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Journalism

in the

European Recovery Program



ECONOMIC COOPERATION ADMINISTRATION
STATISTICS AND REPORTS DIVISION

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JUNE, 1950

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Tourism
in the
EUROPEAN RECOVERY PROGRAM

Prepared by the Statistics and Reports Division,
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merce. Statistics on foreign travel and trade are
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JUNE, 1950

ECONOMIC COOPERATION ADMINISTRATION

B

TABLE OF CONTENTS

	Page
<i>Explanatory Note</i>	i
Tourism as a Dollar Earner	2
Intra-European and Other Non-dollar Travel	6
Travel to Overseas Territories of the ERP Countries	7
Travel to the United States by ERP Country Residents	7
Legislative Authority and Limitations	7
Agency Relationships	8
ECA-Commerce Policy and Program	8
Tourism Plant Development and Utilization	9
Transatlantic Transport	9
Transportation Within Europe	12
Hotels and Other Accommodations	13
Technical Assistance for Tourism Projects	17
Measures to Encourage Increased Travel	18
Joint Promotional Action of the ERP Countries	18
Merchandise for the Tourist Trade	20
Progress in Reducing Trade Barriers	21
Continuing Problems	24

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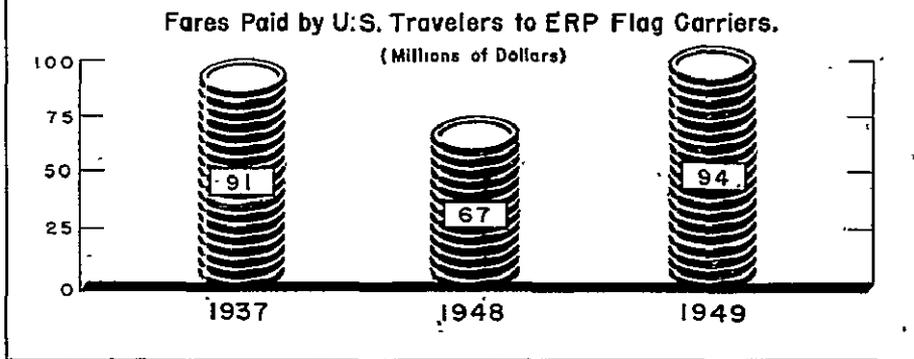
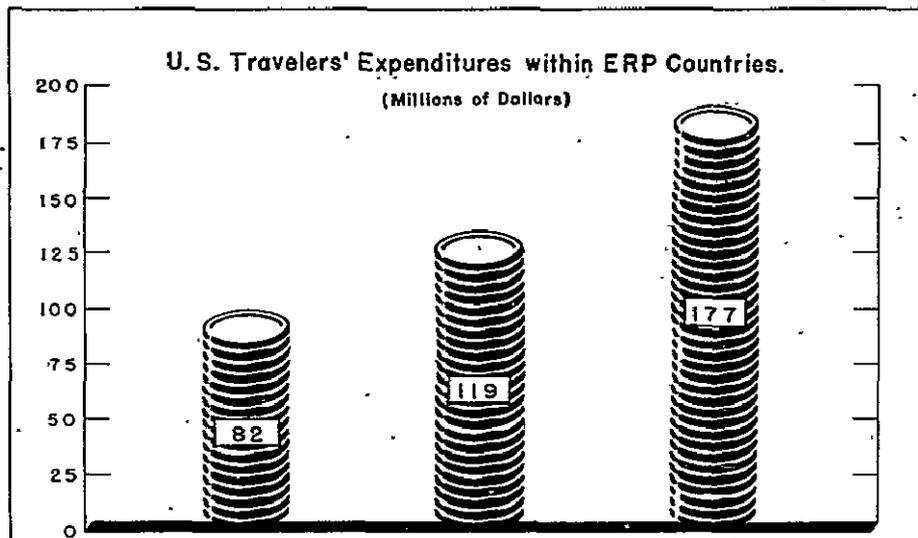
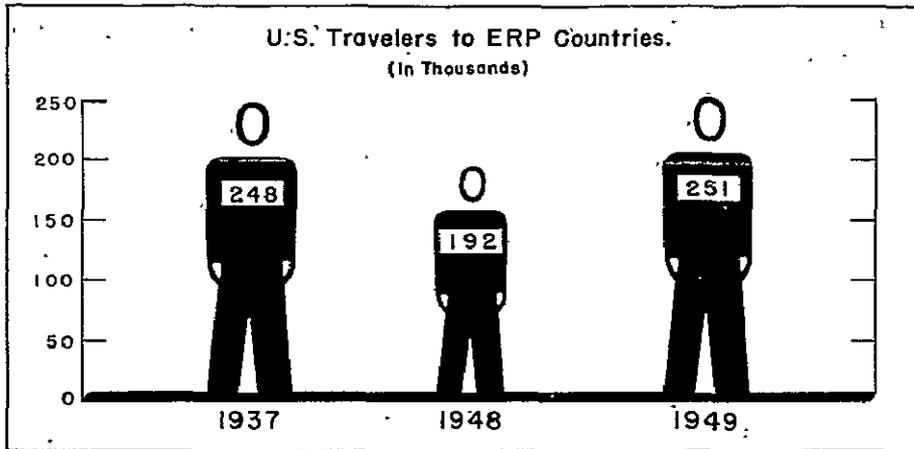
EXPLANATORY NOTE

"United States residents" or "United States travelers" as used in this report are defined as citizens of the United States and aliens residing in the United States. The statistics and references to such persons do not include 1) members of the United States Military services; 2) civilian employees of the United States Government and international agencies; 3) citizens or alien residents employed in ERP countries; 4) citizens or alien residents who reside in ERP countries for more than a year; or 5) students residing in ERP countries who are studying under the provisions of Public Laws 16 and 346. These exclusions were made to arrive at a normal "tourist" base, since it is to this group of travelers that the efforts of the ECA-Commerce Travel Development Program are directed. It is recognized that the excluded groups also contribute to the dollar travel earnings of the ERP countries.

Expenditure figures, as shown in the report, are not adjusted to reflect the effect of price changes.

Since transocean fares are an important factor in evaluating the place of tourism in the international balance of payments of the ERP countries, as complete data as are available for the years shown are included.

**WESTERN EUROPE'S EARNINGS FROM U.S. TRAVELERS
ARE INCREASING.... 1949 was 50% higher than 1948.**



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TOURISM IN THE EUROPEAN RECOVERY PROGRAM

Tourism is a leading dollar-earner in Western Europe. In 1949 the ERP countries earned approximately \$271 million from private travel by United States' residents. This was equivalent to approximately one-third of the total merchandise exports of the Western European countries to the United States during 1949 and about equal to their combined shipments to us of whisky and wines, textile products and fibers, wood pulp, automobiles, clocks and watches.

Dollars spent by United States visitors for travel in Europe and for fares to carriers of the ERP nations are, thus, helping Western Europe to purchase goods they need from us and are narrowing their dollar trade gap.

Money spent in Europe, by the more than 251,000 United States visitors to this area in 1949 alone amounted to \$177 million.¹ Fares paid to ERP flag carriers added approximately \$94 million more — over \$78 million for transatlantic travel and the remainder for other transportation, mainly to the overseas territories of the Western European nations.

Also important in appraising dollar earnings from tourism but not included in the above totals, are the travel expenditures of United States residents within Western Europe's overseas territories, amounting to an estimated \$29 million in 1949 as compared with \$21 million in 1948.

Significant, too, in the overall picture are expenditures by travelers from other dollar areas and Canada in the participating countries and their territories; such earnings within Europe are estimated to have amounted to at least \$32 million in 1949 and \$20 million in 1948.

Europe has historically financed its import surplus through "invisible income," chiefly from investments abroad, shipping and tourism. As a consequence of the war, Europe lost the major part of its income from foreign investments. European shipping capacity, badly damaged as a result of the war, has been practically restored, except for passenger tonnage, to its prewar level; but dollar earnings from this source are not yet sufficient to offset the proportion of the trade deficit which earnings from shipping generally offset before the war.

¹Expenditures totaling \$204 million were reported by member countries to the OEEC, reflecting to some extent the "on leave" travel expenditures of United States Government and military personnel.

During the period 1927-1937, European travel by Americans created over \$2.3 billion in exchange for Europe as a whole — an average of over \$200 million per year. This was equal to more than 30 percent of Europe's trade deficit with the United States during the same period. Even in 1949, with the high level of imports from the United States and, conversely, the subnormal volume of exports to the United States, dollar earnings by ERP countries from United States travelers were equivalent to nearly 10 percent of the trade deficit.

Strikingly significant is the sharp upward trend in dollar expenditures for travel to the Western European countries after travel was resumed following its complete interruption during World War II. In 1949 as compared with 1948, expenditures by United States travelers within Europe increased 50 percent while the number of travelers and the amount paid for transatlantic fares to carriers of the ERP countries for such travel each increased approximately 30 percent.

Assuming a continued high level of national income in the United States it is generally agreed that the dollar earnings of the ERP countries from tourism can be substantially increased, probably about 25 percent over 1949 this year and approximately 10 percent more in 1951. If these expectations materialize approximately \$313 million in foreign exchange will be created for the ERP countries in 1950 by an estimated 320,000 United States travelers and another \$342 million from approximately 350,000 travelers in 1951. Based on reports from travel agents and carriers, the indications are that 1950 may be the largest year to date for travel by United States residents to Western Europe. The appeal of the Holy Year will contribute importantly to the volume of European visitors this year.

To accomplish these and further earning increments, more adequate transatlantic transport capacity is necessary, especially at lower rates. Additional modern living accommodations at reasonable prices are needed in Europe. Further improvement and expansion of transportation facilities within Europe are required. Much of this can be done with little or no direct dollar outlay from readily available resources.

The realization of the dollar-earning potential

of the European countries from American travel, indicated in studies made by the Travel Branch of the Department of Commerce, will require aggressive promotional activities by the interested countries and carriers. The present joint campaign of the Western European countries, using free dollars pooled for the purpose of stimulating increased American travel in the off-season is a step in this direction.

ECA and the Department of Commerce have spurred the governments of the participating countries and the agencies and industries involved, directly and through the OEEC, to the need for increasing dollar income from tourism and have stressed its importance to the European Recovery Program.

Aid extended by ECA to the Western European countries in the form of grants and loans for basic materials and equipment has been a vital factor in the restoration of transatlantic and inland transportation systems. Counterpart funds are also being used for these purposes and for the rehabilitation and construction of hotels and other tourism projects. The restoration of the travel plant is being aided through the Technical Assistance Program. Three teams of experts from the participating countries have visited the United States to study hotel and travel facilities. Other technical assistance tourism projects are under consideration.

American and foreign flag carriers are being encouraged to make more transatlantic passenger capacity available at moderate rates. Special off-season rates for travel and living accommodations, the scheduling of special events in the off-season, group travel, the staggering of vacations, and other devices figure importantly in this movement. The results of this program were evidenced by the increased volume of travel in May and September of 1949. This year, the second since the program was inaugurated, promises an even better showing.

Important also to the successful stimulation of increased travel are the measures taken by the governments of the Western European countries, coordinated through the OEEC or taken unilaterally, to liberalize restrictions on foreign travel. The virtual elimination of visa requirements, the liberalization of import duty restrictions on travelers' purchases, and the simplification of frontier formalities were achievements directly furthering freer travel.

TOURISM AS A DOLLAR EARNER

Western Europe's dollar earnings from travel by residents of the United States were approximately 50 percent higher in 1949 than in 1948. This percentage applies whether or not transoceanic fares are included.

Nearly all of the European countries shared in the increased expenditures of United States travelers within Europe. Most prominent in this respect were France, Italy, and Germany, where the percentage of increase ranged from 73 to 80 percent. Austria experienced a marked increase following the exceedingly low level of travel in 1948. The United Kingdom, Switzerland, Belgium and the Netherlands were close to the overall percentage increase. The main exceptions to the rising trend were the Scandinavian countries, where 1949 expenditures by United States travelers remained constant or declined slightly from the previous year.

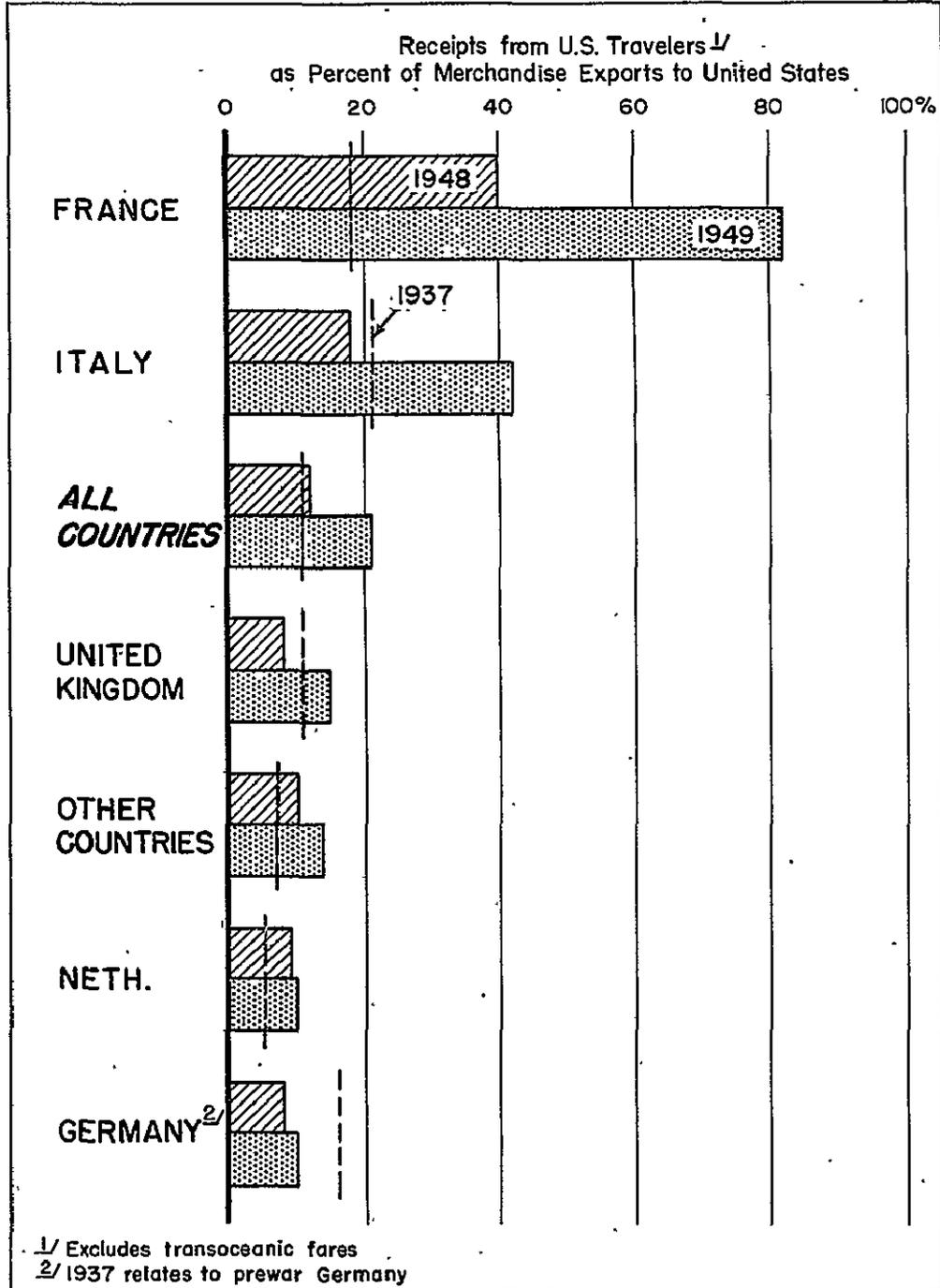
France led all of the ERP countries in the volume of earnings from United States travelers' expenditures, with the United Kingdom and Italy second and third, respectively.

An idea of the importance of tourism as a source of dollar exchange to the ERP countries may be gained from comparing expenditures by United States travelers with merchandise exports to the United States. Chart 2 portrays this relationship for several countries selected because of the volume of their travel earnings. It will also be noted in Table 1 that expenditures by United States travelers in Ireland were nearly three times as great as the volume of dollars earned through exports to the United States in 1949. In this same period, expenditures by United States travelers in France, Denmark and Italy were equal to 82, 54 and 42 percent, respectively, of merchandise exports to the United States, whereas in Austria, Switzerland, Norway and the United Kingdom; this relationship ranged from 23 to 15 percent.

Relating travel receipts to the merchandise trade deficit of the ERP countries with the United States indicates the extent to which tourism, as one type of invisible earnings, is narrowing the currently large dollar trade gap created by the high level of ERP country imports, financed to a large extent by the United States. The relationship of these two factors, including the effect of transoceanic fares paid for travel on ERP flag carriers — an important source of dollars to several of the

CHART 2

DOLLAR TRAVEL EARNINGS OF ERP COUNTRIES.... are increasing faster than their exports.



TOURISM IN THE EUROPEAN RECOVERY PROGRAM

TABLE 1

TOURISM AND TRADE BETWEEN ERP COUNTRIES AND THE UNITED STATES 1937 and 1948-49 (MILLIONS OF DOLLARS)								
Country	Year	TOURISM ¹			TRADE WITH UNITED STATES			Gross Tourism Receipts as a Percent of Merchandise Exports
		Receipts from United States Residents	Payments by Europeans to United States	Net Receipts	Imports from United States	Exports to United States	Net Balance	
All ERP Countries	1937	\$82.0	\$26.0	\$56.0	\$1,257.9	\$718.3	\$-539.6	11.4%
	1948	119.0	49.0	70.0	4,180.8	976.8	-3,204.0	12.2
	1949	177.0	50.0	127.0	4,016.4	842.4	-3,174.0	21.0
France	1937	13.4	2.2	11.2	164.5	75.6	-88.9	17.7
	1948	28.9	5.6	23.3	590.7	72.9	-517.8	39.6
	1949	50.0	4.7	45.3	497.2	61.2	-436.0	81.7
United Kingdom	1937	21.8	11.5	10.3	536.5	202.7	-333.8	10.8
	1948	24.0	22.0	2.0	644.1	283.3	-360.8	8.5
	1949	34.0	23.4	10.6	700.4	226.8	-473.6	15.0
Italy	1937	10.2	1.0	9.2	76.8	48.2	-28.6	21.2
	1948	16.8	3.8	13.0	415.9	94.2	-321.8	17.8
	1949	30.0	3.2	26.8	458.1	71.2	-386.9	42.1
Switzerland	1937	4.1	.6	3.5	9.6	26.9	17.3	15.2
	1948	13.0	1.4	11.6	171.5	105.8	-65.7	12.3
	1949	18.5	1.6	16.9	142.6	93.1	-49.5	19.9
Sweden	1937	2.2	.5	1.7	64.5	58.7	-5.8	3.7
	1948	8.0	2.2	5.8	118.0	91.1	-27.0	8.8
	1949	7.0	2.8	4.2	85.4	54.6	-30.8	12.8
Netherlands	1937	2.4	.8	1.6	93.5	53.3	-40.2	4.5
	1948	4.0	3.1	.9	312.2	43.8	-268.4	9.1
	1949	6.0	3.0	3.0	283.8	59.2	-224.6	10.1
Belgium	1937	1.5	.4	1.1	95.3	75.1	-20.2	2.0
	1948	4.0	1.5	2.5	309.7	89.2	-220.5	4.5
	1949	5.8	1.4	4.4	306.8	94.6	-212.2	6.1
Ireland	1937	3.4	.4	3.0	12.2	1.9	-10.3	178.9
	1948	4.0	.7	3.3	37.0	2.7	-34.3	148.1
	1949	5.0	.6	4.4	62.7	1.7	-61.0	294.1
Norway	1937	1.6	.8	.8	22.2	26.0	3.8	6.2
	1948	6.0	2.3	3.7	84.6	33.6	-51.0	17.9
	1949	5.0	2.7	2.3	90.5	31.5	-59.0	15.9
Germany	1937	15.2	6.2	9.0	126.3	92.5	-33.8	16.4
	1948	2.5	1.6	.9	865.1	30.8	-834.3	8.1
	1949	4.5	1.6	2.9	820.3	45.5	-774.8	9.9
Denmark	1937	1.5	.5	1.0	17.2	6.8	-10.4	22.1
	1948	3.5	1.7	1.8	53.8	5.9	-47.9	59.3
	1949	3.5	1.8	1.7	93.3	6.5	-86.8	53.8
Austria	1937	2.5	.1	2.4	3.1	5.8	2.7	43.1
	1948	.5	.3	.2	145.8	8.9	-136.9	5.6
	1949	2.2	.3	1.9	150.9	9.6	-141.3	22.9
Other ERP Countries	1937	2.2	1.0	1.2	36.2	44.8	8.6	4.9
	1948	3.8	2.8	1.0	432.4	114.6	-317.8	3.3
	1949	5.5	2.9	2.6	324.4	86.9	-237.5	6.3

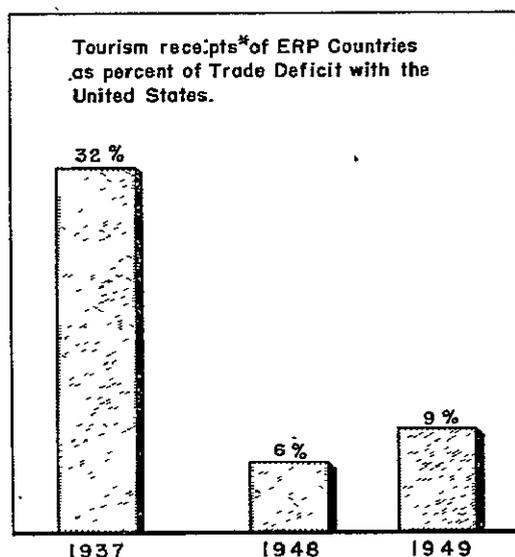
¹Excluding transoceanic fares.

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

ERP countries, notably the United Kingdom, France and the Netherlands — is shown in Chart 3. On this basis, tourism receipts in Western Europe were sufficient to offset 9 percent of the total merchandise

CHART 3

TOURISM RECEIPTS FROM U.S. TRAVELERS....are increasingly significant in narrowing the postwar dollar trade gap.



* Including transoceanic fares.

trade deficit with the United States in 1949 as contrasted with 6 percent in 1948. In 1937, due to the much smaller trade deficit, the comparable figure was 32 percent.

Expenditures by residents of the Western European countries for travel in the United States — the counterbalancing item to tourism receipts in the international balance of payments of the ERP countries — were slightly lower in 1949 than for the previous year, and were equivalent to somewhat less than 30 percent of United States travelers' expenditures within Western Europe.

All of the ERP countries had a net surplus in their dollar travel account with the United States even after deducting dollar payments by visitors to the United States from the ERP countries from dollars earned through United States residents' expenditures in Western Europe. In Switzerland, the net tourism balance in 1949 was sufficient to offset slightly more than one-third of the merchandise trade deficit. The fraction was also considerable

for Sweden, France, Ireland and Italy, although substantially lower than in 1937.

The number of United States residents visiting the ERP countries in 1949, as compared with 1948, increased 30 percent, somewhat less sharply than United States travelers' expenditures. The number of visitors in 1949 was also slightly higher than in 1937 but still approximately 30 percent lower than in 1930, the peak year in the number of United States residents visiting Europe.

Travel was not evenly distributed throughout the ERP countries. One-half of all the United States travelers to Western Europe in 1949 visited the United Kingdom and France. Italy and Switzerland were visited by one third and a lesser volume visited other countries. Although all of the countries have places and events which appeal to foreign tourists, certain countries are the conventional entry points for travelers from the United States, especially those traveling by water. Moreover, the principal volume of travel also follows the more advertised patterns. Cities such as Paris, Rome and London are almost inevitably included in the itinerary of travelers visiting Europe for the first time.

Increased air travel may change the traditional patterns since visitors can get more quickly to the places they wish to visit. The recognition that tourism has become a big business is stimulating all of the European countries to develop and better publicize tourist attractions. Winter sports and other events are being expanded to encourage travel throughout the year.

Expenditures of United States travelers within Europe in 1949 averaged \$704 per capita for a 63-day stay. The average per day expenditure was approximately 40 percent higher in 1949 than 1948 although the average length of stay was shorter (Table 2). Since earnings are directly related to the number of days stay, increasing attention is being given to visitors' interests.

Expenditures by United States citizens accounted for 96 percent of the total amount spent by United States residents; alien United States residents made up the remainder. The latter usually visit mainly in the country of their origin with relatives and their chief expenditures are for transportation. Food and clothing gifts are generally brought from the United States.

Approximately 50 percent of all United States residents visiting the ERP countries are foreign born or of first generation European descent. This factor, because of the many years during which travel for pleasure was banned and family problems

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

TABLE 2

VOLUME OF TRAVEL TO ERP COUNTRIES BY UNITED STATES RESIDENTS, 1937 and 1948-49					
Country	Year	Number of Travelers (Thou- sands)	Total Expendi- tures ¹ (Millions of dollars)	Average Per Capita Expendi- tures ¹ (Dollars)	Average Length of Stay (Days)
Total Travelers	1937	248	\$82.0	\$330	52
	1948	192	119.0	621	79
	1949	252	177.0	704	63
France	1937	122	13.4	110	12
	1948	69	28.9	420	24
	1949	131	50.0	383	22
United Kingdom	1937	148	21.8	148	17
	1948	82	24.0	293	21
	1949	123	34.0	275	25
Italy	1937	66	10.2	156	21
	1948	43	16.8	388	49
	1949	87	30.0	344	32
Switzer- land	1937	59	4.1	70	7
	1948	38	13.0	345	30
	1949	76	18.5	244	15
Sweden	1937	17	2.2	133	14
	1948	30	8.0	270	46
	1949	21	7.0	328	24
Nether- lands	1937	40	2.4	60	7
	1948	29	4.0	136	13
	1949	46	6.0	129	8
Belgium	1937	35	1.5	43	6
	1948	26	4.0	154	10
	1949	46	5.8	125	9
Ireland	1937	19	3.4	175	27
	1948	11	4.0	363	40
	1949	17	5.0	296	28
Germany	1937	96	15.2	158	25
	1948	17	2.5	143	41
	1949	42	4.5	108	23
Norway	1937	12	1.6	138	20
	1948	26	6.0	231	56
	1949	17	5.0	302	26
Denmark	1937	16	1.5	95	13
	1948	22	3.5	157	34
	1949	19	3.5	188	22
Other Countries	1937	-	4.7	-	-
	1948	-	4.3	-	-
	1949	-	7.7	-	-

¹Excluding transoceanic fares.

stemming from the war, probably accounts in large part for the considerably longer stay of visitors from the United States in 1948 and 1949 as compared with 1937.

Intra-European and Other Non-dollar Travel

Intra-European and other non-dollar travel is also important to the recovery and closer association of the European nations. As in the case of dollar travel, some of the ERP countries have relied heavily on this source of income for foreign exchange to meet a part of their commodity requirements from other nations in Europe and abroad.

In the ERP area as a whole, intra-European travel in prewar years, according to the *Balance of Payments Yearbook* of the International Monetary Fund, was substantially larger in volume than travel by United States residents. During the war intra-European travel for pleasure was also banned. Since then, because of conditions resulting from the war, intra-European travel has been drastically restricted and foreign exchange earnings from this source sharply curtailed. Receipts from United States travelers gained in relative importance in the total ERP tourism picture during this period.

However, under the stimulus of the liberalization of travel barriers and the return of more normal conditions generally, intra-European travel is reviving and is expected to show a sharp increase this year.

Many of the European countries are taking steps to make greater travel by their nationals possible. Incidentally contributing to this, is the legislation which has been approved by many of the countries providing for mandatory paid vacations for certain classes of workers. Trade and labor unions have set up organizations which own or operate vacation centers. Travel to other countries at low cost is being made possible through arrangements between employee travel groups in various countries.

The increase in the volume of non-dollar, and dollar travel as well, is expected to tax available facilities to the utmost during the peak vacation period, June through August. An actual shortage of facilities in many places may limit the number of visitors that can be accommodated.

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

The concentration of vacation travel during a few months of the year presented a serious problem to the travel industry in the prewar period. Today with fewer facilities and an increasing travel load the problem is much more acute. Some countries, notably the United Kingdom and the Scandinavian countries are making progress, with the cooperation of industry, in staggering vacation periods. This is expected to aid in relieving congestion, make room for additional foreign visitors and assure more efficient and more profitable operation of the tourism plant and add to the enjoyment of the foreign travelers' stay.

Travel to Overseas Territories of the ERP Countries

Travel to dependent overseas territories is closely related to the European Recovery Program. Dollars earned from such travel are as important in narrowing the dollar gap as travel to the home countries. Complete statistics are unavailable, but the volume of this travel in 1949 was estimated at \$29 million, an increase of approximately 40 percent over 1948. In Bermuda alone, according to the Department of Commerce, expenditures by United States residents (not including official travelers such as U. S. Navy personnel) in 1949 are estimated at \$12 million, also a 40 percent increase over 1948. Eighty-five percent of all visitors to this British colony were from the United States.

In May of 1950, ECA and the Department of Commerce recommended that the home governments develop more travel from the United States and Canada to the Caribbean area. It has also been suggested that the territories of the Western European nations in Africa, where many American soldiers and sailors served during World War II, be made more attractive to tourists.

Travel to the United States by ERP Country Residents

Travel by residents of the ERP countries in the United States has been heavier since the war than in prewar years. In 1949, approximately 90,000 visitors from these countries came to the United States, 35 percent as many as the number of United States travelers to the ERP countries. (Table 3) A good many of these were commercial travelers rather than tourists, although many of them used the opportunity of their visit to travel in the United

States. Expenditures of this group in the United States in 1949 amounted to \$50 million - less than one-third as much as United States travelers spent in Western Europe.

TABLE 3
VISITORS TO THE UNITED STATES FROM ERP COUNTRIES

Country	1937	1948	1949
TOTAL	70,210	108,310	89,900
United Kingdom	31,110	48,780	42,170
France	5,940	12,300	8,350
Italy (Inc. Trieste)	2,580	8,480	5,840
Netherlands	2,060	6,890	5,370
Sweden	1,420	4,870	5,020
Norway	2,320	5,080	4,910
Denmark	1,290	3,830	3,280
Germany	16,780	3,500	2,880
Switzerland	1,550	3,100	2,770
Belgium-Luxembourg	NSS	3,290	2,430
Greece	NSS	2,350	2,080
Turkey	NSS	2,000 ¹	1,770 ²
Portugal	NSS	1,400 ¹	1,240 ²
Ireland	1,160	1,640	1,100
Austria	NSS	600 ¹	530 ²
Iceland	NSS	200 ¹	180 ²
Total - NSS ³	4,000	-	-

¹Fiscal Year 1947/1948.
²Preliminary, based on Fiscal Year 1948.
³Not shown separately.

LEGISLATIVE AUTHORITY AND LIMITATIONS

The importance of tourism as a means by which Europe could provide itself with dollar exchange is recognized by the Economic Cooperation Administration Act. The Administrator of ECA, in cooperation with the Secretary of Commerce, was especially instructed in Section 117 (b) to "facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries."

The use of ECA dollar funds for foreign travel advertising in the United States was, however, prohibited by Section 112 (k) of Public Law 472 as amended by Public Law 47, 81st Congress.

AGENCY RELATIONSHIPS

By agreement between ECA and the Department of Commerce, the existing facilities of the latter agency, and especially the Travel Branch of the Office of International Trade, have been fully utilized in furtherance of the statutory objectives. Approximately \$100,000 has been set aside by ECA to meet the special expenses of the Commerce Department in connection with the Travel Development Program.

It has, therefore, not been necessary to establish a distinct organizational unit solely to handle this function in the Washington offices of ECA, although various divisions of the office have been concerned with aspects of the program. In the Office of the Special Representative in Paris (OSR), the Travel Development Section works closely with ECA and the Department of Commerce, the Organization for European Economic Cooperation (OEEC), ECA Missions assigned to the participating countries, and other public and private organizations, groups and industries interested in European travel development.

The program also has the assistance of the Travel Industry Advisory Committee organized by the Department of Commerce in 1948. Leaders of all segments of American industry concerned primarily with foreign travel are represented on this committee.

In Europe, in the summer of 1948, the official travel organizations of the ERP countries joined in establishing the European Travel Commission of the International Union of Official Travel Organizations, a consultative agency of the United Nations. A commission of ETC representatives was also formed in New York for more effective joint action in the United States.

In the spring of 1949 a Tourism Committee was constituted within the OEEC. Working closely with the Advisory European Travel Commission, this committee has moved rapidly into the complex questions involved in increasing the travel flow and tourism facilities in Europe. Since its formation, the Committee, in cooperation with the Maritime, Manpower, Inland Transportation and Finance Committees of OEEC, has obtained approval of the

OEEC Council of Ministers on a number of measures pertinent to the development of increased American travel in Europe.

Each ERP country has an agency charged with responsibility to promote foreign tourism, to assist in rehabilitating and developing its internal tourist industry. These agencies as a rule, with representation drawn from the basic tourist industries (carriers, travel bureaus, hotels, and restaurants) are either governmental organizations or quasi-governmental associations. All of the ERP nations, except Trieste and Iceland, have set up official tourist information centers in New York. Most of the countries also maintain offices in other European countries, and some in other parts of the world.

ECA - COMMERCE POLICY AND PROGRAM

The role of ECA and the Department of Commerce, acting jointly, has been largely one of encouraging the participating countries to take the action necessary to realize the full potential of dollar earnings from tourism along the following lines:

- (a) survey the tourist plant and plan for its rehabilitation and development with a special view to meeting the needs of the dollar trade;
- (b) eliminate barriers to travel;
- (c) stimulate investment in tourist facilities, and submit proposals for assistance under the Marshall Plan where private or public financing is inadequate; special emphasis has been placed on the use of counterpart funds where available for this purpose;
- (d) adopt aggressive and sustained travel promotion techniques, carrying the appeal of European travel to the American public in order to realize an immediate increase in earnings;
- (e) develop and publicize special off-season attractions and coordinate facilities and promotion programs to the objective of a high level of year-round travel;
- (f) take advantage of the opportunities afforded through the ECA Technical Assistance Program for making the European travel plant attractive to the American tourist.

TOURISM PLANT DEVELOPMENT AND UTILIZATION

There were many handicaps to foreign travel following World War II. The tourism plant was badly damaged by the war and disorganized. Immediately after the war there were shortages of food, heat, light and transport. Many of the hotels which were open were needed by official personnel of the United States and her allies. Passenger transport facilities likewise were being used extensively by such personnel. Private travel to Europe by Americans was not resumed in any volume until 1947.

Remarkable progress has been made by the ERP nations in repairing the travel plant to accommodate and appeal to tourists from the United States and other countries and the present tourist situation is vastly better than it was a few years ago. Some of this progress, based on the pressure of profit, was inevitable, but actions by the participating governments on the recommendations of the OEEC Tourism Committee, with the help of ECA aid, have been significant factors in speeding recovery. Considerable further rehabilitation and development must be undertaken to take fuller advantage of the dollar-earning potential.

Transatlantic Transport

The first objective is sufficient and satisfactory facilities to transport American tourists to Europe. This requires greater capacity for sea and air travel especially in the medium and low-cost classes, and lower rates generally, particularly for off-season travel.

Capacity. Total transatlantic passenger capacity in 1950, as shown in Table 4 is 32 percent higher than in 1948. By 1951, it is estimated that sufficient capacity will be available to take care of approximately 750,000 persons, almost 40 percent more than in 1949 but 25 percent less than prewar.

Approximately two-thirds of the total capacity currently is in ships, of which 15 percent are under the American flag. Of the airplane capacity which makes up the other one-third, 70 percent is American flag and the remainder under foreign registry.

Sea and air passenger capacity each increased 14 percent in 1949 as compared with 1948. Estimated plane capacity for 220,000 persons in 1950 indicates a somewhat sharper increase than for ships.

TABLE 4

REGULAR TRANSATLANTIC PASSENGER CAPACITY IN THE NORTH ATLANTIC, SEA AND AIR, BY FLAG OF CARRIER, 1948 - 1951				
Year	Type	Passenger Capacity (one way) (In Thousands)		
		Total	American Flag	Foreign Flag
1948	Sea ¹	540	185	356
	Air ²	364	65	300
1949	Sea ¹	176	120	56
	Air ²	615	213	402
1950 ³	Sea ¹	415	73	342
	Air ²	200	140	60
1951 ³	Sea ¹	711	230	481
	Air ²	491	76	415
1951 ³	Sea ¹	220	154	66
	Air ²	749	249	500
		529	95	434
		220	154	66

¹Includes tramps and cargo liners with passenger accommodations, and United States Maritime Commission ships leased to private operators in addition to regular passenger liners.

²Military, charter, special and irregular service excluded from all air capacity data.

³Estimated.

The fluid nature of airline operations, which renders possible the doubling of capacity literally overnight, makes it difficult to arrive at a reliable estimate of capacity available beyond the present year. Reports by members of the International Air Transport Association, excluding special chartered services, reflect an increase of over 20 percent in the number of passengers carried from the United States to Europe in 1949 as compared with 1948.

Utilization. Although transport capacity is inadequate for peak requirements, there are seasonal variations in travel, last minute cancellations, and individual schedule preferences that result in a substantial amount of unused space. The net effect of these factors, however, was to leave unutilized in 1949 approximately one-third of the total space available, although accommodations were short during June, July and August. Furthermore, while a majority of the transatlantic space is used for American travel to and from Europe (including an important volume of military and official travel), substantial space is also required for European and other foreign travelers.

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

TABLE 5

TRANSATLANTIC PASSENGER CAPACITY UTILIZED ON WESTBOUND VESSELS, BY CLASS OF ACCOMMODATION, 1949, BY MONTHS ¹			
Month (1949)	All Classes	First	All Other ²
Year	<u>82%</u>	<u>67%</u>	<u>87%</u>
January	80	61	87
February	76	56	82
March	79	59	86
April	78	54	86
May	66	49	74
June	63	46	70
July	78	62	84
August	90	83	93
September	99	95	98
October	97	91	97
November	92	81	92
December	75	46	86

¹Excludes vessels carrying less than twenty passengers.
²Includes cabin, tourist and single classes.

In 1949, as a result of the promotion of off-season travel and the overall shortage of capacity, the percentage of space utilized was considerably higher than before the war. In this connection, ship capacity in 1949 was more than 80 percent utilized whereas in 1937 it was below 40 percent. (Table 5) There is considerably less variation in air transport capacity utilization. Approximately 70 percent of United States travelers to Europe in 1949 crossed the Atlantic by ship; the remainder went by air. In November and December of 1948, as compared with the same period during the preceding year, transatlantic air travel increased 36 percent, indicating the effect of off-season reductions.

Rates. First-class, cabin, and tourist rates on transatlantic passenger vessels have not changed appreciably since 1948. Moreover, foreign flag carriers, both sea and air, adjusted their rates to those of comparable United States carriers following the devaluation of their currencies. Typical minimum fare passenger rates are shown in the following table. (Table 6)

Inasmuch as capacity is utilized to the fullest possible extent during the summer tourist season, reduction in regular fares is not a factor in augmenting travel at that time. It is important, however, that new construction emphasize the need for ships catering especially to the tourist class and single class trade, from which the greatest volume of increased tourism must be drawn. To this end ECA and the Department of Commerce have urged the United States Maritime Commission to take favorable action on applications for increased low cost passenger capacity in the North Atlantic. The Maritime Commission has taken cognizance of this and certificated a line to provide such service; Bids are now out for the reconversion of two war-built P-2 troop transports but they will probably not be in service until 1951. ECA has stressed the importance of lower rates as a means of increasing earnings to the OEEC, the North Atlantic Passenger Conference and the International Air Transport Association.

Off-season Rates. To make fuller utilization of available capacity and relieve the North Atlantic transport bottleneck during the peak summer months,

TABLE 6

RANGE OF TRANSATLANTIC PASSENGER MINIMUM FARES, ROUND TRIP ON- AND OFF-SEASON BY TYPE OF ACCOMMODATION AND CARRIER		
Type of Accommodation	On-Season	Off-Season
Vessels, by class of accommodation¹		
First	\$400-750	\$400-730
Cabin	380-470	360-450
Tourist	300-350	300-330
"Mono" (Single) ²	250-480	250-480
Airplane³	630	385 ⁴ 466 ⁵

¹Round trip fares applicable between New York and British or Channel ports.
²Lowest rates shown are dormitory accommodations on only slightly reconverted troop ships.
³Round trip fares applicable between New York and London.
⁴For trips completed in 15 days during first 10 weeks 1950.
⁵For trips during off-season periods (eastbound September 1 - March 31, westbound December 1 - June 30).

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

an intensive program for the development of off-season travel has been launched, with rate reduction as the chief stimulus. ECA and the Department of Commerce made representations to the Civil Aeronautics Board and airlines along these lines.

The airlines offered an off-season fare reduction from October 1949 through April 1950, for round trips completed within 60 days. The reduced fares were \$164 lower than the normal round-trip ticket, \$630, from New York to London. From October 1948 through April 1949 similar rates were in effect for round trips completed within 30 days; thus the time limit for completion of a round trip was increased by 100 percent during the 1949-50 off-season. Experience in the previous year with late announcement of reduced rates caused the carriers to give early publicity to the 1949-50 reductions. The new rates were so successful in increasing traffic that the airlines agreed and the CAB approved that the time limit be eliminated, provided the flights take place during specially designated off-season periods during the year. A combination off-season and on-season rate was also placed in effect making the fare New York-London-New York \$548 instead of \$630 on-season and \$466 off-season. Reductions will probably be continued during the next off-season period based on experience of the airlines in 1950.

The airlines also agreed to a round-trip rate equal to one way, plus 10 percent, or \$385 New York-London-New York, for 15-day excursion trips during the first 10 weeks of 1950 as compared with \$466 for the off-season round-trip rates, and the \$630 regular rate. This was publicized and advertised as much in advance as possible through collective advertising by all airlines.

Further efforts are being made to induce steamship lines to reduce their off-season rates in order to assure fuller year-round utilization of North Atlantic passenger capacity. For calendar year 1950, however, these rates will be maintained because of the heavy traffic occasioned by Holy Year. It is an established fact that the low- and medium-priced steamship accommodations are utilized over the full-year period at a higher rate than the luxury classes. Greater availability of the more moderately-priced accommodations would result in increased volume of travelers to Europe and consequently higher dollar earnings by both carriers and the ERP countries.

Off-season Special Cruises. The program of cruises during the winter season of 1949-50 calling on ports of Western European countries and the overseas territories, especially in the Caribbean, was substantially expanded as compared with 1948-49.

Major cruises ranging from 50 to 80 days, touching ports in the Caribbean area, Europe and Africa, to two-week cruises in the Caribbean and round trip excursions to Bermuda were available this year. An increased number of such cruises is indicated for 1950-51. Most of the regular North Atlantic steamship companies schedule short cruises to the Caribbean during the winter months. The ECA-Commerce policy has encouraged this travel.

Student Travel Rates. The Student Ship Program was operated in 1949 with three C-4's (slightly converted troop ships) provided by the Maritime Commission on charter, against only two in 1948, and two steamers of the Holland-American Lines. Rates for students were from \$140 one-way. The C-4's are not available this year but for 1950, Holland-American Lines will again operate student ships at special rates and the Cunard Line has a large ship available for the student trade. A 625-passenger vessel was diverted from the Australian-Europe to the Montreal-Europe run to assist in carrying this traffic. In mid-1950 the Norwegians endeavored to enter the trade with an 820-passenger vessel an obstacle to which was compliance with United States Coast Guard requirements. The importance of students to the travel program has been pointed out to the Coast Guard by ECA and the Department of Commerce.

By special charter arrangements between student travel organizations and non-scheduled United States airlines, student flights to Europe were again arranged in 1949 at a round-trip fare of \$340. This rate, also available in 1948, was 46 percent less than the regular round-trip on-season air fare. It is expected that the same contracts will be made in 1950, but rates may be increased to \$375. It is necessary for the Civil Aeronautics Board to approve operation of these flights and ECA and the Department of Commerce have recommended that this be done.

Convenience of Air Schedules Serving European Destination Ports. Air schedules were made more convenient for the traveler in 1949 by the entry into service of Stratocruisers, which permit later afternoon departures from New York and earlier morning

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

arrivals in Europe. One of the United States airlines serving French destinations received permission in 1949 to land directly at the Nice airport thereby giving United States air travelers direct service to the Riviera. The Scandinavian airlines inaugurated a direct service from New York to Hamburg, Germany, in 1949.

Reduced Ship Rates for Carrying Automobiles.

The Transatlantic Passenger Conference agreed late in 1949 to reduce further the round-trip rates for automobiles. These rates are still considerably above prewar. Since steamship lines carried only about 3,000 automobiles in 1949 compared with capacity for 13,000, the outlook for further reductions is hopeful. The American Automobile Association is taking the lead in sponsoring rate reductions.

More cars taken to Europe by Americans will increase dollar expenditures in rural areas and relieve the concentration of travelers in large cities.

Improved Port Facilities. Le Havre's ship passenger facilities were improved with ECA aid and made more convenient and comfortable than prewar. Great Britain has decided to make considerable improvements in Southampton port facilities to increase the efficiency of passenger operations. Similar projects on a smaller scale have been approved by the Irish Government for the port of Cobh.

Transportation Within Europe

European transportation facilities have required almost complete rehabilitation because of war damage and lack of maintenance.

By Rail. Despite the extent of the damage and deterioration due to the war, the railroad systems of the ERP countries have been restored to their virtual prewar standard, except in Germany, Italy and Greece. More traffic is being carried on most lines than before the war, although not as comfortably because of a shortage of sleeper and restaurant cars.

Price reductions varying from 35 to 70 percent are granted for groups of travelers by ERP railroad systems during the off-season period.

International train service was improved in May of 1950 when direct sleeping car service was inaugurated between the English Channel and Italy, saving two and one-half hours on the Calais-Rome run. Also, direct rail service was established between Italy and Bavaria. Train ferry services, both

across the English Channel and in Scandinavia, have been improved. In early 1950 direct sleeper service between Calais and Vienna was reinstated.

In fact, all ERP countries (except Greece, Turkey, and Germany) now have adequate railroad facilities. In most cases passenger rail service is up to prewar standards or even exceeding prewar service, because of recent additions of modern equipment. Italian railroads expect delivery of 65 electrical train units, capable of a 100 miles an hour speed, for use in the winter of 1950-51. Germany now has electric and diesel rail cars with a capacity for 67 passengers, especially for organized group travel.

By Automobile and Bus. Bridges and underpasses have been restored in all countries but Greece, where this is now being done, and motorists may travel from one end of Western Europe to the other with little difficulty. Turkey, in cooperation with ECA and the Bureau of Public Roads in the Department of Commerce, has a project for a national highway system involving construction or improvement of several thousand miles of highway.

An increasing number of comfortable buses of modern design and equipment are being operated on regular routes, as well as for specially arranged tours, within ERP countries and for international itineraries. Italy is outstanding with respect to intra-national bus facilities and has partially offset its railway shortcomings by instituting excellent auto-bus lines. Another example is a Swedish bus line with regular schedules extending from Scandinavia to the southern parts of Europe, embracing Belgium, Holland, France, Germany, Switzerland, Italy, and Portugal. The buses are equipped with snack bars and lavatories and staffed with English-speaking hostesses.

During 1949, car-for-hire facilities were available in almost every ERP country, on a "drive-yourself" or "driver-furnished" basis. This service is being expanded in 1950. By arrangement with the American Automobile Association, automobiles for rent can be delivered to the principal seaports and airports in Europe for use by American travelers immediately upon their arrival. Also, European car distributors in the United States are promoting sales calling for delivery upon arrival at a European port.

In 1950, the Simplon Pass between France and Italy was opened for automobile and bus traffic.

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

earlier in the season than ever before, through the use of modern snow removal equipment. New ferry services have been added for automobiles. Garages with provision for repairs and stocks of spare parts are available to an extent even greater than before the war. Information on inns and restaurants along the main routes for automobile travel has been improved beyond what it was prior to World War II.

Gasoline is available without rationing in most ERP countries at reasonable prices and, considering the low gasoline consumption of the majority of European cars for hire, at less fuel cost per mile than in the United States.

There has been considerable improvement in road signs, maps and guide books for the motorist.

Bicycling and hiking is increasing, especially on the part of young Western Europeans and American students. Many of these tourists use the low cost youth hostels of which there are 1,500 in Western Europe. In 1950, 1951, and 1952 additional hostels will be rehabilitated or constructed from counterpart funds. The request of the Youth Hostel organization of Italy for a counterpart fund allocation for the building of 20 new hostels is typical of several requests now under consideration.

By Air. Air services have been improved considerably from prewar. Aircraft are faster, and schedules more convenient for the tourist.

The frequency of regularly scheduled intra-European airline flights was increased in 1950 as compared with 1949. For example, British European Airways increased its schedules in 1950 by one-third over 1949, stepping up frequencies between London and Rome from one a day to four daily and between London and Paris to almost hourly service. Flights between England and various parts of the Continent by this single operator are programmed to reach approximately 290 weekly in 1950. Also charter services were used more extensively.

In Greece, ECA financial and technical assistance has helped rehabilitate and build new airport and airline facilities. Counterpart funds are being used for the improvement of civil airports at Rome and Naples. Switzerland schedules completion in 1951 of expanded international airport and terminal facilities at both Zurich and Geneva.

By Waterway. Coastwise ship service taking 19 days around Italy was recently inaugurated. Similar service from the Port of Athens to the Greek Isles is expanding, but it is not nearly as extensive as prewar. There are increased sailings between the United Kingdom and the Continent and Ireland. Eight new ships maintain five weekly cruises from Bergen, through the fjords, to the North Cape of Norway.

Daily steamer service for excursion trips has been inaugurated between Cologne and Wiesbaden.

Folding canoes, adaptable for portaging, are available for use on rivers for the entire length and width of Western Europe.

Hotels and Other Accommodations

The limited availability of reasonably-priced living accommodations with American standards of conveniences is retarding the development of increased tourism in many of the ERP countries.

The shortage of modern hotel rooms at moderate rates -- particularly in the British Isles, the Scandinavian peninsula, the Low Countries, Greece, Turkey and Germany -- presents an urgent problem. In Dublin, London, Amsterdam, The Hague, Rotterdam and nearby resort areas, the shortage in 1949 was acute.

The European hotel plant has not been rejuvenated appreciably since 1900 and a substantial part of what had been available prior to the war was damaged or destroyed during the war. A large share of what was spared in countries such as Germany, Austria and Greece, is still utilized by military and official personnel and is, therefore, not available to private travelers.

Little new construction was started when hostilities ended mainly because of the shortage of building materials and the urgent necessity for channeling what were available into housing repair and construction. In some of the ERP countries the postwar housing shortage continues to have prior claim for construction materials. Nonetheless, the progress of new hotel construction is gradually gaining momentum.

The importance of providing facilities which will attract an expanding dollar trade, has been stressed by officials of ECA and the Department of Commerce in their discussions with representatives of the participating governments.

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

TABLE 8

SLEEPING ACCOMODATIONS FOR TOURISTS IN ERP COUNTRIES (Available beds, in thousands)						
Country	By Type of Accommodation ¹				Total Jan. 1, 1950	Additional Capacity by 1952 (Estimated)
	Deluxe	1st Class	2nd Class	Other		
Total	71.7	340.0	644.0	1,752.7	2,809.9	492.1
Austria	1.3	4.8	12.5	106.7	125.3	40.8
Belgium	6.8	15.3	23.8	79.1	125.0	25.0
Denmark	-	2.0	6.0	12.0	20.0	1.0
"	-	-	2.0 ²	18.0 ²	20.0 ²	-
France	31.6	76.0	176.2	168.6	452.4	306.0
Germany	10.4	13.0	39.0	67.6	130.0	48.0
Greece	-	1.0	1.0	27.3	29.3 ⁵	3.0
Iceland	-	-	-	-	1.6 ⁵	- ⁶
Ireland	-	6.6	11.5	10.4	28.5	.5
Italy	9.1	32.3	62.9	121.5	225.8	47.6
"	-	2.6 ²	16.1 ²	28.9 ²	47.6 ²	-
Luxembourg	-	1.4	6.0	1.1	8.5	.9
Netherlands	2.0	15.0	16.0	33.0	66.0	8.0
"	-	-	-	10.0 ¹	10.0 ¹	-
Norway	-	-	20.2	-	10.2	5.3
"	-	-	-	42.0 ^{2,3}	42.0 ²	-
Portugal	-	4.8	4.9	7.9	17.6	- ⁶
Sweden	2.0	9.9	18.5	9.1	39.5	6.0
Switzerland	8.5	16.0	75.0	80.0	179.5	-
Turkey	-	.6	5.4	34.5	40.4	- ⁶
United Kingdom	-	138.0 ⁴	147.0	895.0	1,180.0	- ⁶
Trieste	-	.7	-	-	.7	-

¹Deluxe, first and second class are regarded suitable for foreign travelers.

²In boarding houses.

³Large percentage suitable for foreign visitors.

⁴Includes hotels in deluxe category; distribution by class not available.

⁵Includes 1.6 thousand beds not distributed by class of accommodation.

⁶No report.

In Turkey in order to attract foreign tourists and thereby increase income, the government has prepared the legislative groundwork to foster new hotel construction and to encourage the entry of private domestic and foreign capital for hotel building through special tax exemptions.

Restaurant Facilities. The problem of feeding the tourist, so acute in the years immediately following the war, has disappeared for most practical purposes. In those few countries where food rationing still prevails, hotels and restaurants catering to tourists obtain special provisions. Ample meals with a rapidly widening supply and variety of foods at reasonable prices can be had in the restaurants of all ERP countries. Prices for meals in good restaurants in most of the ERP countries compare favorably with those in the United States, especial-

ly since the September 1949 devaluations. Sweden, Denmark, and the Netherlands have price control regulations to prevent restaurants from overcharging.

The Society of Restaurateurs in France, comprising more than a thousand restaurants, has voluntarily developed a series of fixed-price meals in four categories, ranging from a dollar to three dollars to appeal to American travelers. This organization also publishes an up-to-date guide (readily available at no cost to the public) of good restaurants and their meal price ranges. Restaurants have signs matching the symbols in the publication. ECA has suggested to other ERP countries that they follow France's lead in this.

Technical assistance teams visiting America commented at length on the efficiency and cleanli-

ness of the modern restaurant facilities which they visited in the United States. This experience is almost certain to be reflected in future European plans.

Technical Assistance for Tourism Projects

In addition to the use of counterpart funds for tourist facilities, the tourism plant has been helped through the Technical Assistance Program. Sponsored by the Organization for European Economic Cooperation, three technical assistance teams comprising a total of 51 persons representative of tourism activities in 16 Western European nations visited the United States this year. Each group spent six busy weeks in a first-hand study of the major branches of the travel industry.

Salaries, ocean travel and other local expenses for these projects are paid by the participating governments. Dollar costs of travel and subsistence in the United States, as well as charges for professional services performed in connection with the training program are paid by ECA. For professional services to the organization planning, arranging and conducting the project there is paid \$1,000 a week or \$6,000 for each mission of six weeks. Out-of-pocket expenses for the purchase of publications, travel and per diem amounted to less than \$9,000 per mission additional.

Each mission reports comprehensively on the ideas and information received and makes recommendations based on its studies to the hotel, travel and related industries of the home countries for the improvement of traveler comfort, treatment and facilities in order better to serve the American and intra-European tourist.

The three missions may be followed by a fourth in the fall of 1950. Ireland has asked for approval to send a special group of hotel men to the United States for the same training as the first three missions received.

Ireland has also asked that a team of hotel experts be sent to make a survey of its tourism potential with particular reference to hotel facilities. The Irish are especially interested in recommendations for new construction and the renovation of existing facilities which would not only have the effect of encouraging United States citizens to visit Ireland but would also increase the revenue of the Irish tourist industry as a whole.

Turkey has also requested technical assistance from ECA for a comprehensive survey of the

country's tourist facilities, and recommendations on how to improve them and promote their use.

The program for the three groups visiting the United States during the first half of 1950 had the active cooperation of hotel, transport, travel, and allied organizations and businessmen in these fields. The groups studied the organization of small, medium and large hotels, as well as motels and inns, and architectural plans for their design, construction and decoration, including repairs, maintenance, rehabilitation and modernization, rooming techniques from registration to departure, uniform accounting systems, office and housekeeping functions, equipment, food and beverage operations, guest services and lobby shops. Trips were made to meat, produce, and hotel and restaurant equipment markets.

Training schools for management and supervisory employees such as the School of Hotel Administration at Cornell University, the New York Institute of Applied Arts and Sciences in Brooklyn, the Food Trades Vocational High School, also in New York, and large hotel group training centers were visited. Training films were shown by the American Hotel Association and the use of training manuals was explored.

The National Association of Travel Officials and travel agencies, such as American Express, Thomas Cook & Sons, and the American Society of Travel Agents were visited to study the handling of tourists and to obtain information on the experience of travelers abroad. An appreciable portion of overseas travel by Americans is purchased through travel agents who operate on a commission basis, which makes them an important element in plans for tourist promotion.

Visits to two publishing companies were included for the study and discussion of travel directories, technical hotel and restaurant periodicals and general travel promotion. Advertising and promotion techniques, with a particular emphasis on conventions, group travel and tours were explored for their applicability to European travel. The public relations aspect of tourism was also covered.

The trips appear to have aroused an interest in transplanting to an increased degree both through new construction and rehabilitation, some of the developments — such as multiple dining rooms and restaurants of varying types, modern kitchens, labor-saving equipment, lobby shops, studio type

partment of Commerce to assist them in disseminating data on travel in general and to Europe in particular. Representatives of 1,200 women's groups in the United States were informed how to set up programs on the subject, where to obtain European travel films, and where to obtain information on special tours.

Market Research. Travel market research conducted by the Department of Commerce has been developed to indicate the direction advertising should take to achieve the greatest return for dollars expended. Statistical analyses of tourist expenditures in the ERP countries based on questionnaires sent to returning tourists, surveys of passenger manifests filed by inbound steamships and airplanes, and other data have been made to provide reliable information on travel plant expansion and promotional activities.

Many Americans in the middle-income bracket have a strong desire to visit Europe and have the financial means to make such a trip. The increasing provision for vacations with pay has increased the eligibility of persons in this group for European travel.

The farm group in itself is a tremendous market potential. Farmers constitute an especially advantageous factor in travel development because their vacation season for travel is the ebb season for most other tourists.

Still another important segment of the overlapping market in the middle-income bracket, which has been cultivated only in a very small way, is represented by the more than 30 million United States citizens who are European-born or whose parents were European-born. These people have a natural interest in Europe. Until recently not many of them have been in a position to satisfy their desire to visit the countries that have such a strong appeal for them.

Perhaps one of the most striking statistical findings is that, historically, more than 50 percent of all Americans traveling to Europe and the Mediterranean were either European-born or of first-generation European extraction. From 1929 to 1937 a yearly average of 136,000 European-born Americans traveled to Europe. Nevertheless, amazingly enough, these travelers have represented in any one year less than one percent of the total number of European-born United States citizens and first-generation Americans of European parentage.

Improved and generally comparable uniform statistics is one of the current objectives of the OEEC. Both the OEEC and the tourist offices of the ERP countries have made strenuous efforts to collect and compile accurate statistics of the foreign tourist volume and foreign tourist expenditures. They have attempted to establish uniform methods of collection so that the resulting statistics are comparable as between ERP nations. For example, some nations use the "bed night" method, obtaining their data from hotel registrations but these do not include the many foreign visitors who visit relatives. Other nations have used the border count method, but this involves duplications because of the many travelers who cross and recross borders during the course of their travel. A combination of the two methods is also employed. For dollar expenditures, reports are obtained from banks on foreign currency exchanged and travelers' checks cashed by tourists. The questionnaire-sampling method, used by the United States as a means of arriving at tourist expenditures and their importance to the international balance of payments, has not been adopted to any appreciable extent by the ERP nations.

Inter-ERP Country Exchange of Tourism Information Techniques. The interchange of tourism information and techniques among Europe's tourist offices is one of the brighter aspects of the campaign to promote travel to and between European nations. The European Travel Commission, made up of heads of national tourist offices, meets frequently as a regional commission of the International Union of Official Travel Organizations. The Commission has study groups which report on travel statistics, worker travel, youth hostels, exchange problems, and many other subjects. The Tourism Committee of the OEEC also meets frequently to hear and act on reports of its working groups on such subjects as eliminating frontier formalities, reducing transatlantic steamship fares, collective advertising in the United States from free dollars, and other subjects, many of which had previously been considered by the European Travel Commission.

Merchandise for the Tourist Trade

Some steps have been taken by the ERP countries in developing the tourist market for local merchandise but this method of increasing dollar exchange has not been fully expanded. Wider adoption of up-to-date merchandising techniques

and greater employment of opportunities to sell products to tourists, with emphasis on the commodities which have tourist appeal, should bring far greater returns. The liberalization of restrictions on the purchase and export of goods by tourists will also contribute to increased sales.

Many airports and railroad stations, and some steamship terminals, have attractive sales displays of national and local merchandise. Le Bourget at Paris is notable for this. Ciampino at Rome and Shannon in Ireland are improving; the latter has a plan to display and sell the products of all ERP nations. Sales-people are permitted on the steamers at Cobh anchorage. Leading shops in London prominently display signs that out-of-country tourists may obtain merchandise without coupons. In the fall of 1949 the United Kingdom removed the necessity of having such merchandise shipped to a steamer or airport, and tourists may now take purchases with them free of purchase tax. France, Switzerland, Belgium, Austria, and the Scandinavian countries improved considerably in 1949 in displaying and making merchandise readily available for purchase by tourists.

As a result of devaluation, a wide range of merchandise is available in most countries at prices slightly lower in most cases, and considerably lower in many countries, than in the United States. Several countries, including Italy and France, have plans for the erection of expositions or merchandise marts where products of national origin, such as foods, wines, liquors, handicrafts, etc., which would appeal to the tourist, can be brought together under one roof.

It is now possible to have merchandise follow the American traveler returning from Europe if declared at the time of return. Non-commercial merchandise may come into the United States duty free in the amount of \$500 wholesale value; this allowance was recently increased from \$400. (P. L. 540, 80th Congress and P. L. 378, 81st Congress). Early in 1950, Italy raised its transit and export allowance to match this \$500 figure. Other countries are expected to follow.

Progress in Reducing Travel Barriers

No phase of the ECA-Commerce travel development program illustrates more clearly Europe's awakening to the importance of travel in economic recovery, or her new spirit of cooperation, than the

elimination of many unnecessary official barriers to travel. (Chart 4.) Regarded as inalienable sovereign rights by all nations, the maze and variety of restrictions and regulations imposed by individual countries as an aftermath of the war were nevertheless approached as a group problem through the active leadership of the OEEC and the European Travel Commission.

Since efforts to reduce barriers began in 1948, visa and other documentation requirements have been largely eliminated and the time and nuisance factors of customs inspection have been greatly reduced.

Elimination of Visa Requirements. Since early 1948 travel visas have been abolished unilaterally for United States citizens traveling to all of the European countries except Trieste, Iceland and Turkey. Greece and Portugal were the most recent countries to take this step. In addition, similar visa abolitions were carried out for intra-European travel by most ERP countries on a bilateral basis.

Currency Restrictions and Exchange Rates. Currency restrictions and exchange controls have been progressively relaxed in line with policies adopted by the OEEC in the interest of greater trade and travel.

The 1949 devaluations gave much more favorable exchange rates to American tourists traveling to Europe. Savings amount to as much as 30 percent in the case of travel in the British Isles, the Scandinavian countries and Greece, and lesser percentages in other ERP countries. Subsequent substantial devaluation in Austria has given the American tourist a preferred position in that country. These favorable exchange rates have the effect of encouraging American travel to Europe, and in view of the more liberal regulations on the transit of purchases, may stimulate increased expenditures by American travelers.

The restriction on free exchange of European currencies has an indirect effect, however, in that it discourages intra-European tourism, which is also important in the international balance of payments of the OEEC countries, and thus retards development of the European travel plant. The OEEC has taken preliminary steps toward the general adoption of a system of allocating a fixed sum of money per person per year for unrestricted foreign

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

CHART 4

FRONTIER FORMALITIES FOR AMERICAN TOURISTS IN ERP COUNTRIES			
VISA REQUIREMENTS	CURRENCY REGULATIONS	CUSTOMS CONTROLS*	RATIONING AND MISCELLANY
AUSTRIA			
Allied Forces Permit (\$2 for 1 round trip \$4 for repeated journeys) for 3 Western Zones, Soviet Grey Card except for entry by air, American official train or via Linz-Vienna highway, both obtained through Embassies in all capitals.	Unlimited American currency and traveller's checks, 1,000 schillings (\$38) may be taken in or out of country.	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding \$50, and equal amount can be brought in and taken out in transit. 200 cigarettes or 50 grams cigars or 250 grams tobacco, 1 bottle wine, 1 bottle spirits importable free of duty.	No rationing for tourists. Gasoline tickets available against dollar payments.
BELGIUM			
None	Unlimited American or Belgian currency importable. Limit of 10,000 francs (\$199) in Belgian or foreign currency exportable unless larger amount was entered in passport on entry.	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding \$400, and equal amount can be brought in and taken out in transit. 400 cigarettes or 500 grams cigars or 500 grams tobacco, 2 bottles spirits or wine importable free of duty.	Virtually every normal tourist purchase free on sale.
DENMARK			
None	Unlimited foreign currency. 100 D. kr. in 10 kr. notes or smaller. Same amount foreign and Danish currency as imported is exportable. (100 D. kr. equals \$14)	No licenses, duties or fees on the export \$400 worth of holiday purchases, and equal amount can be brought in and taken out in transit. 400 cigarettes or 500 grams cigars or 500 grams tobacco, 1 opened bottle spirits importable free of duty.	Tourists receive meal coupons on entry. Free sale of gasoline. Sugar, coffee, butter and chocolate rationed, all other unrationed.
FRANCE			
None Algeria, Tunisia and Morocco: None	Unlimited American and French currency importable if declared. Limit of 25,000 Fr. francs (\$71) exportable and as many dollars as imported.	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding \$400, and equal amount can be brought in and taken out in transit. Scientific works and works of art require licenses. 1,000 cigarettes or 250 cigars or 4 lbs. tobacco, about 2 lbs. of any foodstuffs, importable if arriving by sea or air direct from U.S., across land frontier, 400 cigarettes or 100 cigars or 500 grams tobacco.	Virtually no food required by tourists is rationed. Gasoline on free sale. Port taxes of \$6.50 1st Class, \$4.50 Second Class, and \$3 Tourist Class collected at all seaports.
GERMANY			
Entry permit required to enter Western Zones obtainable at Permit offices in all capitals. Valid 120 days, good for 1 entry unless otherwise specified.	Unlimited American or other foreign currencies (exchanged at authorized German banks at rate of 23.8 cents per Deutsche mark). Only 40 Deutsche marks (\$9.50) importable.	No licenses, duties or fees on the export of non-rationed holiday purchases to a total value not exceeding 200 DM (\$48) or not exceeding legally acquired Deutsche marks account; amount can be brought in and taken out in transit determined by customs officials. 100 cigarettes or 10 cigars or 50 grams tobacco importable free of duty.	Few food items rationed, special ration cards for tourists. Gasoline tourist ration 200 litres per week.
GREECE			
None for tourists. All other travelers are required to have visas.	Unlimited American or other foreign currencies, 50,000 in Greek drachmas (\$3.33) importable. All monies must be declared and exchanged at Bank of Greece or special exchange offices. American currency and others equal to amount declared exportable.	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding \$13. \$100 worth of new clothing and personal effects can be brought in and taken out in transit. Small amounts tobacco, 10 kilos liquor importable free of duty.	No rationing. No landing or boat fees; no health certificate or police permits required.
ICELAND			
Entry and transit visas required, except persons in air transit who do not leave airport. Visas free to U.S. citizens.	Unlimited American currency. No Icelandic currency importable or exportable.	No licenses, duties or fees on the export of holiday purchases of Icelandic manufacture. Previously imported goods not exportable. 200 cigarettes or unopened box cigars importable free of duty.	Free sale of gasoline.
IRELAND			
None	Unlimited amount of American currency importable but not more than \$5 (\$14) worth of Irish or British bank notes. No more than \$5 in Irish or British currency exportable.	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding \$400 and equal amount can be brought in and taken out in transit. 1,000 cigarettes or 200 cigars or 2½ lbs tobacco, small parcels foodstuffs, 1 qt. alcohol, 1 pt. perfume, 2 bottles wine and gifts equal to £20 in value importable duty free if declared.	Visitors remaining from 6-33 days obtain food ration cards for purchase of bread, flour, flour confectionery, sugar and butter. Adequate gasoline supplies.
ITALY			
None. Sojourn permit must be obtained from police through a hotel within three days of arrival.	Unlimited foreign currency and 30,000 lire in notes of not over 1,000 lire importable. Similar amounts exportable if declared on entry. (30,000 lire equals \$48)	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding \$500 and equal amount can be brought in and taken out in transit. Legal proof required \$500 exchanged. 400 cigarettes or 500 grams cigars or 500 grams tobacco importable free of duty. 2 opened bottles of wines or spirits.	No rationing. Free sale of gasoline. Sojourn permits required only by group leader when tourists use collective passport.

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

CHART 4 (Continued)

VISA REQUIREMENTS	CURRENCY REGULATIONS	CUSTOMS CONTROLS	RATIONING AND MISCELLANY
LUXEMBOURG None.	Unlimited American or Belgian currency. Limit of 10,000 francs (\$199) in Belgian or foreign currency exportable unless larger amount was entered in passport on entry.	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding \$400, and equal amount can be brought in and taken out in transit. 400 cigarettes or 500 grams cigars or 500 grams tobacco, 2 bottles wine or spirits importable free of duty.	No rationing.
NETHERLANDS None	Unlimited foreign currency importable. Limit of 30 Dutch florins (\$8) importable. Foreign and Dutch currency declared on entry is exportable.	No licenses, duties or fees on the export of holiday purchases to total value not exceeding 250 fl. (\$66), greater amount exportable upon furnishing proof they were purchased with legally acquired exchange. An amount not exceeding 1500 fl. can be brought in and taken out in transit. 2 bottles wine or spirits, 400 cigarettes or 500 grams cigars or 500 grams tobacco importable free of duty, plus 60 cigarettes or equivalent amount of cigars and/or tobacco for each day's stay beyond 6 days.	None, except coffee if bought in shops. Registry with police required for stay of over 30 days
NORWAY None.	Unlimited American currency importable and exportable if declared on entry. 50 Norwegian kroner (\$7) importable and exportable.	Personal effects, typewriter, radio, camera, 1 bottle spirits duty free. Statement required they will be exported. 50 cigarettes or 10 cigars or equivalent in tobacco importable free of duty.	Ration card required for shop purchases of food. Clothing rationed and unavailable to tourists. Gasoline not rationed.
PORTUGAL None.	Unlimited dollars, escudos or other currencies importable and exportable if in travelers' checks. Only equivalent of 1,000 escudos (\$35) in currency.	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding \$400, and equal amount can be brought in and taken out in transit. 400 cigarettes or 500 grams cigars or 500 grams tobacco, 2 bottles wine or spirits importable free of duty.	No rationing. Entry tax by water 15 escudos. Passport tax 5.15 escudos, Maritime Commerce tax 24 escudos. Removal of these taxes imminent.
SWEDEN None.	Unlimited American currency in the form of bank notes, checks or letters of credit, 59 Swedish kroner (\$19) importable. Similar amounts exportable if declared on entry.	No licenses, duties or fees on the export of Swedish holiday purchases. Souvenirs in transit must be deposited with customs. 500 cigarettes or 500 grams cigars or 500 grams tobacco importable free of duty. Personal cameras, cycles, typewriters importable duty free.	Temporary liquor ration books for tourists. 2 bottles spirits or wine importable but dutiable by law. In practice, duty-free if opened and in hand luggage.
SWITZERLAND None.	Unlimited American or other foreign currencies importable and exportable.	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding 1500 SF (\$349), and amount 1600 SF (\$372) can be brought in and taken out in transit. 400 cigarettes or 500 grams cigars or 500 grams tobacco, 2 opened bottles wine or spirits importable free of duty.	No rationing. Entry fee of 3 Swiss francs on each automobile entering.
TRIESTE Entry permit not required but possession of one will render unnecessary the passport check			
TURKEY Entry, transit and exit visas required. Entrance visa costs \$.70, transit visa \$.35, exit visa \$.10.	Unlimited American currency and 100 total Turkish liras (\$35) importable, if declared. Limit of 100 total liras exportable if declared.	No licenses, duties or fees on the export of 2 rugs, 1 kilo silverware, 250 lira souvenirs. 50 cigarettes or 20 cigars or 50 grams tobacco importable free of duty.	Nothing rationed. Health certificate required of tourists arriving from epidemic areas. Dogs require immunity certificates against rabies.
UNITED KINGDOM None.	Unlimited American currency importable if declared on entry but not more than £5 (\$14) American currency exportable to the value of that brought in but no more than £10 (\$28) in foreign currency exportable unless excess marked in passport on entry.	No licenses, duties or fees on the export of holiday purchases to a total value not exceeding \$400, and equal amount can be brought in and taken out in transit. 400 cigarettes or 500 grams cigars or 500 grams tobacco, 50 lbs. food per passenger, not more than 10 lbs. of any one food, 1 bottle liquor importable free of duty.	Restaurant meals unrationed. Visitors staying 56 days or less may obtain ration cards. Free sale of gasoline. Tourists remaining more than 60 days must register with police.

SOURCE: ECA and Department of Commerce.

*Any articles acquired on the trip which do not accompany a U.S. citizen at the time of re-entry into the U.S. may be included in the \$500 duty free exemption provided the U.S. customs declaration is made out in duplicate and indicates those articles which do not accompany the passenger.

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

travel. Before the 1949 currency devaluation, the United Kingdom increased the annual allowance that nationals could take out of the country from £35 (\$98) to £50 (\$140). France granted her nationals the equivalent of 50,000 francs (\$143) yearly in the currency of any ERP country having an unfavorable balance of trade with her. She also increased the amount Americans could take out from 10,000 to 25,000 francs (\$29 to \$71), and removed all restrictions on the amount of funds that can be brought in by foreign travelers.

Cashing of Travelers Checks by Certified Tourists. Travelers checks may be readily cashed in most parts of Europe today. Banks have branches at many of the main airports and steamship terminals. Hotels are authorized in many countries to cash checks and, where such facilities are not provided, branches of the leading travel agencies provide this service.

Customs Formalities Eased. Customs inspections have been the target of intensive speed-up and simplification campaigns, as have other frontier formalities, both at the ports of initial arrival and at land border points within Europe. The success of the campaigns is illustrated by the saving, through on-train inspections, of three hours on the trip from Paris to Stockholm, and more than 25 hours from Paris to Istanbul. Studies by the OEEC working party are continuing to assure still greater efficiency and speed in carrying out border formalities.

As a noteworthy example of European cooperation, the OEEC representatives of the participating countries agreed to install on January 1, 1950, a simplified and standardized set of frontier formalities intended to speed the flow of travelers across their borders. The recommendations permit the American visitor to bring into any country, duty-free, at least 400 cigarettes and two bottles of opened spirits or wine, and to import and take out of any country \$400 worth of merchandise without fees or formalities. In the case of cigarettes, several countries, specifically France and Ireland, go beyond the minimum recommendations and allow the importation of 1,000. Pending the final adoption of the OEEC recommendation, all of the Western European countries have instructed their customs inspectors to be lenient with the bona fide tourist in order to encourage the sale of articles for export if they are clearly for his own use or for gifts. Despite all that has been done to cut

red tape impeding the progress of the tourist, some vexing delays and unfortunate incidents still occur due to archaic rules and over-zealous officials.

The elimination of food, clothing and gasoline rationing is recognized as a vital step in tourist promotion. In most of the ERP countries, such restrictions for tourists have been eliminated and those remaining have been liberalized.

Continuing Problems

Most countries are not fully aware of the dollar-earning potential of tourism or the amount of planning, facilities expansion and sustained effort required to develop this competitive but also remunerative source of income. It is, however, one of the few large dollar-earning industries which can be expanded without depletion of natural resources and with materials and labor readily obtainable for the most part within the individual countries.

We cannot continue to sell to other nations unless ways are found to help them pay for our goods and services. Increased travel by Americans in ERP countries reduces the dollar trade gap and the necessity for recourse to loans or grants. Measures taken now to develop travel will give immediate and increasing returns and will continue to assist the ERP countries in reaching and maintaining a stable and prosperous economy during the years following the termination of ECA aid.

Not inconsequential, also, are the stimulating effects of increased American and intra-European travel from the viewpoint of enhanced understanding and closer integration of economic and cultural development.

Despite progress made, and it has been substantial, and projects underway, a number of obstacles remain. All of them are receiving some consideration.

Close attention should be given to progress in developing additional passenger capacity by sea and air to transport the American tourist trade. While expansion of facilities should be within realistic limits, its development should be encouraged to the extent necessary to accommodate a full measure of European travel. A second and equally important objective is to encourage development of capacity for transporting persons in the middle-income groups at modest rates. Generally speaking, transatlantic rates are still too high to capture this mass market.

TOURISM IN THE EUROPEAN RECOVERY PROGRAM

The program for the construction of hotels and other guest facilities in Europe must be stepped up not only to provide additional capacity, but also the standards of convenience which the American traveler expects. Additional luxury hotels are not needed but rather the moderate-priced accommodations in demand by the economy-minded United States traveler in the middle-income group. Even with the completion of projects underway, which tend constantly to be threatened by delay, facilities will be insufficient.

Motor facilities must be further improved to widen the distribution of tourism. This will relieve congestion in the larger cities and resorts during the summer peak. The construction of accommodations adapted from the popular and profitable American motor courts development, would assist this objective.

Although the construction of hotels can generally be carried out almost entirely with local material and thus financed in local currency, a shortage of capital appears to be a major impediment to hotel rejuvenation and construction. Increased use of counterpart funds, where available, can overcome this problem to a large extent, although the initiative for such use must come from the participating countries.

The professional and trade schools, serving the tourist industry in Europe have not regained their prewar standard. Moreover, they were deprived of many of the technological advances which have been made during the past decade. The technical assistance teams which have visited the United States have highlighted the need for training and an up-to-date curriculum taking full advantage of American technical books and trade publications, new mechanical developments and techniques.

The technical assistance aspect of the program may be furthered through visits of United States experts to Europe to survey existing accommodations and to assist in planning and supervising hotel construction, rehabilitation and operation, and the development of tourist attractions generally.

Continued efforts must be made to eliminate the last remnants of official travel restrictions, and

trade barriers as well, and to insure friendly, courteous, and efficient handling of tourists. The returning American visitor determines to a large extent the future growth or deterioration of the travel market. If pleased, each one is a salesman for the country visited, and the facilities and services employed. The courtesy extended by customs officials, transportation agents, hotel and resort personnel, and shopkeepers as well, can contribute as much to the promotion of travel as advertising and publicity. To this end, the attempt on the part of government and private agencies in Europe to introduce standardized charges for hotels and restaurants by classification, and for other services incidental to the tourist trade, must be encouraged.

The publication of information on the availability and cost of sleeping accommodations and restaurant prices, a project now getting under way, will contribute to wider travel and use of facilities.

The rehabilitation and development of the tourism plant must be accompanied by increased activity on the part of the ERP countries in the development of the United States travel market. Advertising and publicity by the European nations both jointly and individually should continue to be employed with particular emphasis on an expanded campaign to increase off-season traffic when more favorable rates and less crowded conditions prevail. The possibilities of purposeful travel by tourists, interested in other than pure recreation — such as professional, farm, labor, scientific, educational and cultural groups — should be more extensively exploited. The efforts of the OEEC to compile and publicize travel statistics for the ERP countries should be continued to provide a firm basis for planning promotion activities.

If the European travel market is further developed, increased travel volume will result not only to Europe but to other parts of the world, and, because of the favorable effect of international travel by United States residents in narrowing the dollar gap, an increase in travel to and within the United States by nationals of other countries can be expected.

