

For some countries, tourism already represents the major export industry and earner of foreign exchange. For others, it constitutes a promising new resource for economic development. The significant contribution of the developing countries is now widely recognized. In 1963, the United Nations recommended that greater priority be given to technical assistance in the tourism sector because of the importance of tourism as a means of strengthening the economic development policies of the developing countries.

More recently, in 1966, the Organization for Economic Cooperation and Development (OECD) arranged a seminar on tourism as part of its program of technical assistance for a group of countries in the intermediate stage of development (Greece, Portugal, Spain, Turkey and Yugoslavia). At this time the OECD pointed out that:

"These countries are all characterized by relatively rapid growth and constantly mounting requirements for foreign exchange; they are at the same time faced with the problems of improving their human skills and resources and adapting the structure of the economy and administration to the needs of accelerated growth.

"For such countries, tourism offers a major opportunity. It stimulates investments, provides a means of earning foreign exchange and is a source of employment. It is also an impetus to social change—both directly, through developing education and training to meet the needs of a service industry, as well as indirectly, by introducing different social habits and patterns."

From the viewpoint of the countries from which the tourists go out, the OECD has pointed out that:

"As concerns expenditure on international tourism, this is generally higher in countries where the national income per head of population is highest, and tends to increase proportionately more quickly than private disposable incomes. As shown in the following table for certain countries supplying the greatest number of tourists, between 1956 and 1965 Germany's tourist expenditure abroad increased nearly three and a half times more than private disposable income; in France, Belgium, the Netherlands and Sweden, it increased two and a half to three times more rapidly, while in the United Kingdom and the United States it increased one and a half times or twice as quickly.

[In percent]

	Increase, 1956-65		Propensity to tourist expenditure abroad	Tourist expenditure abroad as percentage of disposable income	
	Disposable income	Tourist expenditure abroad		1956	1965
Germany.....	+121	+410	3.4	0.8	1.8
France.....	+141	+409	2.9	.7	1.4
Belgium.....	+69	+186	2.7	1.3	2.3
Netherlands.....	+115	+298	2.6	1.3	2.4
Sweden.....	+87	+241	2.5	1.0	1.7
United Kingdom.....	+70	+125	1.8	.9	1.2
United States.....	+61	+91	1.5	.4	.5
Switzerland.....	+104	+139	1.3	1.8	2.1
Canada.....	+74	+56	.8	2.4	2.2

Note: The propensity to tourist expenditure abroad is the ratio between the rate of increase in tourist expenditure abroad and the rate of increase in disposable income in the country concerned."

In 1967, the United States had a favorable over-all trade balance with the whole world of \$4.3 billion. This is based on total exports of \$31 billion and imports of \$26.7 billion in goods and services, including travel.

The United States earned \$1.4 billion dollars more on all trade from Western Europe than Europe earned on trade with the United States. In other words, Europe has a \$1.4 billion dollar deficit in its trade with the U.S. which more than cancels out the so-called travel deficit.

In fiscal year 1967, AID funds were committed to 53 countries to which U.S. travel would be restricted because of this proposal.⁴

⁴It has been estimated that American travelers spent \$20 million in India and another \$20 million in Thailand and the Philippines in 1966. These are the only countries in this group from which estimates are available. A pertinent example regarding the effect of curtailment of travel which is of interest is that of Afghanistan which presently has under construction an International Hotel designed exclusively for the accommodation of foreign travelers. That project is dependent on such travelers for its operation and maintenance even if not for profitability. This is true of other similar facilities in countries which hope to aid their export balance by tourism.