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**TOURIST DEMAND PROJECTIONS AND ITS
IMPLICATIONS ON TOURISM DEVELOPMENT IN LEBANON**

BY

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A Thesis

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PART A

INTRODUCTION

Tourism is an important source of foreign exchange for a host country. A number of countries have come to the point of earning over 10 per cent of their foreign currency from tourism.¹ Underdeveloped countries rely greatly on tourism for their supply of foreign exchange. The potential facilities of tourism in underdeveloped countries are probably underutilized and hence there is need for substantial effort to further develop them. International Organizations have shown increased willingness to assist tourism development. The United Nations designated 1967 as International Tourist Year "with special emphasis on promoting tourism in underdeveloped countries." In its 1967-68 program, the United Nations has included a total of 47 tourist projects.²

¹"Tourism as an export Industry" Development Digest, Vol. V. No. 2, July 1967, p. 49.

²Ibid., p. 49.

In view of this general interest in tourism many development plans have included it in their programs. Where tourism is an important element in the national development plan, the government has taken a direct role in its management. A discussion of whether the government should have a direct role or should remain only as a regulator is not within the scope of this study. Research in tourism is essential, whether it is the government or private enterprise that assumes the task of its development. Unfortunately, however, this fact has not been recognized so far. The national program should be based on estimates of anticipated receipts from the tourism sector, assuming certain projections of demand and overall levels of investment.

The main purpose of this study is to construct an econometric model of tourist demand for Lebanon. An econometric model has three aspects (1) Its economic content (2) Its mathematical structure (3) Its statistical properties.³ The first part of the study has

³Michael J. Brennan, Preface to Econometrics (New York: South-Western Publishing Company), p. 172.

been divided along these lines. In the first chapter the economic content of the model was developed. Hereby, a hypothesis stated that tourist demand is a function of several variables. The basis of introducing these determinants has been an extrapolation of economic theory and logic. A mathematical structure of the model is thereby proposed. In the second chapter the statistical properties of the model were examined and data collected for Lebanon analyzed. The variables hypothesized to explain tourist demand were classified according to their importance. The last part of this chapter covers a projection of tourist demand for 1972.

The second part aims at making the findings of the model useful. Proceeding with this aim in mind the third chapter presents an inventory of the touristic assets of Lebanon. Information about the number of visitors to touristic sites is presented, the hotel statistics such as number, per cent increase and rate of occupancy are given through tables. In the fourth chapter the aims of tourist development in general

are stated and ways of making the model useful in achieving these aims are suggested.

The findings of the first part of the study are limited by the usual handicaps faced by a researcher in an underdeveloped country. The model is a limited tool in helping Lebanon achieve its aims of tourist development. To make suggestions for tourism development, feasibility studies of a number of specific projects and extensive market research are necessary. Nevertheless the study can be the basis of initiating a full scale tourism development plan.

CHAPTER I

A MODEL OF THE DEMAND FOR TOURISM

A. Methodology

1. General Nature of the Model

Basically a demand model connotes a relationship between a dependent variable and a set of independent variables. The independent variables determine demand. The determinants of tourist demand can be divided into three broad groups.¹ One group of variables is connected with the nature of tourism another set is associated with the tourists, i.e., the users of the tourism commodity: a third set of variables are the confounding variables, those that cannot be quantified and specified but they must be considered as part of the relationship.

¹Bo Bjorkman, "Market Studies in the Field of International Tourist Traffic", The Tourist Review, Oct./Dec. No. 4, 1962, p. 111.

There are two areas in a demand analysis that need study. One is connected with the characteristics of the consumer and the other with the characteristics of the commodity. The aim of this study is to try to find out what characteristics of the consumer are relevant to his purchase of the commodity and what characteristics of the commodity are relevant to its being purchased. In this chapter, a listing of many characteristics of tourism (commodity) and the tourist (the consumer) are done. Later, those characteristics that are classified theoretically as determinants of tourism but which cannot be quantified and incorporated into the model are eliminated. Besides the variables representing the characteristics of the consumer and the commodity, the confounding variables will be listed but they will not be part of the model.

The econometric model for the demand of tourism developed in this study has elements of a gravitational model of marketing.²

²L.J. "The Gravitational Model - A Tool for Travel Market Analyses", The Tourist Review, July No. 4, 1965, p. 110.

2. The Measurement Unit to be Used for Tourist Demand.

The demand for tourism may be measured by person visits, tourist day use of the country, and group visits. There are administrative advantages and disadvantages connected with each type of measure.³ Person visit has been chosen as a measurement because of two reasons. First, because expenditures or tourist benefits, and costs are related to the number of persons, and second, because the data are available as such.

3. Determinants of Tourist Demand.

(a) Determinants connected with the commodity of Tourism.

Tourism is an economic commodity; that is, it implies satisfaction of a need. The satisfaction of this need is achieved through travel. Quoting a french author "to be a tourist, is to go somewhere."⁴

³J.V. Nijkerk, "Problems du Marche Touristique", The Tourist Review, July/Sept., 1967, p. 103.

⁴A.J. Norval, The Tourist Industry (London: Sir Isaac Pitman and Sons Ltd., 1936), p. 15.

The history of travel may be traced to the remotest times in human history and its origin to some individual human need. According to Stradner, man's wanderlust is but the remnants of an ancient habit which has been handed down to man by successive generations of nomadic ancestors through the ages.⁵ Psychologically G.C. Jung has proved that the desire of evasion, the want for great adventure, the voyage towards new horizons are installed in human nature.⁶ There is no need to go further into the origin of travel.

Tourism as an economic commodity can be broken down into five phases. By analyzing each of the phases the determinant of each may be easily pointed out. If these determinants are measurable they will be incorporated into the model. (1) the first phase is the anticipation of the experience of tourism. Here the potential tourist prepares himself for the experience he is about to go through. This anticipation in itself may give some satisfaction. It may be

⁵Ibid., p. 16.

⁶K. Krapf, "Les Caracteres Generaux de la Consommation Touristique", The Tourist Review, April/June, 1962, p. 52.

assumed to be a first return for the costs which the traveller is going to incur as a result of his decision to travel for pleasure. (2) The second phase of the tourism experience is travel to the touristic destination. The source of enjoyment of the traveller lies in his use of transport as an economic commodity. (3) The third phase of the experience is participation in touristic activities in the visited country. These activities include, tours to touristic sites, enjoyment of recreational facilities, and various other entertainments. Also, local purchases, food and accomodation are part of these activities. (4) The fourth phase is similar to phase two as it is the return travel enjoyment. The degree of satisfaction from this phase will differ from the second when the return mode of travel is different. (5) The fifth phase of the experience is the recollection of the tourist after he has returned to his home. Besides these five phases the tourist usually gets the last utility of the money he has spent on tourism by having himself differentiated in society as a travelled man, an experience which gives tourism a "Snob-appeal."⁷ A further analysis of tourism as

⁷K. Krapf, The Tourist Review, April/June, 1962, p. 53.

an economic commodity would involve a knowledge of the characteristics that interest its users.

1. Anticipation of the Tourism Experience:

Though the need of travel is instinctive, still it can be stimulated. Thus, the more people become aware of the existence of a touristic country, the more will be their urge to see it. There have been many studies which show that the effect of tourist publicity encouraging the use of a larger part of an individual's income for travel and holidays abroad has not been unsuccessful.⁸ If the effect of advertising is related to its expenditures, then the amount of money spent on advertisements in foreign countries is a convenient variable. This is quantifiable, since it is possible to calculate the total amount spent for advertisements.

Beside advertising, there are some indirect means of publicity such as "Word of Mouth". Here, there is a feedback in the sense that the more people visit

⁸C.C. Kasper, "The Interdependence of Tourism and Transport and its Repurcussions," The Tourist Review, Oct/Dec., 1967, p. 161.

to a country, the more will be the publicity generated. All such indirect means, i.e. word of mouth, feelings, etc... cannot be quantified, and hence are left out of the model.

2. Travel to the Touristic Country:

The 29th IUOTO (International Union of Official Travel Organizations) General Assembly in October 1965 adopted a resolution concerning the general policy of IUOTO in the fields of facilitation, research, development and promotion of tourism. In this resolution several recommendations were made. These recognized that "transport, both public and private, constitutes an important element of tourism." When transportation is considered, two elements must be dealt with: Distance, and cost of travel. The latter is primarily a function of distance between the country of origin and the destination.⁹ For cost of travel air fares will be taken, since the majority of the tourists travel by

⁹K. Krapf, "L'importance du Cout des Transports dans les Depenses Globales des Touristes", The Tourist Review, July/Sept., 1955, p. 133.

air and these are more determinate and regulated.¹⁰
Some variables connected with transport, such as speed, points of stops, service, etc. . . are important in the enjoyment of travel to the touristic country, yet it is impracticable to quantify them.

3. Participation of the Tourist in Touristic Activities:

The third component of tourism is participation of the tourist in the touristic activities of the country. These activities can be divided into two parts. First, the basic activities, comprising accomodation, food and local transportation. These have been called basic activities in the sense that all tourists must take part in them at least to a minimum degree. Second, the non-basic activities, comprising entertainment, sight seeing, and souvenir shopping. Assuming that the tourist is travelling only for enjoyment, it is expected from him to purchase a basket of the basic and the non-basics at the same time. The higher the "cost of

¹⁰Interview with Dr. Pierre Gouya 7/3/67.
Director General of Statistical Division of National Council of Tourism.

tourist living" the fewer will the number of tourists visiting the respective country.

There also are other variables associated with the tourist's participation in the activities of the country but they have been left out of the model due to their non-quantifiable nature. An example of the latter is the hospitality of the people in the host country. Generally, the more they are tourist conscious, the more will the tourist enjoy his stay, and the longer will his stay be.

5. Recollection of the Tourism Experience

Though the determinants of this phase are dependent to a large degree on the characteristics of the tourist himself, still the product has a great influence. If during his tour the tourist has been exposed to experiences which can be associated with pleasant memories, like festivals, athletic events, etc. . . , his recollections will be favorable. These would also include general hospitality, courtesy of responsible officials, ease of entry and less cumbersome formalities of any sort.

Every country has unique attractions and facilities which form the elements of the recollections of the tourist. The greater the number of such attractions and the stronger their influence, the greater will their impact be in attracting new tourists. However, to include such a characteristic of the commodity in the model for tourist demand would be extremely difficult.

No quantifiable variable has been designated for the recollection of the tourist. Consequently this part of the tourism experience has also been excluded from the model.

(b) Determinants Connected with the Consumer of Tourism.

Since this study is trying to make an estimate of the number of tourists, it is worthwhile to define a "tourist". The statistics used in this study are compiled according to the following definitions :

1. A person travelling for pleasure, for domestic reasons, for health, etc.

2. A person travelling to meetings, or in a representative capacity of any kind (scientific, administrative, diplomatic, religious, athletic, etc...)

3. A person travelling for business purposes.

4. A person who arrives in the course of a sea cruise even when he stays less than 24 hours.¹¹

The number of tourists, as to country of origin, has been used as the unit of observation. Visitation data and data for other variables are available by country of origin.

The characteristics of the tourist that affect his consumption of tourism can be divided into two categories: one category includes the characteristics of the country where a tourist comes from; such as, per capita income in the country of origin, the population and the distribution of this population among urban and non-urban areas. The second category consists of the personal characteristics of the tourist

¹¹Appendix to the Report of the Committee of Statistical Experts of the League of Nations, Jan. 1937.

which make him a certain type of a consumer of tourism. It includes the consumer's religion, race, national traits, travel habits, social value of travel, frugality of character, etc.. The latter being extremely difficult to quantify have been left out of the model.

(1) Per Capita Income:

In the past only highly privileged classes could afford international travel and cruises. Nowadays, tourism has become a mass phenomenon, and, yet, the higher the per capita income of a country the greater will the potentiality of that country be to export tourists. Thus, the per capita income in the country of origin is directly related to the export of tourists from that country.¹²

This statement is supported by the fact that the higher the per capita income, the more developed a country is, hence, shorter working hours, more paid vacations and a greater interest in holidays abroad are found. The distribution of per capita income also shapes the pattern of tourist export from a country.

¹²K. Krapf, The Tourist Review, p. 50.

If wealth is concentrated among the few, then that country would probably provide fewer tourists, but richer ones, who will stay for longer periods. In those countries where wealth is more evenly distributed, a greater number of tourists are expected but with limited expenditures in the visited country.

(2) Population:

The greater the population of a country is, the greater will the anticipated number of visitors from that country be. A positive correlation has been established between population and the number of recorded visits to recreational areas in studies done in the United States.¹³

(3) Urban Conglomeration:

It is believed that people living in rural areas have less tendency to travel than those who live in urban areas. A chronicler of contemporary life says that man has made himself a slave of the paved

¹³Crampon, The Tourist Review, p. 131.

cities.¹⁴ That is, the urban dweller looks forward to going abroad for recreation. Thus, whenever a city dweller is given the opportunity and enough income to afford to travel he will do so.

With development and consequent industrialization, the urban population of countries grow. With this growth their tourist exporting capacity increases. Moreover, the average per capita income of an urban dweller is generally higher than that of his rural counterpart.

(4) Education:

As in the consumption of any other commodity, education is a characteristic of the consumer that determines his consumption pattern of tourism. Professor Bjorkman mentions that an individual's attitude towards travelling seems to be affected by social mobility, cultural interests, ethnocentrism and social life.¹⁵ All of these are factors difficult to quantify

¹⁴Walter Lipman, Newsweek, Vol. XII, No. 12, 1968, p. 31.

¹⁵Bjorkman, The Tourist Review, p. 113.

and incorporate into a model.

(5) Age

In a study conducted by the French "Commissariat General au Tourisme" in 1962, it was found that the younger aged group forms a larger percentage of tourists.¹⁶ Moreover, it was noted that this tendency is increasing. However, this aspect has been left out of the model because of insufficient data.

Among the personal characteristics of the tourist that influence his consumption of tourism are physical and moral health. In order to preserve his physical health an individual may need changes in climate at regular intervals. Dissatisfactions, frustrations and disappointments in relationships with others may create a desire to do away with the hubbub of everyday life.¹⁷

¹⁶M.A. Rieffel, "En France La Notion de Tourisme Social Fait Place a Celle de Tourisme Pour Tous", The Tourist Review, Oct./Dec., 1964, p. 42.

¹⁷Bjorkman, The Tourist Review, p. 115.

Such characteristics, although pertinent to the kind of trips an individual takes, cannot be incorporated into the model.

4. Confounding Variables as Determinants of Tourism.

There are some independent factors that affect tourism but which cannot be classified with tourism or with the tourist, hence, they must be treated separately. Such factors include political stability in the tourist receiving and/or tourist exporting country.

Another confounding variable is the tourist fashion, i.e. the theme of the travel. For the past ten years the main theme of tourists has been the "craze for sun". However, this is highly subject to fluctuations and, hence, cannot be incorporated into the model.

Other factors which might have a slight bearings on tourism from a country and which have been left out of the model are:

- (1) Linguistic difficulties of the tourists,
- (2) safety risks, (3) irregularities of various sorts,

(4) traffic restrictions and regulations, (5) international trade, and (6) foreign relations.

B. The Proposed Mathematical Structure
of the Model

The proposed mathematical structure of the model is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$$

where:

- Y = the number of tourists visiting to Lebanon
- X₁ = Air fare (Round Trip) between Lebanon and country of origin of tourist.
- X₂ = Per Capita income in the country of origin of tourist.
- X₃ = Per diem cost of living of tourist in Lebanon
- X₄ = Population in the country of origin of tourist.
- X₅ = Per cent of population in the country of origin of tourist living in cities of 100,000 inhabitants or more. This variable is also called the Urbanization rate.
- X₆ = Advertising expenditures for Lebanon in the country of origin of tourist.

In this equation:

a is the constant

b₁ . . . b₆ are the parameters determining the relative importance of the incorporated determinants.

CHAPTER II

APPLICATION OF THE MODEL ON EMPERICAL DATA

A. Estimation of the Parameters.

Data were collected for each of the six independent variables hypothesized to explain tourist demand. Data were available for seven years only.

(See Appendix I)

Multiple regression analysis was done on the data to estimate the parameters. In order to remove the effect of large magnitudes on small ones, the standard scores of the data were used. For each variable the mean was found and used in the following formula:

Standard Score = $\frac{X_i - \bar{X}_i}{\sigma_i}$ where σ_i is the standard deviation of the variable X_i . Regression analysis was used on the aggregate data and not on each of the countries because there were seven observations for

each country of origin and the model itself has seven variables. Mathematically this situation results in a perfect correlation which leads into incorrect results.

The application of the least squares method on data of all 25 countries from which Lebanon receives tourists yielded parameter estimates that made little sense. As a matter of fact some regression coefficients had signs and magnitudes that were not in line with economic theory. Before rejecting the data or the hypothesis it was decided to divide the data into two parts, with the thought that may be the variables determining the Arab tourist traffic were not the same as the variables determining non-Arab tourist traffic. Hence data of non-Arab countries was analyzed separately from data of Arab countries.

The results obtained after this division were as expected or hypothesized for the non-Arab countries but again not in line with economic theory for the Arab countries. This proved the hypothesis that the Arab countries should be treated separately both when analyzing determinants of tourism and when making projections. In table form, the results for the non-Arabic speaking countries were as follows

TABLE 1
REGRESSION OF NUMBER OF TOURISTS TO LEBANON BY
AGGREGATE COUNTRY OF ORIGIN ON SIX INDEPENDENT VARIABLES
NON-ARAB COUNTRIES

Constant	Air Fare	Per Capita Income	Tourist Cost of Living	Popula- tion	Urbaniza- tion	Adver- tise- ment	R ²	R
a	b ₁	b ₂	b ₃	b ₄	b ₅	b ₆		
-.62158	-.03225	.80637	.65310	.05985	.06306	.9477	.75	.86
	(.02132) ^m	(.48851)	(.13679)	(.09779)	(.03464)	(.33733)	.41 ⁿ	

^mFigures in paranthesis are partial correlation coefficients.

ⁿStandard error of estimate.

Source:

From Data in Appendix I.

Replacing the unknown parameters and constant in the proposed mathematical structure the model takes the following form:

$$Y = -.621 - .032X_1 + .806X_2 + .653X_3 + .059X_4 + .063X_5 + .947X_6$$

B. Interpretation of R^2 .

The coefficient of multiple determination was .756 which means that the chosen variables have reduced the error of estimation by 75% i.e. they have improved the ability of the model to explain the demand for tourism for Lebanon from non-Arab countries by 75%. There are still other variables which were not accounted for in our model that would cause estimation to err as much as 25%. The unexplained variation between the actual parameters and the estimated coefficients of partial regression that needs to be explained is about 25%.

C. Interpretation of the Standard Error of Estimate.

The standard error of estimate of .41 is relatively high when compared with the various partial regression coefficients. It is, sometimes, smaller than some and larger than others.

D. Interpretation of the Partial Regression Coefficients and the Partial Correlation Coefficients.

General Considerations.

1. The Partial Regression Coefficients (the b's) are intended to specify changes in the dependent variable per unit change in each of the independent variables, when the other independent variables are held constant.¹

2. The Partial Correlation Coefficients (the r's) are intended to determine the correlation between the dependent factor and each of the several independent factors, while eliminating any linear tendency of the remaining independent factors that obscure the relations.²

Specific Consideration of the Six Independent Variables.

(a) Air fare as a Tourist Demand Determinant.

1. The partial regression $b_1 = -.0322$ implies that a decrease of 1 per cent in Air fares will result in an increase of the number of tourists coming from a particular country by .03 of a per cent.

¹William I. Greenwald, Statistics for Economics (Ohio: Charles E. Merrill Books Inc., Columbus, Ohio), p. 131.

²Mordecori Ezekiel. Methods of Correlation Analysis (New York: John Wiley & Sons 1930), p. 179.

The negative sign of the b is in accordance with the hypothesized view that an increase in the cost of travel has an adverse effect on the number of tourists anticipated. Consideration of the magnitude of the relationship has a revealing point. The effect of the air cost factor might have been greater had two or more countries been considered, having all other things equal except the air fare between them. Since the countries dealt with have different per capita incomes and different populations, and Lebanon's advertising expenditures differs in each, the air cost factor seems to be reduced. People in general expect travel cost to have a much more direct relationship. The implications of this finding can be extremely important for tariff establishment and review of air fares in international conferences. Actually in 1969 the International Association of Travel Agencies (I.A.T.A.) scheduled to hold a conference to discuss the reduction of air fares on the majority of established air routes. A more general study could be done and if it is again established that the relationship between air fare and the number of tourists is as small as it is in the case of Lebanon, then this would serve as a guideline. At least, Lebanon would not be too optimistic if a mild reduction in

rates is decided upon, to increase the number of tourists coming to Lebanon.

2. The partial correlation coefficient $r_1 = .021$ for air fare indicates that explanation of tourist demand was improved by the inclusion of this variable. To see this point let it be assumed that V =Variation left unexplained before the new variable is introduced. D =Difference between variation left unexplained before the new variable was introduced and the variation left unexplained after the addition of the new variable.

$$r^2 = \frac{D}{V} = .00441$$

If the same results could be established for other countries as well, then it is evident that cost of travel is not a significantly appropriate variable to be considered in determining tourist demand.

(b) Per Capita income in Country of Origin as Tourist Determinant.

1. The positive sign of the partial regression coefficient of per capita income indicates that there is a direct relationship between the number of tourists who

come to Lebanon and the per capita income in the country of origin of the tourist. This form of relationship supports the hypothesis that the richer the country is, the greater will its tendency be to export tourists.

The b_2 of .806 implies that an increase of 1 per cent in the per capita income of a country might increase the number of tourists coming from that country by .80 of one per cent. This relationship is substantial.

The variable is a major independent determinant that touristic countries are not able to influence. Lebanon cannot possibly take any action in its policies to vary the per capita income of the countries that export tourists. However, the usefulness of this finding lies in the fact that in case of an improvement in the general standard of living of a certain country, Lebanon might direct its attention toward it so as to attract more tourists.

2. As it is apparent from the partial coefficient of correlation of $r_2 = .488$ the introduction of this independent variable has greatly enhanced the value of the model. This substantial result further supports the

hypothesis that the per capita income variable is important and it must be definitely included in the model to reduce the error of variation of the variable and estimation.

(c) Tourist Cost of Living in Lebanon as a Tourist Demand Determinant.

1. The positive sign of the regression coefficient for tourist cost of living might seem puzzling at first. Logically and according to economic rationale the higher the tourist cost of living in the recipient country the less should be the number of tourists visiting that country. However, if the tourist cost of living in a country is increasing at a rate less than that of the home country of the tourist or that of a competitive host country then the number of tourists visiting that country will not decrease. In fact this is what has occurred in the case of Lebanon. This statement is based on the indices obtained in Appendix I.

Another possible interpretation of the puzzling sign of the cost of living can be that the importance of this determinant has been overridden by the impact of other determinants that have attracted tourists to Lebanon.

Such determinants might be the inclusive tours that reduce considerably the tourist cost of living. Also some non-quantifiable factors that affect tourism are the hospitality of the people, scenic beauty of the country etc.

(d) Population in the Country of Origin of the Tourist as a Tourist Demand Determinant.

1. Ceteris Paribus the larger the population of a country the greater the number of tourists coming from that country is expected to be. The positive partial regression proves this fact. The relatively low value of .059 of the coefficient can be interpreted in several ways. The most obvious explanation is that, in the countries considered, other things are not equal. Some countries have larger populations but their per capita income being relatively low, they cannot contribute much to tourism in Lebanon. Also in such countries the rate of increase of the population is the greatest and the level of education is low.

2. The partial correlation coefficient of $r_4 = .034$ tells that the introduction of this variable is helpful in explaining the demand for tourism. This variable

however, is not substantially useful in the model.

(e) Urbanization as a Tourist Demand Determinant.

1. This variable has a positive sign supported by the hypothesis that the Urban dweller has a greater desire to travel than the non-urban one. The magnitude of the partial regression coefficient is not big, yet for this variable it might be assumed to be significant. Statistics indicate that all nations are becoming increasingly urbanized. The implication of this fact on touristic countries is clear. Those countries that can preserve a "facade" of non-urban nature will attract greater number of tourists. Since regarding the non-Arab countries data include some underdeveloped countries with low urbanization rates, the magnitude of this coefficient may be said to be biased.

2. The partial correlation coefficient of this determinant is $r_5 = .034$. Urbanization does not seem to be an important variable though it slightly improves the significance of the model.

(f) Advertising Expenditures as Tourist Demand
Determinant.

1. Tourism needs to be advertised like any other commodity. It is expected that the greater the amount of advertising, the larger the number of people being aware of the country, and consequently the greater the influx of tourists will be. According to the partial regression coefficient $b_6 = .94$ an increase of 1 per cent in advertising expenditures will probably increase the number of tourists coming by .94 of one per cent. The implications of this finding on tourism policy are wide ranging. Definitely the advertising campaign must be expanded to increase the number of tourists. As sometimes happens an expanded advertising budget might cause an unrealistic campaign, that might oversell the product to the utter disappointment of the tourist. A rough way of calculating the relationship between advertising expenditures and tourists is the following:

Total advertising expenditures in 1966 in the non-Arab countries \$1,131,162. One per cent of this would be \$11,131.

Total number of tourists from the non-Arab countries in 1966 was 312,676 tourists. .94 of one per cent would be 2938 tourists so to get one tourist advertising expenditures must be $\frac{\$11,131}{2938} = \3.79 .

2. The partial regression coefficient, $r = .33$, places the advertising variable in second place of importance after per capita income for the model as a whole. The introduction of this variable has greatly improved the usefulness of the model.

E. Application of the Model on Arab Countries and Interpretation of Results.

When the proposed mathematical model was applied on data of 6 Arab countries the following results were obtained.

TABLE 2
ARAB
REGRESSION OF NUMBER OF TOURISTS TO LEBANON
BY AGGREGATE COUNTRY OF ORIGIN ON SIX INDEPENDENT VARIABLES

Constant	Air fare	Per Capita Income	Tourist Cost of Living	Popula- tion	Urbaniza- tion	Adver- tise- ment	R ²	R
a	b ₁	b ₂	b ₃	b ₄	b ₅	b ₆		
-2.232	.940135 (.418) ^m	.046370 (.018) ^m	4.1636 (.139)	-.3839 (.443)	-.21316 (.134)	1.91539 (.133)	.82	.90
							.39 ⁿ	

^m Figures in paranthesis are partial correlation coefficients
ⁿ Standard Error of Estimate

Source:

From Data in Appendix I.

The results appearing in Table 18 can be put into the following equation:

$$Y = -2.232 + .94X_1 + .04X_2 + 4.1X_3 - .38X_4 - 2.13X_5 + 1.91X_6$$

A brief analysis of the results of the regression is done in the following section.

Air fare as a Tourist Determinant.

The sign of this partial regression is positive implying that with a rise in cost of travel the number of tourists coming from the Arab countries will increase. This is contrary to what one expects. Further interpretation of results, such as the magnitude of the regression coefficient and the coefficient of partial correlation, makes little sense. It seems that for the Arab countries this determinant is overshadowed by other major determinants.

Per Capita Income.

The sign of this regression coefficient is in accordance with economic theory and logic. However, its

extremely small magnitude makes this variable unimportant in determining the number of tourists from Arab countries.

Tourist Cost of Living.

This regression coefficient has a positive sign and this agrees with the result obtained for the non-Arab countries. What makes this regression coefficient unacceptable is its extremely large magnitude. It can be suggested that tourist cost of living taken as such is not a determinant of tourism. The same argument about relative increase of prices cannot be given since the case is probably the opposite when Lebanon and the Arab countries are compared.

Population.

Contrary to what was expected the negative regression coefficient implies that the more the population of an Arab country the less will the number of tourists be coming from that country. Along with the other variables this one also seems to be an inconvenient variable to adopt in order to explain Arab tourist demand.

Urbanization.

A negative coefficient for this variable is contrary to expectation. The explanation for this might lie in the fact that the majority of the Arab countries considered are agricultural and the Urbanization rate is low. In a model for tourist demand from Arab countries Urbanization is not a proper variable to use.

Advertising.

The extremely high positive regression coefficient for the advertising variable makes the relationship doubtful. For one thing it cannot be expected because normally advertising has a high effect in countries where the potential for tourism exists i.e., per capita income a certain level education is widespread etc. This variable also is not the proper one to choose to explain tourist demand for the Arab countries.

These contradictory results can be partially explained when the following points are taken into consideration.

1. The linguistic factor.

Lebanon is an Arab country and the Arab tourists feel at home when they come to Lebanon. Thus before any other consideration such as air fare this factor might influence the number of Arab tourists coming to Lebanon. Quantification of this factor and its incorporation might have probably yielded sensible results.

2. Close ties between the people of Lebanon and the Arab countries.

Many people living in the Arab countries have relatives in Lebanon. These relationships give rise to a tourist movement that was not accounted for in the model. This cannot be easily quantified. Moreover the visit to a relative is above every other consideration such as the determinants suggested in the model.

3. Intertia.

Lebanon has been the traditional summer resort of the Arab countries for more than 25 years. This created an interia. People who have got used to coming to Lebanon will continue to do so. This might be also a factor which

neutralizes the effects of the rational or normal tourist determinants.

4. Political Restrictions.

At least for the past ten years Arab countries have experienced a great deal of political instability. At times the number of tourists coming from a country is increased and sometimes decreased depending on the type of political change occurring in the country of origin. Lebanon acts sometimes as a "pull" country and sometimes receives people who have been "pushed".

5. Legislation Restricting Travel.

Closely related to the political restrictions is that of economic policies followed in neighboring Arab countries. If the new economic policy of a certain country has as one of its aims the correction of a balance of payments difficulty then traffic from that country might dwindle. This factor also was not quantified in the model and might add up to the explanation of the non-conformist results obtained for the Arab countries.

6. Non-homogeneity of the Arab countries.

The six Arab countries under consideration have wide ranging differences, per capita incomes range between \$63 to \$1200, populations differ political systems are as opposite as socialistic and liberal. The 19 non-Arab countries considered have some of the elements of this non-homogeneity but at least 14 of them could be said to form a homogenous group.

F. Projections of Tourist Demand for the Arab Countries.

Since the model was found to be unacceptable for tourist demand from the Arab countries, the next best alternative was employed which was to make a trend analysis and project according to the equation so found. The least squares method when applied to the times series yielded the following equation (Appendix III)

$$Y = 78,953 + 32,490t$$

where Y = the number of tourists.

t = the number of years taking in 1960t=0.

So projecting for the year 1972:

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$$Y = 78,953 + 32,490t$$

where Y = the number of tourists.

t = the number of years taking in 1960t=0.

So projecting for the year 1972:

t= 12 in 1972

$$Y = 78,953 + 32,490 (12) = 496,833.$$

G. Projections of Tourist Demand for 19 Non-Arab Countries Using the Model for Tourist Demand.

Since the model was accepted to be a good tool to explain tourist demand from non-Arab countries it will be used as a basis for projections. The year for which projections will be done is 1972. Since data was not available prior to 1960 the projections could not be done further than 1972. It is to be admitted that even 1972 is too long a period not to bias the process.

To apply the model it will be necessary to have data for the six independent variables for the year 1972. An analysis of the existing observations of these independent variables revealed that a linear regression could be fitted without incurring gross inaccuracy. (Graphs in Appendix IV). As a result the trend equations for each were found (Appendix IV) and their values for 1972 were obtained. The methodology described in Appendix IV results in the following equation for the projection of the number of tourists:

$$\frac{Y - \bar{Y}}{\sigma_y} = -.62 - .03 \frac{X_1 - \bar{X}_1}{\sigma_{x_1}} + .80 \frac{X_2 - \bar{X}_2}{\sigma_{x_2}} + .65 \frac{X_3 - \bar{X}_3}{\sigma_{x_3}} \\ + .05 \frac{X_4 - \bar{X}_4}{\sigma_{x_4}} + .06 \frac{X_5 - \bar{X}_5}{\sigma_{x_5}} + .97 \frac{X_6 - \bar{X}_6}{\sigma_{x_6}}$$

where:

\hat{Y} = Estimated number of tourists in 1972 from non-Arab countries.

\bar{Y} = The mean of observed number of tourists in the seven-year period.

σ_y = The standard deviation of the observed number of tourists.

$\frac{X_i - \bar{X}_i}{\sigma_{x_i}}$ = The standard score of the projected independent variable.

Substituting the values obtained in the Appendix we have the following result:

$$\hat{Y}_{72} = 194,798 + 75,135 \left[-.62 - (.15 \times 5.02) + (.80 \times 4.110) \right. \\ \left. + (.65 \times 4.35) + (.059 \times 3.76) + (.06 \times 4.04) \right. \\ \left. + (.97 \times 4.06) \right] = 928,040$$

H. Estimation of the Standard Error of Estimate in Absolute Terms

$$R^2 = \frac{(S_y)^2 - (S_{xy})^2}{(S_y)^2}$$

Where :

R^2 = The coefficient of multiple determination

$(S_y)^2$ = The standard deviation squared of observed Y

$(S_{xy})^2$ = The standard error of estimate squared of Y

$$R^2 = .75 \quad S_y^2 = (75,135)^2 \text{ (Appendix IV)} \quad S_{xy} = \text{unknown}$$

Substituting in (1)

$$.75 = \frac{(75,135)^2 - S_{xy}^2}{(75,135)^2}$$

$$.75(75,135)^2 = (75,135)^2 - S_{xy}^2$$

$$S_{xy} = 37,567$$

If a high degree of confidence , 95 % , is to be placed to the projection of tourists visiting Lebanon in 1972, then the estimate interval would be:

$$Y = 928,400 \pm 1.96 \times 37,567$$

Total Number of Tourists projected for 1972:

$$Y = 928,400 + 496,833 = 1,425,233$$

PART B

H. Estimation of the Standard Error of Estimate in Absolute Terms.

$$R^2 = \frac{(S_y)^2 - (S_{xy})^2}{(S_y)^2}$$

Where:

R^2 = The coefficient of multiple determination

$(S_y)^2$ = The standard deviation squared of observed Y

$(S_{xy})^2$ = The standard error of estimate squared of Y

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CHAPTER III

LEBANESE TOURIST ASSETS

This chapter will consider three types of tourist assets.

Tourist Attraction: This is a natural asset that represents the general appeal of an area or a locality on visitors.¹

Tourist Amenity: This represents the commercial projects centered on a locality, with the aim of increasing tourist satisfaction. Some well-planned and well-managed amenities can themselves become centers of interest.

Infra Structure: All those public facilities, provided by the government which are essential for the efficiency and security of touristic activities, namely roads, water, electricity, telephones, police, health and sanitation.

¹A Study by Transport and Tourism Technicians Limited, The Litteral of Lebanon (London, 1965), p. 8.

A. Major Tourist-attraction Centers.

Lebanon has a wide number of tourist-attraction centers, but this study will consider only those that are widely known and frequented by tourists.

(a) Baalbeck: This archeological cite is situated at a distance of 85 km. from Beirut and of 37 km. from the Beirut-Damascus road. The ruins comprise (1) the Accropolis, (2) the Temple of Venus, (3) the Great Mosque and (4) the Walls of the City. The main section is the Accropolis which contains the Great Temple of Jupiter with its two courts. The small temple of "Bacus" and some buildings which date back to the old times. It is believed that the Great Temple was dedicated to the Heliopolitan Triad. The "Small Temple" must have been used for initiations to a cult. All the decorations reflect Baccic Symbols. Baalbeck stands at a hight of 1150 m. from sea level.²

²A Publication of the National Advertising System, Tourist And Hotel Guide for Lebanon (Beirut: The Catholic Press, 1966), p. 46.

TABLE 3
NUMBER OF VISITORS TO BAALBECK BY NATIONALITY
1960 - 1966

	<u>Americans</u>	<u>%</u>	<u>European</u>	<u>%</u>	<u>Arabs</u>	<u>%</u>	<u>Total</u>	<u>%</u>
1960	15205	19.05	35.877	44.92	28779	36.03	79,861	100
1961	18989	18.77	43.329	42.83	38841	38.40	101.159	100
1962	20941	19.05	48.381	44.03	40550	36.92	109.872	100
1963	24658	18.23	55.171	40.87	55376	40.90	135.205	100
1964	25041	15.83	71.608	45.24	61615	38.93	158.264	100
1965	35949	17.04	92.237	43.73	82781	39.23	210967	100
1966	41406	16.35	108.128	42.71	103.689	40.94	253.223	100

Source: National Council of Tourism, Statistical Sheets.

The present accomodation capacity of Baalbeck is only 60 rooms, available in two hotels, the Palmyra and Hotel de la Source, Other amenities, such as banking services, post, telegraph and telephone are also available.

In a research conducted by the National Council of Tourism of Lebanon in 1964 it was found that 52.3% of Americans who came to Lebanon visited Baalbeck. This figure was 53.7% for Europeans and 38.7% for

Arabs.³

(b) Byblos (Jebeil): Byblos is situated at a distance of 38 kms. from Beirut. It is considered to be the oldest continuously inhabited town in the world.⁴ Its main archeological sites are: (1) The Castle, (2) the Crusader Church, (3) the Port and (4) the City Walls. The Castle is essentially a Crusader monument of the 12th and 13th centuries. The masonry bridge across the moat and the main entrance date back to the Arab Period. Most remarkable is the massive lower portion of the donjon built by the ruler Di Embriaci.

The Crusaders' Church of St. John dates back to 1115 A.D. It still stands in its original form in the center of the medieval town, a few blocks northwest of the castle. The Eastern half of the Church is intact with columns and pilaster, in pure Roman style of the 12th century, similar to the Souk. Most remarkable is the outside arcaded baptistry at the Northwest corner.

³National Council of Tourism, Enquete Touristique Mene par le Conseil National du Tourisme a Macroport de Beyrouth en 1964 (Beyrouth, 1964), p. 23.

⁴Tourist And Hotel Guide for Lebanon, p. 51.

This domed structure possesses three richly carved and decorated arches, each with a distinct motif.

The port is tiny and ruin-ringed, but adequate to hold small fishing vessels.⁵

TABLE 4

NUMBER OF VISITORS TO BYBLOS BY NATIONALITY

1960 - 1966

	<u>No.</u> <u>%</u>	<u>Americans</u> <u>%</u>	<u>%</u> <u>No.</u>	<u>Europeans</u> <u>%</u>	<u>%</u> <u>No.</u>	<u>Arabs</u> <u>%</u>	<u>%</u> <u>Total</u>
1960	8447	20.05	25428	60.40	8237	19.55	42,112
1961	10633	19.95	30830	57.78	11791	22.27	53,254
1962	11579	19.63	34584	58.64	12805	21.73	58,968
1963	14220	19.72	39556	54.86	18331	25.42	72,107
1964	20484	22.03	51873	55.79	20622	22.18	92,979
1965	23770	20.60	67743	58.71	23858	20.62	115,370
1966	29653	19.72	81047	54.09	39128	26.11	149,028

Source: National Council of Tourism, Statistical Sheets.

The accomodation capacity of Byblos is 100 rooms, with essential services available, (telephone, telegram,

⁵John Ballantine, Aramco World, Sept./Oct., 1964, p. 42.

post,...) On the average, 30.2% of Americans who come to Lebanon visit this locality. This figure is 38.9%⁶ for Europeans, and 24.6% for Arabs.

(c) Beit Eddine: It is situated at a distance of 41 kms. from Beirut. The main attraction is its palace of Emire Beshir Chehab, divided as follows:

(i) The Midan: The Palace is reached by way of a large court called the Midan, bounded on the East by a two-floor construction built on a series of archways.

(ii) The ornamental pool courtyard: On the way to the courtyard are found the studios and the guesthouse. It is believed that the French poet Lamartine has dwelt there. The courtyard, surrounded on three sides by porticos, affords an unimpeded view over the South-West.

⁶National Council of Tourism, Enquete Touristique Mene par le Conseil National du Tourisme a l'aeroport de Beyrouth en 1964 (Beyrouth, 1964), p. 25.

(iii) The Monumental Gate: This gate leads to the reception hall and to private suits. It is enframed within elaborate sculptures and is itself built from different types of marble.

(iv) The Column Hall: This hall embodies windows grouped in pairs or decorated and enframed within sculpted stone where once fitted a clock.

(v) The Diwan: This is the upper part of the Hall. It is the place where the Emire (Ruler) administered justice over his emirate.

(vi) Private Suites: With their elegant proportions, stacco decorations, mosaics, wooden ceilings all show unflinching taste and unerring elegance in style.

(vii) The Hammams: These oriental baths, among the largest and the finest in the Orient, consist of several arcaded and elegantly decorated rooms.⁷

⁷Tourist And Hotel Guide for Lebanon, p. 68.

TABLE 5

NUMBER OF VISITORS TO BEIT-EDDINE BY NATIONALITY
1960 - 1966

	<u>Americans</u>	<u>%</u>	<u>Europeans</u>	<u>%</u>	<u>Arabs</u>	<u>%</u>	<u>Total</u>	<u>%</u>
1960	1290	8.60	7454	49.60	6256	41.70	15000	100
1961	1898	9.45	9165	45.62	9016	45.03	20079	100
1962	2340	10.16	10761	46.66	9959	43.18	23060	100
1963	2872	9.62	12491	41.81	14512	48.57	29875	100
1964	4544	11.47	18268	46.12	16804	42.41	39616	100
1965	5444	10.32	23949	45.36	23399	44.32	52797	100
1966	7319	11.16	290598	44.22	29346	44.62	65723	100

Source:

National Council of Tourism, Statistical Sheets.

Beit-Eddine is very near to the resort town of Deir-el-Kamar, hence the accomodation capacity of the site is provided by Deir-el-Kamar and is 50 rooms. The National Council of Tourism statistics indicated that 7.1% of Americans who came to Lebanon visited Beit-Eddine, 13.7% of the Europeans and 9.5% of the Arabs did the same.

(d) Sidon: Sidon is one of the oldest cities in the world, besides being the capital of the south of Lebanon. There, are found the remains of the castle of the crusaders built in the 13th century. The castle is built on an islet. Other historic places of interest are the Khan-el-Frange, a caravan Serai built by Emire Fakhreddine II in the 17th century and the remains of the phoenician temple of Eshmur.⁸

TABLE 6

NUMBER OF VISITORS TO SIDON BY NATIONALITY
1960 - 1966

	Americans	%	Europeans	%	Arabs	%	Total	%
1960	1965	8.75	9056	40.26	11471	50.99	22491	100
1961	2658	8.91	11249	37.67	15952	53.42	29859	100
1962	2915	8.88	12877	39.18	17073	51.94	32865	100
1963	3543	8.49	15094	36.16	23105	55.35	41742	100
1964	5697	10.35	21202	38.46	28215	51.19	55114	100
1965	6901	9.48	27371	37.59	38540	52.93	72812	100
1966	8821	9.88	33209	57.18	47279	52.94	89309	100

Sources:

National Council of Tourism, Statistical Sheets.

⁸Ibid., p. 69.

Sidon is a modern town, but it can accommodate only up to 63 visitors, in one hotel.⁹

According to the CNT survey, 8.2% of the Americans who visit Lebanon pass by Sidon. This figure is 15.8% for Europeans and 17.1% for Arabs.

(e) Tyre: It lies 75 km. south of Beirut. It is a peninsula that juts out from the foreshore into the sea. The main places of historical interest are Paloe Tyre -- Solomon's wells. These are artesian wells that supply Tyre with water. Tyre is a Levantine city which has seen many rulers who have each left a distinct mark.¹⁰

TABLE 7

NUMBER OF VISITORS TO TYRE BY NATIONALITY
1960 - 1966

	Americans	%	Europeans	%	Arabs	%	Total	%
1960	600	7.04	4179	48.98	3753	43.98	8532	100
1961	911	7.96	5249	45.91	5271	46.13	11431	100
1962	1067	8.32	6070	47.32	5691	44.36	12828	100
1963	1436	8.52	7285	43.54	8020	47.94	16741	100
1964	2170	10.22	9734	45.83	9335	43.95	21239	100
1965	2760	9.63	13000	45.29	12938	45.08	28698	100
1966	3565	10.19	15418	44.10	15977	45.71	34960	100

Source: National Council of Tourism, Statistical Sheets.

⁹ Ibid., p. 72.

¹⁰ Ibid., p. 85.

The accomodation capacity of Tyre is 50 rooms. Usually all visitors who go to Tyre return to Beirut on the same day. Of all the Americans who came to Lebanon only 3.6% visited Tyre, of the Arabs 20% and of the Europeans 14.0%.

(f) Tripoli: Tripoli is the second largest city of Lebanon. Besides serving as a city Tripoli is a natural attraction because of its geographical position and its history. The town has two distinct divisions: the town proper, through which flows the Nahr-Abu Ali, and the district of the port or the Mina. The old town of Tripoli is on two hills. The Abu Samra quarter, at the foot of the castle of Snt.Giles, has some picturesque narrow streets, especially in its market. The Place du Tell is the center of the modern city of Tripoli, and dates back to 800 A.D. The Greek names of Tripoli, Sidon and Tyre come from the fact that the Ardians, Sidonians and Tyrians each had their own separate district.¹¹

¹¹Middle East Airlines, "Tripoli", Cedar Topics, CT 138.

TABLE 8
NUMBER OF VISITORS TO TRIPOLI BY NATIONALITY
1960 - 1966

	Americans	%	Europeans	%	Arabs	%	Total	%
1960	2150	6.34	12121	35.78	19603	57.88	33874	100
1961	2772	6.32	14748	33.62	26356	60.06	43876	100
1962	3161	6.61	16556	34.57	28171	58.82	47888	100
1963	3284	5.62	17016	29.05	38190	65.23	58490	100
1964	3974	5.42	26136	35.57	43359	59.01	73469	100
1965	5833	5.87	34214	34.47	59186	59.66	99233	100
1966	83518	6.31	52358	39.53	71734	54.16	132443	100

Source:

National Council of Tourism, Statistical Sheets.

The accomodation capacity of Tripoli is 59 rooms.

In general visitors spend the day in Tripoli and return to Beirut on the same day. Of the total Americans visiting Lebanon 8.3% went to Tripoli, 19.9% of Europeans and 13.9% of Arabs.

(g) The Cedars: This is Lebanon's oldest and biggest skiing resort. The trees that have given their name to the resort and have supplied Lebanon with its national emblem date back to Biblical days. Some of the trees are more than 2,000 years old. The Cedars is located at an altitude of 2,000 meters above sea level, about 120 kms. North East of Beirut, along a very pleasant three hours' drive. The Cedar trees form an attraction rarely matched, and are visited for their own sake by thousands of people, all the year round.¹²

TABLE 9

NUMBER OF VISITORS TO THE CEDARS BY NATIONALITY

1960 - 1966

	Americans	%	Europeans	%	Arabs	%	Total	%
1960	2948	12.67	10101	43.43	10210	43.89	23259	100
1961	3797	12.58	12498	41.44	13872	45.98	30167	100
1962	4352	13.15	14256	43.04	14512	43.81	33120	100
1963	5266	12.26	16655	38.91	21004	48.93	42925	100
1964	7732	14.27	22002	40.58	24480	45.15	54214	100
1965	9048	12.65	29165	54.88	33309	46.57	71522	100
1966	11260	13.01	34593	39.94	40758	47.05	86611	100

Source:

National Council of Tourism, Statistical Sheets.

¹²Cedar Topics, "Lebanon's Skiing Resorts." CT 142.

Accommodation for visitors is provided by two hotels totaling to 116 rooms. There also are two inns, with 50 beds and chalets rented by the season. According to the National Council of Tourism Statistics, 11.4% of Americans visiting Beirut go to the Cedars. This figure is 16.5% for Europeans and 10.7% for Arabs.

(h) Jeita: This is a huge grotto, millions of years old, and undoubtedly one of the most remarkable ones in the world. It is situated at a distance of 20 km. from Beirut in the valley of Nahr-el-Kalb. One can travel inside the cave in special boats operated by experienced boatmen. The distance covered by these boats is 800 meters. There are multicolored concretions illuminated along the galleries. Total depth is 6200 meters.¹³

¹³Tourist and Hotel Guide for Lebanon, p. 73.

TABLE 10
NUMBER OF VISITORS TO JEITA BY NATIONALITY
1960 - 1966

	Americans	%	Europeans	%	Arabs	%	Total	%
1960	3440	9.62	13933	39.05	18352	51.33	35725	100
1961	4367	9.51	16831	36.63	24692	53.86	45890	100
1962	4845	9.85	18763	38.12	25610	52.03	49218	100
1963	5745	9.27	21443	34.61	34753	56.12	61941	100
1964	8275	11.17	27736	37.38	38172	51.45	74183	100
1965	9508	9.83	35924	37.19	51203	52.98	96635	100
1966	11823	10.22	41907	36.22	61952	53.56	115682	100

Source:

National Council of Tourism, Statistical Sheets.

Being at a very short distance from Beirut it has no accomodation services. 12.2% of all Americans who came to Beirut visited Jeita, 20.8% of Europeans and 17.1% of Arabs.

B. Major Tourist Amenities.

The strict definition of Amenity will exclude those touristic assets that are a combination of an amenity and a natural attraction.

1. Beirut: Beirut has been called the "Paris of the Orient", and it lives up to that reputation. Beirut has a fine International Airport and a harbor rated among the first in the Mediterranean.¹⁴

The following tabulation gives us an idea of what types of amenities there are in Beirut and how many of each.

TABLE 11

<u>Type of Amenities</u>	<u>Number</u>
Night clubs	18
Stereo clubs	12
Bars	18
Beach clubs	16
Cinemas	19

Source: National Advertising System, Tourist and Hotel Guide for Lebanon (Beirut: The Catholic Press, 1966) p. 85.

¹⁴Middle East Airlines, Lebanon Fortnightly, p. 10.

Beirut "by night" matches any European capital. The city has several types of night spots. Several night clubs have orchestras or dance troupes imported from France, Italy, Spain, and South America.

Cinemas in Beirut are of modern design. They are all air-conditioned and offer American, French, English, Italian, German and Arabic films.

Other amenities in Beirut are:

- (a) National Museum
- (b) The Sursock Museum

The latter is a museum of modern art, which holds regular exhibitions of painting, sculpture, rare books and manuscripts, oriental rugs and carpets.

- (c) The American University Museum
- (d) National Library
- (e) St. Joseph University
- (f) Grand Mosque (Al-Omary)
- (g) The Sports City
- (h) The Race Course.

all tourists who come to Lebanon visit Beirut and indeed 90% of them stay there. As will be seen later this

constitutes a problem. One of the main concerns of the governmental authorities is to spread this spearhead concentration of tourists on Beirut over the whole of Lebanon, or at least on the coastline.

2. The Casino du Liban: Is built on a hill overlooking the Mediterranean bay of Jounieh. The location of the Casino is a natural asset. The amenity, is very impressive, and a self supporting recreation center with a theatre, a show and dining room and a gambling center. The show running in the Casino ranks as one of the toppest in Europe.¹⁵

3. The Sports Amenities:

(a) The Lebanese beaches: Lebanon's long, indented coastline, its numerous wide and sandy beaches and its Mediterranean climate of short mild winters, provide almost year round practice of water sports.¹⁶

There are 16 Beach clubs in Beirut. It is also easy to find second class cafes and restaurants all along the coast.

¹⁵Ebid., p. 15.

¹⁶Tourist and Hotel Guide for Lebanon, p. 35.

Water skiing and underwater fishing are also practiced, with necessary equipment available everywhere.

(b) Skiing and winter sports: The major skiing resorts are: (1) The Cedars (2) Laklouk (3) Faraya (4) Sannin (5) Baidar Pass and (6) Hermon.

All of these resorts are equipped with "teleskis" and telesieges to carry the skiers up to the mountains.¹⁷

The great slopes of the Cedars provide skiing for beginners as well as professionals. The government is helping in the development of the Cedars by a special subsidy of LL 300,000, especially in constructing new hotels and inns, improving and widening the 8km. road between Becharre and the Cedars.¹⁸

¹⁷Cedar Topics, "Lebanon's Skiing Resorts", CT. 142.

¹⁸Ibid., CT. 142.

TABLE 12

NUMBER OF VISITORS TO NIGHT-CLUBS, BARS, STEREOES
AND CINEMAS IN BEIRUT BY NATIONALITY
1960 - 1966

	Americans	%	Europeans	%	Arabs	%	Total	%
1960	7188	12.11	18252	30.75	33889	57.14	59339	100
1961	8962	11.69	21998	28.66	45777	59.65	76737	100
1962	9772	11.94	24466	29.87	47664	58.19	81902	100
1963	11491	11.02	27897	26.74	64924	62.24	104312	100
1964	16414	13.25	36004	29.03	71573	57.72	12399	100
1965	18862	11.66	46531	28.78	96350	59.56	161743	100
1966	23272	12.06	54163	28.03	115753	59.91	193188	100

Source:

National Council of Tourism, Statistical Sheets.

TABLE 13

NUMBER OF VISITORS TO SKIING CENTERS AND
WINTER RESORTS BY NATIONALITY
1960 - 1966

	Americans	%	Europeans	%	Arabs	%	Total	%
1960	5774	16.26	22850	60.20	6882	19.38	35506	100
1961	7595	17.05	27497	61.75	9433	21.18	44525	100
1962	8294	16.95	30537	62.53	9959	20.41	48790	100
1963	9767	16.75	34768	66.49	13748	26.29	58283	100
1964	13972	18.74	44805	60.10	15766	21.15	74543	100
1965	15949	16.74	57821	60.70	21472	22.54	95242	100
1966	19706	18.95	58163	55.95	26085	25.09	103954	100

Source:

National Council of Tourism, Statistical Sheets.

TABLE 14

NUMBER OF VISITORS TO THE CASINO DU LIBAN BY
NATIONALITY 1960 - 1966

	Americans	%	Europeans	%	Arabs	%	Total	%
1960	7065	12.62	22293	39.83	26590	47.52	55948	100
1961	8810	12.24	27080	37.63	36060	50.11	71950	100
1962	9608	12.37	30353	39.08	37704	48.53	77665	100
1963	11299	11.59	34560	35.47	51557	52.92	97416	100
1964	16143	14.45	38465	34.44	57051	51.09	111659	100
1965	18402	13.06	45339	32.19	77080	54.73	140821	100
1966	22991	13.20	58163	33.91	92929	53.34	174083	100

Source:

National Council of Tourism, Statistical Sheets.

Laklouk center has a ski lift of 450 m. long. Its altitude is 1800 m. above sea level and it is only 60 km. from Beirut.

575 66
Table 14

Hotels of Lebanon

Category	1960			1961			1962			1963			1964			1965			1966		
	No.	Room	Bed	No.	Room	Bed	No.	Room	Bed	No.	Room	Bed	No.	Room	Bed	No.	Room	Bed	No.	Room	Bed
<u>Beirut</u>																					
4 Star	6	702	1130	7	826	1338	7	828	1346	9	1230	2025	10	1281	2108	10	1281	2108	17	1426	2207
3 Star	11	700	1119	13	783	1259	15	848	1390	16	885	1457	17	991	1586	18	960	1618	27	1217	1860
2 Star	12	373	628	14	425	740	17	509	867	18	544	910	17	524	882	16	502	843	13	419	707
1 Star	16	378	696	17	389	713	18	408	737	19	440	795	20	469	852	20	469	852	23	557	1037
Total	45	2153	3973	51	2423	4050	57	2593	4340	62	3099	5187	64	3215	5428	64	3212	5421	80	3619	5811
<u>Coast</u>																					
4 Star	0	0	0	0	0	0	0	0	0	1	99	142	3	311	549	4	424	742	6	616	1048
3 Star	1	34	66	1	34	66	1	34	66	2	79	141	1	45	75	2	159	268	3	196	335
2 Star	5	88	156	4	68	199	4	72	127	4	77	129	5	111	192	4	99	170	6	128	221
1 Star	1	21	35	1	21	36	1	20	34	1	20	34	1	20	34	2	36	64	1	20	35
Total	7	143	257	6	123	221	6	126	227	8	275	446	10	487	850	12	718	1244	16	960	1639
<u>Mountain</u>																					
4 Star	2	158	277	2	177	279	2	177	291	2	177	291	5	384	548	4	322	553	4	321	553
3 Star	19	1189	2089	18	1181	2041	20	1267	2198	21	1299	2249	23	1359	2422	26	1613	2785	27	1655	2857
2 Star	77	2347	4617	79	2462	4867	82	2540	5063	85	2694	5303	93	3008	5854	92	3092	6021	99	3270	6416
1 Star	88	1899	3948	82	1809	3927	78	1724	3666	80	1806	3730	72	1617	3515	80	1778	3676	73	1653	3385
Total	186	5593	10931	181	5629	11114	182	5708	11218	188	5976	11573	193	6368	12339	202	6805	13035	203	6899	13211
Grand Total	238	7889	14761	238	8175	15385	245	8427	16140	258	9350	17206	267	10070	18617	278	10735	19700	299	11978	21661

Source: National Council of Tourism, Statistical Sheets.

Faraya center is at a hight of 1850 meters and its ski lift is 720 m. long. The hotel has 72 rooms, a restaurant with a capacity of 300 persons, a play room, a bowling room and a billiard room.¹⁹

4. Accomodation and Hotel Amenities:

(a) Hotels: Hotels have increased both in number and capacity. In 1960 there were 238 hotels with a capacity of 7889 rooms, comprising 14761 beds. In 1966 these increased to a total of 299 hotels, with 11978 rooms and 21,661 beds. Considering only hotels in Beirut and its coast, the number of hotels has almost doubled.

¹⁹Tourist and Hotel Guide for Lebanon, p. 81.

Hotel Statistics of Beirut and the Coast
1960-1966

<u>Years</u>	<u>4 Star</u>	<u>3 Star</u>	<u>2 Star</u>	<u>1 Star</u>	<u>Beirut</u>	<u>Grand Total</u>
1960	258,258 55.0	217,908 48.8	127,247 54.3	127,247 54.3	744,513 51.9	-
1961	264,061 53.8	230,640 47.2	142,551 50.5	128,300 47.3	765,552 48.0	-
1962	296,862 50.8	236,843 46.1	161,587 48.4	149,587 52.6	845,091 49.4	
1963	401,458 52.7	291,723 51.4	175,510 53.1	157,206 51.4	1,025,897 52.2	
1964	454,115 59.0	306,885 52.2	178,167 56.0	162,278 52.2	1,101,445 55.4	1,114,303 53.6
1965	492,064 62.3	384,349 63.1	174,572 62.3	192,734 53.3	243,719 60.9	1,349,333 59.3
1966	555,386 58.4	440,934 57.7	995,820 58.1	151,466 58.3	1,370,451 58.4	1,482,044 54.8%
Increase (%) 1960-1966 of Nuites	15.2%	12.9%	-	-	11.5%	13.2%

68

Source: National Council of Tourism, Statistical Sheets.

Table 17

Per cent of People staying in Hotels and Other
Accommodation by type of visit by Nationality

<u>Type of Accommodation</u>	<u>Americans</u> %	<u>Europeans</u> %	<u>Arabs</u> %
I. Beirut Hotels			
A. Organized Tours	21.5	17.8	4.4
B. Non-Organized Tours			
1. Business	7.8	22.2	14.7
2. Non-Business			
a. Staying less than 30 days	60.5	40.0	23.2
b. Staying more than " "	<u>0.7</u>	<u>0.8</u>	<u>0.6</u>
Total Beirut Hotels	90.5	80.8	42.9
II. Other Accommodation			
A. Relatives or Friends	4.3	12.7	12.6
B. Apartments or Villas	1.8	1.3	25.0
C. Different Accommodation	2.7	3.4	1.4
D. Hotels Outside Beirut	<u>0.7</u>	<u>1.8</u>	<u>15.0</u>
Total Other Accommodation	9.5	19.2	54.1
Grand Total	100	100	100

Source: National Council of Tourism, Statistical Sheets.

Table 18

Average length of stay in Hotels and Other
Accommodation by type of visit by Nationality

<u>Type of Accommodation</u>	<u>Americans</u>	<u>Europeans</u>	<u>Arabs</u>
I. Beirut Hotels			
A. Organized Tours	3.6	5.5	7.3
B. Non-Organized Tours			
1. Business	5.5	7.9	5.3
2. Non-Business			
a. Staying less than 30 days	5.5	5.5	5.5
b. Staying more than 30 days	44.3	3.2	68.5
Total Beirut Hotels	<u>5.4</u>	<u>6.4</u>	<u>6.6</u>
II. Other Accommodation			
A. Relatives or Friends	10.4	19.5	13.1
B. Apartments of Villa	59.3	53.2	56.4
C. Different Accommodation	17.2	13.6	14.4
D. Hotels Outside Beirut	10	30.8	31.4
Total Other Accommodation	<u>21.4</u>	<u>21.8</u>	<u>38.3</u>
Grand Total	6.9	9.4	24.0

Source: National Council of Tourism, Statistical Sheets.

However increase in capacity was not immediately followed by an increase in the occupancy rate. Over the 7 years period, despite the doubling of capacity, the rate of occupancy increased only by 10%. But, it may be stated that assuming the 1960 rate of occupancy to be satisfactory, investments in hotels have been rightly placed. As Lebanon becomes more and more tourist conscious, the hotels are improving in standards. The ministry of national economy receives several requests per year to license the building of new hotels.²⁰ The standards of hotels are according to their classification which is based on IUOTO (International Union of Official Travel Organizations) specifications.²¹

²⁰Ministry of National Economy, files.

²¹United Nations, Conference on International Travel and Tourism. (E/CONF 47/14, 18 June 1963), p. 16.

(b) Night Clubs: The renown of Beirut as a Night Spot has reached far beyond its borders. There are approximately 33 night clubs of various types.²² In some of them only dancing goes on, but in others floor shows are offered. It can be said that in capacity and quality, Beirut night clubs are as good as those of any European capital. (See Table 11)

(c) Restaurants: Being a cosmopolitan country Lebanon has restaurants to eater for every taste. In Beirut alone, there are 50 restaurants serving French, Italian, Chinese, German, Swiss, Greek, Balkan, American, and other international specialties.²³

C. Major Tourist Infrastructure.

1. Roads: Since 1960 there has been a tremendous increase in the number of cars in circulation, which has necessitated the expansion and improvement of road facilities.

²² Tourist and Hotel Guide for Lebanon, p. 82.

²³ Ibid., p. 92.

Nowadays, every touristic spot can be reached by car. The main arteries of travel are: (a) The coastal highway which links Tripoli to Tyre, passing through Beirut. (b) The Beirut-Damascus highway, which divides the country into 2 halves.²⁴ This highway and its several branches lead to various summer resorts. Tourists, as well as the Lebanese economy benefit from this large network of roads. Large plans are in process for widening and improving the roads of the capital.

2. Guides: To improve the standard of guides in Lebanon, the National Council of Tourism has established a training course in which lectures about Lebanon, its historical and geographical aspects are given. Trainees are required to attend all these lectures and pass an examination so as to become qualified as "Guides."²⁵

3. Shopping Facilities: Lebanon, especially Beirut is on its way to becoming the HongKong of the Near East for shopping. All types of products, Eastern and Western,

²⁴Ministry of Interior, Service Automobile.

²⁵Middle East Airlines, Lebanon, (England; Williams, Lea and Co. Ltd.,) p. 8.

are found here, offered in several shopping centers. Souvenir shopping is possible everywhere in Beirut, and in all touristic localities. Beirut also has a fine goldsmiths' market or souk.

4. Travel Agencies: There are 36 travel agencies in Lebanon. The main function of these is to bring in tourists rather than send Lebanese abroad. However, lately there has been added some travel agencies that are interested in exporting tourists from Lebanon. The general view among the travel agents is that their number is too many and the government should come up with new legislation.

CHAPTER IV

THE IMPLICATIONS OF THE FINDINGS OF THE MODEL ON TOURISM DEVELOPMENT IN LEBANON

A. General Aims, Ways and Means of Tourism Development.

Prospects for the future expansion of the world tourist industry in the long-term seem almost limitless. This statement is not only based on trend statistics but also on a set of facts that are non-quantifiable yet quite important. It is not unreasonable to forecast a big tourist trade in the future in view of the steady growth of such features of modern life as the paid vacation, the long week-end, the fashion of more than one holiday per year and the inexpensive charter flight.¹

¹Alvaro Roquette, A Speech on "Tourism Development and Growth", Tourism Development And Economic Growth (Paris: Organization for Economic Co-operation and Development, 1967), p. 11.

Aims of Tourism Development

For a country which has either an already achieved tourist industry or a potential for further development, tourism is a valuable sector in the national development plan. Since this sector will be competing for the limited resources of the government the proposed investment in tourism must be presented in quantified terms. The contribution that the tourist sector can make in terms of foreign exchange receipts must bear a direct relationship to the size of the investments planned. Also the multiplier effects of tourism expenditures must be considered.²

It has been proven that the behavior of the tourism sector is a matter for scientific projection like any other. Any tourism development plan must make a careful study of the market. The country with an already well-established tourism industry will also need to keep abreast of market trends. Tourism today has become a highly competitive business, and as modern

²National Planning Association, "The Impact of Tourist Expenditures" Development Digest (A.I.D. Washington, D.C. Department of State, 1967), Vol. V, No. 2, July 1967, p. 71.

tourism and transport arrangements can make distant regions accessible, the more traditional tourist areas are faced with a new challenge to their established share of the market.

Ways of Tourism Development

The best approach to achieving the aims of tourism development is to divide the national plan into area development plans and to assign priorities to every area.

For the area plan, the first requirement is again research into demand. As for any other industry where there are a large number of consumers of varying tastes a study of this must be done. Another step is to assess the attractions both actual and potential of the area to be developed. Once the nature of the traffic has been decided upon, the facilities of the area and the promotion can be developed to meet its anticipated requirements. Area development should include training of tourist services.

Tourism development must be systematically planned. If market research is done and it is found that advertising is very effective large sums may be spent on

advertising. Supposing that tourist traffic materializes because of this large campaign but the facilities are not there to satisfy the influx then this publicity would have adverse effects. This problem might be solved by proper phasing. It involves close cooperation between tourist operators in the tourist exporting countries on the one hand, the government and tourist industries in the receiving countries on the other. By advance agreements guaranteeing a minimum flow of traffic in exchange for facilities, the time lag between supply and demand can be resolved by negotiation.³

Means of Tourism Development

The National Tourism Organization

All countries have an official tourism organization which plays a leading role in both the formulation and the implementation of the government's tourism program. The functions of this body vary considerably according to the level of tourism development in the country concerned. There is clearly a correlation between the standing that the government accords

³Alvaro Roquette, Tourism Development And Economic Growth, p. 14.

the national tourism organization and its estimates of the importance of tourism to the national economy. Another index of government recognition is the amount of funds that the government makes available to it. At the 1963 General Assembly of the International Union of Official Travel Organizations, it was suggested that the national tourist budget should be not less than 1% of tourist receipts.⁴

The following functions must be performed by the National Tourist Organization. 1) Research; 2) Information and promotion within the country; 3) Regulation of standards of lodgings and restaurants; 4) Control of activities of private travel agencies; 5) Publicity overseas; 6) Technical and juridicial problems; 7) International relations; 8) Development of selected tourist areas; 9) Overall tourism policy and promotion.⁵

⁴L. J. Lickerish, A discussion on "The Formulation And Management of a Government Tourism Programme", Tourism Development And Economic Growth (Paris: Organization for Economic Co-operation and Development, 1967), p. 15.

⁵Ibid., p. 14.

Measures to Increase Investment in Tourism
Development

1) Investment in tourism is likely to take place when the country has prospects of economic growth and for that purpose has prepared a development plan which includes tourism.

2) Market research and demand forecast on the part of the government assure the investor that investment in tourism is not a gamble. This does not remove the necessity of making specific feasibility studies yet it helps the investor in making decisions.

3) One of the most direct inducements which the government can offer private enterprise particularly in new tourist zones is to provide the infrastructure that must precede investment in amenities.

4) The government can also do much to create a favorable climate for investment by a judicious system of regulation. By removing confusion from the industry, the government system of regulation can help the potential investor to know what to expect so that he can plan accordingly.

In addition to the general measures mentioned some specific measures can be taken to encourage tourism. These would be:

(1) Subsidies; (2) Credits; (3) Technical Advice; (4) Preferential Rules of Interest; (5) Guaranteed credits.⁶ etc.

Besides these factors it must be recognized that International tourism today is based on the free movement of both people and capital. Far from fearing "economic colonialism" tourist countries are anxiously seeking out both foreign capital to help develop their tourist facilities and foreign property owners to establish themselves in their tourist regions.⁷

B. The Model as a Tool for Tourist Development.

As it was mentioned in the introduction, this study does not intend to suggest a tourist development

⁶David H. Davis, A discussion on "Measures to Increase Investment in Tourism Development", Tourism Development And Economic Growth (Paris: Organization for Economic Co-operation and Development, 1967), p. 27.

⁷S. Nathan, A discussion on "The Role of Foreign Participation in Tourism Development", Tourism Development And Economic Growth (Paris: Organization for Economic Co-operation and Development, 1967), p. 37.

plan for Lebanon. Rather, the findings of the study are useful in two particular ways.

(1) For planning expansion of tourist traffic;

Knowledge of the determinants of tourism and identification of the markets can guide the authorities in which direction to act.

(2) Matching supply of tourist facilities with the demand for them:

Once the model is established, and projections done for a certain year comparisons of the demand and supply can be done and this would be a guide to the planning authorities.

(a) Is expansion of Tourism necessary for Lebanon? What is meant by expansion of tourism is in reality expansion of tourist receipts. These are a function of the number of tourists, their average length of stay and their average expenditures. The model developed in this study is helpful to the extent of expanding the number of tourists. During the interpretation of the findings the importance of every determinant was pointed

out hence the implications of each on a policy of tourism development were apparent.

Lebanese tourist receipts have been on the rise and the following analysis reveals that with a greater effort on the part of the Ministry of Tourism and the National Council of Tourism these could be further increased.

Effect on Balance of Payments

Since the number of tourists for 1972 has been projected it would be a worthwhile exercise to compute the level of tourist receipts for that year. To do this the average receipt per tourist must be found. Table 19 presents these for the years 1961-1965

TABLE 19

AVERAGE RECEIPT PER TOURIST

1961 - 1965

Year	Total Tourist Receipts (000,000) L.L.	Foreign Student Expenditures (000,000) L.L.	Net Tourist Receipts (000,000) L.L.	No. of Tourists	Average Tourist Receipt L.L.
1961	147.3	14.7	132.6	294,300	450
1962	153.2	8.3	144.9	331,600	437
1963	178.7	9.8	168.9	389,500	434
1964	191.1	17.7	173.4	472,000	367
1965	247.9	22.9	225.0	600,000	375

^aDrop due to revision of National Account Estimates.

Source:

Economic Research Institute - Balance of Payments of Lebanon - Tourism Sector (Beirut: American University of Beirut), and National Council of Tourism Statistical Sheets.

The total tourist receipts in Table 19 included the expenditures of the Syrian nationals while the number of tourists did not excluded Syrian Tourists. (Lebanese authorities always exclude Syrian nationals from the statistics because they consider this traffic to be of a non-touristic nature.) Since a revision of the national income estimate was done in 1964, a new table (Table 12) was constructed for 1964 and 1965 and average receipt per tourist excluding the Syrian expenditures was found.⁸

TABLE 20

AVERAGE RECEIPT PER TOURIST

Year	Total Tourist Receipts	Expenditures of Syrians	Expenditures of other tourists	Number of Tourists	Average Receipt Per tourist
	(000,000) L.L.	(000,000) L.L.	(000,000) L.L.		L.L.
1964	191.1	49.4	141.7	472,000	300
1965	249.9	67.3	180.6	600,500	301

Source:

National Council of Tourism.

⁸ Pierre Gorra, Nouvelle Etude Prospective Sur L'Apport de Tourisme Au Developpement Economique Liban (Beirut: National Council of Tourism, 1967), p. 6.

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Source:
National Council of Tourism.

⁸ Pierre Garra, Nouvelle Etude Prospective Sur L'Apport de Tourisme Au Developpement Economique Liban (Beirut: National Council of Tourism, 1967), p. 6.

Supposing that the average expenditure of 300 L.L. / tourist remains the same then for 1972 tourist receipts will be :

Total projected Number of Tourists x Average expenditures

$$1,397,873 \times 300 = 419,361,900 \text{ L.L.}$$

Effect on National Income

(a) The Multiplier Effect

One dollar of tourist expenditure benefits the national income by more than that amount. There is a multiplier effect which increases the expenditure. This can be envisaged if one thinks that part of the expenditures of the tourist are respent by the recipient in the host country and also this second recipient disburses part of it. A study was done in the Pacific Area and it was found that for the average under-developed country the multiplier is 3.5.⁹ If we assume

⁹ Harry Clement, The Future of Tourism in the Pacific (U.S. Department of Commerce, 1962).

that the multiplier is 3 for Lebanon then the effect of 419 Million L.L. tourist receipts found in the preceding section would be 1957 million on the National Income. This is about 30% of the projected National Income of 4800 million for 1972.

Tourism must therefore be developed in Lebanon. It is an important sector of the National Economy.

(b) Matching of Tourism Demand with Supply

The second part of the usefulness of the model lies in that having been provided with the projected number of tourists, the supply of tourist facilities can be matched with the demand.

This is a very difficult task. Indeed it can be a separate study in its own right. A rough method is suggested to estimate number of beds required for a certain number of tourists.¹⁰

¹⁰Transport and Tourism Technicians Limited, Potential Tourist Trade And Recommendations for the Development of Resort Centers (London: 278/282 High Halborn, 1965), p. 31.

Thus if in 1972 the total number of tourists is 1,397,873 and if they are evenly spread all over the year with an average length of stay of 10 days, then the number of beds required will be:

$$1,397,873 \times 10/365 = 3829.$$

If 25% of these were concentrated in 3 months, then the number of beds required would be:

$$1,397,873 \times 10/90 \times 25/100 = 38.827$$

In 1966 total number of beds were 21,661.

Therefore:

$38,827 - 21,661 = 17,166$ new beds must be added.

CHAPTER V

SUMMARY AND CONCLUSIONS

The Tourism sector is an important element of the Lebanese economy. It contributes substantially to the credit side of Lebanon's balance of payments and forms a high percentage of the National Income. In the future the contribution of tourism to both aspects balance of payments and national income will be more important.

To be objective, it can be said that local authorities have been actively involved in developing Tourism. Indeed throughout the years Tourism has come to occupy an increasingly important place in the priorities of the Lebanese development plans.

As far as research is concerned, little has been done other than collecting statistics of arrivals and departures. Sporadically some studies have been done by foreign consulting firms but these have been

either for specific projects or so general and different ⁱⁿ their aims that their application were impractical. What is intended to point out here is that no basic research has been done so far.

This study is an attempt to found a bases for future basic and more advanced research. It is the author's opinion that only through quantitative models meaningful findings could be attained and concrete, recommendations made. It began with the general question of what determines tourist demand? It was hypothesized that the major determinants of tourism are six in number. (a) Air fare (b) Per capita income of the country of origin of the tourist (c) The tourist cost of living in Lebanon (d) Population in the country of origin of the tourist (e) The Urbanization rate in the country of origin of the tourist (f) Advertising expenditures on tourism. The next step was to find out whether these hypatheses could be tested. emperically. A first analysis revealed that demand for the Lebanese market is a split demand, namely (1) the Arab Tourist Demand and (2) the non-Arab tourist demand. Moreover from the analysis of the results of the Arab demand regression analysis it

was concluded that the Arab tourist demand is explained only to a limited extent by the hypothesized factors. It's determinants could possibly be in different variables. Suggestions in this direction were made.

The findings of the analysis of the non-Arab demand were that Tourism from these countries is determined principally by three factors. (a) Advertising expenditures (b) Per capita income (c) Cost of travel. Interpretation of the specific results was done and suggestions were made. With respect to advertising, it was singled out as a major determinant which could be influenced by the Lebanese authorities.

The basic findings were utilized afterwards to project tourist inflow to Lebanon. In parts (a) and (b) the last chapter the implications of the projections were given to show that Lebanon should expand its tourism and encourage development of new tourist facilities.

It is hoped by the author that future inquisitive minds will use the findings of this study to develop a more refined model for tourist projections and the use of such a model for the scientific development of the Tourism in Lebanon.

APPENDIX I

Note: In this appendix data pertaining to six independent variables and one dependent variable is presented. Out of the 67 countries from which Lebanon receives tourists only data for 25 have been chosen because these contributed in 1966 85% of the total number of tourists coming to Lebanon. Each one of the countries chosen contributes 4000 or more tourists per year. Distance though given in data is not used because it is represented in air fare.

Country codes

(1) JO=Jordan	(14) ND=Netherlands
(2) IA=Iraq	(15) YG=Yugoslavia
(3) SA=Saudi Arabia	(16) DM=Danemark
(4) KT=Kuwait	(17) US=United States
(5) ET=Egypt	(18) CD=Canada
(6) SD=Sudan	(19) AU=Australia
(7) UK=United Kingdom	(20) IN=Iran
(8) FR=France	(21) TK=Turkey
(9) WG=West Germany	(22) ID=India
(10) IY=Italy	(23) CY=Cyprus
(11) GR=Greece	(24) PK=Pakistan
(12) SW=Switzerland	(25) JP=Japan
(13) SD=Sweden	

Column Headings

Country Code (1)	Year (2)	Number of tourists (3)	Distance (4)
Airfare (5)	Per Capita Income (6)	Tourist Cost of Living (7)	
Population (8)	Urbanization (9)	Advertisements (10)	

Sources: Col. 3= National Council of Tourism
Statistical Sheets
 " 4= ABC of Air Transport Tarrifs
 " 5= ABC of Air Transport Tariffs
 " 6= United Nations, National Accounts Yearbook (New York: Statistical Office of the UN Department of Economic and Social Affairs 1966.)
 " 7= United Nations, Statistical Yearbook (New York: Statistical Office of the UN Department of Economic and Social Affairs 1966.)

- Col. 8= United Nations Statistical Yearbook
(New York: Statistical Office of
the United Nations. Department of
Economic and Social Affairs, 1968)
18th Issue. 1966
- " 9= United Nations; Demographic Yearbook
(New York: Statistical Office of the
United Nations, Department of Social
Affairs 1966)
- " 10= Interview with Mr. Jureisati head of
the Publicity Department - Ministry
of National Tourism.

US1961	37978	9090	102100	2363	1940	18222	54	185000
US1960	30718	9090	102100	2326	1893	17932	54	175750
CD1966	6963	9307	76200	2415	2200	2015	44	33400
CD1965	5101	9307	77200	2176	2140	1992	43	31600
CD1964	4527	9307	78150	1948	2088	1961	42	30200
CD1963	3029	9307	79100	1873	2237	1921	41	28600
CD1962	2644	9307	80000	1747	1988	1891	41	26600
CD1961	2418	9307	103600	1670	1940	1853	40	25100
CD1960	1587	9307	103600	1624	1893	1823	40	24000
AU1966	5144	14287	109600	1640	2200	1154	63	10000
AU1965	4658	14287	109600	1608	2140	1136	58	9500
AU1964	3086	14287	109600	1579	2088	1113	45	9000
AU1963	2469	14287	109600	1473	2037	1091	44	8500
AU1962	1941	14287	109600	1347	1988	1072	41	8100
AU1961	1504	14287	129200	1270	1940	1050	40	7700
AU1960	1155	14287	129200	1254	1893	1031	38	7300
IN1966	5581	1461	17200	241	2200	2578	17	16650
IN1965	8149	1461	17450	226	2140	2315	18	15830
IN1964	10587	1461	17640	211	2088	2264	18	15040
IN1963	6620	1461	17860	199	2037	2211	17	14325
IN1962	5442	1461	18080	190	1988	2165	18	13600
IN1961	3280	1461	23475	189	1940	2115	17	12350
IN1960	3705	1461	23475	180	1893	2066	16	11653
TK1966	6499	988	12200	247	2200	3226	15	16650
TK1965	5720	988	12380	242	2140	3139	15	15830
TK1964	5205	988	12560	235	2088	3015	14	15040
TK1963	5494	988	12729	222	2037	2985	13	14325
TK1962	6923	988	12910	199	1988	2901	13	13600
TK1961	3094	988	16857	183	1940	2822	14	12350
TK1960	2972	988	16857	177	1893	2775	13	11650
ID1965	4559	4000	484	60	2140	47785	7	31600
ID1964	3463	4000	484	57	2088	46613	6	30000
ID1963	3523	4000	484	50	2037	45575	6	28500
ID1962	4250	4000	484	46	1988	44551	5	26650
ID1961	3484	4000	619	45	1940	43551	5	25000
ID1960	3272	4000	619	44	1893	42515	4	24000
CY1966	5838	251	3900	513	2200	92	10	8000
ID1966	5838	4000	484	63	2200	47800	7	33310
CY1965	4559	251	3960	458	2140	85	11	7800
CY1964	3463	251	4020	418	2088	78	12	7280
CY1963	3523	251	4080	490	2037	73	13	6900
CY1962	4252	251	4100	501	1988	67	14	6530
CY1961	3484	251	5452	577	1940	62	16	6217
CY1960	3272	251	5452	494	1893	57	17	5580
PK1966	5419	3202	446	111	2200	9481	7	16650
PK1965	4077	3202	446	105	2140	9461	7	15830
PK1964	4094	3202	446	96	2088	9441	7	15040
PK1963	3712	3202	446	89	2037	9419	7	14325
PK1962	3693	3202	446	84	1988	9401	6	13600
PK1961	2742	3202	570	82	1940	9383	6	12350
PK1960	2011	3202	570	80	1893	9364	6	11653
JP1966	4652	10626	1143	738	2200	9919	46	1
JP1965	4066	10626	1143	716	2140	9827	44	1
JP1964	3741	10626	1143	631	2088	9630	44	1
JP1963	2978	10626	1143	555	2037	9590	43	1
JP1962	2606	10626	1143	494	1288	9505	43	1
JP1961	2341	10626	1143	436	1940	9435	42	1
JP1960	1998	10626	1143	371	1893	9341	41	1

WG1964	20217	2837	35163	1469	2088	5418	37	165300
WG1963	16095	2837	35699	1343	2037	5411	36	157000
WG1962	14386	2837	36194	1265	1988	5404	37	149070
WG1961	12699	2837	46988	1171	1940	5397	36	141200
WG1960	10811	2837	46988	1073	1893	5390	35	134600
IY1966	13351	2203	28400	936	2200	5150	27	41600
IY1965	11838	2203	27800	883	2140	5115	26	39500
IY1964	9587	2203	28240	830	2088	5084	25	37600
IY1963	8604	2203	28650	761	2037	5054	25	35600
IY1962	7652	2203	29075	857	1988	5024	24	34500
IY1961	7206	2203	37747	593	1940	4990	24	32000
IY1960	6673	2203	37747	540	1893	4960	24	30500
GR1966	8911	1152	15315	605	2200	871	26	11665
GR1965	8098	1152	15620	555	2140	865	27	11085
GR1964	6179	1152	15855	500	2088	859	27	10400
GR1963	5130	1152	16040	452	2037	852	26	9816
GR1962	5539	1152	16350	411	1988	845	25	9185
GR1961	6249	1152	21337	395	1940	838	25	8335
GR1960	6510	1152	21337	356	1893	828	24	7600
SW1966	6637	2710	31600	2020	2200	613	28	40000
SW1965	6854	2710	32000	1930	2140	602	30	38000
SW1964	4855	2710	32500	1831	2088	589	30	36100
SW1963	4210	2710	33066	1707	2037	577	31	34200
SW1962	3772	2710	33500	1591	1988	565	30	32480
SW1961	3370	2710	43540	1463	1940	553	30	29880
SW1960	2398	2710	43540	1338	1893	542	30	28500
SD1966	5792	4245	42100	2380	2200	773	29	11650
SD1965	6130	4245	42700	2227	2140	768	25	11080
SD1964	3767	4245	43200	2051	2088	763	25	10400
SD1963	3244	4245	43800	1850	2037	760	24	10000
SD1962	2262	4245	44300	1742	1988	756	23	9500
SD1961	2170	4245	60600	1609	1940	753	23	8550
SD1960	1608	4245	60600	1486	1893	749	23	7600
ND1966	7103	3189	34132	1386	2200	1339	28	1
ND1965	4685	3189	34648	1272	2140	1222	31	1
ND1964	3840	3189	35163	1167	2088	1206	31	1
ND1963	3351	3189	35699	1005	2037	1190	31	1
ND1962	3316	3189	36194	935	1988	1175	31	1
ND1961	2728	3189	46988	886	1940	1160	31	1
ND1960	2497	3189	46988	851	1893	1146	32	1
YG1966	4406	1783	23425	412	2200	1867	8	1
YG1965	4069	1783	23736	315	2140	1864	8	1
YG1964	2806	1783	24120	240	2088	1861	8	1
YG1963	2132	1783	24559	180	2037	1858	8	1
YG1962	2013	1783	24840	150	1988	1856	8	1
YG1961	2416	1783	32256	134	1940	1854	8	1
YG1960	1602	1783	32256	116	1893	1851	8	1
DM1966	5010	3740	40925	1809	2200	479	35	11650
DM1965	3167	3740	41620	1645	2140	476	29	11083
DM1964	2524	3740	42230	1492	2088	471	26	10450
DM1963	2395	3740	42860	1334	2037	467	26	10000
DM1962	1890	3740	43480	1283	1988	464	25	9500
DM1961	1694	3740	56524	1155	1940	461	26	8500
DM1960	885	3740	56524	1042	1893	458	26	7600
US1966	93841	9090	71860	3072	2200	19706	52	240000
US1965	76678	9090	72620	2899	2140	19415	51	228000
US1964	67830	9090	73415	2726	2088	19110	51	216300
US1963	47881	9090	74120	2580	2037	18810	52	205400
US1962	41062	9090	74990	2488	1988	18513	53	195100

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10)

JO1966	134389	213	3920	282	2200	193	17	13330
JO1965	120820	213	3920	257	2140	187	13	12660
JO1964	93301	213	3920	226	2088	182	13	12000
JO1963	76260	213	3920	197	2037	177	12	11330
JO1962	64122	213	3920	186	1988	173	12	10660
JO1961	54722	213	5017	193	1940	170	11	10000
JO1960	45978	213	5017	151	1893	164	11	9330
IQ1966	59271	826	10560	206	2200	843	40	15000
IQ1965	57626	826	10734	197	2140	826	38	14250
IQ1964	35808	826	10808	188	2088	812	37	13560
IQ1963	40603	826	10932	180	2037	800	37	12856
IQ1962	15254	826	11056	187	1988	783	36	12213
IQ1961	20731	826	14300	176	1940	770	35	11600
IQ1960	10071	826	14300	162	1893	758	35	10200
SA1966	38493	1486	24180	210	2200	673	7	36660
SA1965	33098	1486	24292	207	2140	670	7	34883
SA1964	25037	1486	24404	203	2088	668	7	33090
SA1963	23762	1486	24516	197	2037	666	6	31433
SA1962	21399	1486	25000	192	1988	664	6	29860
SA1961	16573	1486	31667	182	1940	662	6	28366
SA1960	14016	1486	31667	167	1893	661	5	26946
KT1966	30610	1291	14820	3270	2200	51	20	18650
KT1965	20084	1291	14820	2943	2140	46	21	17330
KT1964	18855	1291	14820	2648	2088	40	25	16846
KT1963	18335	1291	14820	2383	2037	38	26	16000
KT1962	10406	1291	14820	2144	1988	35	28	15200
KT1961	12020	1291	18969	2000	1940	32	31	14440
KT1960	7316	1291	18969	1900	1893	32	31	13800
ET1966	23656	565	7400	150	2200	3008	28	66650
ET1965	10636	565	7500	142	2140	2930	24	63300
ET1964	9675	565	7600	134	2088	2880	24	60160
ET1963	10628	565	7710	125	2037	2808	25	57156
ET1962	12608	565	7805	118	1988	2740	25	54276
ET1961	15262	565	10214	112	1940	2673	26	51553
ET1960	10621	565	10214	104	1893	2608	26	48956
SD1966	5083	2049	21550	126	2200	1354	26	10000
SD1965	4867	2049	21550	120	2140	1317	25	9500
SD1964	3461	2049	21550	115	2088	1281	24	9056
SD1963	3071	2049	21550	110	2037	1246	24	8570
SD1962	2559	2049	21550	113	1988	1212	23	8140
SD1961	2298	2049	27558	102	1940	1179	22	7730
SD1960	1548	2049	27558	103	1893	1144	24	7343
UK1966	44331	3466	37075	1519	2200	5570	41	256500
UK1965	37646	3466	37600	1458	2140	5432	32	243800
UK1964	35370	3466	38275	1380	2088	5395	29	231640
UK1963	27870	3466	38770	1291	2037	5358	29	220050
UK1962	24688	3466	39300	1225	1988	5316	28	209050
UK1961	22549	3466	51070	1183	1940	5276	27	198600
UK1960	17750	3466	51070	1113	1893	5240	26	188670
FR1966	44331	3191	34132	2072	2200	4892	32	166500
FR1965	37646	3191	34648	1884	2140	4830	33	158400
FR1964	35370	3191	35163	1703	2088	4768	33	150400
FR1963	27870	3191	35699	1581	2037	4707	33	142800
FR1962	24688	3191	36194	1455	1988	4652	32	135530
FR1961	22549	3191	46988	1317	1940	4611	32	128750
FR1960	17750	3191	46988	1249	1893	4570	32	122300
WG1966	31994	2837	34132	1695	2200	5397	36	183334
WG1965	30057	2837	34648	1585	2140	5426	35	174166

APPENDIX II

Weighted Cost of Living Index for 17 Non-Arabic
Speaking Country and Comparison with Cost of
Living Index of Lebanon
1960-1966

	$\frac{P_i \cdot t_i \cdot 100}{PI}$ 1960	$\frac{P_i \cdot t_i \cdot 100}{PI}$ 1961	$\frac{P_i \cdot t_i \cdot 100}{PI}$ 1962	$\frac{P_i \cdot t_i \cdot 100}{PI}$ 1963	$\frac{P_i \cdot t_i \cdot 100}{PI}$ 1964	$\frac{P_i \cdot t_i \cdot 100}{PI}$ 1965	$\frac{P_i \cdot t_i \cdot 100}{PI}$ 1966
United Kingdom	1772.76	1914.36	1886.79	1996.89	2216.76	2196.00	1860
France	880.00	978.12	1263.12	1572.26	1883.40	2298.20	2049
West Germany	1089.97	1078.02	1098.72	1472.26	1255.80	1723.20	1301
Italy	672.59	611.62	605.68	666.00	661.76	747.12	595
Greece	236.39	222.45	285.12	306.23	306.30	395.67	275
Switzerland	=668.85	515.00	415.66	360.00	366.30	395.67	275
Sweden	164.85	186.84	262.16	244.53	278.30	445.05	355
Netherlands	251.32	231.08	149.46	223.76	242.19	375.04	259
Yugoslavia	176.28	243.18	178.20	105.91	250.66	324.88	299
Denmark	88.58	148.50	157.08	187.88	175.44	560.00	388
United States	309824	3163.68	3022.95	3308.44	175.44	267.72	237
Canada	15965	198.79	252.00	206.70	3960.36	4035.70	4233
Australia	119.70	128.30	145.52	206.32	263.52	224.56	226
Turkey	331.74	298.87	448.95	467.28	18592	260.91	204
India	270.40	257.04	275.52	253.45	376.54	387.66	325
Pakistan	221.78	250.70	336.74	267.96	304.45	248.00	325
Japan	183.05	211.31	214.76	241.92	274.04	252.20	255
Total A	10386.00	10698.00	10998.00	11559.00	266.64	271.60	222
Total A/100	104	107	110	115	123	126	128
Lebanon	103	106	108	110	n.a	n.a.	n.a
Weighted Index	1.008	1.006	1.04	1.009	-	-	-

APPENDIX III

TREND ANALYSIS FOR ARAB COUNTRY VISITS

Using the equation $y = \frac{ty}{t^2} t$ where $t = T - \bar{T}$ $y = Y - \bar{Y}$

Year	T	Y	t	y	t ²	ty
1966	6	291,502	-3	115,079	9	345,237
1965	5	247,131	-2	70,208	4	141,416
1964	4	186,167	-1	9,744	1	9,744
1963	3	172,659	0	3,764	0	0,000
1962	2	126,348	1	50,075	1	50,075
1961	1	121,606	2	54,817	4	109,634
1960	0	89,550	3	86,873	9	260,019
	$\bar{T}=3$	$\bar{Y}=176,423$			$t^2=28$	$ty=909,725$

$$y = \frac{909,725}{28} t$$

$$y - 176,423 = 32,490 (t - 3)$$

$$Y = 78,953 + 32,490 t$$

$$t_{1960} = 0$$

APPENDIX IV

Methodology of Projections:

To make projections the standardized values of the projected independent variables must be substituted in the model. The independent variables are projected on a linear basis. To transform these into standardized values the mean of the observed values of each independent variable is subtracted from the projected value and the difference divided by the standard deviation of the same variable.

The standardized value then is substituted in the model. The assumption was made that the relative importance of each of the independent variables remained the same. The resultant is a standardized value of the projected Y. Put in general form:

$$\frac{Y_i - Y_{\bar{x}}}{\sigma_{Y_{\bar{x}}}} = \sum_{K=i} \frac{K X_{K_i} - X_{\bar{K}_x}}{\sigma_{K_{\bar{x}}}}$$

Where,

- Y_i = Projected Number of Tourists
- \bar{Y}_x = Average number of tourists in the period 1960-1966
- σ_{Y_x} = Standard deviation of actual number of tourists visiting Lebanon 1960-1966
- X_{k_i} = The K'th independent variable projected through a trend analysis (or any other mean)
- \bar{X}_{k_x} = Average value of the K'th independent variable in the period 1960-1966
- σ_{X_k} = Standard deviation of the K'th independent variable in the period 1960-1966

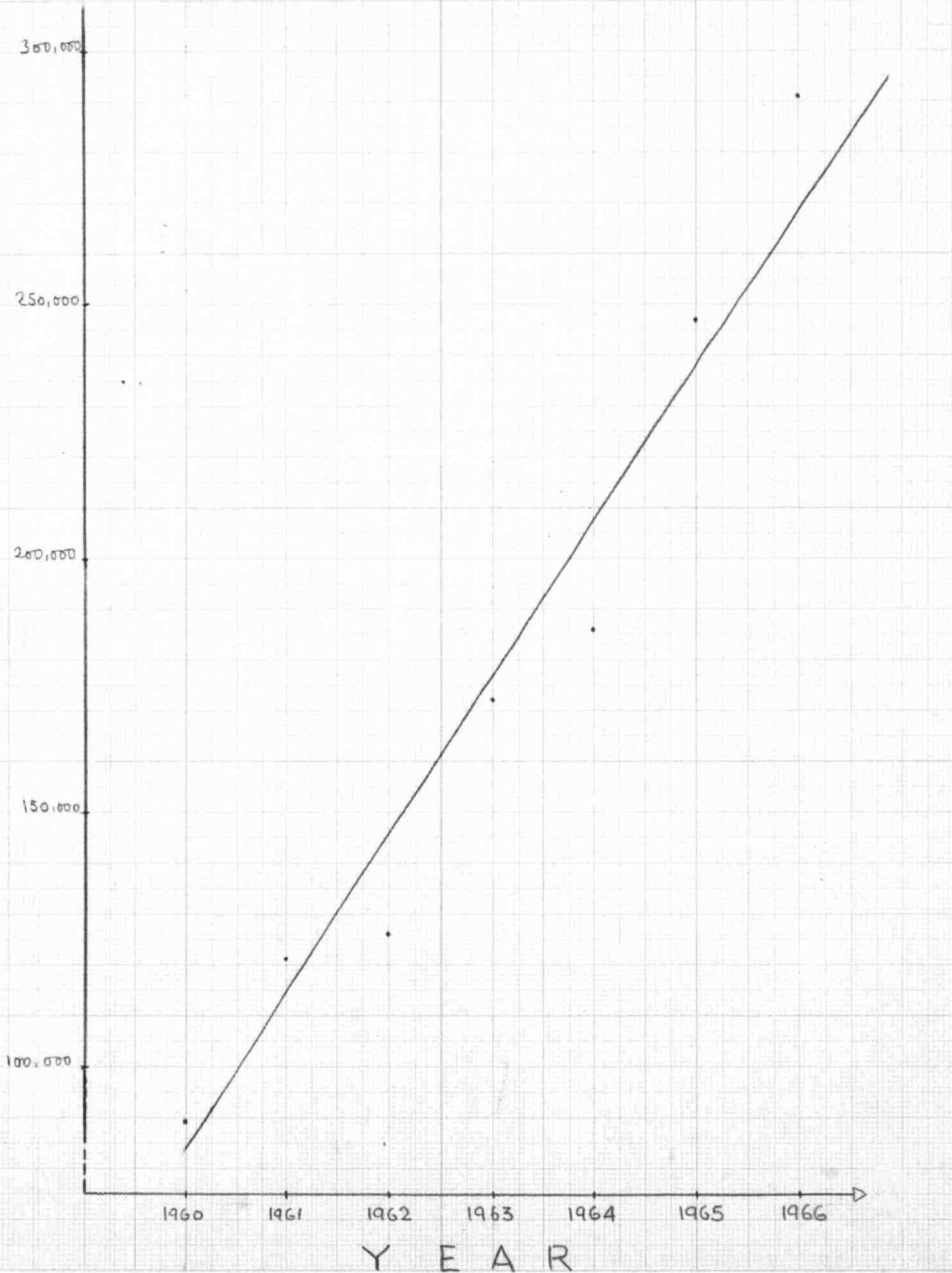
By solving for Y in the equation the number of tourists can be found

$$Y = \bar{Y}_x + \frac{\sigma_{Y_x}}{\sigma_{X_k}} (X_{k_i} - \bar{X}_{k_x}) \quad (\text{Standardized value of } Y)$$

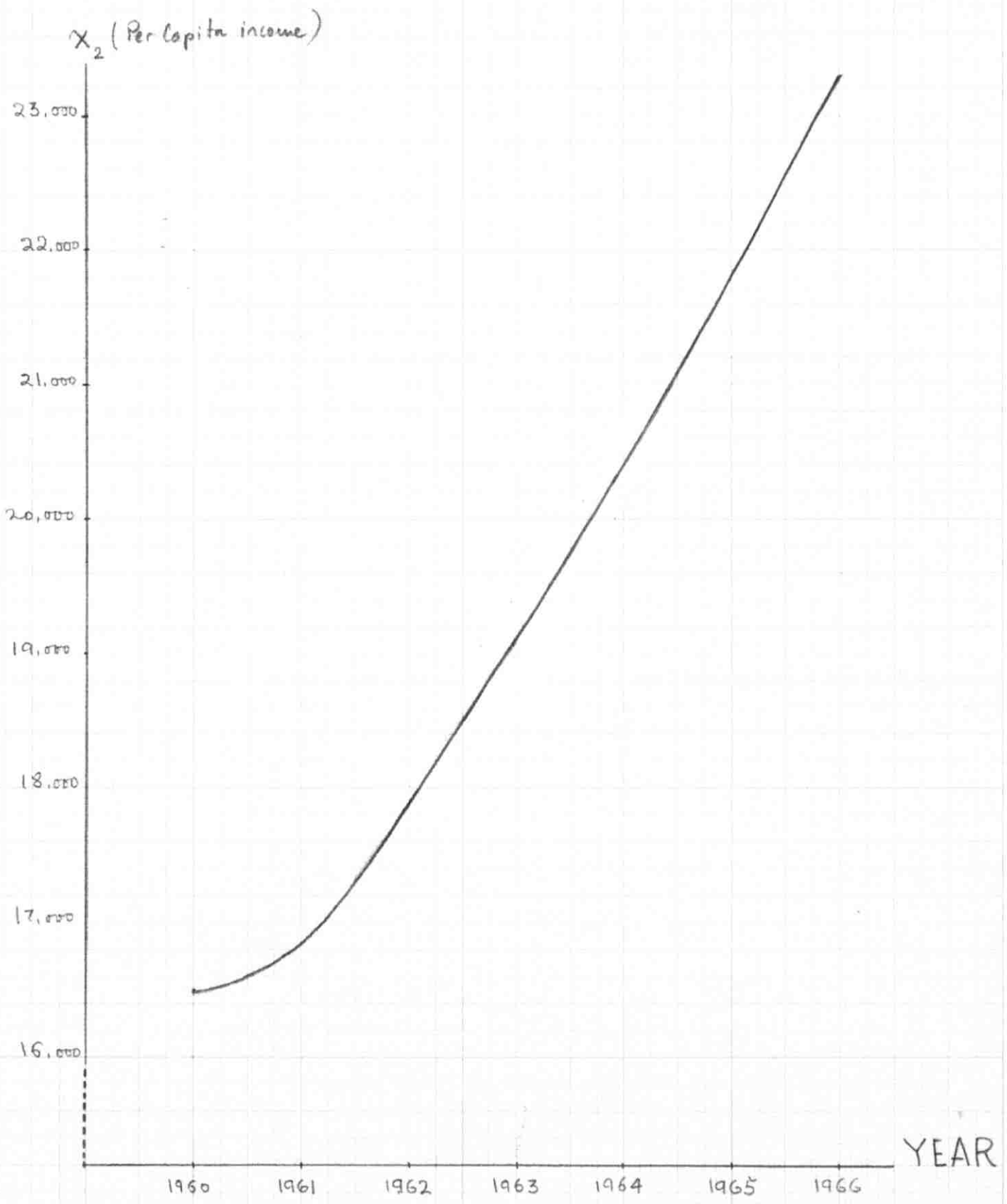
Projections of Six Independent Variables and Standard Scores
1960 - 1972

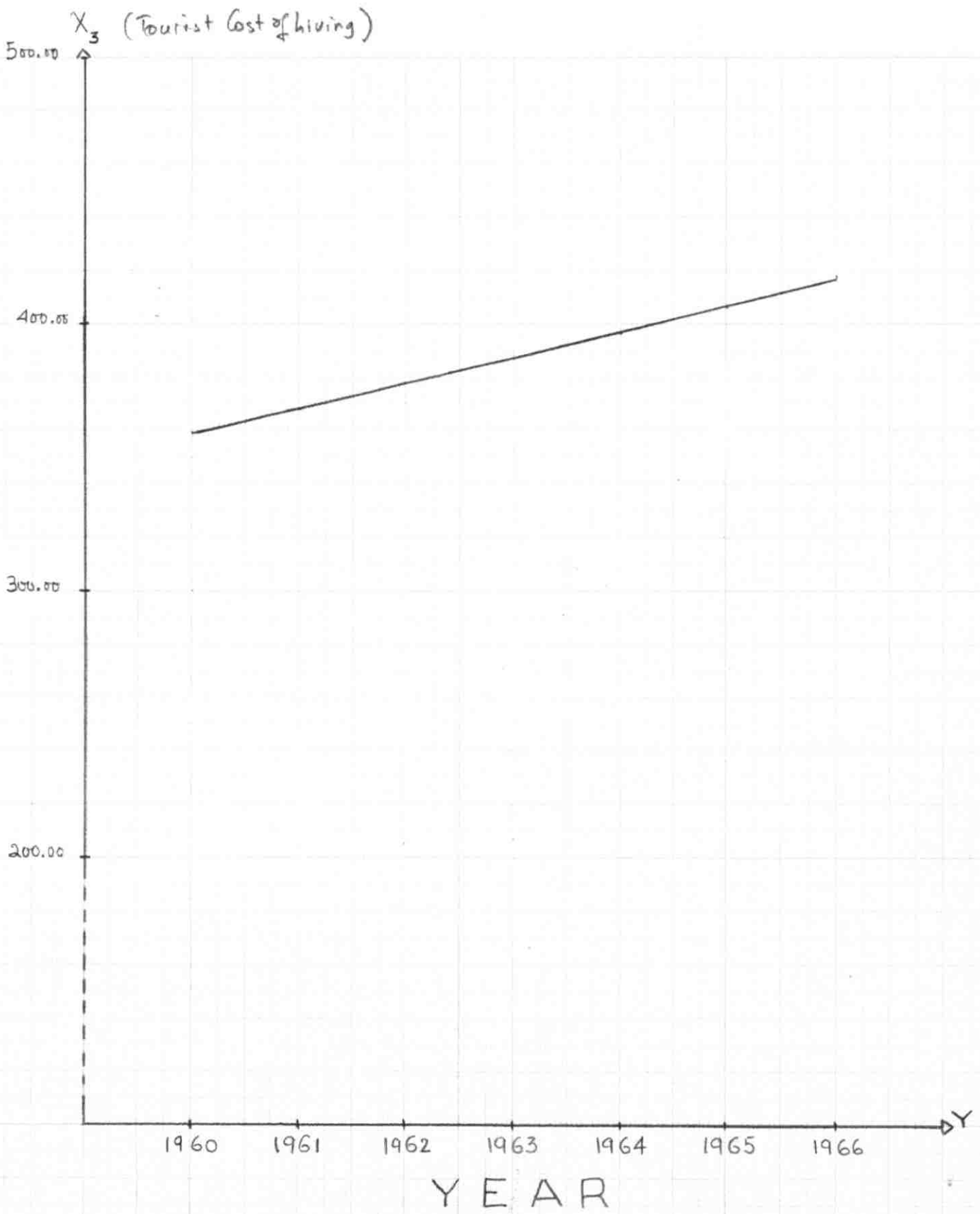
Year	$\sum Y$	$\sum X_1$	$\sum X_2$	$\sum X_3$	$\sum X_4$	$\sum X_5$	$\sum X_6$
1960	106,554	10,013.92	16,494	359.67	1120.38	489	738,459
1961	132,106	10,013.92	16,721	368.60	1143.86	496	841,885
1962	152,408	8,400.91	18,010	377.72	1145.85	497	972,110
1963	171,216	8,396.91	19,035	387.03	1174.09	505	946,344
1964	221,904	8,325.94	20,593	396.72	1194.89	510	990,193
1965	266,727	8,242.92	21,744	606.60	1206.55	530	1,045,107
1966	312,676	6,375.92	23,374	418.00	1179.16	551	1,131,162
Projected Values	-	5,578.40	30,117	474.52	1279.17	596	1,478,788
Mean of observed value 60-66	194,798	8,538.34	19,424	387.76	1116.40	511	951,894
Standard Deviation for 60-66-72	75,135	480	2,600	20	30	21	129,600
Standard Scores 0-100	-	-5,025	4,113	4.350	3.767	4.048	4.065

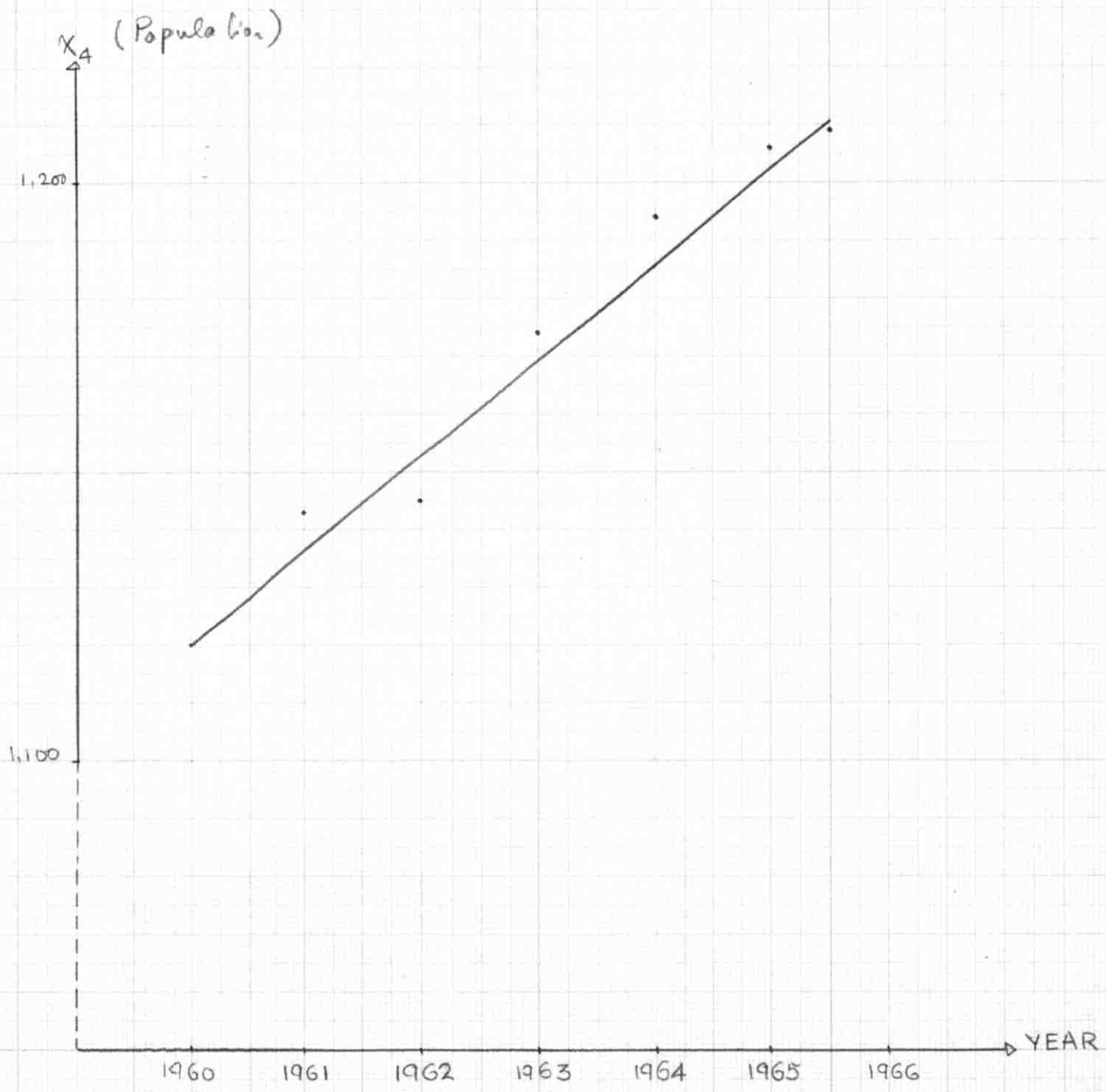
Y (ARAB TOURISTS)



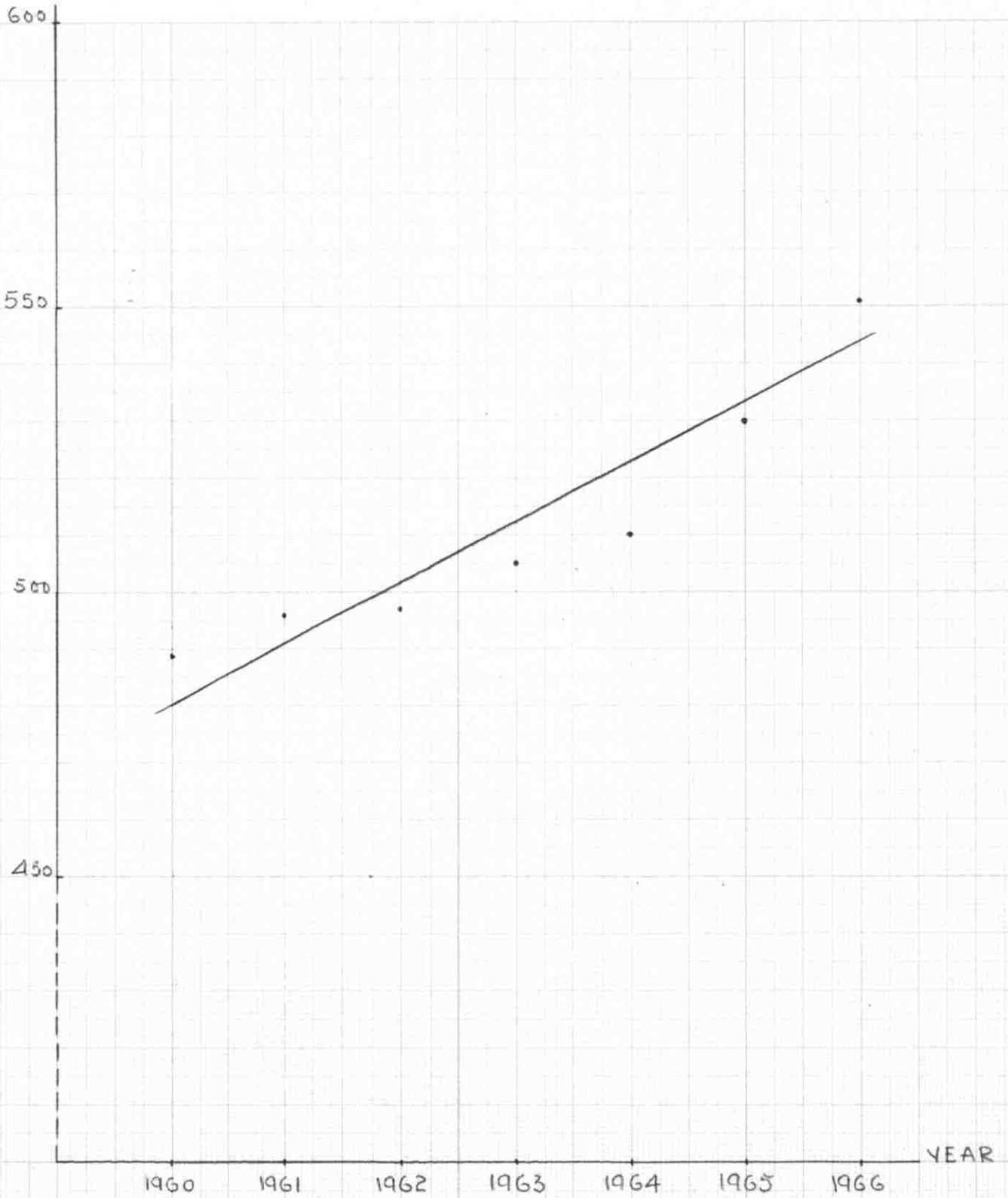
Y E A R

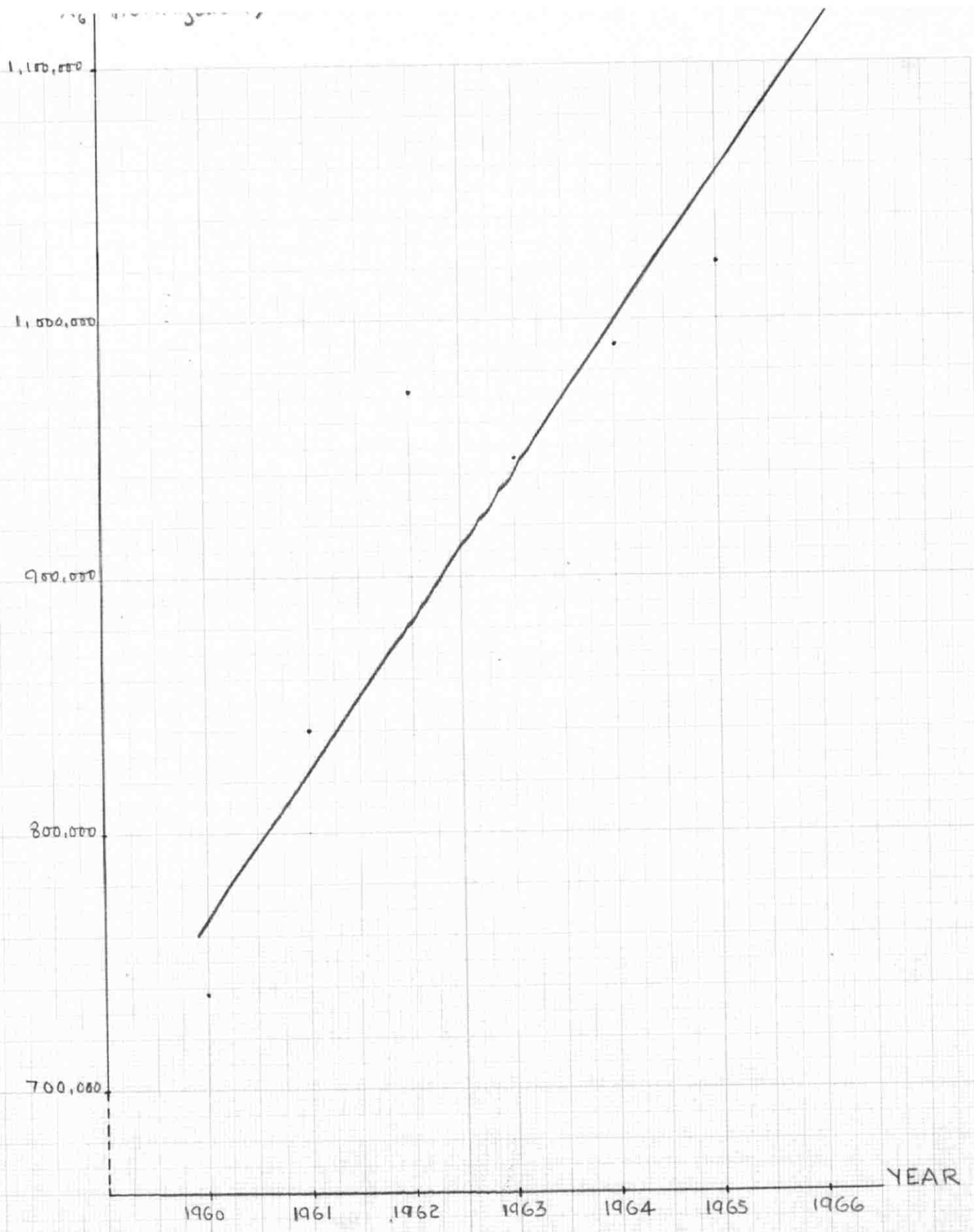






X_5 (Urbanization)





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