We hope to increase our efforts to attract tourists this year, especially business travel, as trade and travel go together and we have requested more funds to bolster the operation of the U.S. Travel Service. Countries such as Mexico and Greece invest more than $5 to attract each foreign visitor. We spend 50 cents.

The President has stated in the Economic Report that "the most satisfactory way to arrest the increasing gap between American travel abroad and foreign travel here is not to limit the former but to stimulate and encourage the latter." The President intends to appoint a special task force drawn from industry and Government to advise on how best we can stimulate foreign travel to the United States. We will welcome this advice and the Department will promptly act on it.

Voluntary Program

Secretary Fowler has already discussed balance-of-payments developments and the programs designed to deal with the problem of the U.S. deficit. I will not duplicate that discussion, but will comment briefly on the Department's role in carrying out the President's balance-of-payments program.

Secretary Connor made a most significant contribution in formulating policies in this area, and we owe him a great debt of gratitude for enlisting the cooperation of the business community in an effective joint effort. The wide extent of voluntary participation in that effort has been a fine tribute to his leadership.

Business leaders realize that they have an especially vital interest in maintaining the strength of the U.S. dollar and in forestalling resort to radical measures. They are willing to lend their help in a balance-of-payments effort that avoids controls on international trade and continues to foster the healthy development of the world economy. Their investments abroad have continued to increase.

We must rely on the industrial and commercial sector of the economy for the foreign earnings to cover the bulk of our costs of foreign operations, both public and private. While we have always emphasized that the Department of Commerce program applies to this entire sector, we have asked only a selected list of some 750 companies to report regularly on their balance-of-payments transactions.

In the first 2 years of the voluntary program, these companies were able to expand their annual average balance-of-payments contributions by about $1.3 billion, largely through increased exports and repatriation of foreign earnings. In addition, they have made noteworthy efforts to contribute on capital account or limit the adverse effects of their own foreign investment programs. Their initial contributions in 1965 included repatriation of more than $400 million in short-term assets held abroad. Subsequently, they made unparalleled arrangements to borrow abroad in order to finance the rapid expansion of capital expenditures by their foreign affiliates and thus limit U.S. capital outflows.

In the 2 years 1965 and 1966, long-term foreign borrowing by the U.S. companies and their foreign affiliates has averaged about $1 billion more than in the preprogram year 1964. This borrowing, undertaken at high cost, made it possible for the companies to hold their direct investment transactions in developed countries below the levels we had suggested as targets for the 1966 program.