



Tourism is a Powerful Engine of Development in Small Economies

In a study of 41 small economies from all around the world, the most developed, according to the *Human Development Index*, is Iceland, which is a remarkable fourth in the world rankings. The most successful small economy over the last 30 years was Mauritius, which had the fastest gain in human development, ending in the top category of Very High Human Development. Both Iceland and Mauritius earn most of the foreign currency that powers their economy from tourism. Tourism earnings for Iceland are more than twice as large as exports of fish and aluminium, the other main export activities. In the case of Mauritius, tourism earnings were one-third higher than exports of textiles, clothing and other manufactured goods. Tourism is an important contributor to foreign currency earnings in seven of the top ten countries in my worldwide survey, judged by rankings in the most recent Human Development Index, together with development gains over recent decades.

There are many reasons why tourism proves so effective in promoting development in small economies. To begin with, wages in tourism are higher than in agriculture, clothing and light manufacturing, when one takes account of gratuities. The range of skills required is just as wide, and opportunities for skills enhancement are, if anything, more attractive. The tourist industry is an equal opportunity employer, with far more openings for women that pay equally, than for agriculture or manufacturing. Employment in hotels and tourist establishments can open a world of information and prospects for advancement. A job in an international hotel chain often presents opportunities far beyond what the small local economy can offer, and informal and personal networks multiply the possibilities manifold.

Hotels and restaurants purchase a larger proportion of domestic services out of every dollar earned than for agriculture, and no less than for most manufacturing. These services include electricity, cleaning, waste disposal, security, transportation and storage, as well as newer requirements such as Internet connectivity.

Tourism supports a rich small enterprise economy of restaurants, eateries, pubs and bars, spas, craft markets, art galleries and shopping complexes. The revival of popular culture worldwide owes much to tourism. The treasures of the cultural heritage on which we look back with nostalgia were born of the hard times and deprivation of the past, something which those of us who experienced it are happy to have escaped. This heritage is in danger of extinction because in the Caribbean we no longer have desperately poor people whose only hope of celebrating festivals and special occasions is by way of street masquerades at which they can pass the hat. It is the curiosity of visitors which provides audiences for cultural practitioners to recreate the traditions of old.

The economy of music and spectacle that is manifest in the carnivals of the Caribbean and its diaspora owes its existence to tourism. Entertainers, musicians, singers, songwriters, producers, technicians, organisers and others are able to make their livelihood in this economy. It is an industry which transcends borders, and where providers, consumers and participants typically travel and fuel tourist spending locally during the events.

Hotels and restaurants also provide a small but significant market for fresh fish, fruit and vegetables of high and consistent quality, quality meats and organically grown products. There is also a selective demand for unique and high quality furniture, furnishings and other manufactured goods. The producers of these items should not need the protection of high tariffs or government bans of competing imports. Their products will sell, to tourist establishments and locals alike, on the merits of their superior quality or flavour.

The ancillary economy of tourist attractions provides employment opportunities for tour operators, guides, security personnel, artists, artisans and vendors of souvenirs and small items. Farmers and distillers can also tap into this market, with guided tours, tastings and special activities to provide a bit of additional revenue.

A vibrant tourist industry can provide an incentive for small enterprises to develop sports, cultural and personal services. These include activities which require little by way of investment, such as hair braiding, as well as those which require some capital, such as stadiums, racing tracks, zip lines, surfing and scuba diving.

My study provides evidence to suggest that tourism is no more volatile than any other export. Overall, GDP in countries that depend heavily on tourism does not fluctuate from year to year. These economies recover just as rapidly as exporters of manufactures and agriculture, in the wake of global recessions, as well as hurricanes and natural disasters. Covid-19 does not have to be an exception. Worldwide, people are eager to travel, but many are unwilling to take the risk of contracting Covid-19. What is needed to accelerate the recovery of tourism is the establishment of international protocols and procedures for health screening at airports and other points of entry. The world has done it to protect against hijacking and terrorism; that offers a model for the health screening that needs to be done.