

Statistical and Social Inquiry Society of Ireland

*Export and Import Visitor Trends and Determinants in Ireland**

JOHN O' HAGAN

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Interest in the economics of what might be called visitism and most particularly that of tourism, has shown a sudden upsurge in recent years, as is evidenced by the growing concern over visitor statistics and the increase in the number of articles on tourism appearing in economic journals. The potential of export tourism to the less developed countries is also being explored and realised. These developments have probably been partly responsible for, and partly the result of, the much greater degree of government intervention that has taken place in the promotion of tourism in national economies throughout the world.¹

The Tourist Traffic Act of 1952, which established Bord Fáilte and Fogra Fáilte, initiated the government's intervention in Ireland in the development of the tourist industry. (The two bodies were merged in 1955 under the common title of Bord Fáilte). Whilst the supply considerations have been adequately catered for since,² it was not until 1968 and after, that an intensive examination took place both of the economic importance of tourism to Ireland and of the marketing of Irish export and domestic

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¹"International Tourism and Tourism Policy in OECD Member Countries 1971". *OECD*, July, 1971, Ch. 3.

²K. Kennedy and B. Dowling: *Domestic Demand, Exports and Economic Growth*, pp. 129-130 (forthcoming).

tourism³ During this time also a number of economic articles on tourism in Ireland have been published.⁴ The purpose of this paper is to expand upon previous research and to incorporate a fairly elaborate analysis of import tourism. The study is broken down into four sections, (i) definitional and data problems; (ii) the determinants of tourist numbers and their representation; (iii) a detailed examination of trends and performance both overall and by market area and (iv) the conclusions.

(i) *Definitional and Data Problems*

The positioning of, and the importance given to, this section of the article may seem overemphasised to some, but in the context of international visitor movements such problems could not be overstressed.

The generally recognised definition of a visitor is that provided in 1963 by the United Nations. It describes a visitor as "any person visiting a country other than that in which he has his usual place of residence, for any reason other than following an occupation remunerated from within the country visited". A visitor is then categorised as a tourist or an excursionist depending on whether he/she remains more or less than twenty-four hours in the country visited.⁵

Although most countries recognise the importance of this definition, statistical data corresponding to it are not generally available, the reason being that a number of serious problems arise in the collection of arrival statistics. First, since the same person very often visits more than one country, representation of tourist movements by arrival statistics often considerably overstates the actual number of international tourists. This is particularly true for "transit" countries (such as Austria, Luxembourg, France) that receive tourists from the generating countries of Northern Europe *en route* to the Mediterranean destinations. Secondly, there is the problem of homogeneity, since some countries take records of arrivals at the frontiers, while others only record arrivals at hotel accommodation. In the latter case, not only are excursionists and certain categories of tourists excluded (e.g. people in caravans and camps) but also tourists that stay at more than one hotel during their trip in the country are correspondingly multiplied. Thirdly, even in the case of frontier checks, arrivals cannot usually be recorded accurately because of the increasing freedom of international movement of persons and hence estimates,

³ Most of this work has been commissioned, or directly carried out, by Bord Fáilte Éireann (BFE). The main reports to date have been: "The Economic Contribution of Tourism in Ireland", March 1970, *Economists Advisory Group (EAG)* "The Development of a Marketing Strategy for the Irish Tourist Board", *Industrial Market Research Limited (IMR)*, Jan. 1971. Eamon F. Keane: "Irish Tourism: Industry in Strategic Change", A paper presented to the Marketing Society of Ireland, 14 March 1972, and "Tourism Plan 1972/75", *BFE*, 1972, which is a planned outline of the industry for these years in accordance with the Government's policy of long range planning.

⁴ John Blackwell, "Tourist Traffic and the Demand for Accommodation: Some Projections", *The Economic and Social Review*, Vol 1, No. 3, April 1970; and K. Barry and J. O'Hagan, "An Econometric Study of British Tourist Expenditure in Ireland", *The Economic and Social Review*, Vol. 3, No. 2, Jan. 1972.

based on a sample survey, have to be used.⁶ Fourthly, some countries include people in their tourist arrival data who do not strictly conform to the UN definition, (e.g. Italy includes excursionists and most OECD countries include as tourists US citizens, government officials and members of the armed forces residing abroad).⁷ Finally, in many countries estimates of expenditure by different nationals are based on receipts in respect of tourism in the currency of their country. Thus, the extensive use of US dollars by non-US residents could and does seriously overestimate the expenditure of US tourists in different countries. In fact, the potential severity of all these problems can best be realised by an examination of the two sets of data relating to the number and expenditure of US visitors in Europe provided by the European countries and the US Department of Commerce respectively.⁸

Naturally, the OECD is most concerned about such a situation and its Tourism Committee has recommended that a uniform survey method should be used in order to obtain data that would be generally comparable. It has also considered the possibility for all member countries of undertaking sample surveys on the holidays of their nationals at home and abroad, similar to that conducted by the British Tourist Authority. Besides, since 1967, the Tourism Committee has organised several meetings of experts of the Central Banks and Statistical Offices of the member countries in order to consider the appropriate means for improving tourist payment statistics and to facilitate their international comparability.⁹

Despite these developments, an international comparison of trends in visitor and tourist statistics is still most unreliably based and will not be considered here. However, an international comparison of market shares is possible, provided such shares are based on a single reliable sample survey. The surveys conducted by the US Department of Commerce and the UK Department of Industry and Trade respectively, conform to these requirements and thus enable a reliable estimate of the trend in different countries' shares on these markets to be made. Such surveys, of

⁶ This definition included travellers on cruises but excluded travellers who in the legal sense do not enter the country (e.g. air travellers who do not leave an airport's transit area). In 1967, however, an Expert Statistical Group on international travel statistics convened by the United Nations Statistical Commission recommended that cruise passengers who did not stay overnight be excluded from the visitor definition.

⁷ For a detailed exposition of the difficulties encountered with the collection of tourist data by means of a sample survey, see M. J. Gibbings, "An Analysis of the Queensland Tourist Industry", *Economic Analysis and Policy*, Sept. 1971.

⁸ The survey of US travellers abroad, conducted by the US Department of Commerce, rightly excludes these categories of travellers, although some doubt relates to the position of the armed forces.

⁹ In 1970, estimates of US tourist arrivals and expenditure in Germany were 1.55m and \$311.2m compared with figures of 0.9m and \$148m supplied by the US Department of Commerce. The German expenditure estimate includes expenditure by Canadians, who, however, accounted for only 7 per cent of the number of North Americans visiting Germany.

⁹ *OECD, op. cit.*, p. 8.

course, may contain significant errors in the reported data, although a test of the US results against another sample in 1948 and 1949 disclosed no significant bias.¹⁰ What is more important, however, is that there is no evidence to suggest that any errors in the data have consistent bias, despite the fact that results are based on mail responses. There is also little reason to question the broad results of the British International Passenger Survey.¹¹ Estimates of expenditure by UK residents in Ireland are not compiled but are based on a similar survey made by BFE, a topic that is now to be discussed in the broader context of the general nature and reliability of Irish visitor statistics.

There are two main sources of visitor statistics here, the passenger card enquiry, the results of which are published in the Irish Statistical Bulletin (ISB), and the year round survey of passengers commissioned by BFE. Two minor sources are the commercial banks and the Department of Justice.

The ISB, by far the most important source for this study, provides information on (i) the number of visits by those travelling between Ireland and Great Britain or the six counties by sea, air, rail and omnibus and by category of traveller (tourist, visit to relatives, business and other, including not stated); (ii) the expenditure of visitors travelling via Great Britain and the six counties and of those landing direct from or to other countries, including transit air passengers; (iii) the number of visits direct from or to other countries, not including the UK; (iv) the expenditure of visitors, by mode of transport and category of traveller, travelling from Great Britain to Ireland; (v) the number of visitors travelling by private motor vehicles between this country and the six counties; (vi) the average length of stay of visitors, by mode of transport, travelling between Ireland and the six counties or Great Britain and (vii) adjustments in respect of receipts of certain Irish transport companies. Further information from the commercial banks enables the publication of visitor receipts and expenditure by monetary area. The Department of Justice provides details of aliens from America and other countries landing in the State, who did not enter via the UK, which are published in the visitor section of the ISB.

A number of anomalies in the preceding data are evident. First, information on visitors is provided by route and not by country of permanent residence.¹² Secondly, the tourist category does not correspond with the United Nations definition. For this reason, the ISB tourist statistics will be referred to as "tourist general". Lastly, the expenditure of transit air passengers is included in visitor receipts.

The BFE Survey of Travellers provides more detailed information on the tourist industry and is conducted on the much more reliable interview

¹⁰ National Income, 1954 - *A Supplement to the Survey of Current Business*. (Washington Department of Commerce, 1954), p. 142.

¹¹ *Board of Trade Journal*, September 1965.

¹² Although there are grounds for belief that the proportion of persons responding to the passenger card enquiry differs according to permanent residence (*ISB, Dec. '59, p. 244*) it is surprising that such a bias could not have been corrected for, thus allowing the publication of this important information.

basis.¹³ The results of the 1968/69 survey were based on 11,416 successful interviews but only the data relating to the permanent residence of visitors is required in this study.

By international standards both the passenger card enquiry and the survey of travellers would appear to be quite reliable. Both, of course, run into the first and third general arrival data problems specified above. The fifth problem also appears in the receipts by monetary area information. Fortunately, BFE provide complementary residency data, but their survey is rather small for collecting this type of information and has only been conducted since 1960 and on a two-year basis. The reliability of the sub-totals of the ISB information is discussed in detail elsewhere¹⁴ and only some brief comments are made here. First, the two most unreliable sets of statistics are those for cross-border private vehicle visitors¹⁵ and the categorisation of visits into tourist general and visits to relatives. As a result, little emphasis is placed on the details of cross-border movements in this study and three yearly averages are used for all sub-total data. Secondly, the transport payments to foreign carriers are not available as neither are the payments to domestic carriers by route, something which causes problems when estimating a demand function, a topic which will be discussed in the next two sections.

(ii) *The Determinants of Tourist Numbers and their Representation*

The demand for tourist services is measured by the quantity of these services sold. Theoretically it is best represented by expenditure deflated by a suitable price index. However, as mentioned, data on tourist exports and imports c.i.f. do not exist and thus tourist exports and imports f.o.b. have to be used, which is quite unsatisfactory considering the importance of transportation on international tourist account. Besides, the problems that exist with tourist import and export f.o.b. payments data and with, as shall be seen, the acquisition of a suitable deflator create further difficulties. The final problem appears when total payments f.o.b. are broken down arithmetically as follows:

$$\begin{aligned} \text{Tourist Payments} &= \text{Tourist Numbers} \times \text{Average Expenditure} \\ \text{and} \\ \text{Average Expenditure} &= \text{Average Expenditure per Diem (AE/D)} \times \\ &\quad \text{Average Length of Stay (ALS)}. \end{aligned}$$

One would expect numbers to be highly sensitive to the standard economic variables, whereas average expenditure, which is also indirectly partly

¹³ Such questions as, "What influenced you to come to Ireland?", "What sporting activities did you engage in?" and "Did you arrange your visit through a travel agent?", are included in the enquiry.

¹⁴ *ISB*, December 1959, pp. 242-246.

¹⁵ "The Central Statistics Office is at present planning a new inquiry to cover cross border movements in private motor vehicles which will lead to more reliable estimation of movements and expenditure of persons travelling on these routes". *ISB*, June 1971, p. 77.

determined by these variables, depends on the additional qualitative variables such as mode of travel and the socio-ethnic distribution of the total number of tourists.¹⁶ For these reasons the determinants of tourist numbers only are considered here.

There are a variety of motivations for international tourist travel and, by implication, a large number of factors that could determine tourist numbers. In the case of flows into and out of Ireland, tourist general, business and a visit to relatives are the main purposes for a visit. (These motivations are not exclusive, of course, as a holiday is often an important secondary motivation for a visit to relatives or for a business trip.) Gray has made a further interesting distinction between the "sunlust" and "wonderlust" tourist general.¹⁷ The former refers to visits made because some conditions are not available locally and the latter for the sake of coming into contact with faraway places and cultures. (This particular distinction becomes relevant later in the study of market shares.) Other motivations could be considered, which would further add to the multiplicity of factors that could be included in the demand equation. However, this difficulty is perhaps exaggerated, first because of the interaction mentioned above, and secondly because tourism general travel is becoming the largest component of foreign travel into and out of Ireland and lastly because the other components of international travel are also largely determined by the economic factors which one would expect to be critical in the case of tourist general movements. These factors are:

Income

Artus has estimated income elasticities with respect to foreign travel expenditure for several countries on the basis of 1955 to 1970 time series data.¹⁸ Table 2.1 summarises some of his findings. All co-efficients were significant at the 95 per cent confidence level and some at considerably higher levels. (With the exception of Ireland and the UK, this was still so even when a trend factor was introduced). The interesting points for this study, however, are the relatively low income elasticity for Ireland and the influence of the trend factor on this estimate. Possible explanations for both findings are as follows:

First, there is some evidence that the income elasticity increases with the level of GNP after a certain *per capita* income has been attained, which would explain the relatively low figure for Ireland.¹⁹ Secondly, the assumption of a 5 per cent trend factor for Ireland and the UK is excessive,

¹⁶ US Department of Commerce, *Survey of Current Business*, different issues. In fact, the trends in the number of US tourists to Europe and the average length of stay there have tended to move in opposite directions, some years to the extent that the change in real expenditure has been negligible relative to that of numbers.

¹⁷ H. Peter Gray, *International Travel - International Trade*, Heath Lexington Books (Lexington Massachusetts, 1970).

¹⁸ Jacques R. Artus, *An Econometric Analysis of International Travel*, International Monetary Fund Staff Paper, April, 1972. If anything, elasticities with respect to tourist numbers should be higher.

¹⁹ H. David Davis, "Potentials for Tourism in Developing Countries", *Finance and Development*, No. 4, 1968, p. 36.

TABLE 2.1^a

Total elasticities of real per capita expenditure on foreign travel with respect to income

Country	With no trend factor	With a trend factor ^b	Standard Error
Austria	3.84	2.71	0.25
Belgium/Luxembourg	2.46	1.13	0.24
Denmark	1.63	0.70	0.10
France	3.55	2.44	0.38
Germany	2.34	2.03	0.43
Ireland	1.66	0.27	0.24
Italy	1.78	0.79	0.21
Netherlands	1.85	1.14	0.28
Sweden	2.86	1.36	0.24
Switzerland	1.36	0.11	0.03
UK	2.00	0.09	0.34

^a Table 3, Artus, *op cit.*

^b Because of the deletion of some important variables from the equations and because of the difficulty of representing these by a trend variable due to multicollinearity, Artus re-estimated the co-efficients on the assumption of a 5 per cent positive trend. There were also two price variables in the equation.

because the main justification for such a factor was the exclusion of the number of cars as an independent variable from the equation, an influence that would not be significant in island countries, like Britain and Ireland.

Thus, the importance of income has been theoretically and empirically established, even when expenditure data is used, *a priori*, one would expect this importance to diminish, on the hypothesis that after a certain *per capita* income level has been reached its elasticity with respect to tourist travel should decrease, although no country seems to have reached that stage yet.²⁰ The possibility that it may even decline to negligible proportions, due to a "saturation effect",²¹ seems most unlikely for some time to come, as the decreasing importance of distance, and the consequent availability of new tourist resorts, renders the possibility of such an effect very remote.

Total demand for tourist travel is also affected by other factors which are related to national income elasticity. Two of the more important are income distribution and the structure of the population. The more skewed is the former, obviously the greater is the tendency for a limit to be placed on the proportion of the population who have incomes above the level at which demand for foreign travel is financially possible. The second factor could be accounted for by the use of a discretionary income variable. For example, "package tours sell most easily to young single people, young married couples with children and those in the older age groups whose children have left home to marry and take their holidays separately from

²⁰ Davis, *op. cit.*, p. 36.

²¹ Barry O'Hagan, *op. cit.*, p. 144.

their parents. Families with younger children and, perhaps, substantial financial commitments are generally less well able to commit income to currently available package holidays."²² The implication of this is that over time discretionary income is a much better variable to use than total personal income if the household status and age structure of the population is changing.²³

Price

To econometrically test the response of travel flows to price would involve the construction of a relative price variable which would adequately reflect all of the price elements facing a tourist. However, if only tourist numbers from one country are being examined, if transport costs are ignored and if c.p.i.'s are used as proxies for the prices of tourist services, as was the case in the British regression equation, such a relative price term reduces to the ratio of the Irish c.p.i. to a weighted index of the c.p.i.'s (adjusted for exchange rate changes) of the other countries competing for the UK market.²⁴ This was the price variable actually used in the regression in Section (iii).

The exclusion of transport costs is unfortunately a particularly serious weakness, since they have been the most mobile element in total costs facing tourists in recent years. Although listed air fares on scheduled flights have been relatively static in real terms, major price reductions have been effected by way of special excursions, group rates and inclusive tours. In fact, the impact of the charter inclusive air holidays has been such in the UK that those booking after Christmas of 1970 ran the risk of being too late to secure the holiday of their choice in the summer of 1971.²⁵ The Economist Intelligence Unit forecast that the number of ex-UK inclusive sales will continue to increase and should reach around 5.9 m. in 1980 compared with a figure of 2.6 m. in 1970.²⁶

One could claim that the type of substitution effect created by Charter Inclusive Tours (CIT's) does not affect Ireland. This would be based on the assumption that the countries who have availed of CIT's, mostly those a long distance from the UK, are only in competition with each other and with a section of the UK market for which Ireland could never hope to compete. That Ireland, however, has not taken full advantage generally of the impact of the inclusive tour type holiday, in the opinion of people in the tourist industry, is evident from press and TV reports. This

²² "Package Tours: Where are they heading?" Special article No. 1, Part 1, *International Tourism Quarterly*, No. 1, 1971.

²³ An interesting, but somewhat inconclusive piece of research, using cross-section data, tested the response of the number of trips made for pleasure against such independent variables as household status, occupation, sex, age, household size, etc. Roger Vickerman, "The Demand for Non-Work Travel", *Journal of Transport Economics*, Vol. VI, No. 2, May 1972.

²⁴ See Barry, O'Hagan, *op. cit.*, pp. 149-150, for details.

²⁵ *ITQ*, No. 1, 1971, *op. cit.*, p. 59.

²⁶ *ITQ*, No. 1, 1971, *op. cit.*, p. 61.

is why emphasis should now be placed on the promotion of inclusive motoring holidays, where in Britain it is thought that a real possibility exists of this type of holiday going through a boom period.²⁷

The price variable used in the regression of US visitors to Europe was the ratio of the average return fare between the two to the US consumer price index. This time relative consumer prices are ignored and, since one is concerned with a bi-lateral flow, only substitution between travel at home and travel to Europe is possible. The assumption that consumer prices are unimportant to the total flow is quite tenable here, since first, inclusive tours are rare on the cross atlantic routes and thus customers have little advance knowledge of accommodation and sustenance prices; secondly, transport costs amounted to as high a figure as 46 per cent of total US tourist outlays in Europe in 1970²⁸ and thirdly, on arrival, tourists can negate the price effects by substituting low cost countries for high cost countries within Europe.

The fact that data do not exist, as was the case above, to construct a totally satisfactory price variable for international tourist flows in no way diminishes the importance to be attached both to the proper specification of such a variable and to the limitation of proxies to it. In the meantime, is there any alternative way of estimating the importance of relative price to international tourist flows? A questionnaire type survey, apart from the cost, is a possibility but must be handled with the utmost caution. For example, in a recent survey only 5 per cent quoted low prices as the main reason for going to Spain, although clearly the reason why so many choose Spain rather than Italy is the relatively low cost.²⁹

Marketing Expenditure

The importance of tourist advertising to total "sales" is at best uncertain as the activities of any one national tourist board are closely matched by those of similar institutions in other countries and thus their promotional efforts are partly neutralising. Only a fraction of their results is ever seen in the holiday trade as the rest goes to preventing the loss of trade that would otherwise occur as a result of the marketing activities of competitors.³⁰ Thus, one would need to use Ireland's relative marketing expenditure, for which data is not available. Apart from this, the advertising of Irish tourist facilities abroad is conducted by several groups and would be difficult to quantify. For these reasons advertising was not included as an

²⁷ "Package Tours: Where are they heading?" Special article No. 1, part II, *International Tourism Quarterly*, No. 2, 1971, p. 61.

²⁸ *Survey of Current Business*, June 1971, p. 22.

²⁹ National Report, No. 2: Spain, *International Tourism Quarterly*, No. 2, 1971. The difficulty arose over the wording of the question. A similar difficulty arises over Q. 41 of the BFE survey. Visitors were asked what they liked and disliked most about the 26 countries out of twenty different items, three of these relating to price. Clearly a much more rigorous approach than this is required if any useful information about relative prices is to emerge from the survey.

³⁰ *EAG op. cit.*, Vol. II, p. 279. Perhaps in tourism, however, there is more real product differentiation than for other goods.

independent variable in the regressions. However, market share tables are constructed to throw some light on the influence of this variable.

Some attempts have been made to assess the effectiveness of BFE promotional expenditure abroad.³¹ The results of the BFE survey of travellers have also provided some interesting information on this topic. The 1966 and the 1968/9 surveys show that the impact of advertising in influencing people to come to Ireland is relatively small.³² However, problems similar to that mentioned in the Spanish survey were evident in the framing of the question asked.³³ Besides, in another survey done by Social Survey Limited in the UK which compared readership of BFE advertisements with those of other tourist boards, BFE performed favourably, indicating that the poor results above are due to something inherent in all tourism advertising.

Disturbance Factors

Such factors would include foreign exchange restrictions, which have been used extensively in France and recently by the UK, political troubles, international fairs or sporting events and reductions in duty free allowances.³⁴ It has been estimated that foreign exchange restrictions reduced France's tourist expenditure by 13.8 per cent in 1958, 21.7 per cent in 1959 and 21.2 per cent in 1969³⁵ and also Oliver has estimated that the UK restrictions from 1967 to 1969 brought about marked savings to her balance of payments.³⁶ France's tourist revenue dropped dramatically in 1968 as a result of the political troubles there. It is hypothesised here, and measured empirically in Section (iii) by the insertion of a dummy variable, that the political troubles in 1957, 1958, 1969 and 1970 significantly affected tourist revenue from the UK market.

These, then, are the major economic determinants of foreign tourist numbers. If one were using international cross section data, variables such as degree of urbanisation, total land area and tourist amenities of the country would have to be added, as obviously the more urbanised and smaller a country, the greater the likelihood that people will have to go abroad to find suitable and uncrowded tourist facilities. At the Batelle Research Centre in Geneva, the development of a world international

³¹ *EAG and IMR, op. cit.*

³² The proportion of first visit general tourists who admitted to being influenced by advertising in the 1966 survey was 7.8 per cent for Britain, 6.0 per cent for the US and 8.7 per cent for Continental Europe.

³³ There was "an unfortunate confusion between reasons for wishing to visit Ireland and means of communication which had influenced that desire, so that answers like 'Irish ancestors' appear alongside advertising", *EAG, op cit*, p. 318.

³⁴ From January 1st, 1973, there will be bigger duty free concessions for British and Irish travellers returning from EEC countries. (See *European Community*, July/August, 1972 for details). It is generally felt that such concessions should add something to Ireland's tourist expenditure in Continental Europe.

³⁵ *Artus, op. cit.*, p. 18.

³⁶ F. R. Oliver. "The Effectiveness of the UK Travel Allowance", *Applied Economics*, 1971, 3.

tourist model is being conducted.³⁷ They have tested such novel qualitative variables as language, climate and culture, using cross sectional data, and they are also giving thought to alternative methods for forecasting international tourist trends, such as linear programming and simulation.

(iii) Trends and Performance

In this section the performance of visitor and tourist payments relative to the national average will be looked at by examining the trends both absolutely and as a percentage of expenditure on goods and services, exports and imports. This will be supplemented by an attempt to estimate the effects of the determinants, discussed in section (ii), on its absolute performance, both by regression and a crude market share approach. The study period, 1956 to 1970, was chosen because of the fact that the mid-fifties was something of a "watershed" for Irish tourism³⁸ and because 1971 data were not available at the time of writing.

(a) All Markets

The examination of the data in Table 3.1 by route should throw more

TABLE 3.1
Visitors receipts (1963 prices)^a

Year	(1) Including fares paid to Irish carriers			(2) Excluding fares	
	£m	£m	£m	£m	(2)/(1)
1956	42.5	40.0	...	...	0.94
1957	39.8	37.3	...	...	0.94
1958	38.2	35.6	...	...	0.93
1959	41.7	39.0	...	...	0.94
1960	48.5	43.6	...	...	0.90
1961	52.9	46.5	...	...	0.88
1962	53.8	46.7	...	...	0.87
1963	57.1	49.8	...	...	0.87
1964	64.2	55.5	...	...	0.87
1965	69.8	60.5	...	...	0.87
1966	67.6	56.6	...	...	0.84
1967	69.7	57.9	...	...	0.83
1968	75.0	61.8	...	...	0.81
1969	74.2	58.7	...	...	0.79
1970	68.1	53.1	...	...	0.78

Sources: Various ISB's.

^a The Irish c.p.i. was used in the absence of a more suitable deflator.

³⁷ C. W. G. Armstrong, "International Tourism: Coming or Going, The Methodological Problems of Forecasting", *Futures*, June 1972.

³⁸ Kennedy, Dowling, *op. cit.*, pp. 111-114, contains an interesting examination of the trends in Irish tourism prior to 1956. A surprising finding was that the volume of net tourist earnings was 15 per cent lower in 1968 than in 1949. This was partly due to the rapid increase in tourist imports and partly due to the decline in export tourism from the high 1948 level it reached as a result of the artificially beneficial circumstances on the UK market after the war.

light on the causes of these trends but some general comments may be made at this stage. First, on five occasions the two receipts series have shown declines, 1957, 1958, 1966 and 1970. The hypothesis that political factors affecting the UK market was the main cause for the declines in four of the years is tested later. The British dock strike in 1966 was not found to be a causal factor for the decline in that year.³⁹ Secondly, both series had begun to level out several years before the Northern troubles could have had a major impact. Finally, the inclusion, or otherwise, of fares in the total is important, since as a percentage of total receipts they have grown from 6 per cent in 1956 to 22 per cent in 1970. This reflects, as shall be seen, both the increasing share of total receipts being accounted for by long distance tourists and the very slowly decreasing average expenditure on visits.

Table 3.2 reflects the relative boom period for visitor receipts in the early 'sixties and their subsequent decline in the 1968-70 period. Despite this, export tourism is, and has been, a very important sector of the economy, especially as an earner of foreign exchange.

TABLE 3.2
Visitors receipts^a as a percentage of:

<i>3 year average</i>	<i>1956-58</i>	<i>1959-61</i>	<i>1962-64</i>	<i>1965-67</i>	<i>1968-70</i>
Total expenditure on goods and services	7.5 (8.0)	8.0 (8.8)	8.4 (9.7)	9.0 (10.6)	7.6 (9.6)
Total Exports of goods and services ^b	20.4 (21.7)	19.3 (21.3)	19.2 (22.1)	19.6 (23.2)	15.5 (19.5)

Sources: Various issues of "National Income and Expenditure" and of the ISB.

^a Percentage for visitor receipts including fares are shown in brackets.

^b Excluding Shannon.

The trend in visitor imports (Table 3.3) contrasts somewhat with that of visitor exports, but not to the extent that one might expect. On four occasions expenditure fell, 1958, 1959, 1967 and 1969. Cross-border troubles largely accounted for the drops in 1958, 1959 and 1969 and the foot and mouth disease restrictions for that in 1967. The Northern troubles of 1970 did not bring about a reduction in total expenditure in that year however, despite the rapid decrease in cross-border expenditure, reflecting the growing importance of other destinations for Irish tourists. This trend is partly confirmed by a look at column 2 in table 3.3, where transport costs to Irish carriers as a percentage of total costs have been rising, albeit not at such a rapid rate as that for receipts. Visitor expenditure as a percentage of total imports of goods and services has shown no long term tendency to change, reflecting the absence of a relative boom in the demand for foreign travel by Irish residents.

As mentioned earlier, the level of GNP was found to be an important explanatory factor for the growth in Irish visitor imports. The price variables tested in that equation were not found to be significant. This

³⁹ Barry, O'Hagan, *op. cit.*

TABLE 3.3
Visitor expenditure (1963 prices)^a

Year	(1) Including fares paid to foreign carriers £m	Fares paid to Irish carriers as a percentage of (1)	(1) As a percentage of Total Imports of Goods and Services ^b
1956	15.2	7.9	6.5
1957	16.0	7.2	7.2
1958	15.2	9.4	6.7
1959	14.3	10.8	5.9
1960	16.4	10.1	6.3
1961	17.4	11.7	6.0
1962	19.7	10.9	6.7
1963	22.4	10.3	6.9
1964	24.4	9.3	7.0
1965	25.2	9.9	7.1
1966	27.5	10.4	7.9
1967	25.3	11.3	7.2
1968	29.3	10.2	6.9
1969	28.4	11.9	6.1
1970	29.0	13.1	6.1

Sources: Various issues of "National Income and Expenditure" and of the ISB.

^a The use of the Irish c.p.i. as deflator here is debatable. However, a weighted price index, similar to that discussed in (ii), could not be constructed because of lack of information on the destinations of Irish visitors abroad.

^b Excluding Shannon.

could be greatly due to the fact that the most important price element, that of transport, had to be excluded from the price indices. Indeed, if the relevant information was available, few would doubt that the impact of CIT's has been just as significant in Ireland in recent years as in the UK.

TABLE 3.4

	1956-58	1959-61	1962-64	1965-67	1968-70
Visitor Receipts (excl. fares) minus Visitor Expenditure ^a , (£m.)	22.2	27.0	28.5	32.3	28.7
Visitor Expenditure: Visitor Receipts (excl. fares)	41.2%	37.2%	43.7%	44.6%	50.1%
Visitor Receipts (incl. fares) ^a minus Visitor Expenditure (£m.)	24.7	31.7	36.2	43.0	43.5
Visitor Expenditure: Visitor Receipts (incl. fares)	38.7%	33.7%	38.0%	37.5%	40%

^a 1963 prices.

Table 3.4 outlines the performance of visitor receipts relative to visitor expenditure. When fares are excluded, imports have grown steadily faster than exports since the 1959-61 period, although the absolute gap between the two actually widened up to the 1968-70 period. This is perhaps an inaccurate comparison to make, as fares paid to foreign carriers by Irish residents (although probably small), are not excluded from the expenditure data. The inclusion of fares in receipts makes a substantial difference to the trend. Net receipts increased by 76 per cent over the period and the tendency for imports to increase faster than exports from 1959-61 onwards is not as marked.

The most noticeable thing to date, is that the major factor causing fluctuations in exports, the Northern troubles, have also affected imports and thus have reduced somewhat the impact of the former. The possibility that some day in the near future Ireland will have a negative balance on visitor account⁴⁰ seems remote but, of course, not out of the question. The important factor here is that transportation costs to and from Ireland move at least in parallel in years to come, as it is extremely difficult politically to regulate outgoing expenditure nowadays by means of a foreign holiday tax or by foreign exchange restrictions.

(b) *The UK Market*

The UK market can be broken down into three clearly defined groups, cross-border tourists, cross-border excursionists and cross-channel tourists. The more reliable data for the cross-channel sub-totals will allow a detailed study of this source to be made with respect to average length of stay, category of traveller and mode of transport. First, however, the UK market as a whole will be looked at.

There are three sets of payments data relating to the UK, namely payments by those who travel via the UK, including UK residents, (V), sterling transactions in respect of visitors (S) and receipts from UK residents (R). It is clear from both trends, outlined in Table 3.5, that receipts from those travelling via the UK are increasingly overstating the actual receipts from UK residents since the 1963-65 period. The discrepancy between the latter and sterling receipts is explained by the fact that non-UK residents may convert their currency into sterling prior to

TABLE 3.5^a

<i>Period</i>	<i>1960-62</i>	<i>1963-65</i>	<i>1966-68</i>	<i>1969</i>	<i>1970</i>
S/V Per cent ...	93.6	94.9	93.5	91.9	89.5
R/V Per cent	89.5	90.4	85.3	79.8	79.2

Sources: BFE and ISB.

^a This table refers to receipts.

⁴⁰ J. O'Hagan, "Tourism Trends", *Management*, July/August, 1971.

visiting Ireland and this tendency appears to be on the increase.⁴¹ However, since similar data about residency does not obtain on the import side, nor for exports for the years 1956-1969, and as only very general information can be gleaned from the sterling data, the statistics on visitors who travelled via the UK had to be used extensively.

Table 3.6 contains most of the useful information that can be derived from the sterling payments data. Receipts increased steadily up until the 1968-70 period but grew less rapidly than expenditure for the period as a whole.⁴² This was mainly due to the years 1968-70, when expenditure continued to increase despite the decline of expenditure in the six counties. As a percentage of total visitor receipts they have varied somewhat but for the fifteen years shown they have accounted for a very large percentage of the total, even when adjusted for residency. (Using BFE estimates, the percentages were 77.3 per cent for 1965-67 and 67.0 per cent for the 1968-70 period.) As a percentage of total exports, the trend, as one might expect, is similar to that of absolute receipts. Expenditure, both absolutely and as a percentage of total visitor expenditure, has shown an upward trend over the period as a whole and accounts for a remarkably high percentage of the total. Its steady increase as a percentage of total imports was surprisingly halted in 1968-70, reflecting the relatively faster increase in other imports resulting from the Anglo-Irish Free Trade Area Agreement.

TABLE 3.6
Sterling payments in respect of visitors

<i>3 year average</i>	<i>1956-58</i>	<i>1959-61</i>	<i>1962-64</i>	<i>1965-67</i>	<i>1968-70</i>
Receipts (1963 prices) £m.	27.9	33.9	42.5	48.8	43.8
As a percentage of total visitor receipts ...	74.2%	78.6%	83.9%	83.7%	75.5%
As a percentage of total Merchandise Exports to the UK ^a ...	14.7%	15.7%	17.5%	18.6%	14.6%
Expenditure (1963 prices) £m. ...	12.1	12.8	18.4	21.1	24.0
As a percentage of total visitor expenditure ...	78.1%	79.4%	83.2%	81.3%	82.9%
As a percentage of total Merchandise Imports from the UK ^b ...	7.7%	7.8%	9.1%	9.6%	8.3%
<i>Expenditure Receipts %</i> ...	43%	37.3%	43%	42.7%	52.7%

Sources: Various ISB's and the CSO, who kindly provided revised data.

^a i.e. as a percentage of sterling receipts in respect of merchandise exports fob.

^b i.e. as a percentage of expenditure on imports (fob plus freight) from the UK.

⁴¹ It is unlikely that the import statistics overstate to any great extent the true expenditure in the UK by Irish residents, since sterling is not in such common usage in other European countries as it is in Ireland.

⁴² It is interesting to note that in 1969, 27 per cent of the total Irish population visited Great Britain, whereas only 2 per cent of the British population visited Ireland in the same year. *IMR, op. cit.*, p. 20.

The regression equation, with real sterling receipts *per capita* of UK population (Y) as independent variable, UK real disposable income *per capita* (X), and a dummy variable (X₂) for the political troubles of 1957, 1958, 1969 and 1970 as independent variables respectively, is shown below.⁴³ The price variable co-efficient was insignificant at the 95 per cent

$$(1) \text{ Log } Y = -1.99 + 1.71 \log X_1 - 0.15X_2$$

$$\text{(s.e.} = 0.23) \qquad \text{(s.e.} = 0.05)$$

$$R^2 = 0.86 \qquad d = 1.37$$

level in all equations. This may be due to poor data or else, as is more likely, to the fact that the price elasticity with respect to numbers is little above one (equation (2)). The 95 per cent confidence intervals for the income elasticity are 1.26 and 2.16, a range which includes Artus' estimate of 2.0 for total UK visitor expenditure. The coefficient of the dummy variable indicates that the Northern troubles have roughly brought about a 15 per cent drop in sterling receipts on average in these years. The *d* statistic is in the inconclusive range at the 5 per cent level, but is probably indicative of positive serial correlation.⁴⁴ If this is so, it casts some doubt on the reliability of the co-efficients in the equation.

TABLE 3.7
Shares of UK Tourist Expenditure in Europe^a

Year	Ireland Per cent	Italy Per cent	Holland Per cent	Denmark	Bel./	France Per cent	Spain Per cent	Austria Per cent
				Norway Per cent	Lux. Per cent			
1964	14.7	17.9	3.0	3.3	4.0	14.6	18.4	5.4
1964	16.7	17.1	3.0	3.1	3.8	13.6	18.4	5.1
1966	15.9	17.6	2.8	3.3	3.3	12.8	18.8	6.3
1967	19.1	13.6	3.2	3.7	3.9	12.3	20.1	5.7
1968	20.4	11.3	3.2	3.9	3.6	10.6	24.2	5.3
1969	17.3	11.5	3.1	3.7	3.5	10.4	26.1	4.6
1970	13.5	12.2	3.3	4.4 ^b	3.2	11.3	25.0	6.2

Sources: Digest of Tourist Statistics, No. 2 and various Board of Trade journals.

^a The estimate of UK tourist expenditure in Ireland is from BFE and was added to the Continental Europe figure to give the European total. Comparable data prior to 1964 were not available. However, from 1956 to 1963 little variation appeared in Ireland's share when rough proxies were used.

^b This is the author's estimate, since Finland appeared in this total in 1970.

⁴³ Expenditure for the UK is used because numbers data is not available and that for via the UK is most unreliable because of cross-border movements.

⁴⁴ The belief that the bounds test inconclusive is equivalent to no need to reject the null hypothesis of independent disturbances is shown to be quite untenable in a recent study. M. J. Harrison, "On Testing for Serial Correlation in Regression when the Bounds Test is Inconclusive", *The Economic and Social Review*, Vol. 4, No. 1, October 1972.

Tables 3.7 and 3.8, used in conjunction with equation one, should indicate in some way the effect of marketing, which unfortunately, as mentioned, had to be excluded. One difficulty here, of course, is deciding upon with what countries a comparison should be made. Perhaps our greatest competitors are parts of the UK itself, such as Scotland, the Isle of Man,⁴⁵ Devon/Cornwall and Jersey, but separate statistics for these regions are not available. In 1970, 86 per cent of all holidays taken by British residents were domestic⁴⁶ and what is more surprising is that the domestic share has declined so little from its level of 92 per cent in 1955. Clearly, the exclusion of these competitive regions is unfortunate. As to Ireland's other competitors, one could either consider Europe as a whole to be such, or else just regions within it which offer similar climate and amenities, such as the Scandinavian countries, North West France, the Benelux countries, etc. To overcome these difficulties, a fairly wide choice of countries was included.

TABLE 3.8

	1964	1965	1966	1967	1968	1969	1970
Ireland's Percentage share of UK tourist numbers in Europe	29.0	26.9	24.3	24.8	26.4	22.8	19.7
Average UK tourist expenditure in Ireland as a percentage of the equivalent European average	50.1	62.1	65.4	77.0	77.3	75.9	68.5

Sources: Same as for Table 3.7.

Ireland's share of total UK tourist expenditure in Europe rose rapidly up to 1968 and declined even more rapidly thereafter. In contrast, except for 1968, the trend in numbers has shown a steady decrease. Thus, the increase in the expenditure share between 1964 and 1968 was largely due to a relatively fast increase in average expenditure in Ireland, although, as shall be seen, in absolute terms it fell, and the decrease from 1968 to 1970 was accentuated by a relative decline in average expenditure. There are a number of possible causes for these trends. First, the restrictions on holiday spending outside the sterling area, which took effect from November, 1966, and were withdrawn early in 1970, would largely account for the

⁴⁵ In 1970 the Isle of Man had nearly $\frac{1}{2}$ million visitors from the British Isles, which is indicative of the tremendous competitive position of this island alone. "Britain & International Tourism". Central Office of Information, Reference Pamphlet 102 HMSO.

⁴⁶ *Digest of Tourist Statistics No. 2*. British Tourist Authority (BTA), p. 65. A holiday is defined here as a stay away from home of four nights or more. The equivalent figure for Ireland in 1970 was 48 per cent.

relatively high level of average expenditure in Ireland from 1967 to 1969. The sterling devaluation in late 1967 would account for the only increase in Ireland's share in total numbers, in 1968, and the political troubles, as seen in the regressions, were significant factors in reducing Ireland's revenue in 1969 and 1970. Apart from these factors, between 1964 and 1967 BFE's promotional budget in the UK increased much faster than those of Belgium, Denmark and The Netherlands⁴⁷ and its rate of increase has slowed down considerably since 1968.⁴⁸ Thus, both the increase in the relative average expenditure and the maintenance of a high percentage share of total numbers, in the face of a slow-down in the number of visits to relatives (Table 3.10), in the years 1964 to 1968 must be partly due to this factor.

The hypothesis that Ireland and the rest of Northern Europe cannot, and will never be able to, avoid the reduction in their market share because of the attraction of the Mediterranean countries is not sustained by the evidence. While Spain increased its share by 35 per cent, this was more than equalled by Ireland up to 1968 and Italy's share has shown a marked decline during the 1964 to 1970 period. On the other hand, there were substantial increases in those of Holland and the Scandinavian countries. The difficulty facing the "sun countries" is that real average expenditure per visitor is rapidly decreasing, a problem which the Spanish authorities are clearly worried about.⁴⁹

Cross Border Payments

An examination of the data by route should give some crude indication of how the UK total is divided between the Six Counties and Britain. Table 3.9 contains a summary of the data relating to cross-border payments from which a number of interesting points emerge. First, receipts greatly exceed expenditure and this is largely because the expenditure figures do not include expenditure by non-residents of the 26 counties, whereas the receipts include payments by non-residents of the 6 Counties on their way to the South. Secondly, the gap between receipts and expenditure is closing. This may reflect the increasing relative prosperity in the South as more people have both the cars and the purchasing power to travel north for holidays and shopping.⁵⁰ Thirdly, there was a dramatic increase in the early and mid-sixties in the percentage of total receipts accounted for by excursionists. Finally, both receipts and expenditure account for a

⁴⁷ *EAG, op. cit.*, Vol. II, p. 32. Between 1964 and 1968, Ireland's total promotional budget, as a percentage of the promotional budgets of the United Kingdom, Belgium, West Germany, Holland, Norway and Denmark, increased from 8.7 per cent to 23.4 per cent.

⁴⁸ Keane, *op. cit.*, Table XVIII, p. 26.

⁴⁹ *ITQ*, No. 2, 1971, *op. cit.*, p. 23.

⁵⁰ *BFE*, data would seem to indicate that it is certainly not due to a decreasing percentage of non-Six Counties residents coming via this route.

surprisingly large percentage of the respective totals, especially expenditure, which showed such a steep rise up to the 1968-70 period.⁵¹

TABLE 3.9
Cross-Border receipts and expenditure^a (1963 prices)

3 year average	1956-58	1959-61	1962-64	1965-67	1968-70
Receipts £m.	13.7	12.8	21.4	25.3	20.0
As a percentage of total visitor receipts	36.1%	29.7%	42.0%	43.4%	34.4%
Of which, excursionists	(n.a.)	(n.a.)	(37.2%)	(36.0%)	(25.8%)
	6.1%	8.1%	20.2%	22.3%	15.8% ^b
	(n.a.)	(n.a.)	(20.1%)	(21.4%)	(14.7%)
Expenditure £m.	4.8	4.8	8.9	11.8	10.4
As a percentage of total visitor expenditure	30.8%	30.0%	39.8%	45.3%	36.0%
Expenditure ÷ Receipts	35.1%	36.9%	41.3%	46.9%	51.8%

Sources: ISB's and BFE.

^a i.e. by those travelling via the Border. The figures in brackets are BFE residency estimates.

^b This is an estimate based on BFE information, since after 1968 the ISB does not provide such a breakdown.

^c It only relates to expenditure by Irish residents.

Cross Channel Tourist Movements

Table 3.10 contains a summary of the export data. The steady increase in numbers contrasts with the movements in average expenditure. The decrease in the latter since the 1959-61 period is wholly due to the decrease in average length of stay, since average expenditure *per diem* has remained virtually constant. The declining average length of stay in turn is due both to the switch from sea to air travel (which has been temporarily halted by the introduction of the car ferries), and to the decreasing importance of visits to relatives in the total. This latter factor has probably been responsible for the fact that average expenditure has not dropped as in other European countries.

The equation for movements in numbers *per capita* of UK population (Y) is shown below, where X_1 is real UK disposable income *per capita* and X_2 and X_3 current and lagged versions of the inverse of the price variable discussed in section (ii). Theoretically and statistically this is a most satisfactory equation. The inclusion of a dummy variable for the

$$(2) \log Y = -8.65 + 1.59 \log X_1 + 0.57 \log X_2 + 0.68 \log X_3$$

$$(s.e. = 0.09) \quad (s.e. = 0.29) \quad (s.e. = 0.28)$$

$$R^2 = 0.97, \quad d = 1.89$$

⁵¹ A similar situation exists between many neighbouring European countries. In fact, most of the increased receipts of countries such as France, Austria, etc. have come from neighbouring nations. Because of the greater potential for such transfers between mainland European countries, a comparison of trends in total visitor receipts with these nations must be treated with caution.

political troubles did not improve the fit, nor was its co-efficient significant at the 95 per cent confidence level, which is indicative of the fact that the marked slow down in numbers coming via Britain was not necessarily due to political troubles, but due more to income and price considerations.

TABLE 3.10
Export tourism via Britain

<i>3 year average</i>	<i>1956-58</i>	<i>1959-61</i>	<i>1962-64</i>	<i>1965-67</i>	<i>1968-70</i>
Numbers ('000s)	676	792	894	1,022	1,132
Average expenditure £'s (1963 prices)	26.2	29.8	27.1	25.8	24.4
Average length of stay	12.1	12.7	12.0	11.2	10.5
Average expenditure per diem £'s (1963 prices)	2.16	2.35	2.25	2.33	2.33
Percentage of total who travelled by sea	77.8%	68.8%	60.4%	55.5%	55.4%
On a visit to relatives ^a	38.6% ^b	45.5%	39.6%	32.4%	29.9%
On a business trip	7.6%	8.0%	10.0%	10.4%	11.7%
On a "general tour"	34.5% ^b	40.7%	46.8%	52.9%	54.4%

Sources: ISB's.

^a A quite extraordinary discrepancy arises in a comparison of the ISB and BFE estimates of the number of people visiting relatives in 1968. BFE estimated that 604,000 British residents visited Ireland for this purpose and the ISB that only 328,000 came via Britain to Ireland for the same purpose. It is highly unlikely that 272,000 British people came via the 6 Counties to visit relatives here. The discrepancy may partly be due to the fact that the BFE estimate is made on an interview basis and includes visits to friends.

^b It is likely that these are underestimates because after 1959 many of those classified as "other" before this were included under these headings.

TABLE 3.11
Import tourism via Britain

<i>3 year average</i>	<i>1956-58</i>	<i>1959-61</i>	<i>1962-64</i>	<i>1965-67</i>	<i>1968-70</i>
Numbers ('000s)	250	273	332	386	505
Average expenditure (1963 prices) £'s	42.1	40.8	37.0	32.7	31.9
Average length of stay	15.5	14.0	13.3	12.2	12.0
Average expenditure per diem £'s (1963 prices)	2.72	2.92	2.77	2.69	2.66
Percentage of total who travelled by sea	70.4%	58.5%	47.5%	40.6%	46.2%
On a visit to relatives	34.5% ^a	43.6%	44.7%	43.3%	43.1%
On a business trip	15.0%	19.3%	21.1%	18.1%	19.1%
On a "general tour"	25.9% ^a	28.0%	27.7%	31.5%	29.5%

Sources: ISB's.

^a Probably underestimates because of new classification in 1959.

Table 3.11 contains information similar to that of Table 3.10 for import tourism via Britain. The contrast between the trends in numbers and average expenditure is even more striking than that for exports. The decrease in average expenditure is once again mostly explained by a declining average length of stay, which in turn is due to the changing mode of transport. (The introduction of the car ferries, however, brought about a substantial increase in the percentage travelling by sea in the 1968-70 period.) The breakdown by category of traveller shows the emergence of no definite trend. Finally, the higher average length of stay and average expenditure *per diem* for those visiting Britain could be evidence of the fact that many Irish residents travel via Britain on their visits to places further afield, where one is both likely to stay longer and to incur greater total travelling costs *per diem*.

Table 3.12 is the last table referring to the British market and contains at least one piece of interesting information. This is that the number of Irish residents visiting relatives in Britain has increased much faster than the number of people coming via Britain on a visit to relatives in Ireland.

TABLE 3.12
Ratio of import to export numbers via Britain

<i>3 year average</i>	1956-58	1959-61	1962-64	1965-67	1968-70
Total	37.0%	34.4%	38.4%	37.8%	44.7%
Visits to Relatives	33.0%	33.0%	43.5%	50.5%	64.3%
Business	76.5%	83.0%	82.2%	67.0%	72.9%
Tourist general	27.0%	23.0%	22.3%	22.0%	23.7%

Sources: ISB's.

The contrast is quite striking and only a rough guess can be made at the reasons for such a development, namely that the emigrants of the 'fifties having prospered and now established homes,⁵² and thus a place to stay for visitors, coupled with the increased discretionary incomes of Irish residents, has led to a rapid increase on the export side.⁵³ If this trend continues it could have serious consequences for Ireland's net tourist earnings.

This concludes the study of the UK market, the most important source of visitor receipts and expenditure for Ireland. This reliance on a single market has not had any adverse consequences, in fact quite the contrary, if one considers the credit restrictions on travel to non-sterling areas. With the forthcoming entry of both countries to the EEC, the likelihood of any future adverse consequences is also further reduced. The conclusion is

⁵² See Conor Brady, "The Age of the Affluent Emigrant", *The Irish Times*, August 16th 1972.

⁵³ Turkey is experiencing a similar phenomenon as the number of Turks visiting relatives abroad, especially Germany and Greece, has been increasing at a much faster pace than the number of Turks returning home to visit relatives. "National Report, No. 3, Turkey", *International Tourism Quarterly*, No. 1, 1972.

that if the UK is the market with the greatest potential for receipts, as it likely is, then it should be pursued as such.

(c) *The US Market*

There are four sets of data available which are of relevance to a study of the US market: receipts and expenditure in respect of tourism in the combined currencies of the US and Canada: US Department of Commerce estimates for receipts and visitor export numbers: BFE estimates for the same and finally the number of US aliens landing direct in Ireland.

Table 3.13 gives a similar breakdown for North America, as those tables already constructed for both total and UK receipts and expenditure. Receipts have shown an accelerated increase over the time (using revised data). It can be seen from Table 3.14, however, that they have not increased nearly as fast as numbers, reflecting the decreasing average length of stay, a phenomenon from which, as it shall be seen, Ireland suffers less than Europe (Table 3.15). As a percentage of total receipts they showed a sudden jump in the 1968-70 period, in contrast to the drop that took place when expressed as a percentage of total exports of goods and services to North America. This reflects the boom in total exports to the US that took place as a result of the Kennedy Round tariff reductions. The rise

TABLE 3.13
Receipts and expenditure^a (in N. American currencies) WRT tourism

<i>3 year average</i>	<i>1956-58</i>	<i>1959-61</i>	<i>1962-64</i>	<i>1965-67</i>	<i>1968-70</i>
Receipts (1963 prices) ^b					
£m.	7.6 (5.9)	8.7 (6.5)	7.7	9.0	13.5
As a percentage of total visitor receipts (%'s)	20.8 (15.6)	20.5 (14.4)	15.2	15.5	23.5
As a percentage of total Merchandise Exports to N. America (percentage)	24.3 (19.0)	21.1 (14.7)	17.6	19.0	16.1
Expenditure (1963 prices) £m.	0.58	0.54	1.08	1.58	1.46
As a percentage of total visitor expenditure (percentage)	3.7	3.4	4.8	6.1	5.2
As a percentage of total Imports from North America (percentage)	26.3	21.3	37.3	43.3	32.7

Sources: ISB's and CSO.

^a Receipts from N. America for the years 1956 to 1960 appear to be artificially high compared to the trends from other sources. This could have had something to do with the relaxation of exchange controls around 1960. The figures in brackets indicate the author's revisions in the light of US Department of Commerce information.

^b BFE estimates for receipts from N. American residents were only 6 per cent on average higher than these. They also indicate that Canadians account for only 5 per cent of the total.

in expenditure since the early 'sixties was halted in the 1968-70 period, probably as a result of the sterling devaluation in 1967. This is reflected in the other two rows, where, in the same period, expenditure expressed both as a percentage of total imports of goods and services and as a percentage of total visitor expenditure fell. Estimates of the number of Irish residents visiting the US indicate that numbers have increased much faster than expenditure.⁵⁴ They grew from 3,000 in 1959 to 11,000 in 1965 to 21,000 in 1970, probably reflecting the impact of the charter inclusive tour for students in the summer months, as the average expenditure would be relatively very low for this category of traveller.

TABLE 3.14
Numbers^a ('000's) of US visitors to Ireland

3 year average	1956-58 ^b	1962-64	1965-67	1968-70
Dept. of Commerce estimate	55.7	89.7	130.3	200.0
BFE estimate	—	98.3	153.3	213.7

Source:

^a The discrepancy between the two is partly due to the fact that the BFE figures refer to visits and not visitors.

^b 1959-61 estimates not available.

The regression equations of the number of US visitors to Europe *per capita* of US population (Y) on real US disposable personal income *per capita* (X_1) and on the price variable discussed in section (ii), (X_2) are shown below.

$$(3) \log Y = 18.69 - 1.58 \log X_2$$

(s.e. = 0.06)

$$R^2 = 0.98, d = 1.6$$

$$(4) \log Y = -17.6 + 3.43 \log X_1$$

(s.e. = 0.4)

$$R^2 = 0.85, d = 1.3$$

$$(5) \log Y = 16.9 + 0.18 \log X_1 - 1.52 \log X_2$$

(s.e. = 0.35) (s.e. = 0.15)

$$R^2 = 0.98, d = 1.54$$

Unfortunately, $R(X_1, X_2) = 0.92$, making the estimates in the multiple regression unreliable.⁵⁵ However, there is little doubt that the price of travel is the determinant with the greatest explanatory power and it is interesting to note that, despite the multicollinearity, its elasticity remained relatively unchanged in the multiple regression.⁵⁶ The market share table

⁵⁴ "National Report No. 4: 'Visit the USA,'" A Survey of the US as a Tourist Receiving Country. *International Tourism Quarterly*, No. 1, 1972.

⁵⁵ Blackwell overlooked the effect of this problem and unwittingly omitted the price of travel from his forecasting equation. Blackwell, *op. cit.*, p. 326.

⁵⁶ The estimation of a separate equation for Ireland was not considered in the absence of a marketing variable, since the work involved in constructing a price index would not be warranted. The use of equation (3), coupled with some assumptions about market share, would be more fruitful for forecasting purposes.

below is designed once again to throw some light on Ireland's relative performance in these years.

The problem of deciding upon Ireland's competitors for the US market must first be resolved. Clearly they would be somewhat different to those for the UK market because US tourists generally fall into the "wonderlust" category much more so than British tourists. For example, 60 per cent of a sample of US visitors interviewed in Spain quoted monuments and culture as their main reason for a visit to Spain, compared to 10 per cent on average for all nationalities.⁵⁷ Besides, the potential of the US market has long been realised by all European countries and thus we are probably in competition with the whole of Europe.⁵⁸ Perhaps it would be correct to say also that Ireland is in more direct competition with the less important (in revenue terms) secondary destinations, such as Denmark, Finland, Austria, Greece, etc., or just with the UK alone?⁵⁹ Table 3.15 indicates, however, that no matter what competitive group one looks at, Ireland has done remarkably well, especially since 1960-62. This is mostly due to the relative increase in average expenditure and to a slight increase, in 1968-70, in the numbers share.⁶⁰ It has been suggested that the relative increase in average expenditure was due to the improved quality of accommodation in Ireland⁶¹ but both it, and the increasing share in numbers, must be partly explained by the fact that BFE promotional expenditure in the US has shown an astronomical increase in the 1960s. Between 1963 and 1967 it increased considerably faster than that of Belgium, Denmark and the Netherlands, three direct competitors for which data exist.⁶²

TABLE 3.15
Ireland's share of US (percentage)

<i>3 year average</i>	<i>1956-58</i>	<i>1960-61^a</i>	<i>1962-64</i>	<i>1965-67</i>	<i>1968-70</i>
Tourist expenditure overseas	1.6	1.2	1.5	1.7	2.0
Tourist expenditure in Europe and Med.	2.4	1.8	2.3	2.6	3.1
Tourist expenditure in British Isles	12.4	9.6	12.3	12.6	13.3
Tourist expenditure in comparable secondary destinations ^b	14.1	10.5	14.3	14.9	16.5
Tourist numbers in Europe and Med.	9.8	8.2	8.2	8.2	8.4
Average expenditure in Europe and Med.	24.4	22.6	28.4	31.4	36.8

Sources: Various issues of *Survey of Current Business*.

^a 1959 data not available.

^b Countries included were Ireland, Sweden, Norway, Denmark, Benelux and Austria.

⁵⁷ *ITQ*, No. 2, 1971, *op. cit.*, p. 14. This would also mean that we are not in direct competition probably with the US domestic market.

⁵⁸ *Tourism and European Recovery. An OECD Report*, 1951.

⁵⁹ The growing popularity of London with US tourists has made the UK the major destination by far for US tourists in Europe. However, this has raised many problems for Londoners. See "Special Article No. 2. The Foreign Tourist in London and the Regions: The Planning Dilemma", *International Tourism Quarterly*, No. 3., 1971.

⁶⁰ The much higher absolute figures for the number's shares simply reflects the tendency for US tourists to visit on average 3 to 4 countries on a trip to Europe.

⁶¹ Kennedy, Dowling, *op. cit.*, p. 126.

⁶² *EAG*, *op. cit.*, p. 312.

This concludes the examination of the US market. Throughout, transport payments had to be ignored but, if such information was available, Ireland's absolute performance on the US market would have appeared even more encouraging.

(d) *The Continental European Market*

Only a brief look will be taken at this market since reliable data relating to it is sparse.

The receipts in Continental European currencies, resulting from tourism, only amounted to 24 per cent, 19.3 per cent and 16.3 per cent of the actual receipts from residents of Continental Europe in 1962-64, 1965-67 and 1968-70 respectively, according to BFE estimates. In fact, most of the overstatement on the UK account resulting from the use of sterling receipts is largely due to the fact that something in the region of 65 per cent of Continental Europeans come to Ireland via the UK and have already converted their money into sterling on arrival here.⁶³ The expenditure figures, however, are probably considerably more reliable for reasons mentioned earlier.

TABLE 3.16^a
Tourism account with continental Europe

	1960-61	1962-64	1965-67	1968-70
Receipts £m. (1963 prices)	1.1	1.5	2.3	3.6
As a percentage of total receipts	2.5%	3.0%	3.9%	6.3%
Expenditure £m. (1966 prices)	2.2	2.6	3.1	3.2
As a percentage of total expenditure	12.9%	11.5%	11.8%	11.1%

Sources: BFE for receipts and ISB monetary data for expenditure.

^a BFE data does not exist for the years 1956 to 1959.

Table 3.16 summarises the available reliable information relating to Continental Europe. It was only in the 1968-70 period that receipts exceeded expenditure, which is reflected in the percentage share figures. It is probably a surprising find for some, considering the growing popularity of Continental Europe as a holiday destination for Irish people, that receipts have grown faster than expenditure.

(iv) *Conclusions*

Perhaps the most important contribution this paper could make is to highlight the obstacles and difficulties one encounters in the use of visitor data. Although these problems are less severe in the case of Irish tourist statistics than in the case of most other countries, they, nevertheless,

⁶³ This estimate was got by dividing the figures for the number of aliens landing direct, other than those of the UK and the US, into the BFE estimates for *total numbers from Continental Europe*. It is only a very crude measure.

exist. The most serious difficulty here is that the passenger card enquiry only provides information on visitors into and out of the country by route travelled and *not* by area of permanent residence. The use to which such data can be put is very limited and as such one would expect fairly immediate action to correct this anomaly. Indeed, a thorough examination of how improvements in visitor statistics could take place is called for. In this, Bord Fáilte must play an active part and, in fact, the possibility that the responsibility for the collection of all visitor statistics be passed over to them should be seriously considered.

Despite the data difficulties, a number of conclusive findings emerged. Looking at total visitor receipts and expenditure first, it was found that a considerable slow down in the growth of the visitor export industry had started before the Northern troubles began. It was also shown that price and income were both theoretically and statistically significant explanatory variables for the performance of the industry. Net visitor receipts, even when fares are included, have not grown as fast as the economy in general but the fact that they have grown at all from 1965 to 1970 must be considered to be satisfactory in the light both of the Northern troubles of 1969 and 1970 and the greatly increased demand by Irish residents for "sun" and "snow" holidays.

It was pointed out, also, that a comparison of the growth in Irish export tourism to that of mainland European countries was misleading because of the tremendous scope there for increases in tourist receipts and expenditure brought about by the rapid growth in the number of cars. Such a comparison would lead to the false conclusion that during the years 1956 to 1970 Irish export tourism fared badly by international standards, a conclusion that is not borne out by an examination of Ireland's revenue share in her two main markets, those of the UK and US respectively. Not only did Ireland maintain her revenue share in the US market, but relative to comparable competitive countries, substantially increased her share in the 'sixties. The same applied on the UK market prior to 1969 and indeed it was found that the despairing popular belief that the UK market is and will be the preserve of the Mediterranean countries is unfounded. The favourable trend for Ireland on both markets was due nearly completely to a relative increase in average expenditure per tourist, which highlights the fact that, from an economic point of view, the type of tourist to attract is a very important consideration in any country's tourist promotion campaign.

Other smaller findings emerged which may in time prove to be of more use than those mentioned above to the industry and to future researchers. Unfortunately, time precludes any further examination of these points at this juncture, unless someone would like to raise them later in the discussion.

May I finally conclude by noting that with the great uncertainty of the Northern troubles looming over the tourist industry this past two years, a study of this nature might seem irrelevant to many. This indeed is probably true in the short term, but the durability of the industry is such that one can reasonably expect a rapid return to normality when the time

comes, as was shown by the recovery here after the cross-border troubles in the late 'fifties, by that in France after the May riots of 1968 and by that in Greece after the troubles in the early and mid-'sixties. Besides, the importance of import tourism, and its potential substitutability with domestic tourism, has been brought to the surface by the present crisis.

The fact that the industry is much more subject than other sectors to external factors outside its control has tended at times to bring about extremes of complacency and gloom which are not justified. This, of course, can bring hasty decisions and a vulnerability to ill-informed public criticism. Clearly, no matter what, or how great, the externalities, tourists both national and foreign are as rational as any consumer and their habits must be studied and analysed on a continuous level headed basis, if the industry is to flourish and to survive all eventualities.

DISCUSSION

Mr D. Fitzpatrick: I have found Mr O'Hagan's paper both instructive and stimulating.

It is common-place that the tourist industry is in difficulty at the present time. Bord Fáilte and the Government are continuously asked what they are doing to restore its fortunes and even though the industry is one where, in happier days, each man was his own expert many of these experts are now silent. It would be unkind and unjust to criticise on this account all those who, when times were better, felt free to pronounce on our tourist industry and the successes and failures both of the industry itself and of Bord Fáilte which cares for it so diligently.

I think, on the other hand, it would be fair to suggest that, in spite of all that is said about tourism, the state of the industry is so complex that at any given time it would be extremely difficult to answer categorically all the questions that might be asked about it. Could one say in respect, for example, of the year 1965 or even the year 1972 why precisely our visitors came, what they wanted in Ireland and if they were catered for in the right way. How could they be classified as regards taste and income level? Were they arriving (or, perhaps failing to arrive) because of short-term vogues or long-term attitudes.

Considering all the questions that might be asked about tourism and the possibility that they would yield rewarding answers, it is rather sad to think that Mr O'Hagan's penetrative work has served mainly to highlight the difficulties of finding adequate statistical information on tourism. But over all this hangs another intriguing question and that is whether possession of all the answers to the questions I have posed would enable us to take all the right decisions. In this regard we may turn to Mr O'Hagan's other findings which show that in spite of several factors which were seriously adverse, or thought to be so, our tourist industry has maintained, fairly consistently, a satisfactory performance. This being so, can the existence of a large number of unanswered questions be all that serious a problem and can we have continuing success on the basis of the existing

data and the skill and intuition of those concerned in the industry and at the public level? I fully appreciate that improvements in statistics are desirable. As we are moving over to a programmed budgeting system, and if resources are to be allocated to best advantage, output measurements must rank highly, as they will provide the justification for the allocation of resources, or in other terms, the taking of the decisions which will control future thinking and basic attitudes. Nevertheless, I would like to hear some discussion on the merits of having more data against the successes obtained to date with limited data. Perhaps, in the discussion now about to take place someone might take up that point.

As regards this discussion, I hope Mr O'Hagan will be able to develop, even in outline, that tantalising paragraph in which he says that there have been smaller findings which may prove to be of more use than those he specifically mentions. I would also like to ask if, while Mr O'Hagan was engaged in his work, he came to any conclusions about the nature and relative importance of domestic tourism and, since I have mentioned that particular topic, I would like to correct an impression thought to be widely held, but not, I must stress, given by Mr O'Hagan, that domestic tourism has been regarded as a poor relation. This impression is apparently based on the assumption that since Bord Fáilte puts so much stress on export tourism the domestic product is of little account. It is correct, as Mr O'Hagan points out, that present difficulties affecting export tourism have brought to the surface the importance of the domestic product. It is simply not correct, and indeed contrary to observed fact, that the domestic product has ever been anything less than important in earlier years.

I mention, for amusement only, a small instance of statistical difficulty which I got, on fairly good authority, some months ago. It is that in one European country with an appreciable tourist industry the export tourism receipts are a fixed derivative of foreign exchange earnings. Therefore, if earnings in the money market are good, tourism income is automatically adjusted upwards so that as well as invisible receipts there are also, apparently, invisible tourists.

I would like to remark on one or two legislative points made by Mr O'Hagan. While in the EEC there is provision for increasing the duty free allowances of travellers, this is linked with a proposal, which is still under discussion, for the abolition of the existing excise duty concessions on spirits, tobacco, etc. To expand what Mr O'Hagan has said, I would also like to mention, very briefly, some of the tourist legislation which preceded the 1952 Act. The first tentative measure, as far as I know, was a Local Government Act of 1925 which allowed local authorities, when striking the rate, to raise moneys for advertising their health or pleasure resorts, or to contribute to an approved association formed for the purpose of advertising Irish tourist centres. It was this measure which led to the formation in 1925 of the Irish Tourist Association which, with some bolstering by the Tourist Traffic (Development) Act, 1931, remained until 1939 as the only organised body for promoting Irish tourism. What is of interest about the 1939 Act is that the Irish Tourist Board which that Act established, had available for the discharge of a very long list of functions

a maximum annual grant of £45,000 and provision for repayable advances up to £600,000 for works of a profit earning character.

Bord Fáilte's grant-in-aid for the current year is £5.5 million and almost £3 million more is provided for various development works. Factors other than changes in money values have obviously been at work on the small exploratory venture of 1939. The present magnitude of the industry is a measure of the task Mr O'Hagan set himself and also of the thanks which are due to him.

Stephen Dewar: It is my pleasure to propose a vote of thanks to Mr O'Hagan for his stimulating paper. In recent times there has been evidence of a growing interest in tourism by economists and econometricians and tonight's paper is a valuable contribution in this field.

Mr O'Hagan has divided his presentation into four sections and I would like to make a few comments on each. First, he discusses definitional and data problems. I am in broad agreement with the views expressed here and I think it is well worth repeating the point that US expenditure can be misrepresented—especially by the Central Bank reporting methods—due to the use of dollars as an international currency by non-American tourists. An analogous argument applies even more to British expenditure in Ireland. Apart from British tourists themselves, very high numbers of foreign tourists arrive in Ireland after a stay in Britain and, consequently, in the common currency situation that prevails, there is a high level of non-British tourists spending sterling. In short, the only reliable method of classifying expenditure by market areas is through sample surveys.

With regard to international agreements on definitions, I do not feel that a satisfactory situation will be attained in the short to medium term. Various bodies have met for years in attempts to classify matters and agree on definitions and the publication of the United Nations Conference on Trade and Development's "Guidelines for Tourism Statistics" last year is an encouraging sign. Nonetheless, international statistics on tourism still show a depressingly high degree of incompatibility.

The second section is concerned with the determinants of tourist numbers and their representation. No one would dispute Mr O'Hagan's specification of income and price as the major determinants and it is certainly correct to analyse marketing expenditure in relative terms rather than as actual amounts. International tourism is such a fiercely competitive business with promotional and advertising expenditure running, *in toto*, into thousands of millions of dollars by national tourist organisations, carriers and other public and private concerns, that much of it is inevitably of a "neutralising nature". Possibly there is a threshold level of expenditure above which the marginal return rapidly increases but this is purely a supposition.

With regard to disturbance factors, tourism more than any other major industry is highly sensitive to social and political instabilities, quite apart from international or domestic legislative and institutional factors. It is this sensitivity to variables which are not directly quantifiable which makes me question a little the practical usefulness of econometric models in

Ireland at present. While the use of dummy variables is the only feasible method to adopt to assess the effect of these disturbances to date, the uncertainty surrounding future developments makes predictive exercises heavily dependent on qualitative assumptions and, consequently, would in my view preclude the use of anything more sophisticated than fairly elementary extrapolation techniques for short to medium-term forecasts. This is not in any way intended as a criticism of the use of models for long-term purposes, and for identifying the nature and scale of macro-variables, but qualified reliance on the results is the best option.

Moving on to the third section—Trends and Performances—one of the more important points brought out by Mr O'Hagan is the fact that the comparative decline in export tourism receipts in Ireland started before the Northern Ireland troubles. The reasons for this are difficult to assess in terms of relative importance but they would include the erosion of the favourable price differential between Britain and Ireland by continuing inflation and the high impact of package tours on the British foreign holiday market—to such an extent that no less than 56 per cent of British foreign holidaymakers took packaged holidays in 1971, according to the most recent British National Travel Survey. This is a market that will have to be tapped. The need for this is reinforced by the figures we have heard tonight showing that rising proportion of tourism revenue that is accounted for by fares for transportation. It is essential that low cost access transport is developed to compete with the cheap package destinations.

Import tourism is a matter which until recent times has not been subjected to much study in Ireland and Mr O'Hagan's work in this field, is, therefore, of special value. The likelihood that imports have risen faster than exports is not too surprising since Ireland as a tourist destination is some years ahead of Ireland as a tourist generator—for obvious reasons.

I do not wish to take up a lot of time by commenting on the sections on individual markets so I will just state that I found them all most interesting. The statistical aspects are significant—I mean in the statistical as well as the general sense—and the arguments put forward in each case represent a sound and reasoned assessment of the situation. It is a shame that, as Mr O'Hagan points out, the data problems are such as to reduce the reliability of some of the figures used but, nonetheless, his constant awareness of this guarantees the avoidance of pitfalls which some statistical works fall into where qualifications regarding reliability are brushed aside in an attempt to produce definitive conclusions, however insubstantial their basis.

Finally, some comments on Mr O'Hagan's conclusions. It is a pity, I feel, that the Central Statistics Office whose responsibility it is to provide the official statistics concerning tourism numbers and revenue does not have the resources—financial and human—to set up a section solely concerned with this field. At present, it is subsumed as one item in the Balance of Payments. Should such an innovation take place it would be warmly welcomed by Bord Fáilte. At present Bord Fáilte provides what are technically—in a statutory sense—estimates at the end of each year

and these are not "corrected" to the official figures until many months later.

There is scope for further improvements too, in that both Bord Fáilte and the Central Statistics Office carry out passenger surveys and while much of the information required by Bord Fáilte is superfluous to the CSO's requirements, there is no doubt considerable scope for co-operation. In fact, this argument applies to other fields of tourism statistics (such as hotel and guesthouse occupancies) but these are beyond the scope of tonight's discussion. Returning to the Passenger Card Inquiry, it is regrettable again that the breakdowns are given by route of entry rather than area of permanent residence (as in Bord Fáilte's Survey of Travellers) and also that there is no distinction between under and over one day visitors. It is only fair to repeat that these deficiencies reflect the understaffing of the CSO and not, of course, their competence but should the additional resources not be made available to the CSO then indeed I would agree with Mr O'Hagan that consideration should be given to handing over responsibility for collection to Bord Fáilte which may, by its nature, be in a better position to obtain the necessary additional resources.

I am fully in agreement with Mr O'Hagan's optimism concerning Ireland's likely rapid return to normal with the return of normality to Northern Ireland and totally support his assertion of the need for "continuous level headed" research. Mr O'Hagan has already established himself as an economist with expert knowledge of tourism in Ireland in his earlier paper with Mr Barry "An Econometric Study of British Tourist Expenditure in Ireland". Tonight's paper confirms and reinforces this assessment, and I look forward to seeing more work of a similar high standard in the future.

Mr J. B. Broderick: I would like to join the other speakers in congratulating Mr O'Hagan on an excellent comprehensive paper on the subject of Travel and Tourism. It is obvious that the paper has been well researched and it will be very useful to any person wanting to know the present position about statistics of tourism in Ireland.

I will confine my remarks to a few points in connection with the quality of the statistics. First, let me say that we are well aware of certain deficiencies and shortcomings in Irish tourist statistics to which Mr O'Hagan has drawn attention. As the author points out the data in other countries are also deficient in many respects. CSO of course are most anxious to do everything to improve the data as quickly as possible. We had planned a comprehensive random sampling scheme, to be operated, in collaboration with Department of Trade and Industry in London, at the road-crossings on the northern border of the State. However, the situation in Northern Ireland has precluded the possibility of introducing this scheme at present. On another occasion about ten years ago we had planned to introduce the passenger card inquiry at Shannon Airport but we were unable to obtain the co-operation of the principal American companies and our plans had to be shelved.

I certainly share Mr O'Hagan's view that an examination as to how visitor statistics can be improved is needed. I do not feel, however, that CSO could agree to a complete takeover of such statistics by Bord Fáilte. We have a very great interest in the over-all inflow and outflow from tourism and travel as recorded in the Balance of Payments and I feel it is very unlikely that the Office would agree to these estimates being made by Bord Fáilte or, indeed, other organisations. A further difficulty is that Bord Fáilte is primarily interested in the inward flow from tourism and travel. However, there are fields where perhaps it would be appropriate for Bord Fáilte to compile statistics—for example, statistics of hotel bookings, length of stay in hotels, etc. Certainly, this could be seriously considered and perhaps elsewhere the work done by CSO and Bord Fáilte could be brought closer together and integrated for greater efficiency.

Turning to one or two specific points in the paper, I am not clear what footnote 12 is intended to convey. If we knew the number of persons coming from different countries then, of course, we could correct for bias in expenditure from the cause stated. But, in fact, we have to use the passenger card inquiry to estimate the numbers of persons coming from European countries and, therefore, I am not clear how we could correct the bias. To do so would I think require a random sampling scheme in operation.

A second small point is footnote 42, should the 27 per cent refer to numbers of visits rather than to numbers of persons? Some persons may go more than once to Britain each year and therefore the percentage of the population visiting Britain would of course be less than 27 per cent.

One final point, one of the other speakers said that he thought for the purpose of forecasting a simple method of forecasting, based more on intuition, would give better results than an elaborate mathematical technique. I think I would agree with this point of view as there are so many disturbances which can occur such as the troubles in the North, sudden changes in the economic situation, etc., that, for short-term forecasting at any rate, a simple intuitive method might be preferable to one employing more sophisticated mathematical techniques.

In general, I can say that I agree with almost everything that the author has said in this paper and once again I would like to congratulate him on what will, I think, become an authoritative piece of work on this interesting subject.

Thomas P. Ferris: I would like to join the other speakers in complimenting Mr O'Hagan on his particularly interesting paper regarding visitor trends and determinants. This paper will, quite evidently, be of significant value not only for Bord Fáilte Eireann but also for the air and sea carriers, and for the accommodation industry in Ireland. Having listened to Mr O'Hagan's paper there are three points I would like to make.

1. The examination of trends in visitor receipts and expenditure has been carried out in terms of deflated value series. This methodology is certainly essential in order to record the real change in receipts and expenditure over a period of time. Such measurement of the real change in

visitor receipts/expenditure provides the tourist industry with better statistics and thereby should help in the forecasting of future developments of the industry.

2. In analysing Export tourism via Great Britain, Mr O'Hagan in Table 3.10 of his paper highlights some very interesting statistics. For while in terms of numbers there has been a steady increase up to 1970, yet in terms of average length of stay there has been a decline over the period 1956 to 1970. Even more significant is the plateau level which has been reached in terms of average expenditure *per diem* (£'s at 1963 prices). These different trends within export tourism reinforce the necessity for examination of the many tourism constituents in order to appreciate the over-all impact of tourist receipts and expenditure on the national economy.

3. Under Trades and Performance for the US Market, Mr O'Hagan discusses tourism expenditure and presents estimates of the number of Irish residents visiting the US. He states that the estimates indicate that: . . . numbers have increased much faster than expenditure . . . probably reflecting the impact of the charter inclusive tour for students in the summer months, as the average expenditure would be relatively low for this category of traveller.

From this one might speculate, somewhat frivolously, that with the success of marketing domestic tourism with regard to non-students, the vast bulk of Irish residents visiting the US might be students going to work for the summer holidays. Hence, the revenue impact of such US visits for the Irish economy *might* be "negative expenditure", i.e. foreign US holiday earnings by Irish Students exceeding their holiday expenses and so yielding invisible receipts for the Irish economy!

Liam St. J. Devlin: I am very pleased to second this vote of thanks to Mr John O'Hagan for his excellent paper. He has presented his thesis in a logical and concise fashion and he has drawn together in one paper information which is essential for the forward planning and development of the Irish Tourist Industry. In collating this information Mr O'Hagan has performed a national service and I have no doubt but that it will stimulate the scientific approach to the expansion of tourist receipts.

The fundamental part of the paper is the discussion and analysis of current definitional and data problems. The United Nations definition of a visitor, quoted by Mr O'Hagan, is still valid and acceptable and it is interesting to note that this definition is a refinement of an earlier definition formulated in 1937 by the League of Nations. As he so rightly points out the real problem occurs when having structured a definition one tries to ensure the availability of statistical data to fit the definition. In this context I came across a typical statistical anomaly in a recent EIU Report which considered tourism in the context of tourism for the United Kingdom to France. In 1963 a figure of 1.63 million was calculated by the Commissariat General au Tourisme (CGT) Paris. This figure was based on the number of frontier crossings. It contrasted sharply with a figure of .86 million issued by the Regional Tourism Committees based on a collection of land frontier entry/departure cards and sampling. The discrepancy of

over 7 million was caused largely by the multiple counting of UK travellers motoring across France. These travellers crossed two or more frontiers on their way out and back.

The point which emerges from this example, is the necessity for consistency, not only in definition but also in statistical aggregation. It is encouraging to note that the Tourism Committee of the OECD has recently recommended that a uniform survey method should be used in order to obtain data that would be generally comparable.

In dealing with the determinants of tourist numbers and their representation, Mr O'Hagan refers to two factors; tourist numbers and average expenditure. This breakdown of statistics underlines the need for co-ordination in designing surveys. For example, transporters, be they sea or air carriers, will in their data collection be primarily concerned with numbers. On the other hand, national interests will be interested in average expenditure as well as numbers.

It was interesting to see the application of "income elasticities" in the calculation of real *per capita* expenditure on foreign travel with respect to income. In the B+I we have effectively used "import elasticities" based on GNP in projecting freight trends and it is encouraging to see the opportunity for application of similar techniques in the projection of visitor trends.

Mr O'Hagan has offered acceptable explanations of anomalies and this leads me to the practical realities of tourism and the expansion of the industry. It is a comparatively easy exercise to explain historical anomalies but it requires psychic powers to anticipate future anomalies and to plan to benefit from such anomalies.

While I agree and naturally support the scientific method one must not ignore the unquantifiable influences which are stimulated by promise of commercial success. One of these influences is the entrepreneurial factor. Demand can not be quantified only in terms of services sold. One must take account of frustrated demand as well as the opportunity of exploiting a novelty appeal. To me as an operator the market to be attacked is the area revealed by Mr O'Hagan wherein 86 per cent of all holidays taken by British Residents were domestic holidays.

In planning for the development of the industry there is a need for a dual approach, the scientific and the entrepreneurial; by this I mean that the Statistician and the Innovator must work together to exploit, if not to manufacture, the opportunities.

In this context it is interesting to note that in the early part of this year the projections for B+I carryings, of cars and passengers indicated a reduction of 40 per cent on the 1971 figures. This outlook called for innovation on the part of the marketing force and as a result of their efforts it is now evident that the total B+I car carryings for 1972 will only be 5 per cent short of the 1971 figures.

This is not to say that the original projections were wrong but rather does it underline that statistics are the tool of management and not the master of management. In the same way, if "disturbance factors" could affect projections in a negative way, it is my belief that disturbance factors

could be used to bring about positive changes and thus improve expectations.

In conclusion, I agree with Mr O'Hagan that steps should be taken immediately to co-ordinate all visitors statistics in our own country and in doing this we should use as a base the whole of the Island. The Transport Companies have a major interest in the expansion of the industry and while very often statistics collected by individual enterprises are concealed for commercial reasons we will have to be more open in the future and be prepared to co-operate first on a national basis and later on an international basis in exchanging basic tourist data. Mr O'Hagan has given an excellent example this evening of the Scientist contributing to the expansion of knowledge and I can promise the full co-operation of the B+I in supporting an extension of surveys and a co-ordination of information.