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The development of the Portuguese hotel Business, 1950-1995

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RESUMO/ABSTRACT

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This paper looks at the expansion of tourism in Portugal in the general context of the southern European countries, and focuses on the development of the hotel business in Portugal between 1950 and 1995. Some writers hold that the entrepreneurial fabric in the package holiday and mass tourism business is fragmented, overly dependent on tour operators, and usually adverse to foreign investment. We propose to analyse foreign investment in the hotel business over this period.

Tourism is also seen as a sector little favoured for investment by the State, even though it is noted that Portugal in the seventies was an exception to this general rule. We propose to analyse public and private investment in the hotel business and to examine whether any changes took place over this period in the average size of hotels and of firms in this sector.

We shall also seek to relate investment in capital goods with the growth in the number of occupations in the hotel sector requiring an average level of qualifications. On the basis of a typology of occupations in the hotel trade we will establish whether there was any improvement in a sector which is traditionally viewed as not absorbing a very large proportion of skilled labour.

Finally, we will examine increases in unit labour costs and trends in those costs to determine what percentage they represent of total costs, together with the efforts made to save on such costs. The basis for this analytical exercise is the relationship between productivity gains and competitiveness in the hotel sector. This point is very important when we consider how productivity growth has been observed in services compared to commodity production. Angus Maddison points out that the general view is that productivity growth tends to be slower on services due to the intrinsic character of many personal services and partly

because of measurement conventions, which sometimes exclude the possibility of productivity growth.

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THE DEVELOPMENT OF THE PORTUGUESE HOTEL BUSINESS, 1950-1995

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ABSTRACT[1]

This paper looks at the expansion of tourism in Portugal in the general context of the southern European countries, and focuses on the development of the hotel business in Portugal between 1950 and 1995. Some writers hold that the entrepreneurial fabric in the package holiday and mass tourism business is fragmented, overly dependent on tour operators, and usually adverse to foreign investment. We propose to analyse foreign investment in the hotel business over this period.

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[1] We are grateful for the comments of Prof. Jaime Reis.

[2] This point of view is expressed by A. Maddison about how structural changes have_been affected by different kinds of forces and influences and in particular_one of the forces mentioned is "the various sectors' differing pace of technological advance" (explaining the economic Performance of Nations, 1820-1989,p.49

PORTUGAL AND THE COUNTRIES OF SOUTHERN EUROPE

At the European and global levels, tourist numbers grew consistently from the nineteen-fifties up to the end of the 20th century. Portugal has played an important role in tourism and has welcomed international tourists in significant numbers, mainly from Europe. The numbers of tourist arrivals from the mid-fifties onwards was far in excess of the figures recorded in the period prior to the second world war. Nevertheless, the starting point in the mid-fifties was very low: compared to Greece, the most similar country in terms of numbers, Portugal had half the number of tourists.

Table 1
International Tourist Arrivals 1955/56-1972/3

A:

Average Annual Number					% Change compared to previous average annual years		
	1955-56	1959-62	1967-70	1972-3	1955-6 /1959-62	1959-62 / 1967-70	1967-70 / 1972-3
Portugal	217226	358392	1225050	2247950	+ 65	+ 242	+ 83
Greece	401868	406864	2137218	2641471	+ 1,2	+ 425	+ 24
Italy	6600000	9412500	13222125	14890750	+ 43	+ 299	+ 13
Spain	------	6169020	20707483	33532767	------	+ 236	+ 60

Source : OECD, Trends in Economic sectors. Tourism in Europe. A Study by the Tourism Committee, Paris. Author's calculations.

B:

Average Annual Number (millions)					% Change compared to previous average annual years		
	1977-81	1982-86	1987-91		1982-86	1987-91	
Portugal	2.1	4.3	7.3		+ 104.8	+ 69.8	
Greece	4.7	6.0	7.9		+ 26.7	+ 31.8	
Italy	45.6 **	50.2	53.5		+ 10.1	+ 6.6	
Spain	39.7	43.4	52.8		+ 9.3	+ 21.6	

Source : OECD, Tourism Policy and International Tourism in OECD Member Countries, Annual Report, 1977-92, in Allan M. Williams, Tourism as a Agent of Economic Transformation in Southern Europe, p.124, *apud* Heather D. Gibson, *Economic Transformation, democratisation and Integration into the European Perspectiv*e, New York, Palgrave, 2001.
** 1978-81 only

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apud William Baumol, Richard R. Nelson, and Edward N. Wolff (eds.), Convergence of Productivity. Cross-National Studies and Historical Evidence, 1994).

Between 1955-6 and 1959-62 Portugal had the highest growth rates among the southern European countries. If trends from the first period had been maintained in the second, the average rate of growth in the three remaining periods would have been 320%, and not 242%. At the beginning and end of the eighties, the two most significant tourist destinations in southern Europe recorded growth rates in the number of tourist arrivals lower than those of Portugal and Greece. At the end of the eighties, Italy slowed down by comparison with Spain. The strongest period of expansion for Portugal took place in that decade, when it fell just short of Greece.

The period from 1950 to 1973 was the golden age of world economic growth. Growth rates were highest in Europe and Asia, while southern Europe had higher rates of growth than Western Europe as a whole. Post-war economic co-operation encouraged growth in intra-European trade. In general terms, up to 1970, exchange rates remained stable and inflation stayed low, while at the same time national economic policies were based on a commitment to strong demand and high employment. The countries of southern Europe benefited particularly from the expansion of world trade and the transfers of technology and investment which intensified at that time. The huge increases in tourism flows and in emigrants' remittances also played their part.

This means that in countries like Spain and Italy, where tourism recorded strong growth up to 1970, the general context for this growth was much more favourable than in Portugal. The growth in tourism in Portugal, which took place during the eighties, occurred at a time when economic circumstances had brought about a degree of instability - in tourist flows, in exchange rates, and in prices, contrary to what had occurred in the earlier period.

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In the southern countries revenue from tourism is a significant element in exports of services. Despite the fact that tourist spending by nationals in foreign countries (expenditure) has grown in recent years, this has not been sufficient to prevent the balance of trade in tourism in these countries from remaining positive.

Table 2

A : Average Annual receipts 1953-1993(a. av.)

(million current $)

	1953-55	1967-70	1977-81*	1982-86*	1992-93
Greece	28.1	147.75	1529	1461	3191.5
Italy	150.5	1565 (a)	8915	14943	21746.4
Portugal	14.8	269 (a)	1078	2886	3873.8
Spain	----	1401	8372	17062	20798.4
B : % of change compared to the previous period					
	1967-70	**1977-81***	**1982-86***	**1992-93**	
Greece	+ 425.8	+ 936.6	+ 57.4	+118.4	
Italy	+ 939.8	+ 469	+ 67.6	+ 45.5	
Portugal	+ 1717.6	+ 300.7	+ 167.8	+ 34.2	
Spain	-----	+ 469.1	+ 103.8	+ 21.8	

Sources: OEEC, Trends in Economic Sectors. Tourism in Europe; OECD, Tourism Policy and International Tourism in OECD Countries. * Allan M. Williams, *op. cit*, table 4.3 adaptation, p.129.
Notes: (a) 1968 non-existent.

An analysis of the average growth rates in annual revenues during these years (Table 2) shows that Portugal recorded significant growth in relative terms in the first period, mainly because it started out from a very low base. Its growth rate in the second period is the lowest in relative terms. If Portugal had maintained the average rate of growth of the other three countries in 1977-81 it would have grown at 504% and not at 300.7%. In the third period it recorded the highest rate of growth and in the fourth period the second lowest, but in this case if it had maintained the average growth rate of the other three countries the difference would have been minimal (2.4%).

During the eighties and nineties the number of tourist arrivals grew to match the increase in revenues. Gross revenues of Portuguese tourism at constant prices recorded negative growth between 1981 and 1982 and very high positive growth in 1984-5 and 1987.

The Intermediate Development Programme (*Plano Intercalar de Fomento*, 1965-7) emphasised the point that average revenue per tourist in Portugal was much higher than the average for the rest of southern Europe. Portugal's US$123 average revenue per tourist contrasted with $32 in Yugoslavia, $67 in Spain and $104 in Italy. Although it had been the intention to sacrifice luxury tourism on the altar of mass tourism it was also made clear that the expansion of the sector would entail growth in the mass tourism segment.[3] Average spending by foreign visitor reached its highest level in constant dollars in 1977-81 (392), followed by Greece (325) and, at some distance, by Italy (157) and Spain (150). Comparatively long stays and high per diem spending account for the high figures in the first two countries, while the elite nature of Portuguese tourism is the specific feature of tourism in Portugal. From 1982 to 1986 these numbers fell in Portugal and Greece (to 251 and 244, respectively) and rose in Spain and Italy (to 193 and 177, respectively). In Portugal this drop was due to exchange rate fluctuations and to the increase in the number of Spanish visitors who did not stay overnight in Portuguese hotels. The figures reached in 1980 for per diem tourist spending would not be achieved again in the whole of that decade.[4] Finally, between 1987 and 1991, Portugal recovered its position at the top of the

[3] *Plano Intercalar de Fomento para 1965-7 (Intermediate Development plan for 1965-7)*, vol. II, opinion of the Chamber of Corporations, Lisboa, I.N., 1965, p. 213-14. Revenues from tourism depend on the number of tourists and how much they spend. Given that accommodation is a significant element in a tourist's total spend, average length of stay is a key factor. In Portugal the average length of stay started at 8.2 days in 1971, rose to 12 in 1979 and dropped back to 6.9 days in 1994 (José Sancho Silva, *A Evolução ....*, , p.8).

[4] José Sancho Silva, «Receitas e Despesas atribuídas ao Turismo» (Revenue and expenditure attributed to Tourism) in *Turismo*, n^{os} 22/23, Year II, Series I, 1990, p.13.

table of the southern countries in relation to average spending per foreign visitor (395 at current dollar prices), Spain taking second place (323), and Greece and Italy third and fourth place (291 and 279, respectively)[5].

Finally in the whole group of countries of southern Europe throughout the eighties Portugal had the highest rates of growth in the significance of travel accounts in the gross national product. By contrast in Italy this figure declined markedly in the closing years of the eighties. In Spain and Greece the growth rates were moderate.[6]

THE HOTEL BUSINESS

The choice of the hotel business as a subject for study has to do with its significance in overall employment and the fact that accommodation in Portugal represents the main element of tourists' expenditure. In 1999, the hotel sector's share of total tourist accommodation capacity (including tourist complexes and apartments) was 45%[7].

Supply of accommodation in hotels

Our analysis of accommodation is based on a narrow definition in that it excludes rural accommodation, camping sites and the parallel market. The supply of hotel

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[5] Allan M. Williams, *op. cit.*, p. 130. The existence of unregistered accommodation in the Greek islands (as in the Algarve) means we must exercise some caution in relation to these figures. According to data for 1990 and 1992, the average daily spend by a visiting package holidaymaker was 12.4 and 11.9 contos (1 conto = PTE 1000) respectively, while that for a tourist was 10.1 and 13 contos, and fell mainly on clothing/footwear and household and decorative items, while the tourist's spending fell mainly on accommodation. Spending by package holidaymakers represented 17% of total spending by the two groups (Tourism Receipts. Development of the Method for calculating receipts attributed to Tourism based on Surveys of foreign-resident visitors, Direcção Geral de Turismo (Directorate General for Tourism). Gabinete de Estudos e Planeamento (Research and Planning Office), 1994, p. 4, pp. 10-14).

[6] Allan M. Williams, *op. cit.*, pp. 130-1.

[7] Camping sites represent 54% of total accommodation capacity (Licínio Cunha, *Introdução ao Turismo* (Introduction to Tourism), Lisboa, Verbo, 2001, pp. 189-190 and pp. 220-221).

accommodation between 1965 and 1995 grew at an annual average of 4.04%, while the number of overnight stays by foreigners grew at a rate of 5.11%.

From 1962 to 1969 and from 1995 to 1999, available accommodation capacity increased from 63,494 to 211,194 beds. Very high growth rates were recorded in the Algarve for the 1962/69 and 1980/85 periods, while Madeira had particularly high rates of growth in the 1970s. The districts of Lisbon and Porto, taken as a whole, lost ground in relative terms. In 1995, the Algarve and Madeira, together with Lisbon and Porto accounted for approximately 66% of tourism supply.

Table 3

Accommodation Capacity (%)

	1962-69	1995-1999
Continental Portugal	95	89.43
Madeira and Azores (archipelagos)	5	10.56
REGIONS		
Alentejo (I)	2.79	3.45
Algarve	7.84	39.90
Madeira	3.71	8.84
North (II)	15.66	12.84
Centre (III)	27.36	9.60
Lisbon and Tagus Valley (IV)	35.89	23.62

Source: Estatísticas do Turismo (I.N.E).

Note: I- Beja, Évora and Portalegre; II- Braga, Bragança, Porto, Viana do Castelo and Vila Real; III- Lisboa, Santarém and Setúbal; IV- Lisboa, Santarém and Setúbal.

In general terms the greatest quantity of accommodation initially was in hotels and one and two-star *pensions*. Between 1965 and 1995 the number of five-star hotels doubled (they went from being 4% of all hotels to 8%) while three and four-star hotels went from 16% to 28%. The number of 4-star *pensions* increased, while the remaining categories declined. By the end of the 1980s eighties, tourist complexes, apartments and aparthotels represented some 35% of all supply. In 1995 aparthotels were to be found in the two main holiday destination areas, with greater emphasis on the Algarve (62.5%) than in Madeira (14.9)[8].

Underlying this growth in the hotel business we have the role of the State in registering and supervising the standards of hotel facilities. Quality became a key factor in competitiveness. Quality standards became part of the wider competitiveness strategies of corporations themselves, which began to play a more active role in ensuring their future competitiveness, reducing the significance of government intervention in this area to a more balanced proportion. Consumer power grew as a result of the explosion of technology and the growing internationalisation of national economies. The nature of demand changed. Companies no longer saw themselves as just producers, but themselves became customers. Customer satisfaction on the part of service providers presupposes permanent attention to changes in their tastes and desires, while at the same time quality management systems and ideas have also undergone profound change. It is now not just companies in the tourism sector which seek to adopt quality management, but the tourist destination itself as well. The changes which took place between 1970 and 1995 cannot be described as qualitative changes merely on account of the changes in hotel ratings. Quality management is a dynamic process full of subjective factors which are difficult to gauge in any comparative and developmental approach[9].

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[8] João Martins Vieira, *A Economia do Turismo*, Lisboa, Publicações Dom Quixote, pp.102-3.

[9] Rik de Keyse and Norbert Vanhove «Tourism quality plan: an effective tourism policy», Revue du Tourisme – The Tourist Review, 1997/3, pp. 32-37 ; Eduardo, Fayos-Solá, Competitividad y Calidad en la nueva era del turismo, Estudios Turísticos, nº 123 (1994), pp.5-10; W. Faché, Methodologies for Innovation and Improvement of Services in Tourism, Managing Service Quality, Volume 10 – Number 6, 2000, pp. 356-366; Sérgio da Palma Brito, «Turismo, Ambiente e Ordenamento do Território, (parts I,II, III e IV)» (Tourism, Environment and Territorial Planning) Turismohotel Internacional, volume 25, November 2000, nº7, pp. 12-15; volume 25, January 2001, nº 1, pp. 14-22; volume 25, March 2001 nº 2, pp. 10-13; volume 25, May 2001 nº 3, pp. 14-20; *ibidem*, *A Massificação do Turismo e o Turismo de Massas* (The Massification of Tourism and Mass Tourism), Turismohotel Internacional, volume 25, July 2001, nº 4, pp. 10-15, pp. 387-409. For an opposing view see João Martins Vieira, *op. cit*, p.102-3.

The Role of the State

In the southern European countries as a whole State intervention in the tourism sector has tended to be seen as minimalist when compared to its intervention in other sectors such as agriculture and industry, «being restricted to general land use planning, international marketing, and registration/supervision of standards of facilities. There are exceptions, such as the influential role of state subsidies in the 1960s hotel construction boom in the Algarve, and the devalorization of state capital in the construction of airports, motorways and water treatment[10]». In this approach, tourism only took shape as an alternative option when the economic crisis in the 1970s raised doubts about industry's role as the sole engine of economic development. We will endeavour to establish to what extent Portugal fits this scenario.

At the beginning of the 1950s, Portugal had a balance of payments problem, and the National Assembly began to study the possibility of expanding the tourist industry. But it was only after 1965 that investment in the tourism industry began to be looked at in an organised way. The intermediate plan adopted an approach which placed tourism in the context of national and regional development: two regions were targeted for major promotion - the Algarve and Madeira. «The targets proposed for this sector were in line with those applicable to the Portuguese economy as a whole: increasing the rate of growth, increasing employment levels and exports (of services), a better balance between the regions, even better living standards, either as a result of the direct effects of growth, or as a

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[10] Allan M,. Williams, *op. cit.,* p. 119 and A Lieptz, «The structuration of space, the problem of land, and spatial policy», in Carney, J. Hudson, R. and Lewis, J. (eds.), *Tourism and Economic Development: Western European Experiences*, Behaven Press, London, in *ibidem, ib.*

result of a demonstration effect on the population at large and on local businesses»[11]. Investment in tourism was seen as advantageous in balance of payments terms because it implied lower imports, and the obstacles to growth of the sector were perceived to be significantly lower than the «general problems in industrialising a country like ours»[12].

The main measures related to credit terms for the tourist industry – standardisation of rates; abolition of zero interest; conversion of existing loans to loans with better terms; improved and more precise definition of the criteria for granting loans so as to establish a closer link between the granting of credit facilities and the objectives for expanding the business, in particular by making the number of loans granted conditional on the number of rooms or beds rather than on expenditure; widening the scope of the Tourism Fund, which implied broadening the definition of the classification of facilities deemed to be useful to tourism. Incentive schemes and loans would no longer be limited to the hotel business but would include different aspects such as golf courses or pleasure boats, because it was deemed necessary to create activities in which the tourist could spend money. But the areas of concern were not just in the mechanisms of domestic funding: there was also the beginning of an interest in tapping international sources of finance for tourist developments in Portugal. Sharing in the concerns expressed by the industrial sector, business leaders called for the changes in the regulations on direct inward foreign investment.[13]

It was in that year (1965) that the main legislation on foreign investment was published. A set of double taxation treaties signed from 1969 onwards encouraged foreign

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[11] *Plano Intercalar de Fomento para 1965-7 (Intermediate Devlopment Plan for 1965-7)*, vol. II, Parecer da Câmara Corporativa, Lisboa, I.N., 1965, p.212.

[12] *Idem,* vol. I, I.N., 1968, 418.
[13] *Idem*, vol. II, Opinion of the Chamber of Corporations, Lisboa, I.N., 1965, .215

investment in manufacturing, the retail trade and in tourism. From 1967 onwards policymakers began to recognize that the increased balance of trade deficit. This reinforced the need to promote exports and meant the abandonment of a growth model based on an *inward orientation*[14]. In a sense it is possible to conclude that it was not the crisis in the seventies which lead Portugal to see tourism as an instrument of regional and national development. The option really dates back to 1965.

The State played an active role in developing tourism. Its involvement ranged from the public money invested in advertising and occupational training in hotel schools, to the planning of tourist areas and new airports and roads. Loans from the Tourism Fund (*Fundo de Turismo*) and tax breaks were used to encourage investment in the tourism sector. Among the measures taken, the use of expropriation for the public benefit in order to build, enlarge and improve tourist developments stands out, together with the granting of tax benefits in relation to *sisa* (the property transfer tax), corporate tax and rates (taxes on property), achieved by classifying these developments in the privileged category of being "of useful benefit to tourism."

The available data show that government investment in the hotel business in Portugal reached ten percent up to the mid-seventies, but fell significantly throughout the eighties (Table 4).[15]

[14] Abel Mateus, *Economia portuguesa* (Portuguese Economy), Lisboa, Verbo, 2001, p.98.

Table 4
Public and Private Investment in the hotel industry (annual averages).
(1000 escudos)

Years	Public			Private	Total	Public/total %
	State Budget	Tourism Fund	State Budget + Tourism Fund			
1967-1970	8348*	79643	85895	797224	883128	9.72
1972	16794	161194	177988	1947337	2125325	8.37
1974-1975	31540	173809	205349	1939553	2144901	9.57
1976-79	31957	91730	123687	1349026	1472714	8.39
1980-83	187499	305681	493180	6881557	7374737	6.68
1984-88	101372	692716	794088	23520133	24314221	3.26

Sources: *Tourism statistics; Tourism;* (Data INE).
Notes* 1967– no data; Does not include the *Caixa Nacional de Crédito* (National Credit Savings Bank), for which average annual values for the years 1973 and 1974 were 58357; and for 1978 to 1981 were 6215.

In Spain, for example, the successive development plans provided for insignificant amounts of state investment in the hotel business, but the final amount of official loans was over twenty percent of total tourism investment in the hotel business. There are benefits in looking at the role of State investment in the business on a comparative basis because there is every indication that different funding models are involved here[16].

Investments in the hotel business

a) Foreign Investment

In looking at investment in the hotel business we must assess the validity of the assertion that «international tourism is not characterized by a high level of multinationalization of the ownership of hotels, restaurants and other facilities». This general view rests on the theories of Dunning and McQueen on the low levels of FDI in this

[15] An author asserts that state funding of the hotel sector amounted to 42% of total funding (Luís Salgado de Matos , *Investimentos Estrangeiros em Portugal* (Foreign Investment in Portugal), Lisboa, Seara Nova, 1973, p.203).

business : «They argue that there are three reasons for the emergence of international hotel chains; where there are net ownership advantages for example, via branding, where there are location factor endowments (for example, Hyatt users expect to find Hyatts in all major cities) and to internalise market transactions. In mass tourism – unlike business tourism – the first two conditions clearly do not exist. The tourism product being sold (sun, sea, etc.) is largely indifferent to branding and location factor endowment. Instead, the emphasis is on price minimization for the total holiday package.»[17] This issue can only be resolved by looking at the available data on the regional distribution of foreign investment. This data shows that the region which benefited from the highest amount of investment was the Algarve. The figures indicate the possibility that part of this investment would have been foreign investment (see table 1.1).

Between 1967 and 1988 the amounts of foreign investment as a proportion of total investment in the hotel business vary on average between 6 and 9 percent, except in the years 1971 and 1973, where the values are higher because this was a period of high growth in international investment generally[18]. Between 1978 and 1981 foreign capital was invested almost entirely in hotels which already existed. In absolute terms and at current prices the periods of lower investment were first of all the years 1976 to 1979 as a whole

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16 Manoel Figurola Palomo, La Transformación del Turismo en un fenómeno de massas. La planificación indicativa (1950-1974), apud Carmelo Pellejero Martínez, (dir), *História del Turismo en España*, Madrid, Civitas, 1999, pp.103-109.

17 F. Archer, «Tourism: Transnational Corporations and Cultural Identities, Unesco, Paris, 1985» and Dunning, J. H. and McQueen, M. «The eclectic theory of the multinational enterprise and the international hotel industry» in Rugman, A.M. (ed.), New Theories of Multinational Enterprise, Croom Helm, London, 1982 in Allan M. Williams, Tourism as an Agent of Economic Transformation in Southern Europe, p. 120-121 *apud* Heather D. Gibson (ed.), Economic Transformation and Integration in the European Union, Southern Europe in Comparative Perspective, New York, 2001.

18 M.I. Roque de Oliveira, Investimento Estrangeiro, *apud* Manuela Silva (ed.). *Portugal Contemporâneo. Problemas e Perspectivas* (Modern Portugal – Problems and Prospects), INA, 1986, p. 522. Between 1968 and 1988 the part of foreign capital represented by loans ran at an average of between 2 and 9 percent (table 1.3).

and the revolutionary period from 1974 to 1975 in particular. The highest levels of investment occurred from 1985 to 1988 (Tables 5 and 1.2).

Table 5
Investments in the hotel business (annual averages)
(1000 escudos)

In the years	I Portuguese Capital	II Foreign Capital	III Total	IV II/III %
1967-70	828944	54184	883128	6.5
1971-73	329308	1921216	2250524	85.3
1974-75	1957822	187079	2145901	8.7
1976-79	1379246	93468	1472714	6.3
1980-84	8148981	362252	8511233	4.2
1985-88	24496465	2271982	26768447	8.4

Source: *O Turismo* (data from INE – National Statistics Institute).

At constant prices, the levels of investment which took place in 1973 have never been equalled (table 1.2). For the period 1974 to 1988, the highest rates were achieved in 1986. This confirms that expansion of tourism in Portugal took place in general economic context in which tourist flows were uneven and exchange rates and prices volatile, as a result of increased supply at the international level. At this time, unlike in 1973, it was mainly Portuguese capital which lead the expansion of the hotel business.

Studies on the significance of tourism in the context of overall foreign investment are scarce. For the period from 1969 to 1971, the amounts of foreign direct investment by major business sectors show that services (including hotels) accounted for 5.7% of the total. For the personal services sector (which includes the hotel business) the share capital of businesses with having (some) foreign ownership represented 44% of the total share capital of firms in this sector. At this time most foreign investment was directed to industry. However, the services to business segment and the tourism segment as a whole (purchase of land and the hotel business) accounted for a significant proportion of foreign investment.[19] This is reinforced by another writer who states that, between 1966-68 and 1977-78, manufacturing industry, the retail trade and tourism received the largest slice of foreign investment. But while trends in the latter were positive (rising from 18% to 41%), trends in manufacturing industry were negative between 1969-71 and 1974-75, recovering only in 1977-78.[20] Between 1986 - the year of accession to the EEC as it then was - and 1992, there was a significant increase in foreign investment in the retail and wholesale trades, restaurants and hotels (from 6.5 million contos to 35.9 million contos), but its relative significance in terms of overall foreign investment declined (from 26.1% to 7.9%) as a result of the expansion which took place in other sectors, particularly the financial sector.[21]

b) Capital invested on land and in capital goods

Some writers look at the question of whether land accounts for a significant part of capital invested or not. Land is characterised by being non-produced capital, and this makes it difficult to examine this type of information. Land is a significant element in measuring total inputs in the hotel business for the purposes of assessing the return on capital invested in this business. The Portuguese State adopted a series of measures to intervene in the land

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[19] Luís Salgado de Matos, *op.cit.*, pp.134-8 and p. 259. The author emphasizes that investment is mainly in luxury hotels (*ibidem,* pp. 202-3).

[20] Juergen B. Donges, *Second Conference on the Portuguese Economy*, Calouste Gulbenkian Foundation, 1980, pp. 257-9.

[21] Ana Margarida Saraiva, *Investimento Directo Estrangeiro em Portugal no período de 1986 a 1992* (Foreign Direct Investment in Portugal from 1986 to 1992), Bank of Portugal Quarterly Bulletin, vol. 15 (4), Dec. 1993, p.113.

acquisition chain, in particular by expropriating land for tourism purposes. Such measures can destroy the laws of the free market when it comes to establishing land prices.

The role of tourism in the development of the southern economies and the statement that these economies are dependent on tour operators, which are multinationals having their head offices in northern Europe, form the backdrop for looking at the relationship between the degree of risk and likely profitability in the tourist business as compared to other sectors of the economy. In this connection there are those who argue that "one of the attractions of tourism as a basis for economic development is that there is potentially a relatively short realization period in the circuit of capital." This statement is part of a point of view which stresses the generally insufficient nature of home-grown investment in hotels in the southern countries on the part of tour operators. Internalisation is seen as being unnecessary because the tours operators control and take advantage of the segmented nature of these tourism markets. In this approach the "lack of internalisation is facilitated by the development of particular circuits of capital during the tourism development cycle. The initiation of tourism leads to sharp increases in the price of land which generates capital which may be re-invested in tourism enterprises. This ensures that there is a ready supply of sub-contracts to the tour operators"[22].

In summary terms the data available for Portugal enable us to state that the percentage of investment in land in the hotel business was very high only in 1971-2, it

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[22] Cals, *apud* Allan M. Williams, *op. cit*, p. 13 and pp. 130-133. For an opposite approach to the relationship between risk and profitability, not in tourism as a monolithic activity, but in tourist developments and firms in the tourist sector see Frank m. Go and Ray Pine, Expanding in a barrier- free Europe, London and New York, Routledge, 1995, pp. 159-61 and 164-7. For a technical approach see *Measuring the Role of Tourism in OECD Economies. The OECD Manual on Tourism Satellite Accounts and Employment*, OECD, 2000, pp. 5-32.

decreased in absolute terms afterwards and became again significant between 1985 and 1987.

Table 6
Investment in the Hotel Business by type of capital invested (annual average values)
1000 escudos

	1971-72	1973-76	1977-80	1982-84	1985-88	1992
I – Purchase of fixed assets or capital goods	776457	439575	740929	5249944	15739858	7616635
- Land - A	419130	114604	74260	144014	637239	11611
- Equipment - B	n.a.	n.a.	n.a	1401333	3268393	311915
II – Immovable assets	n.a.	n.a.	n.a.	393692	704944	2509
(property and business leases, expenses, other types of immovable assets)						
III-Total	1911231	2074849	2099402	5643636	16440302	1873138
A/I%	53.9	26	10	2.7	4.04	1.62
A/III %	21.9	5.5	3.5	2.5	3.87	0.61
B/I %	n.a.	n.a.	n.a	**26.7**	**20.7**	4.09

Source: Tourism; Business Statistics (1992). Note: Prior to 1981 II consisted of buildings and works. 'Equipment' is separate from furniture and utensils, clothes and vehicles. Data for 1992 are for companies having more than five employees.

Tourism is normally viewed as a business where the ratio of capital to labour is low. Investment in capital goods may be an indicator of a reduction in the labour element of production. During the eighties there were high levels of investment in fixed assets by comparison to the year 1992. The amount of investment in capital goods per member of staff in the hotel business doubled between 1982-84 and 1985-88 – it went from PTE 46.4k to PTE 96k. This trend was positive, even if it may have remained low in relation to other sectors of the economy.

The increased availability of technology in the catering and information technology may have generated increases in capital formation and a reduction in the labour element in the hotel business. Some argue that this statement is not valid for all forms of tourism. In particular, urban tourism, because it is associated with business tourism, is more susceptible to high levels of concentration of both national and multinational capital in the hotel industry (hotel or restaurant chains) than the "mass tourism" of sun and sea. In general the corporate structure of the hotel business in holiday destinations is somewhat fragmented.[23]

Although there is low concentration among Portuguese firms, the rate of growth here has been positive. Between 1962 and 1990, the ratio of hotel capacity to the number of hotels rose from thirty to one-hundred and six beds and the ratio of number of rooms to number of hotels rose from twenty-two to forty-seven[24]. In addition, it would also be worthwhile looking at what types of firms have emerged in the hotel business. If one assumes that public (publicly-held) companies are associated with large businesses, and privately-held limited companies with small businesses, this would also give us some further significant pointers. The data we have cover only the period from 1973 to 1980 and it is insufficient because the modernization of the economy and of the entrepreneurial fabric which should also be taken into account in this context took place in subsequent years.

Labour

In overall terms tourism is seen as a economic activity which creates jobs. We mentioned earlier what the Intermediate Development Plan for 1965-7 had to say in

[23] Allan Williams, *op. cit*., pp.133-4. For a wider view of these issues see Frank M. Go and Ray Pine, *op.cit*, pp. 3-24 and pp. 129-167.

[24] Estatísticas das Empresas, Hóteis, Restaurantes e Agências de Viagens, INE (National Statistics Institute), 1992. In 1992, 86% of hotel and similar corporations employed over twenty workers. In 1980, a company (Torralta) was among the five largest corporations in the country, and employed 2,886 people (Portugal. Principais Sociedades, 1980, I.N.E., Central Services, pp. 26-7).

stressing this aspect.[25] The number of jobs created in the hotel business increased consistently, and it recorded absolute growth of 76% between 1966-69 and 1993-95. The percentage of people employed in the hotel business as a proportion of the working population and of the workforce as a whole grew between 1966 and 1989-92. The reduction which took place in the subsequent three years also took place in Spain[26].

Table 7

Numbers employed in the hotel business and percentage of working population and of the workforce

In the years	I-Hotel staff	II-Working population over 12	III - Total employment of those over 12	I/II %	II/III %
1966-69	21502	3640050	3550425	5.90	6.05
1970-72	18893	3774333	3688933	5.	5.12
1973-76	24076	3851250	3724300	6.25	6.46
1977-80	29315	4100375	3812000	7.14	7.69
1981-84	28721	4270000	3930225	6.72	7.30
1985-88	34631	4374750	3983825	7.91	8.69
1989-92	38114	4594900	4302525	8.29	8.85
1993-95	37875	4657666	4301233	7.45	8.06

Source: Tourism Statistics; Máximo Pinheiro (editor.) Long series for the Portuguese Economy after the Second World War, vol. I – Statistical Series, Lisbon, Bank of Portugal.
I – main or only business in the high season.

This situation can be explained by the increase in the supply of accommodation in less labour-intensive hotels: from 1980 to 1995 these grew from 10 to 35 percent of the total. As far as the number of staff to beds ratio by class of hotel is concerned, there was a fall of almost half in hotels overall. In aparthotels and *pensions* the fall was very similar, and in tourist complexes and apartments it was insignificant (table 1.11). If we relate the

[25] The hotel business in this paper includes hotels in the traditional sense - hotels, aparthotels, *pousadas* (the state-owned travellers' hotels), hostelries, motels and *pensions* – and hotel businesses involving less intensive use of labour (tourist complexes and tourist apartments).

[26] The staff directly employed in hotel business in Spain was 418,6 thousand in 1964, 796,0 thousand in 1973 and remained very close to this data twenty five years later (Palomo, M. Figuerola, p.94-95).

number of rooms to the number of employees we can see that there was a fall from 60 to 43 employees for every 100 rooms.

Table 8
Ratio of numbers of Rooms/numbers of Staff in the Hotel Business

	I- Rooms (total)	II- Staff (total)	II/I %
1969-71	31268	18893	0.60
1983-85	50608	30814	0.60
1989-91	70057	37202	0.53
1997-99	90727	39477	0.43

Source: Tourism Statistics, I.N.E (various years).

In the case of hotels – both in total numbers as well as in the better classes of hotel – the fall in the staff to rooms ratio was very steep, 0.39 and 0.58 % respectively. In the case of aparthotels the fall was insignificant. Finally in the case of *pensions* the fall in the ratio was greater in the higher classes of accommodation than in the category as whole.

Table 9
Ratio of numbers of Staff /number of Rooms by class of hotel

	Hotels		Aparthotels		*Pensions*	
In the years	Total	Luxury or 5-star	Total	4-star	Total	Luxury or 4-star
1969-71	0.90	1.46	----	----	0.40	0.86
1983-85	0.79	1.28	0.54	0.42	0.43	0.47
1989-91	0.67	1.05	0.50	0.51	0.30	0.40
1997-99	0.51	0.88	0.37	0.38	0.29	0.42

Source: Tourism Statistics, I.N.E.

Staff costs represent a major proportion of total costs in the hotel business, which faces strong international competition. For this reason comparative costs – particularly labour costs – play a key role in the system of exchange. The first conclusion to be drawn is that between the seventies and the nineties, staff costs as a percentage of total costs grew in current price terms (see table 1.4). Average costs per employee also grew continuously in constant price terms, except at the beginning of the nineties (see table 1.5).

Several studies emphasize the decrease in the average price of an overnight stay by reference to general economic circumstances in any given year. In our opinion these studies overlook other important aspects. Occupancy rates and labour costs as a percentage of total hotel revenue remained stable over a long period. Total hotel revenue at constant prices per employee also increased over the long term – the change in the growth rate was 87.2% between 1994 and 1969 (tables 1.6 and 1.7). In the same way, these studies also failed to cover certain aspects of the reduction in the number of staff to room ratio and in the number of beds to staff ratio, in terms of labour productivity in this business. This point is confirmed by the increase of the number of overnight stays per staff member (table 1.9).

In most sectors of the tourism industry skilled labour is of little importance[27]. Jobs in hotels and restaurants are the visible aspect of employment in tourism. Our analysis of the development of job classifications in the hotel trade shows that number of managerial (group A) jobs fell, a factor which may be tied to a possible increase in the size of hotel firms. Not only did the number of employees in group B grow in absolute and percentage terms, but the jobs in this group became more diversified and more complex. The rate of growth in group C was much higher (209%) than the overall rate (93%), and they practically doubled in percentage terms. This would seem to be indicative of better management and organizational techniques. In group D there are no noteworthy differences

[27] François Vella, Economie Poilitique du Tourisme International, Paris, Economica, 1985, pp. 40-41. A wide-ranging overview of tourism makes it possible to compare the number of unskilled jobs in the hotel and restaurant trades with the skilled jobs they generate. Swiss employment statistics for the nineties mention that 74.2 % of jobs in hotels and restaurants are unskilled, compared with 60.6 % of jobs in the economy as a whole (Tourism Policy and International Tourism in OECD countries 1992-1993, Special Feature «Tourism and Employment», Paris, OECD, 1995, pp. 30-38). In Portugal it is very much possible that the difference is smaller than in Swiss employment.

in percentage terms, but there are pronounced differences in group G. There is also a noticeable reduction in the number of occupations covered, which may be tied in with the introduction of more flexible working practices and greater cross-sector mobility.[28]

Table 11
Hotel Staff

	1969				1991			
	Total		Hotels		Total		Hotels	
	nº	**%**	nº	%	Nº	%	Nº	%
A : Directors	2071	11	809	7.4	1125	3.2	528	2.6
Owners and Managers					1363	3.9	227	1.1
B : Administrative Services					2383		1642	8.0
Receptionists	819	4.6	551	5	3382	9.8	1676	8.2
Total					5765	**16.7**	3318	**16.2**
C : Housekeepers and similar	433	2.4	362	3.2	1717	4.9	1122	5.4
D : Cooks and waiters	**5478**	**31**	**3188**	**29**	**9902**	**28.7**	**7016**	**34.3**
E : Personal services staff	**1373**	**7.7**	**1098**	**9.9**	**6437**	**18.7**	**3037**	14.8%
F : Porters and cleaning	4674	26.2	2884	26.2	3162	9.1	1901	9.3
G : Laundry	1568	9	963	9	1662	4.8	1240	6.0
I : Ancillary activities	1449	8.14	95	--	1292	3.7	176	0.86
J : Security	n.a		n.a		2891	8.4	1292	6.32
Total	**17784**		**10994**		**34410**		**20422**	

Note: does not include hairdressers and beauticians. For 1969; personal services staff meant bar and cafeteria staff.

More than any other business the hotel trade suffers from major variations in demand according to the season or the day of the week, at weekends, and even at different times of the day. Entrepreneurs respond to this situation through flexible staffing. Those regions in which tourist flows follow strong seasonal trends are also the regions in which there is a high level of temporary employment. Those who take these jobs are generally less well qualified than permanent staff. Figures for those employed in the hotel trade in the

[28] Entrepreneurs in the hotel business argued in favour of this point of view in the early nineties (Portuguese Hotels Association, 9th National Hotel and Tourism Conference, Estoril, 1993).

high season and in the low season show a difference for the country as a whole of around 20% between the high season (July) and the low season (January) (table 1.10).

Many studies stress the fact that the ratio of skilled jobs to unskilled jobs may become much more critical if there are fewer job opportunities in other sectors of the regional or national economy. Some argue that tourism can encourage development to spread. There are some positive instances of this in Spain, and negative instances in Italy.[29] No studies on this have been carried out in the Portuguese regions. Where there have been positive developments, the theory is that as certain economies became more integrated into the global economy, their levels of development increased, salaries and prices rose, and it became more difficult to fill unskilled labour vacancies. Among the possible options for increasing labour productivity are the contribution made by investment in capital goods and the introduction of better management methods. This may be an indicator of aspects such as technological development, better staff training and improvements in human resources management techniques. The first aspect is extremely important and more research is needed. Deeper investigation of productivity gains in this sector involves a comparison with studies carried out on the domestic service sector. The relationship between the time spent in work and the quantity of goods and services produced due to technical changes to perform certain functions with machines more automatic or more efficient (vacuum cleaners, automatic clothes washers or dryers) than previously or better cleaning agents could have made the difference[30].

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[29] Valenzuela *apud* Allan Williams, *op. cit*, p.132.
[30] W. Keith Bryant, A Comparison of the Household Work of Married females: The Mid-1920s and Late 1960s, Family and Consumer Sciences Research Journal, Vol. 24, No4, June 1996 370-1, 375-77; Idem, The Economic Organization of the Household, Cambrige, 1990,p. 9-10, p. 120-121**;** Joel Mokyr, Why was there

CONCLUSION

The phenomenon of tourism has been covered in different approaches. There are three clearly demarcated types of orientation in this context: the first of these approaches links the attraction of international tourism with the development of backward countries; the second relates tourism with delays to the process of development and with countless social and economic costs; and the third identifies costs and benefits and seeks to minimize the former while maximising the latter. Williams' article, which we mentioned, fits in with this last approach. The writer differentiates between the operation of package holiday tourism and city tourism and plays down the adverse consequences of the former according to the degree of diversification present in national or regional economies.

In this interpretation, package holiday tourism does not attract foreign investment. We have been able to observe that for Portugal over the 45 years under study the situation did not remain constant. In one period there was very considerable foreign investment, while there were also periods when there were better opportunities for foreign investment in sectors of the Portuguese economy other than tourism.

Another hallmark of package holiday tourism was that it was labour-intensive and did not encourage investment in capital goods. Even though there has been some investment in capital goods in Portugal, the main development has been the gain in productivity. Throughout the eighties and nineties tourism in Portugal increased its percentage share of GDP. In the hotel trade Portugal responded to the increase in labour costs by improving productivity levels. This was one of the main mechanisms adopted in

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more work for Mother? Knowledge and Household Behaviour, 1870-1945, Journal of Economic History, vol.60,No. 1 (March 2000),pp. 1-40.

order to maintain the competitiveness of the Portuguese hotel business in international terms.

Rather than looking at package holiday tourism by opposition to city tourism, it is more important to observe how each type of tourism developed and was managed. In the case of the Portuguese hotel business the chosen management techniques were suited to the specific features of tourism in Portugal, which is strongly seasonal in nature. On an international level the hotel trade underwent profound changes over this period. The degree of international competition in this business tended to increase as supply increased and as demand declined somewhat. The Portuguese hotel business responded to changes in clients' tastes and purchasing power by diversifying the types of accommodation available and by increasing productivity.

ANNEXES

1.1

Investment by Region

Year	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Madeira	17.7	14.7	21.1	14.4	14.4	15.2	17.6	20.1	6.5	9.05	13.6	7.9	16.3	5	11	14.7
Lisbon and Lisbon Coast	33.6	33.8	27.4	20.8	30.3	35.6	23.3	11.4	17.4	22.9	15.9	18.9	22.1	28.6	13.5	17.6
Faro	23.1	26	24.9	41	24.9	31	36.8	45.4	32.7	39.5	53	27.6	25.7	41.4	58	36

Source: *O Turismo* (INE data).

1.2

Investment in the Hotel business

Years	Deflator	Current prices (1.000.000 escudos)	Constant prices (1.000.000 escudos)
1971	100	1679	1679
1972	107.7975	2125	1971
1973	118.009	**2947**	2497
1974	140.2692	2442	1741
1975	163.0207	1847	1133
1976	189.5535	1062	560
1977	239.6069	996.5	416
1978	293.1425	1493	509
1979	350.1389	2338	668
1980	423.3283	3569	843
1981	497.8637	5154	1035
1982	600.8759	8850	1473
1983	748.7075	11486	1534
1984	933.4544	13497	1446
1985	1368.746	14939	1315
1986	1368.746	26944	1969
1987	1506.943	20721	1375
1988	1685.11	24593	1459

Source: Portugal Deflator for GDP at Market Prices, OECD Statistical Compendium; *O turismo* (INE data). The *Direcção Geral de Turismo* uses as its deflator a consumer price index which excludes housing costs (*O Turismo*, 1982, p.77).

1.3

Investment in the hotel business by way of loans (annual averages)

(PTE 1000)

Years	I Foreign Capital	II Portuguese and Foreign Capital	I/2 %
1968-70	14080	357044	3.9
1971-73	858621	1187929	72.2
1974-75	107337	1138151	9.4
1976-79	18894	814314	2.3
1980-84	143094	5360438	2.6
1985-88	458221	1040559	4.4

Source: *O Turismo* (I.N.E. data).

Note: It does not include data for 1976, 1977 or 1981.

1.4

Labour costs as a precentage of total hotel sector costs (annual averages)

Current prices (PTE ’000)

Year	**A - Total staff costs (PTE ’000)**	**B - Total costs (PTE ‘000)**	%
1976	2406694	5697272	42.2
1977	2907562	7120154	40.8
1978	3425343	8539004	40.1
1979	4609060	12266964	37.5
1980	5703502	13315512	42.8
1981	6969936	19803407	35.1
1982	8554577	24044604	35.5
1983	10964697	32147919	34.1
1984	13024673	39236923	33.1
1985	17180886	51838100	33.1
1986	20407154	58459758	34.9
1987	24338053	68781099	35.3
1988	29418844	84660106	34.7
1990	36008487		
1992	80411599	138537315	58.0
1993	52454000	125497217	41.7
1994	59338802	139645661	42.4
1995	61906000		

Sources : *Estatísticas do Turismo*; *Anuário Estatístico*; *Estatísticas das Empresas, Hotéis, restaurantes, agências de viagens e Turismo*.

1.5
Total Hotel Staff Costs
PTE '000

	I-Deflator	II-Costs at current annual prices	III-Costs at constant annual prices	IV-Staff (numbers)	III/IV
1977	100	2907562	2907562	29295	99.2
1978	121.352	3425343	2822650	29424	95.9
1979	151.9282	4609060	3033710	----	----
1980	184.7577	5703502	3087017	27660	111.6
1981	222.0024	6969936	3139577	30276	103.6
1982	267.0239	8554577	3203675	30454	
1983	335.9806	10964697	3263491	29943	108.9
1984	431.6479	13024673	3017430	30138	100.1
1985	515.5446	17180886	3332570	30111	110.6
1986	586.7821	20407154	3477808	33856	102.7
1987	644.9849	24338053	3773430	35006	107.7
1988	720.3719	29418844	4083841	37026	110.2
1989	815.0499	**----**	----	37825	-----
1990	916.0026	36008487	3931047	39372	99.8
1991	1028.204	----	**-----**	40317	**-----**
1992	1128.112	45915420	4070112	40847	99.64
1993	1202.198	52454000	4363175	38176	114.2
1994	1268.966	59339000	4676170	37707	124.0
1995	1326.024	61906000	4668544	37743	123.6

Note: Traditional hotels (*O turismo*)
Sources: **Estatísticas de Turismo**; O Turismo, D.G.E., Statistical Compendium OECD, Deflator, Private Consumption.
High season personnel data. Personnel data includes unpaid staff.

1.6
Staff costs, Average price per overnight stay and Rate of Bed Occupancy

Year	A	B	C	D		B1	C1
1984	33	9673900	1293	35.9			
1985	31.4	12081100	1573	38.6	1985/84	24.9	21.7
1986	31.2	14726400	1917	37.9	1986/85	21.9	21.9
1987	30	17675800	2302	37.4	1987/86	20	20.1
1988	29.9	20807900	2606	36.5	1988/87	17.7	13.2
1989	30.2	24384800	2913	36.2	1989/88	17.2	11.8
1990	31	29924800	3217	36.8	1990/89	22.7	10.4
1991	31.2	35459900	3419	37.7	1991/90	18.5	6.3
1992	34.4	41261300	3915	34.7	1992/91	16.4	14.5
1996			4422				
1997			4507		1997/96		1.9

Source: O Turismo, DGE; *Análise de Conjuntura*. Bulletin nºs 25 and 26, January/April 1998, p.23.
Notes: A - Percentage of total hotel sector revenues absorbed by staff costs; B – staff costs (escudos); C-Average price for overnight stay at current prices (escudos); D – Bed occupancy rate excludes tourist complexes and apartments; B1 and C1 Change.

1.7

Totel Hotel Sector Revenues / Numbers of Hotel Staff

1965	A- Revenue at constant prices (escudos)	B – Numbers of Hotel Staff	A/B	Change
1966	795403000			
1967	802601752			
1968	1079250582			
1969	1208659436	17784	67963,30612	+ 15.72
1970	1496422632	19026	78651,45758	+ 17.16
1971	1831137310	19870	92155,87871	+ 14.65
1972	2312306547			
1973	2565638976	23859	107533,3826	
1974	1837220199	24238	75799,16656	- 29.5
1975	1618831966	23888	67767,58063	- 10.5
1976	1918102612	24318	78875,83732	+ 16.3
1977	1873797589	25835	72529,4209	- 8
1978	2264730562	25644	88314,24747	+21
1979	2775198650	32769	84689,75709	- 4.1
1980	2914609824	33012	88289,40458	+ 4.2
1992	4111530052	40847	100656,8427	+14.0
1993	3539860488	38201	92664,07916	- 7.9
1994	4190785729	32928	127271,1895	**+ 37.3**

Source: Estatísticas Das Sociedades; Estatísticas de Turismo; Statistical Compendium, OECD _Deflator, Private Consumption.

1.9

Number of Overnight Stays per Employee

Year	A – Overnight Stays	B-Employees	C-Overnight Stays/Employees	Change in C	
				Year	%
1966	6699142				
1967	6955086				
1968	6789357				
1969	6789357	17784	382	1973/69	13.4
1970	7325576	19026	385		
1971	8852610	19870	446		
1972	9486200				
1973	10332500	23859	433	1980/73	1.6
1974	9380400	24238	387		
1975	10435000	23888	437		
1976	17121400	24318	704		
1977	17664700	25835	684		
1978	14083800	25644	549		
1979	14594600	32769	445		
1980	14538000	33012	440	1985/80	29.8
1981	15785400	27217	580		
1982	16097700	27855	578		
1983	16109200	32617	494		
1984	16789000	27194	617		
1985	18656700	32632	572	1990/85	5.7
1986	19700400	33856	582		
1987	20272100	35006	579		
1988	21269300	37026	574		
1989	22053000	37825	583		
1990	23813500	39372	605		
1991	26261000	34410	763		
1992	25314000	40847	620		
1993	23599700	38201	618		
1994	26146400	32928	794		
1995	23599800	33002	715	1995/90	18.2
1996	28063287	37794	743		
1997	29350283	38388	765		
1998	32404499	39676	817		
1999	32728061	40437	809	1999/95	13.1

Source: Estatísticas Das Sociedades; Estatísticas de Turismo; O Turismo;

Table 1.10
Hotel Staff in January and July (annual averages)

Year / between years	Algarve			Madeira			Continental Portugal and Islands		
	A-January	B-July	(B-A)/ B %	January	July	(B-A)/ B %	January	July	(B-A)/ B %
1973	4666	6399	37	3627	3376	- 7	23859	30190	26.5
1983-4	7852	10058	28	4199	4245	1	27469	32758	19.2
1994-5	8934	11779	32	4979	5048	1.4	32965	37725	14.4

Source: Estatísticas de Turismo.

Table 1.11
Number of staff – number of beds

Hotels	Year													
	1999	1996	1995	1993	1991	1989	1987	1984	1983	1976	1975	1974	1970	1967
All Hotels	0.24	0.25	0.32	0.27	0.32	0.34	0.35	0.38	0.38	0.40	0.39	0.43	0.45	0.43
5* Hotels	0.42	0.40	0.53	0.41	0.53	0.52	0.51	0.64	0.59					
4* Hotels	0.24	0.26	0.34	0.30	0.34	0.37	0.38	0.39	0.40					
3* Hotels	0.18	0.19	0.22	0.21	0.22	0.26	0.27	0.30	0.32					
Total Aparthotels	0.15	0.13	0.21	0.15	0.21	0.21	0.22	0.23	0.24	0.18	0.16	0.26		
Pousadas		0.56		0.61	0.68	0.70	0.70	0.76	0.76	0.81	0.74	0.87	0.68	0.69
Total Hostelries		0.31		0.34	0.38	0.34	0.36	0.35	0.35	0.35	0.37	0.45	0.46	0.47
Total *Pensions*	0.14	0.14	0.14	0.15	0.15	0.14	0.14	0.15	0.15	0.18	0.18	0.19	0.21	0.25
Tourist Complexes	0.14	0.12	0.11	0.12	0.11	0.10	0.10							
Tourist Apartments	0.09	0.09	0.10	0.08	0.10	0.10	0.10							
Overall Total	0.19	0.18	0.21	0.19	0.21	0.22	0.23	0.28	0.29	0.30	0.29	0.32	0.33	0.35

Source: Tourism, Direcção Geral de Turismo, (various years).

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