Since all of these countries are receiving loans or grants from the U.S. Government, a reduction in expenditures by private Americans visiting in those countries would consequently increase the need for an offset through our AID program.

Additionally, reduced earnings from tourism will seriously affect many countries who now are assisting the United States financially by investing in non-marketable U.S. Treasury bonds.

Such investments, which the Federal Reserve Board in January placed at $1.249 billion, not only help to reduce the drain in our own gold stock but they improve the international balance sheet of the United States by taking the amount in question out of this country's short-term or liquid liability to foreigners.

The Treasury Department approach would have a disastrous effect on the more than 6,000 travel agencies in the United States. This is because the industry predominantly is composed of very small firms who are dependent on international travel for more than 60% of their gross income.

The ASTA survey conducted last week revealed that as a result of the mere announcement of the Treasury proposals, there have been substantial cancellations and a significant reduction in advance bookings. And should the proposals be enacted, the travel agents anticipate a 75% loss in international bookings. Because of the very nature of a business with marginal earnings, there inevitably will be a high rate of bankruptcy.

In presenting these facts, we do so not only to point out the devastating impact on our industry, but also to show how it will affect adversely the important components of our national economy for which it provides vital services. The economic stability of our domestic airline industry depends heavily on travel agents, who provide indispensable sales outlets in more than 1,800 communities throughout the United States. In addition to being responsible for $1.4 billion in domestic airline ticket sales in 1967, travel agents also provide needed service to steamship lines, bus, rail, car rentals as well as hotels and other facilities which make up our travel and tourist industry.

There would, of course, be substantial damage to other areas of the U.S. economy resulting from a sharp curtailment of travel and tourism from the United States. The airline industry and the manufacturers of aircraft would be hard hit. It is our understanding that these industries will present detailed economic data for the consideration of the Committee in addressing themselves to this aspect. It might be worth while, however, to summarize the effect on two of the large U.S. manufacturers of aircraft, Boeing and Douglas.

Boeing export sales average about 25% of all aircraft sales dollar-wise. As of January 5, 1968, Boeing had a total of 78 airline customers worldwide. Of this number, 48 were foreign and 30 domestic. These statistics do not include orders for the Boeing supersonic transport.

As of January 5, 14 foreign airlines had reserved delivery positions for 51 SST's out of a total of 121 SST's contracted for to date.

The Boeing Company alone estimates that the projected two-year reduction of U.S. travel overseas would mean a loss of $391 million in aircraft sales to foreign flag carriers, and a $205 million loss in sales to U.S. flag carriers, for a total loss of $596 million.

The Douglas organization anticipates a radical reduction in the orders placed by foreign carriers.

The proposals would also have a cumulative adverse effect on many other United States industries with domestic and international sales of goods and services. These include the manufacturers of luggage, photographic equipment and clothing, and service companies involved in advertising, international hotels and car rentals.

5. *Our common goal can be achieved through diligent and imaginative programs of cooperation between industry and government to promote tourism to and within the United States.*

As an industry, we long have been aware of the importance and desirability of increasing tourist travel to the United States, ASTA's World Travel Congresses, which attract the attendance of hundreds of travel originators from overseas countries annually, have emphasized destination seminars focussed on the United States. Since its creation, the United States Travel Service has been accorded featured, prominent positions on all of our programs.

We have contributed to and cooperated with the imaginative, productive, privately financed "Discover America" program.