

Tourism and economic Development



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A Critical Perspective

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Is Tourism Always the Best Strategy for Economic Development?



Structural
Constraints



Ecological
Limits



Leakage &
Inequality

Why Tourism Is Not Always the Best Development Strategy



1. Governance & Structural Inequality

- Most developing countries lack stable investment climates, needed for sustained tourism growth and renovation.
- Only 20–40% of tourism revenues remain in host economies — most is repatriated (Gössling, 2002)
- Rwanda: risk of assets underused due to volatile global markets (20% average hotel occupancy, MCF REEDI, 2017)
- Tourism growth can only reduce poverty if combined with active redistribution policies



2. Ecological Unsustainability

- Long-haul West–South tourism has ~10× worse eco-efficiency than world economic average (Gössling et al., 2005)
- True poverty alleviation requires 18 billion long-haul trips — tripling global GHG emissions
- Climate change will reduce arrivals to Africa/LDCs, benefiting temperate (wealthy) regions (Hamilton et al., 2005)
- Tourism's growth model contradicts required GHG reductions



3. Economic Dependency & Leakage

- LDC local DMCs and operators have difficulty competing with powerful source market corporates
- Tourism is not compared to alternatives: limited cost-benefit comparison with alternative sectors (agriculture, ICT)
- Other country income strategies (e.g. remittances) may have stronger economic impact on poverty;
- Agriculture growth reduces poverty more reliably;
- ICT sector is more eco-efficient (though AI is a game changer)

Towards More Effective Development Strategies

Alternatives & Complements to Tourism



Sustainable Agriculture

High rates of agricultural growth reduce poverty reliably; less environmental cost



ICT & Services

Better eco-efficiency; enables value-chain participation without displacement



South-South Tourism

Regional/domestic tourism avoids long-haul emissions; less vulnerable to Western political risk



Remittances & Migration

10% rise in migrants abroad → ~2% decline in poverty share (Adams & Page, 2003)

Critical Takeaways

- Tourism growth ≠ poverty reduction
- Structural leakage: up to 80% of revenues leave host economies under unmanaged conditions
- Ecological ceiling: scaling West-South tourism to eliminate poverty would be environmentally catastrophic
- Context matters: small, remote, resource-rich states (e.g., Maldives, Rwanda gorilla tourism) differ fundamentally from large LDCs → There is no one-size fits all.
- **Policy implications: tourism is no default growth strategy, but embedded as an option in a diversified economic sector development portfolio**

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