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Pathway choice and post-Covid tourism: Inclusive growth or business as usual?

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ABSTRACT

Until the 2020 Covid-19 pandemic struck, international tourism was seen as a driver of economic development, government revenue, employment and livelihoods for many countries in the Global South. This commentary considers the choice of pathway facing policymakers for the post-Covid tourism recovery (further risks notwithstanding of newer variants such as Omicron and vaccine shortfalls causing a globally uneven recovery of tourism). The paper specifically focusses on tourism-led inclusive growth and examines this timely opportunity for reflection on the tourism sector and how more benefits may be retained by local host communities.

Given pre-Covid trends to increasing concentration of the tourism industry, larger-scale resort developments and the continuing role played by tourism multinational corporations, it is unclear whether or not policymakers will rush to open borders with tourism still seen as getting back to 'business as usual' with benefits continuing to accrue to multinational tourism hotel groups, tour operators and airlines, rather than to local communities and smaller businesses.

Introduction

In 2019 1.5 billion people crossed international borders [1]: probably the largest flows of humans that planet Earth has experienced. Prior to the unprecedented shock caused by the COVID-19 pandemic - which effectively halted international travel from March 2020 - tourism had seen continuous, almost exponential growth with around one in eleven of the global labour force employed in tourism and travel [1]. Arguably international tourism can be seen as one of the most advanced forms of capitalism [2] and many countries in the Global South rely on the tourism industry for employment, to contribute to GDP and government revenues, and generate foreign exchange with some countries being highly dependent on this sector. For example, Fiji and Thailand had more than 20% of GDP from tourism in 2019, and it accounted for more than 10% of total employment in Indonesia, Morocco and Mexico (Table 1). For small island developing states (SIDS) this dependence on tourism can exceed more than a third of GDP and over 40% of all employment (for instance, in 2019 tourism contributed 39% of Barbados' GDP and around 42% of all employment in the Seychelles) [3].

Despite tourism's significant economic and employment impacts, critical debate continues about how to retain and distribute more widely the economic benefits in host communities and to ensure decent work. Tourism can and should stimulate MSME (micro, small and medium-sized enterprises) creation along its extensive supply chain including

primary products (agriculture, fishing), secondary products (food and beverage) and the services (hotels, restaurants, bars, attractions), and recognised as such across a number of SDGs [4]. However, despite the very clear role tourism plays in pursuing poverty reduction and inequality through inclusive growth, the implementation phase is less obvious than its planning.

Inclusive growth is broadly economic growth 'that is distributed fairly across society and creates opportunities for all' [5]. The concept emerged in the 2000s [6] and developed from the international development donor community's interest in pro-poor economic growth during the previous decade, and during the era of the UN Millennium Development Goals. Inclusive growth evolved into an explicit sustainable development goal and comprises half of SDG 8 - to promote inclusive and sustained economic growth, full and productive employment and decent work for all [4]. It is now firmly embedded and defined in the language of national governments and international organisations' economic and social development agendas [7].

This commentary considers tourism-led inclusive growth in the Global South, and its implications for a post-COVID pandemic recovery. First, the paper addresses problems with inclusive growth before applying it to tourism and the subsequent challenges. The paper ends by summing up the key messages from this commentary with four observations.

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Table 1
Pre-COVID tourism in selected developing countries.

	International tourist arrivals (2019)	International tourism receipts (US\$ millions)	Contribution to GDP (%)	Total employment in tourism, direct & indirect (%)
Argentina	7399,000	5241	9.4	7.6
Barbados	680,000(2018)	1269	29.6	39.2
Egypt	13,026,000	13,030	8.8	9.2
Fiji	894,000	963	32.0	5.3
India	17,910,000	29,962	6.9	8.8
Indonesia	15,455,000	16,912	5.9	10.1
Kenya	1931,000	1072	8.1	8.5
	(2018)	(2018)		
Mexico	45,024,000	24,573	15.0	12.8
Morocco	12,932,000	8179	12.1	12.3
Philippines	8261,000	9806	22.5	22.8
Seychelles	384,000	590	39.2	41.8
Thailand	39,797,000	60,521	20.1	21.4
Vietnam	18,009,000	11,830	7.0	9.0

Sources: [1,3]

Problems with inclusive growth

Inclusive growth has inherent problems and contradictions associated with it. Some are more recent and have emerged in response to the widening degrowth agenda, while earlier issues resonate more with inequality rising *despite* the initial successes of the Millennium Development Goals.

The interpretation of the concept 'inclusive growth' and its use by national government and international organisations is inconsistent, the indicators and measures used are also inconsistent [8], and the evidence base is limited [9]. For example, the World Bank's Shared Prosperity Database [10] that measures 'the extent to which economic growth is inclusive' is only able to analyse a total of 88 countries due to data availability. That report represents less than half of all countries in the world, thus limiting our understanding of progress in achieving inclusive economic growth. The term has been somewhat derided by McInroy [9] who considers it to be 'nebulous, conceptually fuzzy, problematic and lacking provenance'.

The boundary between what is inclusive growth and inclusive development is clear, yet governments and international organisation typically use both terms interchangeably [11]. While inclusive growth focuses on economic growth, inclusive development 'implies social, ecological and relational inclusiveness, and is used to counter exclusive capitalist approaches' [12]. This interchangeable use of growth and development is discussed in relation to tourism development in a small but growing academic literature [13].

There are contested opinions about the type of growth, and the outcome of that growth. On one hand, the World Bank suggests there is a fundamental need for initial rapid growth to reduce poverty and argues that focusing on inequality over poverty lifts fewer out of extreme poverty. On the other hand, the IMF is hesitant about linking inclusivity with growth and supports 'lower net inequality for faster and more durable growth' [14]. This is also supported by International Policy Centre for Inclusive Growth (IPC-IG) [15].

Criticism of inclusive growth (in relation to SDG 8) is multi-disciplinary, yet there is a consistent message of its incompatibility with the broader sustainable development agenda. For example, Krenin and Aigner [16] consider economic growth 'at odds with ecological sustainability', suggesting economic *degrowth* as a more relevant focus to growth. On a similar note, Hepple [17] comments on the contradiction and violation of this economic growth-orientated goal in comparison to the remaining goals where focus is on social equality and environmental protection. The emphasis on growth according to Frey [18] is perplexing and offers two very different ideals of development: the human rights approach where governments are duty bearers to their citizens, and the market-orientated approach where governments primarily enable enterprise.

The different disciplinary lenses help us to understand what direction of inclusive growth is implied in policy and implemented in practise, who is likely to win and who will miss out and they are particularly relevant in the context of tourism-led inclusive growth.

Inclusive growth in tourism – what research shows

Since around 2013, a small but growing literature has emerged on tourism-led inclusive growth, with an initial focus on SIDS [19] and then more widely on tourism in developing economies [11,13,20–23]. The main features analysed in the literature are economic leakages (typically profits flowing back to tourism businesses in the Global North), the strength or not of linkages to the local economy (typically backward linkages to agriculture, fisheries and other sectors in tourism supply chains), the proportion of local ownership and quality/quantity of employment/livelihood opportunities for the local community. This latter aspect is also closely associated with local labour conditions and benefits that may accrue from hosting tourism.

Challenges for inclusive growth in tourism

The present and current challenge for inclusive growth in tourism is the Covid-19 pandemic and very slow road to recovery, and particularly for the Global South as the unequal distribution of vaccinations remains a problem. To get a sense of the impact of the global lockdown, international tourist arrivals dropped from 1.5 billion in 2019 to 381 million in 2020 equating to 62 million job losses and a decline in the contribution to GDP from 10.4% to 5.5% [3]. This data only accounts for formal employment and the full extent of job losses is considerably higher, if we consider the ILO's [24] estimate that 3 in 4 jobs in Asia and the Pacific, pre-Covid, were informal, and Lv's [25] findings that the share of the informal sector increases in the latter stages of tourism development.

The significance of the decline takes the tourism industry back to levels last seen in the 1980s [5] and presents a clear opportunity for the tourism industry to reflect on pre-pandemic approaches and challenges in delivering inclusive growth. What is evident, during the early recovery of the global industry, is national policy agendas being driven by catch all phrases such as 'build back better' [26,27] and 'leave no one behind' [28]. The latter being reminiscent of the early 1990s, post-Rio sloganeering for nature-based tourism - 'take only photos, leave only footprints' [29]. Through green-tinted glasses, the slogans appeal to the current sustainable development agenda including the SDGs, but the fundamental challenges associated with tourism development have accrued since the 1980s, as the focus on growth and headline figures remain in the policy narrative.

Dependency on the tourism industry for employment and economic growth has concurrently created a dependency on foreign investment and multi-national corporations (MNCs) to provide the infrastructure to host high volumes of tourists. The dominance of powerful corporate entities can influence policy and regulatory reform [30], and focus government minds and actions on serving corporate interests rather than wider society [31]. For example, base erosion and profit-shifting activities by MNC hotel and resort chains and more recently, sharing economy firms (AirBnB) and 'gig economy' players (Uber) deny host economies and thereby communities, much needed tax revenue [31–33].

The next consideration is the continuation of large-scale resort developments designed for specific mass tourism markets and the impact this has on local and national supply chains. The trend for such developments are evident across South East Asia, the Middle East and in SIDS, and include large casino-style hotel complexes for the Chinese market, segregated hotel complexes for the growing Islamic tourism market, and multi-island development and refashioned traditional resorts to attract 'quality tourists' and their (presumed) higher spend. The emphasis on the international tourist market and spend achieves headline figures and encourages policy towards mass tourism development as noted above. However, this form of tourism development also extends complex supply chains to source sufficient quantities and quality of goods and services that tourists demand and expect [19]. As the holiday moves from being a low and middle-end product to a high-end or luxury product, the supply chain not only extends but also becomes more complex and nuanced. This is often at the expense of local MSMEs who are excluded from participation due to barriers including accessing financial and legal services, quality and supply volume requirements, acquiring trade permits and prohibitive business rates and rents, particularly around new developments [23,34].

An increasing challenge for local communities is that of land grabbing. This has often been associated with agriculture and biofuels, but more recently is becoming a growing problem for tourism – both mass and smaller scale forms such as ecotourism and nature-based tourism [35]. Other forms of this exploitation include 'green grabbing' referring to conservation and ecotourism, and 'sand grabbing' associated with construction [36]. These various activities deny local landowners and indigenous communities their rights to justice and delegitimises their case by way of planning apparatus that considers land as 'empty land' and therefore owned by no-one. Although the UN 2030 agenda for sustainable development considers access to justice an 'integral part [and] important dimension of inclusive growth and the well-being of individuals and societies' [37], unfortunately, this seems to be regularly ignored by governments across the Global South.

The final consideration for post-Covid recovery is labour precarity. Tourism work is typically low-paid, low-skilled, with few or no benefits including basic holiday and sick pay, and it disproportionately affecting women and youth [19]. Together with inclusive growth, SDG 8 promotes decent work through 'development-orientated policies [promoting] higher productivity, high-value added and labour-intensive sectors, decent job creation, entrepreneurship and innovation' [38].

If the pandemic has presented 'an opportunity to look beyond tourism statistics and acknowledge that, behind every number, there is a person', as stated by UNWTO on World Tourism Day [39], a radical shift from 'growth-orientated, corporate-facing' policies is required.

Conclusion

The COVID-19 pandemic and the halting of international tourism and its slow (and spatially uneven) re-emergence is a timely opportunity to re-evaluate international tourism and its impacts in the Global South and how endemic poverty might be reduced. At the time of writing (June 2022) international tourism's recovery in the Global South appears somewhat uneven. Some tourism-dependent countries have reopened from late 2021/early 2022 (Maldives, Thailand, Indonesia for instance) but little data is available yet and the overall picture remains

sketchy. There is some optimism, but tourist arrivals appear uneven from anecdotal sources especially in South-East Asia with continuing uncertainty especially given global issues of economic headwinds and price shocks from the Ukraine invasion, and associated food and fuel price surges affecting tourism-generating regions.

However, despite some indicators of pent-up demand for international travel to the Global South, our concern remains that policymakers will rush to open borders with tourism still seen as getting back to 'business as usual' with benefits continuing to accrue to tourism MNCs, hotel groups and airlines. If so, then the outlook for tourism-led inclusive growth is somewhat bleak. On the other hand, if the UNWTO World Tourism Day 2021 tagline of 'tourism for inclusive growth' is seriously implemented with effective tourism policy and planning, there are many opportunities for significant changes. Such changes could lead to great opportunities and new livelihoods for poorest households in the lowest two income quartiles across the Global South.

We would suggest that industry and government policy-makers actively consider the significant negative influence that a market-orientated vision of inclusive growth and decent work has had in furthering social injustice, environmental damage and loss, and supporting forms of regulatory and economic capture inherent in some tourism sectors (cruise, hotels, airlines). In doing so, globally-agreed and mandated standards and benchmarks which are robust and quantifiable rather than linguistically ambiguous, could be implemented via industrial and economic strategies so global and national public and private actors are 'accountable for their contributions to development and the creation of decent work for all'. This would cover some ground in reversing the negative influences from this global industry behemoth and create a base for a people-centred inclusive growth agenda.

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