Mr. MARTIN. I appreciate the opportunity, Congressman, to file a statement on it.

Mr. CURTIS. Please do.

Mr. ULLMAN. Without objection the record will be held open a reasonable period of time for your statement.

(The following statement was received by the committee:)

STATEMENT RE ROLE OF FEDERAL GOVERNMENT IN PROMOTING FOREIGN TOURIST TRAVEL IN UNITED STATES

In my opinion the Federal Government must assume an important share of the responsibility for promoting visits by foreigners to the United States because of the national interest involved in improving our balance of payments. In addition to the economic benefits of "exporting" tourism, there are social, cultural and political benefits to the nation itself in having foreigners come and meet our people and see our country as it really is. Also, the unique structure of the tourism product makes it not an economically viable proposition for the private or commercial sector to finance the entire overall development of U.S. tourism, as part of their effort to sell their own specific travel merchandise.

In order to sell a visit to the U.S.A., we must compete in the market place in Europe and other areas with luxury items such as expensive jewelry, cars, fur coats, television sets, etc. If one of these latter items is priced at $1,000, the manufacturer can allocate, say, 5 percent of the price for advertising and promotional materials.

On the other hand, the receipts from a visit to the U.S., pricetagged at $1,000, are divided among many unrelated business recipients, from carrier to boot black. The carrier's share may be less than ⅓ of the total, and therefore, it is totally uneconomical to allocate promotional funds on the same basis as that for these competing luxury products. Therefore, there is far less promotional money per sales unit available. As indicated, this is because a large share of each tourist dollar goes to restaurants, hotels, taxis, theaters, shops, etc., none of which can afford to advertise and promote overseas tourism to the U.S. on their own. Hence, the aggregate travel income to the United States from foreign tourism is far more important to our national economy as a whole than it is to the various individual sectors of our transportation and travel industry. Thus, the Federal Government clearly must bear a large part of the advertising and promotional expense if we are successfully to attract additional large numbers of foreign tourists to this country.

In this regard, any federal tourist organization must have sufficient funds to promote an attractive image of the entire United States or large sectors thereof as a vacation land for foreigners. This is quite a different proposition from the image-making role of the United States Information Agency. Effective tourist promotion should consist of large scale advertising and public relations campaigns, backed up by promotional distributions to prospective travelers, carriers and foreign travel agents of specific, accurate and up-to-date information on travel in the United States. At the present time, a "knowledge gap" exists abroad on the specifics of travel in America, because the U.S. Travel Service simply has not had a large enough budget to do the job as thoroughly as is required.

A properly financed national tourist organization can also serve as a catalyst to bring together various private tourist interests for more effective joint promotions. Other functions would include activities such as representing the United States at international conferences, conventions, etc.

Against a background of this sort, a major national tourist promotional effort, combining private and U.S. Government efforts, can work to sell "Visit U.S.A." far more effectively and in far greater volume than at the present time. Experts in the field estimate any tourist conscious Government should invest between 3%–5% of foreign tourist income in advertising and promotional efforts. This yardstick would indicate that the U.S. Government should spend between $16.5 million and $27.5 million overseas for tourist promotion. This does not include promotion in Mexico and Canada, other important markets that require additional promotional funds.

Mr. ULLMAN. Mr. Martin, I am interested in knowing whether the private sector is really doing a promotional job in foreign countries