Stimulus Bill and Obama
Disappoint Travel & Tourism

Superstition holds that both Friday and the number 13 are unlucky. So, it will be interesting to see how history judges Friday, February 13, 2009, the day Congress passed the so-called “Stimulus Bill.” Will it be remembered as a lucky or unlucky day for the United States?

Right now, members of the Travel & Tourism industry are calling the day “disappointing” because nowhere, in the roughly $800 billion Recovery and Reinvestment Act of 2009, is there even one dollar for tourism promotion.

In addition, Travel & Tourism leaders are greatly troubled to see President Barack Obama and his administration attacking corporate travel for meetings and incentives as wasteful examples of corporate excess. Those comments have led to the cancellation of a number of meetings, hurting employees and small vendors who are already suffering from the worst recession in many decades.

Many are still trying to understand the details of the Stimulus Bill, which was passed, following warnings of urgency, by both houses of Congress, dominated by President Obama’s fellow Democrats, less than 24 hours after the final draft was made available to legislators, media, and the general public. Reading through the funded items listed on the Web, it seems as if the bill focuses on a plethora of special credits and payments to lower-income citizens, plus a wide range of pet government projects, such as the restoration of San Francisco Bay Area wetlands to save the endangered salt marsh harvest mouse.

Many question whether items like these will stimulate the economy. Doubters also point out that many of the projects funded will take several years to implement and will, therefore, have no quick stimulative effect on the stumbling U.S. economy and the need to create and preserve jobs.

My feeling is that our country’s leaders missed a wonderful opportunity to kick-start the economy by funding the promotion of Travel & Tourism.

Our country has been losing ground in the global travel market. This year, America’s decline in market share is expected to continue. As reported in Hotel Interactive, without travel promotion, the Department of Commerce predicts that overseas travel to the United States will drop by more than 3 percent in 2009.

A well-planned marketing campaign could produce dramatically better results. The U.S. Travel Association estimates a 1 percent increase in the U.S. market share of international travel would add $15 billion to the U.S. economy, $1.3 billion in new federal tax revenue, and $1.1 billion in new state and local tax revenue.

Many expressed their feelings to Hotel Interactive Editor-In-Chief Glen Haussman.

“I was very disappointed the stimulus package did not include language for a national travel campaign. There needs to be short- and long-term stimulus to revive the economy, and we believe that travel promotion is a solution to a short-term recovery plan,” said Angela Gonzalez-Rowe, President and Founder of the Hispanic Hotel Owners Association. “I believe there is a strong potential for Obama to be on the side of the travel industry. Tourism needs to be promoted to drive the economic recovery.”

Roger Dow, President and CEO of the U.S. Travel Association, agrees. “While we are disappointed that neither version of the stimulus package includes language to create a nationally coordinated travel promotion campaign that … welcomes more overseas visitors to the United States, we look forward to continuing our work with Congress and President Obama on the issue. Attracting more visitors will create more U.S. jobs, increase state, local, and federal tax revenues, and strengthen America’s image around the world.”

There is still time for the Obama administration to reverse course and fund promotion for Travel & Tourism, but it is going to require a great deal of effort to reverse the dramatic effect of his perceived attack on travel for conventions, meetings, and incentives.

During a town hall meeting earlier this month in Indiana, President Obama suggested that companies receiving taxpayer money shouldn’t use corporate jets or “take trips to Las Vegas or the Super Bowl.”

Those comments were directed specifically at corporations that received government “bailout” funds, but the effect has been immediate and far more widespread.
Wells Fargo & Co., which received $25 billion in taxpayer money, immediately canceled a meeting scheduled at Wynn Las Vegas and its sister hotel, the Encore Las Vegas. It also canceled other meetings, including a 12,000-room-night booking at the Hilton Hawaiian Village that would have brought over $6 million in revenue to Hawaii. This directly affects jobs for Housekeepers, Banquet staff, Bell staff, and countless others.

Goldman Sachs Group, Inc. moved a three-day conference from the Mandalay Bay Hotel-Casino in Las Vegas to San Francisco, incurring a $600,000 cancellation penalty, rather than have the spotlight on their meeting in a city better known for its amusements than for its conference facilities.

American International Group and Citigroup, Inc.’s Primerica unit have also canceled events. Undoubtedly, other companies will cancel meetings, not only in Las Vegas, but also in other popular vacation destinations – like Hawaii – to avoid any possible backlash from government leaders, shareholders, or the press.

Canceled meetings are certainly bad news, but even worse is the undoubtedly much larger number of meetings that will no longer be booked in places like these, as meeting planners seek to steer clear of controversy. This, unfortunately, is a presidential “gift” that will keep on giving – for months, if not years.

That is sad because most meetings are not junkets. They are where contacts and deals are made and knowledge is exchanged. Meetings can be a great motivator. I have personally seen men and women in the field and offices work extra hard all year to make or exceed quotas and qualify for a company’s incentive trip. It’s powerful!

Las Vegas Mayor Oscar Goodman, a strong Democrat, has requested a public apology from the President, saying that the comments damage one of Las Vegas’ main sources of revenue.

Las Vegas Sands CEO Sheldon Adelson is more direct about the President’s statement, saying, “It’s very anti-stimulus, it’s pro-recessionary, pro-unemployment.”

Let’s hope that our state’s congressional delegation can quietly corner Hawaii-born Barack Obama and remind him that Travel & Tourism is good for the economy. It produces a wide range of jobs from entry-level to high-tech to top management. It generates billions in taxes for federal, state, and local governments. It can help propel us out of our current economic crisis. However, to do this, it needs promotional support and the endorsement, not the disapproval, of our elected leaders.

Across our nation, just as in Hawaii, Tourism Is Everybody’s Business.

References

