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Tourism and Tourist Promotion in Spain

By Dr Carsten R. Moser, Hamburg *

The development of tourism as a big industry is a feature of the second half of the 20th century. Spain is one of the countries where tourism has made especially notable progress. While the number of foreign tourists visiting Spain amounted to only 1 mn in 1950, by 1971 it had increased to 27 mn.

When the Spanish civil war (1936—1939) came to an end, the main task facing the Government was that of restoring the momentum of the economic development process. The political and economic isolation of the country gave a further impetus to the self-sufficiency tendencies which had been the mark of Spanish economic policy prior to the civil war already. As a consequence of this policy the country achieved a relatively swift economic upturn, measured in terms of nominal growth of national income, but this process was attended by constantly mounting trade and payments deficits, rapidly rising prices, open and, above all, hidden unemployment, and insufficient domestic capital formation.

The Stabilisation Plan of 1959

Faced with economic conditions of this kind the Spanish Government in 1958 resolved to break away from its old path of self-sufficiency and embark on a new and more liberal economic policy. In cooperation with the OECD and the IMF a stabilisation and growth programme was drawn up with this objective. The Stabilisation Plan of 1959 aimed at eliminating inflationary tendencies and speeding the process of economic growth, albeit with due regard to domestic and external equilibrium. At home an economic balance was to be achieved primarily by curtailing domestic demand. To restore the external equilibrium a series of measures were put through with the intention of liberalising trade and services and introducing currency convertibility. It was pointed out explicitly in the plan that these measures would have the coincidental effect of a positive influence on the further development of the Spanish tourist industry.¹

In 1959 and in the following years many measures were also taken as part of the First Development Plan (1964—1967) in order to lessen the cyclical

fluctuations in the demand for tourist facilities and the concentration of this demand on certain months of the year. Publicity and information services were used to influence the tourist's decision directly, and the Spanish authorities at the same time resorted to measures with a bearing on the prices and quality of the goods and services offered, because both these factors are important for the tourist's decision where to spend his holiday. The Spanish authorities also attempted to encourage the private tourist industry and the local authorities by suitable means to provide a wide range of tourist amenities so as to lessen the danger of the tourist traffic being diverted elsewhere in case demand patterns changed. This object was to be obtained through measures influencing the propensity to invest and to improve the investment chances in the tourist industry. The investment climate in Spain was improved by capital expenditure and grant of credits for extension of the transport system and the infrastructure at the local level and by direct state investments in tourist facilities in suitable but as yet undeveloped regions. The government also took many decisions of financial and credit policy to offer private interests better and easier investment opportunities.²

Tourist Boom and the National Economy

The tourist boom got really under way only after the Stabilisation Plan had been passed. The number of foreign tourists rose between 1959 and 1971 from 4 to nearly 27 millions, and the surplus on tourist account increased from US\$ 246 mn in

¹ Cf. J. B. Donges, *From an Autarchic Towards a Cautiously Outward-Looking Industrialization Policy: The Case of Spain*, in: *Weltwirtschaftliches Archiv*, Tübingen 1971; C. R. Moser, *On the Door-step of Europe*, in: *INTERECONOMICS*, No. 6, 1969, p. 189 ff.

² Cf. J. I. de Arrillaga, *Manual de Legislación Administrativa Turística*, Madrid 1969; C. R. Moser, *Die Bedeutung des Tourismus für die wirtschaftliche Entwicklung Spaniens — Unter besonderer Berücksichtigung der staatlichen Tourismusförderung*, (The Importance of Tourism for the Economic Development of Spain — with Special Consideration of the Promotion of Tourism by the State), second chapter, paragraphs 4, 5, 6 (to be published shortly by Verlag Weltarchiv, Hamburg.)

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1960 to US\$ 1.92 bn in 1971.³ The result was that, although the balance of trade deficits grew continuously, Spain was able to expand its imports without, like so many other developing countries, incurring heavy international debts. The large foreign currency surpluses played a decisive role in the industrial modernisation of the country.⁴

Ever since 1959 the foreign exchange earnings from international tourism have made a substantial contribution to the total national income in Spain. Between 1960 and 1967 alone their share of the national income rose from 3.3 to 5.2 p.c. As regards the multiplicative overall effect of tourist spending — which depends on the marginal rates of savings and imports — it may be taken for granted that in 1967 it amounted to an estimated 10 p.c. of the Spanish national income.⁵

What a positive effect the tourist business has had for employment policy is indicated by the fact that almost 400,000 new jobs were created in the tourist industry between 1960 and 1968. The tourist industry was thus in a position to absorb a substantial proportion of the — approximately — 1 mn workers who left agriculture in this period.⁶ The overall effect of tourist demand on employment was actually much greater because, owing to its close integration with other sectors of the economy, it acted as a primer for additional productive activities augmenting the first-stage effect.⁷

Regional Aspects

From the point of view of regional policy tourism likewise had positive results for incomes, especially in the 12 Mediterranean and 3 island provinces. Some of these, like Huelva, Cadiz, Almeria and Murcia, which are among the poorest provinces in the country, scored incomes growth rates above the average as they were opened up for tourism, a fact which confirms the thesis that tourism can assist in speeding incomes growth in underdeveloped regions.

Besides, the tourist traffic frequently helped to swell employment in the most favoured tourist zones. The Balearic islands may be cited as an

example in support of this claim. Whereas in 1955 to 1960 they had still been a traditional emigration area, they recorded between 1960 and 1965 a population influx corresponding to their attractiveness to tourists and the state of development of their tourist industry. The island of Majorca which because of its holiday trade potential has been opened up most fully to tourism registered the greatest population influx.⁸

The favourable conditions which low capital intensity and positive expectations for future profits offered for investment in the tourist industry made for a considerable expansion of domestic and foreign investment activity in this sector of the economy from 1959 onwards. Complementary investments were induced in other economic sectors closely linked to the tourist industry — e.g. the building, furniture, food, textile and sports equipment industries — so that tourism has had a very appreciable effect on industrialisation as a whole.⁹

Development of Tourist Demand

Although tourism as a whole has grown satisfactorily and its effect on the progress of the Spanish economy has been positive, the development of the demand for tourist facilities shows that the state has not succeeded in lessening the susceptibility to year-to-year income changes and the seasonal unevenness of tourist demand by appropriate steps in the field of tourist policy. An examination of the First Development Plan period alone shows for 1964 and 1966 an increase in the number of foreign tourists by as much as 22.5 and 17.4 p.c., but for 1965 and 1967 by no more than 1.0 and 3.4 p.c. During 1965–1967 the surplus on tourist account actually stagnated, and the seasonal fluctuations as indicated by demand changes from month to month widened.¹⁰

The lull affecting the tourist travel boom all over the world was probably decisive for the unsatisfactory development of the number of foreign tourists coming to Spain and the absolute stagnation of the surplus from tourist traffic. That the demand for tourist facilities became more seasonal is no doubt chiefly due to the fact that the sections of the population which holiday travel has attracted in the past score of years have kept to their former holiday habits and travelled to Spain mostly in the months of July and August.

These two tentative explanations however do not dispose of the question whether the Spanish Government could not have forestalled the negative

³ Cf. Banco de España, Informe Anual, Madrid 1969, p. 179; Spanien Heute, Der Tourismus während des Jahres 1971 (Spain Today, Tourism during 1971), No. 20, Madrid 1972, p. 71.

⁴ Cf. H. Meinke, Tourismus und wirtschaftliche Entwicklung (Tourism and Economic Development), Göttingen 1968, p. 54.

⁵ J. de Arespachochaga y Felipe, Hipótesis sobre el fenómeno turístico (Hypothesis on the Phenomenon of Tourism), in: Instituto de Estudios Turísticos, No. 2, Madrid 1964, p. 13 ff.

⁶ During this period there was also a large emigration of Spanish workers to other European industrial states. In 1960–1965 the number of emigrants to other European countries exceeded the number of Spanish workers returning from these countries by almost 500,000. Cf. R. Tamames, Estructura Económica de España (The Economic Structure of Spain), Madrid 1969, p. 28.

⁷ Cf. H. Meinke, *ibid.*, p. 65 f.

⁸ Cf. H. Meinke, *ibid.*, p. 67.

⁹ Cf. C. R. Moser, *ibid.*, first chapter, paragraph 3.

¹⁰ Cf. C. R. Moser, *ibid.*, third chapter, paragraph 7.

trend of demand for tourist facilities by pursuing a suitable tourist policy. Portugal serves as an example to show that when international holiday travel falls off, the number of foreign tourists need not stagnate in every country: In 1965 and 1967 49.7 and 30.4 p.c. more foreign tourists entered Portugal than in the preceding years. In France the demand for tourist facilities has also become less seasonal in recent years, which proves that there is nothing inevitable about the aggravation of seasonal fluctuations.

Lack of a Tourist Policy Concept

As a matter of fact the coordination between the various state organs in planning and carrying out individual measures has not been the best that was possible. Some of the schools for hotel staff were placed under the National Syndicate of the Tourist Industry and others under the Ministry of Information and Tourism, which resulted in different syllabi and lack of coordination for the development programme. Closer cooperation between the authorities could also have helped to lessen the seasonal fluctuations in the demand for tourist facilities. As these seasonal variations are largely a matter of climate and school holidays, the state has, in theory, the possibility of reducing the seasonal fluctuations of the domestic demand for tourist facilities by regional staggering of school holidays. Another possibility would be the statutory grant of extra off-days if leave is taken outside the July-August period. That such steps have not been taken is due to the conservatism of the authorities which are responsible for leave arrangements.

More serious than the lack of organisational co-ordination between individual authorities is the

fact that the measures which were intended to influence the demand for tourist facilities were put through only when the number of foreign and domestic tourists had already reached a very high level. That applies in particular to the state measures taken to bring an influence to bear on prices and quality in the tourist industry. The publicity and information campaign was launched by the state before 1959, it is true. But to go by results the marketing efforts in the past have not been effective enough — partly through faults in planning and execution, partly because there was no underlying concept for the distribution of the financial resources.¹¹

Supply Concentration

There has been a considerable expansion of tourist services, but alongside this there has been a growing concentration on a few provinces — especially the Balears, Barcelona, Gerona and Malaga. The main reason for this was probably the existence side by side of quite a number of decision-making bodies and consequent delays in giving effect to certain promotion projects. The Law on Centres and Zones of National Tourist Interest, for instance, was promulgated in 1964, but it was not until 1968 that the first region — Costa del Sol — was designated a zone of national tourist interest.

It is also remarkable that in the years after 1964 the state failed to provide any massive selective promotion for those less developed provinces which are nevertheless well suited to tourism. The bulk of the financial resources earmarked for the promotion of tourist facilities still went to the "traditional" tourist provinces, even though

¹¹ Cf. C. R. Moser, *ibid.*, third chapter, paragraph 8, section a 1.

Table
Foreign Exchange Earnings from Tourism in Developing Regions
for the Years 1961-66, 1970, 1975 and 1980

(In mn US \$)

Regions	1961	1962	1963	1964	1965	1966	1970	1975	1980
European LDCs	624	807	1049	1373	1662	2013	3087	4480	5891
African LDCs	55	60	115	130	152	190	296	434	572
Asian LDCs	61	63	76	91	129	215	288	429	569
Central American LDCs	710	761	849	937	1053	1187	1528	2006	2484
South American LDCs	159	143	144	168	199	201	274	359	444
LDCs in the Middle East	231	214	266	326	415	442	690	990	1290

Source: K. Frentrup, *Die ökonomische Bedeutung des internationalen Tourismus für die Entwicklungsländer* (The Economic Importance of International Tourism for the Developing Countries), Hamburg 1969, p. 124.

private investments in these zones were generally shown to be highly profitable and their economic development had as a rule already gone quite far. Furthermore, the development of tourist facilities revealed what dangers could follow from planning errors by the state. With demand failing to keep even approximately in step with the First Development Plan (1964–1967), the available capacity was utilised at a continually declining rate. The number of holiday apartments and houses actually built, on the other hand, was well above the forecast figures.¹²

Second Development Plan

In the Second Development Plan (1968–1971) special importance was again attached to state promotion of tourism. This second plan however contained no detailed promotion concept but merely an enumeration of individual measures in the form of a programme.¹³ The development which tourism has in fact taken since 1968 indicates another strong upsurge in international tourism. The available statistical data suggest however that the seasonal fluctuations have grown more acute and the concentration on a few coastal and island provinces has also become more accentuated.¹⁴ These two results are further proof of the need for a more accurate record — e.g. by means of a cost-benefit analysis — of the effectiveness of the tourist policy pursued until now. Such a stock-taking would have to be followed by the drafting of a concrete programme for tourism in the coming years.

A question which is especially pertinent from the point of view of development policy is whether the Spanish way of encouraging tourism can be regarded by other developing countries as a promising model.¹⁵ The case of Spain illustrates that tourism engenders economic results capable of contributing to the achievement of economic policy objectives in a developing country. But on a closer analysis of the effects of the Spanish policy on tourism it is seen that the influx of tourists has been the outcome of the advantages of climate and landscape as well as historic and cultural sights rather than of an efficacious government concept for the promotion of tourism.

Equally favourable conditions for tourism exist in many other developing countries. That the latter have not been able to take much advantage of their tourist potential in the past is due first of

all to the much greater significance of distances — in terms of cost of transport — at the time. Few developing countries could beat Spain's favourable situation at the periphery of Western Europe. Besides, Spain possessed already a relatively highly developed infrastructure and basic tourist attractions when the travel boom started, so that it could cope with the influx of foreign tourists.

Forecasts about the future tourist traffic suggest that more and more travellers will choose destinations in developing countries of Africa, Asia and Latin America. For one thing, it may be anticipated that real per-capita incomes in industrialised and developing countries will continue to rise at least as fast as hitherto. For another, it is to be assumed that per-capita spending on holiday travel will continue to rise faster than per-capita real incomes. Moreover, it is generally expected that the trend towards longer leave periods — in line with that towards a reduction of working times — will make more progress as will the removal of existing obstacles to travel and restrictions on the use of foreign currencies. With technical progress likely to speed up, one may look forward to cheaper air fares, so that more and more people in the areas of industrial concentration in North America, Western Europe and Japan will be able to afford visits to remote countries in Africa, Asia and Latin America.¹⁶

Relevance to Development Policy

This being so, these countries will have to develop their ability to offer tourist goods and services of a high quality at competitive prices if they want to hold their own in the international tourist travel market. In this context the Spanish example offers many positive aspects for incorporation into a state tourist policy. But the essential need for the developing countries will be the design of a promotion concept which meets their specific requirements.

Financial aid by the industrial nations will play an important role in future in this connection, for it will be impossible, especially in the initial stage, to finance the expansion of the tourist industry in developing countries out of their own public and private resources. More development aid resources will be needed for tourist projects as well as much closer and better coordinated co-operation by all concerned if tourism is to help developing countries to speed their social-economic development process.

¹² Cf. C. R. Moser, *ibid.*, third chapter, paragraph 8, section a 2.

¹³ Cf. Presidencia del Gobierno, *II Plan de Desarrollo Económico y Social* (The Second Economic and Social Development Plan), Madrid 1968.

¹⁴ Cf. *Spanien Heute*, *ibid.*, p. 71 ff.

¹⁵ Cf. C. R. Moser, *ibid.*, concluding part.

¹⁶ Cf. C. R. Moser, *International Tourism — Excellent Prospects in Developing Countries*, in: *Intereconomics*, No. 8, 1970, p. 241 f.