greatly the expansion of the European capital market and to develop additional techniques for employing savings around the world in productive investments. Through preserving an exemption for lesser developed countries, the access they need for development assistance is assured. In 1967, Congress granted the President certain discretionary authority in order that the purpose of the legislation—which is to limit but not prevent access to the capital market from developed countries—is best served.

In 1969, this legislation will need to be extended. In order that we have available a method for phasing out this tax, the existing authority to vary the rate of the tax from zero to $1\frac{1}{2}$ percent per annum should be retained.

8. A Five-Year Program is Needed to Narrow the Travel Deficit Through Promotion of Foreign Travel in the United States by Both Public and Private Action.

As has been pointed out repeatedly to the public and to the appropriate Committees of Congress, the trend of the contribution of travel to and from the United States to our balance of payments deficit is such that the United States cannot continue to ignore the problem.

It was for this reason that in your New Year's Day Message you sought to reduce the travel deficit by calling for voluntary action and appropriate legislation. In 1967 this deficit exceeded $2 billion. If the nation is to prevent the tourist deficit from continuing to rise and possibly exceed $4 billion by 1975 (as United States disposable income and the portion of it spent on foreign travel increases, and the new airplanes with larger capacities and greater speeds bring lower fares), the nation must begin to implement *now* a comprehensive long-term program to increase rapidly the amount of foreign travel to this country.

The President's Commission, formed in 1967, has provided numerous suggestions worthy of attention, not only for immediate measures already taken in 1968, but for the longer-term future.

Although final figures are not yet available, we must anticipate a continued large travel deficit in 1968. It might well have been larger but for the fact that many of the remedial measures recommended by your Commission were carried out by Government and voluntarily by the private sector.

The longer-term measures recommended by your Commission to promote travel to the United States will require regular and adequate financing. The simple fact is that the United States has a smaller annual budget for promoting tourism than that of almost any other industrial country.