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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 14 1975

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. LYNN
SUBJECT: Promotion of Tourism

The Department of Commerce is requesting approval to ask Congress to extend the authorization for the U.S. Travel Service (USTS) programs. These programs are to encourage foreigners to visit the United States. The Department also has requested approval of proposed legislation to initiate a new program to promote travel within the United States by U.S. residents.

It would be desirable to have a decision on these requests soon, because Congress is initiating action on bills for these same purposes.

Issue 1: Continuation of the Current International Tourism Program

The authorizing legislation for the current international tourism program of the Travel Service will expire on June 30, 1976. If an Administration request is to be made to extend the program, it should be submitted to Congress by May 15. Congress has already introduced bills to extend the program and has requested views on the bills from Commerce.

The Department is requesting a three-year extension of the authorization.

Option A: Request a three-year extension.

The Department believes that continuation of the program would make an important contribution to the U.S. balance of payments. It estimates that about 385,000 foreign visitors will come to the United States in 1976 as a result of its programs, providing about \$200 million in "exports" for the United States.

Commerce believes that the program will help reduce the cost of travel to the United States, and cost is the principal obstacle to foreign travel to this country. USTS has a program to help develop tour packages in order to obtain lower travel and accommodation costs for foreign visitors.

The Department stresses the importance of continuing the program through the Bicentennial period, to help promote foreign visitors during that period. They also believe the program is generally beneficial in promoting improved understanding among nations through travel.

Commerce is not able to provide hard evidence that its program is effective in encouraging more foreign visitors to the United States, but it notes that many other countries have similar programs. Ten countries spent more in 1973 than did the United States for these activities.

The Travel Service program has built up some supporters in the Congress, and Congress may provide an extension of the authority even if the Administration were to oppose extension.

Option B: Terminate the program at the end of FY 1976.

OMB believes that the program is not needed to help solve balance of payments problems. The flexible exchange rate system is the primary means of maintaining a rough balance of payments equilibrium. In any case, the estimated \$200 million contribution of the USTS program is insignificant when compared to total U.S. exports in excess of \$90 billion in 1974.

It also is not essential to extend the authorization to permit promotion of the Bicentennial. Because of the lag time between promotional events and resulting travel, USTS programs will have completed by the end of FY 1976 all promotional work which could influence visitors for the Bicentennial.

The program has a minimal effect on improving relations among nations. The program is limited to only six countries (Canada, Mexico, the United Kingdom, France, West Germany, and Japan), which already have extensive

tourism travel and generally good relations with the United States. The U.S. Information Agency has the primary responsibility for improving foreign understanding of the United States. It has a budget of over \$200 million, and programs in over 100 countries, for this purpose.

Recommendation:

OMB recommends Option A, approving the Commerce request for a three-year extension. While a strong case cannot be made for the need for this program, continuation of a program at about the current funding level (\$11.5 million in 1976) will not have serious adverse effects. An attempt to terminate the program now may stimulate Congressional action for a larger and more costly program.

APPROVE OPTION A: DC7

APPROVE OPTION B: _____

SEE ME: _____

We also recommend that a \$15 million annual authorization level be requested. The \$15 million will be a ceiling, and will provide flexibility for some increase in costs of the program during the three years. (The Department proposed no specific ceiling on the amount that could be appropriated for the program.)

APPROVE \$15 MILLION LEVEL: DC7

APPROVE NO CEILING: _____

SEE ME: _____

Issue 2: Initiate a Domestic Tourism Program

USTS currently does not have a program to promote or support travel of U.S. residents within the United States. Since 1973, however, it has had the basic statutory authority for such a program. The Department now proposes to request authorization of appropriations to begin a domestic tourism program. It is asking for \$2.5 million for 1976 and \$5 million for each of the succeeding three years.

The Congress has already introduced bills to initiate a domestic program, with strong support by Senators Baker and Inouye.

Option A: Request authorization of appropriations for a new domestic tourism program.

The Department of Commerce believes that a domestic tourism program would be desirable in order to develop "a centrally coordinated approach to domestic tourism policy." It notes that tourism enterprises are often small businesses that are especially susceptible to adverse occurrences. It believes that a Federal program could create a favorable climate for sustained orderly growth of the tourism industry. The Department also suggests that such a program would help reduce unemployment, ease recession and improve productivity.

Although the Department has not yet provided any description of its proposed program, it has suggested that it might deal with such "problems" as the imbalances of current domestic tourism promotion efforts among States. It notes that only five States spend one-third of the total funding by all the States to attract tourists to their areas. The Department also suggests a need to encourage Americans to travel in the United States rather than abroad, in order to provide more business to the domestic tourism industry.

Option B: Oppose the initiation of a domestic tourism program.

The Department has presented no evidence that the Federal Government either should or could "coordinate" domestic tourism activities. Nearly every part of the economy is in some way impacting and impacted by tourism, including the automobile industry, all transportation activities, recreation industries, the food industries, etc. There is no "tourism industry" that can be readily identified and coordinated.

The Department has not identified any national problem or need that would warrant new Federal intervention in the activities of the States in promoting tourism. Tourism can in some cases be an effective means of creating employment in economically distressed areas of the country, but there already are Federal programs to assist such regional economic development through tourism and other means.

OMB believes that it is not necessary to encourage Americans to travel in the United States rather than abroad, for balance of payments reasons. Also, expanded domestic tourism may be contrary to national efforts to conserve energy.

Recommendation: OMB recommends denying the Commerce request to initiate a domestic program, and also recommends that the Administration inform the Congress that you oppose enactment of legislation to start such a program.

APPROVE OPTION A (NEW DOMESTIC PROGRAM) : _____

APPROVE OPTION B (OPPOSE NEW DOMESTIC PROGRAM) : NO

SEE ME : _____

THE WHITE HOUSE
WASHINGTON

March 20, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JAMES T. LYNN
FROM: JERRY H. JONES
SUBJECT: Promotion of Tourism

Your memorandum to the President of March 14 on the above subject has been reviewed and the following was approved:

On Issue 1: Continuation of the Current International Tourism Program, Option A was approved -- Request a three-year extension. Also approved was a \$15 Million Level.

Issue 2: Initiate a Domestic Tourism Program, Option B was approved -- Oppose the initiation of a domestic tourism program.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld

THE WHITE HOUSE

WASHINGTON

March 19, 1975

MR. PRESIDENT:

The attached memorandum has been staffed and generated the following:

Buchen (Hills) -- I see no objection to the recommendations of OMB and no apparent legal problems connected with them except that it is arguable that the request of the Department of Commerce to initiate a Domestic Tourism Program (issue 2, page 3) is not sufficiently specific to know whether the money spent would indeed be "tourism" money as distinguished from other department programs.

Cannon -- I recommend the President take Option A of Issue 1 - to extend the current foreign promotion program of the U.S. Travel Service. The program is effective as a method of partially redressing the adverse balance of payments as a result of Americans vacationing abroad. I recommend that the President take Option B of Issue 2 - to disapprove of a new domestic tourism program. This program would be an unnecessary new spending program that could be inflationary and would not enhance productivity.

Marsh -- Issue 1; Approve Option A and Approve \$15 million level. Issue 2; Approve Option B (oppose new domestic program).

Seidman -- Agree with OMB.

Friedersdorf -- Concurs with memo.

Don

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 17, 1975

Time:

FOR ACTION: Phil Buchen *JB*
Jim Cannon *JC*
Jack Marshall *JM*
Bill Seidman *BS*
Max Friedersdorf *MF*

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, March 18, 1975

Time: 2:00 p.m.

SUBJECT:

Lynn memo (3/14/75) re: Promotion of Tourism

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

4:30 p - Called Buchen & Cannon

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

J. W. H. Jones
Staff Secretary

THE WHITE HOUSE

WASHINGTON

March 18, 1975

MEMORANDUM FOR: JERRY JONES
FROM: ROD HILLS *CH*
SUBJECT: Lynn Memo re
Promotion of Tourism

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THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

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FOR ACTION: ~~Phil~~ Buchen
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Jack Marsh
Bill Seidman
Max Friedersdorf

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Staff Secretary



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OFFICE OF MANAGEMENT AND BUDGET
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MAR 14 1975

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The Department is requesting a three-year extension of the authorization.

Option A: Request a three-year extension.

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The Travel Service program has built up some supporters in the Congress, and Congress may provide an extension of the authority even if the Administration were to oppose extension.

Option B: Terminate the program at the end of FY 1976.

OMB believes that the program is not needed to help solve balance of payments problems. The flexible exchange rate system is the primary means of maintaining a rough balance of payments equilibrium. In any case, the estimated \$200 million contribution of the USTS program is insignificant when compared to total U.S. exports in excess of \$90 billion in 1974.

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tourism travel and generally good relations with the United States. The U.S. Information Agency has the primary responsibility for improving foreign understanding of the United States. It has a budget of over \$200 million, and programs in over 100 countries, for this purpose.

Recommendation:

OMB recommends Option A, approving the Commerce request for a three-year extension. While a strong case cannot be made for the need for this program, continuation of a program at about the current funding level (\$11.5 million in 1976) will not have serious adverse effects. An attempt to terminate the program now may stimulate Congressional action for a larger and more costly program.

APPROVE OPTION A: _____

APPROVE OPTION B: _____

SEE ME: _____

We also recommend that a \$15 million annual authorization level be requested. The \$15 million will be a ceiling, and will provide flexibility for some increase in costs of the program during the three years. (The Department proposed no specific ceiling on the amount that could be appropriated for the program.)

APPROVE \$15 MILLION LEVEL: _____

APPROVE NO CEILING: _____

SEE ME: _____

Issue 2: Initiate a Domestic Tourism Program

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The Congress has already introduced bills to initiate a domestic program, with strong support by Senators Baker and Inouye.

Option A: Request authorization of appropriations for a new domestic tourism program.

The Department of Commerce believes that a domestic tourism program would be desirable in order to develop "a centrally coordinated approach to domestic tourism policy." It notes that tourism enterprises are often small businesses that are especially susceptible to adverse occurrences. It believes that a Federal program could create a favorable climate for sustained orderly growth of the tourism industry. The Department also suggests that such a program would help reduce unemployment, ease recession and improve productivity.

Although the Department has not yet provided any description of its proposed program, it has suggested that it might deal with such "problems" as the imbalances of current domestic tourism promotion efforts among States. It notes that only five States spend one-third of the total funding by all the States to attract tourists to their areas. The Department also suggests a need to encourage Americans to travel in the United States rather than abroad, in order to provide more business to the domestic tourism industry.

Option B: Oppose the initiation of a domestic tourism program.

The Department has presented no evidence that the Federal Government either should or could "coordinate" domestic tourism activities. Nearly every part of the economy is in some way impacting and impacted by tourism, including the automobile industry, all transportation activities, recreation industries, the food industries, etc. There is no "tourism industry" that can be readily identified and coordinated.

The Department has not identified any national problem or need that would warrant new Federal intervention in the activities of the States in promoting tourism. Tourism can in some cases be an effective means of creating employment in economically distressed areas of the country, but there already are Federal programs to assist such regional economic development through tourism and other means.

OMB believes that it is not necessary to encourage Americans to travel in the United States rather than abroad, for balance of payments reasons. Also, expanded domestic tourism may be contrary to national efforts to conserve energy.

Recommendation: OMB recommends denying the Commerce request to initiate a domestic program, and also recommends that the Administration inform the Congress that you oppose enactment of legislation to start such a program.

APPROVE OPTION A (NEW DOMESTIC PROGRAM): _____

APPROVE OPTION B (OPPOSE NEW DOMESTIC PROGRAM): _____

SEE ME: _____

THE WHITE HOUSE

WASHINGTON

March 18, 1975

MEMORANDUM FOR:

JERRY JONES

FROM:

JIM CANNON 

SUBJECT:

Lynn Memo (3/14/75) re:
Promotion of Tourism

I recommend that the President take Option A of Issue 1 - to extend the current foreign promotion program of the U.S. Travel Service. The program is effective as a method of partially redressing the adverse balance of payments as a result of Americans vacationing abroad.

I recommend that the President take Option B of Issue 2 - to disapprove of a new domestic tourism program. This program would be an unnecessary new spending program that could be inflationary and would not enhance productivity.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 17, 1975

Time:

MAR 17 1975

FOR ACTION: Phil Buchen
Jim Cannon
~~Jack Marsh~~
Bill Seidman
Max Friedersdorf

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, March 18, 1975

Time: 2:00 p.m.

SUBJECT:

Lynn memo (3/14/75) re: Promotion of Tourism

ACTION REQUESTED:

- | | |
|---|--|
| <input type="checkbox"/> For Necessary Action | <input checked="" type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

See attached

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Jerry M. Jones
Staff Secretary



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAR 14 1975

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The Department is requesting a three-year extension of the authorization.

Option A: Request a three-year extension.

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The Travel Service program has built up some supporters in the Congress, and Congress may provide an extension of the authority even if the Administration were to oppose extension.

Option B: Terminate the program at the end of FY 1976.

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tourism travel and generally good relations with the United States. The U.S. Information Agency has the primary responsibility for improving foreign understanding of the United States. It has a budget of over \$200 million, and programs in over 100 countries, for this purpose.

Recommendation:

OMB recommends Option A, approving the Commerce request for a three-year extension. While a strong case cannot be made for the need for this program, continuation of a program at about the current funding level (\$11.5 million in 1976) will not have serious adverse effects. An attempt to terminate the program now may stimulate Congressional action for a larger and more costly program.

APPROVE OPTION A: jmm

APPROVE OPTION B:

SEE ME:

We also recommend that a \$15 million annual authorization level be requested. The \$15 million will be a ceiling, and will provide flexibility for some increase in costs of the program during the three years. (The Department proposed no specific ceiling on the amount that could be appropriated for the program.)

APPROVE \$15 MILLION LEVEL: jmm

APPROVE NO CEILING:

SEE ME:

Issue 2: Initiate a Domestic Tourism Program

USTS currently does not have a program to promote or support travel of U.S. residents within the United States. Since 1973, however, it has had the basic statutory authority for such a program. The Department now proposes to request authorization of appropriations to begin a domestic tourism program. It is asking for \$2.5 million for 1976 and \$5 million for each of the succeeding three years.

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The Department of Commerce believes that a domestic tourism program would be desirable in order to develop "a centrally coordinated approach to domestic tourism policy." It notes that tourism enterprises are often small businesses that are especially susceptible to adverse occurrences. It believes that a Federal program could create a favorable climate for sustained orderly growth of the tourism industry. The Department also suggests that such a program would help reduce unemployment, ease recession and improve productivity.

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Option B: Oppose the initiation of a domestic tourism program.

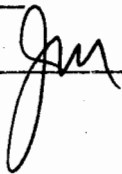
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Recommendation: OMB recommends denying the Commerce request to initiate a domestic program, and also recommends that the Administration inform the Congress that you oppose enactment of legislation to start such a program.

APPROVE OPTION A (NEW DOMESTIC PROGRAM): _____

APPROVE OPTION B (OPPOSE NEW DOMESTIC PROGRAM): _____ 

SEE ME: _____

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 17, 1975

Time:

FOR ACTION: Phil Buchen
Jim Cannon
Jack Marsh
Bill Seidman
Max Friedersdorf

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, March 18, 1975

Time: 2:00 p.m.

SUBJECT:

Lynn memo (3/14/75) re: Promotion of Tourism

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Agree with OMB.

JWS

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Jerry M. Jones
Staff Secretary

THE WHITE HOUSE
WASHINGTON

March 18, 1975

MEMORANDUM FOR: WARREN HENDRIKS
FROM: MAX L. FRIEDERSDORF *M. L.*
SUBJECT: Action Memorandum - Log No.
Lynn memo (3/14/75) re: Promotion of
Tourism

The Office of Legislative Affairs concurs with the Agencies
that the **subject memo should be signed.**

Attachments

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

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Date: March 17, 1975

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Staff Secretary



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APPROVE OPTION A: _____

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SEE ME: _____

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APPROVE \$15 MILLION LEVEL: _____

APPROVE NO CEILING: _____

SEE ME: _____

Issue 2: Initiate a Domestic Tourism Program

USTS currently does not have a program to promote or support travel of U.S. residents within the United States. Since 1973, however, it has had the basic statutory authority for such a program. The Department now proposes to request authorization of appropriations to begin a domestic tourism program. It is asking for \$2.5 million for 1976 and \$5 million for each of the succeeding three years.

The Congress has already introduced bills to initiate a domestic program, with strong support by Senators Baker and Inouye.

Option A: Request authorization of appropriations for a new domestic tourism program.

The Department of Commerce believes that a domestic tourism program would be desirable in order to develop "a centrally coordinated approach to domestic tourism policy." It notes that tourism enterprises are often small businesses that are especially susceptible to adverse occurrences. It believes that a Federal program could create a favorable climate for sustained orderly growth of the tourism industry. The Department also suggests that such a program would help reduce unemployment, ease recession and improve productivity.

Although the Department has not yet provided any description of its proposed program, it has suggested that it might deal with such "problems" as the imbalances of current domestic tourism promotion efforts among States. It notes that only five States spend one-third of the total funding by all the States to attract tourists to their areas. The Department also suggests a need to encourage Americans to travel in the United States rather than abroad, in order to provide more business to the domestic tourism industry.

Option B: Oppose the initiation of a domestic tourism program.

The Department has presented no evidence that the Federal Government either should or could "coordinate" domestic tourism activities. Nearly every part of the economy is in some way impacting and impacted by tourism, including the automobile industry, all transportation activities, recreation industries, the food industries, etc. There is no "tourism industry" that can be readily identified and coordinated.

The Department has not identified any national problem or need that would warrant new Federal intervention in the activities of the States in promoting tourism. Tourism can in some cases be an effective means of creating employment in economically distressed areas of the country, but there already are Federal programs to assist such regional economic development through tourism and other means.

OMB believes that it is not necessary to encourage Americans to travel in the United States rather than abroad, for balance of payments reasons. Also, expanded domestic tourism may be contrary to national efforts to conserve energy.

Recommendation: OMB recommends denying the Commerce request to initiate a domestic program, and also recommends that the Administration inform the Congress that you oppose enactment of legislation to start such a program.

APPROVE OPTION A (NEW DOMESTIC PROGRAM): _____

APPROVE OPTION B (OPPOSE NEW DOMESTIC PROGRAM): _____

SEE ME: _____