Linkages and Leakages: The Planning Factor

Keeping the Peace

Tourists must be protected from political upheaval, strikes, or coups. At the first whiff of unrest, both tour operators and governments go on red alert. When a few stones were thrown at the St Kitts parliament building after an unresolved general election in 1993 and a brief state of emergency was announced, cruise ships cancelled instantly. When, in the same year, protesting banana fanners in St Lucia blocked the main road from Hewanorra airport and tourists had to be airlifted to their hotels, the government warned of the negative effect on tourism and pronounced that tourists must not be inconvenienced by local difficulties.

Guided by tour operators, travel agents and governments, tourists react feverishly to bad news caused by any sort of instability, real or imagined. The result is that they stay away; there is, after all, always another beach in another place.

The sort of unexpected and brief flurries of political difficulty experienced by St Kitts and St Lucia caused short-term disruption and short-term loss. More damaging to the region’s tourist industries, however, is long-term disaffection. This happens either as a result of the disintegration of civil society, as in Haiti, or because of an externally imposed blockade, as in Cuba.

Tourism in Haiti, for example, has been virtually non-existent since the mid-1980s. First came the rumour that Aids originated in Haiti; then the fall of the Duvalier dictatorship in 1986, a long period of unrest, the election of President Jean-Bertrand Aristide in 1990, the military coup which forced him into exile and subsequent economic sanctions. Those events proved more unattractive to tourists than had the years of the Duvalier’s violent Tonton Macoute excesses. Then, American tourists continued to visit the country, albeit in sheltered enclaves, far from the ugly repression in the slums. When the cruise ships had docked at Port-au-Prince, the squallor had been too distressing for the tourists.

Until the return of President Aristide in 1994, Haiti’s Office of National Tourism had a tourism director, six other employees with nothing to do and no brochures. Branch offices in Miami, New York, Montreal and Paris had shut their doors, while hotels had closed (or claimed a less than 5 per cent occupancy rate) and art and craft vendors went out of business. In fact, the whole edifice of tourism was no more.

In contrast, it was not civil unrest which caused Americans to stay away from Cuba but ideological hostility and a trade embargo virtually

originate. They must also provide a suitable infrastructure for demanding tourists and shape a financial climate attractive to overseas investors, places unable to guarantee such conditions attract few tourists.
banning US citizens from travelling there. For similar reasons, Americans; also eschewed Grenada during Maurice Bishop's left-wing People's Revolutionary Government (PRG) between 1979 and 1983. Tourist arrivals to Grenada dropped by 25 per cent overall, while the US share of the market decreased by 77 per cent between 1978 and 1982. While some argued that the decline was due more to economic factors than political ones, the pro-tourism PRG claimed that travel agencies in the USA put out hostile information about the left-wing regime. Certainly, the American press followed its own government's anti-PRG line.

Visitors to Jamaica also declined during Prime Minister Michael Manley's first term of office in the 1970s. Hostile reports about Manley's, semi-socialist experiments fell foul of US public opinion and the tourists stayed away. As Jamaica's Daily Gleaner put it in 1976: 'as naturally as night follows day, American investments for Jamaica dry up; the American press burn us at the stake; our tourist industry, which is almost totally sustained by the American market, begins to die on its feet, and we find that the world has suddenly become a much more difficult place to make our way in.'

Natural as well as political instability also affected consumer confidence. The Caribbean suffers from hurricanes, and, less frequently, from earthquakes and volcanic eruptions. In 1988, for instance, Hurricane Gilbert blew its way through Jamaica just before the start of the tourist season, destroying buildings and infrastructure, with the result that, after it had swept through Grenada, the number of tourists stayed away and tourism receipts for that year dropped by nearly one-third. In some cases, a whole season's income from tourism has been lost in the wake of disasters; and even when stricken areas get back on their feet, it takes time for the international press and the travel trade to note a recovery. In the wake of Hurricanes Luis and Marilyn in September 1995, it was noticeable that the Caribbean Tourism Organization wasted no time in promising that 50 per cent of the region's hotels would be open by the December of that year.

Roads to Development

If the political climate registers calm and the barometer shows no change, the next task of governments is to provide a modern and reliable infrastructure. Investors require that the groundwork is prepared for them. However impoverished the living conditions of the local population, investors need 'modern', Western-style amenities to attract the tourists. As Erik Cohen wrote in 1978, 'a tourist infrastructure of facilities based on Western standards has to be created even in the poorest host countries. This tourist infrastructure provides the mass tourist with the "ecological bubble" of his accustomed environment.'

Such 'ecological bubbles' contain airports, roads, water supply, sewerage disposal, electricity and telephones. These facilities make the tourists' journey not just possible, but convenient and smooth. Police, immigration and customs services, currency and licensing controls must also be upgraded and expanded. All these projects are expensive. Funded partly by aid but also by expensive borrowing, they must all be paid for in the end by local people through some sort of taxation.

Leaden of the tourist industry, both foreign and regional, lobby governments to improve the infrastructure. In St Maarten, for instance, one of the key 'mass tourism' destinations, long-term government neglect has boomeranged on to the hoteliers, and has been one of the causes of low hotel occupancy rates. 'We think all the infrastructural needs should be upgraded to help us with the quality of the product,’ says Henk Koek, manager of the long-established Holland House Hotel, on the waterfront of St Maarten's capital, Philipsburg.

Of all infrastructural needs, an international airport, which can handle wide-bodied jets from North America and Europe and process jumbo-loads of arrivals, is a priority. The lack of a major airport is one (although not the only) reason why islands such as St Vincent, Montserrat and Dominica have fewer tourists than neighbouring islands such as Grenada or Antigua.

Large-scale investment in the 1960s and 1970s went into building airports for tourism. Funds mostly came from foreign governments and agencies, but the enormous sums of money needed to maintain them must be found by Caribbean governments. The costs are heavy; Grenada's international airport, for example, was built by the Cubans for US$66 million and completed by the Americans for US$19 million. But by 1995, it was receiving an average of only three international flights a day, including chatters. A manager for Martinique's international airport has estimated that the arrival of at least six jumbo jets per day or their equivalent are needed to pay for the high running costs.

Airport extensions, anticipating tourism expansion, continued throughout the early 1990s. Massive airport workings in Martinique were undertaken to handle two million passengers a year by 2000, while in the Dominican Republic the newly expanded Gregorio Luperón International Airport opened on the north coast at a cost of US$20 million. Funded by the government and some foreign sources, the airport is designed to handle 1,800 passengers per hour and six planes simultaneously. It has a new taxiway, control tower, two-level passenger terminal, restaurants, shops, car park, and, as the Santo Domingo News announced: 'It is forecasted that the new extensions will be able to cope efficiently with the anticipated increase in passengers until the year...
LAST RESORTS: TOURISM IN THE CARIBBEAN

2005." The new airport was opened in 1994 by President Balaguer on the eve of the country's general election as a carefully orchestrated political event. Airports, after all, confer status and represent achievement and modernity.

Hundreds of thousands of Caribbean nationals do not have piped water, but tourists must. Tourists expect "limited supplies (for those post-beach showers and baths they are estimated to "see six times as much water as residents). Yet many parts of the Caribbean have water supply problems, especially in the dry season, which also happens to coincide with the peak tourist season. Local water companies struggle to provide supplies from inadequate storage facilities that were not built to cope with increased demand.

In 1994, a drought in the Eastern Caribbean posed particular problems for island governments. While some hotels made up for the water shortages by trucking in supplies, this was not always enough. In Grenada, the water problem drove tourists away, according to Augustus Crickshank, president of the Grenada Hotel Association. He said that the Grenada Renaissance Hotel had been forced to spend thousands of dollars settling law suits brought against it by guests deprived of water. 'If you do not ensure a steady flow of water, there will be a significant decline in theumber of visitors coming to Grenada in the peak period,' he warned.9

In the same year there were also water shortages in St Lucia although a major US$65 million dam project was under way to ease the problem of both tourists and locals. At one point, Club St Lucia, one of the island's major hotels, had to apologise to its guests for providing no water at night or between 10.00 am and 4.30 pm. In a memorandum it said that the crisis had affected everyone in the north of the island ('those with no water reserves are without water completely') and went on to point out that 'hotels are receiving priority from the government for any possible water distribution'. In other words, tourists came first.

While hotels are built for tourists, at least some features of the infrastructure are in the public domain. Airports are used mainly by tourists, but they also provide Caribbean nationals with direct access to the world. New roads are built to service tourists (the best roads being the ones from the airport to the hotels) but they are also used by banana farmers, construction workers, teachers and so on. Better water, telephone and electricity supplies, drive" by the tourist agenda, are shared by locals, at least by those living in or around the tourist belts.

Whether for tourists or locals or both, building and maintaining an infrastructure are expensive. It is perhaps instructive to examine Jamaica's public-sector expenditure on the tourist industry. In 1992, out of a total budget of more than US$60 million, more than half went to the Ministry of Tourism to support the work of the Jamaica Tourist Board while US$15.7 million went on tourism-related projects such as sewerage works in Montego Bay, Ocho Rios and Negril, city upgrading, water supply, roads, beautification and so on.6

To pay for the high operating costs of such tourist management and infrastructural development, governments levy taxes on the tourist sector. As the Caribbean Tourism Research and Development Centre noted in 1988: 'Many Caribbean governments have become increasingly dependent on tourism and tourist-related economic activities as sources of direct and indirect tax revenue.' Apart from direct taxation, there are hotel departure and aircraft landing taxes, sales taxes on hotel room occupancy, air tickets and tourist purchases, import duties on goods and services, corporation taxes, and licensing fees, income tax on tourist employees, entertainment taxes, etc.

In Barbados, as in many other Caribbean countries, taxes on goods and services have become the major component of government revenue. Between 1977 and 1987, there was a major shift towards indirect taxation and away from direct taxation; taxes on goods and services grew from 17 per cent of total tax revenues to 31 per cent during that period. At the same time, income from direct taxation decreased.8 However, in such a tourist-dominated economy as Barbados this strategy made the island even more dependent on buoyant external economic conditions and a healthy tourism 'product'. It also became an added burden on the hotel sector, pushing up already high prices.

Enticing Investors

To compensate for infrastructural constraints and high operational costs, governments provide a basket of generous incentives to entice the prospective investor. These usually consist of a variety of tax-free concessions including the right to import duty-free materials and start-up equipment for hotels, exemption from land tax and capital levies, tax holidays, sometimes lasting up to 35 years, and the repatriation of "vestment and profits. These are considerable inducements.

The introduction of such legislation prompted a tourism take-off in Jamaica and the Bahamas. With Jamaica's Hotels Aid Law of 1944, Montego Bay became a tourist boom tow" in the post-war years: between 1944 and 1956 there was close to 500 per cent increase in the number of rooms, while in 1958 alone some £2 million of capital expenditure was secured for hotel construction.9 The foreign interests have come down like Philistines in Montego Bay,' a local MP told parliament in 1968, describing the way speculators had forced up land prices and elbowed out Jamaicans.10
Foreign investment in the Bahamas was encouraged in the same way when the Bahamas Development Board was set up in 1949 under the control of Stafford Sands, a lawyer, businessman and member of the House of Assembly. The Board’s job was to lure tourists to the Bahamas through an expansive and expensive advertising campaign. It proved successful, with tourist figures increasing from some 30,000 in 1949 to 365,000 in 1961. Over the same period, investment in the Bahamas spiralled, with all sorts of speculators swarming into the islands. Perhaps the most spectacular result was the transformation of Grand Bahama from empty scrubland into Freeport, a centre of commerce, industry, hotels and casinos after Wallace Groves, an American lumberman, had been granted 50,000 acres of land to develop into a free port in 1955.

None of this happened without major concessions and generous conditions handed out by Bahamian politicians to developers. There was no income or corporation tax, capital gains tax, real estate or property tax, and no customs and excise duties (except for goods for personal use). Easy terms were available under the Hotels Encouragement Act and lax regulations made banking an attractive proposition. For many years, numerous adventurers took advantage of this element of financial climate.

When, 20 years after the Bahamas’ bonanza, Grenada began to seek private investors in the wake of the US invasion of 1983, the easy terms had a different impact: they drained the government’s coffers. Looking back on Grenada in the 1980s, Robert Evans of Grenada’s Industrial Development Corporation reflects: ‘In the mid-1980s, the government believed that the private sector would solve everything and gave concessions on everything, with the United States making up the shortfall. By the time the US started to withdraw budgetary support, the government had abolished most taxes and had eroded its revenue base. Governments which dish out concessions also have to expect that investors may abuse the hospitality and disappear on the next plane when the incentives end. Concessions, however, are also not necessarily the determining factor for foreign money. Incentives for hotels had been in place for years, according to Royston Hopkin, president of the Caribbean Hotel Association and Grenadian hotelier, but only a pro-USA government and a new international airport attracted investors to build two new hotels. As a Caribbean Hotel Association draft paper pointed out in 1988: ‘Most investors are looking for a stable environment rather than for special deals.’ The Economist Intelligence Unit also made a similar point, concluding that ‘incentives in the Caribbean would be better aimed at operating costs, which are high, than at capital investment.’

Land and Planning
Strategic planning at a national level is another major public-sector task. Yet, more often than not, the scramble for tourists has seen development determined by short-term fancy rather than a co-ordinated long-term approach. Many countries, as the Economist Intelligence Unit notes, ‘still lack a clear policy and/or development plan for the sector.’

John Bell, Executive Vice-President of the Caribbean Hotel Association, pointed out, with reference to St Maarten, that its ‘unbridled growth and lack of long-term planning had had a negative effect. The island, he said, has been ‘inundated with the type of tourism which perhaps is not what you would have wanted. A slower rate of growth could have allowed the infrastructure to have kept pace with that superstructure.

The spectacular growth of tourism has also affected both the availability and the price of land, not only putting it out of the reach of local people, but also reducing the pool of land for agriculture and other uses. In Bequia, for instance, land sales to foreigners have not only displaced the best agricultural terrain, but through speculation and soaring prices, ownership has become limited to foreigners or the local elite. Similarly, in the British dependency of Montserrat, much agricultural land has become speculative real estate. Land prices have risen dramatically and large tracts have been sold as lots to residential tourists.

Yet in the resort area of Negril on the west coast of Jamaica, a substantial amount of land has remained in local hands. This happened for a variety of reasons peculiar to this part of Jamaica. It was partly because major tourist development in the area never took place, partly because there was a belated reluctance to sell ‘family land’ and partly because many Negrilian returnees (migrants returning home) realized that they could make money from tourism by renting rooms, leasing land or other business activities. In this way, locals gained an entrepreneurial foothold in the industry.

The overall lack of planning results in spasmodic and unco-ordinated infrastructural development, with governments accepting whatever help and funding is on offer at any one time: an airport from the Canadians here, a road project from the Americans there, a hotel from the British somewhere else. (Dominica’s former Prime Minister Dame Eugenia Charles used to say she was a very good beggar.) What development Plans do exist are often drawn up by overseas consultants who are unaccountable, who are paid large sums of money to make recommendations and then leave without ensuring any effective follow-up.

A lack of planning regulations, building codes or environmental restraints (see Chapter 5), linked to an obsession with arrival rates, has
The transformation of coastal strips. The south coast of Barbados, for example, between the capital Bridgetown and Oistins briefly became a gold coast when apartments, hotels, bars and fast-food outlets piled in to fill the gaps between the old established hotels. But by the late 1980s, recession, overbuilding, lack of capital and a new trend in down-market tourism had created stretches of abandoned apartment blocks, smashed-up signs, peeling ‘For Sale’ boards, and deserted, locked-up villas. Only tropical vegetation disguised the junk-yard appearance of better days gone before.

Lack of planning combined with high prices put further pressure on the Barbados tourist industry: one side-effect was that tourists spent less time on the island. Such trends produced low hotel occupancy rates and low, if any, profits, especially in the small hotels. As a result, there was no money for refurbishment and upgrading. A recession in the USA in 1991 added to Barbados’ plight, and it was eventually forced to seek ‘help’ from the International Monetary Fund. Barbados appeared to be approaching the vicious circle of tourist decline although more recent figures suggest a certain upswing.

Another constraint working against the adoption of clear, long-term policies is tourism’s ambivalent status. Tourism does not always receive the attention it deserves. Firstly, statistical data is not always kept with appropriate attention to detail; nor, despite the work of the CTO, is it always available on a country-by-country basis. Such lapses make the work of statisticians and economists difficult. A major study of the economic impact of tourism on Jamaica, for example, concluded that ‘in spite of the sector’s importance to the economic, social, and environment’ mental well-being of the country, information about the economic impact of tourism has been inadequate to provide a sound basis for policy making. Moreover, tourism does not exist as a separate sector in the National Accounts.’

Secondly, the tourism portfolio is sometimes tied to other ministries, perhaps being attached to the trade and industry ministries. Again, the Minister of Tourism is not necessarily a particularly powerful figure within the Cabinet. And as Jean Holder, the long-serving Secretary-General of the CTO, wrote: ‘It is even possible to contest general elections in the Caribbean without either side dealing seriously with national tourism policy.’

The following comments from two Grenadians describe a private-sector view of government’s approach to tourism. Royston Hopkin, president of the Caribbean Hotel Association, remarks, ‘Government pays lip-service to tourism – it’s the only sector that can pull the country round, but there’s a very weak ministerial system managing tourism. At the same time, Richard Cherman, owner/manager of the Coyaba Hotel, complains that the Grenadian government lacks any coherent long-term plans, comparing it unfavourably to the former PRG government (see Chapter 9): ‘The PRG was the only government to put in place a proper structure, the only government which had any serious planning.

The sometimes haphazard organization of the tourist industry also exposes the Caribbean to charges of amateurism which, within a highly competitive and global industry, it can ill afford. As Drew Foster, Chairman of Caribbean Connection, one of the UK’s leading tour operators, points out: ‘The governments have to understand that tourism is a major industry. It’s such a major part of the economy, but it doesn’t get the money, the effort, the time. It’s not necessarily run by professional people. I don’t think that most governments and their officials understand the operational side of tourism.’ Foster also alleges that politicians use tourism for political gain. ‘The politicians tell their tourist boards that they need an increase of two or three per cent in arrivals; the tourist boards come to us and say they’ll give us the money for a marketing plan. But we don’t need to do it at that time. It’s numbers, numbers, and percentage increases all the time.’

Within the Caribbean national tourist industries are organized in a variety of ways. Some countries run tourism from a ministry, headed by the minister and staffed by civil servants. These are often countries with more ‘centralized’ traditions, such as the Bahamas, or those with small, underdeveloped tourist industries, such as Dominica and Guyana. Others have set up tourist boards, run by a director of tourism, who reports to the Minister of Tourism responsible for policy. These boards, made up of a mixture of public- and private-sector interests, are usually responsible for marketing and promotion and ‘product development’.

The private sector has latterly sought, and won, a more central role, especially within the Anglophone Caribbean. Yet the relationship between the public and private sector remains fraught with certain tensions. Most significantly in Barbados, but also in some other countries, the private sector has been dominated by whites, or at any rate, the lighter-skinned. That racial underpinning has expressed itself with the key jobs in tourism, both at home and overseas, sometimes being dominated by whites. In the past, tourism ministers, too, tended to be light-skinned. As the Barbadian General-Secretary of the Caribbean Conference of Churches, Edward Cumberbatch explains: ‘You have Perceptions in the hotel industry that whites want to be handled at the top by whites.’

He said this in February 1994 during a disruptive dispute between the then Prime Minister, Erskine Sandiford, and the Barbados Tourism
Authority (BTA) over the appointment of a new chief executive officer. The Authority had refused to endorse Sandiford's choice, the acting chief executive officer, Tony Arthur, and three ministers had resigned. Later, Sandiford sacked all but two members of the BTA. Some people said that Arthur had been rejected because he was 'not a good mixer' or 'too African in appearance'.

Whatever the truth, considerable damage had been done to the country's tourist industry by this period of indecision and internal wranglings, which had been going on for some years. In 1993, a commentator in the Sunday Sun wrote: 'The political tinkering and fooling around have cost the country an incalculable fortune. The appointment of incompetents to strategically vital positions of importance cannot be afforded any longer.' When Arthur resigned only one year after his appointment, the new Tourism Minister, Richard Cheltenham, soon to resign himself, said the morale of the BTA staff 'had been shattered completely' by the changes. 'No attention was paid whatsoever to ensuring that this winter would be a successful winter and that Barbados' tourism business was attended to,' he claimed.2

Missing links
One overall effect of the weak organization of the tourist industry has been to enable foreign capital to make further inroads at the expense of a sustainable development strategy. This was critically summed up by professor Dennis Conway of Indiana University in 1989:

Government passivity or lack of foresight has left the tourist capitalist sector virtually a j & f or - all. The tourist sector has been either completely dominated by foreign capital or managed by foreign institutions in cooperation with local mercantile capital. Both of these interests, foreign and local, are committed to maintaining dependence on imported technology and imported goods and services, a major influence on the minimal level of intersectoral linkages between tourism and other economic sectors in Caribbean rowies like agriculture and light industry."

One of the distinctive features of the Caribbean's tourist industry is the extent to which hard-earned foreign exchange is depleted by a high import bill for goods and services. In most of the Caribbean, the level of what are known as 'leakages' is very high, averaging at around 70 per cent, which means that for every dollar earned in foreign exchange 70 cents is lost in imports. In the Bahamas, a senior tourism official suggested in 1994 that the leakages for that country might be as high as 90 per cent. More diversified economies such as Jamaica's have been more successful in blocking the leakages. The Organization of American States assessed Jamaica's leakage at 37 per cent in 1994, a far more respectable figure than is usual in the region."

In 1988, the Caribbean Tourism Research and Development Centre admitted that 'food and most finished goods required by hotels to satisfy tourist demand must, at present, he brought largely from the outside, with considerable leakage of foreign exchange'. It went on to say that 'While a certain amount of foreign exchange leakage is inevitable in tourism, much can be done to improve the Caribbean's capability to supply a greater part of the goods and services required by tourists from internal sources.'

Jean Holder of the Caribbean Tourism Organization, too, points out that the Caribbean has 'failed miserably to maximize the possibilities for supplying the tourism sector' from local and regional goods and services. Holder attributes this to policy failure by the public sector and a lack of confidence by the private sector so that ultimately buyers do not know what is available and sellers do not know what is required.

The other side of the economic coin to leakages is known as 'linkages'. These are the ways in which the tourist industry utilizes locally produced goods and services rather than importing them. Maximizing the linkages minimizes the leakages of foreign exchange. This process also lessens the dependence of tourism on outside factors while stimulating local economies and 'people development' and encouraging a greater sense of self-determination. In 1992 the West Indian Commission's Time For Action urged that 'agriculture, manufacturing and tourism be developed on a symbiotic basis'.

While the underproduction of the manufacturing sector for domestic use is one example of how the leakage problem impoverishes the Caribbean, nowhere can this process be better seen than through the lack of interaction between agriculture and tourism. While some islands, such as the dry coral territories of Aruba and Anguilla, would find it difficult to become fertile vegetable gardens, many now unproductive islands have long histories of agricultural production, from sugar to cotton or from sugar to coffee and citrus and, more recently, bananas. The land is fertile and versatile.

Yet in the dining rooms of many Caribbean hotels, where millions of meals are consumed daily, the tourists do not eat the mangoes and breadfruit, citrus and bananas of every Caribbean yard. They drink orange juice from Florida, eat a banana from Colombia or stab at pineapple chunks from Hawaii. Only perhaps in countries like Jamaica, or perhaps for different reasons Dominica, can it be reasonably claimed that local products dominate tourist dining tables. There is now more
traditional Jamaican food in hotels than ever before. You’ll find yam on hotel menus as easily as you’ll find Irish potatoes,’ says Lionel Reid, president of the Jamaican Hotel Association, who claims that Jamaica’s tourism industry is almost self-sufficient in food and only imports choice cuts of meat. The change, he says, occurred in the 1970s when the Manley government set up the Agricultural Marketing Corporation to help farmers find local markets for their crops.

But such initiatives have been, and are still, rare. The explanation lies rooted deeply in the history of Caribbean agriculture rather than in the culinary tastes of tourists from Texas or Toronto, however conservative those may be.

Centuries of slavery and colonialism imposed an export imperative on the region; the raw materials of the land, primarily sugar, were exported in bulk to fuel Europe’s industrial revolution. Away from the plantations, slaves with access to ‘provision grounds’ grew their own food when their labour was not required on the estates. They grew it for their own use and sometimes to take to market; but this was marginal, subsistence agriculture and labour was always monopolized by the plantation system.

Neither emancipation nor independence changed this pattern of one-crop dependency, only the crop changed. The dominant crop is nowadays more likely to be the banana than anything else, but it is primarily for export, while ‘provision’ farming remains largely unorganized and practised very much on traditional lines. Farmers grow yam and dasheen and a small selection of seasonal fruit and vegetables for family use or for taking to market.

In his study of agricultural diversification in the Windward Islands, Mark Thomas found that Ministries of Agriculture had little marketing experience. ‘Successful crops in the Windwards have always been introduced as estate crops and smallholder production has followed, once post-harvest and marketing arrangements were established by the companies and exporters associated with the estates.’

Such systems have not fitted easily into satisfying the requirements of luxury hotels with nouvelle cuisine menus. Agricultural practice in the Caribbean has been slow to respond to the needs of the region’s growing tourist industries. As Chester Humphrey, a Grenadian trade unionist, points out, ‘The government can’t expect farmers to automatically develop the linkages with tourism because for 500 years they have been trained in a culture of export agriculture.’

The result has been that the hotels and restaurants of the Caribbean have depended heavily on imported food. Unable to rely on local supplies, the crates and containers of pineapples, concentrated fruit juice, canned tomatoes, iceberg lettuces and Californian melons pour into the island. For the food and beverage managers of the region’s hotels, it is easier and cheaper to import than to search for local supplies.

Reflecting the region’s agricultural history, the fundamental problems of buying local include low volume, erratic supply, high prices, seasonality and, sometimes, poor quality. Club St Lucia, for example, is one of St Lucia’s largest hotels, providing more than 800 meals three times a day. Among its daily requirements are 3,000 oranges, 150 dozen eggs and 300-400 heads of lettuce. St Lucian farmers, and co-operatives cannot supply this amount. ‘It is just not economically sound for the hotel to use local oranges at 25 cents each for juice, especially when they are only available for three months of the year,’ said Bill Stewart of Club St Lucia.”

The needs of tourists are a further discouragement to the local agricultural market. ‘If you didn’t provide what the tourist wants, you’d get so much hassle. We would have so many problems if we didn’t provide beef and lamb. We had a beautiful seafood buffet, but many people wouldn’t eat it,’ says hotelier Peter Odle, president of the Barbados Hotel Association. Farmers complain that the hotels tell them that their guests only have a fish-and-chip palate.

So the entrenched conservatism of the package tourist provides a justification for hoteliers to sidestep the problems associated with local purchasing. ‘To satisfy their demands the hotels and restaurants must, of necessity, buy the imported Grade A beef, “Irish” potatoes and the variety of cheeses, condiments, jams and jellies that their customers automatically expect to see on the menu,’” It is the excuse in any case that some hoteliers and chefs seek, especially those from Europe or North America. Chefs trained in Switzerland may not recognize Caribbean vegetables or even if they do they may have no idea how to cook with them. Despite a tightening-up of import regulations, vegetables not normally associated with the Caribbean such as broccoli, cauliflower and courgettes appear on import lists.

The emphasis on export agriculture has continued despite tourism. Once again the demands of foreign capital dictate the direction of policy. In fundamental terms, the Caribbean produces what it does not eat, and eats what it does not produce. Crucially, the decades in which the tourist industry grew to maturity were also years in which the banana, in particular, was riding high; spurred on by high prices, farmers cultivated every gap and hillside. However, by the late 1980s when the future of the secure preferential market in Europe was beginning to look increasingly doubtful, governments were seeking to diversify their agricultural programmes. Yet the tourist market on the doorstep was ignored. Instead, in 1988 the Organization of Eastern Caribbean States embarked on a US$6.2 million programme, funded by
the US Agency for International Development and called the Tropical Produce Support Project. The emphasis, once more following in the footsteps of colonial economics, was on production and marketing for export.

Despite aid money, extra-regional exports from the Organization of Eastern Caribbean States increased very little during the early 1990s. ‘Farmers were so secure with bananas that they didn’t bother with other commodities. It took them a little while to change,’ explains Stephen Fontinelle, St Lucia’s Director of Agricultural Services. Dame Eugenia Charles, then Prime Minister of Dominica, has another explanation; she believes that bananas are ‘man’s work’ and male farmers do not like dealing with non-traditional ‘women’s crops’ such as passion fruit.

Meanwhile, questions were increasingly asked as to why some of that money, expertise and effort could not be turned towards exploiting the tourist market. An editorial in Focus on Rural Development demanded: ‘Are we so stuck on developing exports for extra-regional markets, where we are at a comparative disadvantage, that we are overlooking a burgeoning market on our own doorstep?’

Against this background of tradition and ideology – neither aspect determined by the needs of the Caribbean but rather by outside forces – another factor has worked against the development of effective local tourism/agricultural linkages. During the 1980s agricultural output continued to decrease as a percentage of Gross Domestic Product in almost all Caribbean countries. Agriculture and fishing decreased from 12 per cent of GDP in Barbados in the mid-1970s to 4.5 per cent in 1989, while Jamaica recorded a decrease from 8.2 per cent to 6.2 per cent.

The general decline in agriculture has, in turn, upgraded tourism; the incentives, the talk and the excitement have all been at the expense of agriculture. Benny Langaigne works for Grenco, a development organization based in Gouyave, on the west coast of Grenada, where tourists are rarely seen except in passing minibuses en route to the north coast attraction of Caribs’ Leap. ‘We are concerned about the dominant trend which is to use tourism as the motor of the economy and downplay the significance of agriculture. This results in a lack of concentration in agriculture,’ he says. ‘Instead, the more energetic people are drawn away from farming and into being a taxi-driver or a security guard at a hotel. The average age of the Grenadian farmer is now 55–60.’

The shift is perhaps inevitable. As Jean Holder has said: ‘People cannot be kept in agriculture as labourers by preaching to them about the virtues of agriculture in the country’s needs. People are kept in agriculture by revolutionising agriculture and creating conditions that can compete with other sectoral activities.’ The problem is that this has not hap-
Similar problems exist throughout the agriculturally rich islands of the Eastern Caribbean. In St Kitts, for example, Euphemia Weekes, of the non-governmental Inter-American Institute for Cooperation in Agriculture, observes, ‘there are no plans for linking tourism and agriculture. It happens spontaneously. The problem is about information flow between farmers and hotels.’ And in St Vincent, the Director of Tourism, Andreas Wickham, concedes: ‘It’s a real problem. I can’t think of any concerted programme to ensure that the leakages are being reversed.’

Yet, there are some signs of progress. In St Lucia the government and the private sector are beginning to work together to improve the linkage situation. ‘There is a need for government to play a role to transform agriculture,’ says Charles Cadet, chairman of the St Lucia Marketing Board. ‘We need to intensify agriculture. Everyone must change. We need to be more disciplined to reduce costs and increase production.’

There, the Ministry of Agriculture has also begun working with the Hotel Association on a strategy, an input and output model, to gauge demand for commodities.

Regina Paul, the Chief Agricultural Planning Officer, admits that there have been few co-ordinated policies. ‘We never insisted that we have a local product to sell. Now this is gaining momentum. There has to be a clear vision for the way forward.’ One farmer’s co-operative, which is helping to make the linkages work is the Sunshine Harvest Fruit and Vegetable Farmers’ Cooperative. I met Dr Josephine Rickards, a former English vet, who is marketing co-operative, on the Castries dockside where she was waiting to get clearance for consignment of watermelon off a boat from Trinidad. She said that the co-operative of 66 farmers had been set up because the market had been ‘disorganized’, with hotels buying imported goods from the Marketing Board rather than going to individual farmers. ‘We try to co-ordinate production and marketing,’ says Dr Rickards. ‘If we don’t have the produce, we buy from other farmers or bring it in from Caricom. We protect the farmers’ interest by holding the market for them and satisfying the demand of the hotels.’

Dr Rickards would like to see the government help with developing technology in agriculture and providing good support systems. Regina Paul agrees that the system of monitoring crop production and imports has to be better organized. ‘We need to get our end synchronized and share information with the farmers. The two sectors of tourism and agriculture never got together in the past. There is recognition for the need to have linkages now.’

In 1994, the St Lucia Hotel Association and the Ministry of Agriculture launched an ‘adopt a farmer’ pilot programme with the two largest all-inclusives on the island, Sandals and Club St Lucia. ‘Farmers will interact directly with hotels and provide from a list of items. Farmers can then borrow against this agreement,’ says Hilary Modeste, president of the Hotel Association, which initiated the programme.

One rare example of a government/farmer/hotel link-up which shows signs of proper planning has been set up in the small Leeward Island of Nevis where three local groups, the Nevis Growers’ Association (vegetables), the Nevis Livestock Farmers’ Cooperative (meat) and Daly Farm (poultry) are trading with the 200-room Four Seasons Resort under the guidance of a task force set up by the Ministry of Agriculture and the Caribbean Agricultural Research and Development Institute. The task force’s role is to plan and organize vegetable production ‘avoiding any gluts and scarcities’, to provide seeds and technical information for farmers, to forecast production, to regulate imports and, most importantly, to act as a negotiating agent between the farmers and the hotel. It offers the farmers a guaranteed marker and in return demand high standards.

Sales started in January 1991 and since then the project has grown from 20 to 80 farmers. In 1993 it recorded a turnover of more than EC$500,000 (US$1 = EC$2.70). ‘We started with providing six crops and now we provide 38 different items,’ says Daniel Arthurton, the coordinator of the task force. ‘We supply 100 per cent of the eggs required, 35 per cent of fruit and vegetables, 15-20 per cent of fish. We are fine-tuning constantly. Four Seasons now come and ask us to try and grow different varieties. It’s a tacit understanding that they will take our produce if quality standards are maintained.’

According to Arthurton, the effect of the project has been to change not only incomes, but also attitudes. ‘Some farmers have now decided to go into commercial large-scale production with drip irrigation and production extended all-year-round and not just the rainy season.’ Nevisian farmers have learned another way of production which generates its own homegrown success from the tourist industry.

Mechanisms for stimulating tourism’s linkages with the wider economy are also missing. Within the manufacturing sector, for example, the constraints on developing this linkage were described in a 1991 report from Caricom’s Export Development Project. It described how regional manufacturers had limited marketing and sales expertise and little experience of competing within an international market; they also had a reputation for sub-standard products and unreliability. Small-scale businesses and high prices also compounded their problems along with hoteliers reluctant to change their long-time business practices of buying
from Florida suppliers. The study revealed a high correlation between hotel ownership and local purchasing, with local hoteliers more likely to buy local. In the smaller countries with largely foreign-owned hotels, local manufacturers, inhibited by a lack of raw materials, and marketing and capital restrictions, have great difficulties in competing for hotel contracts.

Cuba's larger industrial base would suggest better opportunities for fostering linkages. Yet the enclave nature of Cuba's tourist industry has limited that potential. Until 1995, foreign tourists with US dollars could not patronize private restaurants which dealt only in pesos, nor could they buy Cuban goods produced in the private sector. The result has been that most of the hard currency earned from tourism remains in circulation within the tourist sector, hence minimizing the trickle-down effect. There are, however, opportunities for Cuba's manufacturing industries to supply the tourism sector with such items as furniture, mattresses, linen and building materials. But quality is again a problem. Fidel Castro once noted that the standard of work in Cuba's elevator factory was not good enough for luxury hotels.19

The Ripple Effect

The essential fact about the economic benefits of tourism is that the more goods and services an economy can supply, the greater the proportion of tourist expenditure will remain within the country as income. Conversely, those countries that are heavily dependent on imports will have less income after all costs have been deducted. There are, however, different methods of working out the relationship between cost and benefit. One method is called the ripple or 'multiplier' effect, which is the degree to which tourism expenditure filters through an economy and thus contributes to income and employment.

In the Caribbean different experts have come up with different results. One report by H. Zinder, undertaken for the US Agency for International Development and produced in 1969, put the tourism multiplier for the Eastern Caribbean at 2.3. This meant that for every US$1 spent by a tourist some US$2.3 would be added on average to the national income. Later economists would criticize the Zinder report for using a suspect methodology and for producing misleading figures. Another study, in 1989, by John Fletcher, an economist in the Management Studies Department of the University of Surrey, produced very different results. Looking at selected countries, including those in the Caribbean, Fletcher estimated the tourism income multiplier for Jamaica at 1.23, the Dominican Republic at 1.20, Antigua at 0.88, the Bahamas at 0.79, the Cayman Islands at 0.65 and the British Virgin Islands at 0.58. Only two South Pacific states recorded lower multipliers.20 The debate on the 'ripple' effect was reopened in 1994 with a report about the impact of cruise ships on Caribbean economies (see Chapter 7).

Fletcher is now trying to take his research on economic impacts in a different direction, believing that much of the information provided to tourism ministers is out-of-date and therefore unhelpful. Fletcher, a pioneer of input/output models, has begun to work on computer models for two countries in the Caribbean, St Lucia and Bonaire. He provides the software and data for ministries of tourism to use themselves. 'It is a planning tool,' he says, which will show the impact of tourism on an economy as a whole and indicate the different patterns of expenditure. Data can be fed in annually to reveal the effect on income, both direct and indirect, how and where each sector spends its revenue and so on.

Meanwhile, small islands, with small populations and few natural resources, generally score lowest on the multiplier scale. In contrast, the Jamaican tourist industry's high score on Fletcher's multiplier reckoning reflects such factors as a relatively large population and land mass, high local ownership of hotels, a steady growth rate in tourist arrivals, and, importantly, a relatively low leakage rate. Tourism's contribution to GDP accounted for 13.3 per cent in 1992. The Organization of American States study of Jamaica's tourist industry found that total foreign exchange earnings from tourism totalled J$23,179.1 million (US$1 = J$22) in 1992, while the total of direct and indirect imports in the sector was J$8,583.9 million. Net foreign exchange earnings stood at J$14,595.2 million, which meant a total retention factor of 63 cents for every dollar of foreign exchange earnings.

Those relatively healthy figures, however, disguise other problems. Despite its mature, large and what many see as an energetic tourist industry, Jamaica remains vulnerable. Firstly, it remains heavily dependent on the economic climate in the USA in terms of tourist arrivals and fluctuations in the exchange rate. It also has much poverty, a severe balance-of-payments deficit and a huge foreign debt. These difficulties contribute to volatile and sometimes violent social conditions, which create problems for its image as a relaxed holiday playground (see Chapter 4).

The Jamaican government's task has been to balance the needs of its People, its poor crowded into city slums or scattered on rural hillsides, with the requirements of a rapacious tourist industry. The answer, for Jamaica, as elsewhere in the region, has been to turn to tourism as a generator of jobs, whether at the airport, in the hotel bar, duty-free shops, construction sites or on the beach. That has offered one way of easing those burdens.
Notes

10. Ibid., p. 176.
13. Ibid.
29. Ibid.
30. Ibid.