

The Case for a Cabinet-Level Tourism Department in the United States Federal Government

In the political world, the word “crisis” is overused to the point of cliché. Every problem faced by governments is deemed a crisis in order to mobilize resources in a timely manner.

In the case of the United States and inbound tourism, the word “crisis” is more than appropriate. Many factors have combined to threaten the influx of travelers to the United States. This should be a concern for everyone for several reasons.

Travel and tourism is not simply an economic generator (even though travelers to the U.S spent \$65.1 billion in 2003¹), it also impacts the international perception of the United States as a desirable place to visit. Studies show that the perception of America as a desirable place to visit is dropping precipitously. This not only impacts tourism dollars spent here, but also trade relationships, study abroad opportunities and the ability of highly skilled labor to work and live in the United States.

The United States stands at a crossroads regarding travel and tourism. State, local and regional promotional efforts are not sufficient to build a strong American identity and brand abroad; there has to be a concerted effort to promote America in its totality to the world’s travelers. With overseas visitation numbers declining, tourism-related revenues falling, travel industry jobs being lost and negative perceptions of America and its citizens continuing to grow, something must be done.

The time has come for active federal involvement in the promotion and development of inbound tourism.

The Economic Case for a Federal Role in Tourism

Travel and tourism plays a significant role in the American economy. Preliminary figures show that the United States travel industry received more than \$674 billion from domestic and international travelers in 2005.² The travel and tourism industry employs 17 million Americans and is one of the few industries that generates a trade surplus for the United States.³

This is fantastic news for the American economy. But a closer look at the numbers suggests that America is underperforming in the inbound tourism market and, as a

¹ World Tourism Organization, 2004

² Travel Industry Association of America, Aug. 2006. Accessed from website January 19, 2007.

³ www.poweroftravel.org

result, millions of dollars of revenue are being denied the working men and women of America...and by extension, revenue lost to all levels of government.

Let's face facts:

- Overseas arrivals to the United States are down 17 percent since Sept. 11, 2001, which has resulted in a loss of nearly 200,000 jobs and more than \$15 billion in tax revenues.⁴
- America has slipped to #3 in terms of international tourism arrivals.⁵
- America's share of the global inbound tourism market has dropped 35 percent since 1993.⁶
- The United States has lost 18 percent of its international market share in just five years.⁷
- The significant drop in international arrivals is estimated to have cost the American economy **\$286 BILLION** in the last thirteen years. The estimate for 2005 alone was \$44 billion in economic losses.⁸

These figures are staggering. In any other major industry in the United States, this tremendous loss of market share would be a source of concern and strategizing at the federal level.

In 2003, the federal government, through the Department of Commerce, did set aside funding for the promotion of the United States as a tourism destination. These were the first funds appropriated for this purpose since 1993.

But approximately 90 percent of the initial investment was subsequently rescinded, leaving just over \$6 million for promotion.

Let's see how this \$6 million in federal funds stacks up to our peers around the world⁹:

- Greece \$141.8 million
- Spain \$119.7 million
- Australia \$92.9 million
- U.K. \$65 million
- Canada \$47 million
- India \$24.1 million
- U.S. \$6.1 million

Tourism is an increasingly globally competitive industry. The fact is that the United States cannot compete with other countries that are out-promoting us by a factor of 20 times or more.

⁴ Tourism Industry Association of America, January 23, 2007

⁵ Ranking behind France and Spain

⁶ www.poweroftravel.org

⁷ Ibid.

⁸ Ibid.

⁹ Travel Industry Association of America

But the effects of tourism goes further than the purely economic aspect. In the 21st century, the social and political impacts of increased inbound tourism might be the most important. In part II of this paper, we'll examine the social and political impacts of inbound tourism.

The Socio-Political Case for a Cabinet-Level Tourism Position

The start of the 21st century has been a turbulent one for America. The attacks of 9/11 sparked an outpouring of emotion and sentiment towards the U.S. not seen since World War II. But subsequent foreign policy decisions have dissipated this good feeling and given rise to a broad anti-American sentiment.

Favorable opinions of the United States have fallen dramatically around the world...even in countries that identify themselves as traditional allies:

- Favorable opinions of the United States have fallen 27 percent in the last six years in Great Britain
- In Spain, only 23 percent have a favorable view of the United States
- In France and Germany, less than 40 percent of those surveyed held a favorable view of the United States.¹⁰

It only gets worse. In a recent survey conducted by the Discover America Partnership, foreign business and leisure travelers rated the United States' entry process as the worst among the seven top regional destinations in the world.¹¹

These figures have serious implications for all U.S. export industries, but the impact on inbound tourism is immediately tangible. Given the lack of any serious effort by the United States to promote a welcoming message abroad, these attitudes will persist for years and cause economic losses to travel, tourism and other U.S.-based industries.

But these views can be changed through the promotion of inbound tourism to the United States. Among those foreigners that have visited the United States:

- 42 percent report an increase in favorable opinion of the United States
- 72 percent of those visiting the United States have a positive opinion of Americans
- 68 percent of visitors believe that the U.S. has a high quality of life, compared to only 48 percent of those who haven't visited the U.S.¹²

In the Discover America Partnership survey referenced above conducted by the Discover America Partnership, foreign visitors overwhelmingly reported positive experiences once they were in the United States.¹³

Tourism has the power to change the perception of America and Americans worldwide. Just imagine what a stable, high-level federal commitment to tourism promotion would

¹⁰ Pew Global Attitudes Project, 2006; www.poweroftravel.org

¹¹ New York Times, Dec. 12

¹² Ibid

¹³ Ibid

produce in helping shift global attitudes, which would translate into increased visitation to the U.S.

The U.S. Department of Tourism – An Idea Whose Time Has Come

America is the only industrialized nation with no coordinated national travel promotion effort.¹⁴

The states, cities and regions have done an admirable job of promoting themselves on an international stage. But it is beyond their individual missions to promote the United States as a whole. It is time for the federal government to step up and actively promote our nation's greatest resource...the people and places that make this country great.

A Department of Tourism would enable the United States to promote the economic well-being of the United States and promote the intrinsic values of America abroad.

A national Department of Tourism would:

- Help the United States gain market share in a growth industry
- Help shape attitudes and opinions of the United States worldwide
- Augment existing state/local/regional tourism efforts; and
- Contribute billions of dollars to America's bottom line

For example, 10 million additional international visitors to the U.S. would:

- Add \$12 billion per year to American economy
- Generate 151,000 new jobs
- Generate \$2 billion in federal, state and local tax revenues¹⁵

A federal investment in tourism, through the creation of a federal cabinet-level position, is an investment in the well-being of the American economy and America's global image.

It is an investment we can't afford NOT to make.

Please support the creation of the U.S. Department of Tourism.

¹⁴ www.poweroftravel.org; Travel Industry Association of America

¹⁵ www.poweroftravel.org; Travel Industry Association of America