
UNIT 32 DEVELOPMENT, DEPENDENCY AND MANILA DECLARATION

Structure

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32.0 OBJECTIVES

This Unit introduces to you the debate on the objectives of tourism viz. between development and dependency. You will, after reading this unit, understand:

- the background of this debate,
- a critique of the development - dependency model, and
- the growth of tourism in the Third World and international concern regarding the same.

32.1 INTRODUCTION

“The most promising, complex and under-studied industry impinging on the Third World” — that is how the international scene in tourism has been described by Louis Turner. In the three preceding Units (29, 30 and 31) of this Block we discussed the tourism policy of the Government of India and the infrastructural development in this regard along with the role of local bodies. We now take you on a more analytical path. In the present Unit we bring into focus one of the vital questions i.e. whether the growth of tourism in the Third World is an act of impingement by the international tourism? Conversely, does the growth of tourism simultaneously mean development for the Third World? Many tourism activists and researchers have raised these questions which can no longer be ignored in tourism policy formation or development. We have addressed these questions in the Sections that follow.

32.2 DEVELOPMENT — DEPENDENCY DEBATE

Although tourism claims to bring substantial economic benefits to many poorer nations, its critics emphasise the role of tourism in perpetuating and deepening the gap between the rich and the poor.

To understand the critics, it is necessary to examine the reasons underlying the critique: the subject of Third World economies itself, as well as the structure of international tourism.

32.2.1 Essential Features

During the mid 1960s, a school of thought known as 'dependency theory' emerged amongst Third World scholars, especially in post-colonial nations of Africa and Asia. They emphasised that though colonialism was no longer a political reality, it continued to exist in the form of new economic relationships -- particularly of trade and commerce -- between First World and Third World nations.

Third World Countries have become more dependent on the rich, industrialised nations of the West since World War II. Our resources and labour force are used to produce goods for an export market, thereby contributing to the growth of a global market economy.

At the same time, the terms of trade favour the West, resulting in a massive drain of foreign exchange and transfer of capital from the poor to the rich nations. The trading houses, the shipping companies which transport manufactured goods, the banks which finance international commerce -- practically all of these are controlled, if not owned, by the rich Western nations.

The tourism industry is one which has a truly international structure, in that the majority of its infrastructure are owned or controlled by **Multinational Corporations (MNCs, also known as TNCs or Transnational Corporations)**. The most visible examples are of course hotel chains; Hilton, Holiday Inn, Sheraton, Hyatt (all US-based). Trust House Forte (UK), Kempinski (Germany), Club Med. and Le Meridien (both French), as well as Indian chains such as the Taj and Oberoi.

Hotel chains are often linked with international airlines, tour operators, or other business enterprises. While in some cases, a hotel chain is directly controlled by a single airline (such as the TWA-Hilton relationship). It is common to find several airlines, tour operators, industrial houses or even governments sharing ownership interests in a hotel chain. In India, an example is that of Air India's ownership of the Hotel Corporation of Indian (which runs the Centaur group of hotels).

The combination of hotels, airlines, tour operators and ground agencies into a single structure is known as 'vertical integration' of the tourism economy. Apart from the obvious convenience of management and operation, such structures essentially serve to create and reinforce possibilities for profit maximisation.

Thus, it is possible for a tourist to leave Japan on JAL, be transferred from a Third World airport by a Honda car to a Japanese-owned hotel, to be accompanied throughout his or her tour by a Japanese guide (from Japan, not just a local who speaks Japanese), eat at Japanese-owned restaurants, shop at a Japanese supermarket, and return by JAL to Tokyo, in order to tell his or her friends what a wonderful place the Third World is.

Given the complexity of the global economy, it is likely that the above story is a simplification of reality: for example, the car could have been a Mercedes, the hotel a Club Med. and the restaurant a McDonalds. What is inescapable, however, is that ownership, control and therefore benefits, from Third World tourism, accrue mainly to the rich, industrialised nations from where the tourists originate.

32.2.2 A Critique

The question that critics raise, then, is that: if, as it is claimed, tourism brings economic benefit to a host country, who really profits from it? What is the real income retained in the national exchequer, when a large proportion of the earnings are funnelled back to MNCs, airlines, tour operators and others in the First World?

Tourism is an export, and like all other exports, earns foreign exchange for the country which exports it. Therefore, when a tour group visits India, the product purchased is a holiday in India (its components being accommodation, food, sightseeing, local travel, entertainment, shopping, recreational facilities, etc.) Their expenses for the holiday form the foreign exchange earning component for India.

In order to provide tourists the kind of facilities they are used to, a Third World country often has to spend large amounts of foreign exchange, and these outflows are known as 'leakages'. (Also see Unit 33).

Leakages take place on a variety of counts:

- imports of goods and services by tourist hotels (such as food, beverages, machinery, furniture and fittings, crockery and cutlery), airconditioned cars and buses,
- international promotion and advertising,
- contractual and service fees,
- commissions to tour operators abroad,
- salaries of foreign personnel,
- repatriation of profits by foreign hotel owners (as well as foreign exchange earnings retained abroad, such as on advance bookings made in the originating country),
- imports of film, cameras, accessories, water and winter sports equipment, and so on.

Leakages vary in different Third World destinations, depending on the quality and availability of local goods and Infrastructure, as well as the quantum of domestic capital investments in tourism. Whereas in India, leakages are of a relatively low order, they are known to be as high as 45 percent (of gross foreign exchange earnings) in the island states of the Caribbean, and a 1983 study in South Korea estimated tourism leakages at nearly 51%. (Evelyne Hong, **See The Third World While it lasts**, Consumers Association of Penang, Penacy, 1985).

Another factor which contributes to leakage is repayment of loans taken on tourism account. From the 1960s onwards, international lending agencies such as the World Bank (IBRD) and its affiliates the International Finance Corporation (IFC) and the International Development Association (IDA) have actively promoted tourism development in the Third World by providing a variety of loans and subsidies for hotels, roads and airports, provision of water and power supply and so on. Ironically, these agencies promote tourism development as a means of repaying external debt, in the context of the growing balance of payments crisis that many Third World nations face. What is seldom stressed is that the loans made for tourism also have to be repaid, adding to, rather than solving, the debt crisis.

Therefore, figures stating **gross foreign exchange earnings** from tourism can be misrepresentative unless leakages are taken in to account. Statistics often hide the real or **net earnings** which can be arrived at by deducting leakages from gross earnings:

Gross foreign exchange earnings
 – Leakages
 = Net foreign exchange earnings

Although this calculation is a relatively simple task, the question regarding why its results are seldom offered publicly is one which is rarely asked, and even more rarely answered. However, a closer knowledge of the economics of foreign exchange earnings by tourism will reveal the political imperatives of presenting just the gross figures.

In the area of employment critics point out that the promotion of tourism as a panacea for unemployment in a developing country amounts to an avoidance of the real factors behind the phenomenon of unemployment. Unemployment is a complex topic linked to larger questions of land relations, terms of trade between agriculture and other economic sectors, education, demography, modernisation and urbanisation, and in our country, questions of caste, creed and linguistic communities as well.

For example, modernisation and urbanisation have played a key role in changing employment patterns in many developing countries since the 1950s onwards. With increased educational opportunities — even for a privileged minority — there has been a steady out migration from the agricultural sector to the industrial and service sectors. This has left the agricultural sector with a work force which is aged, not-so-able-bodied, and in general, not as efficient as it would otherwise be.

In addition, pressures on land have also contributed to out migration, where less and less land is available for cultivation, even for those who must work on others' land (landless labour). While they lack the educational and other advantages of the middle classes, they

too have migrated to cities seeking elusive jobs as low-skilled workers in factories or ending up in the ranks of the unorganised sector.

In this context, tourism, a service sector industry, provides the migrant workers with some form of employment and earnings, even if such employment is not within the organised sector (See Block 3 of TS-1).

For those who are lucky enough to find a regular job in a hotel, beach resort or travel agency, the realisation soon dawns that in spite of tourism being one of the world's most glamorous industries, the working conditions include: long and untimely work hours, low pay-scales, lay-offs in the off-seasons, rude behaviour by guests, etc.

Nevertheless, the glamour of the industry (as well as the economic opportunities it provides, however exploitative) continues to attract more and more of the unemployed, especially in the context of an already difficult employment scenario.

The developers and promoters of tourism are benefited by way of profits, interest earnings, consultancy fees and so on. So do governments who earn taxes at various stages of economic transactions in the tourism industry. In addition, governments earn political mileage by presenting a positive face of their countries — no matter how different the reality might be. Also, gross foreign exchange earnings figures on the Balance of Payments contributes whenever a new bilateral or multilateral loan is to be negotiated.

For the majority of a country's population, as certain critics point out, international tourism is a blight' rather than a 'blessing' (in the words of Emmanuel de Kadt). Although they might earn nothing from the industry, they still have to reckon with tourism's inflationary tendencies which pushes daily necessities out of their reach, not to speak of shortages. Whether they have regular water and electricity supply or not, their tax money is used to subsidise the same facilities for hotels and resorts.

Countries that are in the process of formulating their tourism policies and plans must take note of these aspects at the initial stages itself. This will enable them develop sustainable tourism.

Check Your Progress-1

- 1) List four important ways in which leakages take place.

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- 2) What are the negative features of employment in tourism industry in the Third World?

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- 3) Write in 50 words a critique of the “economic benefits” of tourism in the Third World.

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32.3 TOURISM IN THE THIRD WORLD

Given the kind of debate on international tourism and the Third World it was logical that the attention of international tourism would inevitably focus on the Third World. In the following Sub-sections we have discussed the same.

32.3.1 Initial Soundings

International initiatives to establish third World tourism as an agenda for social concern probably began with a consultation in 1967, at Tutzing, West Germany. This meeting was organised by the World Council of Churches. At tutzing, the focus was on the expanding travel and tourism business globally, and the need for the churches to respond to its human dimensions, particularly of the tourists. Third World tourism was not yet an issue. However the meeting did result in a perception that travel changes the nature of the traveller, and some action was taken to evolve a pastoral ministry towards tourists, primarily in North America and Western Europe.

This was followed in 1972 by a conference in the Caribbean, sponsored by the Caribbean Conference of Churches. Although the participants were again mainly from churches in the region, the difference was that they were people who had experienced the efforts of international tourism in a Third World context.

The 1972 conference resulted in the formation of the Caribbean Tourism Research Centre (CTDC), to undertake academic research on the concerns expressed by the participants. The CTDC was funded in part by voluntary agencies, but mainly by governments in the region.

An Asian Dilemma

The concern for tourism in Asia began with a small workshop held in 1975 at Penang, organised by the Christian Conference of Asia. People from around Asia participated, and questions were raised about the kind of tourism that was being developed in the region: beach tourism in Bali, Batu Ferringhi in Malaysia, the funicular railway to Santosa island in Singapore, new developments in Hong Kong, and so on.

The effort at Penang was to understand more deeply tourism as a phenomenon, and to explore ways of responding to it. Although tourism in Asia brought a number of positive benefits, what was also clear that it resulted in some negative impacts as well. Without adequate data on these aspects, however, the conference did not result in a clear perspective on Asian tourism, but concluded that tourism was an ‘Asian Dilemma’.

32.3.2 The Manila Conference

Penang, although limited in the results it directly produced, helped shape the contours of the 1980 International Workshop on Tourism. Once again the initiative came from Asian church bodies, and the Workshop was co-organised by the Christian Conference of Asia and the Office of Human Development of the Catholic Bishops Conference of Asia.

The Workshop took place in September 1980 at a Manila University. It coincided with the first World Tourism Convention sponsored by the World Tourism Organisation (WTO), which took place at the Philippines International Convention Centre, and was inaugurated by President Marcos.

Nearly 30 people participated at the Workshop, mainly from Asia. Convened primarily to assess and examine the phenomenon of tourism from a Third World perspective. "The one most glaring thing that surfaced from the deliberations...was that tourism wreaked more havoc than brought benefits to recipient Third World nations." (Ran O'Grady, ed., Third World Tourism, Singapore).

The participants reached this conclusion after debating and discussing issues for a fortnight, as well as exposure visits to areas affected by tourism development in the Philippines: Ermita, Baguio, Pagsanjan and other tourist destinations.

32.3.3 An Ecumenical Coalition

The Manila Workshop set up a Task Force to follow up its recommendations among which was one which proposed that concrete steps be taken to establish a secretariat which will implement the programme.

The Task Force travelled through Europe to meet with church leaders in the Vatican and Geneva, with representatives of development agencies in Bonn, and with the World Tourism Organisation. The responses they received from these bodies convinced the Task Force members that if action had to be taken effectively, it would have to come from their own initiative. Eventually, at a meeting in January 1982 at Port Moresby (Papua New Guinea), the Ecumenical Coalition on Third World Tourism was formally established.

The founder members of the Coalition were the Fellowship of Asian Bishops Conferences, The Christian Conference of Asia, the Pacific Conference of Churches and the Caribbean Conference of Churches. Soon after it was formed, its membership expanded to include the all Africa Conference of Churches, the Consejo Latinoamericana de Iglesia (Latin American Council of Churches) and the Middle East Council of Churches.

The Coalition opened its international Secretariat in Bangkok, Thailand in August 1982.

The original principal aims of the Coalition were stated as to:

- focus on tourism and the effects it has on the people of the Third World,
- bring about an awareness of the role of tourism in development models,
- provide opportunities for poor people affected by tourism to express their views and hopes,
- denounce and expose unjust practices in tourism,
- stimulate and organise relevant research and to develop a resource centre, and
- foster the implementation of decisions made at the international workshop on Third World Tourism, held at Manila, Philippines, September 1980.

These objectives have recently been reviewed and revised as a Mission Statement.

Check Your Progress-2

- 1) Write in 50 words about the initial efforts to establish Third World tourism as an agenda for social concern.

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2) Write a 10 line note on the Manila Conference.

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3) List the Pincipal aims of the Ecumenical Coalition.

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32.4 LET US SUM UP

The critique of tourism in the Third World is primarily located in the conceptual basis that the economies of the so-called Third World are in effect mere extensions of the economic priorities of the First World. These priorities are enabled and maintained by governments, agencies and corporations of the First World, who act, nonetheless, in tandem with their collaborators in the Third World.

While claiming to bring enormous economic benefits, especially the lure of employment to the hungry and unemployed, its real benefits to local communities are questionable. What very often does happen is the pauperisation and marginalisation of large section of host populations, who are condemned to further misery and poverty. Women, children, workers and indigenous people (who are often depicted as exotic 'attractions') have been among the worst affected by the expansion of the world's largest service industry.

These arguments — as well as ecological and socio-cultural ones are the basis of a Third World critique of tourism. Articulated by concerned groups and people over the past couple of decades, the critique had led to resistance to tourism in many places. As tourism professionals and activists you have to take serious note of these aspects.

- Ecumenical** : seeking or promoting worldwide Christian Unit
- Impinge** : make an impact
- Complex** : complicated
- Global** : worldwide
- Exchequer** : treasury
- Repatriation** : restoration to one's native land
- Contractual** : in the nature of a contract
- Irony** : an ill-timed arrival of an event that is in itself desirable.

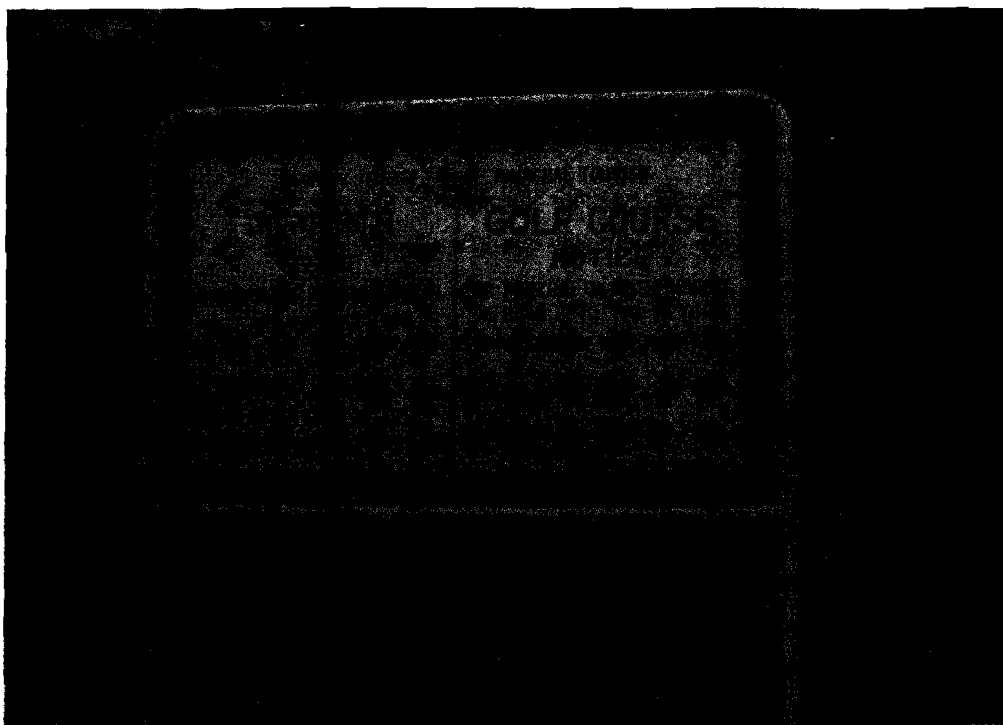
32.6 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress-1

- 1) Imports of goods and services; international promotion and advertising; commissions to tour operators; salaries of foreign personnel. For more details see Sub-sec. 32.2.2.
- 2) Some of these may be listed thus: long and untimely work-hours, low pay-scales, layoffs in the off-season. See Sub-sec. 32.2.2.
- 3) See Sub-Sec. 32.2.2.

Check Your Progress-2

- 1) See Sub-sec. 32.3.1.
- 2) See Sub-sec. 32.3.2.
- 3) See Sub-sec. 32.3.3.



SOME USEFUL BOOKS FOR THIS BLOCK

John Lea, **Tourism and Development in the Third World**, Routledge, London, 1988

D Pearce, **Tourism Today: A Geographical Analysis**, Longman, 1987

Ron O'Grady, ed., **Third World Tourism**, Singapore, 1988

R.N. Kaul, **The Dynamics of Tourism**, New Delhi, 1992

Dharamarajan and Seth, **Tourism In India**, New Delhi, 1993

Robert Christie Mill, **The Tourism System**, New Jersey, 1992

Suhita Chopra, **Tourism Development in India**, New Delhi, 1992

VNR's **Encyclopedia of Hospitality and Tourism**, New York, 1992

ACTIVITIES FOR THIS BLOCK

Activity-1

Make a plan for your own enterprise keeping in view the aspects mentioned in Sec. 29.2.

Activity-2

Access the infrastructural facilities in your area.

Activity-3

Suggest improvements in the functioning of the local body of your area.

Activity-4

Keep reading the policy statements of the Govt. of India in newspapers. Try to understand the implications.





