

VII. A Long-Range Program for Narrowing the Travel Gap Through Promotion of Foreign Travel in the United States and Temporary Measures to Reduce Travel Outlays Abroad by United States Residents

Results of our efforts to reduce the travel gap in 1968 have been disappointing. Although complete data will not be available until early next year, it seems clear that we will not reach our goal of saving \$500 million on the tourism account.

We have been more successful in implementing our long-range program to stimulate foreign travel to the United States than we have been in containing American travel abroad. Most recommendations made in the February report of the Industry-Government Special Task Force on Travel have been put into effect. Some, however, including the waiving of visa requirements for temporary visitors to the United States have not yet been implemented. Full implementation of all recommendations must be achieved before the United States can be said to have a meaningful program designed to attract foreign travelers to this country.

The Administration's short-term efforts to secure legislation in the Congress to reduce the outflow of tourist dollars abroad in 1968 were not successful. A bill reducing Customs exemptions and establishing a 5 percent ticket tax on international air travel passed the House of Representatives in June but failed to pass the Senate. The Administration's proposal to levy a graduated expenditures tax was not reported out by the House Ways and Means Committee.

On July 31, Secretary Fowler sent a letter to Senator Long, Chairman of the Senate Finance Committee, in which he proposed a method whereby the short-term and long-term efforts of the United States to reduce its chronic travel deficit could be combined. Under the proposal, a portion of the proceeds from the proposed ticket and expenditure taxes would be used, up to a limit of \$30 million per year over a five-year period, to fund our long-range effort to increase foreign travel to the United States. In this fashion, the proposed taxes would take on a dual character. In addition to accomplishing an immediate balance of payments saving by prompting American travelers abroad to keep their expenditures within reasonable bounds, the law would also constitute a positive measure to promote tourism to the United States. Both steps are necessary to bring our travel deficit within a manageable range. Funding the long-range travel program with reve-