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Limits to Tourism Growth in LDCs

by Professor Klaus M. F. Edelmann, Glion-Montreux *

The following is an attempt by the author to analyse tourist relations between industrial nations and LDCs and to describe predictable conflict situations which may arise if these relations are subjected to excessive physical and psychological strains or if the international division of labour in the field of "holiday production" becomes unbalanced.

Helped by massive capital investments and a fast growing demand, foreign tourism has become in recent years the economic factor No. 1 for many LDCs, and yet, according to the geographically distorted statistics, three quarters of the world's tourism — in terms of traffic — and four fifths of it, in terms of value, still takes place within the industrial states. Statistics published by the IUOTO show that the Third World accounts for no more than some 20 p.c. of the international tourist trade. On the basis of past trends it is expected, however, that by 1980 the Third World's share in international tourism will have risen to

about one third. It is primarily the western industrial nations who will provide most of the additional tourists. Overseas tourism from the socialist states is still economically insignificant and so is tourism between different LDCs.

The following example shows what possibilities foreign tourism still offers to privately financed shifts in purchasing power as opposed to government-financed capital transfers. Until the end of 1971, the Federal Republic of Germany provided more than DM 330 mn worth of capital and technical aid to promote foreign tourism in LDCs; in 1971 alone German holiday makers spent roughly three times that much in countries of the Third World. The comparison (see Table) between governmental aid and private expenditure for tourism outside the Atlantic OECD area shows that tourism emanating from various OECD countries into the Third World has already produced considerable transfers of resources.

Public Resource Transfers by DAC Countries to LDCs and Multilateral Agencies¹ and Tourist Expenditure in Foreign Exchange in Countries outside the European and North-American OECD Area²

— 1973 —

Country	Public aid		Private tourist expenditure	
	in mn US-\$	in p.c. of GNP	in mn US-\$	in p.c. of public aid
Austria	37	0.13	279	720
Belgium	235	0.51	63	27
Denmark	130	0.47	15	12
France	1,486	0.58	282	19
Germany (FR)	1,102	0.32	630	57
Italy	192	0.14	286	140
Netherlands	322	0.54	87	27
Norway	85	0.45	4	4
Portugal	75	0.71	6	8
Sweden	275	0.56	42	15
Switzerland	64	0.15	n.a.	..
United Kingdom	603	0.35	261	43
Australia	286	0.44	114	40
New Zealand	29	0.27	n.a.	..
Canada	515	0.43	187	36
United States	2,968	0.23	2,401	81
Total DAC Countries	9,415		4,657 ³	50 ³

Sources: DAC and OECD.

¹ Net resource transfers, rounded figures. ² Includes notably expenditure in Eastern European Socialist countries. ³ Figures exclude Switzerland and New Zealand.

Dependence on Industrial Countries

There can be no doubt that foreign tourism provides a means of setting in motion numerous economic, social, cultural and even political developments; among them the following are worthy of particular mention:

- ☐ international emancipation,
- ☐ procurement of foreign exchange,
- ☐ employment and income,
- ☐ revenue from taxation,
- ☐ regional development and infrastructural improvements,
- ☐ cultural development,
- ☐ national coherence,
- ☐ international solidarity.

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These possibilities, though unquestionably valuable, are in practice not open to all LDCs. Only countries which are geographically well placed, are politically stable and have the right climate to attract investors as well as growing numbers of foreign visitors are likely to be able to benefit from any of the above-mentioned advantages. Besides, the experiences of past years have shown that — apart from its undoubted economic advantages — foreign tourism may also produce a number of disadvantageous effects which cannot always be eliminated by the infusion of additional technical or economic aid from abroad. In view of the fact that there exist already a number of critical studies on the economic problems¹, it is proposed to deal in the following mainly with the psychological and social consequences of foreign tourism, such as its effects on international relations, on emancipatory aspirations and cultural, social and political developments as well as on the idea of international solidarity.

From the point of view of development policy, international tourism has been embedded in a worldwide system of division of labour between more and less developed states; in other words, one has divided the world into two kinds of nations — those whose inhabitants produce expensive industrial goods on the one hand and, on the other, those whose economy is geared to the pro-

duction of cheap raw materials and where life is still closer to nature and thus more suitable for the establishment of a holiday industry. This very division, however, increases the dependence of the tourism sector in LDCs to a marked degree in that it makes them dependent on the cyclical situation of the industrial countries. This dependence which *de facto* means some kind of foreign rule, can hardly be influenced by the LDCs themselves.

In addition, the international tourist trade is to a large extent in the hands of, or controlled by, foreign tour operators and hotel-keepers, which manifestly further increases the dependence of countries wishing to build up a tourist trade on outside factors beyond their control. Thus the hoped-for equality and economic and political independence have so far failed to materialise — a fact which has further aggravated the defeatism prevalent in many LDCs.

Besides, the establishment of a tourist industry, even if successful from a purely economic point of view, can militate against fostering the growth of the idea of national integration by substituting for it thoughts of regional, social and economic predominance. Such thoughts could, for their part, lead to internal political strife and thus weaken the foreign political position of the particular LDCs.

Socio-psychological Problems

It had been further hoped that foreign tourism would help to tackle some of the LDCs' most essential cultural tasks, such as, for instance, the preservation of culturally, historically or architecturally valuable sites, traditional customs and further development of special crafts. It would seem,

¹ cf. H. C. Thœun, International Tourism and Developing Countries — Conditions and Effects. In: *Revue de Tourisme*, (Bern) 1973/3; OECD Development Centre, International Tourism and the Economy of Developing Countries, June 1973; Georges Cazès, *Panorama et problèmes de la croissance du tourisme dans les pays en voie de développement* (Panorama and Problems of the Growth of Tourism in Developing Countries). In: *Espaces*, (Paris) 1974/8-9; IUOTO, *Travel Research Journal*, 1972/2: *Tourism's Role in Economic Development*; Klaus Fentrup, *Die ökonomische Bedeutung des internationalen Tourismus für die Entwicklungsländer* (The Economic Importance to LDCs of International Tourism), Publisher: Dt. Übersee-Institut, Hamburg 1969.

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however, that these hopes are not going to be fulfilled. On the contrary, the tendency has been towards importing industrially produced rubbish, symbols of the contempt in which tradition is being increasingly held. Moreover, irreplaceable cultural treasures like ruins, temples etc. suffer from the vandalism of visiting souvenir hunters.

The psychological effects on the inhabitants of regions who are visited by crowds of holiday makers are as profound as they are varied. They range from feelings of inferiority, envy, resignation, the desire to imitate the foreign tourists and the loss of the sense for tradition, personal prostitution, to aggressiveness and even crime. The adaptability, especially of the younger members of the indigenous population, the so-called "international demonstrations effect" triggers off a premature "acculturation" process. Such changes in attitudes can have a profound effect on the traditional values of whole populations, and this effect, regrettably, tends to be negative rather than positive.

Contrary to all good intentions and internationally nourished hopes, contacts between foreign tourists and the indigenous populations are mostly confined to a few chance meetings on some market or to a few words exchanged with the native personnel in hotels. Generally speaking, members of a foreign package tour hardly ever stray from their group, from the safe isolation of their hotels, the beaches set aside for their exclusive use or from their oft-cited tourist ghettos.

The vacationists, therefore, hardly ever come face to face with the problems of the LDCs. Instead, insufficient information, stereotyped thinking as well as the lack of personal contacts tend to confirm still further already existing prejudices, intolerance, disinterestedness and arrogance. Thus travel tours to far-away countries produce politically undesirable effects which only impede or even make completely impossible any true understanding for the economic and social problems of the Third World².

As for the infrastructural improvements there is a growing realisation, supported by various economic and sociological studies, that foreign private investors must be offered extremely attractive terms. It is further realised that the capital supplied by national or international sources to improve the infrastructure can hardly be made

profitable in that such investments are of greater benefit to private foreign investors than to the home market.

Already, in the wake of the oil crisis, the downward trend in the international demand for holidays abroad has become more accentuated. The recession is especially pronounced in such important countries as the USA and the Federal Republic of Germany whose nationals are particularly fond of going far afield for their holidays. The effects of this slackening demand on LDCs in the process of building up a tourist industry are one more reason to undertake a critical study of the tourist relations between industrial nations and the Third World and to weigh up carefully how a possible structural downturn in the demand for long-distance holidays would affect LDCs who depend on foreign tourist trade.

The LDCs' Scope for Action

In their endeavour to attract foreign tourists, LDCs tend at present to present a very stereotyped image of their country's attractions, such as exotic surroundings, empty beaches, complete freedom in the choice of leisure activities, cheapness. To exercise a direct influence on the demand of foreign tourists is still beyond the powers of the LDCs themselves and outside the interests of international tourist operators. Herein lies — apart from the long-distance travel — one of the main weaknesses of the Third World.

On the other hand, it should not be long before many LDCs in Latin America, Africa and Asia will be the only ones to be able to offer unspoilt landscapes, novel impressions and genuine recreation. For in Europe and North America clean and usable beaches are becoming increasingly rare, nature reserves are being turned into museums and the stress-plagued humans into production factors. Besides, the possibility cannot be excluded that the already evident tendency among raw material supplying countries to form blocks may sooner or later spread to countries with a nature-based economy. If this happens, the countries which generate the greatest demand for holidays in unspoilt surroundings (in other words the highly industrialised and polluted states of Europe and North America), will be asked to pay more for the ecological and social damage their holiday makers cause in the host countries. This applies also to the special services and efforts the guest countries will have to undertake to make available the sought-after natural beauty spots and preserve them.

The present dependent market situation of the holiday supplying LDCs might well, in the foreseeable future, change into an oligopolistic mar-

² See also: *Auslandskurier*, 1973/4, dealing specifically with: World Tourism — a Chance for an Encounter; Federal Ministry for Economic Cooperation, Bonn, Materialien No. 40/1973: *Entwicklungspolitik — Urlaub in der Dritten Welt* (Development Policy — Holidays in the Third World); L. Nettekoven, *Massentourismus in Tunesien* (Mass Tourism in Tunisia), Studienkreis für Tourismus (Studygroup for Tourism), Sternberg 1972; The Hon. Ratu Sir Penalia K. Ganilau (Prime Minister of Fiji), *Tourism, Master or Servant?*, 23rd PATA Annual Conference, Djakarta 1974.

ket situation in which the LDCs concerned would be able to maximise their economic advantage while at the same time paying due regard to the limits beyond which the tourists would destroy the natural beauty they have come to admire. There is relatively little danger of offers of holidays exceeding the demand, for the industrial nations are unlikely for many a year to improve the ecology of their towns to such an extent that their inhabitants will no longer wish to escape from their usual surroundings, if only for their holidays.

Predictable Conflict Situations

It is possible to foresee a number of conflict situations arising in future by contrasting the already mentioned strengths and weaknesses of the LDCs as suppliers of attractive tourist venues with the strengths and weaknesses of the industrial countries upon which the LDCs have to rely for their customers:

☐ Destruction of a monoculture: A tourist sector conceived by a particular LDC as a monoculture may suddenly collapse as a result of epidemics, massive pollution of beach and water, a long-drawn-out strike, political disturbances, a risk of war or actual hostilities.

☐ Market boycott: This may occur if the holiday-supplying countries raise their prices beyond what the customers consider fair or if they demand to be allowed to participate in certain services catering for the tourists (e.g. their transport by air). This may result in the country's isolation or its "lock-out" by customer countries.

☐ Lock-outs: Lock-outs by certain holiday-supplying countries are also possible; they will be imposed only for political or social motives without regard for national economic necessities.

☐ Structural changes in the demand situation: Greater cost-consciousness on the part of the LDCs, steadily mounting transport and personnel costs, and rising anti-pollution expenditure may lead to increases in the prices at which the holidays are offered and cause would-be customers to choose other venues.

☐ Possible stabilization of holiday offers: LDCs with a tourist industry may realize the danger of growth outstripping demand; they agree on a common policy of curbing growth and change to a policy of selective offers.

☐ Possibility of a supply monopoly: Following the example of the oil states, LDCs interested in attracting foreign tourists may band together on a regional basis and form a cartel to impose upon certain customer-states or regions their ideas on the cost of the holiday they are offering.

☐ Possibility of a demand monopoly: The customer-states, too, could harmonize their ideas as to cost, quality and quantity and form a cartel for the defence of their customers against what they consider exorbitant demands by traditional holiday regions.

Holiday Space Not Free of Charge

There are limits to the number of tourists that can be accommodated in the open spaces and by the native populations of the climatically favoured countries, and, as the demand by the space-hungry nationals of the climatically disadvantaged industrial countries continues to grow, the day can be foreseen when these limits have been reached. Herein lies the increasing problem of world tourism. In fact, holiday areas which are still available in Europe and North America are already exposed to extensive ecological dangers. Moreover, there seems to be no end to urbanization, the destruction of communal life and industrialization in the most densely populated regions. This raises the worldwide problem of environmental pollution and the deterioration of the living-space — a problem which calls for solution on a worldwide scale. The value of a period of true recreation for the production factor "man" is being rated more and more highly by the inhabitants of the industrial countries. Their population accounts for only one quarter of the world's population, but this one quarter commands three quarters of the world's total purchasing power.

Holiday regions, suitably equipped, will therefore become more than ever before objects of international trade whose qualities are minutely specified with the right of use securely laid down in supra-national agreements. Side by side with agriculture and industry, another important economic activity will open up for suitable LDCs — the exploitation, but at the same time the preservation and protection, of a natural asset: their recreational areas.

The need will surely arise for a concerted international division of labour and for long-term planning of "recreational production". Any decision taken must be based on sound research into the maximum physical and psychic pressures to which a particular natural holiday area may be safely exposed. Provided this is done, far-reaching possibilities may open up for fruitful cooperation between LDCs possessing suitable tourist areas and industrial states without sufficient open spaces. On the other hand, it will become manifest that the use of the still available genuine recreational areas must be subject to stringent restrictions and limitations, for they can no longer be had for nothing.