THE STATE, TRANSNATIONALS, AND THE DEVELOPMENT OF INTERNATIONAL TOURISM IN SMALL ISLAND NATIONS

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ABSTRACT Geographers have increasingly turned their attention to the phenomenon of international tourism growth and its consequences in less developed countries. In most instances they restrict their emphasis to descriptive case studies of tourism's impacts in small islands. Unfortunately, most of their contributions indicate limited understanding of the processes leading to the evolution of tourism in the first place, especially because they adopt an actorless vision of development. Thus, it is unclear why small island nations which share similar locational and accessibility characteristics may have tourism industries which follow divergent growth trajectories. This paper advances an argument for viewing tourism development as an actor-led process, subject primarily to the decision and deeds of national governments as well as their constant interaction with transnational tourist companies and the indigenous context. It contends that during the early stages of tourism development the state plays a pivotal role in promoting the industry. Later, once the destination has matured, transnationals become increasingly involved in the tourist industry and gain a greater say in its future growth.

The considerable body of literature which devotes attention to theoretical issues of industrial dynamics and their relationship to regional change, focuses predominantly on the manufacturing sector. In recent years an increasing number of geographers and other researchers have taken an active interest in the spatial patterns and distribution of the expanding service sector although, as Christopherson (1989) mentions, they have confined their studies "almost exclusively to business services and particularly to those services exhibiting tendencies towards agglomeration" (p.2). Especially disturbing is the neglect of tourism on the part of the majority of theorists in their various perspectives of development, considering that industry's growing significance as a leading sector of the economy in many less developed regions.

Along similar lines, most researchers who deal specifically with tourism examine the industry outside the context of dominant development paradigms. To a major extent these scholars' studies entail descriptive assessments of tourism's impacts on the economic, environmental, as well as the sociocultural fabrics of destination areas, while ignoring the political circumstances or historical processes which define development (Britton 1982). Through concentrating on individual situations at single points in time, these writers seldom offer comprehensive insights as to the nature of tourism development. Indeed, the atemporal character of the majority of existing tourism impact analyses, inhibits a broader understanding of the way a locality's overall development relates to tourism's course of evolution (Pearce 1980).

Students of tourism's effects usually contemplate only a narrow set of impacts, while paying minimal heed to the type of tourism or the setting of its evolution (Pearce 1989). Perhaps surprisingly, this trend in the literature predominates despite the long-term recognition that the industry adopts distinct paths of development and may have different impacts at each destination (Bryden 1973). A particularly disturbing shortcoming in existing impact studies involves the researchers' failure to successfully conceptualize tourism as a phenomenon which transcends political boundaries and involves an interplay of both supply and demand-side dynamics within the broader context of agents' deeds at the local, national, and global levels.

In this paper, I aim to set-up a holistic theory of tourism development, based on Butler's (1980) resort cycle model which recognizes the dynamic nature of destination areas. My primary aim is to prescribe the ingredients for an integrative approach which will enable a superior understanding of the causal forces and agents determining the turning points of tourism evolution in various destinations. To that purpose, I propose a strategy which, at each stage of tourism's evolution, relates the state's actions to the wider arena of the deeds and decision making of the international organizations, transnational companies and intermediaries, as well as the indigenous context.

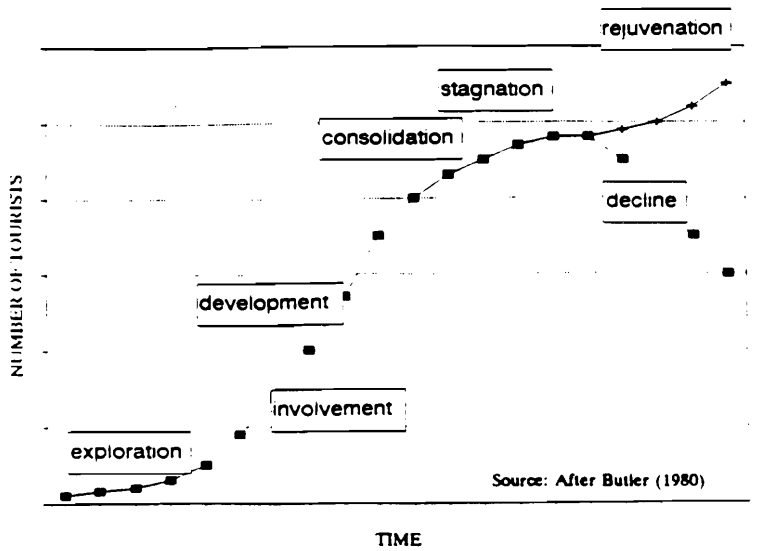
IN SEARCH OF THEORY

Similar to broader theoretical constructs of regional growth and development, concepts relating to tourism development patterns must account for the evolution of destinations areas including the industry's influence on the economic, sociocultural, and physical environments through time and space. However, a model which accounts solely for the reasons behind phenomena of growth or decline of destination areas and describes how such changes have taken place, tells only half the story (Schoenberger 1989). It must go further and allow for answers to the question "why at particular times in particular places" (p.115). For example, why does Dominica have a very small tourist industry and attract only a few thousand tourists each year, while not too far off, islands like Barbados with similar attractions and climatic conditions have rapidly evolved into major mass tourist destinations? Similarly, why do small-scale indigenous businesses dominate St Vincent's tourist sector and why has this island successfully resisted exogenous involvement, while in stark contrast large foreign controlled hotel chains command the Bahamian and Bermudian landscapes?

Clearly, a comprehensive model of tourism evolution should recognize that whereas the industry's growth obviously relates to a destination's locational attributes as well as its time/cost accessibility from principal markets, more importantly it hinges on the combination of the actions of indigenous as well as foreign agents and circumstances. Such an integrative theory must identify how the state can respond to local political forces plus external pressure from the interest groups of international tourism, and how, in turn, it can implement policies which increase the effectiveness of this industry as a means for economic growth while minimizing its negative effects on the physical and sociocultural environments.

Butler (1980) successfully encapsulates the evolutionary nature of tourism development within the theoretical framework of the resort cycle. Butler's temporal model visualizes the evolution of any destination through six distinct stages: exploration, involvement, development, consolidation, stagnation, decline or rejuvenation (Figure 1). According to this concept, over time a destination becomes increasingly popular and attracts a growing number of tourists. By the development stage, the resort has witnessed the transformation of an endogenously driven, small scale industry into a foreign-dominated, organized mass tourism sector. Gradually, stagnation sets in as carrying capacities are exceeded and tourists begin to seek new, more fashionable and less crowded destinations. Butler perceives that local involvement may then once more become important as policy makers seek to diversify the tourist product and halt the resort's decline.

FIGURE 1: HYPOTHETICAL STAGES OF THE RESORT CYCLE



The resort cycle model is popular especially among geographers who examine the evolution of tourism at any destination as it embodies a dynamic component, namely the region's temporal and spatial evolution. More specifically, the resort cycle aids recognition of the dominant agent at each stage of tourism evolution at a particular destination. Further, the model is valuable as it demonstrates temporal changes in the volume and composition of tourist traffic. It is possible to follow the evolution of the market in terms of the segments and number of visitors, as well as the development of the destination in terms of tourist services, administrative structures and the industry's impacts.

Despite its theoretical appeal, the resort cycle framework shares many of the shortcomings which plague other unilinear longitudinal models. Haywood (1986) offers an excellent critique, pointing among others that in using the resort cycle, difficulties arise because of an unclear level of spatial aggregation and the fact that the components of time, type of tourism, unit of measurement, and carrying capacity are ill-defined. A major drawback is the resort cycle model's non-deterministic nature which, in its present form, renders it of little use to planners and policy-makers in search of future strategies for any destination (Cooper and Jackson 1989). Points of inflexion can only be determined post-facto, because the length and shape of individual stages is unique to each destination. Obviously in any resort, a combination of agents and circumstances at both the local and the global levels influences its path of evolution, not the inevitable path of the cycle.

The above criticisms reveal that the tourist life cycle is an hypothetical development path dependent upon marketing and managerial actions, rather than an independent mechanical process. In that respect the resort cycle is similar to the product cycle model which adopts an "excessively mechanistic manner" in describing patterns of structuring and restructuring of industries (Schoenberger 1989, p.121). Thus, the resort cycle model may be utilized best in a descriptive rather than a prescriptive capacity as a rational framework for studying the temporal evolution of various tourist destinations, taking into account their economic, social, and cultural diversity (Cooper and Jackson 1989).

EXTENDING THE RESORT CYCLE MODEL

Most investigations of Butler's model fail to scrutinize in detail the interaction of external, international factors with internal, domestic forces, such as the role of the state, as they relate to each stage of the cycle. A detailed review of the literature reveals few thorough empirical confirmations of Butler's contention that during tourism's progression through its cycle, control passes from local to national and finally international organizations. At best, a number of studies provide descriptive analyses of single cases which despite acknowledging the role of supply-side factors of tourism development, unfortunately only afford them fleeting attention (usually during the later stages of the cycle), a principal excuse being the glaring dearth of long-term time series data on such measures. The majority concentrate overwhelmingly on simple measures relating to the tourists themselves (e.g., number of arrivals, bed nights, tourist expenditure) in order to portray the transition of a destination through time.

Through their overriding emphasis on such demand-side factors the majority of researchers have underplayed the significance of the key decision makers' motivations and behavior in determining each stage of a resort's evolution. Also absent is any reference to the overall economic context and more specifically the extremely important role of imperfect competition among the major suppliers (e.g., hotel chains, tour operators, airlines) during the cycle's latter stages. Debbage (1990) provides a fresh diversion from the mainstream literature on tourism evolution in his attempt to extend the resort cycle dialogue within a framework of corporate strategy and competitive economic behavior, paying particular attention to the growing trend of mergers and acquisitions in the international tourist business. Borrowing from Markusen's (1985) notion of a profit cycle, he suggests that oligopoly and industrial organization have a more serious bearing on the shape of various resort cycles than do demand-side elements such as evolving fashions, consumer tastes or even growing opposition on the part of the residents.

Debbage suggests that similar to manufacturing industries in the early stages of their profit cycle, the limited number of foreign suppliers offering a new tourist destination on their itinerary place an emphasis on innovation. These agents accrue substantial profits because of the dual effect of the destination's novelty and a lack of competing suppliers. Later, in an effort to increase productivity and reduce their costs, they will seek out economies of scale and possibly scope through oligopolizing and subsequently placing a growing emphasis on a mass-oriented product. The foreign suppliers now direct their chief concern towards maintaining their market share. They will do this at the expense of innovating and diversifying into new products. As a result the resort may ultimately degenerate in face of rising competition on behalf of more novel and out of the ordinary destinations.

Evidently, Debbage's contribution constitutes a positive step towards the development of a superior understanding of the supply-side forces which help shape the stages of the resort cycle. However, his analysis falls short of being all-encompassing. This is because he restricts his focus to the actions and decisions of foreign players during the latter stages of the resort cycle thus failing to draw out explicitly the preconditions which enabled the appearance of tourism at specific destinations in the first place. More disturbing is the absence from his discussion of any insight concerning the continuously evolving interaction of the foreign organizations and tourism corporations with the indigenous actors and circumstances - especially the role of the state - at each stage of the cycle. The omission of any discussion concerning the state's role in the cyclical theory of tourism development nhibits the development of more comprehensive explanations as to why certain seemingly similar destinations have followed divergent paths of tourism development.

A more thorough extension to Butler's cyclical theory of tourism evolution, should certainly focus on the strategies of the major suppliers of the industry, but additionally incorporate special attention to the intricate nature of the state's evolving behavior (both active and passive or positive and negative) throughout all stages of a destination's cycle. Specifically, in order to explain variations across cases of tourism development, the theory must consider the constant interplay of the state's actions with factors and agents at

the domestic as well as the international levels. It should recognize the state as more than just a passive actor in the international economy.

Butler somewhat rigidly assigns just one key agent to each of the resort cycle's stages. In contrast, I postulate that the model's worth can be enhanced substantially through exploring the ongoing interface of all players who facilitate tourism's evolution in LDCs. Thus, I have augmented the original framework to allow for the altering patterns of state intervention in the tourist industry vis a vis the actions of the other agents throughout all the stages of the cycle. My theoretical construct contends that, at least in the Third World context, the state assumes a primary role as facilitator and/or regulator of tourism development. In other words, tourism's ultimate evolutionary shape is largely dependent on the state's decisions and policies concerning the promotion and regulation of the industry, as well as those dictates governing the participation levels of the various agents at the national plus the international levels. Even the state's failure to adopt regulatory measures as is commonly the practice in small island nations will ultimately bear on the decisions and actions of the exogenous agents of tourism development.

Some theorists might logically ask: "why all the fuss concerning the state?" My answer is because the state simply happens to be a key player of change in most Third World economies. Government intervention in fundamental development programs (such as the tourist industry) assumes special meaning in some of the smaller LDCs because following independence these countries usually lack a mature and innovative private sector (Jenkins and Henry 1982). In such cases the government has taken on the role of entrepreneur in terms of initiating new projects in a bid to achieve a self-sufficient national capacity (Harris 1986). In many less developed countries which gained their independence in the 1950s and 1960s central governments adopted an early interest in tourism, no doubt encouraged by the favorable recommendations concerning the industry given at the time by international organizations such as the United Nations, the World Bank, or the Inter-American Development Bank (Pearce 1989). Specifically in some of the smaller economies (many small island economies fit this profile), tourism has featured as the central theme of their economic development plans. Government policy makers perceive growth of this particular economic sector an important means towards attracting foreign exchange and ultimately inducing diversification of the country's economic structure.

THE STATE AND THE RESORT CYCLE CONTINUUM

The state's influence in tourism during the involvement and early development stages of the resort cycle continuum is directed primarily by economic objectives. A principal aim is to develop a robust tourism sector which will increase the country's competitiveness as a destination. However, most investors, including transnational tour companies are unwilling to sponsor tourism's development especially if the destination lacks an element of uniqueness - either physical or human-made - extending beyond the basic ingredients of sun, sea, and sand. Large scale development of the tourism sector requires the provision of immobilized fixed capital investments such as building of airports, highways, sidewalks, and water and sewarage treatment. In most LDCs only the central government is in a position to intervene and subsidize the heavy costs of such major transportation and infrastructural objects of "collective consumption". Beyond subsidizing these infrastructural measures, national governments seek to promote investment in the tourism sector through the promotion of various stick and carrot policies. Common actions include the provision of favorable land and tax incentives to prospective hotel and other tourist facility developers, a group which may or may not include foreign nationals. National governments often introduce hotel training facilities or subsidize the destination's tourism marketing efforts abroad. They may also get actively involved in the tourist sector by bearing a significant part of the cost of constructing at least one major (high class/brand image) hotel which they then may hand over to foreign management (usually by a transnational chain like Hilton International or Intercontinental). The principal aims through this action are: (a) to encourage foreign investment which is seen as an important step towards creating a high quality industry; and (b) to generate greater awareness of the destination among international circuits. Furthermore, a large number of LDCs have established their own national airline in order to obtain increased leverage in setting up bilateral air agreements with foreign carriers for routes to and from the country.

Though economic policies are at the forefront of government agenda during the initial stages of tourism's evolution, policy makers in small island nations rarely pay attention to the potential negative externalities which could arise due to the industry's rapid and unchecked development. Habitually, during these early stages the state awards scant regard to the sector's land-use and environmental impacts. Indeed, despite the fragility of the environment, in most instances officials and developers alike, perceive land-use measures aimed at regulating the tourism industry's growth to conflict with the broader goal of inducing economic growth. In essence, the state adopts a mainly laissez-faire stance in matters of land use, allowing free market circumstances in the industry to prevail. As a result, during the early development stage of tourism's evolution few planning controls directed at regulating the rapid pace of construction of tourist facilities are in place.

The marriage of state-sponsored financial and land incentives with loose planning regulations during the early phase of the resort cycle's development stage, inspires investors and developers to become increasingly active in their involvement with the tourist industry. A substantial proportion of the new development will be in the form of medium to large scale hotel and apartment complexes; developments which normally appeal to mass tourists. Interestingly though, the emergence of a progressively more organized tourism

product will not, as Butler asserts, lead to a decline in local participation rates in the development process. In contrast, the absence of any strict land use planning mechanisms and the early developers' auspicious depiction of the industry will inspire more and more small landholders to become engaged in the tourism business.

There are a number of examples where people have literally built illegal annexes to their own homes for the purpose of providing tourist accommodation and services. The lack of zoning ordinances enables prefabricated or poorly planned structures to crop up virtually anywhere in the resort as people scramble to make the proverbial "fast buck". Very soon the destination is transformed into a sprawling urban mass of large hotels, boarding houses, shanty shops, neon lights, and discotheques. Although, individual structures may not necessarily be sub-standard, the lack of order in their location and the resultant stress posed on the infrastructure as well as environmental resources will lead to sub-standard tourism. The speculative development of land parcels, with little or no regard for an overall development plan, means that the collective needs of society cannot be met. The destination will begin to gain a negative reputation in its principal markets and eventually tourists will stop coming, lured by another area's attractiveness, particularly if the latter offers a product which is situated lower down the ladder of development. After the mature (consolidation) phase of tourism development sets in, impending market failure forces the state to intervene and seek to re-evaluate its strategies in order to ensure the continued competitiveness of the destination's tourist product. To do so, policy makers endeavor to introduce comprehensive land use and environmental legislation directed at creating a more orderly pattern of development. Planning applications for new tourism related construction are carefully scrutinized and must adhere to a series of rigorous guidelines. Typically, new policies will stress the importance of promoting a product which targets high spending or special interest and "third age" rather than mass tourists. The objective is to maintain a high level of visitor expenditure while minimizing tourism's negative externalities. To achieve this, emphasis is placed on diversification of the tourist product through the introduction of artificial attractions such as golf courses, casinos, or marinas for luxury yachts. A further important goal of the government officials is to draw tourists from a wider base of countries rather than rely overwhelmingly on one or two origins. To that purpose the national tourist board adopts an aggressive marketing campaign targeting a number of origins.

Unfortunately in many of the poorer LDCs the goal of providing a higher quality tourist product implies accelerated foreign involvement, especially if the country's private sector lacks the considerable capital normally necessary for such ventures. It is unlikely that local entrepreneurs can fund a major project such as an eighteen hole golf course or a luxury casino which would be in a position to draw the world's jet setters. Hence, the policy makers in their effort to up-grade the country's tourism qualities will turn to foreign sources of expertise and capital. In effect, the exogenous actors of tourism development (usually transnational hotel chains and tour operators) may gain an upper hand when it comes to negotiating at the bargaining table. It is then that the destination becomes increasingly subject to the vagaries of a progressively oligopolistic international tourist industry as depicted by Debbage (1990). How successful the state is in not succumbing to the whims of the powerful international players will in turn depend on its policy makers' ability to obtain beneficial linkage effects, especially ones which will ensure that savings from tourism will be maximized while ensuring the least adverse environmental and land use impacts.

SUMMARY AND CONCLUSIONS

In this paper I have endeavored to present a case for building an integrative theory of the causal effects underlying distinct patterns of tourism evolution at various destinations. Foremost in my argument is the need to understand the tourism development process as one dependent on the unfolding combination of decisions and actions of its key players at various levels: the local, national, and international.

The basis of my theoretical framework is not new. I have built upon Butler's widely accepted model of tourism evolution which recognizes that at any destination this sector traverses through distinct development phases as portrayed by its impacts and the degree of local versus non-local participation. However, my approach differs from Butler's especially through its emphasis: (a) on the continuous role of the state throughout the cycle as a facilitator and/or regulator of tourism development; and (b) the state's interaction with local as well as the international supply-side agents of the industry. The principal hypothesis is that as an island destination progresses through its cycle's stages, the government replaces its promotional attitude towards the tourism industry with an increasingly regulatory stance. In turn, strengthened land-use regulations during the cycle's latter stages virtually eliminate the participation of small-scale competitors in the sector, as these agents cannot afford the added costs associated with development control and environmental preservation. Ironically, the state's enhanced regulatory stance will favor large-scale corporations, often foreign transnational companies, which have previously been harmed by the unrestrained competition on behalf of small scale indigenous businesses. These exogenous actors commonly find themselves in a superior position in terms of handling the enhanced costs related to maintaining the country's competitiveness as a major tourist destination.

Evidently, there is a need for additional empirical testing of my theoretical perspective's validity, preferably through a cross-sectional study of tourism development at a number of destinations. Specifically, the need arises to develop a greater understanding of the transnational tourism suppliers' response to a state's regulatory actions. Only through the adoption of such a

holistic perspective can we begin to fathom the dynamics of tourism development at various destinations and hopefully enable the building of improved policies which would ensure the continuous success of small island nations as tourist destinations while minimizing the sector's adverse impacts on their fragile socioeconomic, cultural, and physical environments.

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