended that, the administration, true to form, opposed it. The only good reason it could give us was that if you created an assistant secretary's position you would have to buy another motor vehicle and assign a driver to it. That would be adding cost to the Government. It was at a time when the major industrialized countries were naming ministers and other cabinet officials to this high position, but we were criticized for even wanting an assistant secretary.

I agree with you that it has to have high visibility and, more than that, it becomes a very human thing as to who serves in that position. You could have the best mechanism and the best structured organization, but if you don't have this sparkplug that you speak of, it might just fall on its face. I just hope we don't make that mistake.

Are we all in agreement here that the present situation is not acceptable?

Mr. STEPHENSON. Affirmed.

Mr. COLUSSY. Yes, sir.

Senator INOUE. Then you don't agree with the assessment on the part of the administration that everything is well and we should leave everything alone?

Mr. STEPHENSON. I don't believe the administration knows what the situation is.

Senator INOUE. I wish I had said that myself.

Mr. STEPHENSON. Maybe I shouldn't have.

Senator INOUE. Well, I'm most honored, and I say this very sincerely, by your presence here. As far as I'm concerned it indicates to me the importance you hold for this business. You could have very easily have sent an assistant to an assistant to comply with our invitation, but as a person I'm honored; as a member of this committee I'm honored, and the U.S. Senate is honored by your presence and we will not let you down. Thank you very much.

Our final group this afternoon is from the American Express Co., Mr. Aldo Papone, president of the Travel Division of the American Express Co.; Mr. Harry L. Freeman, senior vice president, American Express Co.; and Hon. Kevin Pakenham, editor of Amex Bank Limited of London. As I indicated to the previous panel, I'm indeed very honored by your presence here, especially our friend from London. It's not often we have someone from the mother country come here. Shall I call on Mr. Papone first?

**STATEMENT OF ALDO PAPONE, PRESIDENT, TRAVEL DIVISION,
AMERICAN EXPRESS CO.; ACCOMPANIED BY HARRY L. FREE-
MAN, SENIOR VICE PRESIDENT, AMERICAN EXPRESS CO.; AND
KEVIN PAKENHAM, EDITOR, AMEX BANK LTD., LONDON, ENG-
LAND**

Mr. PAPONE. Mr. Chairman, I am honored and very pleased to have this opportunity to present my company's views on this first phase of hearings on the national tourism policy. With me is Harry Freeman, senior vice president of American Express. Mr. Freeman is familiar with the issues at hand. Between us, we will attempt to answer any questions you may have.

American Express Co. is a major supplier of financial and travel services worldwide. Our services are either directly or indirectly related to what is generally regarded as tourism. The company is vitally concerned with the attitude of our Government towards tourism both in the United States and abroad. We have followed closely the progress of the national tourism study, authorized in 1974 by Senate Resolution 347, as well as other developments concerning tourism in the world. We consider these matters extremely important for our own operations and for our planning.

With that in mind, I would like to spend a few minutes on a general perspective of tourism as it relates to the larger grouping of industries known as the service sector. To be fully understood, the tourism industry should be considered in this larger framework. American Express Co., as a supplier of various services, is part of this sector.

It is a fact that the United States has become very much a service economy. Over 52 percent of our gross national product, excluding government, originated in the service sector in 1975. A report recently issued by the Bureau of Labor Statistics indicates that most of the employment growth in the past 50 years has been in industries which product services rather than goods. Today, the service sector represents approximately two-thirds of the total U.S. work force, and the BLS estimates that by 1985, three-fourths of the U.S. work force will be employed in service industries.

While the United States is probably the most service-oriented economy in the world, the potential significance of this fact and its implications for economic growth and job creation, are only now being realized. As we attempt to increase recognition of the tourism industry by the governments and people of the United States, we must keep in mind the general lack of appreciation for the role and size of the service sector of which tourism is a part.

The service industries play a significant role in our balance of trade. In December 1976, the Department of Commerce issued a study entitled "U.S. Service Industries in World Markets." This report was the first comprehensive analysis of the U.S. service industries in international commerce, and was significant in that it acknowledges that service sector participation in international markets is large and growing. The study notes that in 1976, approximately 11 percent of the total amount of U.S. sales of goods and services abroad, both directly and through foreign affiliates, is accounted for by the service industry. These sales now exceed \$43 billion annually, and we understand are estimated at more than 26 percent of the U.S. total. The

Commerce Department study recommends strong Government support and encouragement for the growth of our service businesses abroad. There is an excellent opportunity here for the tourism industry to benefit from such support.

Earlier this year, the Commerce Department created a new division to deal specifically with trade problems of the service sector. We commend this decision and intend to use that new facility. We urge others to do likewise.

Also, early this year, the Office of the Special Trade Representative managed to get the issue of nontariff trade barriers to the service sector put on the formal agendas of the General Agreements on Trade and Tariffs (GATT). While we don't expect quick action in the GATT, we think the agreement to include services in future negotiations is a major step forward.

Just last month the chamber of commerce formally recommended the formation of a coordinating council made up of representatives of Commerce, State, Treasury, Labor, and the STR. Chaired by the Commerce Department, it would focus attention on the international trade and investment matters relevant to the services industries—on a routine continuous basis.

I know you are aware of these positive steps, Mr. Chairman, since you have been so vitally concerned with proper recognition and appreciation for the tourism industry.

We at American Express, on behalf of this whole industry, would like to acknowledge our good fortune in enjoying your leadership, personal interest, effective involvement, and achievements in and for the tourism industry.

We believe that other industries in the service sector can and should be supportive of efforts to assist the tourism sector—and vice versa. Just as we at American Express think in terms of our own services and our own operations with a view of optimizing coordination between and among them, we believe it appropriate to consider the analogous interrelationships among the various parts of the service sector. Accordingly, efforts to improve the status of the tourism sector will favorably affect other parts of our service economy, and will also provide an additional rationale for addressing tourism-related issues.

Tourism is a key factor to improving the overall balance of payments. According to a very recent issue of the *London Economist*, by 1977 foreign tourism in the United States had increased 40 percent over 1975, resulting in a total of \$6.2 billion in foreign visitor spending in 1977. This still left a net deficit for international travel of over \$3 billion for 1977. Most significantly, the *Economist* suggests that the deficit will shrink dramatically in 1978, and may be in balance in 1979. This must assume an effect of national policy, and this is critically important to our economy even though the tourist imbalance is only a small part of our trade deficit. The fact may well be that the area where we can improve our overall balance-of-payments problem most rapidly is the tourism sector. This fact alone underscores the serious need for a national tourism policy.

Some of the other key points on the importance of the industry were well articulated by William B. Walton, vice chairman of Holiday Inns (who appeared last week before this committee), in a 1976 speech when he said, and I quote:

The service-skilled person has great opportunities in the tourism industry * * * there is no other industry which provides employment to more people with a greater variety of skills than travel and tourism * * *.

Not only does our industry encompass airline pilots and other professionals, but also, mechanics, desk clerks, porters, maintenance people, bus boys, life-guards, maids, waitresses, short-order cooks and counter salespeople, service station attendants and gatekeepers and guides. Tourism provides a wealth of part-time work for college and high school students. It's where the kids work for and with Mom and Pop. It is a major source of primary and secondary income to a significant segment of our population.

There are at least four million Americans that make their living from travel and tourism. That is a 5.4 percent of the entire labor force in America. My figures tell me that is more than are engaged in agricultural work, which employs only 3.8 percent of the work force. It's an amazing figure. And more amazing is the fact that so few people know about it.

The importance of attracting foreign visitors to our shores is just beginning to impress the American statesman and economist. The average person just doesn't grasp the fact that international tourism can truly be one of our most important and gainful exports. "Export" is a valid and appropriate term for this because the foreign traveler to the U.S. is buying our tourism services. The difference between buying refrigerators or wheat or raw steel is that those products are shipped to the purchaser's country whereas when a foreigner buys tourism and travel in the United States, he comes over here to collect it and pay for it.

Every foreign visitor to the United States last year (1976) bought \$359 worth of U.S. tourism "service." In 1974, U.S. tourism exports totaled \$4.8 billion which was 4.9 percent of our entire export total. Tourism was the fourth-ranking export exceeded only by machinery, transport equipment, and grains. In 1976, tourism exports were twice as much as iron and steel, and 2½ times more than textiles.

Mr. PAPONI. With the general expansion of the services sector as an employer, the rapidly changing demographics of the U.S. population, such as the increasing number of persons in higher age brackets, tourism offers enormous opportunities for retraining and redirecting human resources. A national tourism policy might have, by this time, produced Federal grants to universities for tourism education and training; and other kinds of Federal funding of tourism education projects. As Robert Juliano, legislative representative of the Hotel & Restaurant Employees & Bartenders International Union, said here last Wednesday, and I quote, "We can absorb into our job mainstream unskilled, semiskilled, minorities and disadvantaged, and certain qualified professionals, because of the variety of jobs our industry has to offer." We agree.

It is also widely acknowledged that for the first time in 40 years the United States is an affordable and attractive destination for large numbers of foreigners. However, in the context of their own cultural, educational, and economic backgrounds, to these foreign citizens the United States is very much an "emerging tourist destination." The United States as a place to visit is not well understood even in such advanced areas as Western Europe.

The Government should continue and increase its programs for foreign citizens informing them about, and selling them, the United States as a leisure destination.

The Government should be more aggressive in making economical air transportation available to these people. The favorable impact of air chartering on the development of new destinations is a well-known phenomenon in tourism.

In the final analysis, we must go out and sell ourselves to the rest of the world. The Government should expand its support of tourism trade missions abroad. The efforts of competing nations are well known,

and some are much larger than our own. This imbalance in promotional effort must be addressed.

And, as William Seawell, chairman of Pan American, said in Tokyo last September:

If present trends continue, tourism may well become the world's largest industry. It can also become the most significant contributor to the economic growth of the developing countries. It is conceivable that the worldwide travel industry consists of greater numbers of individual operational units, many of them quite small, than does any other industry except, perhaps, agriculture.

We also think there is much validity in Herman Kahn's prediction that by the end of the century, tourism will be one of the largest industries in the world, if not the largest. We are making our business plans utilizing that prediction.

Turning now to the specific purpose of this hearing, we understand that this first phase of the hearings "will be concerned exclusively with testimony on the objectives which a national tourism policy should seek to achieve, and the most effective Federal mechanism to coordinate such a policy among the many Government agencies having programs and responsibilities which impact travel and tourism."

Mr. Chairman, you set the proper tone in April, when delivering the Arthur D. Little study, you said, and I quote: "I am hopeful that from the report and the ensuing hearings, legislation will evolve which makes sense out of the Federal Government's extensive but disparate involvement in travel, and meets the needs of the industry in the process."

Your speech on April 25 of this year before the DATO Annual National Conference in Chicago succinctly laid out some of the problems which we have today, yet which might not be with us if we had an effective national tourism policy:

The administration's unwarranted effort to automatically disallow otherwise deductible amounts spent for business entertainment and travel, has had the tourism industry not only alarmed throughout the year, but also caused material diversion of time and talent which might otherwise have been spent on positive progress.

Your comments about policies and regulations regarding visas, customs, and immigration procedures are well taken. While we do recognize the need for protection against the entry of illegal goods and aliens, and do acknowledge national health needs, we agree with you that present policies unnecessarily hinder, and provide a disincentive to inbound tourism traffic to the United States.

If we had had a national tourism policy written into law in 1976, I do not think we would have had the provisions which restrict deductibility of business expenses for attending foreign conventions and meetings. We know that you have been leading those in the Congress who seek either repeal or amelioration of those rules, and we also have been working in this direction. We applaud your efforts and look forward to continuing to work with you to change these laws.

You and others have identified the additional problems and deficiencies which might have been avoided or alleviated by an effective national tourism policy, so I will not go through our own laundry list. Suffice it to say that tourism is a widely misunderstood and undervalued industry. It is highly diversified with respect to sizes and kinds, and insufficient communication and cooperation exist among the segments. This subject has been effectively covered by others and, no doubt, will be heard often in these hearings.

Our principal thesis today is that we do very much need a national tourism policy and a coordinating mechanism written into Federal

law and we need it soon. We support it now and pledge our efforts to work with you until passage by the Congress.

Turning to the subject of the policy statement itself, we think a comprehensive, effective policy statement should be legislated as soon as possible.

We have examined the draft policy statement suggested in the ADL study (sec. 2(a) of the draft bill on p. 29 of the ADL report). We think the draft is acceptable insofar as it goes, but in our judgment it does not go far enough. We think it ought to include some further statements.

First, many elements of the tourism industry have developed over the years which are essential to maintaining healthy competition and vitality in the travel industry. For example, we think that retail travel agents of all sizes are a vital component of the industry. Little recognition has been given by the executive branch, or by the CAB, to the major role that travel agents play in the economy or to the real services and choices that they afford the consumer. When air transportation matters are considered, there is preoccupation with the air carriers, and little room for consideration of the role of the travel agent who serves as the principal marketing arm of air travel.

The continued adherence of the GAO to a policy absolutely preventing travel agents from handling any U.S. Government official travel anywhere without room for experimentation or even proposals which would allow American travel agencies to get into that business is an example. It is appropriate that this flat prohibition be reviewed.

The continued adherence of the GAO to a policy absolutely preventing travel agents from handling any U.S. Government official travel anywhere without room for experimentation or even proposals which would allow travel agencies to get into that business is an example. It is appropriate that this flat prohibition be reviewed.

Also, pending before this committee is a bill, S. 3363, the "International Air Transportation Competition Act of 1978," a section of which would harm, maybe irreparably, one of the most entrepreneurial and competitive enterprises that has developed in the tourism industry, namely charter operators. In the hearings on August 24 on that bill, a statement made by the U.S. Tour Operators Association (USTOA), opposed section 3 of that bill which would allow airlines, for the first time, to organize and sell charters directly to individual passengers. As the USTOA spokesman said:

Today, nearly 300 independent tour operators throughout the United States provide charter and other air tours, many to foreign destinations. Most tour operations are medium-sized or small businessmen. These tour operators are the aviation industry's only true bastion of free enterprise. They compete with each other as to both price and the composition of holiday packages. So long as this competition continues, tour operators and airlines must offer charters and tours at the lowest possible prices. The consumer gets the best bargain that competition can provide.

While I was initially hesitant to get into such a specific matter, it seems to me that consideration of a broad policy statement without regard to present threats to essential components of the tourism industry would be misplaced.

I will not go at length today in the interest of time, Mr. Chairman, but I would like it noted that the industry often feels that in Government circles it does not get the attention it needs and merits.

An additional paragraph in the policy statement spelling out the role and importance of some of the specific segments of the tourism industry, such as the retail travel agents and charter and independent tour operators, and directing the executive branch and the regulatory agencies, such as the CAB, to take these segments into proper account when formulating their policies and regulations would be highly desirable. We at American Express would be pleased to work with you and your staff to develop additional language.

Second, we are disappointed that the draft policy statement does not get into the areas of consumerism and product integrity. Our chairman, James D. Robinson III, has stressed our company's commitment to "straightforward value in all of our services * * * to consumer satisfaction with all of our products and services." My own view is that a critical aspect of the consumer, and that the travel agent is a key element in providing that freedom.

Furthermore, there must be a commitment to create realistic expectations on the part of our customers. At American Express, for example, employee training and operating standards are geared to delivering what we promise. We have woven "product integrity" into every facet of my travel division's operation, and it should be in our national tourism policy.

Again, Mr. Chairman, we would be pleased to help develop appropriate language with you and your staff to bring this particular consumerism aspect into the policy statement.

Third, we think that the policy statement ought to specifically address the question of reducing nontariff trade barriers to the tourism industry, and direct the elements of our Government to aggressively protect American interest insofar as tourism trade is concerned. For example, in the past 2 years, five European countries have passed laws restricting the flow of data across national borders. These laws have been labeled as being primarily concerned with privacy but could have a profound impact on tourism. While we support reasonable protection of individual privacy, much of this legislation has an overtone of protectionism.

We at American Express are also vitally concerned with trade issues. You may know that, through the Subcommittee on Tourism of the U.S.-U.S.S.R. Economic Trade Council, we recently agreed with the U.S.S.R. to institute a series of noncurrency tourist exchanges, which will allow Soviet and American professionals to visit their counterparts in a way which generates dollars for our tourism industry, but which overcomes the traditional Soviet reluctance to spend foreign currency on tourism. We believe that this format will apply to all countries with foreign currency restrictions, which often become a convenient excuse to restrict two-way tourism traffic.

This is a most complex subject, but I think the policy statement ought to address trade barriers in tourism and, again, we would be most happy to work with you and your staff to develop appropriate language.

Fourth, we think it is appropriate in the policy statement to say something about the rights of Americans to travel abroad with minimum complications imposed by our own Government. While we recognize certain necessary rules regarding passports and the like, we think the country could take a more positive stance concerning Amer-

icans and their travel abroad. Section (4) talks about foreigners coming to the United States which is important; section (2) is concerned with U.S. residents and foreigners traveling in the United States, and this is proper. But we think it is incomplete without a strong affirmation of the basic right of U.S. citizens to travel abroad with a minimum of hindrance.

Fifth, we think the policy statement ought to mention the importance of payment mechanisms in tourism. As you know, Mr. Chairman, my company is in the business of issuing and processing American Express travelers cheques and the American Express card around the world; surely, these products are known to you. The travelers cheque has also been a major force in developing national and international tourism. We think that it is also clear that much of the growth of tourism to date has been fueled and facilitated by the continued development of the modern credit card for people away from home. A versatile charge card covering travel purchases and entertainment expenses, has probably become the single most universal form of currency for the international traveler on every continent.

I raise these points because I do not think many persons stop to consider the critical importance of these payment mechanisms to tourism. Technology is moving toward more electronic techniques of funds transfers and governments will be involved in setting some of the ground rules for national and international transfers of funds. We think the policy statement ought to recognize the relations of tourism and stress the importance of maintaining alternative payment systems throughout the world to serve travelers.

Sixth, we think the policy statement ought to specifically recognize the need for acceptable statistical definitions for measuring the economic and social impact of tourism. Existing measurements are imprecise, overlapping, and inadequate. We in the private sector must do long-range planning for our businesses. We need good information to do that planning. We need the recognition of tourism as a distinct industrial category and all that follows from that treatment. The statistical information, based on uniform and accurate statistical definitions, is really critical. Hence, we would like to see that major goal of the law embodying our national tourism policy. Again, we would like to work with you on specific language.

I would like to repeat that we strongly endorse the draft policy statement as prepared by ADL as an able beginning and hope that our additional thoughts as outlined will add to its overall impact and credibility.

The subject of a Federal coordinating mechanism, I think, is more difficult. Personally, I claim no expertise whatsoever in this field. Harry Freeman has spent several years in the executive branch and, in fact, has had the experience of helping to develop the concept of a new agency, helping to steer the authorizing legislation through the Congress, and finally launching the agency. So I hope that he can answer any questions you may have on this subject.

We do have some observations on the coordinating mechanism. We agree with the position of DATO, which we understand will be delivered here on September 28, that "there is basin for skepticism as to the effectiveness of coordinating bodies within Government." That

does not mean it cannot be tried; if it is found wanting, it can be improved, or changed, or discarded, as indicated.

Certainly, as you discussed the spark plug concept today, if it is going to have any chance of success, we think an effective coordinating mechanism must have a few obvious characteristics: It must have (a) good people, (b) adequate information, (c) clear direction in its authorizing statute, and (d) some enforcement mechanism in accomplishing its mission. High quality appointments can be anticipated by creating positions at Executive Level IV, or above, so that the advice and consent of the Senate must be involved in the selection and appointment process.

We think that the "people" issue is one that must be addressed jointly by the administration in the appointments process, the Senate in its confirmation process, and by the full Congress in its oversight function. In our experience, the more interaction between Executive and the Congress, the greater the chances for getting and keeping the best possible people.

We think that the "adequate information" issue can be handled by appropriate authorizing legislation and sufficient budget, as can the "statement of mission" of the coordinating function.

The issue of "teeth" in the coordinating function is the tough one. There is no easy solution. We do not think that placing the coordinating mechanism in the Executive Office of the President is necessarily an automatic solution to that problem, for other coordinating mechanisms, so placed, have failed. However, we see no other obvious place to put it. The trend of putting agencies and offices in the Executive Office has produced a situation, we submit, that can actually result in downplaying the importance of a subject—the opposite of the intention.

Hence, we think that the issue necessarily revolves around the level of the positions, the need to require Senate confirmation, the need for effective congressional oversight, and whether a new agency for tourism to be formed—the subject of the second phase of these hearings. We do think it is critical that this subcommittee retain oversight jurisdiction over any emerging mechanism or agency, and care must be taken in setting up the coordinating function in that regard.

This week in Washington is the annual meeting of the World Bank and the IMF and I'm pleased to be accompanied by Kevin Pakenham, who is the editor of the Amex Bank Limited in London. Amex Bank is a European subsidiary of the American Express Co. Their monthly publication concerns itself with monetary and international economic matters and we have asked Mr. Pakenham for his comments about the importance of tourism in the United Kingdom and his remarks were so interesting that I thought you should have the opportunity to hear some of them firsthand. Hence, with your permission, Mr. Chairman, I would like to introduce Mr. Pakenham and ask him to make a few comments on the Government's role in tourism as seen by the United Kingdom.

Senator INOUE. It's my pleasure having you here, sir.

MR. PAKENHAM. Thank you very much, Mr. Chairman. I must say that I'm very honored and very pleased to have this opportunity to talk to this most distinguished subcommittee.

I am British and primarily an economist and a banker, so not closely involved in the tourist industry on a day-to-day basis, but I can bring you some idea of the impact of tourism in the United Kingdom and indicate what is being done by the Government to promote it.

As recently as January of this year, Lord Ponsonby, opening a special debate in our House of Lords, pointed out the growing importance of the tourist industry to the United Kingdom economy. He stated that tourism ranks as our largest export of invisibles having overtaken insurance and shipping for the first time last year. He said, and I quote, "It is an industry which produced estimated foreign currency earnings of 3,000 million pounds, about \$6 billion, in 1977, 50 percent greater than the estimated contributions made by North Sea oil to the balance of payments in 1977." He also noted that it is an industry which provides some 2,250,000 jobs directly, which is 8 percent of our domestic employment in the United Kingdom. Taking into account indirect effects, total employment from tourism is estimated at near to 20 percent. Tourism also makes a major contribution to the preservation of historic monuments and cultural activities. This comes from the high level of tourist earnings. The Parliamentary Under Secretary of State Department of the Environment stated, "London's theatres could probably not survive, certainly not at present standards, were it not for overseas visitors. Most of our ancient monuments, historic buildings and stately homes rely to a substantial extent on foreign tourists."

This, for me, is a very powerful quality of life argument. The British Tourist Authority estimates that by 1985 tourism can generate some 9,000 million pounds, about \$18 billion, per year. The implications of this growth are important as perhaps another half a million jobs may be created, many of them in small industries.

Lord Ponsonby noted that the full commitment of authorities to the development of the country's tourist potential is vitally necessary. The Government has been called on to recognize the value of the tourist industry through the creation of a specific minister for this purpose, a Minister of Tourism. In addition, an increase in the number of offices maintained overseas by the British Tourist Authority is being urged over the present level of 22.

In sum, the United Kingdom is rapidly moving to enhance its earnings from this vital source and if I may echo what you said at the beginning, I hope that the United States may take a lead from the mother country in respect to tourism. Thank you.

Senator INOUE. We have much to learn. Probably, when it comes to tourism, we are still behaving like a colony. We hope to change that, sir.

Mr. Papone, before I proceed, I would like to assure you that I concur with you fully that the policy should have greater emphasis on the importance of the travel agent. It's like operating a car without wheels. So I will be assigning staff to meet with your staff to draft adequate and appropriate language to provide this proper recognition of the importance of the agent.

Mr. PAPONE. Thank you, Mr. Chairman.

Senator INOUE. In your operation, what sort of cooperation have you experienced as far as dealing with the Federal Government, or do you find any cooperation?

MR. PAPONE. Well, I have had limited opportunity to deal with the Federal Government, primarily because there doesn't seem to be anybody I can deal with. But, in general, I think that the fundamental issue—and we have discussed it many ways today in terms of developing inbound tourism to the United States—really must be prefaced by the observation that the United States, which we know is the most advanced nation in the world in most fields of human activity, really remains an underdeveloped Nation in terms of receiving tourism from around the world. I think that it doesn't stop at the airport, Mr. Chairman. I think it's important to keep in mind that once we get away from the gateways in California, New York, Florida, and Hawaii, and perhaps when one leaves the well-established resort areas, there is an important need in the United States to develop an infrastructure for foreign tourists—particular means of local transportation for excursions, particular means to develop language capabilities, the need for storekeepers, restaurant owners, hotelmen who are accustomed to the folkways and the service expectations of foreign visitors. We talked about attitude today—that's only one part. I think that the major reason for our underdeveloped status as a tourist destination is that we have been traditionally preoccupied with sending tourists abroad.

Private enterprise in the United States frequently has gravitated toward the easier markets and the fact is since the midsixties when foreign travel began to expand greatly in this country, it has been easy for us to send our citizens abroad, chiefly to Europe, and more recently all around the world.

What I believe we must do is get serious about promulgating a national tourism policy, one that clearly states the relevance of tourism to our national goals and to the importance of tourism to the economic well-being and future growth of the country.

I believe, moreover, that the national tourism policy should include the profound relationship between an imaginative tourism policy and a foreign policy which seeks to influence other nations by showing the American people and their great achievements. So once a meaningful and effective national tourism policy has been developed, it then would be vitally important that it be coordinated and implemented by well organized, highly funded, imaginatively led, and consistently staffed mechanism for leading our public and private efforts in ways supportive of our national goals and I believe that the emphasis of the mechanism for executing our national policy should include a stimulation of the private sector, a partnership if you will, to encourage the development of the tourist infrastructure I have been referring to. This infrastructure should be developed in the heartland of America so that people who come to this country can appreciate the genuine character of our Nation which I believe we all agree cannot be found exclusively on the coast or in the large cities. And so, while I think that a coordinating function is an important one for the dissemination of information and sharing of results, I believe that the specific programs of the Federal agency of implementing the national tourism policy would eventually be of greater significance for the long-range development of tourism in the United States.

SENATOR INOUE. What are some of the common complaints that you hear from your clients who come in from abroad?

Mr. PAPONE. Well, one of the major problems is certainly the language capability throughout the United States to deal and effectively meet the needs of foreign customers. Even the exchanging of money, once you remove yourself from the big cities, becomes a very serious undertaking and often quite difficult.

Senator INOUE. Is that the major complaint?

Mr. PAPONE. Well, no. I think that, again, in that same sphere or context of language capabilities, the whole sign system is inadequate. If you move away from Los Angeles airport about three or four avenues, it's almost impossible for a foreigner to find his way back to the airport and it's quite complicated if you don't read properly all of the signs that are available to read for a foreign visitor. So, again, an effective program which deals with foreign needs is a very important aspect of this development of an attitude and a welcoming approach to foreign visitors to our country.

Senator INOUE. How do your foreign visitors view our gateways, the reception they receive there?

Mr. PAPONE. Well, I think that we have talked today about long lines and what are often considered to be excessive time and procedural requirements for entering the country. I think, on the whole, they are happy to be here and after they have gone through the agony of the entry they enjoy their stay very much.

Senator INOUE. Do most of them believe they got their money's worth?

Mr. PAPONE. I think that the United States today is one of the most attractive destinations in the world and particularly with respect to value. I think that we are very fortunate to offer very competitive and very appropriately price values both in terms of natural beauty and infrastructure. I think the basic fundamentals are there and what is needed is to talk about them, properly position them, improve them so they meet and are fine tuned to foreign visitors. It's amazing to me that we are doing so well spending so little. If we really put some money behind our effort, we really could go far beyond what today is our trade deficits or solving our trade deficits just through tourism. So I'm personally very convinced this is a tremendous opportunity that we have here and we are not capitalizing upon it.

Senator INOUE. So I believe I'm correct to conclude from your statement that you do not believe we have any coherent policy, nor do we have any coordinated cooperative effort on the part of the Government?

Mr. PAPONE. That's correct, Mr. Chairman.

Senator INOUE. Well, we will do our best to bring this about, sir.

Mr. PAPONE. I know you will.

Senator INOUE. And I'd like to thank you and your colleagues for traveling these long distances to be with us. I can assure you your travel will not be in vain, sir. Thank you very much.

Mr. PAPONE. Thank you, Mr. Chairman.

Senator INOUE. This hearing will stand in recess until Thursday at 2 p.m.

[Whereupon, at 5:30 p.m., the hearing was recessed, to be reconvened at 2 p.m., Thursday, September 28, 1978.]

NATIONAL TOURISM POLICY STUDY

THURSDAY, SEPTEMBER 28, 1978

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C.

The committee met at 2 p.m. in room 235, Russell Senate Office Building, Hon. Daniel Inouye presiding.

OPENING STATEMENT BY SENATOR INOUE

Senator INOUE. Today the committee concludes the first of its two-part hearings on the NTPS. Under the mandate of Senate Resolution 347, the committee is charged with recommending legislation which will establish a national tourism policy and Federal mechanisms to coordinate and implement that policy.

The hearings which were held on September 20 and 26, as well as today's hearings, are concerned exclusively with testimony on the objectives a national tourism policy should seek to achieve, and the most effective Federal mechanism to coordinate such a policy among the many Government agencies having programs and responsibilities which impact on travel and tourism.

Subsequent hearings this year will consider the most effective principal Federal implementing mechanism for that policy and how best to provide for cooperation with the States and private sectors of the industry.

In the first 2 days of hearings, the Lieutenant Governors Conference and chief executive officers from the following industries have unanimously and emphatically expressed strong support for legislatively enacted national tourism policy and coordinating mechanism: Lodging, scheduled airlines, travel division of American Express, New York City Convention & Visitors Bureau, San Francisco Convention & Visitors Bureau; the Hotel & Restaurant Employees & Bartenders, International Union—AFL—CIO, and the Public Citizens Visitor Center.

This afternoon the committee will hear from Gov. Ray Blanton, of Tennessee, representing the National Governors Association, a panel representing the American Society of Travel Agents, and finally the committee will hear from a travel industry panel organized by Discover America Travel Organizations which at the committee's request is appearing as the final witness to sum up the views of many segments of the industry and to put an overall perspective on the matters which have been under discussion during these 3 days of hearings.

The president of DATO, Bill Toohey, appeared 4½ years ago before this committee, and I would like to now recall his testimony:

In conclusion, Mr. Chairman, I recommend that this committee complete the tourism policy study that is so arduously needed, including the legislative search and the full analysis of functions and costs. We suggest that tourism policy is a matter of congressional leadership, and we feel confident that a study by your committee would be definitive and objective, and would permit evaluation of the Commission's recommendation to the degree that is required.

As we conclude the first 3 days of hearings, I wish to thank the tourism industry and its leadership for their cooperation and support. It also wish to assure them that their efforts will bear fruit in the days ahead.

I'm not only pleased, but very honored, to call upon our first witness this afternoon, a very dear friend and most distinguished Governor of the State of Tennessee, and the chairman of the Subcommittee on International Trade and Tourism of the National Governors Association, the Honorable Ray Blanton.

Governor, it's a pleasure having you, sir.

STATEMENT OF HON. RAY BLANTON, GOVERNOR, STATE OF TENNESSEE; ACCOMPANIED BY BUD THOR, STAFF DIRECTOR, SUBCOMMITTEE ON FOREIGN TRADE AND TOURISM, NATIONAL GOVERNORS ASSOCIATION

GOVERNOR BLANTON. Mr. Chairman, I want to thank you for allowing me this opportunity. I have with me Mr. Bud Thor, who is our staff director of this committee of the National Governors Association—and to say thanks again for the distinguished chairman's efforts in the promotion of tourism.

It is a privilege to be here today to testify concerning the national tourism policy.

As chairman of the National Governors Association Subcommittee on Foreign Trade and Tourism, I have given a great deal of attention to this area and have strong feelings about the tremendous potential of tourism in the national economy.

I would like to commend Senator Inouye and Chairman Cannon and the members of the committee for undertaking to establish a national tourism policy and coordinating and implementing mechanisms to carry out that policy.

The travel and tourism industry with its many diverse components has become an increasingly important element in the American economy.

Its importance as an economic, educational, cultural, and even diplomatic tool has long been underestimated.

The expansion of the national economy requires that we not only give attention to solving the problems of troubled industries, but also that we give maximum support to developing growing markets.

Tourism is growing. It is healthy. Indeed, it can be a part of the answer to a healthy and expanding national economy, but it must have our full attention in order to make the most of the opportunity to strengthen our economic future.

Tourism is now the first, second, or third leading producer of revenue in 46 of our 50 States.

In 1976—the last year for which accurate figures are available—the U.S. Data Center estimated domestic and foreign travelers spent

\$104 billion in the United States on trips involving overnight stays away from home and day trips of more than 100 miles.

That activity generated \$22 billion in wages and \$13 billion in Federal, State, and local taxes.

That is the kind of asset no good business would take for granted.

Tourism also has the potential to help make up our trade deficits.

The United States is recognized as a favorite tourist destination throughout the world.

The expansion of new international routes has put all regions of the United States within reach of millions of potential visitors.

The declining value of the American dollar in comparison with foreign currencies, while not an encouraging trend for business in general, provides an exceptional opportunity to attract foreign visitors.

The fact that the dollar buys less abroad also means that foreign currencies will buy more in the United States.

An American vacation has been put within the reach of additional millions of potential visitors, providing us with the opportunity to ease the balance-of-payments problem which has plagued us for the past few decades.

Yet, the United States has not seized the initiative.

At a time when we should be promoting tourism extensively, there has been talk of closing several of the U.S. Travel Service's offices abroad.

The proposals contained in the Arthur D. Little report are a step in the right direction.

They give an added emphasis to the economic role tourism plays in the American system and point a proper direction for us to take in formulating a strong policy toward tourism on both the domestic and international levels.

The central problems at the national level are :

- (1) We do not have a national tourism policy;
- (2) We do not have a mechanism through which a national policy can be developed; and
- (3) We do not have a mechanism through which activities can be coordinated at the Federal level with State and local governments, and private industry.

There are several different opinions about what should be done, but we all agree that something must be done to eliminate conflicting national policies which affect the tourism industry, and eliminate the ineffective expenditure of tax money through overlapping Federal programs.

It is my recommendation that, if a Cabinet-level tourism department cannot be created at this time, a strong central coordinating council be formed to operate under guidance from the White House.

The Council's function would be to coordinate the policy decision-making process and the implementation of Federal agency activities.

This concept is currently being employed by the Carter administration in an effort to bring together the various Federal agencies affecting urban policy through their respective programs.

I believe it to be a sound approach and one that could offer a workable solution to the problems now facing us in the area of travel and tourism.

As you know, I have put tourism at the highest level in the State of Tennessee during my administration. In fact, we are the first and it's

worked for us. It has enabled us to give the industry the recognition it properly deserves.

The creation of a national tourism policy will assist the States with their travel programs in getting the recognition and financial assistance they need to develop their tourism resources.

We have done a great deal in Tennessee, as have other States, but many States have only begun to recognize what they can do through effective programs to develop their tourism resources.

The Federal policy will serve as a model for many States.

States may enact their own tourism policy, thereby gaining the additional recognition to improve the travel experience and keep it growing as an important part of the economy.

And, I would caution this committee that State governments as well as the Federal Government have a very real concern regarding the travel and tourism industry, and that they should be full partners in the policy formulation process.

For this reason I must recommend that whatever is done, that it be done with provisions for an equal role for State participation as well as the participation of private industry.

This can be accomplished by providing for subcouncils made up of State agency heads to be established along regional lines.

These subcouncils would have both the opportunity and the responsibility of making recommendations to the national council regarding State and Federal activities affecting the travel and tourism industry.

I cannot emphasize too strongly that the States must be equal partners with the Federal Government, and that the expertise which currently exists within the various regional and national travel and tourism organizations be utilized—and that representatives of those organizations be given the opportunity to be an integral part of the policy formulation and decisionmaking process.

The States stand ready to assist the Federal Government in developing a national travel and tourism policy, and building mechanism to implement that policy.

Senator Inouye—and I can't say this too strongly from my heart and in representing the National Governors Association—you have provided the badly needed leadership in travel and tourism in Congress.

I am aware of your efforts during the Arab oil embargo when the travel industry was declared nonessential.

Your leadership in these hearings will undoubtedly result in a greater awareness and importance of tourism to the U.S. economy and society.

I applaud your efforts and trust that you will keep tourism as one of your Senate congressional responsibilities.

The State of Tennessee and those Governors I work with in the National Governors Conference are committed to improving travel and tourism, and working with you in the creation of a more effective, better coordinated Federal involvement.

I thank you very much for allowing me to appear here and represent the National Governors Association and the tourism and travel industry from the State government level. I know that you have a lot of expertise here and people that are involved directly in associations and in the industry and from other governmental officials, and I ap-

plaud their effort and again say thanks for your effort. I would be happy to respond to any questions that you may have at this time.

[The attachment referred to follows:]

TRAVEL AND TOURISM

The travel and tourism industry, with its many diverse components, has become an increasingly important element in the national economy. It is vital at this time that we as a nation grant the tourism and travel industry the attention it deserves. Its importance affects not only the economic stability of the nation but also strengthens the hope of better communications and understanding between all the nations of the world. Its importance as an economic, educational, cultural and diplomatic tool has long been underestimated. In many circles tourism is viewed more as an unstructured recreational pastime than as a productive industry.

This attitude is reflected in the fact that there are 115 tourism-related federal programs spread among 50 federal departments and agencies with funding capabilities. Lack of coordination transcends the federal government and is pervasive in tourism-related negotiations among the agencies, state and local governments, and private interests.

Tourism and travel are an economically viable industry which generates thousands of jobs and contributes millions of dollars to the U.S. economy. For 1976, tourism and travel directly generated 3.8 million jobs and, indirectly, an estimated 2 million more, including significant employment of minorities, women, and youth. In addition, for that same year, domestic and foreign visitors spent over \$104 billion in the United States, providing \$22 billion in wage and salary income and \$13 billion in federal, state and local tax revenues. Over \$300 million is spent annually by the private sector to promote tourism. The states' contribution is over \$65 million, with \$17 million used directly for advertising. The federal government, on the other hand, estimates its promotion efforts to be approximately \$12 million. Aside from being an industry which offers a diversity of benefits to state and local governments, tourism also serves as a conduit for learning, outside the school system, the many cultures and languages existent in the world. Very often it provides a bridge for better communications and understanding between the different countries of the world.

Because of its importance in economic, educational, cultural and diplomatic terms, the travel and tourism industry requires a new level of attention and consideration within national priorities.

Federal fiscal policies should not discriminate against the tourism and travel industry. Current policies discourage loans and creative development in these areas. The National Governors' Association urges that the travel and tourism industry be treated equally with the other major industries regarding national fiscal policies.

International travel by American citizens is the fourth largest contributing factor to the imbalance of payments. Accelerated efforts should be made to expand the number of cities with regular and chartered international airline services for passengers and cargo. Only when direct, regular service between cities and overseas markets is improved can this nation realize its full potential.

A comprehensive travel and tourism policy should be adopted by federal, state and local governments to maximize the effectiveness of present resources. The lead tourism and travel agency should be given the responsibility of coordinating with state and local governments, as well as private interests, the development of programs promoting domestic and foreign tourism.

Senator INOUE. Governor, on behalf of the committee, I thank you for your participation this afternoon. You have been extremely helpful.

Like you, I find it extremely difficult to understand why in this administration and all preceding administrations they have never considered tourism to be an important industry. As you cited in your prepared testimony, today the most conservative estimate will indicate that foreign and domestic travelers and tourists spend at least \$115 billion a year. The industry provides jobs for about 5 million men and women, jobs that are sorely needed at this time by the minori-

ties, by women, and by those who find employment very difficult to get. And yet either by act or by word, it's never been considered a truly important industry.

I note that your State has taken the lead in this area on the State level. Could you tell us what you have done, sir?

Governor BLANTON. Well, the first thing we did in recognizing our State's potential in travel was to create a Department of Tourism at the Cabinet level. We have a Commissioner of Tourism. And in doing so, with a full-time cabinet-level effort that had access both to the Governor's office and the legislature, without a great deal of expenditure of funds—it was a matter of organization—we have doubled the tourism industry in Tennessee in 4 years. It's now a \$1.5 billion industry; 47 million people come to Tennessee and, an important fact that you as a U.S. Senator would recognize in dealing with financial affairs of government, it pays 27 percent of our State's government taxes, and that's very important to us, and I believe it will be important to this country to recognize.

We now have 115 programs in the Federal Government scattered in 50 different agencies, with no real coordinated effort to take advantage of the devalued dollar abroad and bring it back to help in our balance of payments, besides give these jobs and pay taxes, too.

Senator INOUE. At a time in our history when we are deeply concerned with what is happening in the Middle East, what is happening in Moscow and other capitals, I realize that one would feel as though you're imposing upon the President of the United States to request a conference to discuss tourism.

Well, I most respectfully suggest to you, sir, that a message be sent to the President to indicate to the President your concerns and your belief that this industry is worthy of his personal consideration, because I do not believe that this message has been very effectively conveyed to our President. I think it's very important.

We can set up an organizational structure, but if it is not manned with the proper people who are dedicated and who are committed, it will just be a structure on paper. So I would hope that the Governors Association would send some word to the President.

Governor BLANTON. Well, we have passed a resolution in the National Governors Association and in the National Governors Conference. We passed it in the Southern Governors Conference. We also passed in the Southern Governors Conference just a few days ago a resolution recommending that the President be awarded the Nobel Prize for Peace, and I noticed that some comics said there's \$100,000 that went along with this Nobel Prize for Peace, and the President asked that it not be in American dollars. I would like, Mr. Chairman, if I could, to have that stricken from the record.

This is what our thrust is; that we can, as people promoting the tourism industry, have a tremendous effect in offsetting the balance of payments, with retrieving these dollars and therefore making them stronger.

To give you an example of that, we took advantage—Tennessee is the most bordered State in the Nation, and yours is the least bordered. We have eight States that touch our borders. During the gasoline shortage, we promoted the idea of taking a short trip from other States to our State to conserve energy, and it worked. But we did that

through an organized Department of Tourism. So you need to take advantage of bad situations. This was a bad national situation, but we took advantage of the fact that we could entice our bordering States to come to our State on short vacation trips, and it worked very effectively.

We, as a Nation, can now take advantage of the devaluation of the dollar abroad because they can buy more with it here than they can over there and bring it back, but we will have to have an organized thrust to do it. We can't make a fragmented approach. Just like the President did at Camp David, it has to be an organized approach to solve a difficult situation.

Senator INOUE. Well, I hope when the time comes your talent and your expertise will be put to use by the Federal Government.

Governor BLANTON. I'm retiring from government, Mr. Chairman. I'll be happy, as a citizen of Tennessee, to do whatever I can, but not in a governmental capacity.

Senator INOUE. Well once again, Governor, I thank you for your participation this afternoon. You have been extremely helpful and I will urge my committee members to very carefully read your statement.

Governor BLANTON. Thank you, Mr. Chairman.

Senator INOUE. Thank you very much.

Our next witness represents the U.S. Conference of Mayors, the distinguished mayor of Oklahoma City, the Honorable Patience Latting.

Mayor Latting, it's a great pleasure having you here.

STATEMENT OF HON. PATIENCE LATTING, MAYOR, OKLAHOMA CITY, OKLA., MEMBER, U.S. CONFERENCE OF MAYORS

Ms. LATTING. Thank you very much, Mr. Chairman, and I appreciate so much the opportunity to speak with you and the committee this afternoon on a subject which is of great concern to me and to the U.S. Congress. We appreciate your interest in it very much.

In my own city, as well as in many other cities across the country, tourism is a growing industry, certainly more important today than ever before. Especially in the urban areas it has the potential for creating jobs and generating revenues.

The President's urban policy is intended to improve the impact of Federal programs and policies on cities and to better coordinate Federal action. The establishment of a national tourism policy and an approach for interagency coordination is in keeping with the intent of the urban policy.

In developing a national tourism policy, you must recognize tourism in cities as a distinct phenomena and realize that cities are especially important to tourism and travel. Cities are the meeting places of the Nation for entertainment and commerce and they hold high concentrations of our Nation's heritage. Throughout history, cities have served as the intermodal nodes for our transportation systems where goods and ideas are brought to be exchanged and marketed. In the cities of America, from the Empire State Building in New York, to the trolley cars in San Francisco, to the Liberty Bell of Philadelphia, to the National Cowboy Hall of Fame and the Western Heritage Center in Oklahoma City are probably found most of the greatest attractions for travelers, both within the United States and from abroad.

The tourism and convention industry is becoming an increasingly large segment of the economy of urban America. The industry is labor intensive and provides job opportunities for the traditionally hard-to-employ section of our society, including women, minorities and youth. The tourism industry is nonpolluting and can serve as a basis of capital investment in downtown areas. And, the industry generates badly needed tax revenues for local governments.

The Conference of Mayors recognizes the need for a national tourism policy and fully supports its development. A national policy will call attention to the importance of this growing field and will serve as a focal point for Federal, State, and local coordination. It will cause Federal agencies to consider the impact of their actions on tourism and will reduce the unintentional negative effects that such action may have. In addition, a national tourism policy will serve to encourage State and local governments to develop their own policies and programs relating to tourism and travel development.

After 3 days of hearings and several hundred pages of study, I'm sure that you have a fairly comprehensive list of elements for a national policy. Let me, then, just touch on a few which are of particular importance to cities:

The policy should include a statement regarding the importance of tourism for various areas of the country and for cities in particular. It should make clear that the importance of tourism for these areas is economic, esthetic and environmental as well as for entertainment.

A wide diversity of Federal actions impact the tourism and travel development industry. There is a need to better understand their effects on the industry and its benefactors, and to heighten the awareness of Federal agencies which are affecting and are concerned with tourism.

There is a role for State and local governments in travel development and Federal agencies should work with them to develop policies and programs and to plan for the increases occurring in the industry.

There is a need for a range of activities relating to tourism to be undertaken by Federal, State and local governments including: planning, research, data collection and analysis, foreign promotion, and public education.

We have also been asked to comment today on a coordinating mechanism through which the national policy can be implemented. The Conference of Mayors feels that whether the approach is through a new independent agency or an existing department, or both:

It should include participation by all agencies involved in tourism-related activities—broadly defined including: Commerce, HUD, DOT, EPA, the National Park Service, and others. It must also have a mandate and directive from the Executive Office of the President.

It should have an ongoing consultation role for State and local government and the private sectors—in an advisory capacity, for program and regulation review and for information gathering.

It should oversee a broad range of activities including review of Federal actions, elimination of duplicative programs, and State and local technical and grant-in-aid assistance; and finally,

Any organization assigned this responsibility should be funded at a sufficient level to compare with tourism programs in other countries and to insure that all mandated responsibilities are carried out.

Thank you so much for your time and, again, I appreciate the opportunity to visit with you and to be here this afternoon.

Senator INOUE. I thank you very much, Mayor Latting.

I gather from your involvement that tourism is a major source of income for your city.

Ms. LATTING. It is indeed, and becoming more important with each passing year. Several years ago we saw the need to begin to plan specifically for this and to promote tourism and convention attendance, and the people of Oklahoma City at an election dedicated a 1-percent hotel and motel tax to the sole encouragement of tourism and the convention business, and we have seen it grow tremendously since that time and expect to see it grow in the future.

Senator INOUE. What sort of budget do you have in Oklahoma City?

Ms. LATTING. We have at the present time a budget of approximately \$500,000 a year. Our city is a community of about 400,000 people and the tax on the hotel and motel rooms brings in at this time \$500,000, an amount that far exceeds the estimates which we made some 4 or 5 years ago as to what it would bring in. So we can see that our efforts are being successful in this.

We have invested in Oklahoma City a large amount of public funds through the construction of a \$22 million convention center which the city supports and operates, and we realize the benefits to the economy of the city in tourism and convention business and, as a very direct effect, we have seen our sales tax income grow in part, certainly, from the business brought to the city through the convention delegates and through the tourists. We have seen our city's sales tax income for our general fund grow in a very direct reflection of what we have accomplished there, and the benefit to private business and industry there is manifold, as you well know.

Senator INOUE. In addition to managing your convention center, what else does the city provide in this area?

Ms. LATTING. The city has set up a convention and tourism commission which includes representatives from the hotel/motel industry, from the chamber of commerce, and from the city of Oklahoma City itself, and this commission takes charge of all advertising that is done on behalf of the city in the national and international publications to bring in tourists and convention delegates. We pay the staff which goes to meetings throughout the country and in other parts of the world to encourage the business to come to Oklahoma City. All of the activities related to tourism and convention business come under the aegis of this tourism and convention commission. So it is very well centralized now.

Now in the years past, Senator, we had a kind of volunteer effort between the chamber of commerce and Oklahoma City with a small amount of funding to do the same job, but that does not achieve the same kind of results that a dedicated, single-purpose commission in operation can do and we find the results achieved with this kind of coordination—the private business with the hotels and motels, with the restaurant association, with the city itself—is having much better results.

Senator INOUE. Well, I hope that the Federal Government can use Oklahoma City as a model and do something about tourism because

it's a shame that we're not taking advantage of the fine attractions that we have in the United States.

Ms. LATTING. I certainly agree. I hope this will come about. I think without this kind of focusing on what is actually a natural resource it's going to result in our not being able to benefit in the way that we should across the country, and I would echo the sentiments of the Governor of Tennessee, that this is certainly a very good and productive way in which we may encourage the people of the United States to spend their dollars here and to see this great country, which many of them have not yet had the opportunity to do.

Senator INOUE. Thank you very much, Mayor Latting. You have been most helpful.

Next we have a panel of members of the American Society of Travel Agents: Mr. Thomas M. Keesling, Travel Associates, Inc., and former president of ASTA; Mr. Thomas L. Anderson, Travel Arrangements, Inc. of Honolulu, Hawaii; Mr. Joseph R. Stone, Stone Travel Agency of Connecticut; and Mr. Edward J. Hennessy, Cartan Travel Bureau, Inc., of Illinois.

Gentlemen, welcome.

Mr. KEESLING. Thank you, Mr. Chairman. If I may introduce to you Mr. John Bennison, the director of the ASTA office in Washington, D.C., as the additional member of the panel over and above those that you have just listed.

Senator INOUE. Before proceeding, Mr. Keesling, can I call for a short recess? We have got a vote pending. I will be right back, sir.

[Recess.]

Senator INOUE. Please proceed, Mr. Keesling.

**STATEMENT OF THOMAS M. KEESLING, TRAVEL ASSOCIATES, INC.,
ENGLEWOOD, COLO., ON BEHALF OF THE ASTA (AMERICAN SOCIETY OF TRAVEL AGENTS), AD HOC COMMITTEE ON THE NATIONAL TOURISM POLICY STUDY**

Mr. KEESLING. My name is Thomas Keesling. I am president of Travel Associates, Englewood, Colo. and former past president of ASTA. I am appearing before you today on behalf of the American Society of Travel Agents, Inc. (ASTA) in my capacity as chairman of their ad hoc committee on the NTPS.

The American Society of Travel Agents, Inc. is the world's largest professional travel trade organization. The society is comprised of more than 16,000 members from over 120 countries representing all facets of the travel and tourism industry. ASTA's fundamental purpose is the promotion and advancement of the interests of the travel agency industry and the safeguarding of the traveling public against fraud, misrepresentation and other unethical practices. In the United States, ASTA members, in more than 8,000 travel agency locations, arrange the travel plans of over 40 million American consumers annually representing an expenditure of approximately \$12 billion, in business and pleasure travel sales.

I am accompanied today by several panelists representing key areas of the national and international travel industry in the United States. On my right, Mr. Joseph Stone, president-elect of ASTA who represents the interests of the many small retail travel agents; Edward J.

Hennessy, chairman of the board of Cartan Travel, one of the largest wholesale tour operators in the United States; and Thomas Anderson, president of Travel Arrangements, Inc., a large tour operation in Hawaii; and on my left, Mr. John Bennison, director of the ASTA office here in Washington.

In the interest of time, I will present a statement which we all support for the record. Now, I will only address the highlights of that statement. Some of the panelists may have statements of their own that they wish to summarize or request to have entered in the record. All are prepared to answer questions within their area of expertise.

We are very pleased to have this opportunity to appear before you today to lend our support to your devoted efforts in making our Government's role in the tourism policy of this country an effective one. I have personally struggled for several years over these very concerns we are addressing today; namely, a national tourism policy and a mechanism to coordinate that policy among the many agencies of Government which deal with tourism and tourism related programs. I served on the National Tourism Resources Review Commission as well as the Commerce Department Task Force on Tourism which dealt with these specific issues, and I have served as a member of the Development Authority Council of the Pacific Area Travel Association, as well as a member of the Marketing Authority of the Pacific Area Travel Association.

As a member of those commissions, I had a chance to study first-hand how other governments deal with tourism. It is quite evident from reviewing government tourism policies of our neighbors, Mexico, and Canada as well as our European allies, that the United States is clearly not the leader it could be or should be in the field. In fact, our present policy is very ineffective. Mr. Chairman, I feel this study which you authorized the Arthur D. Little Co. to undertake was a most important step forward in moving the Congress and this administration towards developing a national tourism policy we can be proud of and which is truly effective.

Travel and tourism is one of the greatest untapped resources in this country. The revenues generated from it not only create jobs for our citizens but can assist in correcting the balance of payments deficit, and serve as the greatest source of promoting peace and goodwill amongst the peoples of the world.

Last year alone, U.S. residents spent a record \$11.9 billion for international travel and in 1976 they spent \$10.9 billion according to the Bureau of Economic Analysis, U.S. Department of Commerce. The 1977 expenditures consisted of \$7.5 billion spent in foreign countries, a 9-percent increase over 1976, with \$2.8 billion paid to foreign sea and air carriers and a \$1.6 billion paid to U.S. carriers, up 11 and 13 percent, respectively.

U.S. receipts from foreign visitors were \$7.2 billion in 1977, compared with \$6.7 billion in 1976. The 1977 expenditures consisted of \$6.2 billion spent in the United States, a 6-percent increase over 1976, and \$1 billion paid to U.S. carriers, a 9-percent increase.¹

During this same period U.S. receipts from foreign visitors totaled \$5.8 billion in 1976 and \$6.1 billion in 1977. Clearly, this puts travel and tourism in the category of a major industry and it is still growing.

¹ Research compiled by U.S. Travel Data Center vol. 7, No. 8, August 1978.

It has been estimated that the travel industry contributes about \$125 billion annually to the economy of the United States, and supports approximately 5 million jobs. There has been a threefold increase in tourism in the United States since the end of World War II. Furthermore, it has been estimated that over 90 percent of our public recreation lands are utilized almost entirely by tourists.²

The International Tourism Act of 1961 is the basic statute from which the present U.S. Government policy toward tourism is derived. It authorizes the Government to promote travel to the United States. This function was to be carried out by the Secretary of Commerce.

The declared purpose of the statute was to :

Strengthen the domestic and foreign commerce of the United States and promote friendly understanding and appreciation of the United States by encouraging foreign residents to visit the United States and by facilitating international travel generally.³

The act instructs the Secretary of Commerce to (1) develop, plan, and carry out a comprehensive program designed to stimulate and encourage travel to the United States by residents of foreign countries; (2) encourage the development of tourist facilities, low cost unit tours and other arrangements within the United States for meeting the requirements of foreign visitors; (3) foster and encourage the widest possible distribution of the benefits of travel at the cheapest rates between foreign countries and the United States consistent with sound economic principles, (4) encourage the simplification, reduction, or elimination of barriers to travel and the facilitation of international travel generally (5) collect, publish and provide for the exchange of statistics and technical information.

In performing these duties set forth in section 2122 of this title, the Secretary :

(1) Shall utilize the facilities and services of existing agencies of the Federal Government to the fullest extent possible including the maximum utilization of counterpart funds; and, to the fullest extent consistent with the performance of their own duties and functions, such agencies shall permit such utilization of facilities and services;

(2) May consult and cooperate with individuals, businesses, and organizations engaged in or concerned with international travel including local, State, Federal and foreign governments, and international agencies;

(3) May obtain by contract and otherwise the advice and services of qualified professional organizations and personnel;

(4) After consultation with the Secretary of State, may establish such branches in foreign countries, as he deems to be necessary and desirable.

The USTS was established within the Commerce Department to carry out this policy. However, no effective coordinating mechanism was established within the Federal Government to carry out this mission. Consequently, today, as brought out in the Arthur D. Little study, we have more than 100 tourism and travel related programs in 50 different agencies of the U.S. Government dealing directly or indirectly with tourism, yet there is no unified coordination of policy.

² Research compiled by Commerce, Science and Transportation Committee release Sept. 7, 1978.

³ Sec. 2121 of ch. 31 U.S. Code.

This causes serious repercussions in the industry. For example, the London office of USTS was scheduled to be closed before the Secretary of Commerce was even informed of the Government's intent to do so. There are numerous other instances of the Government's failure to coordinate our policy which seriously impacts on tourism and the tourism related industries, as the Government's recent draft plans for gasoline rationing and weekend closing of stations in the event of an energy emergency. It took a Senate resolution sponsored by yourself to prevent those plans from becoming law.

It is because of this confusion caused by conflicting policy in our Government that ASTA feels we must have an independent Federal coordinating policy council as outlined in option A of the Arthur D. Little study. This Federal policy coordinating body must be chaired by a member of the President's domestic and international economic advisory staff. It should be made up of the 18 departmental level Federal executives from those Federal departments and agencies with important tourism and recreation related programs or with programs which frequently and significantly interact with an impact on tourism and recreation interests.

The policy council should be charged with: (1) monitoring Federal agencies' compliance with the national tourism and recreation policy; (2) with coordinating the policy's interpretation with other national interests along the lines outlined on page 45 of the final report of the NTPS as submitted by Arthur D. Little.

It is quite evident that the present system within our Government of carrying out the noble goals of tourism, as outlined in the International Travel Act of 1961 charging the Secretary of Commerce with the responsibility, has not succeeded in its mission. Thus, why should we as a Government be timid to state our desire that these goals are good and should be carried out? ASTA feels we should restate the necessity for Senate Resolution 343 and solicit national support for this legislation. Our country could only benefit from a strong and effective national tourism policy.

Clearly, this is the thinking of our close neighbors and allies. They all have national tourism offices which their governments strongly support. Canada is a good example. The Canadian Government Office of Tourism has 14 locations throughout the United States. They employ over 322 people. A major portion of their efforts are directed toward helping the U.S. travel agent with advertising, publicity, and assistance programs. For further impact this year, they wrote 3 million Americans personally addressed letters telling them to see their travel agent about a vacation in Canada.

The consortium concept was launched in Canada in 1975 to coordinate the efforts of Federal and provincial governments, territories, carriers, wholesalers, and others in giving Canadian tourism a greater impact—on the agent. Seminars in the form of marketplaces for agents were launched across the United States. In 1977, seminars—from breakfast meetings to full marketplaces—were held in 170 American and Canadian cities and 20 cities in Europe. They were attended by 10,000 travel agents. There were 103 seminars in the United States alone.⁴ This example is only illustrative of their effort in America. They launched similar efforts in most of the OECD countries.

⁴ Address by T. R. G. Fletcher, Assistance Minister the Canadian Government Office of Tourism for the American Society of Travel Agents Board of Directors Meeting Toronto, Canada, Sept. 9, 1978.

Meanwhile, our Government's tourism effort in Canada consists of one USTS office with a staff of four in Toronto.

Individual States within the United States clearly believe in the benefits of tourism. In fact, they have increased their spending on tourism and tourism related activities by 67 percent since 1974. Some are even advertising on the major networks. Such as New York. As a result of these States' efforts, tourism has now become the No. 1, 2, or 3 industry in 46 of the 50 States.

It is clear to ASTA, whose members in 120 countries around the world can observe first hand the benefits of a positive Government-supported national tourism policy, that our country needs a strong national tourism policy which has the full support of the U.S. Government. ASTA is prepared to assist this committee in every way to effect legislation which will bring this about.

Mr. Chairman, with your permission, may I defer at this time to Mr. Tom Anderson from your own State of Hawaii, to give you an example of what the Hawaii Visitors Bureau in the State of Hawaii is doing in their efforts for tourism?

Senator INOUE. Mr. Anderson.

STATEMENT OF THOMAS L. ANDERSON, TRAVEL ARRANGEMENTS, INC., HONOLULU, HAWAII

Mr. ANDERSON. Senator, you're well aware of the significant role tourism plays in the lives of the residents of the State of Hawaii. Tourism is the largest industry in the State as well as the largest employer of our people. Tourism is very close to becoming a \$1 billion industry in the State of Hawaii.

Seven years ago, just over 1 million tourists came to Hawaii. This year, over 3 million people will visit our State. Among these visitors will be close to 300,000 people from Japan, a good number of whom go on to visit the west coast.

The Hawaii Visitors Bureau, an organization supported primarily by State funds, played a very significant role in the growth of the visitor industry in our State.

It is difficult for me to understand why our Government does not recognize the tremendous potential we have to promote and market the United States as a destination throughout the world and the positive results such an effort would bring in increased revenues for each city and State and the positive effect this could have on our balance of payments problems.

Mr. KEESLING. Mr. Chairman, it is clear to ASTA, whose members in 120 countries around the world can observe firsthand the benefits of a positive Government-supported national tourism policy, that our country needs a strong national tourism policy which has the full support of the U.S. Government.

May I have inserted into the record at this time some sales manuals that I have brought with me, Mr. Chairman; one published by the Austrian National Tourist Department and distributed to all travel agents in the United States as an indication of what the Federal tourism policy is in Austria; a publication of the German National

Tourist Office on a sales guide to the Federal Republic of Germany, which contains complete information on all the travel facets available in Germany; and three publications from the Malaysian National Tourist Organization distributed to U.S. travel agents to promote tourism to the country of Malaysia.

Senator INOUE. Those documents will be made a part of the committee files.

Mr. KEESLING. ASTA is prepared to assist this committee in every way to effect legislation which will bring about a national tourism policy. There is a meeting to be held shortly by ASTA in Acapulco during our 48th World Congress in October, the purpose of which is to discuss and analyze the best way of coordinating with the Government to carry out an effective national tourism policy. We thank you for making Mr. Hardy available to attend this most important meeting with us.

Thank you, Mr. Chairman. If you have any questions, I or any members of my panel would be happy to answer them.

Senator INOUE. Thank you very much, Mr. Keesling. You have just presented documents prepared by certain foreign countries. How does the U.S. effort compare with those countries that you're familiar with?

Mr. KEESLING. Unfortunately, Mr. Chairman, I must respond that it compares very unfavorably. At the time that I was traveling with the Department of Commerce, a function of that work was to evaluate the effectiveness of the USTS and how they were operating in other countries. Because of the lack of a Federal tourism policy, and because of the more than 50 branches working independently from one another in the Government, we do not see a coordinated effort on the part of the United States to compete in the marketplace to obtain better percentages of the world tourism market.

And I am concerned to say that perhaps I think the Government has to ask itself a rather soul-searching economic question in terms of foreign travel. First of all, do we want visitors from overseas traveling to this country? And if so, are we then going to put this country into the marketplace, not only to be competitive with but to be better than the successful efforts that we see organized by our neighbors to the north and to the south, and by other countries throughout the world who, in spite of perhaps having difficult times at home—such as Ireland 2 years ago when they were having strife problems, Mexico when they determined to cut back on the budget—still determined that the revenues derived by tourism in both terms of economics and in terms of peace and good will and understanding of all people throughout the world—was still important enough to them to increase their budgets for tourism. They are now reaping the benefits.

Senator INOUE. How many members do you have in your organization?

Mr. KEESLING. We have in the society 8,000 voting members in the United States. The total membership of the society, which consists of members in 120 countries around the world, now exceeds 16,000, and I must say that the U.S. members are used to dealing with foreign governments in regards to tourism at the Minister level. The tourism offices of practically all the countries of the world are members of ASTA.

Senator INOUE. In other words, you have a working relationship on an official basis with foreign countries?

Mr. KEESLING. The society does; that's right.

Senator INOUE. Can you name a few countries?

Mr. KEESLING. All negotiations for the World Travel Congress are done with the Tourism Minister or an individual at the highest government level of that country which desires ASTA to bring the World Travel Congress to them. At the time that the Congress meets, the society historically shows two things: The travel world is where ASTA is with its Travel Congress and the marketing is done there; second, that the benefits accrued to the country in increased tourism as a result of the people being there is everlasting. It was determined, for example, that the ASTA Congress, when it was held in New Orleans in 1976, generated an additional \$11 million for the city during the week of the Congress.

Senator INOUE. Do you have a similar working relationship on an official basis with the U.S. Government?

Mr. KEESLING. I have to answer that in the negative, we do not have an organization in the United States to which we can turn that is empowered to negotiate and arrive at contracts the way that we do with foreign government tourist offices.

Senator INOUE. Do these foreign countries call upon you for advice and counsel?

Mr. KEESLING. Yes. And there again, if I may state, as I did in my prepared text, that I have been called upon by four or five other governments to discuss with them their entire infrastructure of tourism within the country to the extent of being concerned with the development of roads, the development of hotels, the development of training schools to establish courses where they can train their citizens to keep the tourism plant going. They also seek advice on establishing new international airports. In essence they are always seeking out advice and counsel on every aspect of the tourism product.

I spent the months of April and May in the People's Republic of China as a private citizen escorting groups, but had assigned to me two people from the China International Travel Service headquarters office who were constantly picking my brain, indicating that tourism was new to China, that they had a great amount to learn, and could we make suggestions to them as we went along. That country is particularly interesting because it has a form of government that is opposed or diametrically opposite to the form of government in this country; but here, a country has, I think, made a major policy decision in December of last year that tourism was one of the most effective ways for them to obtain a favorable balance of payments and get foreign currency which they sorely need.

Senator INOUE. Has our Government ever picked your brains?

Mr. KEESLING. Not recently. In fact, the last time was in 1972. I think that as a Commissioner on the National Tourism Resources Review Commission, we were charged with reporting to Congress the tourism requirements of this country from the period 1973 through 1980. It was done, but it has not been done at the practical working level that I see it done with other governments.

Senator INOUE. In other words, you have greater impact in the tourist industry of other countries than you have in this country?

Mr. KEESLING. I think that's a fair statement. I think what I'm saying is that we are representing or manifesting to you a frustration in the sense that we have seen what the impact is of a definitive, positive tourism policy that has been established in other countries where it shows a major economic cultural impact on the country by foreign visitors.

I would certainly think that the U.S. Government has to do a study and has to look to see: (1) Is tourism beneficial, which everybody says that it is; and, if so, let's get an effective policy; let's get something going that will not only put some teeth into this law that allows the USTS to operate, but give the mandate so it's got the right to do what it has to do to carry out its charter work.

Senator INOUE. We have heard a lot about the Irish Tourist Office. I receive communication from that office also. Can you tell us what the Irish Tourist Office does with your organization? I'm just using this as an example.

Mr. KEESLING. It is a highly visible organization that plays an active role in keeping the name of that country before the U.S. travel agency industry. It does this not only at the World Travel Congress where it sponsors a portion of the Congress; it does this by a series of invitations extended to the retail travel trade to visit Ireland, to travel throughout the country, and while they're there to meet with the hoteliers and to meet with the people who are the inbound receiving agents in Ireland. It introduces you to people in the Government. It makes you totally familiar with the product that they have to sell. It does a fantastic job to overcome the real or unreal fear that was expressed about the safety of travel to Ireland when the conflict was going on several years ago.

It provides through its offices in the United States a central point to which I can go or any of my fellow travel agents as a retail travel agent to seek and to find out information to answer any question that I may need about Ireland, whether it be about the rental of a car, whether it be about an Irish cottage or whether it may be about a client of mine who's considering opening an industry in Shannon, for example, to take advantage of the tax-free investment that they offer.

It's a central source, one that recommends several other sources that each country provides to us that we can refer to when we need help. With the amount of information that is required to function as a travel agent, the best travel agent, the one that's most efficient, is going to be the one that the consumer can turn to for resource and reference material, and the Irish tourist offices presence and high profile, as I indicated, at the ASTA Congress, as well as their invitations to selected agents to visit Ireland and come to know firsthand about Ireland, and their maintenance of offices in the United States—all fill the needs.

Senator INOUE. Before proceeding any further, I presume that Mr. Stone and Mr. Hennessy would like to present their remarks now.

**STATEMENT OF JOSEPH R. STONE, STONE TRAVEL AGENCY,
MERIDEN, CONN.**

Mr. STONE. Senator, to trail on to Mr. Keesling's remarks, in 1969 the Government of India asked us for assistance on their programs. In 1975 the Government of Brazil used five key travel agents to go

through their country educating them on the processes of hoteliers and how to run resorts and assist them in that.

I have had my frustration, Senator. I'm in charge of the site selection committee for ASTA and it is becoming increasingly difficult to use domestic sites and there are many reasons for it, some true and some unreal. But a typical example of what a travel congress generates is the effect the ASTA Congress had on New Orleans. New Orleans in 1976 had a world travel congress and the figures are not mine—they are from the Louisiana State Tourist Division—they apparently invested approximately \$1 million in time and money, and in 1 week \$11 million was generated for the city of which about \$7 million of that was from overseas people coming to our Congress. It would seem to me that that was a pretty good investment. The city of New Orleans has again indicated an interest and want us back.

We find it very difficult to find other cities domestically and it is a frustration to find we must go overseas to get the kind of accommodations we need. In 1970 Amsterdam had a world travel congress. In 1971, the figures showed it was the only country in Europe that showed an upsurge in tourism at that time.

I am frankly committed, as a past president of ASTA, to a national tourism policy or something that will give us a mandate and a leadership that we desperately need.

Senator INOUE. Some have suggested that this study was a waste of time and good money. Would you agree with that statement?

Mr. STONE. No. I tend to disagree with them, not just on balance, but to me anything that will lead us to the conclusion that we desperately need in America to compete. As Mr. Keesling mentioned Ireland, I can mention Germany. We just came back from the Federal Republic of Germany where I attended the opening of the Ocktoberfest on the anticipation of Munich being our next congress site for 1979. I can tell that I felt extremely frustrated to find our Government is not giving us the same kind of assistance.

And Tom mentioned that there were 8,000-plus agency locations. Well, that generates itself into an industry of over 100,000 employees which generates about \$1.5 billion in salaries as only a segment of the entire travel industry. I think we desperately needed this study and I think the results should be heeded by our Government.

Senator INOUE. Mr. Hennessy.

STATEMENT OF EDWARD J. HENNESSY, CARTAN TRAVEL BUREAU, INC., ROLLING MEADOWS, ILL.

Mr. HENNESSY. Senator and ladies and gentlemen: One of the greatest mysteries to me in the many years I have been in the business has been the extremely low visibility that the United States has had in foreign areas and in bringing visitors to this country.

I have to admit that 5 to 10 years ago it wasn't really very practical for a foreign visitor to consider traveling in the United States because of the currency differences and the lack of buying power we had. However, that's all changed and there are many foreign countries that now enjoy a great currency advantage and the time is now obviously very ripe for foreign visitors to head this way.

There's a fantastic market there and if the United States had any-

thing like the visibility in the foreign countries where the Government office coordinated the effort, marketing the United States as a destination, I should think that the increase would be almost like a deluge.

Currently, it appears to me that the most visibility that the United States has in foreign countries is the visibility that's wrapped up in visitors that we send abroad. That is what the foreign people see of the United States. They are not seeing any coordinated effort, in my opinion, to bring their citizens to this country.

Senator INOUE. The rationale in support of the decision to close or minimize the operations of the London and Tokyo offices of USTS was that business was so good that with or without a branch office visitors from Japan and England would continue to come to the United States. Do you agree with that rationale?

Mr. HENNESSY. No, I can't agree that business is ever so good that you should stop looking for new business. Granted, there's been an increase per year of probably on the order of about 10 percent—somebody else may know that number better than I do—but it would seem fairly obvious that with some stimulation and some effort by the U.S. Government those numbers could be increased dramatically and there is a great deal of room for additional numbers of visitors in this country and in most States, even in Hawaii at certain times of the year.

Senator INOUE. Some have suggested that travel agents are the frontline troops of the tourist industry and the first contacts. Would you consider the Tokyo and London offices of USTS to be a worthwhile enterprise of the United States?

Mr. HENNESSY. I certainly would. The yen is probably the strongest currency nation, except for the Swiss franc, and possibly even stronger in the long run. The pound has certainly bounced back. But I also see the need for similar offices in many other foreign countries in the world. Travelers are coming from all corners of this world actually. There's a great potential movement from Germany and from France and from the Scandinavian countries. These are not being exploited.

Senator INOUE. So you would say it's money well spent?

Mr. HENNESSY. Yes, sir, I certainly would.

Mr. ANDERSON. Senator, may I address that question particularly in relation to the Tokyo office? I didn't know that the Tokyo office was being cut back until I got here. I'm sure no one in Hawaii realizes that. And this is now coming at a time—you mentioned something about business being so good from Japan—visitors to Hawaii from Japan have been on the decrease in the last 2 or 3 months and it very much concerns the industry in Hawaii. The Japanese people are traveling more, but to the United States in lesser numbers and to other countries in greater numbers, and I think that's significant.

Senator INOUE. Did the U.S. Government through any agency communicate with ASTA on an official basis to consult on whether to close or not close these offices?

Mr. STONE. Senator, not to my knowledge have they ever consulted us on it.

Senator INOUE. Have the embassies called upon your organization for your views?

Mr. STONE. Just once. After the Madrid Congress I came to Washington to talk to certain people in USTS concerning the frustrations

that we had about seeing the magnitude of the Madrid Congress and wondering why there was not more support within our Government for the Congress to be held in the United States. Walter Cronkite commented on the size of that Congress and the attendance at the seminars, which was surprising even to, I think, one of your assistants at the time, Senator, that here the attendees were not on joy trips, but really getting an educational process and attending every one of the seminars.

Senator INOUE. Well, if you have been frustrated, you can imagine the frustration I have experienced. But we just won't give up. Someone has suggested that this is just an exercise in futility, but let me assure you that this has not been part of my makeup. I hate to waste my time. Like most of you, I know that our time here is rather limited and I want to make the most of it. I hate to waste any minute or second of it. I don't intend to waste my time on any exercise in futility. So I can assure you that something will come out of this.

It's not a happy story to hear from you, the largest travel agent organization in the world, not being consulted by our Government but yet courted by other governments. Obviously, other governments see the worth of your organization and they see the value and cater to your whims, but I hope the time will come—and the time will come soon—when that attitude will change. I can assure you it's not political because it's been the same with all the administrations. It's not the Republicans are against it and the Democrats are for it. Both Republicans and Democrats are against it for some strange reason, but we will try to change that.

Gentlemen, I thank you very much for your participation and you have been extremely helpful to us.

Our next panel is the Discover America Travel Organizations Travel Industry Panel: Mr. Roger Manfred, president and chief executive officer of Trusthouse Forte, Inc./Travelodge International, Inc., and Mr. Manfred will be accompanied by Mr. William P. Toohey, president of DATO. Then we will have Mr. Norman J. Phillion, executive vice president, Air Transport Association of America; Mr. John de Lorenzi, managing director, International and Corporate Policy, American Automobile Association; Mr. Arthur D. Lewis, president, American Bus Association; Mr. George Fichtenbaum, president, American Sightseeing International; Mr. Alfred A. Michaud, vice president, Amtrak; Mr. Don Hummel, chairman, Conference of National Park Concessioners; Mr. Frank Berkman, executive director, Hotel Sales Management Association International; Mr. Eugene C. Hosmer, Jr., president, International Association of Convention and Visitor Bureaus; Mr. Ralph Ditano, vice president, National Air Carriers Association; Mr. E. L. Williams, president, National Campground Owners Association; Mr. Roy Davis, president, National Caves Association; Mr. James H. Hall, vice chairman, National Council of Area and Regional Travel Organizations; Mr. Alexander P. Hunter, chairman, National Council of State Government Travel Directors; Mr. George Wright, chairman, National Council of Travel Attractions; Mr. J. George Robinson, executive vice president, National Innkeeping Association; Mr. W. James Host, executive vice president, National Tours Brokers Association; Mr. Maurice H. McBride, coun-

sel, Recreational Vehicle Industry Association; and Mr. Douglas C. Frechtling, director, United States Travel Data Center.

Well, gentleman, I welcome you all and I believe I should call upon Mr. Roger Manfred.

STATEMENT OF ROGER MANFRED, PRESIDENT AND CHIEF EXECUTIVE OFFICER, TRUST HOUSES FORTE, LTD., AND TRAVELODGE INTERNATIONAL, INC.

Mr. MANFRED. Thank you, Mr. Chairman.

My name is Roger Manfred. I am president and chief executive officer of Trust Houses Forte, Ltd. and TraveLodge International, Inc. I am also a member of the corporate board of directors of the Trust Houses Forte, Ltd. in London, England.

If I might, I would like to make reference to the size of my own organization. Within the United States, we have gross corporate revenues of approximately \$200 million, and worldwide my organization has gross revenues of approximately \$1.25 billion.

My appearance before you today is on behalf of the Discover America Travel Organizations, Inc., in my capacity as DATO's first vice chairman. I have with me some testimony which I would appreciate being entered into the record of these hearings.

Senator INOUYE. Without objection, your full statement will be made part of the record.

Mr. MANFRED. Thank you. I will read only excerpts therefrom.

DATO is the national organization of the U.S. travel industry. Its policies and programs reflect the common interest and concern of the travel industry's major components, and are supported by them. Its membership consists of individuals from more than 1,200 organizations: State and territorial travel offices; local convention and visitors bureaus; travel related associations; and individual companies connected with the travel and tourism industry.

I am accompanied today by Mr. William D. Toohy, president of DATO, and by executives who represent these components, and who wish to support this testimony. Some of the panel members have statements that they may wish to summarize or request to have entered on the record. All are prepared to answer questions within their areas of special competence.

I had intended at this point to ask the members of the panel to introduce themselves, and I thank you for having done that, Mr. Chairman.

Mr. Chairman, with your permission, I would like the record of this hearing to show that the following national associations, which could not be represented here today, also are in support of the testimony I am about to present: American Society of Travel Agents, Gray Line Sight-Seeing Association; International Association of Amusement Parks and Attractions, Motor Vehicle Manufacturers Association of the United States, National Restaurant Association and United States Tour Operators Association.

We are grateful for the opportunity to testify today in support of your longstanding efforts to make government involvement in tourism more effective. We are aware of our special responsibility, as the final

witness, to carefully reflect the travel industry's views and growing consensus concerning the two subjects of these hearings: a national tourism policy and a mechanism to coordinate that policy among the many agencies of Government with tourism-related programs.

Mr. Chairman, we hope and predict that these Senate hearings will be the catalyst that is needed to bring U.S. Government policy toward tourism into conformity with the long-term needs of the travel industry and of the business and pleasure traveler.

We believe Congress should enact legislation in 1979 that incorporates a national statement of policy toward travel and tourism.

We further believe that there is a need to coordinate, at a high level, the many existing Government programs involved in tourism and recreation, and the preservation of historic sites and scenic beauty, so as to insure these programs' effectiveness and responsiveness to the national interest.

New legislation incorporating a statement of tourism policy and a coordinating mechanism is badly needed.

The International Travel Act of 1961, which authorized promotion by the Government of travel to the United States, was enacted when mass travel as we know it today was just beginning.

During the past 30 years, tourism has been one of the world's great growth industries. Expenditures on travel worldwide have grown at the compound rate of more than 10 percent a year.

Today, travel is the third largest retail industry in the United States in terms of consumer sales. Last year, it accounted for more than \$115 billion in domestic spending—some 6 percent of the gross national product—and was exceeded only by the food and automotive industries.

It directly employs 4.4 million people at every level of skills, and indirectly produces another 2 million supporting jobs. It generates \$22 billion a year in wages and salaries, and \$13 billion in tax revenues.

Travel provides large numbers of entry-level positions and is pre-eminent in the employment of women, youths, and members of minority groups. At a time when the service sector accounts for most employment growth, travel is visibly the world's leading labor-intensive service industry.

It is a highly diversified industry. Its 1.4 million component companies range from small travel agencies to large airlines and hotel chains.

It was the largest item in world trade until the recent fourfold increase in oil prices catapulted petroleum into the No. 1 position.

It has become essential to the way people carry out their business. You just cannot imagine a modern economy without business travel.

But travel's importance is more than economic. It is an extraordinary industry that confers a unique array of social and intangible benefits on the people of the world.

It is at the heart of this Nation's value system, which supports the free flow of people and ideas.

It enables tens of millions of families to fulfill some of their dreams, and to return to their daily lives rested in body and enlarged in spirit. Last year, more than 100 million Americans left their homes on overnight personal, pleasure, or business trips.

We who have watched travel grow at firsthand are, for the most part, proud and happy with the progress this industry has made.

But we see difficulties that could have been avoided if a national statement of policy and a coordinating mechanism had existed in the past. More important, we see positive benefits today from a statement that recognizes the place of travel in American society; from a mechanism that gives the travel industry access to Government and a role in the creation of Government policies that affect the industry; and from a new legal framework that points the way toward more active cooperation between the industry and other sectors affected by travel and tourism.

Specifically, a national policy on travel might have prevented the Government from issuing draft plans for gasoline rationing and weekend closing of stations in the event of an emergency. Five years ago, when the Nation faced a sudden energy shortage, some high-level Government officials called travel a nonessential industry. It took a Senate resolution recognizing the vital contributions of travel to society and the economy, which was introduced by the chairman of today's hearing, to put matters in more realistic perspective. But, to judge by the Department of Energy's latest draft plan, the travel industry's struggle for consideration and timely invitations to contribute constructively to the making of policies that affect it is not yet won.

An existing policy statement might have restrained the administration from its ill-conceived attacks on business travel and entertainment. It might also have prevented the recent enactment of tax laws that have hindered participation in business conventions abroad.

A coordinating mechanism might have helped the travel industry's campaign to ease visa requirements for bona fide foreign visitors with return tickets, and to provide for their more hospitable reception at international terminals. We've made some progress in recent years, with customs and immigration preclearance at some popular departure areas; and with improved foreign language capabilities among immigration, public health, and customs employees; but we've a long way to go to create an initial atmosphere of hospitality to foreign visitors that accurately reflects the kind of friendly people and open society we are.

At a time when the administration wishes to promote exports, its ignoring of service industries, which account for more than 25 percent of total exports, is inexplicable. We believe that the major service industries, including tourism, should be represented on the President's proposed new Export Council.

A policy statement and coordinating mechanism would do more than insure equal priority for travel and tourism with other major interests in the formation of national programs. It would facilitate the active cooperation between the industry and recreationists, environmentalists, preservers of historic sites, and concerned residents living near popular tourist destinations. In Europe and the Pacific, the travel industry is working successfully with such interests in the joint development of programs to educate travelers, and to preserve the scenic beauty and cultural values of popular areas. We can achieve the same degree of cooperation in this country if all interests can be guided by a comprehensive acceptable national policy that assures consideration for all those interested in business travel, convention

travel, pleasure travel, personal travel, tourism, and recreation—with domination by no single interest.

For these and other reasons, Mr. Chairman, this Nation needs a national policy on travel and tourism, and a mechanism to coordinate that policy. We are delighted that the Congress is seriously considering such action.

We have carefully studied the two draft bills contained in the final report. Draft A incorporates both tourism and recreation policy. Draft B covers tourism only.

The tourism industry, as represented by this panel, endorses the findings and policy as enumerated in section 2 of draft A. These findings and policy are included with this statement as appendix 1.

In our opinion, the broad scope of draft A's proposed tourism policy, which covers economic, consumer, environmental, and Government operations issues, accurately reflects the true nature of tourism and recreation activities today. It is no longer sufficient or appropriate for the Government to limit its concerns to tourism promotion as it did in the past with the International Travel Act of 1961 as amended. The comprehensive mandate covered in the draft legislation could herald a new era of increased satisfaction from tourism and recreation activities by even larger numbers of Americans.

The travel industry supports the policy proposals embracing both tourism and recreation, recognizing that these proposals represent an important new concept for Government involvement in both of those activities. We realize that many difficult issues will need to be resolved by the implementing agencies, but as a concept designed to benefit the tourism and recreation sectors as a whole, rather than as competing interests, we believe it warrants support.

The final report contains 45 statements of goals and objectives, which are included for reference as appendix 2.

These statements represent, in our opinion, the most serious and important consideration of tourism as a social and economic activity that the Government has ever undertaken. We in the industry appreciate the dimensions and complexity of the issues involved, and we commend the report for its vision and understanding.

By their very nature, most of the statements translate into action programs at the implementing agency level. Since comments on the principal implementing agency and its programs are reserved for subsequent hearings, our comments today are oriented to major concerns of the industry as related to the general issue of policy goals and objectives.

The promotion of international travel to the United States remains a major industry concern. This subject is covered generally in the report, but no specific reference is made to increasing promotional efforts to competitive levels. The industry continues to be concerned that the goals and objectives are translated into promotional programs that will have adequate scale, and finally make the United States effectively competitive in the growing world travel market.

Another longstanding concern is expanding, refining and updating the tourism data base. Although improved data to be generated by the Government is implied in several of the statements of goals and objectives, the commitment is not stated explicitly. We will continue to be concerned that data requirements will be adequately met under the new policy in broad support of Government and industry goals.

Facilitation of travel to and from the United States is also a matter of longstanding concern in the industry. There is a clear statement of goals and objectives in this area that are consistent with the national interest, but we reiterate our concern that a new policy result in improved treatment of, and consideration for international travelers.

The statements emphasize encouragement and stimulation rather than regulation to achieve the various goals and objectives, and the industry endorses that approach. The private sector is proud of its record in providing a full range of quality goods and services, and it would be concerned if a new government tourism policy tended to place unnecessary controls or constraints on the industry's activities.

Turning to the second item for discussion in today's hearings, consideration of the proposed mechanism to coordinate tourism activities in existing agencies, alternatives are presented in the final report. We will focus on the proposal that covers both tourism and recreation. This proposed organizational structure calls for a National Travel and Recreation Policy Council at the Cabinet level.

Based on past experience, there is basis for skepticism as to the effectiveness of coordinating bodies within Government. We feel that the proposed council could be an exception if the powers proposed for it in the final report are realized.

Our reaction to this concept is positive. We believe an interagency coordinating body is needed as a practical way to bring cohesion to the extensive but fragmented, uncoordinated, and often inefficient Federal involvement in tourism. The policy council recommended by the report should be established by law at the highest level and given sound directives and the powers needed to give effect to its work including, if possible, some authority with respect to budgets of tourism-related programs of individual agencies.

It is essential that representatives of the various Government entities on the council have the power to make decisions. The council should report annually to the Congress to facilitate meaningful congressional oversight of its activities. It should be provided with a professional director and staff independent of any single agency. The director should be an individual possessing broad-based experience in the tourism industry. With these conditions, the policy council appears to be a practical method of bringing cohesion to the Federal role in tourism.

We believe strongly that legislation should establish the council in the Executive Office, rather than any single department or agency because its function will cut across agency lines, and it should not, therefore, be identified with any one agency or department.

The legislation should also require that the council afford the States, cities, and private sector adequate input on issues. This provision would encourage improved coordination on formulating policy within the entire travel industry, rather than just within the Federal Government.

In concluding, I want to reiterate that the travel industry is keenly concerned with two basic aspects of the present relationship between the Federal Government and tourism.

One is greater recognition of the size, complexity, and importance of the travel industry, and of its interrelated totality.

The second is the need for one place of focus within the Government to which the travel industry can look for support, advocacy, guidance,

and coordination of implementing agencies. The industry looks to the proposed policy council to be this place.

Moreover, we ask these things, not only from our Government, but from those related interests in society—such as our recreationist and environmentalist colleagues—who have not always numbered themselves among the friends of mass tourism.

It is important for them to realize that the travel industry wishes, no less than they, to preserve the Nation's scenic beauty and cultural heritage. Beauty and culture, after all, are primary reasons for traveling. We regard our concerned colleagues as partners, and believe they should regard us in the same manner and spirit.

They should also realize that travel and tourism will continue to grow. This is simply a fact of modern life and modern economics. The people of the world want it to grow, and we in the industry are certainly going to help them have their way.

We want the travel industry to grow well. To continue to add to, rather than subtract from, the quality of life. To benefit, rather than blight, the society around us, and to enrich understanding.

The travel industry is training a generation of managers capable of carrying out these high ideals and objectives, but they cannot do the job alone.

We in travel need the creative sympathy and cooperation of all those interests in society with whom we come in contact—the same kind of sympathy and cooperation that is working in other lands.

And we need the kind of coordination and policy guidance that only government can provide. So the place to begin is here, with the policy study, with the final report, and with these hearings. This is the moment of maximum opportunity. We must not let it slip away.

Thus, today has been a good and timely beginning, Mr. Chairman. I know you will see that we build on it to help create a travel industry that meets the desires and needs of people in today's fast-changing and expanding world—an industry of which the entire Nation can be proud.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF TRAVEL INDUSTRY PANEL ORGANIZED BY DISCOVER AMERICA
TRAVEL ORGANIZATIONS, INC. (DATO)

Mr. Chairman, my name is Roger Manfred. I am President and Chief Executive Office of Trusthouse Forte, Inc. and Travel Lodge International, Inc. My appearance before you today is on behalf of Discover America Travel Organizations, Inc., in my capacity as DATO's First Vice Chairman.

DATO is the national organization of the U.S. travel industry. Its policies and programs reflect the common interest and concern of the travel industry's major components, and are supported by them. Its membership consists of individuals from more than 1,200 organizations: state and territorial travel offices; local convention and visitors bureaus; travel related associations; and individual companies connected with the travel and tourism industry.

I am accompanied today by William D. Toohey, President of DATO, and by executives who represent these components, and who wish to support this testimony. Some of the panel members have statements that they may wish to summarize or request to have entered on the record. All are prepared to answer questions within their areas of special competence.

Mr. Chairman, with your permission, the members of the panel will now introduce themselves for the record.

PANEL MEMBERS

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We are grateful for the opportunity to testify today in support of your longstanding efforts to make Government involvement in tourism more effective. We are aware of our special responsibility, as the final witness, to carefully reflect the travel industry's views and growing consensus concerning the two subjects of these hearings: a national tourism policy; and a mechanism to coordinate that policy among the many agencies of Government with tourism-related programs.

The National Tourism Policy Study's Final Report, which provides the framework for these hearings, recognizes the revolutionary changes that have taken place in travel and tourism since passage of the International Travel Act of 1961, which still remains the basic U.S. legislation on the subject.

The Report further recognizes the importance of travel to society, to the national and world economies and to the ways people live and work, not only in this country, but abroad.

It recognizes the need for travel to continue to grow—but to grow in harmony with other interests in society, such as those of the environment and the consumer.

It provokes creative thought and invites creative action on tourism by all of the relevant interests that favor balanced economic growth, with concern for the environment, in a free and open society.

Mr. Chairman, we hope and predict that these Senate hearings will be the catalyst that is needed to bring U.S. Government policy toward tourism into conformity with the long-term needs of the travel industry and of the business and pleasure traveler.

We believe Congress should enact legislation in 1979 that incorporates a national statement of policy toward travel and tourism.

We further believe that there is a need to coordinate, at a high level, the many existing Government programs involved in tourism and recreation, and the preservation of historic sites and scenic beauty, so as to ensure these programs' effectiveness and responsiveness to the national interest.

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It directly employs 4.4 million people at every level of skills, and indirectly produces another 2 million supporting jobs. It generates \$22 billion a year in wages and salaries, and \$13 billion in tax revenues.

Travel provides large numbers of entry-level positions and is preeminent in the employment of women, youths and members of minority groups. At a time when the service sector accounts for most employment growth, travel is visibly the world's leading labor-intensive service industry.

It is a highly diversified industry. Its 1.4 million component companies range from small travel agencies to large airlines and hotel chains.

It was the largest item in world trade until the recent four-fold increase in oil prices catapulted petroleum into the number one position.

It has become essential to the way people carry out their business. You just cannot imagine a modern economy without business travel.

But travel's importance is more than economic. It is an extraordinary industry that confers a unique array of social and intangible benefits on the people of the world.

It is at the heart of this nation's value system, which supports the free flow of people and ideas.

It enables tens of millions of families to fulfill some of their dreams, and to return to their daily lives rested in body and enlarged in spirit. Last year, more than 100 million Americans left their homes on overnight personal, pleasure or business trips.

We who have watched travel grow at first hand are, for the most part, proud and happy with the progress this industry has made.

But we see difficulties that could have been avoided if a national statement of policy and a coordinating mechanism had existed in the past. More important, we see positive benefits today from a statement that recognizes the place of travel in American society; from a mechanism that gives the travel industry access to Government and a role in the creation of Government policies that affect the industry; and from a new legal framework that points the way toward more active cooperation between the industry and other sectors affected by travel and tourism.

Specifically, a national policy on travel might have prevented the Government from issuing draft plans for gasoline rationing and weekend closing of stations in the event of an emergency. Five years ago, when the nation faced a sudden energy shortage, some high-level Government officials called travel a "non-essential" industry. It took a Senate Resolution recognizing the vital contributions of travel to society and the economy, which was introduced by the Chairman of today's hearing, to put matters in more realistic perspective. But, to judge by the Department of Energy's latest draft plan, the travel industry's struggle for consideration and timely invitations to contribute constructively to the making of policies that affect it is not yet won.

An existing policy statement might have restrained the Administration from its ill-conceived attacks on business travel and entertainment. It might also have prevented the recent enactment of tax laws that have hindered participation in business conventions abroad.

A coordinating mechanism might have helped the travel industry's campaign to ease visa requirements for bona fide foreign visitors with return tickets, and to provide for their more hospitable reception at international terminals. We've made some progress in recent years, with customs and immigration preclearance at some popular departure areas; and with improved foreign language capabilities among immigration, public health, and customs employees; but we've a long way to go to create an initial atmosphere of hospitality to foreign visitors that accurately reflects the kind of friendly people and open society we are. The standards for international facilitation have been well defined in Facilitation Annex 9 to the Chicago Convention of 1944 on Civil Aviation.

A coordinating mechanism might have made it unnecessary for our Ambassador to Britain to propose closing the U.S. Travel Service's office there. The U.S. budget for promoting international travel to our country is inadequate and non-competitive, compared to the promotion budgets of other national travel services. Money spent to promote foreign travel pays for itself many times over. It is a legitimate function of Government, similar to its promotion overseas of other U.S. goods and services. In a highly competitive atmosphere, private travel related companies understandably promote their own services rather than the United States as a whole. While Congress has authorized as much as \$30 million

a year for Government programs to attract foreign visitors, no Administration has even budgeted more than \$15 million. A policy statement would help end such short-sightedness.

Despite lack of facilitation and promotion, America remains the nation in which foreign visitors spend the most money. Last year, 18.6 million visitors spent \$7.5 billion here, which meant that each foreign visitor was a living \$387 export. Nevertheless, the United States had a travel deficit of \$3.1 billion. An adequate Federal program would pay for itself many times over, and generate a significant reduction of this deficit.

At a time when the Administration wishes to promote exports, its ignoring of service industries, which account for more than 25 percent of total exports, is inexplicable. We believe that the major service industries, including tourism, should be represented on the President's proposed new Export Council.

A policy statement and coordinating mechanism would do more than ensure equal priority for travel and tourism with other major interests in the formation of national programs. It would facilitate the active cooperation between the industry and recreationists, environmentalists, preservers of historic sites, and concerned residents living near popular tourist destinations. In Europe and the Pacific, the travel industry is working successfully with such interests in the joint development of programs to educate travelers, and to preserve the scenic beauty and cultural values of popular areas. We can achieve the same degree of cooperation in this country if all interests can be guided by a comprehensive acceptable national policy that assures consideration for all those interested in business travel, convention travel, pleasure travel, personal travel, tourism and recreation—with domination by no single interest.

For these and other reasons, Mr. Chairman, this nation needs a national policy on travel and tourism and a mechanism to coordinate that policy. We are delighted that the Congress is seriously considering such action.

Before turning to some specific matters in the Final Report, two definitions are in order. We endorse the Report's following definition of "the travel industry" and also recommend that the Report's definition of "travel and tourism" be incorporated into legislation.

The Report defines the travel industry as "the interrelated amalgamation of businesses, organizations, labor, and governmental agencies which totally or in part provide the means of transport, goods, services, accommodations, and other facilities, programs, and resources for travel."

The Report defines travel and tourism as "the action and activities of people taking trips (to a place outside their home communities) for any purpose except daily commuting to and from work."

We have carefully studied the two draft bills contained in the Final Report. Draft A incorporates both tourism and recreation policy. Draft B covers tourism only.

The tourism industry, as represented by this panel, endorses the Findings and Policy as enumerated in Section 2 of Draft A. These Findings and Policy are included with this statement as Appendix 1.

In our opinion, the broad scope of Draft A's proposed tourism policy, which covers economic, consumer, environmental and government operations issues, accurately reflects the true nature of tourism and recreation activities today. It is no longer sufficient or appropriate for the Government to limit its concerns to tourism promotion as it did in the past with the International Travel Act of 1961 as amended. The comprehensive mandate covered in the draft legislation could herald a new era of increased satisfaction from tourism and recreation activities by even larger numbers of Americans.

The travel industry supports the policy proposals embracing both tourism and recreation, recognizing that these proposals represent an important new concept for government involvement in both of these activities. We realize that many difficult issues will need to be resolved by the implementing agencies, but as a concept designed to benefit the tourism and recreation sectors as a whole, rather than as competing interests, we believe it warrants support.

One qualification that should be mentioned today is in regard to the matter of definition. Recreation is one purpose of travel but its definition in the Final Report as the action and activities of people engaging in constructive and personally pleasurable use of leisure time includes activities in the immediate environment of the home itself. It should be made clear that national policy does not envisage a Federal role in this area of personal local activity.

The Final Report contains 45 statements of goals and objectives, which are included for reference as Appendix 2.

These statements represent, in our opinion, the most serious and important consideration of tourism as a social and economic activity that the Government has ever undertaken. We in the industry appreciate the dimensions and complexity of the issues involved, and we commend the Report for its vision and understanding.

By their nature, most of the statements translate into action programs at the implementing agency level. Since comments on the principal implementing agency and its programs are reserved for subsequent hearings, our comments today are oriented to major concerns of the industry as related to the general issue of policy goals and objectives.

The promotion of international travel to the United States remains a major industry concern. This subject is covered generally in the Report, but no specific reference is made to increasing promotional efforts to competitive levels. The industry continues to be concerned that the goals and objectives are translated into promotional programs that will have adequate scale, and finally make the United States effectively competitive in the growing world travel market.

Another long-standing concern is expanding, refining and updating the tourism data base. Although improved data to be generated by the Government is implied in several of the statements of goals and objectives, the commitment is not stated explicitly. We will continue to be concerned that data requirements will be adequately met under the new policy in broad support of Government and industry goals.

Facilitation of travel to and from the United States is also a matter of long-standing concern in the industry. There is a clear statement of goals and objectives in this area that are consistent with the national interest, but we reiterate our concern that a new policy result in improved treatment of, and consideration for international travelers.

The statements emphasize encouragement and stimulation rather than regulation to achieve the various goals and objectives, and the industry endorses that approach. The private sector is proud of its record in providing a full range of quality goods and services, and it would be concerned if a new Government tourism policy tended to place unnecessary controls or constraints on the industry's activities.

Turning to the second item for discussion in today's hearings, consideration of the proposed mechanism to coordinate tourism activities in existing agencies, alternatives are presented in the Final Report. We will focus on the proposal that covers both tourism and recreation. This proposed organizational structure calls for a National Travel and Recreation Policy Council at the Cabinet level (Appendix 3).

Based on past experience, there is basis for skepticism as to the effectiveness of coordinating bodies within government. We feel that the proposed Council could be an exception if the powers proposed for it in the Final Report are realized. Specifically, the Report states the Council would monitor Federal agencies' compliance with tourism and recreation policy; would coordinate that policy with other national interests; would review various agency programs and planning documents and would negotiate solutions to problems involving two or more agencies.

Our reaction to this concept is positive. We believe an interagency coordinating body is needed as a practical way to bring cohesion to the extensive but fragmented, uncoordinated, and often inefficient Federal involvement in tourism. The Policy Council recommended by the Report should be established by law at the highest level and given sound directives and the powers needed to give effect to its work including, if possible, some authority with respect to budget of tourism-related programs of individual agencies.

It is essential that representatives of the various Government entities on the Council have the power to make decisions. The Council should report annually to the Congress to facilitate meaningful Congressional oversight of its activities. It should be provided with a professional Director and staff independent of any single agency. The Director should be an individual possessing broad-based experience in the tourism industry. With these conditions, the Policy Council appears to be a practical method of bringing cohesion to the Federal role in tourism.

We believe strongly that legislation should establish the Council in the Executive Office, rather than any single department or agency because its function will cut across agency lines, and it should not, therefore, be identified with any one agency or department.

The legislation should also require that the Council afford the states, cities and private sector adequate input on issues. This provision would encourage improved coordination on formulating policy within the entire travel industry, rather than just within the Federal Government.

In concluding, I want to reiterate that the travel industry is keenly concerned with two basic aspects of the present relationship between the Federal Government and tourism.

One is greater recognition of the size, complexity and importance of the travel industry, and of its interrelated totality.

The second is the need for one place of focus within the Government to which the travel industry can look for support, advocacy, guidance, and coordination of implementing agencies. The industry looks to the proposed Policy Council to be this place.

Moreover, we ask these things, not only from our Government, but from those related interests in society—such as our recreationist and environmentalist colleagues—who have not always numbered themselves among the friends of mass tourism.

It is important for them to realize that the travel industry wishes, no less than they, to preserve the nation's scenic beauty and cultural heritage. Beauty and culture, after all, are primary reasons for traveling. We regard our concerned colleagues as partners, and believe they should regard us in the same manner and spirit.

They should also realize that travel and tourism will continue to grow. This is simply a fact of modern life and modern economics. The people of the world want it to grow, and we in the industry are certainly going to help them have their way.

If, as it grows, the industry does not receive recognition of its size and totality, and does not receive a place in Government that focuses on its activities, the problems caused by this growth can only become more severe.

We want the travel industry to grow well. To continue to add to, rather than subtract from, the quality of life. To benefit, rather than blight, the society around us, and to enrich understanding.

The travel industry is training a generation of managers capable of carrying out these high ideals and objectives, but they cannot do the job alone.

We in travel need the creative sympathy and cooperation of all those interests in society with whom we come in contact—the same kind of sympathy and cooperation that is working in other lands.

And we need the kind of coordination and policy guidance that only government can provide. So the place to begin is here, with the Policy Study, with the Final Report, and with these hearings. This is the moment of maximum opportunity. We must not let it slip away.

Thus, today has been a good and timely beginning, Mr. Chairman. I know you will see that we build on it to help create a travel industry that meets the desires and needs of people in today's fast-changing and expanding world—an industry of which the entire nation can be proud.

Thank you, Mr. Chairman.

And now, with your permission, Mr. Toohy will introduce those members of the panel who wish to make brief supplementary remarks to do so at this time. As you know, Mr. Chairman, time was approved and allotted for this purpose as part of our appearance here.

APPENDIX I.—FINDINGS AND POLICY

Section 2. (a) The Congress finds that—

(1) travel and recreation are important to the United States, not only because of the numbers of people they serve, and the vast human, financial, and physical resources they employ, but because of the great benefits tourism, recreation, and related activities confer on individuals and on society as a whole;

(2) the Federal Government for many years has encouraged tourism and recreation implicitly in its statutory commitments to the shorter work year and to the national passenger transportation system, and explicitly in a number of legislative enactments to promote tourism, and support development of outdoor recreation, cultural attractions, and historic and natural heritage resources;

(3) as incomes and leisure time continue to increase, and as our economic and political systems develop more complex global relationships, tourism and recreation will become ever more important aspects of our daily lives and our growing leisure time ; and

(4) the existing extensive Federal Government involvement in tourism, recreation, and related activities needs to be better coordinated to effectively respond to the national interests in tourism and recreation and, where appropriate, to meet the needs of State and local governments and the private sector.

(b) It is the policy of the Congress, in cooperation with State and local governments, and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, to—

(1) optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, and the Nation's international balance of payments ;

(2) make the opportunity for and benefits of travel and recreation in the United States universally accessible to residents of the United States and foreign countries and to insure that present and future generations be afforded adequate tourism and recreation resources ;

(3) contribute to personal growth, health, education, and intercultural appreciation of the geography, history, and ethnicity of the United States ;

(4) encourage the free and welcome entry of foreigners traveling to the United States, in order to enhance international understanding and goodwill, consistent with immigration laws, the laws protecting the public health, and laws governing the importation of goods to the United States ;

(5) preserve the historical and cultural foundations of the Nation as a living part of community life and development, and to insure future generations an opportunity to appreciate and enjoy the rich heritage of the Nation ;

(6) insure the compatibility of tourism and recreation with other national interests in energy development and conservation, environmental protection, and judicious use of natural resources ; and

(7) harmonize, to the maximum extent possible, all Federal activities in support of tourism and recreation with the needs of the general public and the States, territories, local governments, and private and public sectors of the travel and recreation industry, and to give leadership to all concerned with tourism, recreation, and national heritage preservation in the United States.

APPENDIX 2.—GOALS AND OBJECTIVES AND THE PROPOSED NATIONAL TOURISM POLICY

I. ECONOMIC GOALS AND OBJECTIVES

Goal

1. Optimize the Contribution of the Tourism and Recreation Industries to Economic Prosperity, Full Employment, Regional Economic Development, and Improved International Balance of Payments.

Objectives

1. Encourage balanced tourism/recreation development.
2. Increase awareness of the relative economic costs and benefits of tourism and recreation development and activities.
3. Encourage maximum/travel/recreation industry efficiency in satisfying tourism/recreational demand.
4. Encourage and support development of quality tourism/recreational facilities and attractions, and competition within the tourism and recreation industries to insure quality services at reasonable prices.
5. Insure equal priority for the tourism and travel industry with other major industries in any Federal emergency energy allocation programs or energy contingency planning.
6. Increase the capability of the tourism and recreation industries for responding to future energy constraints and for supporting continued public travel and recreation opportunities within these constraints.
7. Support and maintain the small business element in the tourism and recreation industries.
8. Encourage tourism and recreational development which supports a better seasonal balance of travel.

9. Encourage tourism and recreational development in depressed areas and regions.
10. Support growth in the number of meetings and conventions held in the U.S.
11. Create and maintain a well-qualified labor force in tourism and recreation.
12. Expand job opportunities in the travel/recreation industry.
13. Increase public knowledge of U.S. travel and recreation opportunities among both U.S. citizens and potential foreign visitors.
14. Stimulate travel/recreation demand and increase visitor length-of-stay and per capita expenditures, particularly in areas which could benefit from additional economic development.
15. Stimulate and maintain growth in demand for travel to and within the U.S. in primary and secondary foreign visitor markets.
16. Stimulate growth in the number of international fairs and sporting events held in the U.S.
17. Increase knowledge of U.S. travel and recreation opportunities in the U.S. and foreign media and travel distribution markets.
18. Encourage development of a nationwide intermodal transportation system.
19. Avoid excessive government regulation of the travel and recreation industries and minimize the negative impacts of such regulations.

II. CONSUMER GOALS AND OBJECTIVES

Goal

2. Make the Opportunity for, and the Benefits of Travel and Recreation Universally Accessible to Residents of the U.S. and Foreign Countries.

Objectives

1. Support determination and measurement of the benefits of travel and recreation to physical and mental health.
2. Increase public awareness of the benefits to physical and mental health from travel and recreation.
3. Increase public knowledge of U.S. travel/recreation and historic and natural heritage resource opportunities and attractions.
4. Enhance the capability of consumers to make informed travel and recreation decisions.
5. Encourage the provision of a broad spectrum of travel and recreational opportunities at the national, regional, State and local levels.
6. Reduce barriers to travel and recreation for the elderly, handicapped, and poor.
7. Facilitate travel and recreation by foreign visitors within the U.S.
8. Expand the availability of inexpensive mass transportation.
9. Encourage year-round, off-season travel.
10. Encourage and expand the use of public lands for tourism and recreation where expanded use is compatible with resource conservation and preservation.
11. Increase consumer protection from negligence and fraud.

Goal

3. Contribute to the 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.

Objectives

1. Increase public awareness of the educational benefits and cultural understanding to be derived from travel and recreation.
2. Increase public awareness of the educational and cultural tourism and recreational opportunities in the U.S.
3. Increase public awareness of the geographical, historical, and ethnic diversity of the U.S.

Goal

4. Encourage the Free and Welcome Entry of Foreigners Traveling to the U.S., while Balancing This Goal with the Need to Monitor Persons and Goods Entering the Country, and with Laws Protecting Public Health.

Objective

1. Facilitate the entry of foreign travelers into the U.S.
2. Increase the awareness of U.S. travel and recreation opportunities among *potential foreign visitors* in their home countries.

III. ENVIRONMENTAL AND NATIONAL RESOURCE GOALS AND OBJECTIVES

Goal

5. Protect and Preserve the Historical and Cultural Foundations of the Nation as a Living Part of Community Life and Development, and to Insure Future Generations an Opportunity to Appreciate and Enjoy the Rich Heritage of the Nation.

Objective

1. Increase public awareness of the educational and cultural benefits derived from historical and natural heritage resource attractions.
2. Increase public awareness of the need for protection and preservation of U.S. historical and natural heritage resources.
3. Encourage public and private sector identification, recognition, restoration, and preservation of historic sites, archeological sites, cultural attractions, and other unique resources.

Goal

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.

Objective

1. Support efforts which increase the tourism and recreation industry capability to conserve energy.
2. Encourage sound land use, environmental protection, and balanced tourism and recreational opportunities which do not degrade natural or man-made resources through over-use, over-development, or overcrowding.

IV. GOVERNMENT OPERATIONS GOALS AND OBJECTIVES

Goal

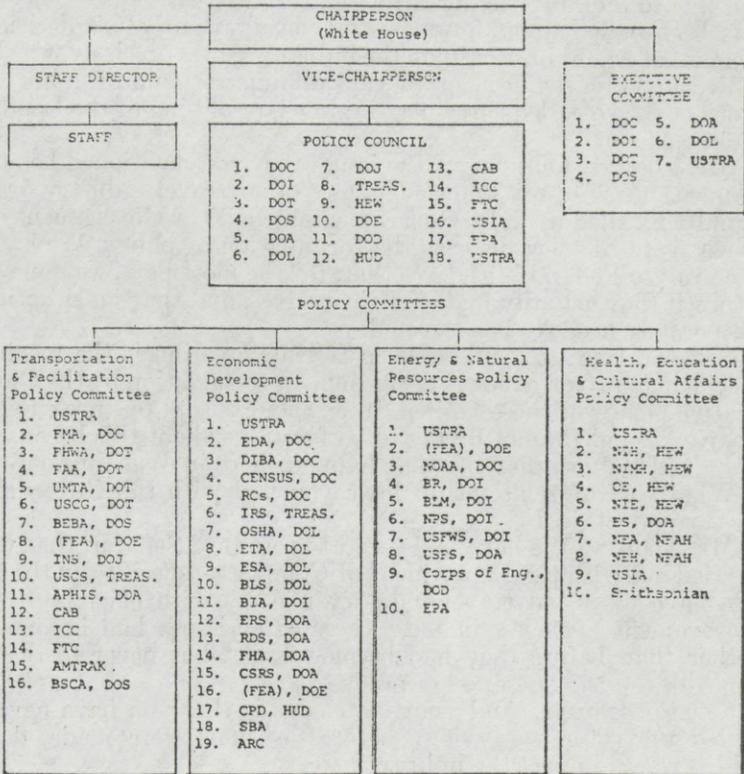
7. Harmonize, to the Maximum Extent Possible, all Federal Activities Supporting Tourism and Recreation, to Support the Needs of the General Public and the Public and Private Sectors of the Tourism and Recreation Industries. Take a Leadership Role with All Concerned with Tourism, Recreation, and National Heritage Preservation.

Objective

1. Encourage an end to conflicts and duplication among Federal programs, and among Federal and other public sector and private sector tourism and recreation programs and activities.
2. Encourage an end to conflicts and duplication among programs and activities undertaken by the public and private sectors of the travel and recreation industries at the State and local levels.
3. Increase and maintain the sensitivity and responsiveness of Federal travel, recreation, and heritage resource policies, programs, and activities to the needs of the general public and the public and private sectors of the tourism and recreation industry.
4. Encourage continuing assessment of the effect of various public programs and actions not directly related to tourism or recreation which may have an important effect on tourism, recreation, heritage resource protection.
5. Expedite the free flow of information about tourism and recreation or other activities which affect tourism and recreation among all levels of the public and private sectors.

APPENDIX 3

NATIONAL TRAVEL AND RECREATION POLICY COUNCIL (OPTION-A)
Suggested Organizational Structure
 (Alternative 1)



Senator INOUE. Thank you, Mr. Manfred.

If I recall, in 1965, as the result of a congressional resolution and a Presidential proclamation, Discover America Inc. was formed. It was a quasi-public organization to promote tourism in the United States, and I believe 4 years later you merged your activities with the National Association of Travel Organizations and formed DATO.

Mr. TOOHEY. That's correct, Senator.

Senator INOUE. And DATO later formed the relationship with USTS and formed the Travel Center, the DATO Center.

Mr. TOOHEY. That's correct.

Senator INOUE. And you have in your organization representatives from State and local organizations, whether they be tour directors or sales personnel, bus operators—the whole spectrum. What I'm trying to suggest is that DATO is an official federally recognized organization. Isn't that correct?

Mr. TOOHEY. That is correct, Senator. It is a horizontal organization of the travel industry, each of its components are organized vertically and come together in DATO.

Senator INOUE. Now that we have established your official position, I'd like to inquire whether throughout these years, since 1965, DATO has been called upon for views or consultation before decisions are made that would impact upon the industry. More precisely, was DATO called upon on the decision by this administration on foreign conventions or the so-called three-martini lunch or closing of the London and Tokyo offices?

Mr. TOOHEY. On none of the issues that you mentioned has this organization or, to my knowledge, any other travel industry organization been called upon by Government agencies or Government officials for a point of view prior to the formulation of policy. We have been reacting to Federal initiatives that, for the most part, we're not aware of until they actually manifest themselves, and that's a situation that desperately needs to be corrected.

Senator INOUE. And so, even if your creation is the result of an official act, a congressional resolution, a proclamation by the Chief Executive Officer of these United States, your official posture ended upon your creation. I'm not trying to be facetious about this because to me it's a sad commentary of what happens here in Washington.

What sort of relationship have you had with the Government of the United States?

Mr. TOOHEY. We have had several programs, Senator, that we have carried out with the Department of Commerce, specifically the USTS. We have discussed travel industry matters with officials of several Government agencies, in most cases after issues had become issues rather than before they had become issues, but never to the extent that this industry deserves or needs.

Senator INOUE. And your statement is that you have never been called upon for your views before decisions were made, decisions which would impact the industry?

Mr. TOOHEY. That is correct.

Senator INOUE. Have any of the members here been contacted by the Government before decisions were made?

[No response.]

Senator INOUE. You mean of all the various organizations, none have been contacted?

Mr. TOOHEY. That's a clear demonstration of the depth of this problem.

Senator INOUE. Is the restaurant organization here? I know that they may not be here.

Mr. TOOHEY. They are not here, Senator, but they are supporting this testimony.

Senator INOUE. Was the restaurant organization contacted before the three-martini lunch was put into effect?

Mr. TOOHEY. Not to my knowledge.

Senator INOUE. Was the International Convention and Visitor Bureau organization contacted before decisions were made on the foreign conventions?

Mr. HOSMER. No, Senator, it was not.

Senator INOUE. Well, we have to change the situation. That's all I can say. We have a major problem which almost seems one without a solution. If you can help us in this area we would be eternally grateful. And that is, we can pass legislation to develop the most effective organization structurally and have a panel of Cabinet members, but if there is no spark plug moving force or commitment or real mandate, it would be a paper organization.

Do you have any suggestions as to how we can assure that this would not be a paper organization? I ask this because as far as the passing of legislation, we can do that and I'm certain sufficient votes are here in the Congress to bring this about.

Mr. TOOHEY. Senator, I believe that these hearings have clearly demonstrated that the travel industry understands the importance of coming together on issues of common concern and I believe the industry is mobilized for unity more than it ever has been before, and I believe that if legislation is enacted such as you're suggesting and we're supporting that you would find the industry solidly behind that and you would find the industry pressing Government to make the mechanism effective on behalf of those constituents that we represent and on behalf of the American people.

I think there's been a certain maturity that's taken place within the travel industry and I think it's adversity for the most part that has caused that maturity. We have come together in the past on major issues as you well know. We are clearly together on the importance of this issue.

Senator INOUE. I ask that question while I know the answer. Part of the answer lies in the next few days, incidentally, and I'm happy to hear your response that the industry is sufficiently organized now. The language that is well understood in Washington is one that can bring about defeat of legislation or passage of legislation. That action is respected here in Washington. If you can pass a bill, you will win respect. If you can defeat a measure, you will also win respect.

I believe that when the tax bill comes to the floor the two committees of the House and the Senate will have deleted the so-called three-martini lunch. At the same time, I'm well aware that an effort will be made, a very strong effort will be made, to amend the tax bill to include the three-martini lunch. And I should point out to you that from the standpoint of pragmatic politics, the three-martini lunch provision has much sex appeal because very few people go to restaurants and have their lunch. Most carry their lunches in brown bags or little tin boxes and they usually consist of fruit, a sandwich, something to drink. Very seldom would it involve a mai-tai or a martini or bloody mary. So from the standpoint of votes, I would gather that most of the votes of the people who are not aware of the effect of this type of legislation would be for the three-martini lunch proposal.

I hope that you will put on an impressive show in the next few days and convince your friends in the Senate and the House on the deep meaning of this type of law, that it goes beyond picking on the rich businessman. The ramifications go beyond just the restaurants because

I'm convinced that if you can demonstrate in the next few days that you can deliver the votes to kill this amendment, then the commitment that we need for this organization will be there. Otherwise, you will have a paper organization. And so these are important days, very important days. The amendment may not receive coverage on the front page, but I think the results will have an effect that will be long-lasting.

So you have how many organizations who are members?

Mr. TOOHEY. About 1,200.

Senator INOUE. Well, that's a lot of votes. I don't know if you have a political organization to crank out the messages, but now is the time to do it. I notice that your panel includes a very, very dear friend of mine. We worked closely together when he was a citizen of Hawaii. He was the chief executive officer and president of the safest airline in the world. He's now the president of the safest bus organization. I'm not certain whether you're part of the program here, but I'd like to, as a prerogative of the chairman, to call upon my friend, Arthur D. Lewis. It's good to see you, sir.

STATEMENT OF ARTHUR D. LEWIS, PRESIDENT, AMERICAN BUS ASSOCIATION

Mr. LEWIS. Thank you, Mr. Chairman. I can't tell you how much I appreciate those kind words. I remember my 9 years in Hawaii with great affection I will never get over.

I'd like to say very much that we concur with the statement given by Mr. Manfred. We think that the statement developed by the Discover America Organization is quite important.

I'd like to emphasize our own belief again that the country has failed to perceive tourism as the major contributor to the economy that it is today and I think there's no question but what the United States has done in the last 10 years in not living up to its ability to compete effectively with foreign travel has hurt our foreign trade and has affected the value of the dollar negatively, and I think that the Government has got to recognize that it needs an important marketing program that it and only it can perform that will have an influence on world travel.

But I think, also, that you can't segregate world travel from domestic travel. I think it's just as important that we concentrate and develop the tourism industry and the facilities of that industry and market it to our own people as we market it to the world. I don't think you can have a program that is good for overseas travelers and not good for domestic travelers.

At the same time, I think it's tragic when we, as a nation of travelers, spend as many dollars overseas as we do, when so little effort is made to keep those dollars at home.

We are an organization to facilitate communication between the suppliers and transportation services and bus operators of tours and charters. The Canadian Government is a member of the American Bus Association, so it can attend that marketplace at Orlando and participate in selling to our members. The USTS is not a member because the Department of Commerce cannot see the link, and that's a very specific statement and a very specific thing. This is just an example.

The fact that the United States Organization on Tourism has indicated that they believe by the year 2000 tourism will be the largest

industry in the world, the largest employer of people, is just something that this Nation must take into consideration in the development of its own policy. That organization also made a very important statement when it said that the problem that we have in the development of tourism in the future is not so much the existence of the tourist facilities themselves, but of organization of those facilities and the marketing of them, and critical to the marketing of these facilities is communication. And when you take into consideration the fact that the travel industry in this country is comprised of thousands of fragmented—important, but fragmented—industries, that cannot communicate easily on a national basis, much less an international basis, then it's a necessity for this Government to step in and provide that communication mechanism. This is exactly what the Hawaii Visitors Bureau did for many years when I was a member of it and I know it's still doing it today and it's exactly the same thing that your Irish Trade Association or Irish travel bureaus are doing. It's enabling a highly fragmented industry to address itself in a marketing scene on a world basis.

So, I can only say that I think what you're doing is extremely important. We support it in the American bus industry and we see the whole development of tourism as really our long-term salvation, frankly. The regular city operations that we have have tended to decline in the last 30 years since the war. It's the tours and charters that we operate that are growing and it's that business that we think will make a contribution to this industry and that we can in turn make a contribution to the interests of the Nation.

I'd like to just say one thing more as far as coordination of the Government is concerned—or two things. The tragedy of attempting to control energy by elimination of tourism is just highlighted by the fact that absolutely no effort was made during the period of the last 4 years to emphasize the energy efficiency of certain modes of transportation as against the other. The only reaction was to cut down travel, cut down tourism, and not to save energy by utilizing more efficient services.

Of course that is a self-serving statement on our part. We happen to be the most fuel efficient transportation system of passengers in the country. But it still is a fact that whether it's self-serving or not, that it should be a part of the objectives of this Government and yet it has not adopted it.

The second thing is just a small vignette. I think it's important but interestingly enough as we drew up this marketplace the National Park Service became a member of the American Bus Association for the purpose of marketing its services to our tour operators. In discussing with them their problems we found out they were interested in a bill before Congress which became law, Public Law 95-344 which enabled the Park Service to contact the public and private carriers to provide transportation between common carriers such as airlines to public parks for the purpose of facilitating that travel. It was sort of stuck on dead center. We were fortunately able to help move it and the legislation became law, but it was my understanding it was not until we happened to tell the USTS about this legislation that it became involved. It was not through any coordinating mechanism in Government. It just happened by word of mouth it got around.

I'm not trying to point a finger at somebody, but it just highlights the problem that you have just been speaking about, the inability to communicate within the Government unless there's a mechanism for doing it and unless there's a will for doing it.

[The statement follows:]

STATEMENT OF ARTHUR D. LEWIS, PRESIDENT, AMERICAN BUS ASSOCIATION

Mr. Chairman: Thank you for the opportunity to participate in these important hearings. The American Bus Association is the national trade organization of the intercity bus industry, representing some 400 privately owned intercity bus companies in the United States and Canada.

We commend you and your committee for its interest in and support of the goal of achieving a comprehensive and intelligent national tourism policy. We support establishment of a mechanism for focusing the activities of the federal government so that there is a coordination of programs and policies which have an affect on tourism. For all too long our country has failed to perceive tourism as the major contributor to the economy that it is today and has done nothing to encourage its development.

We in the intercity bus industry are impressed by the World Tourism Organization report that by the year 2000 tourism may be the most important economic activity in the world.

We commend you, Mr. Chairman, for not only understanding the potential of tourism, but for having the courage to do something about it long before such reports began to appear.

The intercity bus industry is an integral part of the tourism industry in this country. In 1977 alone privately owned intercity buses carried 332 million passengers—more than any other mode of public transportation—for that matter more than the airlines and Amtrak combined. In charters and tours alone, we carried approximately 150 million people. This figure excludes local service operations, school bus operations, and government and military group movement. These passengers carried on bus tours and charters constitute 20 percent of the intercity passengers carried by all public transportation services last year.

These are very impressive figures. And, they will grow. Because travel by bus as part of a charter group is a most enjoyable experience and a very effective way for people to travel.

Yet, the industry is also fortunate that in addition to being a pleasant experience, charter and group travel is also energy efficient. In 1977, intercity buses operating in charter and tour operations averaged almost 200 passenger miles per gallon of fuel, by far the most energy efficient form of transportation available today.

Unfortunately, there is no policy in the federal government to encourage the growth of tourism by use of energy efficient transportation. National planning to reduce the consumption of energy in tourism by favoring more energy efficient forms of transportation simply does not exist. Until now, the principal way to reduce energy consumption in tourism has been simply to reduce tourism. . . . not to plan for increased efficiency in handling it.

Our industry, for example, has grown without the interest or the assistance of either national transportation planners or national tourism policy planners. It has grown in the tourism field with resources provided almost exclusively by the private sector without the interest or understanding of tourism planners or transportation policy makers within the government.

Intercity buses today provide the most pervasive form of service of any transportation mode in America, serving 15,000 communities in scheduled service, 14,000 of which have no alternative form of intercity public transportation.

Although there are no federal programs organized to improve awareness, the cost of fuel and its potential shortage has caused some analysts to realize that bus transportation can provide the only real alternative to the use of the private automobile serving traditional highway and secondary road systems of the nation. Buses can go where the hotels and motels have been built, where the attractions are located, to the heart of the urban centers or the most distant national park, and on a network of roadway systems ranging from the interstate highways to the smallest country road.

A primary example of the lack of coordination of federal efforts in the tourism area occurred within the last two months. The National Park Service became a Travel Industry Member of the American Bus Association. Soon thereafter we

learned that the Park Service was interested in a Bill before Congress which would authorize \$6 million over four years to encourage the use of public transportation modes as an alternative means of travel to and from the national parks.

We were able to provide some assistance to the National Park Service in seeking approval of this legislation. The Bill was passed by the Congress and signed into law by President Carter. The law—Public Law 95-344—allows the Park Service to contract with public or private agencies and carriers to provide transportation services, capital equipment, or facilities to improve access to units of the National Park System. In addition, the National Park Service is authorized to advertise and promote this service, thereby enhancing its potential marketing value.

It is my understanding that the United States Travel Service was not aware of this legislation until informed of it by the American Bus Association. Subsequently, the National Park Service and the United States Travel Service met to discuss the possible methods they could incorporate to carry out this program.

We are not trying to point a finger, but this example does serve to highlight the lack of coordination or policies within the government which impact on tourism development.

A complicating factor in the development of tourism by intercity bus companies is the great diversity of tourist destinations, attractions and facilities which exist, as well as the great number of individual bus companies which operate charters and tours.

The vastness of the sprawling diversified, highly fractured travel industry demands an improvement in communications between it and intercity bus companies which provide transportation and organize tours and charters.

It is noteworthy that the World Tourism Organization states that the problem of the future is not one of tourism consumption and of stimulating demand, "but of organization and marketing." I concur with this. The necessity for effective communication is central to proper organization and marketing.

The American Bus Association is now taking steps to improve communications between bus operators and those who promote destinations and have services to sell the tourist. The American Bus Marketplace, which will be held in Orlando in January of 1979, offers the intercity bus companies, for the first time, a mechanism to meet these people directly at one spot, on a one-to-one basis. In time, it is expected the Marketplace will be a dominant factor in the development of the intercity bus charter and tour business in North America.

This is only one example of what must be done to assist the travel and tourist industry in solving the problems of organization and marketing. Others exist. Important to this testimony is the fact that the national interest requires the federal government to assume a more important role in assisting in improving that communication, just as many State and city organizations do currently—and that assistance in communication needs to be directed to the domestic travel and tourist market as well as the international market.

The American Bus Association believes the benefits of travel and tourism to this nation are very important. It not only provides an economic base of employment, but it adds much to the quality of life. The American Bus Association offers its total support to this committee in seeking methods to upgrade the understanding of the economic benefits of tourism to the nation, and the health and well being of its citizens.

We appreciate the opportunity to present our views. . . . thank you.

Senator INOUE. Mr. Lewis, unfortunately, I am well aware of that situation here. Incidentally, at the urging of your organization, the Commerce Committee responded by providing necessary authorization to make this train station a central point for transportation. So now the visitors to Washington will have an added convenience. The trains will arrive there and the buses will also arrive there.

I'd like to commend you for your statement, Mr. Manfred, because I have sat through all of the hearings and your testimony is the first one that emphasized the importance of working together with those men and women who are interested in recreation and in the environment. That position is not only practical because there are many in Congress who are concerned about the effect of tourism upon

the environment, and at the same time, there are many who believe that tourism would be destructive. I think your effort to convince those people that it is not so is a worthwhile endeavor and I commend you for that, sir.

What have you done in that aspect, sir?

Mr. TOOHEY. In working with environmental groups, Senator?

Senator INOUE. Yes.

Mr. TOOHEY. Not really, as much as the industry should have done in terms of forming relationships with those various interests. I think that's an area in which this industry has to become much more active and I think the marriage of tourism and recreational interest and the policy governing them will begin that kind of effort to bring together these interests, either initiatives from that side or from this side which have been lacking in the past. That dialog needs to be established with those groups. As Mr. Manfred's testimony establishes, they should be friends and not enemies. There should be understanding and support because tourism is going to grow and it's in the best interest of the environmentalists and conservationists and tourism developers to see that it grows well.

Senator INOUE. I'm glad to hear that because as far as I'm concerned it's a natural alliance because if you work to pollute the environment you're killing yourselves. The many attractions we pride ourselves in would soon disappear and so it is in your interest that the scenery is kept beautiful, that the environment is kept unpolluted. But somehow, that clear message has not been properly conveyed to the environmentalists.

Mr. TOOHEY. There's not that relationship within the Government either, Senator. The Bureau of Outdoor Recreation, as it was once called, really had no perception of the tourism aspect of it and I think it's important not only for industry to work with private groups on environment and protection but also for these forces to come together in Government, which is one of the recommendations of the final study report. We think that's as it should be. There should be coordination in the Government level and we should be taking initiatives at the private sector and State and city level to do the same thing.

Senator INOUE. Do you have others who wish to speak?

Mr. TOOHEY. Yes, Senator. Several of the members of the panel would like to make brief statements.

Senator INOUE. Without objection, if you do have prepared statements which you would like to have made part of the record, it will be done.

Mr. TOOHEY. Thank you, Senator. The director of the U.S. Travel Data Center, Mr. Douglas Frechtling, would like to make a statement.

STATEMENT OF DOUGLAS C. FRECHTLING, DIRECTOR, U.S. TRAVEL DATA CENTER

Mr. FRECHTLING. Mr. Chairman, it's a pleasure to be here and I'd like to take a few minutes if I can to put research on travel and recreation into perspective for your policy study. I'm delighted that my full statement will appear in the record.

I'd like to make three main points if I may. First, it became quite obvious to the policy study team during their hearings around the

country, that research is essential to the conduct and development of effective programs in tourism and recreation. However, this may not be so clear to administrators in future years who will carry these programs forward.

I would like to respectfully suggest that the importance of research be reflected in the declaration of national tourism policy, perhaps in words such as the following (new language in italic) :

It is the policy of the Federal Government, in cooperation with State and local governments, and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to foster and promote the general welfare and public health of the Nation . . . *to improve understanding of travel and recreation activity and its economic, social and environmental impact through conduct, encouragement, support and dissemination of research.*

By making this part of the policy statement, no administrator down the road can try to develop or implement a program without it, as has happened in the past.

The second point I'd like to make is just as there's a crying need for coordination of tourism and recreation development programs in the Federal Government, there is the same need in the research that the Federal Government conducts on travel and recreation. There's been a great deal of waste and duplication in the use of the very limited funds that the Federal Government spends currently on travel and recreation research in the absence of this coordination.

I would like to suggest that one of the first acts of the three coordinating bodies, if they are indeed implemented, be to set up a sub-committee on research so that researchers in different Federal agencies, different levels of government throughout this country, and in the private sector will talk to one another about what they are doing so that we can coordinate research to achieve common objectives.

The third point I'd like to make is, again, just as travel and recreation need a higher priority in the executive branch of our government, travel and recreation research need recognition as well. It is very timely that you're holding these hearings in developing a national tourism policy now, because just recently the administration established a cabinet-level Statistical Policy Coordination Committee made up of the heads of almost every department and many of the independent agencies in our Government. This committee is "to advise and assist the President with respect to improvement, development, and coordination of Federal statistics."

This committee will conduct its work largely through interagency task forces. There's been an interagency task force set up on urban data and one on population projections. There's been no recognition of travel and recreation as yet.

I hope, Mr. Chairman, that your committee will convince this coordinating committee to establish an interagency task force on travel and recreation statistics to get this body of work considered in the development of overall Federal statistical policy.

I regret that I have to leave these hearings shortly to make a plane, but I would like to applaud you in conducting this study. It is an honor and a privilege for me to appear here and have a chance to make a case for research. I would like to assure you that the organization I direct, the U.S. Travel Data Center, and the Travel Research Association, the international association of professional travel research-

ers and marketers, will do all they can to help you in your work. Thank you very much.

Senator INOUE. Thank you, sir, and I'd like to commend you for your statement. I would just hope that whatever organization is created will have the good sense to make their decisions and judgments based upon research. I would hope so.

Mr. FRECHTLING. I am delighted to hear that.

Senator INOUE. I hope they will be sufficiently professional to do that. There's always a possibility that whenever you have a committee or commission established in Washington you may not have professionals. The only professionals you may have will be professional politicians. They may not be the ones you want. We'll do our best to see that we've got the real pros of the industry.

Your suggestion that a clear declaration be made on research I think is well taken. I can assure you that it will be part of the recommendations.

Mr. FRECHTLING. Thank you, Mr. Chairman.
[The statement follows:]

STATEMENT OF DR. DOUGLAS C. FRECHTLING, DIRECTOR, U.S. TRAVEL DATA CENTER
RESEARCH OBJECTIVES AND COORDINATION FOR THE NATIONAL TOURISM POLICY STUDY

Mr. Chairman and members of the Committee, I am Douglas C. Frechtling, Director of the U.S. Travel Data Center. The Data Center is the nation's only independent, non-profit research center devoted exclusively to travel and tourism. Our members include airlines, bus and rail companies, hotel chains, attractions, magazines, state travel offices, city visitor bureaus, advertising agencies, travel marketing companies, Federal agencies, universities—in short, all sectors of the travel industry. We were established in early 1973 by the travel industry to improve the quality and range of research on travel and tourism, to, from and within the United States.

I appreciate this opportunity to place travel research in perspective for a National Tourism Policy. The announcement for this set of hearings states they "will be concerned exclusively with testimony on the objectives a national tourism policy should seek to achieve, and the most effective Federal mechanism to coordinate such a policy among the many government agencies having programs and responsibilities which impact travel and tourism." I will devote my testimony to these areas and hope that in the future this Committee can examine Federal research priorities for travel and recreation.

While I have directed the Data Center since its establishment, and currently serve as an officer of The Travel Research Association (TTRA), the views I express today are not necessarily those of the members of either of these organizations. Rather, they are based upon my own experience in gathering data, evaluating information collected by others, analyzing research findings and publishing the results.

RESEARCH AND TOURISM POLICY OBJECTIVES

I am impressed by the "Proposed Declaration of National Tourism Policy" presented on pages 33 and 35 of the National Tourism Policy Study Final Report prepared by Arthur D. Little, Inc. and published by this Committee. It admirably covers the reasons why a statement of policy regarding travel and tourism is needed, and comprehensively lists individual policy goals.

It is clear from a careful reading of the background material included in the Report that research is granted a major role in the programs suggested to achieve national tourism goals by the authors of the Report. However, the importance of sound research in reaching the goals may not be self-evident to those who will administer specific programs. Consequently, I recommend that travel and tourism research be explicitly recognized in the Declaration of National Tourism Policy, through the addition of a phrase such as the following to the second paragraph: To improve understanding of travel and recreation activity and its economic, social and environmental impact through conduct, encouragement, support and dissemination of research;

DEFINITIONS

Defining "travel", "tourism", and "recreation", and related terms is crucial. It is not surprising that those of us interested in travel and recreation have trouble making ourselves heard when we can't even agree on what we are talking about.

The report firms up important ground when it endorses the conceptual definition of "travel" as "the action and activities of people taking trips to a place or places outside of their home communities for any purpose except daily commuting to and from work."¹ Moreover, it rightfully charges the travel industry, including the research community, with developing operational definitions of travel terms. We are currently working with Discover America Travel Organizations to develop a consensus on the specific definitions of the most important terms, and hope to have a report ready for consideration next spring.

The conceptual definition of "recreation" proposed in the report is more troublesome: the action and activities of people engaging in constructive and personally pleasurable use of leisure time. Recreation may include passive or active participation in individual or group sports, cultural functions, natural and human history appreciation, non-formal education, pleasure travel, sightseeing, and entertainment.²

This definition includes a great deal of human activity centered in the home, such as reading, gardening and watching television. Most of us would conclude that these activities compete with travel and tourism for leisure time and the leisure dollar, rather than complementing them. By defining recreation so broadly, we run the danger of submerging travel under local activities, and losing sight of our objectives. Indeed, U.S. Department of Commerce estimates of personal consumption spending in 1977 suggest that over half of what is included under "recreation" consumption is home-centered and not related to travel.³

I suggest that we search to find a definition that excludes home-centered recreation activity, but preserves the concepts of recreation in the local community (local recreation) as well as that outside (tourism recreation).

COORDINATION

The crucial need to coordinate the myriad Federal programs in the promotion, management, development and funding of travel-related programs has its analog in the research area. It is my experience that the travel or recreation reaction research for one agency is not coordinated with that of others. Indeed, it almost appears that some agencies pride themselves on being ignorant of what others are doing in the same area.

I submit that the travel and recreation research interests of the U.S. Department of Energy, the U.S. Travel Service, the U.S. Department of Transportation, the Heritage Conservation and Recreation Service and several other agencies coincide to a considerable extent. Yet I know from experience that these agencies are seldom interested in joining together to conceptualize and conduct a single travel-and-recreation-related project, even though it could contribute to the objectives of all.

Waste and duplication seem to be serious problems in federal research in travel and recreation. Twice in six years we have had one agency conduct a household survey of recreation activity during the same year that another agency is surveying household travel activity. Our understanding of the interplay between travel and recreation could be immeasurably increased and the costs of deriving meaningful travel information reduced if travel-and-recreation-related agencies would just talk to one another about research.

This leads me to suggest that research be explicitly addressed in the organizational structures for the National Travel and Recreation Policy Council, the Intergovernmental Travel and Recreational Planning Board, and the Travel and Recreation Developmental Board. This could be accomplished by a standing subcommittee on research comprised of the chief research personnel in the major agencies, participating organizations and industry sectors, to exchange information on current and anticipated research projects and promote joint research programs.

¹ Committee on Commerce, Science and Transportation. U.S. Senate. "National Tourism Policy Study Final Report," U.S. Government Printing Office, Washington, D.C., 1978, p. 5.

² *Ibid.*

³ Bureau of Economic Analysis, "Survey of Current Business," vol. 58, No. 7 (July 1978), p. 37.

RECOGNITION

Travel and recreation research is as poorly recognized in Federal statistical policy as the industries are in overall public policy-making. There is ample evidence that travel and recreation research receives scant attention in the development of Federal statistical priorities. The most glaring example, in my opinion, is the fact that the Federal government conducts a national travel survey once every five years, while surveys of manufacturing are produced every year.

This lack of recognition is apt to get worse rather than better. Since 1975, the Office of Federal Statistical Policy and Standards, now a part of the U.S. Department of Commerce, has been developing "A Framework for Planning U.S. Federal Statistics, 1978-1989." Draft chapters have been published on transportation, energy, labor, and production statistics, as well as a number of other areas.⁴ There are no chapters on travel or recreation statistics, although occasional references to such data series can be found in the text on some more general topic.

In early 1978, the Office of Federal Statistical Policy and Standards and the Bureau of the Census issued Social Indicators 1976, containing 646 pages of charts, graphs, and tables of statistics on the social aspects of American life. These include population, housing, health and nutrition, public safety, education, work, and social mobility. There is a chapter on "Culture, Leisure and Use of Time," that includes some data on recreation. However, the volume presents nothing on travel and tourism.

I think the point is clear: we must promote a recognition and understanding of travel and recreation research among those developing and carrying out Federal statistical policy. If we do not, we run the risk of having the limited resources now devoted to Federal programs in travel and recreation research reduced even further.

The timing is crucial. The Administration recently established a cabinet-level Statistical Policy Coordination Committee to advise and assist the President with respect to the improvement, development and coordination of Federal statistics. The Committee will play a major role in reviewing, establishing and enforcing the statistical standards which are critical to developing a consistent and integrated data base for public policymaking and will take the lead role in identifying priorities for major statistical programs that need to be addressed in the budget-setting process. In addition, the Committee will make recommendations concerning studies which should be undertaken, will review the conclusions of those studies, and will make recommendations for government-wide statistical policy.⁵

Those of us in the public sector who need better research for rational planning and policy development, and those of us in the private sector who look to the Federal government to gather and disseminate data necessary to assess current conditions in the travel and recreation industry, must make sure our research needs are ignored no longer. At the very least, the Statistical Policy Coordination Committee should establish an interagency task force on travel and recreation statistics, to promote coordination of these programs and an increased awareness of the nature and role of these data in public decision-making. Mr. Chairman, I hope your Committee will lend its support for this idea in developing the National Tourism Policy.

CONCLUSION

The National Tourism Policy Study is a grand opportunity to rationalize the Federal role in travel and recreation research, improve the scope and accuracy of the federal data as we all need so much, and encourage increased resources devoted to the study of these activities. To help focus these efforts, the U.S. Congress through its endorsement of a National Tourism Policy, should:

1. Explicitly recognize the importance of travel research in the Declaration of National Tourism Policy;
2. Designate standing subcommittees on research in the National Travel and Recreation Policy Council, the Intergovernmental Travel and Recreation Planning Board, and the Travel and Recreation Development Board;

⁴ Draft chapters have appeared in issues of the Statistical Reporter published monthly by the Office of Federal Statistical Policy and Standards, U.S. Department of Commerce. See various issues from October, 1976, through May, 1978.

⁵ Triplett, Myra L., "Statistical Policy Coordination Committee," Statistical Reporter, No. 78-12 (September, 1978), p. 385.

3. Convince the cabinet-level Statistical Policy Coordination Committee to establish an interagency task force on travel and recreation statistics.

Mr. Chairman, on June 11, 1977, the Executive Committee of The Travel Research Association resolved that tourism research is an important need in the United States, that the National Tourism Policy should include support of research and that any new structuring of a national tourism office should include research as an essential and integral function. Both TTRA and the U.S. Travel Data Center are very interested in your efforts to develop a National Tourism Policy, and are prepared to help all we can.

Mr. TOOHEY. Mr. Chairman, the chairman of the National Council of State Government Travel Directors has a brief comment, Mr. Alexander Hunter.

STATEMENT OF ALEXANDER P. HUNTER, CHAIRMAN, NATIONAL COUNCIL OF STATE GOVERNMENT TRAVEL DIRECTORS, STATE OF WASHINGTON

Mr. HUNTER. Mr. Chairman, I appreciate the opportunity to make a brief supporting statement today on behalf of the National Council of State Government Travel Directors, of which I'm the chairman.

We fully endorse the statement given by Mr. Manfred in support of the final report's recommendations for enactment of the national tourism policy and creation of an interagency council in the executive offices to coordinate Federal tourism activities.

I particularly want to emphasize the importance of the clear Federal tourism policy which has the authority of a strong congressional mandate.

The States themselves need to formulate and adopt individual tourism policies to strengthen and better focus their own tourism program. A national tourism policy would not only serve as a model for the States, but greatly facilitate their ability to get a State policy drafted and approved to serve their individual needs.

A national tourism policy would help to harmonize as well as further invigorate State tourism programs as part of an expanding national effort.

Thus, Mr. Chairman, you can understand why we especially welcome and encourage your proposals for a statutory adoption of a national tourism policy and an interagency policy council to provide a sense of common purpose not only to Federal tourism programs but to the tourism programs of the 50 individual States.

I'd like to close my remarks by saying that of the 50 States, the proposals made here today are totally unanimously supported by the 50 States of the United States of America. Thank you, Mr. Chairman.

Senator INOUE. Thank you, sir. I just hope that the Chief Executive of the 50 States would also agree with you.

Mr. TOOHEY. Mr. Chairman, the chairman of the Conference of National Park Concessioners, Mr. Don Hummel, has a statement.

STATEMENT OF DON HUMMEL, CHAIRMAN, CONFERENCE OF NATIONAL PARK CONCESSIONERS

Mr. HUMMEL. Mr. Chairman, my name is Don Hummel. I am president of Glacier Park, Inc., the concessioner in Glacier National Park, Mont. I am also the chairman of the Conference of National

Park Concessioners, an organization representing concession operations in areas administered by the National Park Service.

With your permission I would like to have my entire statement made a part of the record, along with a survey made by the Stanford Research Institute in 1976 wherein they report on what the park visitor would like available for his use in the national parks.¹

Senator INOUE. So ordered.

Mr. HUMMEL. In the interest of time I will limit myself to a few excerpts from my statement.

The National Park Service enjoys an enviable record in pioneering and stimulating the encouragement of private funds to provide visitor services to people visiting our national parks. This takes on increased importance when one considers that the national park concept is an American contribution to the world, one that has been copied by over 90 foreign countries. The national park concept embraced two specific objectives: Outstanding areas of natural beauty and importance were set aside to be preserved in their natural state for the use and enjoyment of all people, including future generations. Thus, the concept of preservation and use which forms the basis for our national park system.

The national park system, under Park Service promotion, has thrived and has been a model for the concept of cooperation between Government ownership and preservation of great natural resources with the private sector developing and operating the facilities desired by people for their use and enjoyment.

However, in recent times and under pressure from the environmentalists, they have emphasized preservation of the resources but they are denying the mandated policy of providing for people's use and enjoyment. They are discouraging modernization of facilities. They are recommending reduction and elimination of facilities, the very facilities that are required by the elderly, the handicapped, the inexperienced urbanite, and the foreign visitor to enable them to come and use and enjoy the national parks.

The emphasis has been on the backpacker and the hiker. For example, less than 3 percent of Yellowstone National Park, consisting of 4 million acres, is available for general use, except to the hiker and backpacker, yet the National Park Service has called for restrictions in use rather than expansion into the remaining 97 percent of the area that's largely unused.

The lack of a national tourism and recreation policy has permitted this deviation and it is limiting the effectiveness of the contribution that our national parks can make to our economic national interests, to the well-being of our own citizens, and a portrayal of our social values that characterize our Nation to other peoples of the world.

Here is the best of America. Here are the natural, historical and cultural treasures of our Nation. Here are the attractions that can best portray America's soul, uplift the spirit and dispel the image of "The Ugly American." No one—no sensible person questions the need to protect and preserve, but surely we are entitled to more from our representatives than a negative policy of restriction, elimination and reduction; and a denial of a role in marketing America's best which

¹ The material referred to is in the committee files.

can contribute so much to our economic, consumer, and environmental goals.

If we had an overall policy backed by a single agency with authority to insure the best use of all our resources, we could have avoided this myopic and distorted policy of restriction and limitations. The establishing of a national policy and implementing mechanism will correct this deficiency.

Thank you, Mr. Chairman, for this opportunity to express my feelings.

Senator INOUE. Well, I hope that we can develop a working relationship with the environmentalists so that we can not only preserve our natural beauty but make it available for many to enjoy. It's one thing to preserve, but it's another thing to make it available, and I hope that we can have both. We will work toward that end, sir.

Mr. HUMMEL. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF DON HUMMEL, PRESIDENT OF GLACIER PARK, INC.

My name is Don Hummel. I am President of Glacier Park, Inc., the concessioner in Glacier National Park, Montana. I am the Chairman of the Conference of National Park Concessioners, an organization representing concession operations in areas administered by the National Park Service.

The Conference of National Park Concessioners came into being as a result of a request by an Assistant Secretary of the Interior in 1919. It is interesting to note that the Department of the Interior felt the need for an organization representing the private concession operations in the National Parks to effectively institute policies governing the provision of visitor services to the Parks.

Today we seek a government vehicle to implement and coordinate policies in the field of tourism and recreation. It should be obvious that if a vehicle was needed in those early days in the restricted field of National Park concessions, how important it is to have policy guidance for the varied and complex needs of the tourist and recreation industries. The need to coordinate not only the activities of governmental agencies at both the Federal and local levels, but the imperative of stimulating and coordinating direction for the private sector.

The National Park Service enjoys an enviable record in pioneering and stimulating the encouragement of private funds to provide visitor services to people visiting our National Parks. This takes on increased importance when one considers that the National Park concept is an American contribution to the world. It started with the Yellowstone Act of March 1, 1872. We now have 330 National Parks in the United States and 90 countries of the world have followed our lead with their own National Park systems.

The concept embraced two specific objectives: Outstanding areas of natural beauty and importance were set aside to be preserved in their natural state for the use and enjoyment of all people, including future generations. Thus, the concept of preservation and use which forms the basis for our National Park system. In the beginning the Park Service encouraged the use of the National Parks and encouraged concession facilities to serve the visitors' needs. They recognized the desirability of people's use of their Parks.

The National Park system, under Park Service promotion, has thrived and has been a model for the concept of cooperation between government ownership and preservation of great natural resources with the private sector developing and operating the facilities desired by people for their use and enjoyment. Though the relationship has worked well, it has not been without its challengers. The system has been reexamined on many occasions by such organizations as the Outdoor Recreation and Review Commission, 1958-62; the Land Law Review Commission, 1965-70; the Study of Commissioners on Federal Lands by the Bureau of the Budget, 1966; and the Centennial Commission—Preserving a Heritage, in 1973.

On each occasion the relationship of government and the private sector was reaffirmed. This experience might well provide some guidelines for the relation-

ships that could be established utilizing the natural resources and coordination of government with the flexibility and ingenuity of the private sector.

There is no present government agency designed to develop and give policy guidance in the field of Tourism and Recreation. This agency must have as its primary function, the development of tourism and recreation. It cannot be a side line of an agency with emphasis on other activities. It must have programmatic authority that supports the development of tourism and recreation through the use of publically owned resources with authority to encourage development by the private sector.

The policies developed over the years by the National Park Service in concert with the Conference of National Park Concessioners were given stability and approval by the Congress of the United States in October, 1965, in the passage of Public Law 89-249. The law specifically requires the Secretary of the Interior to adopt policies which will "encourage and enable private persons and corporations to provide and operate facilities and services which he deems desirable for the accommodation of visitors in areas administered by the National Park Service."

The requirement of specific legislation for this limited segment of the tourist and recreation field represented by our National Parks should demonstrate the need for legislation to define the policies and initiate the programs to implement it for tourist and recreational development.

The lack of a national tourism and recreation policy has limited the effectiveness of the contribution that our National Parks could make to our economic national interests, the well being of our citizens and the portrayal of the social values which characterizes our Nation.

While the Park Service has custody of our Nation's prime natural and cultural attractions, they are pursuing policies which limit their contribution to the national interests. These are the areas most desired by foreign visitors to visit and enjoy.

Under pressure from environmentalists with a narrow and elitist approach, the Park Service has adopted a myopic view of the Parks' role. They even disavow a role in tourism and recreation, though they represent some of the world's finest natural and cultural attractions. Visitor facilities have been permitted to deteriorate. Private concession efforts to modernize and replace obsolete facilities that were once encouraged are now discouraged or forbidden. Master plans discourage or forbid development of additional facilities needed for visitor use and many of these plans propose reduction or removal of all visitor facilities from the Parks. The emphasis has been on preservation by reducing use and limiting visitation. Little or no consideration has been given to positive means to provide for greater use by modernization and dispersal of facilities, expansion of operating seasons, opening new areas in the Parks for development and the use of modern technology to develop transportation systems which would provide access to vistas or views without further congesting road systems. All the emphasis has been on use by the hiker, the back packer and the camper by eliminating visitor facilities which largely excludes the elderly, the inexperienced urbanite and the foreign visitor.

For example, less than three percent of Yellowstone National Park, consisting of four million acres, is available for general use, except to the hiker and back packer, yet the Park Service has called for restrictions in use rather than expansion into the remaining 97 percent of the area. According to Horace Albright, second Director of the National Park Service, no new thermal areas in Yellowstone have been opened to public use since 1905.

Here is the best of America. Here are the natural, historical and cultural treasures of our Nation. Here are the attractions that can best portray America's soul, uplift the spirit, and dispel the image of The Ugly American. No one questions the need to protect and preserve, but surely we are entitled to more from our representatives than a negative policy of restriction, elimination and reduction; and a denial of a role in marketing America's best which can contribute so much to our economic, consumer and environmental goals.

If we had an overall policy backed by a single agency with authority to insure the best use of all our resources, we could have avoided this myopic and distorted policy of restriction and limitations.

Mr. TOOHEY. Mr. Chairman, the managing director for international and corporate policy of the American Automobile Association, Mr. John de Lorenzi, has a statement.

STATEMENT OF JOHN DE LORENZI, MANAGING DIRECTOR, INTERNATIONAL AND CORPORATE POLICY, AMERICAN AUTOMOBILE ASSOCIATION

Mr. DE LORENZI. Mr. Chairman, the American Automobile Association is delighted at the opportunity to make further comments in support of a national tourism policy.

AAA is deeply involved in all aspects of tourism and travel. Through its 954 clubs and branch offices, it provides domestic travel services to 20 million members. Last year, we provided them with 8 million individual travel packages plus an additional 25 million marked routings and maps. And at 600 locations throughout the country, AAA is an officially appointed travel agent providing worldwide travel service to both its members and the general public.

In addition, AAA continually inspects and rates hotels and motels, campsites, recreational areas, and points of interest. It is probably the largest publisher of travel material in the United States. Through its reciprocal agreements with major automobile and touring clubs throughout the world, it provides for free to members of these overseas organizations visiting the United States, the same services it gives AAA members. So we're as interested in travel from overseas as well as to overseas points.

To carry out these activities successfully, AAA works closely with both the Federal and State Governments. To resolve or solve many of the problems arising in connection with its tourism and travel activities, AAA on any given day has dealings with many Federal Government departments, commissions, bureaus, and agencies.

Those we talk to on an almost daily basis include the CAB, ICC, FMC, Corps of Engineers, National Forest Service, National Park Service, TVA, U.S. Fish and Wildlife Service, Bureau of Land Management, National Trust for Historic Preservation, Bureau of Indian Affairs, Public Health Service, Immigration and Naturalization Service, U.S. Customs Service, FCC, FTC, USTS, FHA, EPA, the Departments of Energy, State, and Transportation, and so on and so on.

Our experiences with all of these bodies range from the exhilarating to the exasperating. Some give freely of their time, some begrudgingly. Some understand the importance of tourism to the economy, some deny it. Some are sympathetic to the needs of the traveler, others think he should stay home.

We believe that a national tourism policy could bring about a change of attitude and a better understanding, for it would give official recognition to the value and importance of travel. It would destroy the myth carefully nurtured by some that the man who drives to a national park in his Mercedes and then backpacks is somehow more deserving of support than the man who arrives in his Chevrolet with his entire family and has different needs. They both are tourists, and all agencies should be helpful to both.

We also believe that a clear-cut tourism policy would help minimize the difficulties we now have with such agencies as the DOE over its contingency plan for gas rationing that ignores the claims of the traveler and tourism, and basically labels them as "unnecessary." It would help us in convincing others of the need to upgrade accommodations in some of our national parks. Many of these are in such condition that in our tourbooks we are forced to list them separately with the

warning that they do not meet AAA standards and are merely listed as a service to members who wish to stay in the parks.

In order to carry out a national tourism policy, it seems to us that a high-level coordinating mechanism, as suggested in the tourism study, is a necessity. We further believe that it should be established in the Executive Office. But we want to make it clear that we are not calling for a new supra-agency which would further regulate the travel industry and its agents. There's too much regulation already. We do support a mechanism in which the voice of the private sector will be heard before plans are completed and carried out.

Finally, while we are in general agreement with the study's proposed seven goals and objectives, we believe that they could stand some further refinement. For example, the section on consumer goals and objectives concentrates too much on what is going to be done to or for the consumer. This is well and good, but there must also be an attempt to find out from the consumer his opinions and needs in the field of tourism. But these are relatively minor matters which can be corrected.

In conclusion, we believe that the proposals for a national tourism policy and a national travel and recreation policy council are ideas whose time has come.

Thank you, Mr. Chairman.

Senator INOUE. I thank you, sir. And as a member of AAA, I thank you for starting my battery all the time. You have given me good service so I have no complaints there.

I think your point is well taken. I think you should get together with Mr. Hummel about these accommodations in some of our national parks. Is this true, that some of our accommodations are that bad?

Mr. HUMMEL. Yes. Unfortunately, that's true, and there is discouragement rather than encouragement to improve the facilities in the parks. There's an elitist approach, that the sooner we get rid of facilities to accommodate people in the park, particularly on an overnight basis, the sooner the parks will return to their pristine nature as the people now say they should be.

Senator INOUE. Are these accommodations provided by concessioners or by the Government?

Mr. HUMMEL. They are provided by concessioners, but require the approval of the Government for any change to be made.

Senator INOUE. And the Government is not in favor of improvement?

Mr. HUMMEL. They have discouraged it under the pressure of the environmentalists who want the facilities removed from the parks and established outside the park bounds.

Mr. DE LORENEZI. This controversy has been going on for a number of years. We have absolutely enormous files on it.

Senator INOUE. I can tell you this much, that the accommodation we have at the Hawaiian Volcano National Park is pretty good.

Mr. DE LORENZI. There are some good ones, but there are some that are abysmal.

Senator INOUE. Could you, for the record, provide a list of those? I'd like to provide them to the committee in charge of the Department of the Interior.

Mr. DE LORENZI. I'd be glad to. I would be glad to send you a copy of the tourbooks in which we list them separately with the caveat.¹

¹ The material referred to is in the committee files.

Senator INOUE. I'd be interested in receiving that because I was under the impression I could take my wife and son to any one of these places and be assured of good accommodations.

Mr. HUMMEL. Unfortunately, that's not true. For 3 years I ran the Yosemite National Park concessioner service, which is probably one of the better known parks in the United States, and I was appalled when I got there to find that 60 percent of their facilities are not even equipped with bathing facilities available and 406 of them are tents that the present concessioner has tried for 3 years to improve and has been prevented from doing so, and the master plan that was just released last week calls for a replacement of some tents and a reduction of considerable amount of facilities, but very little in the way of improvement of the facilities, even though the concessioner has been urging for 3 years that these facilities should be phased out and replaced with better accommodations, more acceptable to the public.

Senator INOUE. Well, I'd better change my plans. I was planning on a grand tour of the United States to expose my son to the great beauties of the 50 States, but I think I will stick with the cities, from what you tell me.

Mr. DE LORENZI. Check with AAA in advance. We also have some pretty good ones listed.

Mr. TOOHEY. Mr. Chairman, Mr. Manfred suggests that you might wish to stay at Travelodge.

Senator INOUE. I'm a good friend of Bill Walton, too.

Mr. TOOHEY. A brief statement now, Mr. Chairman, from the executive vice president of the National Tour Brokers Association, W. James Host.

**STATEMENT OF W. JAMES HOST, EXECUTIVE VICE PRESIDENT,
NATIONAL TOUR BROKERS ASSOCIATION**

Mr. Host. Mr. Chairman, as executive vice president of one of the Nation's major travel trade organizations, I am deeply appreciative of the opportunity to add my very brief remarks to those of Mr. Manfred and others relative to the national tourism policy study's final report.

As a former State government official in Kentucky responsible for the promotion of tourism, I am deeply concerned about the lack of knowledge relative to tourism in our Nation's capital. Most State governments have recognized the importance of tourism for a number of years and have effectively coordinated their activities relative to the promotion of tourism because of the very close supervision provided by the States and the Governors, as illustrated today by Governor Blanton.

I am convinced therefore, Mr. Chairman, that the proposal as conveyed to you today by Mr. Manfred, although it is an excellent one, will totally fail unless the Congress emphasizes to the President that the Director of the proposed Council should be confirmed by the Senate and should be an individual who is given the kind of authority within the White House to be on a Cabinet communicative level. Unless the Director of this Council has the effectiveness to communicate with Cabinet officials and has the weight and authority of the President and the Congress behind him, the Council, in my opinion, will be about as ef-

fective as Leon Spinks was against my fellow Kentuckian, Mohammad Ali.

I'm not in favor of constructing a bureaucratic agency and I'm not in favor of hiring a lot of new Federal employees. I'm not in favor, as a taxpayer, of seeing Government continue to grow. I am in favor, however, of seeing Government take advantage of and for the first time really recognize the importance of tourism by the construction of this council with a totally effective director which will then return many more tax dollars to the Federal Government than it will cost.

Thank you for allowing me to express my feelings.

Senator INOUYE. I think you have brought up a very important point. For many years most of the men who have filled the position of director of the United States Travel Service were selected not because of their professional know-how or the expertise or their involvement in the business. Some were selected because they were excellent fund raisers. Others were selected because of their loyal service in the political organization. Some of us in the Senate have considered the possibility of a unique selection system. For example, calling upon a panel made up of, say, State directors of transportation travel organizations, to recommend a list of, say, five names to the President from which he would have to select. Otherwise, it's going to be a straight political appointment—a former Governor who got defeated at the polls, a U.S. Senator who decided to retire because the polls showed that he won't make it; some Congressman who voted the right way all the time but couldn't quite make it at the polls again; or someone who is good at fund raising.

Because if we just put in the legislation that he should be knowledgeable of the business, all of us here consider ourselves knowledgeable—could DATO be thinking about that?

Mr. TOOHEY. Certainly, Senator. I think that's an excellent idea.

Senator INOUYE. Otherwise, you're going to be stuck once again, as we have during most of the life of USTS, with people who won't know the difference between a travel agent and a broker and the AAA.

Mr. TOOHEY. Amen.

Senator INOUYE. So I agree with you, I don't want to see any added bureaucracy. I don't wish to see an organization just for the sake of building one. I would like to see an organization which is committed, with the proper mandate of the President and the Congress, to take advantage of all that money floating around begging to be grabbed. And as many of you have pointed out, of all the industries in the United States, this one has the best employment potential. This is the least polluting of all, and this takes up the least space of all. We were asking for a miracle in this one and we got a miracle, but no one seems to see it.

If you can come up with a suggestion on the selection process for the man in charge, or the woman in charge, I would be personally appreciative because it has to be constitutional for one thing, but you have ample precedent. For example, we have commissions that are continually created by acts of Congress in which the appointing process would be a recommendation from the Governors of certain States and so many names from which the President will select. So the President's appointive power has been constitutionally restricted. Now we can do that.

What I would like to have is some recommending organization and with 1,200 members who would be representative?

Mr. TOOHEY. Well, the industry, as you know, Senator, is extraordinarily diversified. I think there is an answer to it and certainly DATO will make a recommendation to you as to how to answer that problem.

Senator INOUE. It would be very helpful. Then I think you can assure yourselves that whoever is appointed will be somebody that you fellows can work with.

Mr. TOOHEY. That's important.

Senator INOUE. Does anybody else wish to make a statement?

Mr. TOOHEY. The vice president for Marketing of Amtrak, Mr. Alfred Michaud.

Senator INOUE. How's the strike coming along?

**STATEMENT OF ALFRED A. MICHAUD, VICE PRESIDENT,
MARKETING, AMTRAK**

Mr. MICHAUD. Tightly. I think tomorrow will be a better day for us than today.

Senator INOUE. It's not over yet?

Mr. MICHAUD. No, sir.

I am Alfred A. Michaud, vice president of Marketing for Amtrak. I'm also a member of the board of DATO and a member of the DATO International Committee, and I'm chairman of the U.S. Travel Data Center and a Fellow of the Institute of Certified Travel Agents.

Amtrak is a wholesale mover of people along with the airline and bus industries. Automobiles are retail movers of people.

The idea of a national tourism policy, as outlined at this hearing, will actively encourage improving efficiency of people transportation.

The creation of the national tourism policy will directly impact and relate positively to the oft discussed critical subject of a national transportation policy. The continued lack of a national tourism policy holds back the direction and development of more effective people transportation. Effective passenger transportation is critically relevant to the acknowledged need to provide mobility to people while conserving energy.

The result of a national tourism policy addressing transportation improvements could produce a more energy efficient people distribution system integrating highly efficient common carrier service with localized passenger distribution systems such as tour buses, car rentals, local buses and applicable mass transit.

We at Amtrak have seen the concept work in Chicago, Duluth, and in over 200 other U.S. cities. Such a policy would make our park systems, resorts, vacation sites, lodgings, recreation areas—places people want to go—available to more people using more of our highly efficient national transportation systems.

Thank you, Senator.

Senator INOUE. Are you satisfied that the recommendation of the Arthur D. Little study adequately covers the transportation needs?

Mr. MICHAUD. No, sir. I think it briefly skirted it, although one of the 45 more or less objectives refers to energy efficiency, I don't believe the study interrelated energy with the total development of the

tourism policy which, of course, provides an umbrella under which energy and the national transportation policy would relate to tourism.

Senator INOUE. Because without transportation you don't have a business.

Mr. MICHAUD. Yes, sir. That's why we feel that transportation is an issue that will be served so strongly by the development of the tourism policy.

Senator INOUE. I'd like to invite you and others who are involved in the transportation aspect of tourism to suggest appropriate words to carry out the transportation part of the business.

Mr. MICHAUD. We'd be glad to do it.

Senator INOUE. Because my study seems to indicate likewise that it was rather weak in that portion.

Mr. TOOHEY. Senator, if you have the endurance and patience, I have a final statement.

STATEMENT OF WILLIAM D. TOOHEY, PRESIDENT, DISCOVER AMERICA TRAVEL ORGANIZATIONS, INC.

Mr. TOOHEY. Mr. Chairman, we have heard 3 days of testimony on the NTPS final report, and it truly has been an impressive experience. These hearings have witnessed an unprecedented mobilization of all those extraordinarily diverse forces involved in the \$115 billion travel industry.

We have heard from labor and consumer organizations, chief executive officers of airlines, hotel chains, travel companies, and officials of major travel industry associations.

Despite the diversity of the travel industry, these 3 days have seen a broad coming together of opinion and general support of the basic Federal policy and coordination recommendations of the final study report.

Such concordance was not anticipated, Mr. Chairman, but it has occurred. We are all in agreement that travel is not only a vital economic activity, but an integral part of our way of life in America. We agree that tourism's interests should therefore be reflected in the formulation of U.S. Government policy, but since its contributions have been understated and underappreciated, tourism has not yet received the consideration it deserves from the Federal Government.

We further agree that the situation is potentially harmful to this Nation and should be remedied. The best remedy under present known facts and conditions is to formulate a national statement of policy regarding tourism, to create a high-level Council to coordinate any existing Government programs affecting tourism, and to enact both the policy statement and the Council into law so that they have permanence.

We also agree that as the policy study final report recommends, the council should be created as an independent body headed by a top-level economic adviser to the President. We don't espouse creation of a vast new bureaucracy, and we are pleased to note the final report proposes a small staff of the Council and a modest expenditure of funds.

Mr. Chairman, the climate of opinion and degree of consensus revealed by these hearings have been truly remarkable. I believe it's even in large measure a tribute to your enduring efforts. You have

during the past two decades challenged the travel industry to rise above its parochial competitiveness and its diversity to think greatly of itself and its social and economic contribution to American life, and to speak with a united voice with the highest standards of professionalism, while asking the same cooperation that our Government accords other basic industries of similar importance.

You have said that this Nation needs a Government and travel industry united in purpose, working together to formulate programs that help us grow in ways that best serve the American people, the quality of life, and our national interests in an increasingly competitive world. You have expressed frustration and impatience at the failure of our Government to understand how important tourism has become to this Nation.

We in the industry have shared your frustration, but I must confess the travel industry itself has contributed to it. We too often fail to perceive the totality of this industry and to speak with one voice on matters of common concern and interest. It's been difficult on many occasions to overcome the natural inclination of the industry's diverse components to look after their own special interests exclusively. But as these hearings have revealed, that situation is changing and an unprecedented opportunity is presenting itself to us. The travel industry at last is readying itself for unified action. You have indicated the Congress is readying itself at least and that landmark legislation has a good chance of success in both Houses of Congress next year.

Only the administration is out of step. Like all previous administrations, Republican and Democrat alike, where tourism is concerned, it will not look beyond the most narrow budgetary and bureaucratic considerations. It alone, of all the forces that have converged in this room during the past week, has failed to realize what the travel industry has become and what it is capable of becoming, given the proper Federal level of recognition and coordination from Government.

The administration's lack of responsiveness and vision is disappointing, but we shouldn't let it control our actions.

Enact national tourism policy legislation, Mr. Chairman, and DATO will do its utmost to coordinate the travel industry's efforts to help make that policy work. Give a new policy council a mandate and a budget, provide the industry legal and regular access to it, and we will join you in prodding it to do its job.

We have a long way to go before we have a unified national travel policy and program. We will witness much wrangling over details and wrangling over territory. Some components of the travel industry may again become cynical and they may lose interest. The administration may remain indifferent. But the facts support our claim that travel is too important to our Nation to continue to be ignored and, most important, with the final report and these hearings, we have at least taken the essential first step.

Mr. Chairman, let there be no turning back.

Senator INOUE. Well, I thank you for your very generous remarks, Bill. I appreciate them very much.

I know that at these hearings all of our witnesses were men and women of the highest responsibility in their fields of endeavor. We had presidents of airlines, chief executive officers of hotels and motels, heads of all the associations here. It's most regrettable that the Gov-

ernment of the United States did not consider these hearings sufficiently important to send a comparably important person. The Assistant Secretary is a very fine lady. She's doing a great service for our country. But from the standpoint of importance and protocol, I must say that I personally was rather insulted.

I would hope that this attitude will change with the passage of time. I would hope that our Government representatives who are in the audience today will convey this observation to their superiors. I would hope that they will tell their superiors that the industry responded by sending their most important people. They didn't send their administrative assistants or assistants to assistants. And I would hope that the Government representative would tell his superiors that industry is organized, is unified, and possibly for the first time in the history of the industry, serious about the business.

As Bill Toohy has said, you do not intend to turn back. The bridges have been burned. As I've indicated to you, I'm not inclined to waste my precious time, and I can assure you that these hearings are being held not for the sake of using up time or to give the printer additional work to print the report. I can assure you that something will come out of this. We will be having legislation, and that legislation will be considered and it will be passed.

The question is, how will it be administered?

Mr. TOOHEY. Mr. Chairman, that is extraordinarily encouraging. Senator INOUE. I want to assure you that you didn't waste your time by coming here. I hope that you won't consider the lack of Members here as an indication of the lack of interest on the part of the Senate. This happens to be a uniquely busy time for the U.S. Congress. They are all trying to leave Washington and so we've got a mishmash of legislative activity all over the place. We've got hearings and conferences. Yesterday, for example, I was in a conference that lasted 11 hours nonstop. So that is what my colleagues are doing at the present time. I'm certain they would have attended if they were able to do so. So they have asked me to convey to you their apologies for not being present but to assure you that their absence was not intentional.

Mr. TOOHEY. Mr. Chairman, may I indulge your patience and good will further? I apologize for having overlooked the president of the National Campground Owners Association who wanted to make a brief statement, and I wonder if you would be good enough to permit him to do it at this time.

Senator INOUE. We can do that.

STATEMENT OF E. L. "BILL" WILLIAMS, PRESIDENT, NATIONAL CAMPGROUND OWNERS ASSOCIATION

Mr. WILLIAMS. Thank you very much, Bill. Since I do represent the National Campground Owners Association, I thought I was going to have to put it into practice and sit here and camp until I was recognized.

Seriously, though, the National Campground Owners Association is a trade association of the commercial campground industry and represents over 2,000 of the Nation's most successful private campgrounds.

As members of an innovative and expanding segment of the travel and tourism industry, campground owners have become increasingly sensitive to the Federal Government's undefined attitude toward the tourism industry.

As my colleagues have expressed, these Senate hearings will, I trust, provide the catalyst that is necessary to bring the U.S. Government policy on tourism into conformity with the travel industry's long-term needs.

NCOA does appreciate this opportunity to appear before this distinguished committee to comment on the recommendations contained in the NTPS. The contained health and well-being of the U.S. tourism industry is contingent upon action taken by this committee by developing a national statement of policy; and by establishing a coordinating mechanism to implement this policy statement, our industry will be spared the adverse effects of uncoordinated and often insensitive Federal actions.

Many of my colleagues have addressed this issue in their statements. Thus, I would like to briefly comment on another aspect of the Federal Government's role in travel and tourism. It concerns the need to develop sound tourism and recreational data.

The extent to which the Government is serious in its concern for a particular segment of the economy can be measured by the number of Government-sponsored statistical series which are used to monitor that activity. For example, the Office of Management and Budget's book of social indicators contains 18 separate indicators devoted to public health. There are 13 indicators on the state of public safety, 17 for education, 5 for housing, and 9 for income. Every facet of agriculture is closely monitored.

The leisure and recreation section, however, contains only one indicator, and that is limited to participation in outdoor recreation.

Certainly, if travel and tourism are important to the economy, we should have readily available statistics on trends in: (1) Travel and recreation participation; (2) employment generated by travel and recreation industries; (3) investment by the private sector; (4) the available supply of recreational opportunities. There are the minimums.

Further, there is no reason that substantive measures could not be monitored such as satisfaction with travel and recreational experiences, and the contribution of recreation to the quality of life in the United States.

For the committee's information, NCOA took a first and very tentative step in this direction during the past year. We have sponsored a demonstration project to develop nationwide indicators of campground occupancy and camping satisfaction. This is only the beginning. By a directed reallocation of existing research funds within the Federal Government, efforts of this type could be greatly increased.

If Government is serious about a national tourism policy, its very first step would be an ongoing assessment of these trends which are critical to the industry's successful performance. Surely money exists within the numerous Federal agencies to do this at no increased cost to the taxpayers.

NCOA offers its support and cooperation in any such Federal endeavor.

Mr. Chairman, NCOA also looks forward to working with this committee in the future as it develops legislation to carry out the recommendations of the national tourism policy.

Thank you very much, and I appreciate this camping experience that I have had this afternoon.

Senator INOUE. You've mentioned something I was not aware of, the importance that OMB places upon the industry. I will personally look into this.

Mr. WILLIAMS. Thank you, sir.

Senator INOUE. I have just instructed my assistant to do so, and I would like to have some official response from that agency. Just one indicator?

Mr. WILLIAMS. Yes, sir. We have realized the need for it for many years, so we appropriated funds to help start this year.

Senator INOUE. How many campgrounds do we have in the United States? I'm just curious.

Mr. WILLIAMS. I think roughly, sir, about 9,000.

Senator INOUE. How many recreational vehicles do we have?

Mr. WILLIAMS. I can't answer that, sir.

Mr. McBRIDE. Between 4 million and 5 million on the road right now, approximately.

Senator INOUE. Between 4 million and 5 million. That's big business.

Mr. McBRIDE. Yes, it is.

Senator INOUE. And what is the average radius on traveling for these RV's?

Mr. McBRIDE. Sir, that would depend on the type of vehicle involved. I could have that supplied to you if you'd like.

Senator INOUE. I would suppose most of the owners of RV's would go beyond 500 miles, would they?

Mr. McBRIDE. Again, sir, it would depend on the type of vehicle, but I think—they often do, yes.

Mr. DE LORENZI. Senator, we started out with a campground directory of just one for the whole country. Then we had to split it into two, the West and the East; and now we have a whole series. And the demand has become tremendous and it's growing. People in the RV's go all over. This is one of our most widely circulated publications of all our publications.

Senator INOUE. Over 5 million. Art, your bus industry is going out of business.

Mr. LEWIS. Not quite. We're still fighting.

Senator INOUE. Well, gentlemen, I thank you very much once again for your participation, and let me assure you again that I'm committed and we will not sit by idly. We will try to give you your moneys worth. Thank you very much.

[Whereupon, at 5:15 p.m., the hearing was adjourned.]

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

STATEMENT OF JAMES J. DAMMAN, LIEUTENANT GOVERNOR, STATE OF MICHIGAN

Members of the Senate Subcommittee on Merchant Marine and Tourism, I am honored to be invited to testify before you today.

I appear here as a representative of the Conference of Lieutenant Governors. My views will, to some extent, naturally reflect my own state's policy on tourism. As you may know, Michigan has been recognized as a model for tourism in government by the National Conference of State Governments. So we in Michigan are extremely interested in the direction this subcommittee may take in the vital area of tourism.

I say vital because it is a revenue generating industry and it will become economically more important in the future. The Conference of Lieutenant Governors recognizes the tourism industry will increase nationwide by 10 to 20 percent each year until the year 2000, making it one of the fastest growing industries in the United States. It now is one of the top three industries in all the 50 states and four territories. It generates billions of dollars in economic activity each year in this country and it employs thousands of people, many of whom are our nation's underemployed and unemployed—women, minorities and youth. Tourism in the form of conventions and meetings has the potential of providing more employment activity in sorely needed urban areas like Detroit. As an example, last year, tourism generated \$7.5 billion in economic activity and accounted for over 214,000 jobs in Michigan.

Because of its importance in economic as well as cultural and diplomatic terms, the travel and tourism industry requires attention and priorities on the federal level.

As you know, the federal government has some 100 or so programs which directly or indirectly affect the tourist industry. It is tragic that these programs are not being coordinated and that federal administrations are often unaware of how their programs collectively can have an important economic impact on the tourism industry in general and state and local tourism programs in particular.

There is little question that an aggressive national tourism policy combined with adequate mechanisms to insure its implementation can and will help our state and other improve the overall tourism picture. Michigan, as well as many other states, has expressed the need for economic, behavioral environmental and logistical research material on tourism. We need concrete analytical data on tourism trends so we can plot where we are now and where we are going in order to capitalize on this burgeoning industry. We need a federal policy and/or mechanism which serves as a sympathetic listener to our concerns which affect the tourist and travel industry. We need a forceful advocate to transmit these concerns to other federal agencies. We need assistance—the kind of imaginative assistance which can take already existing programs like the Economic Development Authority, the Federal Housing Authority, the Small Business Administration, the dozens of other federal programs and make them work with us in the development of the tourism industry.

Most of all, we need a streamlined national policy and/or mechanism which respects a state's individual tourism program while offering appropriate technical assistance and research thus assuring that tourism is recognized as a legitimate component of economic development.

States, such as ours, that have been active in promoting tourism and have a vital stake in the future of the tourism industry are pleased and gratified that the Congress, in the person of this committee, has demonstrated an interest in improving the federal government's approach to tourism.

Please feel free to contact us for any assistance you might need.

Thank you.

STATEMENT OF JAMES M. ROVELSTAD, PH. D., PROFESSOR OF MARKETING AND DIRECTOR OF TRAVEL AND TOURISM RESEARCH, WEST VIRGINIA UNIVERSITY, MORGANTOWN, W. VA.

RECOMMENDATIONS FOR OBJECTIVES OF A NATIONAL TOURISM POLICY AND THE MECHANISMS FOR INTERAGENCY FEDERAL COORDINATION

Need for a national tourism policy

An integrated and coordinated tourism policy at the federal level would have positive benefits for all segments of the travel and tourism industry, as well as the U.S. economy and citizens. This is particularly true for the academic community.

The absence of both policy and federal agency coordination of tourism-related programs and policies has resulted in confusion, inefficiency, and underproductivity among university and college faculties which mirrors that at the federal level and in private industry. This is true for higher education research programs and education programs.

Sample evidence of these problems includes the fact that programs specifically for tourism have found no natural home within the university community, and for most institutions are focused on narrow segments of the industry. Perhaps an ideal arrangement is provided when tourism programs are developed within specially organized functional units having a broadly defined tourism mission. But more commonly they are sub-units of existing programs, which frequently results in narrowly-focused parochial research and student education.

The variety of "homes" for tourism-related programs is myriad, but includes schools of business administration, schools of agriculture or forestry, schools of physical education, schools of education, and even schools of engineering. Frequently, such programs co-exist within the same institution. But, in significant part because the federal agencies and programs with which these various units most closely identify are themselves neither coordinated nor motivated by a common policy and objectives, co-existing programs in a university are not often coordinated.

The result of non-coordination is that research projects tend to be limited in scope, and often provide results that are unnecessarily limited in usefulness to government or industry sponsors—or may even be misleading because of the narrowness of their parameters. Perhaps even more unfortunate is the graduation of students whose narrow training leaves them without adequate flexibility to adapt to a dynamic and changing job market.

Lack of coordinated national emphasis on tourism also has contributed to the absence of accepted definitions and standards. These are prerequisite if a true community of research is ever to develop in the United States. An integrated approach among federal agencies, and a common set of objectives would contribute materially to the solution of this problem. Moreover, this would facilitate badly needed cooperation at the international level, where non-comparability among statistical data bases makes research, analysis, and reliable recommendations for private and public programs to develop foreign tourism to the U.S. difficult.

There is a more subtle cost to the U.S. tourism industry and the economy which can be partially attributed to the lack of federal coordination and emphasis. There is a need to build and substantiate the credibility of travel as a viable subject for academic interest. It is well known that academicians are strongly influenced in their choice of the fields of research in which they will engage by the opinions of their peers and colleagues. As long as tourism as an industry lacks academic credibility, many of the most talented professors will turn to other areas where highly regarded academic journals are more likely to publish the results of their research. If evidence that this presently is the case is needed, one merely needs to scan the principal journals for tourism-related articles, say, in comparison to those deriving from other consumer industries such as personal care products. Another test would be to check the involvement in tourism research by faculty from the most highly regarded research-oriented universities, e.g., Harvard, Yale, Stanford, or the University of Chicago.

Role of the academic community in tourism

Having highlighted a few of the problems within the academic community that can be related to the non-existence of an integrated national policy for

tourism, and the lack of inter-agency coordination, the importance of the present or potential role of the academic community in the tourism industry should be defined. Otherwise, the NTPS committee and the industry representatives might well conclude that this is irrelevant, except as the same problems are brought out by other segments of the travel industry and/or government agencies.

It is significant that inadequate research was rated 8th among the 19 issues brought out in the NTPS Ascertainment Phase report (p. 90). Moreover, nearly 20 percent (19 of 82) of the "needs" described in that report relate specifically to research and/or education (pp. 92-101).

Research and education for the tourism industry depends heavily on the academic community. One evidence of this is that over half of the membership of the only national organization for travel and tourism research, The Travel Research Association (TTRA) is made up by academicians.

Yet, it also is clear that neither the federal government, nor the travel industry in general, place substantial importance on the role, importance, or views of the academic world, except perhaps in a technical or service capacity. For example, not one of the individuals participating in the regional or national meetings for the Ascertainment Phase study is identified with an educational institution. Further, neither the TTRA—the principal organization for tourism-oriented academic researchers—nor any other educational function is suggested for representation on the advisory councils proposed by the NTPS Final Report.

It may well be that some or much of this invisibility of the academic world in tourism can be traced to academe's own disorganization. But, this should not be construed to mean that it should remain so, or that the university/college community is suited only to serve as a tool—to be used when needed by government or private industry. It can, for example, provide balanced, comprehensive perspectives on a holistic policy for the tourism industry, which is less likely to be true for special interest political or individual industry representatives. Further, the predominance of small businesses in the industry places the responsibility for determining educational directions and needs principally on educational institutions.

Arguing the case for a legitimate role for higher education in the determination of a national tourism policy is not a principal purpose of this statement. But, the lack of previous recognition suggests that at least these limited comments should precede the following recommendations for a policy and the mechanism to coordinate it.

Recommended policy objectives

The policy objectives suggested here are intentionally broad, rather than detailed, and for the most part are intended to complement or amplify, rather than supplement, those recommended in the NTPS Final Report. However, the recommendations here do not pre-suppose the amalgamation of existing federal agencies. Some emphasis is given to those goals which would involve or affect the academic community, since it is believed that one of the most serious gaps at present lies in the broadly defined area of education. In this spirit, the following suggestions are offered as major policy objectives:

1. To maximize government and citizen awareness, understanding and acceptance of the nature, scope, value, importance and potential of tourism in the economy, in the lives of U.S. citizens and in international relations.

2. To foster and achieve balanced integration at the federal, state and local levels of research, education, planning and economic development and job creation through tourism with all other, presently better accepted, foci for such activities.

3. To raise the level of knowledge and skills—through appropriate educational channels and mechanisms—in the organization, interpretation, and utilization of tourism-related information and operational methods among existing personnel in federal, state, and local governments agencies and the private sector.

4. To optimize the effectiveness/participation, efficiency and contribution of the existing public and private educational systems' programs to provide research, public service and educational programs to serve government and private sector tourism-related organizations.

5. To assure to the maximum extent possible that all of tourism's present and potential contributions to the U.S. economy and its citizens' overall well-being are realized, in harmony with other national goals as well as those of state and local governments, other sectors of economic and social activity, and those of local citizens.

6. To foster and encourage to the maximum extent possible the flow of knowledge and information relevant to tourism between and among all sources, and especially those in the academic community.

7. To develop harmony, and thereby minimize conflict and overlap, among the tourism programs of all federal agencies, and to provide leadership for the development of harmony, among the programs, activities and interests of tourism-related organizations at the state and local levels and in private industry.

Recommendations for Federal-level coordination

Given the present low profile and priority of tourism among most federal agencies, as well as other levels of government, the private sector, and U.S. citizens, the prerequisites for achieving effective coordination are informational and educational. However, to be effective, efforts in these areas must be made in a way that will command attention from all of the agencies, organizations, and individuals to be involved in the coordinating effort. This strongly suggests that mandates from both the Administration and the Congress be given.

It is important that several factors be considered in determining the course of action to achieve the desired interagency coordination. Perhaps one of the most significant is that cooperative efforts among agencies are more likely to develop if the incentives for cooperation are positive incentives for cooperation, rather than negative disincentives to eliminate conflict. The immediate reaction to be expected if agencies are amalgamated and pressure applied to expose overlap, with the implied threat of loss of budget, is likely to be negative. If so, the efforts of a Cabinet-level body would be directed toward self-preservation.

There is some evidence to suggest, however, that if management within agencies can be oriented to encourage and facilitate their staff in seeking out areas where cooperative programs with other agencies can yield mutual benefits they will do so. For example, research personnel of the U.S. Travel Service have developed a cooperative interagency program for the National Travel Survey—a government in-house project, and within the past year have developed an interagency—United States Travel Service, Economic Development Administration, Department of Labor, and Small Business Administration—funded research project for regional development, which is being conducted by an outside organization—West Virginia University. The contacts developed in the latter effort resulted in the United States Travel Service subsequently joining in another project with the EDA in sponsoring economic development research with the East Los Angeles Community Union. These results were accomplished principally by the working-level staff of the agencies involved, with the encouragement and support of agency management.

The best coordinating mechanism, then, may well be to provide positive incentives for each of the agencies involved, backed-up by suitable Administration and Congressional public mandates, to find areas where cooperative efforts could lead to mutual benefits. Such incentives might include new budget authorization for each of the agencies which could be used only in such cooperative efforts. Staff would be informed of these goals, and provided time, support, and information to assist them in identifying and familiarizing themselves with personnel and program counterparts in other agencies.

A formal interagency coordinating body, if organized under the approach suggested, would have the primary mission of translating a national policy into the context of each of the agencies involved, and then seeking to identify program areas where joint activities might be most beneficial and productive. Such a body probably would be most effective if composed of middle, program area management rather than Secretary-level representatives.

The suggested approach would accommodate either an independent national tourism agency or one within an existing department structure. There is a danger in forming a new independent agency as an immediate step, however. Important as tourism is, there is little disagreement about its lack of visibility and priority among most people in government.

A separate agency whose mission is not perceived as significant by most other agencies could be in danger of being unable to gain enough support and confidence during its initial years to be effective. If this were the case, the hoped for improvements in performance over the present United States Travel Service probably would not be realized.

A national tourism agency established within an existing department would stand a better chance of success, probably at less overall cost because of the possibility of some shared administrative functions. Which department would be the

most appropriate should depend principally on the primary mission of the tourism agency. But assuming that it is economic, the Department of Commerce is a reasonable choice.

One of the recommended policy objectives is for economic development through tourism to be blended, and in balance, with other areas of economic development. Since the Department of Commerce, through the Economic Development Administration, has a major responsibility and mission for this in other areas, it is logical for the national tourism organization to be located in the same department so that such efforts can be coordinated with a minimum number of communication barriers.

The NTPS Final Report recommends creation of a new national tourism agency, and disbanding the present United States Travel Service. It is not the purpose of this statement to make a recommendation as to this issue. However, the ultimate decision should be weighed carefully, especially if the agency is retained within the Department of Commerce.

The evidence from the Ascertainment Phase and Final Reports points much more strongly at the inadequacy of funding and lack of Administration and Congressional commitment than it does at the United States Travel Service structure and management. Indeed the questionnaire results show that of 35 programs evaluated the United States Travel Service international and domestic programs ranked first and sixth, respectively (p. 108), based on rating of "satisfied" or "somewhat satisfied."

Although the domestic program also received a number of "not satisfied" ratings, the percentage of negative ratings is outweighed by the percentage of positive ratings (20 percent versus 31 percent, p. 108). Moreover, the domestic program had only been in operation for 2 years at the time of the study, as compared with 16 years for the international program which received the highest ratings.

To summarize, it is recommended that:

1. A strong mandate for federal support and action for the development of tourism should be provided by the Administration and by the Congress.
2. The mandate should be accompanied by an adequate level of funding so that the U.S. can play in the same league with the rest of the world.
3. A coordinating body should be formed, with representatives from all of the principally affected and involved agencies. Its primary approach should be positive—to seek out and define areas where inter-agency cooperation can be most productive.
4. Clear instructions should be provided by Congress and the Administration to department and agency management to foster, encourage and facilitate efforts by working level staff to seek out and work with their peers in other agencies to define specific program areas for cooperative effort.
5. Part of the budget for each of the tourism-related agencies should be designated for use only in inter-agency programs.
6. The focal point and principal coordinating responsibility for federal tourism programs should be vested in a national tourism agency, which should be a legislated organization within an existing department that has an overall mission similar to the principal mission of the national tourism agency.

It is a pleasure to have the opportunity to provide this statement for the National Tourism Policy Study. If I can be of any assistance to the committee as it continues its deliberations, I would be glad to provide it.

INTERNATIONAL ASSOCIATION OF
AMUSEMENT PARKS AND ATTRACTIONS,
North Riverside, Ill., October 23, 1978.

HON. DANIEL K. INOUE,
*Chairman, National Tourism Policy Study,
U.S. Senate, Washington, D.C.*

DEAR SENATOR INOUE: The International Association of Amusement Parks and Attractions (IAAPA) is the only trade associations for permanently located amusement facilities throughout the world. Founded in the early 1900's as the National Association of Amusement Parks, the IAAPA is now composed of over 1,000 member parks attractions, manufacturers and individuals with a vested interest in the industry. Approximately 375 of these are actually amusement facilities.

Attractions and amusement parks are an important component of the nation's \$61 billion a year travel-tourist industry. Our facilities contribute substantially

to the employment of nearly four million Americans in the tourist industry, as well as provide practical benefits, values and improvements in our quality of life. They extend required relief by way of relaxation to the working population. Such relief is more necessary than ever in times of stress.

We, as an association, are pleased to inform the Committee on Commerce, Science and Transportation that we fully support the recommend "policy statement" that appeared on pages IV and V of the "National Tourism Policy Study Final Report" and further elaborated on in page 34 of the same report. We need a national policy on travel and tourism and a mechanism to coordinate that policy.

We favor the establishment of a National Travel and Recreation Policy Council which would include representatives from each Federal Department having direct interests in Tourism plus those Departments having any indirect interest in Tourism. The Council should be chaired by a top Presidential assistant. Congress should require regular meetings of the Council with a detailed annual report to Congress which gives an accounting of the Council's action with respect to Tourism under the terms of a National Tourism Policy Law, as enacted.

The establishment of a National Travel and Recreation Policy Council is vital to our industry in order to thwart the cavalier attitude of hostile agencies which have little or no concern for the substantial contribution which our members make to local communities, to State and Federal governments whether it be in the form of taxes or employment opportunities.

It is imperative that the heads of Government recognize our Energy needs and that we be afforded fair and equitable treatment under any rationing or contingency conservation plan. Similarly, it is imperative that the heads of Government recognize that we are a large employer of the youth of our Nation and that we stand ready to open up new and expanded opportunities for those least able to obtain employment. One way to do this would be to review and revise the Child Labor Regulations so as to bring them into the 20th Century. Foot dragging by the U.S. Department of Labor has forestalled a revision of Child Labor Regulation 3 which would help to accomplish this end.

We urge the establishment of a National Travel and Recreation Policy Council which can serve as the catalyst for a more informed and more responsive Government.

Very truly yours,

ROBERT H. BLUNDRED.

DISCOVER AMERICA TRAVEL ORGANIZATIONS, INC.,
Washington, D.C., October 25, 1978.

Senator DANIEL K. INOUE,
Chairman, National Tourism Policy Study,
U.S. Senate, Washington, D.C.

DEAR SENATOR INOUE: As part of the presentation of the Discover America Travel Organization's travel industry panel, a few of the national organizations supporting the panel's testimony could not be present on September 28. Some of them have provided me with comments which they would like to be made part of the hearing record. Accordingly, I would appreciate it if you would insert these statements in the record following, if possible, the panel presentation.

Initially, I am enclosing letters from H. Don Reynolds, Executive Vice President of the United States Tour Operators Association, Inc., and Patrick R. Sheridan, President of the Gray Line Sight-Seeing Association, Inc.

Sincerely,

WILLIAM D. TOOHEY, *President.*

Enclosures.

GRAY LINE SIGHT-SEEING ASSOCIATION, INC.,
New York, N.Y., September 22, 1978.

Mr. WILLIAM D. TOOHEY,
Discover America Travel Organizations,
Washington, D.C.

DEAR BILL: On behalf of the worldwide Gray Line Sight-Seeing Organization, and its Board of Directors, let me declare our full support for the concepts you (and Mr. Manfred) will be proposing to the Senate Tourism Subcommittee on September 28, 1978.

Your concept forming a powerful cabinet-level group to supervise the tourist and recreation-related activities of the 18 agencies currently in existence, is a viable and highly appropriate concept. It embellishes the pragmatic, the efficient, and probably, when translated to monies, the soundly economic.

Your proposed "National Travel and Recreation Policy Council"—lead by an administrative director with a full-time staff under White House authority and independent of any single agency, is a positive means of integrating the multiple factors in the travel and transportation industries, thereby creating better products and services for all traveling people everywhere.

Gray Line is in total support of the idea and wishes you well in your forthcoming presentation.

Sincerely,

PATRICK R. SHERIDAN, *President.*

UNITED STATES TOUR OPERATORS ASSOCIATION, INC.,
Scarsdale, N.Y., September 26, 1978.

Mr. WILLIAM D. TOOHEY,
Discover America Travel Organizations, Inc.,
Washington, D.C.

DEAR BILL: This is to confirm full support, on behalf of United States Tour Operators Association, Inc. (USTOA), of the statement of the Travel Industry Panel being presented by Discover America Travel Organizations, Inc. (DATO), on September 28, 1978, before the Subcommittee on Merchant Marine and Tourism of the Committee on Commerce, Science and Transportation of the United States Senate.

Other commitments unfortunately will prevent my being in Washington on that date to accompany you and the other Panel Members. USTOA, nevertheless, wishes to record its concurrence in testimony on behalf of the Travel and Tourism Industry to the extent of emphasizing need for both an enlightened National Tourism Policy and an effective oversight and coordinating mechanism—which shall be professionally competent, independent of any single agency but non-regulatory in concept and power.

Positions on the other features of the National Tourism Policy Study by USTOA Members are reserved for their individual presentations as desired in the other portions of the Hearings.

We shall be grateful for your requesting inclusion of a copy of this letter in the Subcommittee's record in lieu of the privilege of our submitting supplementary remarks at the hearings.

Please express also, to the Subcommittee, USTOA's appreciation for the opportunity to participate in this manner in inviting Congressional action on establishment of a National Tourism Policy for the Federal Government.

Sincerely yours,

H. DON REYNOLDS,
Executive Vice President.

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