

facilities have been provided. These facilities were built for the greater part during the postwar reconstruction years under the Marshall Plan with ERP Funds. They represent in a certain sense an American public investment in Austria and, because of Austria's sensitive position during the period after World War II, contributed to Austria's economic and political stability. In the Austrian mind this investment of the American taxpayer stands for American good will.

It would be regrettable indeed if the very country, the U.S.A., which did so much in the immediate postwar period to help reconstruct and improve Austrian tourist facilities, would now adopt measures which would result in a serious setback in this particular field.

*(c) Secondary consequences for Austrian tourist industry*

The travel tax, if enacted, would be a serious setback to the entire Austrian tourist traffic. Whatever compensatory measures may be taken, fewer Americans will come; those who come will not stay as long. They will not be able to use the facilities designed primarily for their use. The economic result will be especially serious because there is no substitute for the American traffic. Internal conditions in Italy and Germany have caused a decline in the flow of tourists of those countries. Currency devaluations in certain European countries will undoubtedly also have negative consequences for Austria's tourism.

Even though the decline in American tourist traffic to Austria might be temporary, it will not be possible to speedily restore it afterwards. Tourist promotion is not only cumulative in its effect, so that interruption is very costly, but its success rests upon longtime reservoirs of good faith and good will. Bitter experience has shown that any break not only means intangible, permanent loss but entails a hard, new start. As the one who undertook to promote American traffic to Austria in 1927, and to rebuild it in 1947, the undersigned is only too familiar with the problems involved. Aside from technical advances, conditions today are not as favorable to reconstruction as they were in either 1927 or 1947.

*(d) Possible negative consequences for U.S. export trade to Austria*

U.S. export promotion, especially in Austria, a market requiring increased efforts by U.S. businessmen according to a recent U.S. Department of Commerce publication, also requires more U.S. businessmen to visit importers of U.S. products in Austria personally. As far as Austria is concerned, it is hard to see how she could justify to her people an unfavorable balance of payments, which the United States has herself deliberately created by curtailing American tourist traffic to Austria. As experience shows, a balance of payments deficit cannot be tolerated for a long time, Austria might be faced with the problem of reestablishing an equilibrium by appropriate measures.

*(2) Human, cultural and political consequences for both the U.S.A. and Austria*

*(a) Characteristics of the U.S. tourist in Austria, his interest for the arts*

The American visiting Austria is not usually an escapist vacationer bent on pleasure alone. He does not usually belong to the highest but rather to the middle or modest income brackets and to the professional classes. He goes to three major cultural centers of the country: Innsbruck, Salzburg, Vienna and their environs. A third of all American visitors go to the capital, Vienna, in the eastern and most distant part of the country. Seriously interested in music, art, history, folklore and/or sports, the American visitor attends the opera and the great summer music festivals. Most of these are government sponsored. As Americans represent 80% of the audience at many major performances, they benefit substantially from these cultural events of a particularly high level. The American tourist in Austria is highly selective, devoting himself to those Austrian attractions which are not only not available to him at home but are unavailable elsewhere, for Austrian "resources" include living evidences of world-cultural heritage that are unique.

*(b) American students*

Americans make up a substantial percentage of students at Austrian music schools, at art classes and summer schools in all subjects. American physicians attend special clinical seminars arranged for them by the American Medical Association in Vienna. Since many of the studies are intensely concentrated, such courses as a rule are short. Should a travel tax exemption for students be granted only on the basis of a longer period of study, participants in such concentrated courses would be excluded.

In addition the American visitor to Austria has a telling effect on Austria and her neighbors and brings back valuable benefits to the U.S.A.