

10-3-1979

International tourism : is this the answer to Jamaica's developmental problem?

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INTERNATIONAL TOURISM: IS THIS THE ANSWER TO
JAMAICA'S DEVELOPMENTAL PROBLEM?

by

Geli M. Eldemire

A thesis submitted in partial fulfillment of the
requirements for the degree of
MASTER OF SCIENCE
in
HOTEL AND FOOD SERVICE MANAGEMENT
at
FLORIDA INTERNATIONAL UNIVERSITY

Committee in charge:

Professor William J. Morgan, Jr. Chairperson
Asst. Prof. Norman Hall

September 1979

To: Professors William J. Morgan, Jr.
Asst. Professor Norman Hall

This thesis, having been approved in respect to form and mechanical execution, is referred to you for judgment upon its substantial merit.

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The thesis of Geli M. Eldemire is approved.

Assistant Professor

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10/3/79

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ABSTRACT

International Tourism:

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The years since World War II have witnessed a rapid growth in International Tourism consequent on improved technologies, increased affluence and leisure time in developed nations. Many of the poorer third World Nations lacking major marketable resources have opted for tourism as a developmental strategy hoping to draw some of the "free-spending" visitors to their shores thereby reducing the World's unequal distribution of wealth.

Tourism promises beneficial effects such as the generation of urgently needed foreign exchange, employment and promotes overall economic growth.

The objective of this thesis is to present information on the contribution of tourism when compared to the other major industrial sectors in Jamaica, in order to assist the island's planners in the decision as to whether or not tourism can be relied on to provide the economic development needed. In addition, to suggest possible strategies and areas for improvement to derive increased benefits from tourism while minimizing the negative impacts.

The data for this paper comes from primary sources such as government publications and secondary sources mainly hospitality industry literature.

Tourism can be an effective method of earning foreign exchange with proper planning and foresight to reduce to minimum tourism's negative impacts. Jamaica should carefully choose between a mere quantitative market expansion, the "mass" market or a "fewer but better" tourist market, the "class" market. The specific market chosen will determine the economic and social implications on the country and the type of facility planning necessary. Jamaica needs also to revitalize the tourist industry to build on its uniqueness, improve services and employee attitudes while indulging in a balanced policy of import substitution.

Acknowledgement

A paper of this nature involving aspects of International Tourism, the Caribbean and Jamaica could not have been completed successfully without the assistance and cooperation of many individuals.

Foremost among the people to whom I am indebted is Doctor William Morgan, my chief advisor on this thesis. This truly gentle man has guided my learning in Hospitality Management from my very first semester at Florida International University when I was accidentally enrolled in two of his graduate courses. Through his encouragement, patience and friendship he has made the completion of this thesis a reality.

Special thanks to the Trade Commissioner at the Jamaican Consulate, Denzil Miles, to Professor Huse, Professor Darby and Professor Hall for making available to me their special collection of books, papers, articles and notes on Tourism and the Caribbean. In Professor Hall, my other committee advisor, I found a friend who is always willing to listen and have time to talk.

Thanks to my sister-in-law, Monica West Mitchell, Reynold Scott of Jamaica and Druscilla from the Bahamas for their generous assistance in the Research and collection of materials for this thesis and to my secretaries, Grace and Natalie, for the time they devoted to typing this paper for presentation.

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INTRODUCTION

In the past two decades, International Tourism has surfaced to become a development tool in the less advanced nations of the World. Governments of these countries responsible for the economic welfare of their people lacking capital, mineral resources and valuable sources of energy, while possessing natural tourist attractions and salubrious climates have embraced tourism as a vehicle of national development and a possible solution to their dilemma.

With the first eagerness for the tourist dollar came wholesale tourism development in these countries by invitation and concessions. These countries were aided in commencing these intensive tourism development programs by the period of prosperity in the 1960's, improved standards of living and technologies existing in the more advanced countries. The coming of the Jet Age and charter flights, increased demand for leisure and acceptance of paid vacations as a way of life. The lifting of travel restrictions also which together accounted considerably for their success in attracting tourists from developed World Urban Centers.

Tourism promised beneficial effects in the generation of employment of the unskilled which is abundant in developing nations; large Foreign Exchange receipts to reduce outstanding balance of payment deficits, and the redistribution of income both on a World-wide and National scale. It caused no reduction in the country's natural resources in the same way that the traditional production of goods does. At the same time it places revenue in the government coffers in the form of taxation.

Considering the amount of resources funneled into its development, tourism must justify its existence by demonstrating to the people of these countries that the socio-economic benefits derived from the industry far outweigh the costs involved. Increasingly the tourist industry is being challenged to prove itself in the third world developing countries. In the introduction to E.F. Schumacher's Small is Beautiful, Theodore Roszak wrote:

"Consider the poor countries that sell themselves to the international tourist industry in pursuit of those symbols of wealth and progress the West has taught them to covet: luxurious airports, high-rise hotels, six-lane motor lanes. Their people wind up as bellhops and souvenir sellers, desk clerks and entertainers, and their proudest traditions soon degenerate into crude caricatures. But the balance sheet may show a marvelous increase in foreign exchange earnings."(1)

And as Louis Turner stated in The Golden Hordes:

"Those individuals who are drawn into the service industry may make a temporary financial gain, but it is arguable that they will lose in culture and psychological terms whatever they may gain financially. It is necessarily difficult for a nation of waiters, barmen, guides, hustlers and prostitutes to retain any sense of dignity or identity."(2)

Tourism once viewed as the 'smokeless industry' which could stimulate economic development and generate income and employment is today being weighed more carefully in terms of the cost-benefits.

¹Theodore Roszak, Introduction to Small is Beautiful: Economics as if People Mattered, by E.F. Schumacher (New York: Harper and Row, 1973)

²Louis Turner and John Ash, The Golden Hordes: International Tourism and the Pleasure Pheriphery, p. 198.

As George Doxey remarked "at the time we were more preoccupied with these economic questions and less conscious of the sociological aspects of development," as they were economists.¹

One can question what is development. Is the acquiring of all the outer symbols existing in developed countries development? The large scale construction of high-rise condominiums, resort hotels and airports is not development. Development includes but is not exhausted by:

1. balanced economic growth;
2. price stability;
3. balance of payment equilibrium;
4. adequate medical care;
5. provision of a sanitary environment;
6. low unemployment rates;
7. various labor opportunities to match diverse individual talents; (2)
8. a chance to acquire skills and develop the mind;
9. a sense of inner security and safety;
10. adequate housing;
11. economic production systems that are in balance with the environment; and
12. equality in social and political settings, where differentiation by class, sex, color, wealth and religion is absent, or at least not degrading.(3)

¹George V. Doxey, paper presented at a research seminar of the Pacific Area Travel Association, Suva, Fiji, 15-19 October 1973.

²Anthony R. Desouza and Phillip W. Porter, The Underdevelopment Modernization of the Third World, (Washington: Commission on College Geography Association of American Geographers, 1974), pp. 3-4.

³Ibid.

OBJECTIVES

The purpose of this study is:

1. to seek to assess the effect of international tourism as a developmental strategy on the Jamaican economy;
2. to examine the advantages and disadvantages of tourism and tourism's comparative performance measured against the other sectors such as mining, agriculture and light manufacturing industries' its failures, successes and contribution to the Gross National output, Foreign Exchange earnings, employment and overall national development.

The tourist industry in Jamaica normally, competes with sugar for second place in the nation's earnings of Foreign exchange behind the bauxite/alumina industry which is the number one export. However, owing primarily to the continued depressed conditions in the world market price for sugar during 1977, tourism was able to maintain its 1976 number two position¹ despite a steady decline in hotel occupancy rates between 1970-1977 and reduced arrivals in Jamaica for the years 1976 and 1977. Visitors expenditures is a product of the number of visitors (NV) times average duration of stay (ADS) times average expenditure per day (AED). Much of the increase in tourist expenditure can be attributed to increased inflation.

Tourism, however, due to its position relative to other sectors of the Jamaican economy is an important economic activity. In 1977 there were only 386,500 visitors and the estimated gross earnings from tourism for the same year was J\$95.5 million.²

¹Economic and Social Survey, Jamaica 1977 prepared by the National Planning Agency, p. 169.

²Bank of Jamaica, Quarterly Bulletin, March, 1978.

Total domestic export earnings for 1977 was recorded at J\$707.3 million,¹ that is tourism contributed only about 13.5% of domestic export earnings and approximately 5% of gross domestic production at constant prices.

Tourism is not an end in itself, but merely a means of attaining a level of economic growth similar to today's standards and requirements for countries lacking other resources, or as an impetus for the development of other industries.

The economic contributions of tourism is difficult to analyze and measure. Some costs and benefits can be measured qualitatively. Strict balancing of costs and benefits are difficult to measure as often the data does not exist or is incorrect. Most involve trade-offs.

Chapter I, discusses tourism and the historical demand for travel, the trends in International Tourism worldwide and for developing countries, defines who is a tourist, tourist expenditures, origins, motivations and needs. Chapter II zeroes in on tourism in the Caribbean and Jamaica and the factors determining demand for tourism in the region and assesses how well Jamaica compares with other Caribbean areas that have made tourism the main thrust of their economic development in terms of local environment and climate, level of infrastructure and physical limitations.

Chapters III and IV form the core of this report. Chapter III presents tourism's performance and those of the other sectors or contributors to the Jamaican economy-mining, agriculture, light

¹Bank of Jamaica, March 1979.

manufacturing industries in achieving national development and the objectives as defined in the 5 year Development Plan 1978-82.

Chapter IV examines the diverse impact of tourism in Jamaica, the way in which the industry is structured and the social, cultural, economic, political and environmental effects. The non-pecuniary impacts such as the dangers of over-commercialization of original hospitality, problems related to high tourist densities, dependence and demonstration effects in a post colonial society are also explored.

Chapter V considers possible alternative strategies and makes recommendations.

The data for this paper comes mainly from secondary sources, literature already existing in the social sciences and the hospitality industry specialized publications. Primary data comes from Government Publications, Tourists Boards and International Organizations.

CHAPTER I

TOURISM AND THE DEMAND FOR TRAVEL

This chapter lays the foundation for what will follow in the successive chapters. It gives a brief history of travel, trends in International Tourism arrivals and expenditures worldwide and for less developed countries. It also defines who a tourist is and considers their needs, motivations and origins.

A Brief History Of Tourism

Mass travel as it exists today in the 20th century using jet airplanes and automobiles has been the outgrowth of years of development.

The Romans were probably the first pleasure travellers although it is believed that in China and Japan pleasure travel existed by the time of the birth of Christ. The ancient Romans both the rich and government officials could travel throughout the empire on good roads as much as a hundred or more miles per day by using relays of horses furnished from rest post five or six miles apart. Romans traveled to Egypt and Greece to baths, shrines and seaside resorts, to theatrical productions, festivals athletic competition and then amusements. They were interested in history and religion seeing the Greek temples and the pyramids and monuments of Egypt.

"Those who could afford to travel before the time of Christ had the Seven Wonders of the ancient world to see. A Greek guidebook from before the

time of Christ listed them as: The Great Pyramid of Khufu, the largest of the Pharaoh's tombs in Egypt, built about 2600 B.C.; the Hanging Gardens at Babylon, built about the same time for his bride by King Nebuchadnezzar; the statue of Zeus at Olympia, a 40-foot statue of the King of Gods on the site of the original games in Greece; the temple of Artemis at Ephesus on the coast of what is now Turkey; the Mausoleum at Halicarnassus from which we get the word mausoleum today; the Colossus at Rhodes built in 280 B.C. at the harbour entrance of that island city in the Aegean Sea, and a lighthouse outside of Alexandria known as the Pharos, built about 240 B.C.¹

With the collapse of the Roman empire in the fifth century, travel declined to almost a standstill as barbarians roamed Europe making travel indeed precarious. In the medieval period most of society was immobile, bound to the land, eking out an existence from the soil and travel for pleasure was unheard of for most.

Travel for religion existed in the form of pilgrimages - to the Holy Land for Christians, Mecca for Moslems and others to various shrines. Chaucer's Canterbury Tales are about travel to the Cathedral of Canterbury in the 14th century.

With the Renaissance came increased travel both in Europe and via navigations the discoveries of the world beyond. The origin of the Grand Tour, in the 16th century was the beginning of travel for education and the first example of the pleasure - motivated international travel of the modern era.² The young aristocracy, children of British nobility plied the European continent to round out their

¹Donald E. Lundberg, The Tourist Business (Boston, Cahners Books International, 1976) p. 5

²Christopher Hubbert, The Grand Tour, (New York: G.P. Putnam's Sons, 1969).

education, socially and educationally, the itinerary included Paris (or elsewhere in France) Genoa, Milan, Florence, Rome, Venice, Switzerland, Germany and the low countries; lasting sometimes up to three years. The French revolution and Napoleonic wars ended the Grand Tour.

Next came travel for health. 17th century physicians recommended those with bona fide illness to the medicinal waters of the spas. The word spa is taken from the town of Spa, Belgium which in turn is from the Wallon word espa, or fountain.¹

The Belgian resorts date to the early 14th century although warm springs were used in early Greek and Roman times. Though the exact curative properties were unknown, "taking the waters" was expected to cure gout, dropsy, stomach maladies, even infertility and hysteria.² Spas included both curative aspects as well as social events such as games, dancing and gambling.³

Sea bathing became popular by the 1730's. Some believed that salt water was even more beneficial than inland spas, so developed Brighton, the most popular, also Margate Ramsgate, Blackpool and Scarborough in Britian.

¹Robert A. Britton, International Tourism and Indigenous Development Objectives: A Study with Special Reference to the West Indies (University of Minnesota Ph.D 1978) p. 69

²H. Robinson, A Geography of Tourism, (London: MacDonal and Evans, 1976), p. 12.

³Robert W. McIntosh, Tourism: Principles, Practices, Philosophies, (Ohio: Grid Inc., 1977) p. 6.

The masses of the people made one day excursion trips to the seaside and back. Patronage of seaside hotels modeled after the spas was limited to the elite.

It was the railway which really democratized travel. Passengers were first carried by rail in 1830. The newly completed railway between Liverpool and Manchester featured special provisions for carrying passengers in addition to freight. The railway directors never anticipated there could be such a great demand for passenger travel. The typical charge was only 1 penny per mile, much lower than stagecoach fares and encouraged the pleasure-travel boom. Prior to this period travel was the exclusive preserve of the elite, the nomad, the merchants or people of the arts - actors, musicians, poets, philosophers, athletes. Soon, day excursions became a middle class activity as the working class neither had the money for such pursuit or the free time available. By the 1870's the proletariat began to patronize the seaside areas, the wealthier aristocracy moved further inland to South France, Swiss Alps and via steamship to various parts of the British Empire and America.

The birth of organized mass tourism is said to be biblical. In 1841, a book salesman, Baptist Preacher and Tract distributor of Derbyshire was on his way to a temperance meeting in Leicester when he conceived of the idea of running a special train to carry friends of temperance from Leicester to Loughborough and back to attend quarterly delegate meetings. The man was Thomas Cook and on the 5th of

July 1841, the train he ordered carried 570 passengers on this trip and back. The price was one shilling per passenger. It is arguable that Cook's real beginning as a "Mass excursionist" was the Liverpool - Caernarvan trip of 1845. The tourists travelled by rail to Liverpool from where they took a steamer to Caernarvan. The advertisement for the trip is said to have caused a sensation and the response was so overwhelming that a second trip had to be arranged.¹ Mr. Cook's company grew rapidly providing excursion tours to the continent and later to the United States and various British colonies. The company bearing his name is still one of the world's largest travel organizations.

Tourism in America was also aided by the railways. Early travel was on foot or horseback or small boats on rivers and lakes throughout the interior of the country. Most travel was from east to west. As roads were built stage-coach travel increased and "ordinaries" (small hotels) were built to cater to the travel-weary. Then came the railway and the inauguration of the Pullman Palace Sleeping car in the 19th century, which reduced the inconvenience of long distance travel for those who could afford it.²

Early 20th century saw the development of tourism in the tropical regions of the world starting first with the French Riviera. The mediterranean sun was no longer shunned

¹Louis Turner and John Ash, The Golden Hordes, International Tourism and the Pleasure Periphery, (London: Constable and Company Limited 1975) p. 51

²W.F. Rae, Westward by Rail, (New York: Appleton 1871)

as the region became the in-place to be for the wealthy Americans, the international artistic and the literary elite. The wealthy Americans fleeing the protestant work ethic and a resurgence of puritan ways found the simple life agreeable. Sun tanning was IN. The deliberate darkening of the skin by exposure to the sun was previously abhorred by the leisured class prior to 1920's when this same class of people had cultivated their 'milk and roses' with extreme care. Any deliberate tanning action savoured of identification with the lower and largely rural class and colored subject people. For the ladies, a pale complexion was a symbol of superior delicacy and even seclusion.¹

The suntan became an essential picturesque element in the pursuit of 'expensive simplicity'. It was now sought after for precisely the reasons it had been avoided. It was associated with the simple virtues and closeness-to-the-soil of the peasant, and it was associated with what a liberal intelligensia conceived to be the superior spontaneity and natural sexuality of blacks.²

The automobile age came in 1920. Construction of roads and highways has culminated in the 41,000-mile network of the national system of Interstate highways. This system will link all cities of 50,000 or more and should be completed by 1980.³ The U.S. has in excess of 100 million autos registered and the number is growing.

¹Louis Turner and John Ash, op.cit., p. 79.

²Ibid.

³Robert McIntosh, op.cit., p. 8.

Lastly came the commercial airplane which came into its own in the 1950's. In the United States 85% of travel in 1972 was by the automobile and 12% of total travel was by airplane. Buses declined to 2% and .5% used trains for long distance travel.

Trends In International Tourism

Travel is not a new phenomenon to mankind but to the extent that it exists today as a large scale 20th century commercial activity it has indeed surpassed itself. The past two decades have been the years of the most rapid growth in International Tourism. International Tourism as a "invisible" export plays an increasingly important role in International Trade.

During the years 1950-1972, prior to the oil crisis, the value of world trade increased at an annual rate of 9.0 percent whereas world receipts from tourism recorded annual rates of 11.7 percent.¹ With the oil crisis in 1973-1974 the price of oil quadrupled and world trade showed a more rapid increase. Tourism receipts as a proportion of total world exports increased from 3.4 percent in 1950 to 5.8 percent in 1972 and dropped back to 3.4 percent in 1974.²

World Tourism Organization (WTO) provisionally announced that in 1977 there were 245 million international tourist

¹V. Burger, The Economic Impact of Tourism in Nepal, an input-output analysis, (Cornell University, Ph.D 1978)

²Ibid, p. 1.

Arrivals in the World; 12% more than in 1976. Total international tourist receipts during the same year came to over U.S. \$50,000 million, an increase of 15%.¹ In 1976 there were approximately 220 million tourist arrivals around the world. that is one arrival for every twenty people.² In 1976, receipts from International tourists were U.S. \$40 billion, with inflation being one of the major contributors to the increase.

IUOTO's study on long term forecasts expects international tourism will reach between 250 and 280 million arrivals by 1980 out of a global tourist movement of between 780 to 1050 million arrivals throughout the world. This means that although tourist movement since 1950 has been remarkable, the pace of growth may be yet greater in the future due to many social, technological, cultural and economic reasons.³ International Tourism is maturing and is no longer an elite activity but a mass production industry. This is indeed big business.

Worldwide International travel has grown from 25 million tourist arrivals in 1950 to over 245 million arrivals in 1977. The rise in tourism derives from several factors, the most important being improved technology, greater dis-

¹World Travel 140, January-February, 1978.

²ASTA Travel News, Travel '77/'78: The Big Picture (New York: ASTA Travel News 1977), p.5

³Salah Wabab, Tourism Management, Press (London: Tourism International Press, 1975) p.18

possible income, increased discretionary time, reduced cost of travel, higher educational levels and changing lifestyles.

TABLE I-1
 International Tourist Arrivals and Receipts^(a)
 1958-1976¹

Year	Tourist arrivals in millions	% change from previous year	Foreign exchange receipts in billion U.S. dollar	% change from previous year
1958	55.3	--	5.4	--
1959	63.0	14	5.8	7.3
1960	71.2	13	6.8	17.0
1961	75.3	8	7.3	7.4
1962	81.4	10	7.8	6.8
1963	92.8	12	8.3	6.4
1964	106.4	14	9.6	15.7
1965	117.8	12	11.0	14.6
1966	128.2	9	12.5	13.6
1967	138.0	8	13.4	7.2
1968	141.6	3	13.8	3.0
1969	154.0	10	15.4	11.6
1970	168.4	9	17.9	16.2
1971	181.5	8	20.9	16.8
1972	198.0	9	24.2	15.8
1973	215.0	9	28.0	14.3
1974	209.2	-3	29.0	5.0
1975	213.0	2	32.0	10.0
1976	220.0	3	40.0	25.0
1977	245.0*	11	50.0	25.0

* Provisional figures by WTO
 (a) Excluding payments for international transport

¹Salah Wabab, op.cit, p. 18.

Despite worldwide recession in 1973-74, international tourism held up very well. By 1975 global international arrivals totaled 213 million, within 1 percent of the 215 million arrivals in the pre-recession year 1973. At the same time domestic tourism in most countries was on the rise.¹ One thing became apparent, that is despite recession, inflation and political turmoils, the consuming public continued to give priority to vacation travel, putting it ahead of the purchase of high priced material articles² such as automobiles, household appliances and other high priced items. In fact, recession did not damage world tourism, it only changed it. People merely took vacations closer to home, chose less expensive accommodations and ate in more modest priced restaurants and did less long-haul foreign travel. International tourist arrivals increased 2 percent in 1975, world air traffic increased 3 percent, domestic auto travel in Europe and U.S. outpaced international travel.³

Tourism is a major growth industry, however, with the present fuel crisis pending one can predict a shift for the future to destinations closer to each tourist-generating country.

¹ASTA Travel News, Travel '76', The Big Picture, p.2.

²Ibid, p.2.

³Ibid, p.3.

TABLE I-2
EFFECT OF TWO YEAR RECESSION ON WORLD TOURISM

Region	International Tourist Arrivals (millions)			% change 1973-1975
	1973	1974	1975	
Africa	2.9	3.0	3.5	20.6
The Americas	44.6	46.0	47.0	5.3
Europe	157.0	149.0	151.5	(- 3.5)
Middle East	3.8	4.0	3.0	(- 21.0)
Pacific and East Asia	5.6	5.85	6.5	16.0
South Asia	1.1	1.15	1.5	36.0
TOTAL	215.0	209.0	213.0	(- 0.9)

Region	International Tourist Receipts (millions of U.S. dollars)			
	1973	1974	1975	% change
Africa	2,300	2,500	3,000	30.4
The Americas	5,100	5,500	6,400	25.5
Europe	16,200	16,800	17,600	8.6
Middle East	400	460	420	5.0
Pacific and East Asia	3,400	3,500	4,200	23.5
South Asia	210	240	280	33.3
TOTAL	27,610	29,000	31,900	15.5

Source: World Tourism Organization (Provisional)

Recent years reveal five critical factors causing major shifts in the distribution of World Tourist traffic. These are:

1. Floating currency values which change the relative positions of various countries based on the cost of services purchased by the traveller.
2. Different rates of inflation that exaggerates cost differences between countries.
3. Higher airline fares due to increased gasoline costs.
4. Political disturbances that produced unfavorable press reports in important market areas.
5. Economic recessions occurring simultaneously in North America, Europe, and Japan.¹

¹ASTA Travel News, Travel 76, The Big Picture, p.8.

TABLE I-3

INTERNATIONAL TOURIST ARRIVALS 1950, 1960 and 1970 BY REGIONS

Region	1950	1960	1970	1974
Africa	523,480	1,137,624	2,275,000	3,000,000
Americas (North and Latin America and Caribbean)	7,484,660	17,903,235	32,400,000	46,000,000
Europe	16,839,400	50,351,156	126,235,000	149,000,000
Middle East	196,620	883,024	2,815,000	4,000,000
Pacific and East Asia*	237,250	863,635	4,435,000	6,000,000
South Asia*			850,000	1,000,000

*These regions are newly reorganized by IUOTO under two regional committees; previously being one region, namely, Asia/Australia.

Source: IUOTO

It is estimated that 15 countries of the 148 independent nations in the World receive approximately 90 percent of the world's foreign tourist arrivals. These are in descending order the United States, Spain, France, Italy, Mexico, Austria, Federal Republic of Germany, United Kingdom, Canada, Switzerland, Netherlands, Yugoslavia, Belgium, Denmark, Greece and Portugal.¹

In 1975, 85 percent of the foreign travellers emanate from approximately one dozen countries such as the United States Federal Republic of Germany, France, Canada, United Kingdom, Japan, Italy, Netherlands, Belgium, Austria, Sweden and Switzerland. The United States and Germany accounted for about 48

¹Somerset Waters and William D. Patterson, "World Tourism Perspective" CTA: Domestic and International Tourism (Wellesley Institute of Certified Travel Agents, 1977) p. 38.

percent of the total world international tourist expenditure in 1975 (excluding transportation).¹

The largest source of International travellers, the United States spent about \$70 billion for domestic and foreign travel. Foreign travel accounted for about \$9.5 billion or 13.5 percent of the total.² This shows that considering the large size and wealth of the United States, Americans do not spend heavily for foreign travel.

Expenditures by Germans come to about 114,000 per thousand population; for Canada the figure is \$70,000 and for the U.S. only \$28,000 (1974 expenditures).³

The international tourist constitutes only a small percentage of the world's 4 billion population. The overseas travellers from the United States which is the largest tourist-generating economy constitutes less than three percent of the population in 1970.

As George Newman of Pan American World Airways said in his definition of the potential foreign travel market "... subtract 30 percent for the very old, the very young, the sick and the poor who will always be with us. Another 15 percent might be classified as 'hard core non-travellers' leaving 55 percent."⁴

¹Ibid.

²Somerset Waters and William D. Patterson, op.cit. p. 38.

³Ibid.

⁴Donald Lundberg, *The Tourist Business*, p. 8.

A 1971 study found that 35 percent of all U.S. consumers (about 48 million people) said they had never used air travel. Of those who had not flown 30 percent said they had no reason to fly, and 21 percent said they were afraid to fly. About 13 million persons, according to the survey said they could not afford to do so.¹

Holidays are products of advanced customer societies which can only survive by finding fresh incentives to motivate the labor force into further bursts of production.² Although people want more leisure they work harder than they ideally want to just so they can save the money necessary to allow them to spend their leisure time in the style they choose. Thus, by making leisure relatively expensive, the tourist industry helps to keep the industrial machinery of these developed country's well oiled and running smoothly.

Per capita income of a country correlates closely with the amount of travel engaged in by its citizens both domestic and International. U.S. citizens comprise about 6 percent of the world's total population yet account for one third of all domestic and international travel.³

One can, therefore, take a look at the growth in disposable income for the U.S.

¹Albert E. Sindlinger, Sindlinger's Air Travel Demand Study (presentation for the Eastern Council for Travel Research, Dec. 7, 1971).

²Louis Turner and John Ash, op.cit., p. 181.

³Donald Lundberg, op.cit. p. 10.

TABLE I-4

GROWTH IN U.S. PER CAPITA DISPOSABLE PERSONAL INCOME, 1950-1975

Type of Measure	1950	1955	1960	1965	1970	1975
Current Dollars	\$1355	\$1654	\$1934	\$2430	\$3348	\$5040
1972 Constant Dollars	2386	2577	2698	3153	3619	3928

Source: U.S. Bureau of the Census, Statistical Abstract of the United States: 1976, 97th edition, p. 396.

Issuance and renewal of U.S. passports is a indicator of the desire for international travel as seen in Table I-5

TABLE I-5

UNITED STATES PASSPORTS ISSUED AND RECEIVED, 1960-1977
BY CALENDER YEAR ^(a)

<u>Year</u>	<u>Number</u>	<u>Year</u>	<u>Number</u>
1960	853,087	1969	1,820,192
1961	857,961	1970	2,219,159
1962	906,900	1971	2,398,068
1963	1,055,504	1972	2,728,021
1964	1,133,228	1973	2,729,104
1965	1,330,290	1974	2,415,003
1966	1,547,725	1975	2,334,359
1967	1,685,512	1976	2,560,000
1968	1,748,416	1977	2,800,000

Growth rates: 1950-1975 = 679 percent

1960-1975 = 174 percent

1965-1975 = 75 percent

Source: Passport Office, U.S. Department of State, Summary of Passport Statistics, January 1976, p. 18.

TABLE I - 6

DEPARTURE OF U.S. CITIZENS BY AIR TO SELECTED AREAS
1961-1975

Year	Caribbean	Europe	Asia	Mexico
1961	381,085	643,297	124,345	174,993
1963	377,738	882,213	170,126	225,185
1965	609,966	1,218,961	252,094	288,940
1967	904,165	1,632,447	293,934	421,820
1969	1,285,135	2,227,099	367,375	534,671
1971	1,326,034	3,047,944	518,788	656,725
1973	1,530,847	3,755,395	596,800	983,976
1975	1,426,949	3,092,838	621,837	966,231

Source: Immigration and Naturalization Services, U.S. Department of Justice Reports of Passenger Travel Between the United States and Foreign Countries, annually, 1961-1976.

In addition, due to the size of the American Market, U.S. aircrafts account for approximately 40% of all world air travel measured in revenue passenger miles.¹

¹Somerset Waters and William Patterson, op.cit. p.38

TABLE I-7
WORLD AIRLINE STATISTICS

Includes scheduled carriers throught the world but does not include supplemental carriers

	Passengers (millions)	Percent Increase	Passenger Miles (millions)	Percent Increase
1965	177	14	123,000	16
1966	200	13	142,000	16
1967	233	17	169,500	19
1968	262	12	192,500	14
1969	293	12	218,000	13
1970	314	7	239,000	9
1971	329	5	252,000	5
1972	361	10	287,000	14
1973	404	12	323,000	12
1974	423	5	339,000	5
1975	433	2	348,000	3
WITH USSR INCLUDED				
1970	383	--	287,000	--
1971	407	6	308,000	7
1972	443	9	345,000	12
1973	489	10	384,000	11
1974	514	5	406,000	6
1975	529	3	420,000	3

Source: ICAO

TOURISM IN DEVELOPING COUNTRIES

The years 1950-1960 called 'The Golden Age' of tourism saw destinations closest to the tourist generating economies growing most such as Spain, Italy, Caribbean and Hawaii. Today the developing countries have slowly increased their share of world tourism receipts to around 20 percent of the total. However, 45 percent of this is accounted for by two countries: Mexico and Yugoslavia.

The figures given in Table I - 8 are for developing countries reporting to IUOTO. Although the statistics for receipts and arrivals in developing countries are incomplete and their coverage and composition may have changed, the figures are an indication of a trend in the International Tourism Industry in developing countries.

TABLE I-8

THE GROWTH OF INTERNATIONAL TOURISM IN THE DEVELOPING COUNTRIES
1962-1973

Years	Numbers (000)	Tourist Arrivals	
		Annual growth (%)	% of world total
1962	5,973	--	7.3
1968	10,300	--	7.4
1969	13,374	29.8	8.7
1970	16,151	20.8	9.6
1971	20,100	24.4	11.1
1972	26,655	32.6	13.5
1973	29,400	10.3	13.7

Years	Amount (\$MN)	Tourist Receipts	
		Annual growth (%)	% of world trade
1962	1,468	--	18.8
1968	2,348	--	17.0
1969	2,539	8.1	16.5
1970	3,389	33.5	18.9
1971	3,865	14.0	18.5
1972	4,909	27.0	20.3
1973	5,737	16.9	20.8

Source: IUOTO

While total international tourist movements increased by 164 percent over the period 1962-1973 and receipts rose by 254 percent, the increases for developing countries during this same period were 392 percent for arrivals and 291 for receipts.¹ The trend is for an increase in the percentage of arrivals in developing countries.

TABLE I-9

THE SHARE OF DEVELOPING COUNTRIES IN WORLD TRADE AND IN INTERNATIONAL TOURISM
1962-1973

Years	Share of World Trade		Share of International Tourism Receipts	
	Value (\$MN)	Share (%)	Value (\$MN)	Share (%)
1962	29,100	20.5	1,468	18.8
1968	44,350	18.5	2,348	17.0
1969	49,520	18.1	2,539	16.5
1970	55,450	17.8	3,389	18.9
1971	63,010	18.0	3,865	18.5
1972	74,650	18.0	4,909	20.3
1973	102,500	18.1	5,737	20.3

Sources: GATT: International Trade
IUOTO

International tourism weathered the economic recession of 1974 much better than expected. In 1974 tourist arrivals reached \$209 million, a drop of less than 3 percent from the 215 million arrivals of 1973. With the exception of Europe where there was a fall off in the long-haul travel from North America, other regions showed increases in international tourist arrivals. The years since 1974 shows tourism rapid growth recovery to 245 million arrivals and expenditure of

¹The Impact of International Tourism on the Economic Development of Developing Countries - International Union of Official Travel Organizations, p.3.

U.S. \$50 billion in 1977. Developing countries will continue to play an increasingly significant role in International Tourism and larger roles in the individual economies.

International travel is dependent on and will continue to depend on disposable incomes, shorter work week and increased leisure time, increases educational levels, reduced value placed on material possessions, changing lifestyles and greater mobility. Population growth is not a significant contributor as out of the total world population of 4 billion only a small percentage will cross international borders.

Who is a Tourist?

According to the International Union of Travel Organizations (now the World Tourism Organization, WTO) "The term 'visitor' describes any person visiting a country other than that in which he has his usual place of residence, for any reason other than following an occupation which is remunerated from within the country itself."

This definition covers two categories:

- A. Leisure (recreation, holiday, health, study, religion and sport), and
- B. Business, family, mission, meetings.

Travellers staying for less than twenty-four hours are classified under "excursionists".

Tourist themselves are not a homogenous group each is an individual with separate needs, motives and attitudes. Travel today, to a large extent is a reflection of age bracket, disposable income, occupation, educational level, social status, race, place of residence and life style.

The younger generation tend to travel somewhat more than elders for example half of the population in the U.S. (approximately 107 million) is under age 27. People in their early 20's tend to be more adventurous and therefore more willing to travel. With increasing age, over 60 years the individual becomes more passive. People in managerial and professional jobs tend to be more mobile internationally so do people who receive long paid holiday benefits. The key factor seem to be income. Obviously there is a minimum income below which any form of holiday is totally out of the question. In the U.S.A., this minimum would be around \$10,000.

Motives for Travel

It is possible for as many motives for leisure travel as there are individuals traveling. In general, the majority of reasons seem to belong at the very top levels of Maslow's pyramidal chart, in the region of self-actualization and gratification.

Today's lifestyle in the late 20th century favors increased travel. The decreased work week, 3 day holiday weekends, higher education, improved transportations and communications, and stable if not actually decreasing travel fares. There is also increased awareness of other countries, places and cultures, a larger percentage of populations living in urban centers in developed, greater affluence, smaller families, early retirement increase in longevity and improved government security programs are all forces which increase people propensity to travel.

Generally there are more than one factor combined which explains why a person chooses a trip. The majority of the reasons, however, are physical, cultural sociological or status-prestige related.

Physical motives relate to the desire for rest, relaxation, recreation for reasons including health. Cultural is the desire to learn more about the world, to leave the things one is familiar with and get acquainted with other cultures, lifestyles, see ancient monuments. Sociological could involve travel just for the sake of overcoming boredom and monotony of economically developed countries where the daily pressure of working and living in highly urbanized centers are heightened or to visit friends and relatives. The escape motive has been fully explored, that is the need to escape repetitive, unchallenging work and boring homelife to a place where one can for a short while make believe the good life of the privileged few. Status-prestige involves keeping up with the Joneses and 'one upmanship'.

Travel for several years has been 'chic' and a way of impressing others. From the very early 20th century

"a deep sun tan was the visible proof that the bourgeois had the money and leisure to escape from the northwest European metropolis to the south and the sun of the Mediterrean. For a suntan always provokes the question 'where have you been this year?'"¹

John A. Thomas listed 18 motivations he believes to be important causes of people traveling in ASTA Travel News, August 1964.

¹Louis Turner and John Ash, op.cit., p. 80.

Educational and Cultural Motives

1. To see how people in other countries live, work and play
2. To see particular sights
3. To gain a better understanding of what goes on in the news
4. To attend special events

Relaxation and Pleasure

5. To get away from everyday routine
6. To have a good time
7. To achieve some sort of sexual or romantic experience

Ethnic

8. To visit places your family came from
9. To visit places your family, or friends have gone to

Other

10. Weather (for instance to avoid winter)
11. Health (sun, dry climate and so on)
12. Sports (to swim, ski, fish or sail)
13. Economy (inexpensive living)
14. Adventure (new areas, people, experience)
15. One-upmanship
16. Conformity (keeping up with the Joneses)
17. To participate in history (ancient temples and ruins, current history)
18. Sociological motives (to get to know the world)

Travel makes good conversations and so does home movies, souvenirs, T-shirts and frayed bagged tags deliberately collected and revered.

H. Peter Gray provides an interesting distinction between two basic reasons for pleasure travel: "Wanderlust" and "Sunlust". He defines them as:

Wanderlust is that basic trait in human nature which causes some individuals to want to leave things with which they are familiar and to go and see at first hand different existing cultures and places, or the relics of past cultures in places famous for their historical associations, ruins, and monuments..... Wanderlust is a basic a human characteristic as curiosity.....

Sunlust generates a special type of travel which depends upon the existence elsewhere of different or better amenities for a specific purpose than are available locally.....

The crucial differences between the two types of travel relate to the degree to which they are likely to be international (as opposed to domestic) and in the type of travel facilities required by the destination. Wanderlust may be expected to be much more largely international in character than sunlust travel.....¹

Most travellers, however, on their first few trips across international borders tend to seek the familiar, they seek a home away from home, close not only in distance but more importantly in culture and speech. They desire food and beverage they are accustomed to. As Robert McIntosh states:

"Often the modern tourist is not so much abandoning his accustomed environment for a new one as he is being transported to foreign soil in an 'environmental bubble' of his nature culture. To a certain extent he views the people, places and culture of that society through the protec-

¹H. Peter Gray, International Travel - International Trade (Lexington, Mass.: Heath Lexington Books, 1970), p. 17

tive walls of his familiar 'environmental bubble', within which he functions and interacts in much the same way as he does in his own habitat.¹

As the traveller becomes more adventurous, the distances he will travel increase both physically and culturally.

In the fall of 1974, a survey was done by Attitudes of U.S. travel agents. Travel agents were selected as the focus of the investigation because of their influence on the selection of their client's for vacation destinations. Forty percent of destination decisions made by individuals planning international trips through travel agents were made in the recommendation of their travel agent. U.S. travel agents play a strategic role in directing the flow of U.S. citizens travel to foreign countries. The agents were discovered to be primarily concerned with cleanliness, safety and reliability, the three factors very important to the potential traveler. Other factors considered were:

1. quality of the accommodation;
2. price-cost;
3. sightseeing opportunities;
4. reliability of hotel reservations;
5. interesting cities;
6. climate, beautiful scenery;
7. personal and property safety;
8. friendliness of locals;
9. reputed food and water contamination;

¹Robert McIntosh, Tourism, Principles, Practices, Philosophies, op.cit., p. 49.

10. cultural attractions;
11. popularity of destination;
12. resort-beach areas;
13. stability of government;
14. endemic diseases;
15. reliability of local transportation;
16. shopping, outstanding food;
17. distance to be traveled;
18. recreational facilities;
19. courtesy of customs officials;
20. language difficulties;
21. gambling facilities;
22. ethnic heritage;
23. spectator sporting events;
24. racial dissimilarity;
25. exit/airport taxes;
26. religious affiliations¹

The tourist has demonstrated to be overly concerned with convenient location, comfortable surroundings, price-value, reputation for good food and beverage, size of the room and security-safety from robbery and abuse. For pleasure trips, price-value ranks first, followed by recreation and size of the room. For business location plays the dominant role.² The international tourist is preoccupied with his

¹Peter Yesawich and John Duncan III, "A Survey of U.S. Travel Agents": Latin American and Caribbean Travel, Cornell Quarterly, May 1975.

²Malcolm Noden, "Consumer Habits in the Hospitality Industry" Cornell Quarterly, August 1975, p. 8

own creature comforts in most cases the demand is for luxurious service and care, high quality of hotels and services of an international standard; drawn by an image created by advertisements and promotions by books and brochures aimed to stir the imagination and create certain expectations of vacation destinations relating to scenery, people and climate.

The pattern emerges for Americans. Usually they take their holidays primarily within the U.S. with some overflow into Mexico. However, once he decides to go overseas, in 1972 over 55% of the cases¹ they make the transatlantic flight to Europe with the Caribbean and Central America a low second, under 30 percent.

¹International Tourism Quarterly, No. 3, p. 11, (1973)

CHAPTER II

This chapter introduces the Caribbean economies and Jamaica. It assesses how well Jamaica compares with other Caribbean areas that have made tourism the main thrust of their economic development. It also seeks to analyze the factors determining demand for tourism in the region by Governments and by tourists themselves and discusses Caribbean Tourism

An Introduction to the Structure of the Caribbean Economies:

Location

For both climatic and geographic reasons the Caribbean is regarded as one. It is a tropical region lying between the Equator and the Tropic of Cancer. The Caribbean Islands stretch from the southeast of Florida to the northeast of South America, and are washed by the Caribbean Sea. They are said to be summits of sunken mountain chains and coral reefs. By definition, the Bahamas to the north of the region is not a part of the Caribbean but because their history and economy are similar they are treated as Caribbean. The Caribbean Sea is part of the Atlantic Ocean lying south of the Gulf of Mexico and bounded by the West Indies Islands. It is blown by the "Trade Winds" which in the days of sailing vessels enhanced trading in the area. It also serves the purpose of separating each island and adding to their insularity. The distances between them are far, however a close look will reveal numerous basic commonalities of problems and potentials. Except for Guyana, the territories are all small island economies.

History

The Caribbean Islands were discovered by Columbus between the years 1492-1502 in the name of Spain. Spain was not able to hold onto them for long as soon they passed to other nations, France, Great Britain, Netherlands "according to the vicissitudes of war".¹

However before Colonisation, it is said the first people to populate parts of the West Indies were the Siboney Indians who migrated from Florida to the Bahamas, then to Cuba, Hispaniola and Jamaica. Little is known of them. About 1000 A.D. they were overwhelmed by Arawaks moving north, island by island, from the Guiana region of South America. The Arawaks were a peaceful people so assimilation of the Siboneys was probably achieved through intermarriage.² The Arawaks were fleeing their warlike enemies, the Caribs. Their densest settlement was in Hispaniola where they practised primitive agriculture for subsistence. The Colonisers cultivated a variety of tropical crops, such as cotton, coffee, tobacco, bananas, cocoa, ginger and sugar - with emphasis on export. With the second half of the eighteenth century sugar became the most important crop as there were markets in Europe and North America and the climate in the West Indies was very appropriate for its production. Colonial sugar was given the incentive of preferential tariffs in

¹Isedeo Jainarain, Trade and Underdevelopment, a study of the small Caribbean Counties and Large Multinational Corporates (Guyana: Institute of Development Studies 1976) p.69.

²George Metcalf, "An Outline of West Indian History" Caribbean Yearbook 1978/79, p. xxv

Britain. The tariff structure however related only to raw sugar, and by 1805 Jamaica was the largest sugar producer with 105,000 tons. At first the Indians were forcibly put to work, however before the end of the sixteenth century the Indians ceased to exist. Hard work and European diseases proved to be too much for them. With increased demand for labor, slaves were imported from Africa. With emancipation in 1830, ex-slaves left the estates and cultivated their own small holding or worked only part time or on a seasonal basis on the sugar estates. By the 1850's many planters were bankrupt. The chief reasons were emancipation (1838); abolition of preferential duties on colonial sugar (1846-54); the high incidence of absentee landlordism; and the failure of landlords to improve their estates during good times.¹

In the 19th century Indian immigrants arrived from India to ease the labor shortage and later Chinese, Lebanese and other Europeans. At the same time sugar from beets was on the increase. Whereas in 1955 sugar from beets accounted for only 10 per cent of world sugar, in 1875 its share was about 40 per cent. By 1899 this had increased to approximately two thirds. With the increase in beet sugar, the price of sugar fell from £20 per ton in 1875 to £ 10 per ton in 1895. The West Indies sugar industry was threatened.

Since her discovery over 200 years before "Cuba had slept economically"² Then in the 18th century Cuba was producing the

¹Iserdeo Jainarain, op. cit. p. 70.

²George Metcalf, op.cit., p. xxviii.

best tobacco in the world and started to get into sugar production - slowly Cuba mechanized sugar production. Between 1801 and 1865, they imported over 600,000 slaves and pushed their way to the top of the sugar business. Cuba was now Spain's chief colony.

As the economic difficulties increased all British islands, except Bahamas, Barbados and Bermuda, by the 1880's gave up representative government and accepted direct rule from London. Martinique and Guadeloupe moved closer to France. The Colonial Governments encouraged diversification. Rice exports began in British Guiana and bananas introduced. Population was increasing at a rapid rate and the great depression saw the colonies in a bad state. The mother countries had their problems and were not of much help, with the World War on their hand. During the mid-thirties, there were riots in the British Caribbean and an abortive rebellion in Puerto Rico. The riots in the British West Indies started the development of labor unions and the demands for independence. After 1948, these trends continued but West Indian Nationalism was hampered by the economic limitations of the individual countries. The British colonies sought to solve the problem for federation inaugurated in 1958 but this collapsed three years later.¹

With the disintegration of Federation, Jamaica, Trinidad and Barbados became independent, in addition to British Guiana (now Guyana) who had never joined the Federation. The other

¹George Metcalf, op. cit. p. xxviii.

British Colonies maintained their link with Great Britain. The French West Indies chose full union with France rather than Independence. In 1954 the Netherlands reformed into a tripartite state consisting of Holland, Surinam and Netherland Antilles.¹

In the revolution in Cuba in 1958 Fidel Castro overthrew the Batista Government. Today the West Indian Islands seek economic diversification and foreign investment and slowly Tourism, despite its unreliability has evolved to be one of the major industries in the region.

Population

The islands are all small and densely populated, for example, Barbados is only 166 sq. miles but it has a population density of 1,438 persons per sq. mile; Puerto Rico's total land area is 3,435 sq. miles including the offshore island and has a density of 955 per sq. mile. Jamaica with a land area of 4,243.6 sq. miles showed an increase in density from 293 in 1943 to 410 per sq. mile in 1978. Trinidad and Tobago has 1880 square miles and 519 persons per sq. mile and Guyana has an overall density of 8.5 persons per sq. mile but on the coastal region where ninety percent of the population lived in 1970, the density was over 120 per sq. mile.²

¹George Metcalf, op.cit. p. xxviii.

²Five Year Development Plan, 1978-82 - Government of Jamaica.

The net population growth rate for all the islands, except for Dominican Republic are modest at less than 2 percent per year. A high birthrate, over 3 percent of the population is offset by an even higher migration rate. The density for both Jamaica and Barbados would have been much higher but for emigration. Between 1948-1970 Jamaica and Guyana showed the highest rates of natural population increase, yet Jamaica's population increase was lower than Guyana and Trinidad-Tobago. The explanation is the high emigration rate for Jamaica adults. Between 1950-1970 the natural increase totalled 976 thousand while net migration was about 321 thousand, that is 33 percent of the natural increase.¹

Table II-1
Natural Increase and Net Migration in the
Commonwealth C.A. 1950-1970

	1 Natural Increase (000)	2 Net Migration (000)	2 as % of 1
Jamaica	976	321	32.9
Trinidad & Tobago	456	48	10.5
Guyana*	208	37	17.9
Barbados	92	33	35.9

* 1960-1970 Sources: Jamaica - Statistical Abstract
Trinidad & Tobago - Annual
Statistical Abstract
Guyana - Annual Statistical Abstract
Barbados - Abstract of Statistics

¹Iserdeo Jainarain, op. cit. p. 79.

Migration also plays an important part in the economy of Puerto Rico as indicated in Table II-2.

Table II-2

Population	1970	1972	1974	1975
Total	2,712,000	2,868,000	3,031,000	3,121,000
Births				
Total	70,000	72,000	73,000	72,000
per 1,000	25.8	25.1	24.0	23.0
Deaths				
Total	18,000	19,000	19,000	19,000
per 1,000	6.6	6.6	6.2	6.0
Migration				
Arrivals	3,032,628	2,347,483	2,565,900	2,399,533
Departure	2,076,710	2,306,399	2,539,783	2,359,959
Balance	-44,082	+41,084	+36,117	+39,574

At the Census taken on April 1970, the total population was 2,712,033. Other figures are estimates, July 1, based on natural increase and migration trends.

Source: Caribbean Yearbook 1978/79.

The St. Kitts group of islands officially lost 19% of their total population between 1961 - 1968, St. Vincent lost 13%. One has to note also that in the estimates published for migration, there is a lot of migration which goes unrecorded, so the actual figures are much higher.¹

Effects of Migration

Migration has played its part in reducing population - land pressures but there are various problems associated with it.

1. It leaves the population with a high proportion of very young and old, both of which require a high level of social services without being able to make a commensurate social contribution.²

¹British Development Division in the Caribbean Foreign and Commonwealth office, Overseas Development Administration, "Anguilla, A Report to Her Majesty's Commissioner," Dec. 1971, p. 6.

2. It deprives the country of young leadership and an adequate return on the investment in the education of the person who later migrates.
3. The returning migrants, often they have developed values "antithetical" to the agricultural society they are to be in.

Political Situation

The Caribbean is a heterogeneous region. The area is divided into British Commonwealth territories, French, Dutch and Spanish territories. As a result four different major languages are spoken in the region, English, French, Dutch and Spanish. The culture and basic political and economic structures differ according to each territories' past relationship with their particular colonial mother country. This helps to explain the absence of cohesion of these societies. The legacy of the past colonial regimes is fragmentation. All attempts at operating as a region has basically failed. The legacy of "divide-and-rule"¹ is today internalized by the small bureaucracy in each island.

Caribbean peoples are noted for their "non participation" in the political life of their country. Whereas this could have been understood in the colonial era, this should not be so today as a former Senator from Trinidad summarized it: "Democracy is caricatured by five minutes in a polling booth every five years."²

¹Action for Community in the Caribbean, a Cadec Publication (Island Press, Barbados) p. 7.

²Ibid. p. 8.

Economic Situation

Kari Levitt and Lloyd Best aptly describe the "Character of Caribbean Economy", they state:

"Essentially, the Caribbean economy has undergone little structural change in the four hundred-odd years of its existence. By this we mean that the character of the economic process in the region seems not to have been significantly altered over the periods. Neither the modifications which, through time, have been made to the original institutions, nor the new institutions which have from time to time been incorporated into the economy, have relieved its dependence on external development initiatives. The economy remains, as it has always been, passively responsive to metropolitan demand and metropolitan investment. (1)

The following economic conditions still exist in the Caribbean:

1. "A high-cost export agricultural sector, highly dependent on preferential shelter in metropolitan markets.
2. External decision-making by large corporations, and a shortage of local entrepreneurship, local technological innovation and appropriate local institutions.
3. A relatively undiversified and unintegrated structure of production and very heavy dependence on exports and imports. The situation is made worse by the small size of the economies and the lack of regional integration.

¹Kari Levitt and Lloyd Best, "Character of Caribbean Economy: Caribbean Economy: (Institute of Social and Economic Research edited by George L. Bechford), p. 37.

4. A very undeveloped domestic agricultural sector producing food for local consumption.
5. Deep-seated and growing structural unemployment and under-employment.
6. Apart from the usual "class" inequalities growing unequalities as between the privileged workers in the modern sector on the one hand and the unemployed and persons in the rural sector on the other hand.
7. A pattern of consumer taste and aspiration heavily influenced by those in the developed metropolitan countries, and the persistent pressures of commercial advertisers through the media.¹

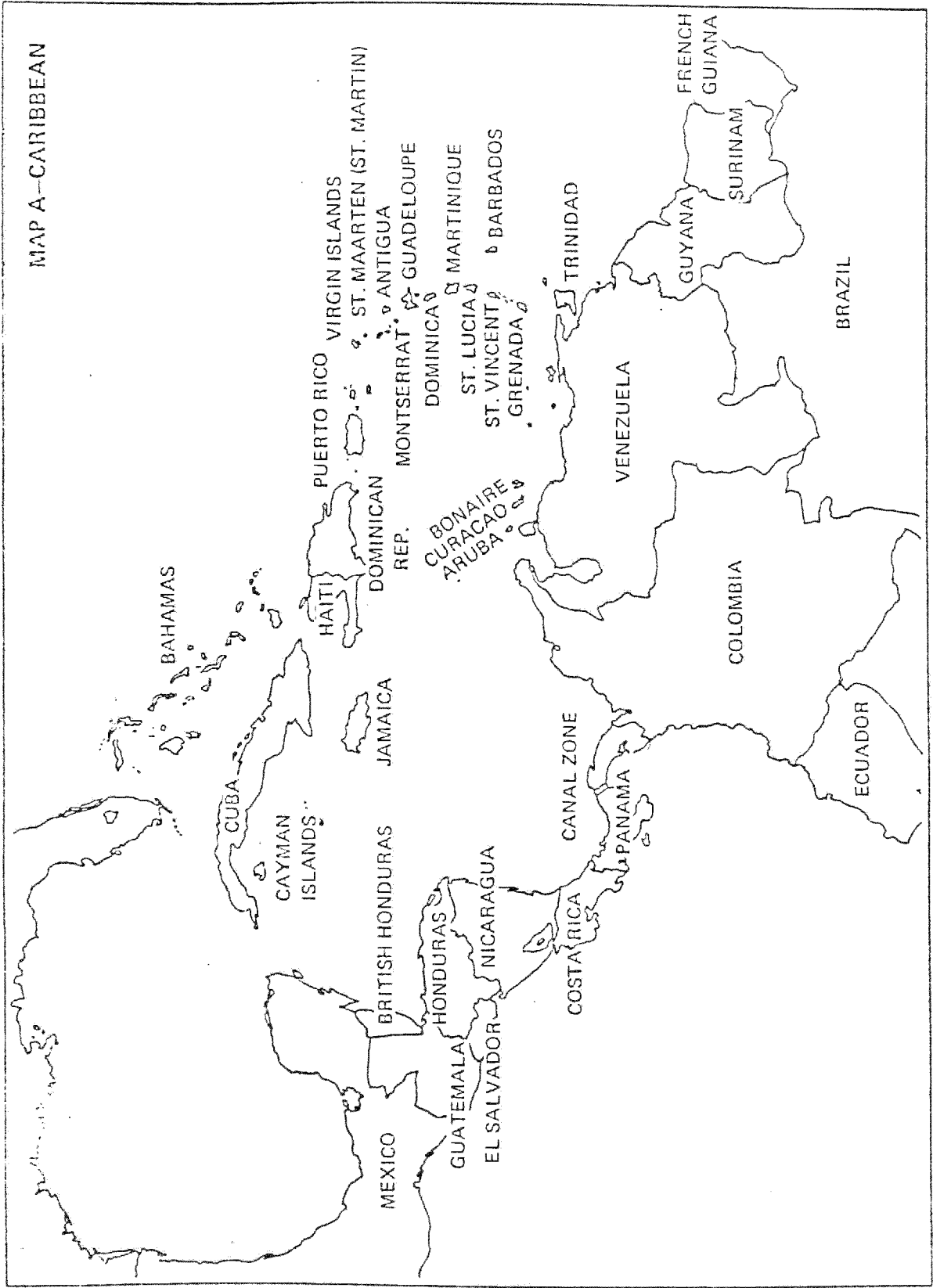
The mainstay of the Caribbean economics are agriculture and Tourism. Cuba the largest island has had very little tourism from about 1959. Their most important product is sugar. The Dominican Republic, the next largest, has a small tourist business and is dependent on sugar, like Cuba. Haiti has a small developing Tourist Industry but not much else, the majority of the people are at subsistence level. Puerto Rico has a small manufacturing industry, agriculture and Tourism. Jamaica in 1977 was the second largest producer of Bauxite behind Australia, in addition Jamaica

¹William G. Demas, "The Political Economy of the English-speaking Caribbean" - A summary view, Bridgetown, 1971, p. 14. (A very similar list has been prepared by Mr. John Mayers of the Institute of the Social and Economic Research of the University of the West Indies.)

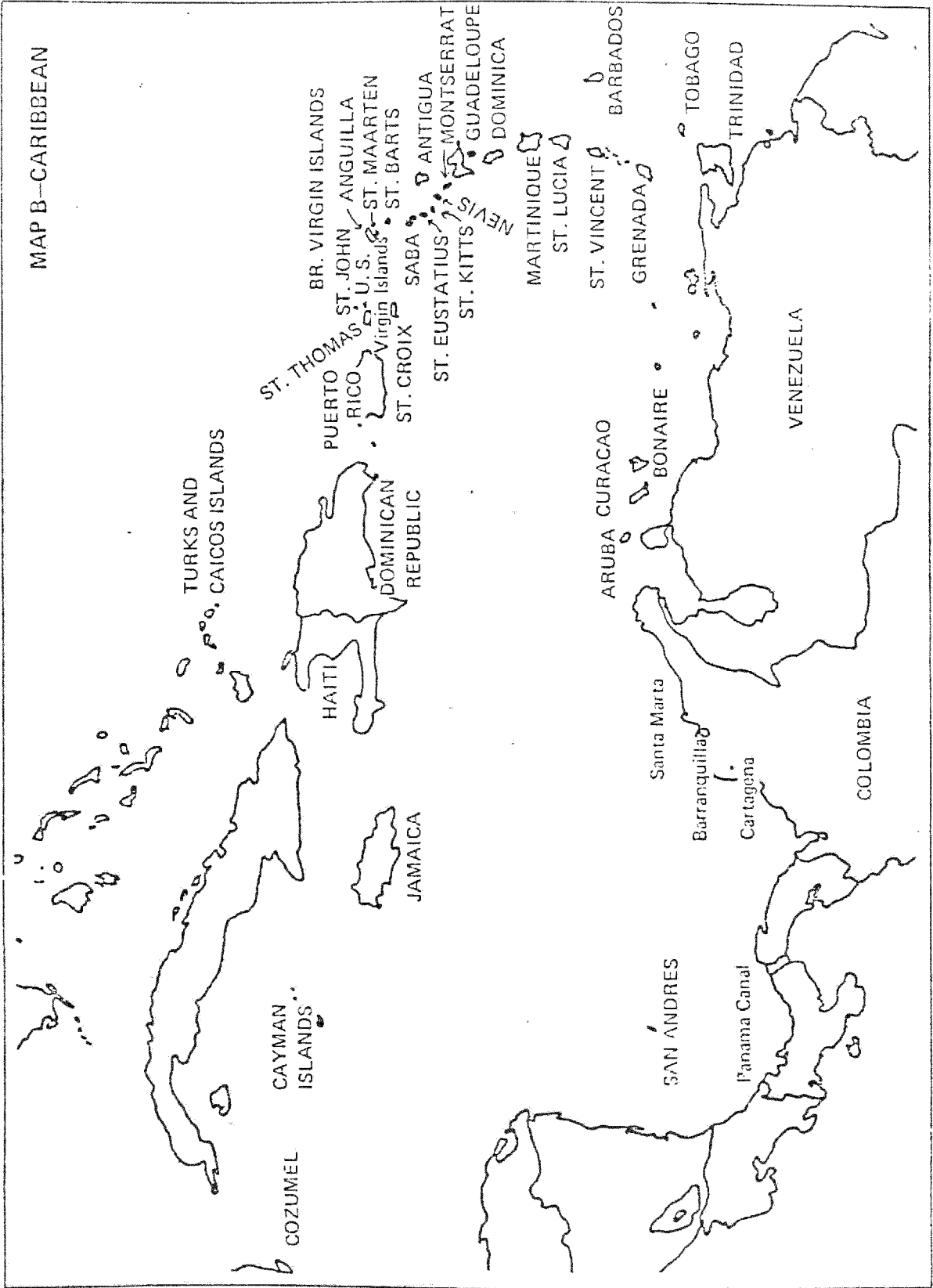
has bananas, sugar and tourism. Barbados and Antigua have sugar and Tourism. Trinidad has oil and agriculture and a small amount of Tourism. For the Bahamas, U. S. Virgin Islands, the Cayman Islands and Bonaire, tourism is the chief economic activity. The salt making islands of Curacao and Aruba have oil refining and Tourism. Bananas is the chief product of the Windward Islands.

Social Situation

The social situation of pre-colonial times still exist today. In most cases Independence has brought a reduction of the numbers of expatriates traded for local personnel and a changed relationship with the metropolitan countries. Often the United States is chosen over the United Kingdom and the currencies of the region tied closer to the United States dollar rather than the Sterling pound. In addition there is an emerging national pride and development of a middle class.

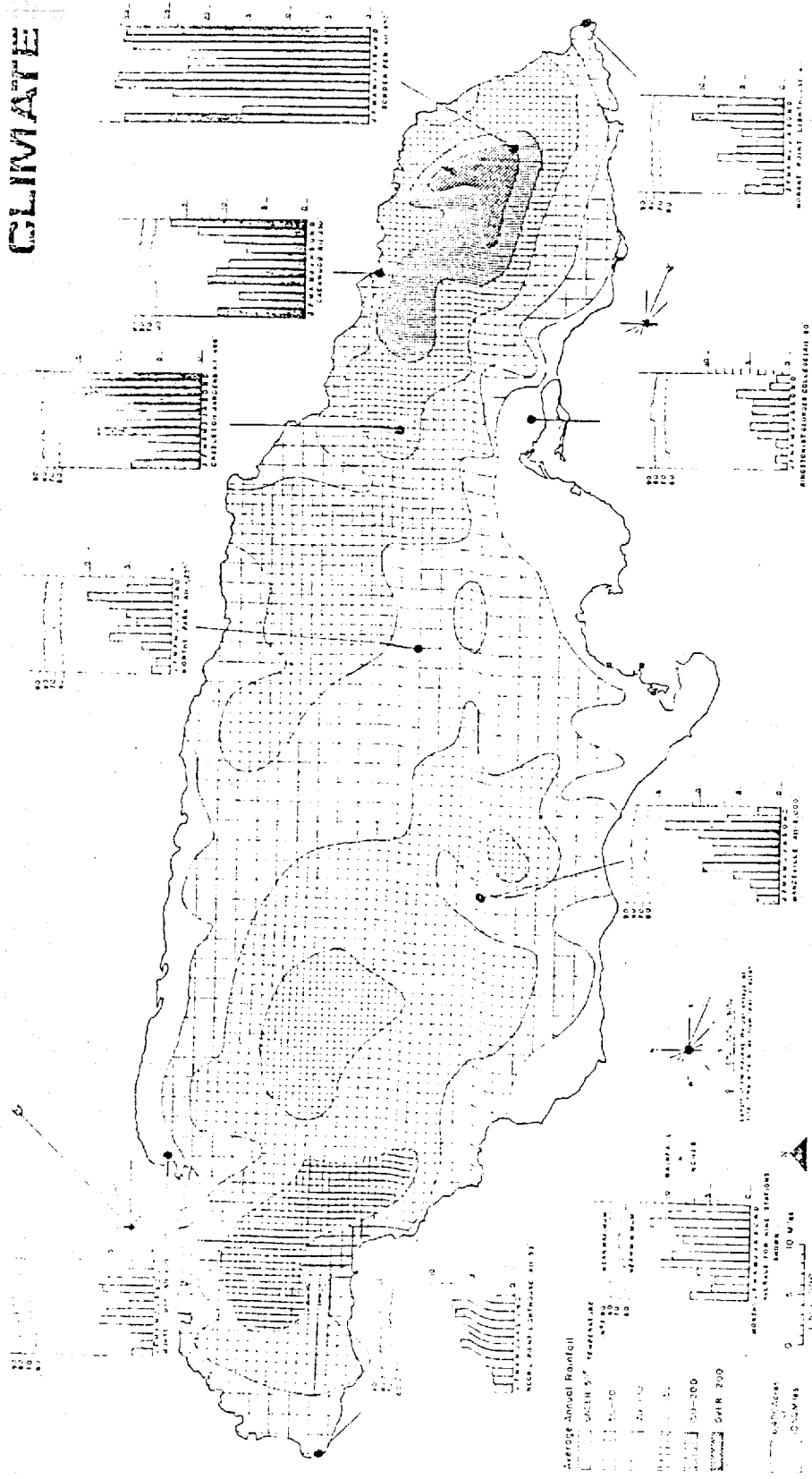


Source: Donald E. Lundberg, The Tourist Business



Source: Donald E. Lundberg, The Tourist Business

CLIMATE



Source: Department of Statistics, Jamaica

Jamaica

Jamaica is situated in the Caribbean Sea, South of the Eastern tip of Cuba, lying between latitudes $17^{\circ} 43'$ and $18^{\circ} 32'$ N., and longitudes $76^{\circ} 11'$ and $78^{\circ} 21'$ W. It is approximately 100 miles southeast of Cuba and 100 miles west of Haiti. The island at its greatest length is 146 miles, its greatest width is 51 miles and its least width (from Kingston to Annotto Bay) is $22 \frac{1}{4}$ miles, covering a total land area of 4,411 square miles.

Jamaica has been described as "a long jagged spine of mountain set in a ring of plain". It has a chain of mountains running East-West through the central part of the island. The Blue Mountains rise to 7,402 feet; more than half of its surface is about 1,000 feet above sea level, only 20 percent is flat compared to other West Indian Islands which are almost totally flat. There are many rivers flowing from the central mountains area but owing to the porous nature of the limestone which covers over 50% of the interior, the rivers only appear intermittently. The rivers are usually narrow and fast-flowing, some have rapids.

Limestone is no good for agriculture so most agriculture occurs in the valleys, the coastal plains are composed of mixed alluvial clays and sands, about 60% of the land is used for planting, pasturing and forestry. Of the unutilized land, approximately 12% is potentially productive for agriculture, another 20% for forestry; 10% is permanent wasteland. Apart from its soil the

only other natural resources of any importance is bauxite which occurs in the Limestone region.¹

The climate is tropical with basically four seasons, two rainy seasons and two dry seasons distinguished mainly by the difference in rainfall. However conditions vary depending on altitude and position.

Population

At the end of December, 1977 the population of Jamaica was estimated to be 2,109,400.

Table II - 3
Demographic Statistics

Year	Population at 31 Dec. 1977	Mean Population	Crude Birth rate (per 1000)	Death Rate (per 1000)	Rate of Natural Increase (per 1000)	Infant Mortality (per 1000) live births
1972	1,953,500	1,932,400	34.3	7.2	27.1	30.9
1973	1,990,900	1,972,100	31.4	7.2	24.2	26.2
1974	2,025,000	2,007,900	30.6	7.2	23.5	25.9
1975	2,060,300	2,042,700	30.1	6.9	23.2	23.5
1976	2,084,200	2,072,300	29.3	7.1	22.2	20.3
1977*	2,109,400	2,096,800	28.9	6.8	22.1	15.1

* Provisional estimates from Registrar General's Office.
Source: Economic and Social Survey, Jamaica 1977.

¹Iserdeo Jainarain, op. cit. p.66.

Population by age and sex (000's)

Age Group	1976 October *			
	Male	Female	Total	
			Number	Percent
0-9	284.1	285.6	596.7	27.4
10-19	266.5	270.2	536.7	25.8
20-29	132.0	147.6	279.6	13.4
30-39	84.8	97.0	181.8	8.7
40-49	75.2	85.5	160.7	7.7
50-59	74.1	69.0	143.1	6.9
over 60	100.5	110.7	211.2	10.0

* Estimates based on results of a demographic sample survey conducted by the Department of Statistics.

Source: Economic and Social Survey, Jamaica 1976.

Jamaica is a very racially mixed society. The National Motto is "Out of Many, one people", which gives an indication of the numerous racial groups, intermixing, yet in harmony. The principal racial groups are African, European, East Indian, Chinese and Syrians. The past three centuries of miscegenation has produced a society where every Jamaican carries with him some trace of some other racial strain. The majority of the population is of African origin, decedents of slaves brought to Jamaica between the 17th Century and 1838.

Migration abroad has been a part of the history of Jamaica. Between 1950-1960 over 200,000 Jamaicans emigrated to Britian.

In recent years recorded migration from Jamaica has exceeded 20,000 per annum or more than 1 per cent of the total population. Since the virtual close of Britian to emigrants the migrants have been going to the U.S.A. and Canada. The result of adult migration and a high birth rate gives rise to serious problems. In 1911, children under 14 years of age represented less than 40 per cent of the population. In 1960, the proportion was about the same. However in 1975, 45 percent of Jamaica's population was under 14 years of age.¹ This places a heavy social burden on the remaining adult population.

Main Streams of Jamaican Migration 1972-1977

Country	1972	1973	1974	1975	1976	1977
United States	13,427	9,963	12,408	11,076	9,026	*n.a
Canada	3,092	9,363	11,286	8,211	7,282	6,230
United Kingdom	1,620	1,872	1,397	1,397	1,198	1,029
Total	18,139	21,198	25,091	20,681	17,506	* n.a.

* not available

Source: Economic and Social Survey, Jamaica 1977.

The change in the direction of migration from Britain to North America is accompanied by a change in the type of migrant. The migration to Britain was mostly unselective.

As Adam Kuper stated in his book "Changing Jamaica":

"Although various surveys suggest that the emigrants were on the whole more skilled, more experienced in urban employment, and perhaps better educated than the average Jamaican, none the less this migration certainly included large numbers of unskilled and unemployed men and women. The picture of the North American migration is very different."¹

The U. S. immigration laws which came into force in 1968, placed Jamaica in a Western Hemisphere group of countries which was given an entitlement of 120,000 immigrants per year. Jamaica took a large percentage of this figure, over 10 percent for many years. This was recently changed at the end of 1976 when each independent foreign state in the Western Hemisphere is given an annual limitation of 20,000 visas.²

Immigrants fall into two categories, either they are allowed into the U.S.A. because of a family relationship - that is, have a parent, child or spouse there, or the individual is awarded a "labor certificate", which favors special categories of workers, in particular skilled workers and craftsmen.

It is a noticeable feature that more women than men are migrating which may have the effect of reducing the birth-rate in the future. Approximately 50 per cent of the migrants in 1976 were under twenty after having had several years to all of their education subsidized by Jamaica.

¹Adam Kuper, op. cit., p.12.

²Economic and Social Survey, Jamaica 1977, prepared by the National Planning Agency, Kingston, Jamaica.

The Economy

With the demand for sugar in Europe in the 17th Century, Jamaica was transformed into a "mono-culture plantation economy". Sugar cane necessitates large operating units and is heavily dependent on preferential markets. The twentieth century has not seen much in the change of the economies structure. Jamaica suffers from the same ailments as all other Caribbean territories, lacking land space, skilled manpower and having a very fast growing population and with the exception of Trinidad and Tobago lacking available sources of energy.

However Jamaica has the advantage of being the third largest territory in the Caribbean, topped only by Cuba and the island of Hispaniola shared by the two nations of Haiti and Dominican Republic. Although only 60 percent of the total land area is said to be presently utilized for productive use-planting, pasturing and forestry, at least another 24 per cent of the unutilized portion can be so used. This is much more than the productive land area of many of the smaller islands, in some cases even more acres than the islands themselves. When one realizes that many of these small islands are coral reefs where the soil is only a few feet thick, the picture emerges.

Whereas many of these small islands are flat, Jamaica possesses one of the highest mountain ranges in the Caribbean over 7,402 feet. The central spine of mountain running East to West produces varying rainfall quantities ranging from nearly 300 inches on the

Eastern Blue Mountain slopes to less than 30 inches on some parts of the South-coast.¹ Average rainfall for the island is 78.04.² This makes it possible to develop a level of subsistence agriculture beyond the scope of the smaller Caribbean islands and a greater range of export crops. Tropical crops can be cultivated in the hotter drier regions, sub-tropical crops and cattle-rearing in the cooler wetter areas. Agricultural crops include annatto, bananas, citrus, cocoa, coconuts, coffee, corn, ginger, pimento, pineapples, rice, sugar, tobacco. There is livestock development in process also fisheries and forestry.

The chief minerals worth mining in the island are bauxite, ceramic clays, marble, silica sand and gypsum. Jamaica is the second largest producer of bauxite and alumina.

In the last decade the manufacturing industry has been improving from processing of a few agricultural products to the production of a range of commodities dependent on local and imported raw materials. These include asbestos pipes, cement, chemicals, clothing, footwear, glass, metal products, petroleum products, rum, paper products, textiles and tobacco.

Finally, there is tourism. Since the end of the second World War, the tourist industry has grown to be one of the major foreign exchange earners.

¹Statistical Yearbook of Jamaica 1977, p. 10.

²Ibid.

Tourism in the Caribbean

Tourism seems tailored for the Third World developing countries in particular the tropical region called the Caribbean. Governments of these islands, possessing abundant supplies of sun, warm climates, in addition to Third World poverty, limited resources and physical land and people constraints, have found it necessary to embrace tourism. The objectives were basically:

- to revive the once flourishing sugar-cane producing economies that have fallen into decline as in Puerto Rico and Barbados,
- to serve as an impetus for the development of other industries and the achievement of national development goals as in Jamaica, Mexico, Portugal, Brazil and Turisia.¹
- to act as a political and cultural bridge between the developed tourist generating economies and the various host countries, while creating a multiplier effect for local cultural expressions.

For the island economies of Bahamas, Bermuda and U.S. Virgin Islands, tourism represents their major industrial activity. In

¹James J. Eyser, "Economic and Development and Public Policy: Tourism as an Alternative", Cornell Quarterly, November, 1976.

1975 the Bahamas received 1.4 million visitors and the Industry accounted for about half of the nations \$130 million tax revenue and about 70 per cent of its G.D.P.¹

In Bermuda it is estimated that about US \$210 million is spent annually by tourists, contributing about 68 percent of total Foreign Exchange earnings and is the largest employer.

Definition of Tourism

Jafar Jafari in the editor's page of "Annals of Tourism Research" provides a short simple yet adequate definition of tourism:

"Tourism is a study of man away from his usual habitat, of the industry which responds to his needs, and of the impacts that both he and the industry have on the host socio-cultural, economic and physical environment." (2)

Reasons for Tourism Development in the Caribbean

For the Caribbean, tourism is seen as a highly desirable and feasible method to achieve increased economic development. The topography, cultural attractions and low cost labor are abundant in the region. All that seem to have been needed was the construction of the hotel superstructure--the hotel accommodations and recreation facilities, and supporting infrastructure--the roads, airports, public utilities to put the tourism sector in motion. There is a "short gestation period" involved and tourism could produce revenues within 1 to 2 years after a strong advertising campaign. Tourism as an invisible export earns Foreign

¹Somerset Waters and William Patterson, ASTA Travel News, The Big Pichire Travel 1976 (New York, Travel Communication 1976) p. 42.

²Jafar Jafari, "Annals of Tourism Research", Volume V, Oct./Dec. 1977.

Exchange without the remittance of a nation's natural resources. The only materials escaping are local souvenirs and craft work.

The earnings of convertible currency by developing countries is urgently needed to reduce the greatly increasing balance of payments deficits. This situation has been the result of the growing demand for imports by these developing countries which has been coinciding with low and even declining growth rates in export of primary commodities. Foreign Exchange is required to pay for the badly needed manufactured and semi-finished products needed to keep economies going. Earning of Foreign Exchange is often preferable to begging economic aid from developed countries. Today with the increased cost of oil, intense competition among Caribbean destinations develop for the tourist market and dollars with all the adverse effects involved with such program. In this battle for "survival" only the fittest" can survive--those territories who politically, socially, culturally and economically showed balanced development.

Tourism promises large-scale reduction of the unemployed and maximum usage of the unskilled and semi-skilled, in addition to growth in the agricultural sector in response to increased demand of the tourism industry and a stimulus to overall development of other industries via the multiplier effect of tourism expenditures.

International tourism has tended not to show the sudden fluctuations in demand on a yearly basis in the same way that the commodity trade does. It's hard to predict export revenues

too far in advance as it varies with supply and demand that is, volume and its corresponding price. Commodity Trade has not provided an increase in revenues to match increased import volume requirements and increased price of imports. Tourism market potential is good. In addition, the tourist markets in developed countries are not very protected as primary commodities markets are. Tourist markets are more easily accessible. Attempts by developing countries to use their comparative advantage in terms of labor costs for manufacturing has been frustrated by both limited domestic markets and restricted access to foreign markets via tariffs and quota barriers. These mechanisms protect the developed countries' markets higher cost home industry from the relatively cheaper imports.

By the standards of traditional commodities tourism is stable. Until 1974 tourism was one of the few commodities where Third World developing countries has been consistently increasing their share of the world market.

The question has often been asked of what is the "opportunity cost" of tourism. Whether by employing the resources, the residents, on jobs directly and indirectly related to the tourism product, is there a cost involved, the cost of alternative productive employment?

According to Donald Lundberg, this type of analysis may have little meaning for many Caribbean destinations where other means of employment have been tried and proved uneconomical.¹

¹Donald Lundberg, op. cit., p. 150.

He states that the Bahamas tried producing pineapples, cotton, fishing--even rum running--but none proved economical, therefore, the "opportunity cost" for tourism employment in the Bahamas under present conditions is small, as few other opportunities exists.¹

The Bahamas and most of the smaller Caribbean Islands can barely subsist as agricultural economies. Per capita income on some of the islands is less than \$400 a year. They are too remote to be competitive as small manufacturers. They have little choice but to consider tourism for future development. (2)

The major thrust of the promotional efforts of the Caribbean has been the developed Western markets, who possess the valuable convertible, currency backed by silver or gold, where standards of living are high. There are high rates of economic growth, where the bulk of the population is urbanized and mass media is very developed. These countries are the United States of America, Canada, Federal Republic of Germany and Great Britain. Tourism involves a redistribution of income and wealth from these developed countries to the developing Third World economies of the Caribbean and also redistribution of income on the local domestic level.

Trends in Tourism Development in the Caribbean

Tourism development in the Caribbean has certain common elements with other tourist developments elsewhere.

¹Donald Lundberg, op. cit., p. 150.

²Ibid.

1. "The area must be conveniently accessible to sizable markets." The Caribbean is a short distance away by aircraft and there are regular flight schedules to Caribbean destinations from the North American Continent and the Eastern seaboard of the U.S. in particular.
2. "The cost of transportation to the destination area must be relatively reasonable". The travel cost has been decreasing even further with the trend towards increased use of charters and pre-paid inclusive tours as the tourist industry become more "mass" oriented.
3. "Hotel accommodations must be relatively plentiful and preferably available in a range of prices". This request is easily complied with for the more tourist developed Caribbean destination.
4. "Promotion and advertising is necessary to keep the destination area in the eye of the potential traveller to the area". The National Tourist offices for the individual territories, often located in the tourist-generating economies is primarily involved with the achievement of this objective.

5. "The destination area must give the traveller the impression he is welcome and wanted". Today with achievement of independence by many Caribbean islands and growing nationalism and local pride this is harder to achieve. Most importantly the maturing phase of tourism for most territories in the Caribbean region carries its own implication. The vicious circle seems to be at the third stage of development. First was the eagerness for the tourist dollar; next came wide-scale tourist development via Government incentives and legislation, and finally the recognition by many that tourism has been providing an inadequate return to the people.
6. The area must offer a variety of attraction and experience which the Caribbean has--night life, duty-free shopping, beach, water sports, and cultural entertainments.

Statistics on the tourism sector of OAS member states which includes the Caribbean show that for the years 1970-1977 the number of arrivals increased by an average of 9.1 percent annually. For the period 1974-1977 which saw a world energy crisis, recession and a later recovery, arrivals was even showing a higher percentage rate of 12.3 percent.¹

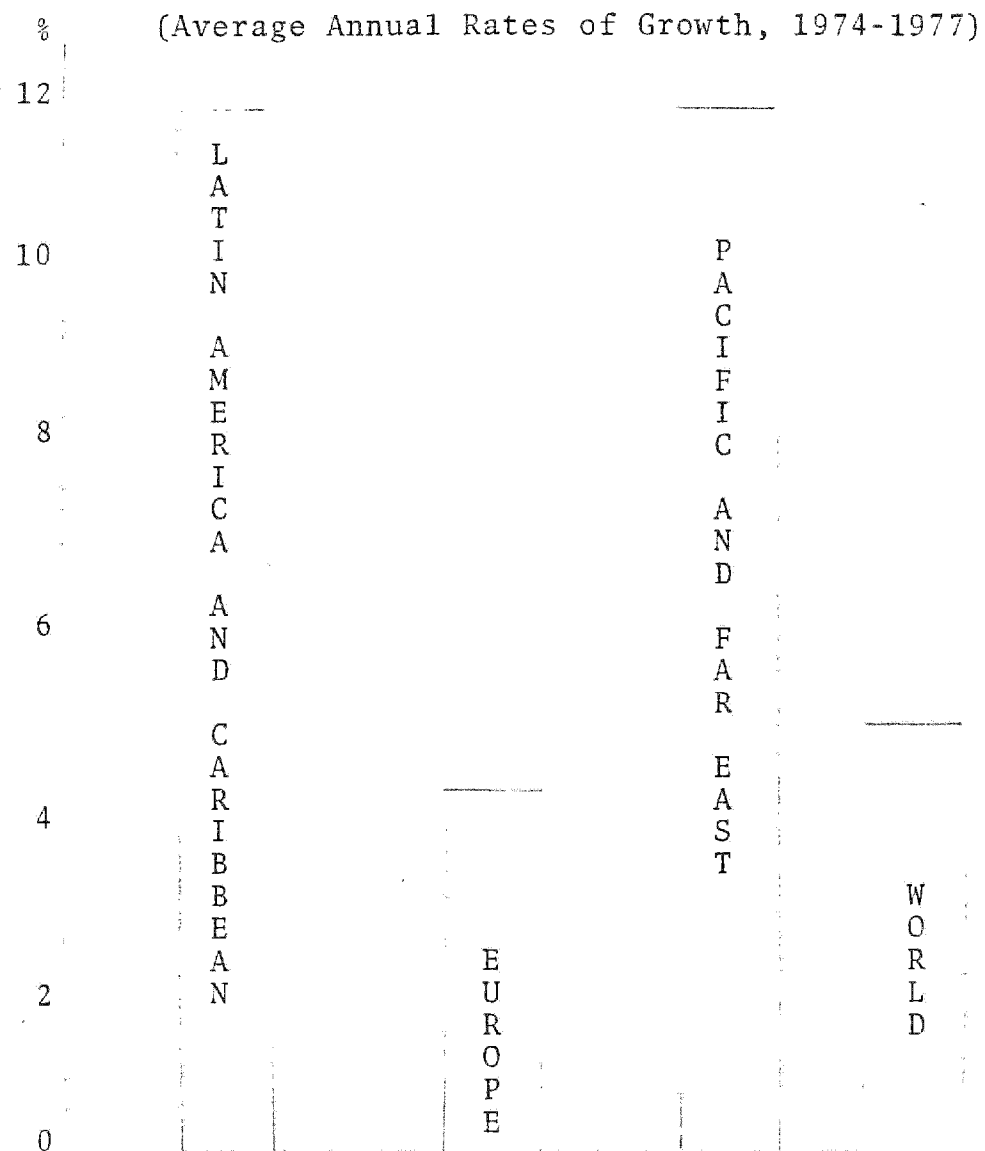
¹Thomas Reigert "Statistical Bulletin of the OAS", January-March 1979.

Income for the same OAS member states from tourists increased by an average of 12.0 percent for the period 1970-1977 but only 6.5 percent during the years 1974-1977.¹

The trend in the Caribbean has been for a receipts from tourism to be much slower than increase in arrivals. This is indicative of the tourist's success in economizing costs, greater use of charters, cheaper accommodations and prepaid inclusive tours. In addition as the tourist market moves from "class" to "mass", "the length of stay" also declines. Another reason for the wholesale group charters is that into a group package tour is built experiences people want at a price they are willing to pay, while safety in numbers is reassuring.

According to OAS, the lowest rates of growth was registered in Mexico and the Caribbean, partly the result of the maturity of tourism for both places as well as the results of disturbances in Jamaica and Grenada for the period 1974-1977.

¹Ibid.

Graph IGROWTH OF TOURIST ARRIVALS
IN SELECTED AREAS

Source: OAS

Statistics for visitor arrivals by air in the Caribbean is presented in Table II-4.

Table II-4
CARIBBEAN VISITORS ARRIVING BY AIR

<u>Country</u>				
Antigua	70,140	71,065	68,897	62,114
Aruba	88,078	93,028	100,814	123,000
Bahamas	1,044,973	1,021,842	966,560	917,000
Barbados	208,995	220,753	230,718	--
Bonaire	8,067	10,883	11,102	--
British Virgin Islands	22,000	24,995	29,194	31,737
Cayman Islands	30,646	45,751	53,104	54,000
Cuacao	126,683	123,192	109,263	103,304
Dominica	14,737	14,904	16,298	16,805
Dominican Republic	91,451	134,152	168,000	235,000
Grenada	35,081	30,620	13,751	19,451
Guadeloupe	42,160	42,554	57,495	72,000
Haiti	67,625	70,000	79,063	79,000
Jamaica	404,704	415,157	406,381	377,530
Martinique	68,947	82,798	108,784	--
Montserrat	10,449	10,500	10,141	--
Puerto Rico	1,172,885	1,322,258	1,441,002	1,339,137
St. Kitts-Nevis	15,991	14,773	13,120	14,480
St. Lucia	41,586	43,902	48,585	44,040
St. Maarten	108,980	107,916	110,018	--
St. Vincent	15,701	15,594	19,242	--
Trinidad & Tobago	112,350	123,570	126,550	--
Turks & Caicos	4,390	5,575	7,604	7,760
U.S. Virgin Islands	774,474	720,876	622,647	--

Source: Caribbean Travel Association and Childs & Waters, Inc.

For the year 1975, traffic to the Caribbean declined by about 6 percent. The decline was more pronounced in the larger resort areas which already had a surplus of hotel rooms. Some hotels closed, others were taken over by Governments. Some of the smaller islands were capturing a larger share of the tourist market from the older more established resort areas.

The figures for cruise passengers indicate that between 1974 and 1977, cruise ship passengers have been on the increase. Cruise ship passengers live aboard the ship and therefore spend less than tourists living at a destination.

Table II-5 gives cruise ships passenger arrivals for selected Caribbean territories and the annually average growth rates for the period 1970-1977.

Table II - 5
Arrivals of Cruise-Ship Passengers in
Selected Countries, 1970-1977

Subregion and Country	1970	1974	1975	1976	1977	Annual average growth rates(%)	
						1970-77	1974-77
CARIBBEAN							
Barbados	79,635	119,524	98,546	95,901	103,077	3.8	-4.8
Grenada	n.a.	57,644	85,460	106,882	108,465	n.a	23.5
Haiti	28,613	129,911	196,667	201,808	186,433	31.0	12.7
Jamaica	105,598	97,739	157,449	142,008	121,593	3.2	7.6

Sources: Statistical bulletins of national tourism authorities.

¹Somerset Waters and William Patterson, op. cit.

For the year 1974, total earnings from tourism in the Caribbean was estimated at about \$2 billion, according to a study published by the Federal Reserve Bank of Atlanta. 1976 showed greater promises of increases in arrivals and the \$2 billion mark should be surpassed.

Foreign-exchange earnings from tourism for OAS member states of Mexico, Central America and Panama, Caribbean Andean Group, Southern Cone and Brazil is presented for 1970-1977 in Table II-6 as a possible comparison, also the annual average growth rates. Table II-7 gives an idea of the contribution of tourist expenditures to Balance of Payment for the same OAS member states including the Caribbean.

Table II - 6
FOREIGN EXCHANGE EARNINGS FROM TOURISM a/
(in millions of current US\$)

Subregion and country	1970	1974	1975	1976	1977	Annual average growth rates (%)	
						1970-77	1974-77
MEXICO	1,171.0	2,056.5	2,170.9	2,232.8	2,120.2	8.9	1.0
CENTRAL AMERICA & PANAMA	138.2	275.3	318.2	331.3	367.7 f/	15.0	10.1
Costa Rica	22.1	48.5	51.7	54.7	62.6	16.0	8.9
El Salvador	8.5	15.5	18.5	21.0	23.0	15.3	14.1
Guatemala	12.1	56.8	78.1	65.6	66.2	27.5	5.2
Honduras	4.1	9.9	10.7	11.5	13.8	18.9	11.7
Nicaragua	13.2	23.1	26.3	28.2	32.9 b/	13.9	12.5
Panama	78.2	121.5	132.9	150.3	170.7	11.8	12.0
CARIBBEAN e/	186.2	353.8	369.2	371.4	388.0 f/	11.1	3.1
Barbados	40.4	76.2	77.2	83.2	111.0	15.5	13.4
Dominican Republic	16.4	53.5	58.8	70.9	84.2	26.3	16.3
Haiti	6.6	18.5	21.9	24.6	30.0	24.1	17.5
Jamaica	95.5	133.3	128.5	105.8	72.0	-4.0	-18.6
Suriname	3.4	6.6	7.6	11.0	n.a.	21.6 c/	29.1 d/
Trinidad and Tobago	23.9	65.7	75.2	75.9	n.a.	21.2 c/	7.5 d/
ANDEAN GROUP	167.0	436.6	486.7	567.3	707.8	22.9	17.5
Bolivia	2.5	17.6	18.9	25.1	29.0	41.9	18.1
Colombia	54.0	127.5	163.9	188.2	255.7	24.9	26.1
Ecuador	8.5	20.9	33.1	30.7	35.5	22.7	19.3
Peru	52.0	96.2	91.1	99.3	112.1	11.6	5.2
Venezuela	50.0	174.4	179.7	224.0	275.5	27.6	16.5
SOUTHERN CONE AND BRAZIL	210.8	308.3	415.6	405.3	564.5	15.1	22.3
Argentina	74.0	109.4	154.2	180.1	212.5	16.3	24.8
Brazil	30.0	66.1	70.4	56.6	54.9	9.0	-6.0
Chile	50.0	75.8	82.6	86.6	81.7	7.3	2.5
Paraguay	14.2	12.0	10.3	14.0	35.4	13.9	43.4
Uruguay	42.6	45.0	98.1	68.0	180.0	22.9	58.7
TOTAL	1,873.2	-3,430.5	3,760.6	3,909.1	4,148.0 f/	12.0	6.5

a. As per reported in balance of payments travel account

b. Estimate

c. 1970-1976

d. 1974-1976

e. Excludes Grenada

f. Includes an estimate for one or more countries

Source: Compiled by OAS General Secretariat from International Monetary Fund, Balance of Payments tapes.

TABLE II - 7
 CONTRIBUTION OF TRAVEL EARNINGS TO BALANCE OF PAYMENTS, SELECTED YEARS
 (in percentages of total exports of goods and non-factor services)

Subregion and country	1970	1974	1975	1976	1977
MEXICO	39.9	31.6	33.3	30.3	26.3
CENTRAL AMERICA & PANAMA	8.1	7.2	7.5	6.3	n.a.
Costa Rica	7.8	8.7	8.3	7.4	6.4
El Salvador	3.5	2.9	2.9	2.4	2.1
Guatemala	3.4	7.2	8.8	5.3	4.3
Honduras	2.0	2.7	2.9	2.4	2.3
Nicaragua	5.9	4.8	5.4	4.4	n.a.
Panama	19.7	11.2	10.6	11.9	12.3
CARIBBEAN a/	10.9	7.0	6.8	6.6	n.a.
Barbados	39.2	37.2	32.5	35.8	38.0
Dominican Republic	6.2	6.9	5.6	8.0	8.7
Haiti	13.2	14.2	11.9	9.7	10.6
Jamaica	17.9	11.9	10.7	10.2	6.6
Suriname	1.9	1.9	1.5	2.4	n.a.
Trinidad & Tobago	4.0	2.6	3.4	2.8	n.a.
ANDEAN GROUP	3.0	2.4	3.0	3.3	3.7
Bolivia	1.4	2.7	3.4	3.8	3.9
Colombia	5.3	6.3	7.1	6.4	7.4
Ecuador	3.5	1.5	2.5	2.1	2.3
Peru	4.2	5.0	5.1	5.5	5.1
Venezuela	1.7	1.4	1.8	2.1	2.5
SOUTHERN CONE & BRAZIL	3.0	1.8	2.6	2.1	2.3
Argentina	3.4	2.3	4.2	3.8	3.2
Brazil	1.0	0.7	0.7	0.5	0.4
Chile	3.9	3.1	4.7	3.6	3.1
Paraguay	15.7	5.5	4.4	5.3	8.4
Uruguay	14.8	9.0	17.3	9.5	20.2
TOTAL	9.9	6.8	7.8	7.1	6.6 b/

a. Excludes Grenada

b. Estimate

Source: International Monetary Fund, Balance of Payments tapes.

For Barbados tourism accounted for 2.5 of total earnings from goods and services in 1977. In Jamaica the industry saw a period of decline in receipts.

A study of the attitude of 1,400 travel agents towards the Caribbean, Mexico, Central and South America was conducted by a faculty group from Cornell's School of Hotel Administration and Robinson's, Inc., of Orlando, Florida in 1975.¹

The results showed that the attitude of U.S. travel agents was slightly more favorable towards the Caribbean than toward Latin America. In "perceived attractiveness: the five regions were ranked as following: Andean Countries, Caribbean, Southern South America, Mexico, Central America.

In "perceived cleanliness", the ranking order was: Caribbean, Southern South America, Andean Countries, Central America, Mexico.

In "perceived safety", the ranking order was: Mexico, Caribbean, Andean Countries, Central America, Southern South America.

In "perceived friendliness", the order of ranking was: Mexico, Central America, Southern South America, Andean Countries and lastly the Caribbean. For both "popularity" and "activity" Mexico was ranked first, the Caribbean next, followed by Southern South America, Central America, Andean Countries.

¹Peter Yesawich and John Duncan III, "Survey of Attitudes of U. S. Travel Agents", Cornell Quarterly, May 1975.

For all destinations the net operating profit is a function of (1) tax placed on the industry, (2) average tourist expenditures, (3) average occupancy rates. With the exception of local tariff situation the other deciding factors are externally determined from the host territory. The small Caribbean territory has no control over the income of the tourist in their home countries, in addition these small host countries are also vulnerable to economic fluctuations in the countries of origin of the tourist. Many of the Caribbean resort destinations have tried to reduce dependency on the tourist generating capacities of the U.S.A. and Canada and are actively seeking the European market. The fuel shortage and increased oil cost however have demonstrated a trend for reduction in the demand for long-haul destination points as the Caribbean is to the European tourist markets. As a result the international traveller from Europe stays increasingly closer to home in the same manner in which the Americans will choose vacation destinations nearby.

Who is the Tourist to the Caribbean

The Caribbean in general appeals to the North American middle class. For North Americans, the Caribbean projects balmy breezes, the limbo dance, straw markets, new hotels set in scenic beauty.¹

¹Donald Lundberg, op. cit., p. 239.

---"because it seems to approximate to the romantic myths of the paradise isle or the tropical Eden. The younger, more fashion-conscious tourists may add freely available dope, reggae music and a touch of Rastafarian mysticism to the basic idyllic ingredients, but their attitude remains equally "mystified". Since the mythology of escape is indispensable to tourism it is not easy to reject the paradisaal imagery." (1)

The mass tourist to the Caribbean is there on a vacation from the anxieties and frustrations to his world back home. He cannot be expected to be interested in the social and economic issues of small island nations struggling to see their way in a world of economic turmoil and Third World poverty. He is not interested, not when the destination has been sold to him either by his travel agent or by the host country's Government Tourist office in his home country. The tourist has come "in search of a world of pleasure, and island of lotus eaters".² He expects the beaches to be clean and the native welcoming. Anything other than his expectations makes him feel cheated and angry. He does not want to know the reason behind the polluted beach and the hostility of the local peoples, that they hate to be called "natives". He has spent his money and wants his money's worth.

The tourist to the Third World nations and the Caribbean has rigidly polarized views of the world. He sees no connection between the wealth of his class and the poverty he sees. The

¹Louis Turner and John Ash, op. cit., p.206.

²Ibid.

Caribbean tourist is often exposed to extremes of wealth and poverty not witnessed in Europe and other developed countries. Often he feels superior to the local people and regards himself as their saviour.

For many independent Caribbean countries although the industry is courted, many local people will reject it for demanding too much subservience. The white tourist has replaced the old colonial masters.

CHAPTER III

This chapter provides an overview of Jamaica's economic performance for 1976, 1977 and 1978 and presents the sectoral contributions of Agriculture, the Mineral Industry, Manufacturing Construction and Installation, and Tourism to Gross National Output, Foreign Exchange Earnings, employment and general overall development.

THE ECONOMY

Like most developing countries Jamaica is a producer and exporter of primary products and an importer of manufactured goods, capital and industrial raw materials, that is, secondary products. The nature of this trading agreement has been increasingly disadvantageous for developing countries.

The trend of rising prices for secondary products and oil in addition to unstable world prices for primary products becomes accentuated. The overall import price index grew by 139 percent between 1973-1976 for Jamaica.¹ Exports have not kept pace with this increase. The result is a largely increasing adverse balance of trade with its implications for the balance of payments.

The year 1975 saw a steadily worsening economic situation in Jamaica with both the Visible Balance of Trade and Balance of Payments showing considerable increases over 1974. 1976 saw no improvements due to drought and political develop-

¹Five-Year Development Plan 1978-82, Government of Jamaica.

ments in Jamaica. The major difficulties were centered on the external sector resulting in reduced foreign exchange earnings and capital inflows and depleted foreign exchange reserves.

There was both a fall in export earnings and importations. The fall in import demand was due to a deliberate government policy aimed at reducing the outflow of foreign exchange. A total ban was put on the importation of motor vehicles and an increased consumption duty placed on both consumer and capital goods. Limits were put on categories of goods to be imported and local production was encouraged via government incentives. However the incentives had a nominal effect due to frequent industrial disputes and labor unrest within the export-oriented sectors. In particular, the Bauxite and Alumina Industry were most affected where production declined below the 1975 level. In addition adverse publicity and reports of violence within the country reduced tourist arrivals by approximately 15 percent and estimated tourist expenditure by 18 percent.¹

Due to the import-restriction measures, the merchandise trade deficit of \$254 million in 1976 was lower than in 1975 (\$281 million). The real problem was in the Capital accounts. Private outflows of capital was considerable and private inflow insubstantial. A net private outflow of \$90 million was recorded. However the illegal outflows was estimated to be about \$300 million in the years 1974-1976. The net capital inflows in 1976 totaled only \$50.5 million, compared to 1975

¹Economic and Social Survey, Jamaica 1976-A Government Publication prepared by the National Planning Agency. p. i.

when it was \$189.9 million. Foreign exchange reserves of \$240.5 million had to be used to finance the current account deficit. By the end of 1976, gross foreign reserves had fallen to the minimum required to finance daily transactions. New measures were adopted to contract import demand, and increase exports while new external financing was sought.

Additional Taxation had been introduced early in 1976 but revenues were adversely affected by falling exports and domestic production.¹

In the elections of December 15, 1976 the Jamaican populace supported the ruling party's ideology of Democratic Socialism and their policies of social reform and economic sovereignty. However the poor performance of the basic producing sectors and depletion of foreign exchange reserves at the end of 1976 made it increasingly difficult to maintain the existing programmes.

The year 1977 commenced with a government announcement of a new package of additional taxation and tighter foreign exchange and import controls. An import ceiling of \$600 million, later revised to \$800 million was set, with priorities given to raw materials particularly those intended for export industries and basic food. One of the conditions of the loan from the International Monetary Fund was a partial devaluation of the Jamaican dollar. In April 1977 the devaluation was 37 1/2 percent and a dual exchange rate system established.

¹Economic and Social Survey, Jamaica 1976, op.cit.

Under this "two-tiered" rate system, there was a basic or original rate and a special rate equivalent to 37.5 percent devaluation. The basic rate was the original rate of exchange of J\$1. - U.S.\$1.10. This rate was applied only to importation of certain basic commodities and transactions relating to the Government or bauxite/alumina industry. The special rate representing the 37.5 percent devaluation of the Jamaican dollar was set at J\$1 = U.S.\$0.80 or U.S.\$1.00 = J\$1.25. All commodities with the exception of bauxite and alumina were exported at the special rate.

In October 1977, six months later, there was a further devaluation of the special rate by 2.5 percent completing the round at 40 percent. The special rate moved from J\$1.25 to J\$1.28 = U.S.\$1.00.

The strategy was aimed at restricting non essential consumer items and capital equipment. About 72 percent of all imports was classified "essential" and were imported at the basic rate. The effect, therefore, on the import sector was not as severe as a full devaluation strategy would have been and the value of the imports could be maintained within the revised \$800 million level. Serious shortages of raw materials and products resulted. Domestic agriculture increased but this was still insufficient to meet demand.

Devaluation in general has the effect of making the exports of the devaluating countries more competitive vis-a-vis similar exports of other countries. It was expected to give a boost to Jamaica's exports, particularly, the nontraditional

exports as the traditional exports are sold under prearranged trading agreement.¹

The measures adopted to stem the outflow of foreign currency by restricting imports and stimulating exports were still insufficient. The International Monetary Fund provided a stand-by agreement making available a loan of U.S. \$74 million to be paid in installments. U.S. \$24.4 million was paid during 1977.² A further U.S. \$22.0 million due in December 1977 was not paid as one of the conditions of the loan, that of net domestic assets test was not met. Balance of Payment support was provided by other loans and lines of credit from some of Jamaica's trading partners.

Overall there has been a negative real growth of about 11 percent between the years 1972-1977.³ Table III-1 gives the annual growth rate of the G.D.P.

TABLE III-1

Gross Domestic Product (constant 1974 prices), 1977 - \$2011.1.
Annual rate of growth by G.D.P. (constant 1974 prices)

1971/1970:	+2.4%
1972/1971:	+9.3%
1973/1972:	-0.1%
1974/1973:	+0.3%
1975/1974:	-1.0%
1976/1975:	-6.7%
1977/1976:	-4.0%

Source: Five-Year Development Plan (1978-82 Government of Jamaica)

¹Economic and Social Survey, Jamaica 1977, op.cit. p. 49

²External Trade 1977, Department of Statistics, Jamaica.

³Five-year Development Plan 1978-82, Government of Jamaica.

The distribution of real G.D.P. has also fallen as depicted in Table III-2 for the period 1971-1977.

TABLE III-2

INCOME DISTRIBUTION	
Real G.D.P. per capita (1974 prices)	
1971	J\$1,088.2
1976	J\$1,010.6
1977	J\$ 959.5
Change (1971-1976) - 7.2%	
Change (1971-1977) - 11.9%	

Source: Five Year Development Plan 1978-82
Government of Jamaica

When the influence of price changes is removed, the output of goods and services at constant values produced in 1977 declined by 4.0 percent instead of the reported 9.1 percent indicated by current value measurements. This is depicted in Table III-3

See attached Table III-3

TABLE III- 3

Gross Domestic Product by Economic Activity in Purchasers' Values
at Constant Prices

	(\$000)				
Industry	1973	1974	1975	1976	1977
Agriculture, Forestry and Fishing	159,401	162,645	164,908	166,271	176,609
Export Agriculture	33,109	36,479	32,437	35,902	29,487
Sugar Cane	21,048	22,226	20,692	20,959	18,648
Other Main Exports	12,061	14,253	11,745	14,943	10,839
Domestic Agriculture	65,993	70,154	72,330	68,584	81,361
Root Crops	37,071	40,338	41,669	37,030	44,210
Other Primary Prod.	28,922	29,816	30,761	31,554	37,151
Livestock & Hunting	38,931	37,161	41,240	42,799	46,372
Fishing	17,052	16,148	16,148	16,147	16,148
Forestry & Logging	4,316	2,703	2,753	2,839	3,241
Mining and Quarrying	261,895	297,326	227,586	183,340	214,468
Bauxite & Alumina	251,403	287,646	220,912	177,765	209,694
Quarrying Incl.					
Gypsum	10,492	9,680	6,674	5,575	4,774
Manufacture	379,918	386,517	385,824	373,002	352,557
Construction & Instal- lation	230,827	213,537	214,828	176,254	143,313
Electricity & Water	22,221	22,238	23,142	23,757	23,431
Transportation, Stor- age & Communication	123,856	137,036	141,587	135,117	140,600
Distributive Trade (Wholesale & Retail)	491,561	409,329	432,170	343,172	315,182
Financial Institution	86,156	94,109	101,263	92,892	89,413
Real Estate	173,206	180,276	182,317	183,363	179,283
Products of Govern- ment Services	222,895	251,341	265,218	311,660	286,934
Miscellaneous Svcs	129,593	136,553	135,895	135,222	122,166
Households & Private Non-Profit Inst.	43,246	40,334	36,893	38,886	37,462
Less Imputed Service Charges	65,878	65,872	67,972	68,762	70,346
Total Gross Domestic Product	2,258,897	2,265,369	2,243,660	2,094,174	2,011,072

Source: Economic and Social Survey, Jamaica 1977.

TABLE III-4

RATE OF GROWTH OF GROSS DOMESTIC PRODUCT BY INDUSTRIAL SECTORS
AT CONSTANT PRICES

Industrial Sector	Percent				
	1973	1974	1975	1976	1977
Agriculture, Forestry and Fishing	-6.6	2.0	1.4	0.8	6.2
Mining and Quarrying	12.8	13.5	-23.5	-19.4	17.0
Manufacture	-1.3	1.7	-0.2	-3.3	-5.5
Construction and Installation	-11.2	-7.0	0.6	-18.0	-18.7
Electricity and Water	5.6	0.1	4.1	2.7	-1.4
Transportation, Storage and Communication	1.8	10.6	3.3	-4.6	4.1
Distributive Trade	-3.5	-16.7	5.6	-20.6	-8.2
Financial Institutions	-1.1	9.2	7.6	-8.3	-3.7
Real Estate	3.7	4.1	1.1	0.6	-2.2
Producers of Government Services	19.8	12.8	5.5	17.5	-7.9
Miscellaneous Services	-6.3	5.4	-0.5	-0.5	-9.7
Households and Private Non-Profit Institutions	13.5	-6.7	-8.5	5.4	-3.7
Total Gross Domestic Product in Purchasers' Values	-0.1	0.3	-1.0	-6.7	-4.0

Source: Economic and Social Survey, Jamaica, 1977

TABLE III-5

PERCENTAGE CONTRIBUTION OF GROSS DOMESTIC PRODUCT BY INDUSTRIAL
SECTORS AT CONSTANT PRICES

Industrial Sector	Percent				
	1973	1974	1975	1976	1977
Agriculture, Forestry and Fishing	7.0	7.2	7.4	7.9	8.8
Mining and Quarrying	11.6	13.1	10.1	8.7	10.7
Manufacture	16.8	17.1	17.2	17.8	17.5
Construction and Installation	10.2	9.4	9.6	8.4	7.1
Electricity and Water	1.0	1.0	1.0	1.1	1.1
Transportation, Storage and Communication	5.5	6.0	6.3	6.5	7.0
Distributive Trade	21.8	18.1	19.3	16.4	15.7
Financial Institutions	3.8	4.1	4.5	4.4	4.4
Real Estate	7.7	8.0	8.1	8.8	8.9
Producers of Government Services	9.9	11.1	11.8	14.9	14.3
Miscellaneous Services	5.7	6.0	6.1	6.5	6.1
Household and Private Non-Profit Institutions	1.9	1.8	1.6	1.9	1.8
Less Imputed Service Charges	2.9	2.9	3.0	3.3	3.5
Total	100.0	100.0	100.0	100.0	100.0

Source: Economic and Social Survey - Jamaica 1977

The manufacturing sector was the major contributor to G.D.P. in 1977 (17.5%), despite a decline of 5.5 percent in output. The distributive sector declined (-8.2 percent), government (-7.9 percent) and miscellaneous services (-9.6 percent). Real growth was achieved by only three sectors in 1977; Agriculture (+6.2%), Mining and Quarrying (+17.0%) and Transportation, Communication and Storage (+4.1 %).

Net investments in 1977 declined by 83 percent. The decline in investment was reflected in a 18.7 percent contraction in real output of the Construction and Installation sector; following a similar decline of 18.0 percent in 1976. National Savings was also negative and external borrowings declined by 51 percent. At the same time that National Savings was negative in 1977, the financial institutions, in particular commercial banks, experienced a high degree of liquidity as bank deposits continued to increase while demand for loans declined. Aggregate saving is determined by both savers and dissavers. The sum of corporate and personal savings in 1977 totalled \$37.2 million, while government savings were negative \$1564 million.

External Trade

The year 1977 ended with a reduced deficit on visible trade due to the restrictions placed on the importation of non-essential items and the improved performance of the Bauxite/Alumina industry.

However, provisional trade data for the year 1978 (at exchange rates existing at December 31, 1978) show a trade

deficit of J\$131 million. This is a considerable deterioration compared to a deficit of J\$22.5 million for 1977.

The surge in imports for 1978 was due to increased raw material importations for manufacturers, in particular, exporters. Provisional data on External Trade for January to December 1977 and 1978 is compared in Table III-6.

External Trade For 1977 and 1978

At Current Exchange Rates J\$000

	<u>Jan-Dec.</u> <u>1977</u>	<u>Jan-Dec.</u> <u>1978</u>	<u>Change</u>	<u>% Change</u>
Exports (f.o.b.)	707,312	1,094,838	+387,526	+54.8
Imports (c.i.f.)	<u>781,639</u>	<u>1,256,852</u>	<u>+475,213</u>	<u>+60.8</u>
Trade Balance	<u>-74,327</u>	<u>-162,014</u>	<u>-87,687</u>	<u>-117.9</u>

At Exchange Rate Existing at Dec. 1978

	<u>Jan-Dec.</u> <u>1977</u>	<u>Jan-Dec.</u> <u>1978</u>	<u>Change</u>	<u>% Change</u>
Exports (f.o.b.)	1,243,399	1,261,330	+ 17,931	+14.4
Imports (c.i.f.)	<u>1,265,876</u>	<u>1,392,634</u>	<u>+126,758</u>	<u>+10.0</u>
	-22,477	-131,304	-108,827	-484.1

Source: Bank of Jamaica, March 1979

The year 1978 also saw further devaluations and in May 1978, a unified rate of exchange was established.

Table III-7 sets out the various exchange rates over the period April 1973 - August 1978.

TABLE III-7

Rate of Exchange

1973 - April 21, 1977	J\$1.00 = US\$1.10	
	Basic Rate	Special Rate
April 22, 1977 - Oct. 24, 1977	J\$1.00 = US\$1.10	J\$1.25 = US\$1.00
Oct. 25, 1977 - Jan. 13, 1978	J\$1.00 = US\$1.10	J\$1.28 = US\$1.00
Jan.18, 1978 - April, 1978	J\$1.05 = US\$1.00	J\$1.35 - US\$1.00
May 9, 1978	Unified Exchange Rate Established	
	J\$1.55 = US\$1.00	
June 8, 1978	J\$1.57 = US\$1.00	
July 14, 1978	J\$1.60 = US\$1.00	
August 10, 1978	J\$1.65 = US\$1.00	
In June, 1979, the exchange rate was J\$1.78 - US\$1.00 or US\$0.57 - J\$1.00.		

The Balance of Visible Trade for the years 1938-1978 is shown in Table III-8. (see following page)

TABLE III-8

TOTAL EXTERNAL TRADE 1938, 1948, 1958-1977, BY QUARTERS 1975-1977

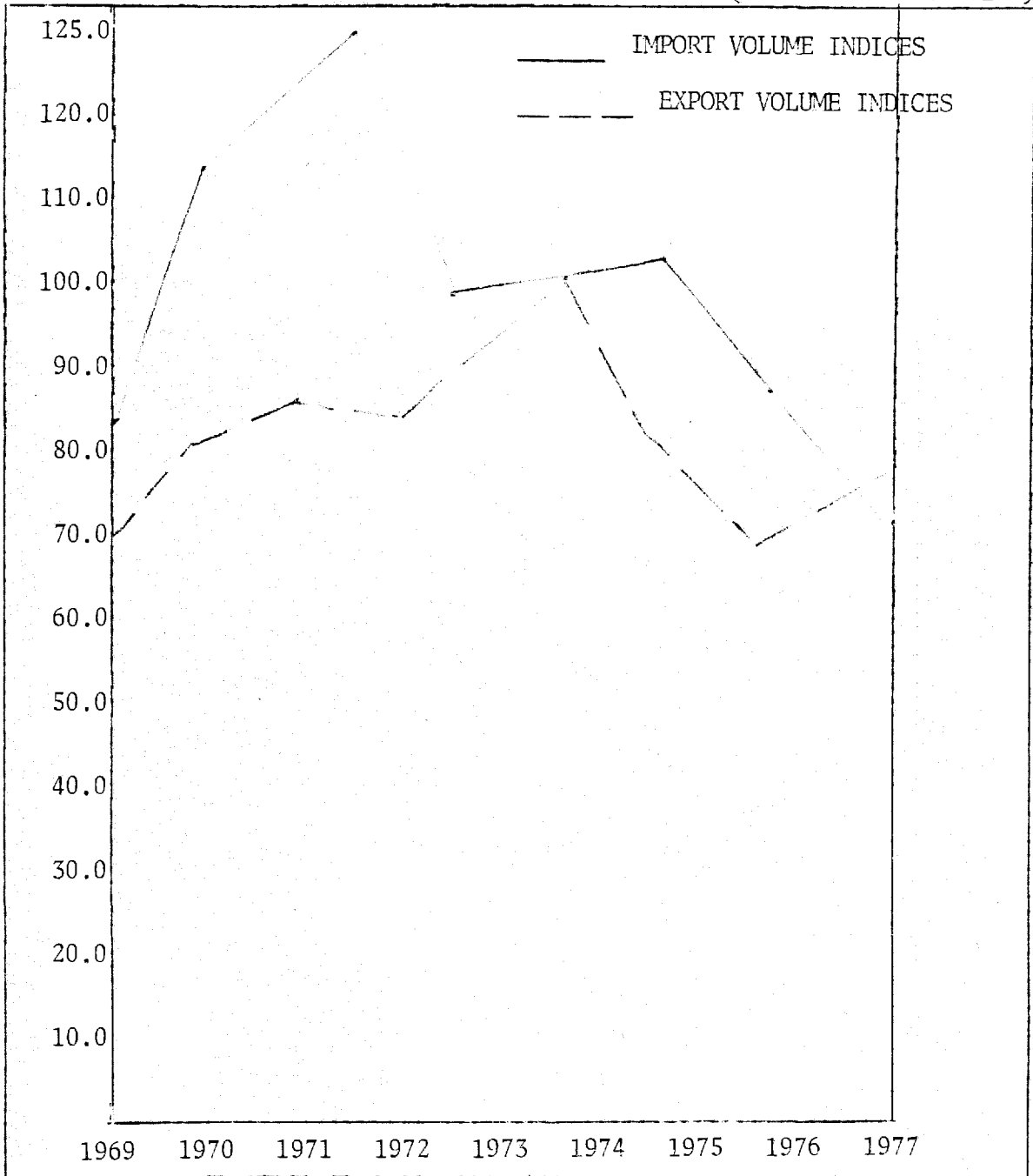
BY MONTH 1977 (MIXED AND BASIC RATES)

Period	Balance of Visible Trade	Imports (C.I.F.)	E X P O R T S (F.O.B.)		
			Total	Domestic Exports	Re-Exports
1938	- 2,905	12,970	10,065	9,852	213
1948	- 16,587	39,362	22,775	22,301	474
1958	- 34,071	129,293	95,222	93,512	1,710
1959	- 45,059	137,292	92,233	90,537	1,696
1960	- 41,672	155,002	113,330	111,523	1,807
1961	- 27,677	150,791	123,114	121,264	1,850
1962	- 29,514	159,202	129,688	124,469	5,219
1963	- 16,855	161,085	144,230	140,368	3,862
1964	- 52,199	206,657	154,458	151,151	3,307
1965	- 53,327	206,470	153,143	149,874	3,269
1966	- 70,833	233,706	162,873	160,217	2,656
1967	- 89,265	252,579	163,314	160,745	2,569
1968	-137,343	320,346	183,003	179,495	3,508
1969	-151,521	363,301	211,780	206,100	5,680
1970	-153,007	437,839	284,832	279,116	5,716
1971	-177,050	459,754	282,704	275,203	7,501
1972	-189,110	489,256	300,146	292,277	7,869
1973	-260,515	615,123	354,608	347,841	6,767
1974	-208,700	850,781	642,081	630,769	11,312
1975	-247,267	1,021,412	774,145	760,889	13,256
1976	-254,790	829,785	574,995	560,872	14,123
1977 (Mixed Rate)	- 74,326	781,639	707,313	793,411	13,902
1977 (Basic Rate)	- 12,085	678,951	666,865	655,267	11,598
1978	-181,727	1,278,052	1,096,325	N/A	N/A

Source: External Trade 1977; Department of Statistics

IMPORT AND EXPORT VOLUME INDICES
1969 - 1977

(Base Year 1974 = 100)



Source: Department of Statistics, Jamaica

For the years 1973-1978, not only has Net Foreign Debt increased, but Jamaica's Net Foreign Reserves has taken an increasingly negative plunge. This is shown in Table III-9.

TABLE III-9
FOREIGN DEBT AND NET EXCHANGE RESERVES
J\$'000

End of Period	Total Foreign Debt	Net Foreign Reserves	Net Foreign Reserves as a % of Net Foreign Debt
1973	133,070	76,100	57.2
1974	243,371	130,200	53.5
1975	356,684	58,500	16.4
1976	421,521	-181,400	--
1977	452,457	-196,000	--
1978	1,128,397	-447,400	--
Jan., 1979	1,179,441	-413,600	--
Feb., 1979	Not Available	-469,300	--
Mar., 1979	Not Available	-405,100	--

Source: Bank of Jamaica

Imports

Over the four year period 1973-1976, the overall import price index for Jamaica grew by 139 percent¹, and the economy's real capacity to import, calculated by dividing export earnings by the import price index, declined.

¹Five Year Development Plan Jamaica 1978-82. op.cit., p.6.

Table III-10 gives annual changes in imports for the period 1960-1978.

TABLE III-10
ANNUAL CHANGES IN TOTAL IMPORTS: 1960-1978

Period of Trade	Total Imports \$'000	Annual Changes in Imports \$'000	Annual Percentage Change
1960	155,002	--	--
1961	150,791	-4,211	-2.7
1962	159,202	8,411	5.6
1963	161,085	1,883	1.2
1964	206,657	45,572	28.3
1965	206,470	-187	0.0
1966	233,706	27,236	13.2
1967	252,579	18,873	8.1
1968	320,346	67,767	26.8
1969	363,301	42,955	13.4
1970	437,839	74,538	20.5
1971	459,754	21,915	5.0
1972	489,256	29,502	6.4
1973	615,123	125,867	25.7
1974	850,781	246,282	40.7
1975	1,021,412	170,631	20.1
1976	829,785	-191,627	-18.8
1977 (Mixed Rate)	781,639	-48,146	-5.8
1978	1,256,852	475,213	60.8

Source: External Trade

The value of consumer goods imported declined from 33 percent to 13 percent of total imports between 1972-1977. The target, according to the most recent five year Development Plan, is to have consumer goods decline to 6 percent by 1982.¹

¹Five Year Development Plan, Jamaica 1978-82, op.cit.

Raw materials represented 65.2% of total imports in 1977. Fuel imports accounted for 28.5% of imports, due to increase in the price of oil and capital goods represented 22.0% of total imports in 1977.

TABLE III-11

IMPORTS BY ECONOMIC FUNCTION OR END-USE: 1975-1977

Category	1975		1976		1977(Mixed Rate)	
	\$'000	%	\$'000	%	\$'000	%
ALL CATEGORIES	1,021,412	100.0	829,785	100.0	781,638	100.0
Consumer Goods	212,642	20.8	149,499	18.0	99,876	12.8
Food	118,101	11.5	80,024	9.6	52,317	6.7
Other Non-Durable	43,825	4.3	32,497	3.9	24,717	3.2
Durable	50,716	5.0	36,978	4.5	22,942	2.9
Raw Materials	494,321	48.4	467,643	56.4	510,039	65.2
Fuels	195,513	19.1	185,008	22.3	223,174	28.5
Other	298,808	29.3	282,635	34.1	286,865	36.7
Capital Goods	314,449	30.8	212,643	25.6	171,624	22.0
Construction						
Materials	89,227	8.7	65,234	7.9	70,297	9.0
Transport Equip- ment	78,708	7.7	24,226	2.9	15,333	2.0
Other Machinery & Equipment	137,420	13.5	108,867	13.1	72,615	9.3
Other Capital	9,130	0.9	14,316	1.7	13,379	1.7

Source: Department of Statistics, Jamaica

TABLE III-12
RAW MATERIAL IMPORTS 1975-1977

Category	1975		1976		1977 (Mixed Rate)	
	\$'000	%	\$'000	%	\$'000	%
ALL CATEGORIES	494,321	100.0	467,643	100.0	510,039	100.0
Fuels	195,513	39.6	185,005	39.6	223,174	43.8
Food and Tobacco	62,993	12.7	84,940	18.2	69,357	13.6
Chemicals	89,584	18.1	67,740	14.5	82,266	16.1
Paper & Paperboard	25,320	5.1	21,045	4.5	20,219	4.0
Ferrous and Non-Ferrous Metals	8,185	1.7	4,069	0.8	7,301	1.4
Textiles	36,717	7.4	34,015	7.3	31,591	6.2
Non-Metallic Minerals	8,855	1.8	7,797	1.7	5,755	1.1
Manufactures of Metals	12,422	2.5	9,308	2.0	9,617	1.9
Crude Materials, Inedible Except Fuels	14,512	2.9	14,576	3.1	24,838	4.9
Animal Feeds	2,760	0.6	2,897	0.6	3,679	0.7
Other	37,460	7.6	36,251	7.7	32,242	6.3

Source: External Trade 1977, Jamaica

In 1978 most categories of imports recorded increases. Manufactured goods, food, machinery and transport equipment, and miscellaneous manufactured goods.

TABLE III-13

J\$'000 - Value of Imports - at Exchange Rate Existing Dec. 31, 1978

S.I.T.C.	Jan.-Dec. 1977	Jan.-Dec. 1978	Change	% Change
0. Food	214,784	270,826	+56,042	+26.1
1. Beverage and Tobacco	9,301	11,352	+2,051	22.1
2. Crude Materials	62,008	57,778	-4,230	-6.8
3. Mineral Fuels	387,999	340,871	-47,128	-12.1
4. Animal & Vegetable Oil & Fats	16,088	16,589	+501	+3.1
5. Chemicals	153,910	166,955	+13,045	+8.5
6. Manufactured Goods	222,610	292,731	+70,121	+31.5
7. Machinery & Transport Equipment	143,717	167,890	+24,173	+16.8
8. Miscellaneous Manufac- tured Goods	49,613	60,686	+11,073	+22.3
9. Miscellaneous Commodi- ties	<u>5,846</u>	<u>6,956</u>	<u>+1,110</u>	<u>+19.0</u>
	<u>1,265,876</u>	<u>1,392,634</u>	<u>+126,758</u>	<u>+10.0</u>

Source: Bank of Jamaica, March, 1979.

Domestic Exports

Export earnings were estimated at \$707.3 million in 1977.¹ The following Table III-14 give total Domestic Exports for 1960-1977 and the percentage change. Table III-15 gives exports by product type for 1975-1977.

¹Bank of Jamaica, March 1979

TABLE III-14
DOMESTIC EXPORTS 1960-1977

Period of Trade	Total Domestic Exports	Annual Change in Value	Annual Percentage Change
1960	111,523	--	--
1961	121,264	9,714	8.7
1962	124,469	3,205	2.6
1963	140,368	15,899	12.8
1964	151,151	10,783	7.7
1965	149,874	- 1,277	- 0.8
1966	160,217	10,343	6.9
1967	160,745	528	0.3
1968	179,495	18,750	11.7
1969	206,100	26,605	14.8
1970	279,116	73,016	35.4
1971	275,203	- 3,913	- 1.4
1972	292,277	17,074	6.2
1973	347,841	55,564	19.0
1974	630,769	282,928	81.3
1975	760,889	130,120	20.6
1976	560,872	-200,017	-26.3
1977 (Mixed Rate)*	707,312	146,440	26.1
1978	1,094,838	387,526	54.8

* Revised - Bank of Jamaica, March 1979

Source: External Trade, Jamaica 1977

A breakdown of total Domestic Exports by value and percentage is shown in Table III-15. Food exports made up 16.6% of total Domestic Exports in 1977, falling from 23.5% in 1975. The volume of both sugar and bananas fell, but the value in Jamaican dollars increased positively, due to the effects of the devalued Jamaican dollar as against the U.S. dollar standard on the world market.

TABLE III-15

Value and Percentage Distribution of Total Domestic Exports
1975 to 1977

S.I.T.C. Sections	1975		1976		1977	
	\$'000	%	\$'000	%	\$'000	%
ALL SECTIONS	760,889	100.0	560,872	100.0	693,412	100.0
0. Food	179,096	23.5	94,703	16.9	114,583	16.6
1. Beverage and Tobacco	18,782	2.5	21,366	3.8	25,699	3.7
2. Crude Materials, In- edible Except Fuels	518,042	68.1	392,251	69.9	493,915	71.2
3. Mineral Fuels, Lubri- cants and Related Materials	10,500	1.4	14,929	2.7	15,827	2.3
4. Animal and Vegetable Oils and Fats	71	*	27	*	222	*
5. Chemicals	11,338	1.5	12,514	2.2	14,549	2.1
6. Manufactured Articles Classified Chiefly by Materials	10,682	1.4	10,193	1.9	11,912	1.7
7. Machinery and Trans- port Equipment	2,420	0.3	3,420	0.6	4,180	0.6
8. Miscellaneous Manufac- tured Articles	9,956	1.3	11,464	2.0	12,494	1.8
9. Miscellaneous Trans- actions and Commo- dities	2	*	5	*	31	*

* Indicates less than 0.05%

Source: External Trade, Jamaica, 1977

1978 saw the major export commodities - bauxite, alumina, sugar and bananas accounting for 83.0 percent of total imports. This is slightly lower than 83.5 percent recorded for 1977. The value of bauxite exports was lower in 1978 but this was due to a higher level of conversion into alumina. Details of the four major export items are compared for years 1977 and 1978 in Table III-16.

TABLE III-16

Major Exports - at Exchange Rate Existing December 31, 1978
J\$'000

<u>Value (JS'000)</u>	<u>Jan-Dec. 1977</u>	<u>Jan-Dec. 1978</u>	<u>Change</u>	<u>% Change</u>
Bauxite	272,017	257,254	-14,763	- 5.4
Alumina	640,038	662,874	+22,836	+ 3.6
Sugar	100,870	98,562	- 2,308	- 2.3
Bananas	24,859	28,512	+ 3,653	+14.7
	<u>1,037,784</u>	<u>1,047,202</u>	<u>9,418</u>	<u>+ 0.9</u>
<u>Volume (000 Metric Tons)</u>				
Bauxite	6,355	6,472	+ 117	+ 1.8
Alumina	2,034	2,140	+ 106	+ 5.2
Sugar	217	199	- 18	- 8.3
Bananas	76	76	*	*

Source: Bank of Jamaica, March 1976

Table III-17 shows the value of exports according to the Standard International Trade Classification compared for 1977 and 1978.

TABLE III-17

VALUE OF EXPORTS - At Exchange Rate Existing December 31, 1978.
J\$000

<u>S.I.T.C. Sections</u>	<u>Jan-Dec. 1977</u>	<u>Jan-Dec. 1978</u>	<u>Change</u>	<u>% Change</u>
0. Food	177,346	171,379	- 5,967	- 3.4
1. Beverage and Tabacco	38,596	35,425	- 3,171	- 8.2
2. Crude Materials	919,351	929,919	+10,568	+ 1.1
3. Mineral Fuels	24,294	37,139	+12,845	+52.9
4. Animals and Vegetable Oils and Fats	332	374	+ 42	+12.6
5. Chemicals	21,884	22,823	+ 939	+ 4.3
6. Manufactured Goods	18,555	20,410	+ 1,855	+10.0
7. Machinery and Trans- port Equipment	22,330	20,330	- 2,000	- 9.0
8. Miscellaneous Manu- factured Goods	20,068	23,136	+3,068	+15.3
9. Miscellaneous Commo- dities	643	395	- 248	-38.6
	<u>1,243,399</u>	<u>1,261,330</u>	<u>+17,931</u>	<u>+ 1.4</u>

Source: Bank of Jamaica, March 1979

The U.S.A. continues to be both the major supplier of imports to Jamaica and principal purchaser of Jamaican Exports as depicted in Tables III-18 and Tables 19.

TABLE III-18
VALUE OF IMPORTS FROM PRINCIPAL COUNTRIES 1975 - 1977

Countries	1975		1976		1977	
	\$'000	%	\$'000	%	\$'000	%
ALL COUNTRIES	1,021,412	100.0	829,785	100.0	781,639	100.0
United States of America	382,311	37.8	308,332	37.2	281,319	36.0
United Kingdom	133,907	13.1	90,331	10.9	76,114	9.7
Canada	49,558	4.9	48,880	5.9	43,555	5.6
Australia (incl. Tasmania)	8,037	0.8	6,282	0.8	6,571	0.8
New Zealand	15,232	1.5	17,927	2.2	10,221	1.3
Trinidad and Tobago	49,342	4.8	34,201	4.1	20,106	2.6
Guyana	28,213	2.8	16,629	2.0	12,628	1.6
West Germany	31,441	3.1	25,852	3.1	20,907	2.7
France	9,027	0.9	6,118	0.7	7,299	0.9
Japan	38,566	3.8	26,335	3.2	17,571	2.2
Netherlands - Holland	11,185	1.1	6,999	0.8	7,490	1.0
Netherlands - Antilles	25,439	2.5	46,788	5.6	85,392	10.9
Venezuela	140,166	13.7	115,880	13.9	125,521	16.1
Others	98,988	9.7	79,231	9.6	66,945	8.6

Source: External Trade Jamaica 1977

TABLE III-19
 VALUE OF DOMESTIC EXPORTS TO PRINCIPAL COUNTRIES 1975 - 1977

Countries	1975		1976		1977	
	\$'000	%	\$'000	%	\$'000	%
ALL COUNTRIES	727,312	100.0	560,872	100.0	693,411	100.0
United States of America	270,581	37.2	231,850	41.2	302,919	43.7
United Kingdom	169,696	23.3	98,776	17.6	138,165	19.9
Canada	21,469	2.9	25,850	4.6	56,393	8.1
Trinidad and Tobago	13,664	1.9	18,820	3.4	23,876	3.4
Guyana	6,791	0.9	7,767	1.4	5,140	0.8
Norway	87,613	12.2	73,793	13.2	78,212	11.3
Sweden	15,673	2.2	26,250	4.7	14,262	2.1
West Germany	2,335	0.3	3,365	0.6	3,426	0.5
Barbados	4,645	0.6	6,028	1.1	7,979	1.1
Ghana	--	--	--	--	12,571	1.8
Iran	35,744	4.9	--	--	--	--
Others	99,101	13.6	68,373	12.2	50,468	7.3

Source: External Trade Jamaica 1977

Consumer Prices

On a point-to-point basis, the "All-Items" index for Jamaica increased by 49.4 percent in 1978. This is considerable when compared to an increase of 14.1 percent in 1977. This has been due to the effects of devaluation, in particular, the abolition of the dual exchange rate, monthly devaluations, new tax measures and relaxed price controls.¹

Jamaica's economy is heavily dependent upon six industrial sectors - agriculture, mining, manufacturing,

¹Bank of Jamaica, Monthly Review, op.cit. p. 49.

construction, distribution and miscellaneous services, including tourism. These sectors, and public administration are all "basic", or "generating" sectors. It is they which determine the level of production, employment and income for the entire economy in general.

Agriculture is export-oriented, almost all of mining is exported, whereas 85 percent of manufacturing output is consumed locally.¹ The level of construction and public administration activity is influenced by overall economic conditions. In an export-oriented economy like Jamaica, domestic production and developmental achievements is determined by external demand forces of which Jamaica has very little control.

Agriculture

Jamaica has a total land area of 4,243 square miles, that is, 2,715,000 acres, half of which is at least 1,000 feet above sea level. A land use distribution table is given on the following page.

¹Iserdeo Janiarian, op.cit. p. 93

TABLE III- 20

Type of Land	Acres	Percentage
Total	2,715,000	100.0
Forestry	655,000	24.0
Other Woodland	538,000	19.7
Agriculture, incl. pasture	1,258,000	46.4
Natural range and grassland	103,000	3.8
Swamp	50,000	1.8
Mining	7,000	0.4
Urban	100,000	3.7
Barren	4,000	0.1

Source: United Nations Development Programme,
Town Planning Department.

The latest agricultural census of 1968 show that agriculture (including commercial forestry) occupied about 1.5 million acres of land, that is, 55 percent of Jamaica's total land area. According to the Census of Agriculture 1968-1969, in 1968 there were only 994 farms over 100 acres, less than 1.0 percent of all farms, yet these farms accounted for 55% of all farm acreage. In 1968 the national average farm size was about 8 acres, small farms under 25 acres made up 98 percent of all farms, yet covered only 37 percent of farm acreage. Medium-size farms between 25 and 200 acres account for only 12 percent of total farm acreage.

The distribution of farm lands by major use is shown in Table III-21.

TABLE III-21

DISTRIBUTION OF LAND IN FARM BY MAJOR TYPES OF USE, 1968

Type of Use	Acreage	% of Total
Sugar Cane	167,000	11.2
Bananas	84,000	5.6
Coconuts	100,000	6.7
Citrus	25,000	1.7
Cocoa	27,000	1.8
Coffee	15,000	1.0
Pimento	24,000	1.6
Tobacco	1,900	0.1
Other tree crops	1,000	0.1
Domestic food crops	91,000	6.1
Commercial forests	16,000	1.1
Improved pasture	250,000	16.6
Natural range (grassland)	138,400	9.2
Other lands suitable for agriculture	139,000	9.2
Remainder*	420,000	28.0
TOTAL	1,500,000	100.0

*Remainder: Includes forests, woodlands, swamps, etc.

Source: Five-Year Development Plan Jamaica 1978-82

This pattern of land use did not follow any specific plan aimed at optimum use of the limited land resources. The result is the present haphazard land use development.

Most of the crops in the table are grown in a mixed manner. Sugar, the major export crop occupies most of the alluvial coastal plains and interior valleys and is grown usually in a pure stand. Bananas, the second major export crop,

is grown both in a pure and mixed stand on the coast and interiors. Sugar and bananas occupy the best and most fertile lands, over 252,000 acres, 21 percent of the land classified as suitable for agricultural crops.¹

However, the value of sugar and bananas exported in 1977 amounted to only J\$85 million which was insufficient to cover the imports of consumer goods including food imports which totalled J\$100 million in that same year. Food imports alone, although declining due to the import restrictions adopted, cost the country J\$52 million.

In 1938, the agricultural sector contributed 36 percent to Jamaica's gross domestic product,² in 1973 this fell to 7 percent and in 1977 it accounted for 8.8 percent in real terms. Domestic agriculture in 1977 improved from J\$68.5 million to J\$81.4 million livestock production also increased by 8.3 percent; forestry and logging by 14 percent over 1976 level.

The volume of agricultural production for the period 1973-1977 is shown in Table III-22.

¹Five-Year Development Plan, 1978-82, op.cit.

²Adam Kaper, op.cit., p. 21

TABLE III-22
VOLUME OF AGRICULTURAL PRODUCTION: 1973-1977

Item	1973	1974	1975	1976	1977	% Change 1973-1977
Sugar Cane ('000 tons)	3,584	3,785	3,524	3,571	3,177	-11.4
Sugar ('000 tons Commercial)	326	367	355	357	290	-11.0
Bananas* ('000 tons)	108	72	68	77	80	-26.0
Citrus** ('000 boxes)	1,062	1,007	1,028	946	666	-37.3
Pimento (tons)	1,890	3,949	2,151	4,181	1,989	+ 5.2
Cocoa (tons)	2,071	1,593	1,771	1,573	1,614	-22.1
Coffee** ('000 boxes)	308	240	381	230	311	+ 1.0
Ginger (short tons)	749	857	930	995	423	-44.0
Rum ('000 proof gallons)	5,100	5,735	6,455	4,475	5,005	- 2.0
Mollasses (tons)	129	121	120	118	117	- 9.3
Copra (short tons)	14,608	8,901	6,308	5,624	3,406	-76.7
Meat (million lbs.)	97	89	103	102	111	+14.4
Fish (million lbs.)	38	36	36	36	37	- 2.6
Eggs (million)	136	139	147	162	152	+11.8
Milk (million quarts)	41	43	43	42	41	--
Root Crops*** (million pounds)	403	443	460	408	517	+28.3
Vegetables*** (million pounds)	205	215	203	223	276	+34.6

*Exports

**Deliveries to Packaging and Processing Plants

***Selected items

Note: Production figures for citrus, cocoa, pimento, sugar cane, rum and coffee are for the crop year.

Source: Economic and Social Survey - Jamaica 1977

Between 1973 and 1977 output of agricultural crops have been drastically reduced; in particular for the major export earners, sugar, bananas, citrus, cocoa, ginger and copra. Increases were only registered for root crops, vegetables, eggs and meat for domestic consumption.

In general there has been a decline in the total acreage of sugar cane reaped. Sugar cane acreage reaped by estates have been reducing while the acreage reaped by farmers have been increasing. Table III-23 shows this.

TABLE III-23

SUGAR CANE ACREAGE REAPED AND TONNAGE PER ACRE: 1972-1977

	Crop Year	Estate	Farmers	Total
Acreage Reaped	1972 - 73	59,755	78,140	133,895
	1973 - 74	65,176	78,410	143,586
	1974 - 75	39,862	104,118	144,100
	1975 - 76	25,000	114,000	139,600
	1976 - 77	24,000	104,000	128,000

Source: Department of Statistics

Domestic exports of sugar and bananas is shown for the period 1955-1977 and as a percentage of Domestic Exports.

TABLE III- 24

DOMESTIC EXPORTS OF SUGAR AND BANANA 1955-1977

Year	SUGAR		BANANA		TOTAL		% of Domestic Exports	Total Domestic Exports \$'000
	'000 tons	\$'000	'000 tons	\$'000	'000 tons	\$'000		
1955	289	21,602	10,852	10,040	11,141	31,642	48.8	64,854
1956	372	25,179	11,218	12,171	11,590	37,350	48.8	76,468
1957	303	25,113	11,370	13,600	11,673	38,713	39.1	99,070
1958	278	20,741	9,966	9,994	10,244	30,735	33.0	93,056
1959	312	23,318	10,274	9,888	10,586	33,206	36.7	90,536
1960	353	25,957	10,175	9,616	10,528	35,573	31.9	111,522
1961	380	28,458	5,980	9,780	6,360	38,238	31.5	121,264
1962	379	29,162	6,337	9,023	6,716	38,185	30.7	124,470
1963	394	42,458	160	9,688	554	52,146	37.1	140,368
1964	417	39,206	174	12,089	591	51,295	33.9	151,152
1965	424	31,253	200	12,208	624	43,461	29.0	149,872
1966	408	33,205	200	12,676	608	45,881	23.7	193,300
1967*	523*	30,183	190	13,124	713	43,307	22.3	193,800
1968	383	34,048	153	13,800	536	47,848	23.5	203,300
1969	294	27,937	151	12,469	445	40,406	19.6	206,100
1970	293	30,022	134	11,822	427	41,844	15.0	279,116
1971	460	29,987	126	11,722	586	41,709	15.2	275,203
1972	276	33,765	127	11,822	403	45,587	15.6	293,077
1973	261	35,369	108	16,268	369	51,637	14.8	347,841
1974	270	74,422	72	11,411	342	85,833	13.4	641,639
1975	254	139,688	68	14,654	322	154,342	21.2	727,312
1976	230	55,859	77	11,921	307	67,780	12.1	561,623
1977	217*	67,192	76*	16,278	293	83,470	12.0	693,412

*Provisional

Source: Indices of External Trade 1969-1977

Sugar production in 1977 of 217,000 tons was the lowest in 23 years only 40 percent of total sugar production in 1967, ten years earlier. Similarly for bananas. Compare 1977 banana production of 80,000 tons with production in 1957 of 11.3 million tons.

Constant demands are being made on the agricultural sector to expand to meet local food requirements due to restrictions placed on imported food and raw materials. An emergency production plan was launched in 1977 and efforts concentrated on crops requiring short maturity periods. A "Land Lease Project" was started under which a gross acreage of 109,000 acres, with 61,307 arable acres, on 448 properties were leased to 31,364 tenants up to January 1978. Also a "Crop Lein" programme aimed at making special credit available to small farmers producing selected crops.¹

In the most recent five-year plan the targeted growth rate for agriculture is 7-8 percent per annum. Domestic food crop production is to expand by an additional 90,000 crop-acres over the same five year period. "Crop-acre" refers to the number of acres of various crops planted during a year, that is more intensive use of acreage. This will be made possible by bringing idle lands into production. It is estimated there are 65,000 acres of arable lands on properties of over 100 acres laying idle.² Also making other lands suitable for intensive production through drainage,

¹Economic and Social Survey, Jamaica 1977. op.cit., p.115

²Five Year Development Plan, Jamaica 1978-82, op.cit., p.10

irregation or terracing of steep slopes. Agriculture's share of the "classifiable labor force" has declined from 45 percent in 1943 to 34 percent in 1972. For the year 1977, the "classifiable labor force" totalled 917,900 of which an average of 243,500 were employed in the industry during the year that is 26.5 percent of the labor force or 30% of those employed in 1977.

There are many contributing factors for the present state of the agriculture sector. Generally the farms are too small to be economically profitable and so the farmers often have to engage in non-farm activities to supplement their incomes. The farmers knowledge of management and husbandry is poor. The crops are grown in a mixed stand, interplanted with other, and many crops are planted on lands unsuitable for their production. On the other hand there are few direct linkages between the industry and the rest of the economy. More importantly the depression in agriculture has been the product of the historical stigma attached to it, and aversion to work on the soil, a stigma reinforced by the low income level prevailing in the sector.

The depressed state of the agricultural sector is accompanied by increasing dependence on imported foods which could be produced locally. In general the receipts from domestic agricultural exports is insufficient to cover the island's import bill. This all points to the need for a transformation of the agricultural sector through land reform programs started and providing the farmers with the technical assistances needed--credit and marketing facilities, educational and recreational amenities.

THE MINERAL INDUSTRY

The mineral sector is comprised of bauxite mining, processing of bauxite into alumina; mining of gypsum, silica sand, marble and alabaster; quarrying sand, gravel and marl; production of industrial lime and prospecting for metals and oil.

The bauxite and alumina industry is Jamaica's major foreign exchange earner. In 1977 the industry accounted for 70 percent of Jamaica's exports, 30 percent of Government's non-loan revenues and 11 percent of the Gross Domestic Product¹ in real terms.

Discovery and Development

Deposits of aluminous red earth was known to have existed in the Tertiary Limestone Districts of Jamaica since the 1820's.² As a result of soil investigation carried out between 1938-1942 by the Agricultural Chemistry Laboratory of the Department of Agriculture, the commercial importance of the bauxite deposits were confirmed. February 1943, a trial shipment of 2,500 tons of the bauxite were sent to the United States for testing. However, due to its chemical composition and physical properties, the material was not amenable to processing in the then existing North American factories, and so immediate processing was not possible.³ The processing had to be altered to handle Jamaica bauxite.

¹Five-Year Plan Jamaica 1978-82, op.cit,p. 29.

²Overseas Geological Surveys, Mineral Resources Division Bauxite Alumina and Aluminium, (London) p. 110.

³Ibid. p. 111.

The real beginning of the industry only dates back to 1952 with the mining and export of kiln dried bauxite by Reynolds Jamaica Mines Limited, a wholly-owned subsidiary of Reynolds Metal Company. Shortly after, alumina was produced and exported by Alumina Jamaica Limited, a subsidiary of Aluminium Company of Canada. During the nine-year period 1952-1960, it is estimated that Jamaica's output of bauxite totalled 30.5 million tons (dried equivalent). Of this amount, 24.6 million tons were exported and 5.9 million tons used for production of alumina.¹

Bauxite reserves are estimated to be between 1.2-2.0 billion metric tonnes, and are the fourth largest measured reserves of aluminium ore in the world.² It is estimated that about one-half of the known resources are located in the parish of Manchester, about one-third in St. Ann and the remainder scattered about five or six other parishes.

The chief deposits occur at an altitude of 2,000 to 2,700 feet above sea-level on the Manchester Plateau, also between 800 to 2,000 feet near the Eastern boundary of the plateau, and on the St. Ann Plateau 1,200 to 1,500 feet.

Bauxite deposits are usually found in areas covered by White Limestone Formation which covers five-eighths of total

¹Overseas Geological Survey, op.cit, p. 113.

²Five Year Plan 1978-82, op.cit, p.29.

land area. The deposits are covered by a thin layer of soil. The depths of the deposits vary from over 100 feet to only a few inches. Average depth is about 20 feet and deposits under 5 feet are not considered of commercial use.

Bauxite is a soft to moderately hard, extremely fine-grained porous, earthy material of a dark-red, reddish-brown, yellowish-brown colour¹, depending on the amount and nature of the iron content. Most Jamaican ore is in the form of gibbsite and the remainder in the form of boehmite. Ore of gibbsitic composition is readily amenable to American Bayer conditions of temperature and caustic concentration. Using this process, a ton of ore should yield 0.45 tons of alumina.²

The processing of bauxite to aluminium has three stages. In Phase One the ore is crushed, washed and dried to produce dried ore. Phase Two is beneficiation - alumina is extracted from the dried ore by a chemical process. Phase Three is the extraction of aluminium from alumina via smelting requiring large amounts of power. Generally, it takes 2-3 tons of bauxite to produce a ton of alumina and 2-3 tons of alumina to make a ton of aluminium.³

¹Overseas Geological Survey, op.cit, p.114.

²Ibid.

³Iserdo Jainarain, op.cit, p. 273.

The value added is about 250 percent in the second stage and about 22 percent in the third stage.¹ Jamaica only participates in the first and second stages.

The decision to locate processing outside the host countries has been the main reason for loss of potential benefits. The establishment of refining facilities was hampered by the small size of the country and its inability to support a capital goods industry, and also the unavailability of a cheap source of electric power.

At the beginning there were only three companies operating in Jamaica - Reynolds, Kaiser and Alcan. Reynolds and Kaiser concentrated exclusively on the extraction of the ore, whereas from the beginning Alcan processed all its ore into alumina for export. In 1963, Alcoa started extracting bauxite and in 1972 its alumina plant started operations. 1969 saw Alumina Partners of Jamaica (a consortium of Kaiser, Reynolds and Anaconda) producing alumina, and in 1971 Revere Copper and Brass set up an alumina plant.

Presently there are five companies operating in the industry, two still mine and export the dried ore, while three others operate four extraction plants producing alumina. The increased alumina processing has been the result of Government policies aimed at maximum local processing.

¹Calculated from H. D. Huggins, Aluminium in Changing Communities (London, Andre Deutsch, 1965, p. II. Girvan gives higher figures than Huggins - 320 percent in the second stage and 265 percent in the third. See Norman Girvan, The Caribbean Bauxite Industry, Jamaica, University of the West Indies, 1967, p. 3.

Since 1974, Government involvement in the industry increased in terms of ownership and earnings. Table III-25 shows the companies mining the bauxite ore and the structure of ownership at 1978.

Table III-25

OWNERSHIP IN THE JAMAICAN BAUXITE/ALUMINA INDUSTRY

1.	JAMALCAN	Alcan Aluminium Ltd. Government of JAMAICA	93% 7%
2.	Alumina Partners of JAMAICA Ltd. (ALPART)	Anaconda Aluminium Kaiser Aluminium Reynolds Metals	28% 36% 36%
3.	JAMALCO	Aluminium Company of America Government of JAMAICA	94% 6%
4.	Kaiser Bauxite	Government of JAMAICA Kaiser Aluminium	51% 49%
5.	Reynolds Mines Jamaica Limited	Government of JAMAICA Reynolds Metals	51% 49%
6.	(Revere Alumina [*])	(Revere Copper and Brass)	

* Ceased operations in 1975.

Source: Five Year Development Plan 1978-82.

The bauxite-alumina industry is still today dominated by American multi-national, vertically-integrated concerns, although the Government of Jamaica has made strides in reducing foreign ownership and increasing the share to Jamaica from increased production, through such measures as increased royalty payments and imposition of a production levy. The companies do the entire processing from mining of the bauxite, through beneficiation into alumina, smelting into alumina and finally to the manufacture of the aluminium into semi-fabricated aluminium products. The companies also are involved in the production of the inputs needed for processing of the ore at various stages - such as caustic soda, flourspar, cryolite and carbon and electric power required for the later stages. The bargaining power of these giants can only be imagined. These multi-national giants, through imports from their parent company, provide for all their needs of capital, machinery, management and skilled personnel, thereby internalizing all their profits.

Bauxite is extracted and processed exclusively by the aluminium companies. There is really no free trade in bauxite anywhere in the world as there are for traditional exports.

Performance of the Bauxite-Alumina Industry

In the Emergency Plan of 1977, the mining sector was identified as the area for development to produce the needed foreign exchange earnings. Production targets were set for production of bauxite and alumina in 1977. This is compared to actual performance in Table III-26.

Table III-26
TARGET AND ACTUAL OUTPUT OF BAUXITE AND ALUMINA

	Total Prod. (Million Metric Tons)	(%) Change 1977-1976	Capacity Used (%)	Exports (Million Metric Tons)	(%) Change 1977-1976	Capacity Used (%)
1976	10,311	---	68	1,621	---	61
1977 (Target)	12,548	22	83	2,400	48	90
1977 (Actual)	11,433	11	75	2,034	25	76

Source: Economic and Social Survey, 1977.

Production in 1977 never actually attained the target levels, but nevertheless was still in excess of 1976 output. Real Contribution to Gross Domestic Product by this sector was \$214.5 million, an increase of \$31.2 million over 1976's figure of \$183.3 million. This was the result of an 11 percent growth in output of bauxite, a 26 percent increase in output of alumina and a 21 percent rise in output of industrial lime.¹ The targeted growth rate for 1978-82 is 5-6% per annum, according to the most recent five year plan.

Total production of bauxite in 1977 was 11,433 million metric tons, about 9 percent lower than the targeted 1977 output. Data on the production of bauxite for 1973-1977 is presented in Table III-27.

¹Economic and Social Survey, Jamaica, 1977, op.cit, p.139.

Table III-27
BAUXITE AND ALUMINA PRODUCTION: 1973-1977

Year	EXPORTED		PROCESSED LOCALLY		Total Bauxite (^{'000} Metric Tons)	Alumina Exported (^{'000} Metric Tons)
	Quantity (^{'000} Metric Tons)	(%) of Total Production	Quantity (^{'000} Metric Tons)	(%) of Total Production		
1973	7,389	54.3	6,210	45.7	13,600	2,316
1974	7,999	52.0	7,328	48.0	15,328	2,851
1975	5,482	47.4	6,088	52.6	11,570	2,336
1976	6,284	60.9	4,027	39.1	10,311	1,644
1977-target	6,797	54.2	5,751	45.8	12,548	2,300
1977-actual	6,355	55.6	5,078	44.4	11,433	2,035
1978-provisional	N/A	N/A	N/A	N/A	11,555	N/A

Source: Economic and Social Survey, 1977.

Since 1974, Jamaica's contribution to world production of bauxite has fallen from 19.6 percent to 13.4 percent in 1977. This is shown in Table III-28.

Table III-28

BAUXITE PRODUCTION BY SELECTED COUNTRIES AS A PERCENTAGE
OF TOTAL WORLD PRODUCTION

Country	Percentage of World Production		
	1974	1976	1977
Australia	25.7	30.1	30.5
Dominican Republic	1.9	0.7	0.8
Guinea	6.4	14.1	12.7
Jamaica	19.6	12.9	13.4
Surinam	8.2	5.8	5.8
(Caribbean)	34.7	23.8	24.8

Source: Five Year Development Plan 1978-82.

The industry produces exclusively for the export market. Statistics for domestic exports of bauxite and alumina for the period 1955-1977 and their contribution to total domestic exports is presented in Table III-29. In 1950, the mining sector was based on quarrying and gypsum, and accounted for less than one percent of Gross Domestic Product.¹ With the introduction of bauxite-alumina, the sector's real contribution has risen to a high of 13 percent in 1974, falling since to 8.7 percent and up to almost 11 percent in 1977. Exports of bauxite and alumina have risen from 26 percent of total domestic exports in 1955 to account for 74 percent of domestic exports in 1977.

¹Iserdeo Jamarain, op.cit, p.92.

Table III-29
DOMESTIC EXPORTS OF BAUXITE AND ALUMINA,
1955-1977

Year	BAUXITE		ALUMINA		TOTAL		% of Domestic Exports	Total Domestic Exports \$ '000
	'000 tons	\$'000	'000 tons	\$'000	'000 tons	\$'000		
1955	2,172	7,768	184	9,568	2,356	17,336	26.7	64,854
1956	2,575	9,200	207	11,606	2,782	20,806	27.2	76,468
1957	3,641	19,126	436	23,822	4,077	42,948	43.4	99,070
1958	4,799	25,194	373	18,264	5,172	43,458	46.7	93,056
1959	4,197	22,032	399	18,812	4,596	40,844	45.1	90,536
1960	4,148	21,774	665	33,268	4,813	55,042	49.4	111,522
1961	4,975	26,118	703	33,770	5,678	59,888	49.4	121,264
1962	5,986	31,430	628	28,846	6,614	60,276	48.4	124,470
1963	5,162	27,100	726	31,902	5,888	59,002	42.0	140,368
1964	5,967	31,328	768	36,368	6,735	67,696	44.8	151,152
1965	6,784	35,618	721	34,986	7,505	70,604	47.1	149,872
1966	7,020	70,196	791	38,634	7,811	108,830	56.3	193,300
1967	7,142	71,420	824	41,772	7,966	113,192	58.4	193,800
1968	6,212	62,120	868	50,833	7,080	112,953	55.6	203,300
1969	7,601	46,559	1,177	70,226	8,778	116,785	56.7	206,100
1970	7,575	75,752	1,768	111,141	9,343	186,893	67.0	279,116
1971	7,590	74,630	1,752	104,316	9,342	178,946	65.0	275,203
1972	7,049	68,375	2,102	119,867	9,151	188,242	64.4	292,277
1973	7,274	79,469	2,576	147,769	9,850	227,238	65.3	347,841
1974	7,873	121,718	2,772	337,313	10,645	459,031	71.5	641,639
1975	5,396	97,475	2,337	389,817	7,733	487,292	67.0	727,312
1976	6,185	113,738	1,596	274,935	7,781	388,673	69.2	561,623
1977(a)	6,355	145,896	2,034	343,283	8,389	489,179	74.7	655,267
1977(b)							70.5	693,412

Source: External Trade

The Government has been negotiating agreements with the individual bauxite companies in achievement of their objectives for increased participation in earnings, ownership and diversification of market outlets for bauxite-alumina. The objectives include:

1. Acquiring all non-operating mining lands - In the most recent five year plan, it is stated the Government intends to buy back 195,000 acres or 92.5 percent of the companies' lands; that is, all land with the exception of land that is integral to their mining and processing operations.
2. Acquiring equity participation in bauxite-alumina operations in Jamaica. 51 percent participation in Kaiser was purchased at US\$13.8 million, payable over 10 years at 8.5 percent interest per annum, and in Reynolds at US\$7.2 million, payable over 10 years at 8 percent interest.¹
3. Allocation of reserves on a 40 year guarantee basis.
4. A basic production levy fixed at 7.5 percent of the realized price of aluminium ingot for an 8 year period was started in 1974.

The production levy placed on all mined bauxite, whether for export or local processing into alumina, in addition to

¹Five Year Development Plan, Jamaica, 1978-82, p.31.

increased royalty payments by the companies, led to an increase in Government revenues and foreign exchange earnings. Direct earnings from the industry increased from J\$24,503,694 in 1973 (for a total production of 12,599,383 tonnes) to \$168,521,978 in 1974 (for a total production of 15,328,503 tonnes).¹

The payment of Production Levy and Royalties by bauxite and alumina companies to the Government of Jamaica is depicted in the table below.

Table III-30
PAYMENT OF PRODUCTION LEVY AND ROYALTIES BY
BAUXITE AND ALUMINA COMPANIES TO THE
GOVERNMENT OF JAMAICA

(\$ million)				
Year	Production Levy [*]	Corporate Taxes	Royalties	Total
1973	---	21.0	3.5	24.5
1974	161.7	--	7.0	168.7
1975	134.0	--	5.4	139.4
1976	113.8	--	4.8	118.6
1977	167.1	--	5.2	172.3

* Companies are not required to pay both Corporate Taxes as well as Production Levy. The Production Levy figures are net of rebates to Bauxite and Alumina Companies.

** Payments in U.S. Dollars were converted at the "basic rate of US\$1.10 = J\$1.00.

Source: Economic and Social Survey.

¹Five Year Development Plan, Jamaica, 1978-82, p.31.

Since the industry is highly capital intensive, its contribution to employment is small. According to the Labor Force Survey, employment in mining and quarrying was estimated at 7,500 in October, 1977, out of a total classifiable labor force of 917,900 at the same date, 1.0 percent of those employed. There was a reduction of 900 from the 8,600 employed in October, 1976. Table III-31 shows this.

Table III-31

EMPLOYMENT - MINING AND QUARRYING: 1974-1977

	1974		1975		1976		1977	
	April	October	April	October	April	October	April	October
No. Employed	7,100	8,300	7,600	7,300	7,300	8,400	7,200	7,500

Source: Economic and Social Survey.

The fact that production has increased yet employment has decreased attests to the capital intensive nature of the industry.

Industrial Materials

Output in 1977 was adversely affected by the relatively low activity level in the construction sector. Production of gypsum, sand and gravel, silica sand and marble declined, whereas industrial lime increased. Production of Industrial Minerals for the period 1974-1977 is shown below.

Table III-32
PRODUCTION OF INDUSTRIAL MINERALS
1974-1977

Product	Unit of Quantity	1974	1975	1976	1977
Gypsum	'000 long tons	264.5	235.8	249.2	210.0
Industrial Lime	'000 long tons	230.0	180.0	240.0	290.0
Silica Sand	'000 long tons	26.8	32.5	25.8	24.3
Marble	'000 long tons	0.6	0.6	0.8	0.1
Sand and Gravel	'000 cubic yards	4,000.0	6,000.0	3,500.0	3,000.0
Fill (marl & rubble)	'000 cubic yards	7,600.0	7,000.0	6,000.0	6,000.0

Source: Economic and Social Survey

MANUFACTURING

Performance

The manufacturing sector was the largest contributor to the Gross Domestic Product in 1977. It accounted for \$353 million, that is, 17.5 percent of GDP, despite a decline of 5.5 percent in its output for the year. In 1977, this sector was the fifth largest employer of labor, accounting for 76,000 jobs, that is, approximately 8 percent of the total labor force of 917,900. Its earnings from exports of selected manufactured goods amounted to \$144.8 million in 1977, but this was due largely to the valuation of exports at the special exchange rate. If the basic rate was applied, i.e., the exchange rate existing in 1976, earning would have declined.

The year 1978 saw marginal increases in production of manufactured and semi-manufactured goods as import restrictions on raw materials, particularly for export-oriented items, was slightly eased.

Problems Encountered in the Industry

The performance of the manufacturing sector has been severely hampered by the small size of the population, low per capita income level and limited natural resources and raw material availability. These factors restrict industrialization on a large scale. They limit the size of the domestic market to only a few consumer goods industries, while the tariffs and quota restrictions in foreign markets discriminate against imports from

countries such as Jamaica where labor and production costs may be lower. As a British Colony, Jamaica's role was to supply the raw materials for manufacture, such as raw sugar to the Metropole and be an accessible market for its manufactured goods.

The capital intensive technology, borrowed from the developed nations and utilized in small Third World countries like Jamaica, is often unsuitable for production on the small scale needed to supply domestic demand. This results in underutilization of plant and machinery capacity, inefficient production methods and overall wastes.

In addition, consumer goods produced locally faces certain prejudices and resistances. In the Caribbean, consumers place a higher value on imported items than on locally produced substitutes. Local substitutes are regarded as inferior and are suspect for quality. The suspicion about quality is often due to the relaxed enforcement of set standards of quality, also the monopolistic conditions under which the items are manufactured. As imports are restricted, it is possible for domestic output to increase of margarine, condensed milk, paints, fertilizers, soaps-- until a point of saturation is reached. This is not often the case due to worker disagreements, work stoppages and raw material shortages. Also the local substitutes are higher priced than the imports they replace. The guaranteed market conditions make this possible, via protective tariffs and licenses aimed at developing the age-old "infant" industries.

The economy exhibits a high level of dependence on imported raw materials, some of which with adequate research and planning could be supplied locally. The real domestic value added is basically confined to the employment utilized in the production process.

The high level of migration has had the effect of not only removing the enterprising entrepreneurial class, but also the skilled workers. Local entrepreneurs with available capital generally show a preference for the distributive trades rather than manufacturing, due to the higher risks involved.

In 1977, the manufacturing sector was adversely affected by the negative foreign exchange situation which necessitated tighter licensing of imports of raw materials and capital goods. The establishment of the two-tier exchange rate structure in April 1977 had the effect of increasing the cost for these essential imports which attracted the special devalued rate (approximately 40 percent).

Many firms suffered cash flow problems, due to the sluggish local market situation and their inability to collect outstanding debts. The commercial banks, although highly liquid, discouraged loans with the maintenance of high interest rates on loans, averaging approximately 14 percent.¹ In addition, the depressed state of the Construction Industry reduced demand for inputs from the manufacturing sector. Also, there were numerous industrial

¹Economic and Social Survey, Jamaica, 1977, op.cit, p.218.

disputes triggered off by restraints on wages and worker benefits and proposals for worker retrenchment, due to rising costs and declining business. In fact, employment in large establishments (i.e., firms employing 10 or more persons) has been declining since March, 1976. The estimated number of employees in such firms at December, 1977 was 44,690, a reduction of 17.1 percent of the figure of 53,880 for March, 1976. This loss of employment was concentrated in the wage earning group. Total employment in the Manufacturing Industry is shown in Table III-33

Table III-33

CLASSIFIABLE LABOR FORCE AND EMPLOYMENT IN
MANUFACTURING: 1974-1977

	1974		1975		1976		1977	
	April	October	April	October	April	October	April	October
Labor Force [*]	98,800	97,900	89,400	95,200	95,200	96,500	101,200	96,700
Employment	81,400	81,100	75,200	72,700	76,100	75,000	77,600	74,900

* The labor force is comprised of:

- (a) Persons currently employed in the sector.
- (b) Persons currently unemployed whose last job was in this sector.

Source: Economic and Social Survey.

The targeted growth, according to the most recent Five Year Development Plan, is for a 4-5 percent growth per annum, based on both large and small enterprises, craft activities and "community cooperative" enterprises. The objectives are to include:

- (i) Adequate production of basic domestic items in the areas of processed foods, construction materials, footwear, clothing and pharmaceuticals;
- (ii) Development of increased linkages within the economy;
- (iii) Intensive utilization of already installed capacity in manufacture;
- (iv) Realization of the potential for utilizing local raw materials;
- (v) Generation of 14-16 percent increase per annum in foreign exchange earnings from exports of manufacture.

Construction and Installation

The activities of the Construction and Installation sector includes both housing and non-housing construction and installation. This sector of the economy has the ability to increase the level of fixed capital formation in the economy and is a general indicator of the activities in the other sectors. The performance of this sector is a reflection of the level of investment in the economy. A decline in this sector is indicative of a decline in investment demand, in production and sales of building materials--cement, steel and other construction materials, in fixed capital formation and reduction of employment.

Cement

Cement was produced in 1977 at approximately 18 percent below the capacity of the Cement Plant. Production declined by 31,000 tons to 328,000 tons (333,248 tonnes).¹ Table III-34 gives Production and Sales of Cement for the period 1973-1977.

Table III-34
Production and Sales of Cement 1973-1977

	(000 tons)					
	1973	1974	1975	1976	1977	1978
Production	397 tons	393 tons	399 tons	359 tons	328 tons	288.9
Local Sales	418 *	408 **	424 ***	359	321	tons
Export	1.8	0.54	--	--	7.0	

* includes approximately 5,300 tons imported December 1973

** includes approximately 32,400 tons imported December 1974

*** includes approximately 7,536 tons imported December 1975

Source: (1) Economic and Social Survey
(2) Department of Statistics

Steel

Steel production declined for 1977 by 25 percent or 3,463 tons. Production was affected by the cessation of operations for four months in the Melt Shop due to an accident at the steel plant at the end of September 1977. The damaged equipment was repaired and full resumption of operations took place in February 1978.

Table III-35 gives output and sales of steel for 1973-1978.

Table III-35
Output and Sales of Steel for 1973-1978

	1973	1974	1975	1976	1977	1978
	tons	tons	tons	tons	tons	tons
Production	17,824	16,292	20,767	13,653	10,190	14,000
Sales (Caribbean Steel)	18,765	13,382	21,009	15,981	11,483	
Imports	33,136	35,438	8,954	10,841	6,135	

Source: Economic and Social Survey

Imports of steel in 1977 was inadequate to meet the shortfall in local production. Total sales of steel amounted to 17,618 tons, that is, 9,204 tons less than sales in 1976.

Other Local Materials

This category includes bagasse and paints. Bagasse board production declined by 11.2 million square feet in 1976 to 3.5 million square feet in 1977; a decline of 68.5 percent. Paint

production was also 191,000 gallons, 15 percent below 1976 production.¹

Table III-36 shows the amount of Fixed Capital formation by the construction sector. Building construction related to residential and non-residential construction while other construction includes roads and other public works and land improvements. Total capital formation has been declining since 1975.

Table III-36
Composition of Fixed Capital Formation
by Type of Capital Goods

Type of Capital Goods	(\$'000)			
	1974	1975	1976	1977
Building Construction	230,440	273,659	226,593	201,768
Other Construction including land improvements	31,824	23,194	17,503	11,027
Transport Equipment	58,833	96,197	37,907	17,507
Machinery & Equipment	157,100	218,755	167,164	112,706
Gross Fixed-Capital	478,197	611,805	499,167	343,008

Change in Gross Fixed Capital Formation 1974-1977 = -28.3%

Change in Gross Fixed Capital Formation 1975-1977 = -43.9%

¹Economic and Social Survey Jamaica, 1977, op. cit., p. 149.

Contribution of the Industry

The contribution of the Construction sector shows a decline since 1975. At constant prices the value declined from \$176.3 million in 1976 to 143.3 million, over 18 percent. In 1977 it contributed only 7.1 percent to the Gross Domestic Product in real terms. The sector has been faced with a decline in the demand for houses as well as non-residential construction. This has been the result of high escalating construction costs reducing demand, and the generally depressed economic conditions resulting in a reduced demand for new construction.

Since early 1978 some Building Societies have reduced their interest rates on mortgages from 12 percent to 11 percent as a stimulus to the industry.

Employment in the construction sector has declined since 1975 from an average of 44,600 to 32,200 in October 1977, a decline of 12,400 jobs; that is almost 4 percent of the total labor force at that same date.

Table III-37

Labor Force and Employment in Construction 1974-1977

	1974		1975		1976		1977	
	Apr.	Oct.	Apr.	Oct.	Apr.	Oct.	Apr.	Oct.
Labor Force *	52,000	53,000	58,100	56,400	53,100	53,700	53,000	46,800
Numbers employed	39,900	41,500	45,400	43,800	39,600	36,300	33,700	32,200

* The Labor Force is comprised of: (a) persons currently employed in the sector; (b) persons currently unemployed whose last job was in this sector.

Source: Economic and Social Survey.

TOURISM

Introduction

Tourism is very important to the economy of Jamaica. The tourist industry normally competes with sugar for second place in the nation's earnings of foreign exchange, behind the bauxite/alumina industry.

The industry dates back to the late 19th century and the Jamaica International Exhibition which was to be held in 1891. The Jamaica hotels law was passed in 1890 to encourage hotel construction and thereby provide visitor accommodation. The Government offered to guarantee the capital at 3% interest for all approved hotel construction. Later there were other incentive legislations and creation of special institutions all aimed at facilitating development of the tourist industry. The Hotels Aid Law, 1944, granted accelerated depreciation allowances and duty-free importation of materials for the construction and furnishing of hotels. The Hotel Incentives Law, 1968, and the Resort Cottages Incentives Act, 1971 provided tax holidays and other concessions.

The tourist trade had achieved real significance after World War II consequent on the increased material prosperity in the developed countries and the availability of cheap, fast air transportation. Jamaica benefited from the trade. The country not only possessed natural tourist assets but it was also close to the major North American urban population centers. The industry had potentials.

Slowly, the growth in accommodation facilities outstripped the growth in visitor arrivals. Occupancy levels started to fall, financial problems set in and many hotels closed in the 1970's, some temporarily, some permanently.

In 1975, the Government decided to reduce incentives to developers under the Hotel Incentives Act 1968. The incentives would only be granted in exceptional circumstances. The Negril resort area was exempted. Construction was limited to replacement of obsolete rooms or until overall occupancy levels exceed 55 percent for at least two years.¹

The industry is organized under the Jamaica Tourist Board. The Board is a statutory body under the Ministry of Industry, Tourism and Foreign Affairs and operates in the United States, Canada, the United Kingdom/Europe, and Jamaica. The Jamaica Tourist Board's budget has grown from under J\$400,000 in 1955 to over J\$8,000,000 in 1974. This is calculated to be about 6.6 percent of the gross receipts from the Tourist Industry in 1974. Approximately 85 percent of the Tourist Board's advertising expenditure is spent in the North American mainland attesting to the high concentration of the industry's market. In recent years the Jamaica Tourist Board has sought to diversify this tourist market through promotions in Europe. The grant for 1978-1979 is \$1,406,845.

¹Statistical Yearbook of Jamaica 1977. (Department of Statistics, Kingston), p. 527.

Performance of the Industry

In 1977 the Tourist Industry continued to experience the decline started since 1975. There was a steep reduction in visitor arrivals and the corresponding hotel occupancy levels. The decline can be attributed to both internal and external factors.

Jamaica was affected by the recession in the developed countries as a consequence of oil price increases. This led to rising cost of living, job layoff, a fall in discretionary income and reduced demand for travel. World travel declined for two years, 1974 and 1975.

Economic difficulties were experienced in Jamaica due to low production of the major exports--bauxite, sugar and bananas. This was further aggravated by the domestic social and political climate then existing in the island. The Caribbean Tourist Industry had been undergoing a period of unrest in the islands with an established tourist industry since the last 1960's. The economic deprivation of the masses of the region led to resentment of an industry designed for the wealthy, privileged few.¹

Incidents of crime and violence increased. At about this time in 1972, the new governmental regime won the elections and began expounding their doctrine of Democratic Socialism, Third World Solidarity, increased relationships with Cuba and imposed the new bauxite production levy in 1974. Tourism by its very

¹Bank of Jamaica, Monthly Review, March 1979., p. 48.

sensitive nature reacted almost instantly to the upsurges in criminal activities and the new ideological expoundings and the adverse publicity attendant on these factors.

In the United States travel to the Caribbean declined by 2.0 percent. In Jamaica the number of stop-over visitors declined for three consecutive years, 1975-1977. This is shown in Table III-38.

Table III-38
Stop-Over Visitors on Annual Basis

1972	407,806	+13.5
1973	418,257	+ 2.6
1974	432,987	+ 3.5
1975	395,809	- 8.6
1976	327,706	-17.2
1977	264,921	-19.2
1978	381,800	+44.0

Cruise Passengers on an Annual Basis

1973	91,450	+28.0
1974	92,675	+ 1.3
1975	150,433	+62.3
1976	141,494	- 5.9
1977	120,982	-14.5
1978	148,682	+22.8

Source: Economic and Social Survey of Jamaica

The year 1978 saw an increase in all categories compared to 1977. The long-stay category increased by 115,300 arrivals and

cruise passengers by 27,700. This has been an upward trend in visitor arrivals which started in the last months of 1977 attributed to increased publicity expenditure and reduced adverse press reports. Total visitor arrivals for 1978 amounted to 532,900, an increase of 146,300 or 37.8 percent over 1977.¹ Table III-39. gives total visitor arrivals for the years 1968-1978.

Table III-39

Total Visitors to Jamaica: 1964-1978

	<u>Total</u>
1964	232,190
1966	345,288
1968	396,347
1970	414,720
1971	448,564
1972	493,488
1973	517,726
1974	530,726
1975	553,258
1976	470,714
1977	386,514
1978	532,864

Distribution of Stop-Over Visitors by
Country of Residence 1973-1978

	1973	1974	1975	1976	1977	1978
United States of America	77.8	78.4	75.2	70.0	67.9	66.4
Canada	8.8	8.7	11.8	14.8	16.0	18.8
Europe	6.4	6.3	6.7	8.4	8.8	9.1
Other	7.0	6.6	6.3	6.8	7.3	5.7
	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bank of Jamaica, Monthly Review, March, 1979, p.48.

The national origins of stop-over visitors show Americans and Canadians accounting for over 85 percent of the total stop-over visitors. However, there has been a decline in the percentage of Americans since 1974 and an increasing Canadian and European visitor market. The number of stop-over visitors is important as they are an indication of the overall demand for services and facilities in the industry, because it is this group that determines the "bulk of the income generating capacity" of the tourist industry. Cruise passengers, while spending an estimated average of about J\$30.00 on a one-day stop with an additional J\$10 per person from dockage fees, are like armed-force personnel. Their per capita expenditure is relatively small as they do not utilize accommodation facilities on land.

The number of hotel rooms available in the industry in 1977 was 9,119, a net increase of 90 rooms or 1 percent compared to 1976 total of 9,024.

The total number of available rooms for the years 1970-1977 is shown on the following page.

Table III- 40
Visitor Accommodation: 1970-1977

ITEM	ROOMS							
	1970	1971	1972	1973	1974	1975	1976	1977
Hotels	5427	6116	6623	7499	8288	8366	9024	9119
Guest Houses	227	282	278	297	292	295	295	n/a
Resort Cottages	1203	1449	1841	2067	2341	2427	2593	n/a
Apartment Houses	124	282	323	206	147	147	149	n/a
TOTAL	7026	8129	9065	10,069	11,068	11,235	12,061	n/a

Change in Total Accommodation: 1970-1976 = 71.6%

Source: (1) Statistical Yearbook - 1977

(2) Economic and Social Survey - 1977

Between 1970 and 1976 total visitor accommodation increased by over 5,000 rooms or 72 percent and for beds the increase is even more significant.

The increase in visitor accommodation in most cases outstripped increases in visitor arrivals. Furthermore, the industry suffers from seasonal fluctuations. The busy season is from December to April when occupancy rates are extremely high. The expansion of capacity seems to be geared to the size of the market in the high season. In the off-season period, in particular summer rates are reduced often as much as 40 percent to attract the budget conscious visitor with lower income.

Since the last 1960's there has been a downward trend in hotel occupancies, often due to increase in capacity and annual decline in visitor arrivals attributed in the past few years to the social and political climate in the Caribbean region and Jamaica. The occupancy rate is derived by expressing total occupancy, local and foreign, as a percentage of total capacity.

Occupancy rates of around 50 percent is often felt to be enough to make an enterprise profitable although recent studies say the break-even point is 60-65 percent room occupancy rate.¹

The table below shows the downward trend in occupancy rates. 1978 estimate showed a remarkable upswing in Table III-41.

Table III-41
DOWNWARD TREND IN HOTEL OCCUPANCY
RATE 1968-1977-JAMAICA

<u>YEAR</u>	<u>ROOM</u>	<u>BED</u>
1968	66.8	63.0
1969	62.1	58.7
1970	50.1	46.3
1971	51.5	45.3
1972	48.9	45.3
1973	48.1	43.3
1974	43.8	40.0
1975	43.5	39.5
1976	33.2	30.4
1977	28.9	25.3
1978	39.5	40.0

Source: Bank of Jamaica

The highest occupancy rates were experienced in Jamaica's newest resort, Negril which started operations in 1975. By 1976

¹CADEC, The Role of Tourism in Caribbean Development, (Barbados, 1971), p. 42.

it was experiencing occupancy of 44 percent compared to the all-island rate low of 33 percent. In 1977 it surpassed its previous record enjoying 67 percent room occupancy as against the all-island rate of 29 percent.

In an attempt to improve occupancy levels Jamaica is being promoted as a year-around operation and not just a winter haven for the wealthy, at the same time to expand domestic tourism. A domestic holiday programme was established to encourage local Jamaicans to vacation locally; thereby improving hotel occupancy, maintain employment and save foreign exchange. The Government made a provision of J\$3 million to enable workers in the public service to utilize the domestic holiday programme. The programme boosted local visitorship to over 131,000 visitors for 1977. The table below gives the distribution of Jamaican guests in hotels for 1976-1977.

Table III-42
NUMBER OF JAMAICAN GUESTS
IN HOTELS 1976-1977

Area	(Aug-Dec) 1976	1977
Kingston	7,016	29,079
Montego	10,062	25,334
Ocho Rios	16,249	50,042
Port Antonio	5,850	12,998
Mandeville	4,049	8,303
Negril	886	5,337
TOTAL	44,112	131,089

Source: Economic and Social Survey of Jamaica

The steep decline in tourism for the two years 1976 and 1977 resulting in change in the ownership patterns of the existing hotels in the island. The seasonality of the industry was accentuated by the decline in visitor arrivals. The hotel occupancy levels for the island declined to a disastrous level of 28.9 percent in 1977, approximately 30 hotels closed and hundreds of workers laid off during the year. The withdrawal of foreign ownership pressured the Government into expansion of state ownership into hotel infrastructure. An indication of Government ownership of hotels in 1977 is given below.

Table III-43
GOVERNMENT OWNERSHIP OF HOTEL ROOMS 1977

	No. of Hotels	No. of Rooms
Fully Government Owned	11	2,574
Shareholding by Government	6	1,678
TOTAL	17	4,252

Source: Economic and Social Survey

In 1971 thirty-five percent of the hotels in Jamaica were wholly foreign owned, 56 percent were wholly locally owned and 9 percent were joint ventures.¹

Foreign ownership dominated the larger hotels, in the form of large American hotel chains. Internationally known hotel names

¹Iserdeo Jainarain, op. cit., p. 307.

such as Hilton, Holiday Inn and InterContinental Hotels operate in Jamaica. By January 1978, foreign ownership had declined to 26 percent of total hotel rooms, or 2,323 rooms. 26 percent were owned by private entrepreneurs.¹

Table III-44
OWNERSHIP OF HOTEL ROOMS AT JANUARY 1978

	No. of Rooms		% Ownership	
	Local	Foreign	Local	Foreign
All island	6617	2323	74.0	26.0

As a result of the expansion the state-owned company-- National Hotels and Properties Limited is in control of the 4,252 hotel rooms. This represents approximately \$200 million in investments and makes them the largest single hotel owner locally.

The recent five-year plan has set various targets for the industry, in particular:

- (i) To double foreign exchange earnings from tourism the target for 1978 is US\$134 million and this is to increase to US\$276.0 million in 1982.
- (ii) The achievement of 65 percent occupancy levels island-wide for the period - starting with a 40% occupancy in 1978 and increasing to 80% occupancy in 1982.
- (iii) To increase domestic tourism to 180,000 Jamaican vacationers by 1982.

¹Economic and Social Survey, op. cit., p. 172.

- (iv) Increase local content of tourism expenditures; The National Hotel Supplies Company will buy and stock local consumable items for use by hotels.
- (v) Upgrading tourism staff.

This is to be achieved by increased package tours and charters particularly in the low months, May, June, September, October and the installation of a central reservation system. There is a planned 1000 rooms of new hotels and an occupancy level target of 77 percent upon completion at the end of 1982.

Contribution of the Industry

Tourism appears in the balance-of-payments account as an "invisible" service item, and its receipts are used to offset the age-old trade deficit in the merchandise section. The industry normally competes with sugar for second place behind the bauxite/alumina industry in the islands earnings of foreign exchange. 1977 it maintained its number two position due to the depressed condition of the world sugar market. Estimates for the year 1978 show the same thing happened for that year.

Estimates of Tourist expenditures for the period 1972-1978 are shown in Table III-45.

Table III - 45

	RECEIPTS FROM TOURISM 1972-1978						(J\$)
	1972	1973	1974	1975	1976	1977	1978
Receipts (\$ million)	107.9	115.8	121.2	116.8	96.1	95.5*	223.6**
Percentage change	15.8	7.3	4.7	-3.6	-17.7	-0.6	

* Basic Rate

** Inflated dollars due to devaluation

Source: Bank of Jamaica

The estimate for 1978 shows a significant increase over 1977. Its true value is much less as between January 1977 and December 1978, the value of the U.S. dollar increased from:

J\$1.00 = U.S. \$1.10 to

J\$1.70 = U.S. \$1.00

The various devaluations over this period was constantly converting to the more Jamaican dollars compared to the period prior to the devaluations in April 1977.

A recent survey conducted in 1977 by the Tourist Board showed tourists were spending more in 1977 than in 1971. This is feasible considering the increased cost of vacations worldwide. The survey indicated that the stop-over visitor spent on an average U.S. \$48 per day in winter and U.S. \$41 in summer.

Earnings from tourism as a percentage of the Gross Domestic Product has been on the decline since 1973. This is depicted in Table III- 46.

Table III-46

EARNINGS FROM TOURISM AS A PERCENTAGE
OF GROSS DOMESTIC PRODUCT

Year	% of G.D.P.
1973	6.8
1974	5.4
1975	4.4
1976	3.4
1977	5.0

Source: Five-Year Development Plan, Jamaica

Preliminary figures for 1977 indicate that the contribution of earnings of tourism may have risen to almost 5.0 percent of Gross Domestic Product.

The following table gives the contribution of the major export items to total exports for the years 1972-1977.

Table III-47

Items	1972	1973	1974	1975	1976	1977 ⁺
Alumina	119.0	147.8	343.5	346.9	276.8	343.3
Bauxite	68.4	79.5	127.6	106.9	112.6	145.9
Bananas	11.9	16.4	11.5	14.6	11.9	16.7
Sugar	33.8	35.4	74.4	139.7	55.9	69.2
Tourism* (gross)	107.9	115.8	121.2	116.8	96.1	95.5+
Other	66.1	75.6	107.4	104.6	118.5	109.1+
TOTAL	408.8	470.5	785.6	829.5	671.8	779.7
*Net Tourism Receipts	71.3	90.4	88.5	69.3	42.6	84.7

+Basic Rate

Source: Bank of Jamaica, Quarterly Bulletin, March 1978

In 1973 it was estimated that about 66¢ of every dollar earned in the industry remained in Jamaica, that is, the retained expenditure of 66 percent. It is assumed today that this percentage

is slightly higher with the reduced amount of foreign ownership and imported food items. The industry still consumes a large amount of imported foods and payments must be made abroad to promoters and commission agents. This is increasingly so as Jamaica diversified into package tours and increased charters.

In Jamaica the industry provided direct employment for 8421 in 1977, concentrated among lower hierarchial levels--the unskilled and females. Tourism employs only a small number of expatriates but they have effective control over the industry. Employment for 1971-1977 is shown below.

Table III-48
EMPLOYMENT IN VISITOR ACCOMMODATION IN JAMAICA
FOR 1971-1977

	1971	1972	1973	1974	1975	1976	1977
TOTAL	9,396	9,585	10,177	10,740	9,673	8,482	8,421

Source: (i) Jamaica Tourist Board
(ii) Economic and Social Survey

There has been a decline in employment since 1974 from over 10,740 jobs to 8,421 at the end of December 1977, that is, less than 1.0 percent of the total labor force. Compare this to an all-island recorded unemployment figure of 24 percent in 1977. It's possible the actual figures could have been much lower as earlier in 1977 during the off-season months 30 hotels closed and hundreds of workers were laid off. However, there was a dramatic improvement in visitor arrivals in the last months of 1977 continuing into 1978. The employment figures were calculated at this high point in December 1977.

Using a ratio of 1:1 direct to indirect employment overall employment could be 17,000 for 1977. Average annual income per employee was estimated to be \$J3200 per annum in 1977.¹ For those intermittently employed in craft production of souvenirs, the average per capita earnings is even much lower, less than half of the above figure.

Apart from the industry's contribution to net foreign exchange and employment, it should act as a stimulus to overall development. However, this is not usually so, it is an enclave virtually isolated from the rest of the economy. The pattern is that of an "international tourism style" highly dependent on imported managerial skills, food and beverages and even architectural designs. In recent years in Jamaica there has been a concerted effort to increase the domestic content of the inputs.

While it is possible for the tourist to isolate himself from the host society, the society does not have this choice. The host society must face the social cost and compare the economic returns with the "opportunity cost" of the capital. In 1968 it was estimated that the average cost of bringing one room into operation was EC \$33,600 in Jamaica. Since then the cost had increased tremendously. This is an extremely high capital requirement per direct job, much higher than in manufacturing. In addition tourism requires additional investments in supporting and

¹Employment, Earnings and Hours in Large Establishments, 1977. (Average weekly earnings of \$56.16 for a 42 hour work week.)

ancillary services. Also in highly capital-intensive infrastructures--in airports, harbours, roads, telephone, water-supply and other utilities.

The industry in Jamaica involves the leisured enjoyment of specially maintained areas of natural island beauty by visitors with service provided by formally clad, often deferential Jamaicans. Tourism is a maturing industry prone to the ills of such industries--vicious competition and its corresponding reduced profit rates. Slowly, as the Tourist product becomes standardized among competing resort destinations to suit the mass market of package tours and charters the countries become interchangeable in the mind of the tourist and the ability of each destination to provide variety, novelty and strangeness decreases.

CHAPTER IV

Tourism despite its glamour is just another industry with its own particular side effects. The major benefits of tourism such as foreign exchange earnings, contribution to employment and development are not ignored, but the aim of the chapter is to analyse the structure of the industry as it exists in Jamaica and its economic, social-cultural, political and environmental impacts. This include the dangers of over-commercialization of original hospitality, tourist densities, dependence and demonstration effects.

CRITICISMS OF THE TOURIST INDUSTRY

Tourism has often been likened to a new version of colonialism within post-colonial societies. The reintroduction of the rich, westernized elite in Third World developing countries and the obvious display of wealth in poor societies provides contrasts of race and affluence. The generalized myth of the prosperity of the tourists is not easily dispelled and is said to have created the so-called "demonstration effect" or confrontation effect." Exposure to the way of life of the tourist creates the desire to work harder, to achieve the level of education among the local people to be able to emulate the tourists. As this desire becomes frustrated, hostility, and resentment set in. As Brian Archer stated:

---"and especially when there is a considerable disparity of wealth between the indigenous population and the tourists, crime, prostitution, gambling and drug traffic may be imported into the

holiday areas from other regions. Many of the social conventions and constraints imposed upon tourists in their home areas are absent when they visit another region and, in consequence, their moral behaviour can deteriorate without due censure. As a result many local people find that by catering for the several needs of their visitors, they themselves can achieve a relatively high level of prosperity." (1)

The "demonstration effect" extends to the elites and the mass of the middle class in the host society. They become even more material conscious:

---"their eyes turned even more firmly toward the delights of the industrialised, consumer-oriented world. The Masses see the tourist both as a hated foreigner and a powerful symbol of the inequalities of our contemporary world." (2)

Much of the foreign exchange earned in the industry finds its way into the Black Market and thereby enables the elites to hold on to their privileges.

The Metropolitan agencies who sell tourism have been criticized for their "fantasy" images created of the Third World destinations and the rise of the "playground culture" and leisurely life styles as they are inimical to development for newly struggling, independent nations.

STRUCTURE OF THE INDUSTRY IN JAMAICA

Most of the large hotel complexes in Jamaica are managed either under straight management contracts, joint ownership

¹Brian Archer, "Domestic Tourism as a Development Factor," Annals of Tourism Research; Volume V, Number 1; January/March 1978, p. 129.

²Louis Turner and John Ash, op. cit., p. 185.

or lease arrangements with large international companies. In their own self-interest these international hotel chains prefer management contracts, leasing or franchising to equity participation as these arrangements reduce risks while increasing profitability, and achieving international expansion and prestige from being worldwide. The risks are calculated as a product of these factors; political stability, degree of inflation, history of nationalisation, economic growth, credit availability and currency convertibility. An international banker wrote of his experience in Jamaica:

---"after working closely with Hyatt and Inter-Continental in Ocho Rios, I am convinced that the major hotel chains are getting away with "absolute murder" in the industry. All of the costs of raising funds - capital and bank debt - has been successfully pushed off onto the government with the "vague hopes" that the costs will be recouped in the lease contracts. While government funding and ultimate ownership could foster greater control over the industry, most of that control is abrogated in the lease contracts, anyway." (1)

Management contracts are usually preferred to franchises because the level and quantity of expertise to operate an international hotel is regarded as limited in the host country and the indigenous management is felt to be incapable of managing. These international hotel chains are usually well-established in their home countries with a track record of success in provision of services for the tourist in those destinations the tourists have shown preferences for. The hotels are predominantly

¹Andrew Harris, First National Bank of Chicago, personal letter.

resort hotels - for pleasure, located in urbanized areas with the amenities required, and an average room size of around 100 rooms.

The Multi-National Hotel Chains are needed even though one is aware of their disadvantages such as their unfavorable accounting practices - their use of transfer pricing, overstatement of costs and understatement of earnings, and their technical expertise in negotiations compared to the local civil servants and politicians. Often the agreements concluded are detrimental to the country and the fees charged for managerial and technical assistance are exorbitant. These hotel chains tend to keep to themselves their best personnel in those hotels where they have a self-interest, in terms of equity investments, or higher profitability and ease of currency convertibility. At the same time the level of expertise required in effect reduces the role of the Jamaicans to the unskilled laborer and their training for local executive positions leaves much to be desired.

The expansion of these International Hotel Chains in Third World Tourist destinations like Jamaica is yet another market outlet for American goods, witness the U. S. Department of Commerce report on tourism growth in Trinidad; the department stated:

"The tourist activity will create a further demand for hotel and restaurant equipment that offer an opportunity for American suppliers of hotel furnishings, electrical and air-conditioning installations, refrigeration equipment and swimming pools. In

addition, American food product lines will be necessary to supply the North American tourists expected to fill these new hotels." (1)

The industry has a strong propensity to import. Those in control want a liberal import policy to import what they want. This seems to imply that those domestically produced inputs - food, drink, construction materials, furniture and manpower are inferior. Often the type of technology used in the industry requires further importations of both specialized maintenance equipment and technicians.

Advertisements are prepared by American firms. In 1977 the advertisement budget of Jamaica was \$2-2.5 million.² Often the image portrayed is not one of the most desired and a limited presentation of the country can result in an incomplete picture of the country for potential tourists. They are limited to the range of choices presented and will seek to experience only those.

¹U. S. Department of Commerce, "World Trade Outlook for Latin America and the Caribbean", Overseas Business Reports, December 1970, p. 5.

²Robert Alan Britton, "International Tourism and Indigenous Development Objective: A Study with Special Reference to the West Indies", University of Minnesota, Ph.D. 1978, p. 44.

Table IV-1
 U.S. Media Expenditure and Cost Per
 Visitor^(a) for^(*) Selected Caribbean
 Island, 1976

<u>State</u>	<u>U.S. Arrivals</u>	<u>Expenditure</u>	<u>Expenditure per U.S. Visitor</u>
Bahamas	750,000 ^(b)	2,426,000	\$3.23
Jamaica	229,000	2,064,000	9.01
Dominican Rep.	181,000	94,000	.52
Barbados	56,000	195,000	3.48
Trinidad & Tobago	39,000	233,000	5.97
Curaco	33,000	172,000	5.21

* (a) Not including cruise or transit passengers

(b) Estimate

Sources: ASTA Travel News, Travel '77/'78: The Big Picture, pp. 47, 48, 78; The Caribbean Tourism Association, Visitor Statistics, 1976.

Dependence on Tourism corresponds with vulnerability to fluctuations in the economic cycles of the main tourist generating economies, that is the United States and Canada. Add the seasonal nature of tourism and its sensitivity to changes in fashion and taste and the problem of dependence is even more insurmountable. Witness the disastrous effects of planning and construction of increased hotel rooms in the period of optimism and completion in the lean years. Islandwide hotel room and bed occupancy dropped to an all-time low, many hotels closed, some permanently, some temporarily, and hundreds of workers laid off. Often the Government is left with the responsibility of protecting employees from loss of jobs. Dependence on the use of foreign

capital, technology, imported goods and manpower also raise the question of sovereignty and domestic control.

Destination places have historically been subjected to the tastes of the visitors. As Stanley Plog stated in his paper "Why Destination Areas Rise and Fall in Popularity":

"We can visualize a destination moving across the spectrum, however gradually or slowly, but far too often inexorably towards the potential of its own demise. Destination areas carry with them the potential seeds of their own destruction, as they allow themselves to become more commercialized and lose their qualities which originally attracted tourists." (1)

The often-stated benefits from devaluation is short-sighted as the country ends up paying more for the imported inputs and local prices are adjusted upward to compensate for increased costs. Devaluation also adversely affects the domestic tourist market who must pay more although their salaries have not appreciably increased.

The industry boasts of tourism's possibility as a development strategy yet the minute they are asked for a contribution, witness their resentment:

"The Caribbean hotel industry's gross operating profit is far and away the lowest in the world, basically because island governments expect and to varying degrees make the industry subsidize social needs often unrelated to the industry, in order to raise the local population's standard of living--unless the hotels stand together, the governments will divide and rule." (2)

¹Stanley C. Plog, "Why Destination Areas Rise and Fall in Popularity", paper presented at a meeting of the Southern California Chapter of The Travel Research Association, 10 October 1972, p.5.

²Travel Trade, 19 June 1972, p.4.

THE ECONOMIC IMPACT

The economic benefits of Tourism are threefold: the earnings of foreign exchange, the multiplier effect of the tourist expenditure within the economy, and employment. Tourism was the second largest earner of foreign exchange in 1977 behind the bauxite/alumina industry, but ahead of sugar grossing J\$95.5 million. The net receipts of visitor expenditures to Jamaica and expenditures of Jamaicans abroad was only J\$84.7 million in 1977. As Turner and Ash wrote:

"A number of illusions about the economics of tourism need exploring. First, just because a tourist spends a dollar in a country there is no guarantee that it is going to stay there. In large parts of the tourist world, many of the hotels and restaurants are foreign owned, so part of the tourist dollar flows out inevitably in the form of profits or dividends; many of the top managers are expatriates, who, as well as being paid more than local employees, will tend to bank a good part of their salary out of the country; much of the food and drink may have to be imported to meet the conservative tourist palate,-----, the tourists demand expensive machinery like air-conditioning, lifts, speed boats and cars, all of which will have to be imported"----- (1)

It was estimated in 1973 that Jamaica had a leakage of 34 percent. Newspaper reports suggest between 60 and 80 percent leakage.² Today it is expected to be reduced due to the restrictions placed on importation of food and consumer durables, and increased local ownership and participation in the industry.

¹Louis Turner and John Ash, op. cit., p.116.

²The Guardian (28 March 1973); West Indies Chronicle (February 1973).

Where a foreign airline or charter is used, a large proportion of the total money spent by tourists for the holiday will never reach Jamaica as it is spent on transportation to and from the island. Also Travellers' cheques and credit card schemes are all administered externally in the tourist-generating countries and commissions have to be paid - and this further complicates the enforcement of exchange control regulations.

The black marketing of currency and the settlement of tourist expenses by local residents deprives the country of the needed foreign exchange. However insisting on a minimum foreign exchange expenditure per tourist day can alienate visitors and thereby be counter-productive.

The high degree of leakage including the cost for intermediate goods imported such as fuel for electricity enters the calculation and has the effect of reducing the multiplier effect of tourist expenditure.

John Bryden's report on the economics of tourism claims that tourism kills both export-oriented and domestic agriculture. Increased visitor arrivals is accompanied by increased imports of everything, food included and traditional agricultural exports decline. He states there is little evidence that the wages paid to the unskilled and semi-skilled is any higher than in the fields. After analyzing possible alternatives, he concludes that the returns on investments in hotels are very low, depending on the extent of foreign ownership, number of expatriates employed and where the

money was raised. Peasant farmers are displaced, inflation increases and property values increase beyond the reach of the local people.¹

"Tourism depends on resorts, which are built for the benefit of foreigners,-----, because the industry is modern and glamorous, and there are some jobs which pay better than traditional ones, everyone drops tools and rushes to serve the foreigners, The locals build the resorts and serve in them, which, if fully controlled by foreigners, will contain few really worthwhile jobs. In the meantime, the fields return to weeds; the locals lose their traditional skills; they lose their ability to produce anything." (2)

Tourism tends to draw on the unskilled agricultural labor force, thereby increasing rural-urban migration.

There are additional problems of lack of confidence in locally produced foods. Local hoteliers and chefs are believers of the myths that visitors desire only international cuisines and accommodation. Lundgren found that the large resort hotels in Jamaica made purchases from small suppliers - 59.2 percent of all large hotel food transactions were from small growers but the purchases accounted for only 14.6 percent by value.³

In 1977 out of a total population of 2,096,800 only 8421 persons were employed in the Industry for the month of December

¹John Bryden, Tourism and Development: A Case Study of the Commonwealth Caribbean (Cambridge: Cambridge University Press, 1973)

²Louis Turner and John Ash, op. cit. p.123.

³Jan Lundgren, "Tourist Penetration/The Tourist Product/ Entrepreneurial Response", Proceedings of a meeting of the International Geographical Union's Working Group on the Geography of Tourism and Recreation (Peterborough, Ontario: Department of Geography, Trent University, 1975), p. 66-67.

1977, a high point in the winter 1977-1978 tourist season. Expatriates accounted for less than 1 percent of those directly employed in Jamaican accommodations in 1975⁽¹⁾ but wherever they were they had effective control. There are stipulations about employing Jamaicans but nothing on how this is to be structured.

In addition to revenue leakage, a low multiplier and competition for labor there are other negative economic factors to consider such as the cost of tourism - infrastructure, competition for land, excess capacity of tourist facilities and increased balance of payment problems.

The cost of providing and maintaining the infrastructure is not borne equitably due to the granting of tax holidays and other incentives. The hotels facilities build are also energy-intensive.

Competition for land causes increased land prices and speculation. The seasonal nature of the industry can cause inflationary price pressures which are felt more intensely by low income groups.

Overbuilding and tourism's seasonality results in excess capacity and low annual occupancies for all concerned. Between 1970-1977 the number of hotel rooms in Jamaica increased from 5427 to 9119 available rooms, that is an increase of 68 percent.

¹Peter Goffe, "Development Potential of International Tourism", Cornell Hotel and Restaurant Administration Quarterly 16:3 (1975: 29).

For the same period, room occupancy fell from 50 percent in 1970 to 29 percent in 1977. Occupancy is indicative of the financial stability in the island's hotels. The Caribbean region ranked lowest in occupancy rates; lowest in gross operating profits on a per room basis at \$903; when world average was \$3566. At the same time the region had the highest operating expenses, at \$5259; paid the most for travel agents' commissions relative to room sales, advertising and promotion, administrative and general costs; had the second highest repairs and maintenance outlay and the second highest ratio of payroll and related expenses to hotel sales.¹

The increased demand for imported goods spurred on by the additional income and exposure to the tourist is in excess of the island's capacity to import. Also the presence of tourist stimulates the demand for foreign travel. The total effect is to increase balance of payment deficits.

THE SOCIO-CULTURAL IMPACT

Any analysis of the impact of tourism should consider both the economic and the non-pecuniary effects. However the non-economic impacts of tourism are not easily quantifiable as it is difficult to assign a dollar to each of tourism negative or positive aspects. The tourist brings the needed convertible currency but not without a cost to Jamaica. It bestows benefits

¹Robert Britton, op. cit., p.246.

at the same time that it exacts a cost. The cost is the unexpected sacrifices and compromises the society has to make.

Even developed societies, although more resistant experience tourism's negative impacts.¹ Every year millions of tourists converge on the large metropolitan cities of New York, London, Toronto but they are easily absorbed within the system and merge with the local populace.² On a small island like Jamaica, too many tourists can overwhelm the country and the people. The degree of dislocation is related to the ratio of visitors to locals. In 1977 when tourism was at its lowest ebb, there were only 386,514 visitors to Jamaica. The population was estimated at that date to be 2,096,800, which gives a ratio of about 5:1 locals to tourists. This was reduced to 4:1 locals to tourist in 1978 when visitor arrivals totalled 532,864, that is a density of 121 visitors per sq. mile. The ratio of tourists to locals is much higher than the all-island average in the resort areas of Montego Bay, Ocho Rios and Negril.

The tourist density in Jamaica is not as high as that of the Bahamas which had a population of 185,000 and tourist arrivals of 1.4 million in 1975⁽³⁾, or the U. S. Virgin Islands with a total land area of 132 sq. miles, population of 80,000 and tourist arrivals of 1 million in 1972, or Barbados where there are 2,110

¹New York Times, 26 April 1977, p.18.

²Donald Lundberg, "Caribbean Tourism Part II - Social and Racial Tensions", Cornell Quarterly, May 1974, p. 82-87.

³Somerset Waters and William Patterson, SSTA Travel News: The Big Picture 1976 (New York, Travel Communication 1976), p.42.

visitors per sq. mile.¹ In these cases tourist arrivals outnumber the local population which often gives rise to resentment by locals towards visitors.

Even when the tourist does not differ from the locals racially, as in the case with Black American visitors to Jamaica and the Caribbean, they nevertheless differ in speech, culture and social customs.

TOURISM CAUSES SOCIAL TENSIONS

The typical tourist is in Jamaica to escape his highly urbanized culture. He seeks the simple, exotic life portrayed in the advertising promotion conceived in his own country. He desires to enjoy himself forgetting the pressures of his middle-class world he has just left as well as the economic social and environmental realities of the island he is visiting. He demands certain standards of accommodation, food and service. Gradually his Euro-American values are superimposed on the Jamaican society with its historical background in colonization, slavery and Independence.

Social tensions are inevitable. The workers in the menial hotel jobs are exposed to guests carrying as much money in their pockets as they will make in one or two whole years. According to Lundberg he cannot understand, why, if there is justice is he not wealthy?² Unlike the visitors they cater to, the possibility

¹Geoffrey Wall & Inshan M. Ali, "The Impact of Tourism in Trinidad & Tobago", Annals of Tourism Research, Volume V, Oct./Dec."79, p.45.

²Donald Lundberg, op. cit., p.85.

of them taking such an escape is remote. The result is that they scheme ways to separate the visitor from some or all of his monetary or material possessions. This may take many forms such as supplying the tourist needs for entertainment, drugs or even outright theft of the tourist's belongings.

TOURISM CAUSES A DECLINE IN LOCAL CUSTOMS

Tourism slowly displaces the original local culture, evidenced by the preference for the materialistic and acquisitive values of the tourist and his consumptive pattern, called "champagne stomachs in beer pockets society" - the tourist model is not the most beneficial for a newly independent nation struggling to hold its own. The model displayed is one of over-indulgence - in sun, fun, sex and drug; unaccountability and illusory wealth. The moral values of the tourist deteriorates, once they are out of the eyes of censor of their society. This has numerous implications for those urbanized pockets of Jamaican society where tourist abound. The pattern of sexual behaviour begins to resemble that of more developed societies where morals are less rigid. Also increased acceptance of marijuana, hashish, cocaine and soft drugs develops. A taste of "hedonism".

In Jamaica, where the majority of visitors speak the same language as the native Jamaican--English--there is a tendency among hotel workers and people of the resort community to try to adopt the visitors' accents, slangs and manner of speech.

After a couple of years of catering to the tourist trade, slowly the tourist attractions and facilities are standardized.

Due to the difficulties of satisfying a continuous stream of tourists particularly during the peak season, it becomes necessary to offer a uniform tourist experience. The tourist exposure is thereby limited to few standard elements and cultural richness and spontaneity is reduced. The original hospitality becomes over-commercialized and goodwill declines.

Proponents for the industry are willing to cite ways in which tourism has increased folklore, artistic and cultural awareness. However the cultural exhibition deliberately put on for the benefit of the tourist reduced its inherent value to the performers. Often the performances are altered - either exaggerated or condensed to live up to the expectations of the visitors who seldom like the authentic culture and prefers his own concept of what he thinks it is.

--"By making it part of the tourism package, it is turned into an explicit and paid performance and no longer can be believed in the way it was before. This commoditization of culture in effect robs people of the very meanings by which they organize their lives." (1)

Tourism has the similar effects on the production of portable souvenirs. The products are modified and standardized to suit tourist taste and concepts of what they should look like.

¹Davydd Greenwood, "Culture by the Pound: An Anthropological Perspective on Tourism as a Cultural Commoditization", paper presented at the 73rd Meeting of the American Anthropological Association, Mexico City, 19-24, November 1974, p.12.

TOURISM CAUSES CLASS TENSIONS

Tourism increases tension between the classes, heightens the distance between the privileged and underprivileged in the society. At the bottom of the job hierarchy are the underprivileged. This gradually gives way to the privileged class and finally the expatriates at the very top. Associated with this hierarchy is the change from black to brown and finally to white.

In the eyes of the rural poor and urban masses, the tourist "glass palaces" are predominantly built to accommodate, by their humble standards - the wealthy North American foreigners and the nouveau riche national elite. There is a tendency among the national elite to identify with the tourist and as mentioned before the foreign currency derived from the industry provides a guarantee for them to hang onto their bourgeois taste of:

-----"arbitrary extravagance without visible connection and labor, fashionable gadgetry and clothing, palatial luxury--these are things to stir the fancy of the poverty-stricken masses of the Third World and to discourage them from slaving laboriously to scrape a living from tilling the earth." (1)

As previously mentioned tourism adds fuel to the rural-urban drift - and thereby decreases the possibility of Domestic self-sufficiency and social change. Census data on Jamaica during the 1960s when tourism development was rapid show a considerable

¹Jacques Bugnicourt, "Tourism-The Other Face", Development Forum 5:6 (1977):8.

number of migration from agricultural areas to tourist resort areas. It was estimated that about 75 percent of the 4000 workers employed in the Montego Bay Tourist industry might have migrated from the interior agricultural sector.¹ This migration leads to overcrowding and pockets of unemployment and the resulting social problems connected with this type of development - harassment of tourists, juvenile delinquency and crime.

Associated with this migration is prostitution in the resort areas. Although tourism is not the cause of prostitution it has nevertheless increased the demand and supply for this type of service. It becomes very important that venereal disease in resort areas be monitored closely. Today there are strains of gonorrhoea, resistant to penicillin which can do great damages to the residents in the small resort communities.

POLITICAL IMPACT

Since Independence in 1962, political power has shifted from the British Colonial masters to the present local politicians. Due to tourism's sensitive nature and vulnerability to changes in tastes and fashion of the consuming public it becomes necessary to subdue and restrain political debate and certain social changes rather than risk losing the major North American conservative market. Also, the easy flexibility among Caribbean destinations

¹Headley Brown "The Impact of the Tourist Industries on the Agricultural Sectors: The Competition for Resources and the Market for Food Provided by Tourism", Unpublished research paper, National Planning Agency, Kingston, Jamaica, 1975, p.7-10.

point to the need to present a balanced political, social and cultural front. The Jamaican industry has only recently started to recover from the blows dealt in 1975 and 1976 by adverse publicity in the North American tourist markets as previously mentioned in Chapter III. The turn-around has not only been timely but achieved at a great promotional cost to Jamaica.

Jamaica in addition to catering to tourist whims has to court the tour operators and tour packers. The tour operators have a similar influence on the island as the manufacturer of a food product has on the chain store which ultimately sells its products. They hold all the cards as the customer seldom knows exactly what he wants to buy and prefers to shop in a store which gives him a range of brands (as in the case of food) or destinations (as in the case of tourism).¹

Often the need arises for implementing certain restrictive policies for the economic or social good of the island, but consideration of the consequent negative effect on the Tourist Industry results in less effective compromises being adopted or exclusion clauses included. Witness the demand for a liberal import policy for goods and services by those in the industry when local indigenization of the industry to increase its contribution to the economy is urgently needed or the need to crush the drug traffic for fear of discouraging the younger tourist traffic or even the implementing of measures to reduce trafficking in foreign currency for fear of discouraging visitors.

¹Louis Turner "The International Division of Leisure, Tourism and the Third World", Annals of Tourism Research, Volume IV, No.1, September/October 1976., p.17.

There is also the additional problem of Dependence and Sovereignty. Dependence on the tourist dollar translates into dependence on the buoyancy of the North American economies and therefore susceptibility to their economic fluctuations of recessions and inflation. Jamaica thus imports these conditions into an island already feeling the blows of underproduction, under-employment, devaluation and runaway inflation, and migration of the skilled and entrepreneurial class.

ENVIRONMENTAL IMPACT

Generally the environmental effects are unmeasured and hard to assign a monetary value. Nevertheless the environment needs to be protected in order to retain its beauty. The architectural design of the hotel facilities imitates that of Miami Beach, and is not built to make maximum use of the local climate. These "many-storied glass palaces" not only block residents' views of the sea but also the inland movement of the sea-breeze and its cooling effect. Often waste and sewerage from these large structures are discharged in an unprocessed form and can pollute the surrounding sea. This is to the detriment of the marine life and those individuals who depend on fishing for a livelihood or a source of protein. Another effect is the depletion of ground water through overconsumption; soil and coastal erosion caused by removal of sand for use on beaches, and the removal of marine grass and clearing of mangrove areas.

The decision makers on the island are reluctant to admit to the numerous tourism-induced problems. They devoutly believe that the foreign exchange gains more than balances the costs of tourism. All the emphasis is placed on making the local people more friendly and welcoming to the visitors through the various local advertising conditioning and campaigns embarked on, while seeking to increase tourist arrivals through increased promotional expenditures.

Increased visitor arrivals is only a part of the solution, a decision has to be made on the type of tourist market most beneficial to the economy in terms of length of stay and average expenditure.

CHAPTER V

SUMMARY AND CONCLUSIONS

This paper has attempted to present the scope of international tourism and its relevance to the developing nations of the Caribbean and Jamaica in particular. It has sought to establish the contributions of the major productive sectors including tourism to Gross National Product, foreign exchange earnings, employment and overall development of the Jamaican economy and it also discusses the major negative aspects of tourism. Its aim is to conclude whether tourism is the answer to Jamaica's developmental problem and whether tourism's negative impacts can be reduced and its effective contributions increased.

Chapter I reviews the history of tourism as it exists today in the 20th century with widespread use of airplanes and automobiles. It followed tourism's development through the tropical regions of the world and the change from "sun-shunning" to "sun-worshipping" by the leisured class. It discusses the present trends in International Tourism, which is now the second-largest item in world trade accounting for over 245 million international tourists globally and expenditures of U.S.\$50 billion in 1977. Tourism's fantastic growth has been the result of several factors: constant increases in disposable income and leisure time in developed societies; technological advancements in travel methods and accommodations, mass marketing, competition

among destinations to welcome tourists, higher education and changing lifestyles. It is expected that international tourist arrivals will reach between 250 to 280 million by 1980 out of a global movement of between 780 to 1,050 million arrivals throughout the world. This indicates that the pace of tourism growth may yet be greater if travel predications are correct. International Tourism is big business, a mass production activity.

International Tourism has displayed its ability to withstand economic fluctuations as seen during the worldwide recession of 1973-1974. By 1975 International Tourism had recovered once more, to within 1 percent of the 215 million arrivals in the prerecession year 1973, while at the same time Domestic Tourism in each country was increasing. In fact the recessions did not damage tourism, it only changed its structure. People merely chose to take vacations closer to home, chose less expensive accommodations and ate more cheaply.

This feature of tourism is important when one considers the impending recession consequence on the present worldwide fuel crisis. One can foresee a shift to destinations closer to each tourist-generating country. This can be to the benefit of the Caribbean Islands, close in proximity to the North and South American Continents.

The five critical factors adversely affecting major shifts in tourist traffic were recounted, they are: 1) different currency values; 2) different rates of inflation; 3) increased airline fares; 4) political disturbances; 5) economic recessions in the developed countries occurring simultaneously.

Next the world pattern of tourist movement was discussed. Approximately one dozen countries generate four-fifths of all tourists. Arrivals were likewise concentrated to the nations of Western Europe and North America. Domestic Tourism however far surpasses international tourism. Out of a total expenditure of \$70 billion spent by Americans for domestic and foreign travel (the largest source of international travellers) foreign travel accounted for only \$9.5 billion.

The Third World nations together collect about one-fifth of total tourist expenditures, but almost 50 percent of this is accounted for by two countries: Mexico and Yugoslavia.

A definition of a tourist is also given and the four basic motives for travel identified - 1) physical motives relate to desire for rest, relaxation, recreation; 2) cultural relates to the desire to learn more about the world; 3) sociological involves travel for the sake of overcoming boredom in economically developed societies; 4) status - prestige involves keeping up with the Joneses and "one-upmanship". The factors determining the ultimate choice of a destination are recounted in particular the travel agents' recommendation. The prospective tourist is preoccupied with three factors: cleanliness, safety and reliability.

In Chapter II the commonalities within the Caribbean are discussed, these are location, climate; temperature, history of colonization, slavery, emancipation, immigrant labor, similarity of soil conditions, and crops. The islands of the Caribbean

are small, densely populated with a history of emigration and its consequent adverse effects. Nevertheless the islands speak different native languages, have different political, economic and cultural structures, the result of their various colonial regimes - British, Spanish, French or Dutch. This explains the present absence of cohesion and the system of fragmentation.

The Caribbean, since the discovery has undergone very little structural change - the economies are still - 1) primary producers of raw materials to the developed countries; 2) dependent on external decision-making, imported manpower, technology, and raw materials; 3) possesses a very inadequate domestic agricultural sector; 4) growing unemployment. The mainstay of their economies are agriculture and tourism.

A discussion of Jamaica follows. An island of 4,244 square miles and is located approximately 100 miles southeast of Cuba and 100 miles west of Haiti. Jamaica is "a long jagged spine of mountain set in a ring of plains", with the Blue Mountain rising to 7,402 feet above sea-level and more than half of its surface above 1,000 feet above sea-level. Only 20 percent is flat compared to other West Indian islands which are almost totally flat. Over 50 percent of the land is composed of limestone which is no good for agriculture thereby further limiting land for agriculture, Jamaica's foremost employer of unskilled labor.

In 1977 Jamaica's population was estimated to be 2,109,400 of which 53 percent were under 19 years and a total of 75 percent under 40 years old in 1976. Jamaica has been heavily dependent on emigration abroad to reduce its population land pressures, recorded migration exceeds 20,000 per annum, that is 1 percent of the total population. Between 1950-1960, the exodus was to Britain but recently the movement is to Canada and the United States. Alas, the pattern has changed from being mostly unselective as in the case of Britain to be heavily skewed towards the skilled and professional qualified as regards North America. In effect, Jamaica becomes burdened by a greater proportion of the very young and old, both of which require a higher level of social services without some commensurate social contribution. In addition it deprives the country of leadership and an adequate return on the investment in the education of those Jamaicans who later migrate.

Jamaica suffers from similar ailments as all the other Caribbean territories, lacking land space, limited natural resources, skilled manpower and having a very fast growing population. However being the third largest island in the Caribbean, it still has much more land space capable of productive use, more rainfall and fast flowing rivers due to the mountainous interior and underground water for irrigation purposes. Most importantly Jamaica has Bauxite, the aluminous red earth which is the island's major foreign exchange earner. It also has a light manufacturing sector heavily dependent on imported raw materials and finally, Tourism.

The reasons behind tourism's development in the Caribbean are then explored. Tourism seems tailored for the developing countries in the Caribbean. Governments of these islands possessing abundant supply of sun, warm climates; physical land and people constraints have opted for tourism hoping; 1) to revive their decadent sugar-cane producing economies; 2) to serve as an impetus for development of other industries; 3) to act as a cultural-political bridge between the developed tourist-generating economies and their individual countries.

Tourism's development is seen as having "a short gestation period" and can produce revenues within two years after a strong advertising campaign. It is a way of earning urgently needed convertible currencies required to reduce balance of payment deficits caused by increased demand for imports and reduced exports of primary commodities. Tourism promises maximum use of the unskilled and reduction in unemployment. The demand for international tourism is more stable than commodity trade. Tourism's market potential is good compared to commodity trade, the markets are not as protected therefore more easily accessible.

The thrust of the promotional efforts are directed at the developed Western markets with high standards of living, high rates of economic growth and a developed mass media - the U.S.A., Canada, Federal Republic of Germany and Great Britain.

The Caribbean region was further aided by its; 1) accessibility to its markets, there are regular scheduled flights from

North America; 2) the relatively cheap airfare cost; 3) plentiful accommodation at varying "price ranges; 4) variety of other attractions offered - such as night-life, duty-free shopping, water sports and cultural entertainment.

Tourist arrivals in the region has increased annually by an average of 9.1 percent and for the years 1974-1977 which saw a world recession and recovery, arrivals showed an even higher rate of increase. However the increase in tourist expenditures has not kept pace with the increase in arrivals due to the tourist's success in economizing costs and shorter stays. Jamaica, however, registered a decline in stop-over visitors, tourism receipts, and its contribution to the Balance of Payments.

Travel agents play an effective role in directing tourism flows, therefore the survey of U.S. travel agents attitudes towards destinations in Latin America and the Caribbean was discussed. The agents were slightly more favorable towards the Caribbean than Latin America, but both regions were perceived to be remiss in providing for the personal and property safety of visitors. Mexico emerged as the OAS region most favorably positioned attitudinally. Mexico receives a third of all Americans vacationing outside the U.S.A.

The personality of a typical visitor to the Caribbean is explored. He is escaping his own world of anxieties and frustrations and is not interested in the social and economic issues of the small island nation sold to him as the place to go by his travel agent or the island government's tourist office in his

home country. Anything other than his expectations makes him feel cheated and angry.

Chapter III presents data on the performance of the Jamaican economy in recent years, the adverse balance of trade, balance of payment deficit, reduced foreign exchange earnings and capital inflows and depleted foreign exchange reserves. The government policy of reducing imports and outflows of foreign currency were recounted. Also the incentives given to local producers to increase output for local consumption and export. The numerous devaluations demanded as a loan condition by the International Monetary Fund was mentioned. The devaluations were also expected to give a boost to the non-traditional exports as traditional exports are sold under prearranged trading agreements.

Overall there has been a negative real growth of 11 percent between 1972-1977, and the distribution of real income has also fallen considerably since 1971. Of 13 industrial sectors only three sectors, Agriculture, Mining and Transportation registered a real growth increase in 1977. Despite a decline of over 5 percent in output, the manufacturing sector was nevertheless the major contributor to the Gross Domestic Product. It was followed by the Distributive Trade in second place, Producers of Government Services, third, and the Mineral Industry in fourth position. Tourism contributing approximately 5 percent to the Gross Domestic Product ranked about ninth or tenth in 1977.

Provisional figures for 1978 show there was even a greater surge in imports, which increased by over 60 percent of the 1977 total while exports increased by a lower figure of 55 percent, a consequence of the devalued Jamaican dollar as against the U.S. dollar standard on the world market. In 1977 food and consumer goods accounted for 13 percent of total imports, raw materials including fuel for 65 percent and capital goods - 22 percent.

Total foreign debt has increased and Jamaica's net foreign reserve took a negative plunge to \$J405 million in March, 1979.

Food exports made up only 16.6% of total domestic exports in 1977, falling from 23.5% in 1975, and crude materials composed mainly of bauxite and alumina accounted for over 71 percent followed in third place by export of beverages and tobacco 3.7 percent.

Jamaica's economy is heavily dependent on six industrial sectors and five of the most important sectors - agriculture, mining, manufacturing, construction and tourism are examined for their contribution to the gross domestic product, foreign exchange earnings, employment and overall development.

Agriculture including commercial forestry occupied 55 percent of Jamaica's total land area. Land division still follows the earlier plantation system of few large estates and a large peasantry. Less than one percent of all farms accounted for more than half of all farm acreage and were of the best and most fertile agricultural lands. Farms under 25 acres made up

98 percent of all farms. Also the land use pattern is very haphazard and does not follow any specific plan aimed at optimum use of the limited land resources.

The two major export crops, sugar and bananas occupy the most fertile alluvial coastal plains, over 252,000 acres, 21 percent of the land classified as suitable for agriculture. However increasingly the value of sugar and bananas for all its privileged land utilization pattern and the energy put into its production the returns in any one year are insufficient to cover the imports of consumer goods including food imports needed to feed the populace. Imported food alone which was placed under heavy restrictions in 1977 cost Jamaica J\$52 million or 61 percent of the funds earned by export of sugar and bananas in that year. Since then imports of food have surged in 1978 while increase in the value of exports, although increased, has been due to the effect of devaluation.

Between 1973 and 1977, the output of the major agricultural export crops have all been drastically reduced. Increases were only registered for root crops, vegetables, eggs and meat for domestic consumption. Sugar production in 1977 was the lowest in 23 years, less than 40 percent of sugar production in 1967 and similarly for bananas.

The poor performance of the agricultural sector is due to a combination of factors; 1) farms are too small to be economically profitable; 2) the farmers' knowledge of management and husbandry is poor; 3) the crops are grown in a mixed stand interplanted with other crops; 4) the crops are often planted on lands

unsuitable for their production; 5) the historical stigma attached to work on the soil. There is need for a transformation of the agricultural sector through land reform programs already started and providing the technical assistance needed by farmers.

In 1977 the agricultural sector was one of the three sectors to achieve a positive real growth. Its growth of 6% was confined to the production of domestic root crops and vegetables. The sector contributed less than 9 percent to the Gross Domestic Product in real terms and an approximately 17 percent toward total domestic exports. Of a classifiable labor force of 917,900 in 1977 and a recorded unemployment of 25% agriculture employed only 27% of the total labor force.

The Mineral industry was discussed next. It is Jamaica's major foreign exchange earner. It accounted for 70 percent of Jamaica's export earnings, 30 percent of Government non-loan revenues and 11 percent of the gross national product in real terms. The industry in 1977 had the highest growth rate out of the three sectors which had real positive growth, yet it employed less than 1.0 percent of the labor force. Increased production was achieved with fewer employees in 1977 which attests to its capital intensive nature. The industry records the highest weekly earnings for wage-earners of \$J171.00 for a 36-hour work week.

Discovery and development of the industry only dates back to 1952. Bauxite reserves are estimated at between 1.2 to 2.0

billion metric tonnes, the fourth largest measured reserves of aluminium ore in the world. Bauxite is a soft to moderately hard, fine-grained, porous, earthy material of usually a dark-red, reddish-brown colour.

The processing of bauxite follows three stages. Phase I the ore is crushed, washed and dried. Phase II of extracting alumina from the dried ore is often done in Jamaica. Phase III, the final extraction of aluminium from alumina requiring large amounts of power is not done in Jamaica. It takes 2-3 tons of bauxite to produce a ton of alumina and 2-3 tons of alumina to make a ton of aluminium. The real value is in Phase II and III. Jamaica only participates in Phase I and whenever possible in Phase II.

Although the Government of Jamaica has been increasing its ownership and earnings in the mineral industry the industry is nevertheless dominated by North American multi-national enterprises. These giant companies through imports from their parent company provide all their needs of capital, machinery, management and skilled personnel, thereby reducing the multiplier effects of their presence on the island.

In addition bauxite is extracted and processed exclusively by these large aluminium companies and so the ore cannot be sold by Jamaica on the world market as there is no free trade in the ore anywhere in the world.

Next the manufacturing industry was presented. This sector was the largest contributor to the gross domestic product in

1977 despite a decline of over 5 percent. This sector produces largely for domestic use and employed approximately 8 percent of the total classifiable labor force in 1977. Its earnings from exports of selected manufactured goods was estimated to be \$144 million which was more than the gross receipts from tourism in that year of sugar and bananas combined. The manufacturing sector average weekly earnings for wage earners is about the third lowest in the island of \$60.41 for an average work week of 38 hours.

The factors which hamper performance of this sector are discussed. These are: 1) small size of the population; 2) low per capita income; 3) limited natural resources; 4) dependence on imported raw materials; 5) union activity and worker disagreement; 6) restricted entry to foreign markets; 7) economic recession reducing demand for manufacturing inputs; 8) migration of the risk-taking entrepreneurial class.

The real domestic value is confined to the employment utilized in the production process.

The construction and installation industry was presented next. The activities of this sector includes housing and non-housing projects. The performance of this sector is a reflection of the level of investment in the economy, the level of fixed capital formation and an indicator of the activities in other sectors.

Between 1975 and 1978 the production of all building materials declined; cement by over 27%; steel by over 32%;

bagasse board production declined by over 68% in 1977 and paint by 15% in 1977. There has been a decline in overall Gross Fixed - Capital Formation of 28% between 1974 and 1977 which accelerated in the period 1975-1977 to register a decline of 44%.

The contribution of the sector has been on a constant decline since 1975. In 1977 it accounted for only 7 percent of the Gross Domestic Product and employed less than 4 percent of the classifiable labor force in October 1977. Average weekly earnings for wage earners are moderately high at J\$83.3 per week for a 40-hour week.

A brief history of tourist development was then given. The industry achieved real significance after the second World War being close to the eastern seaboard of North America and because of the island's natural beauty. Slowly the growth in accommodation far outstripped the increase in visitor arrivals and all-island occupancy fell below breakeven to 29% in 1977. Financial problems set in, rescued slightly by increased domestic tourism. The decline had increased in proportion since 1975 due to the worldwide recession as a consequence of the oil price increase and the existing social and political climate in Jamaica and the Caribbean in general. For three consecutive years, 1975-1977, the decline in stopovers and since 1976 in cruise passengers got increasingly worse. The pattern has just since 1978 started to reverse due to increased publicity expenditure and reduced adverse press reports. At the same time,

Jamaica's budgetary allocation for operation of the National Tourist office and promotion has increased from J\$400,000 in 1955 to J\$8.0 million in 1974, that is, 6.6 percent, of the gross receipts from tourism for 1974. For the year 1978/79, the allocated budget was J\$10.4 million.

The heavy concentration of Jamaica's tourist market is attested to by the fact that 85% of the nation's advertising expenditure is spent in North America. However in recent years there has been a slight change in the composition of the Jamaican tourist market. The Americans although they represent the largest number of visitors have been reducing slowly. The fall-off in Americans is equally balanced by an increase in Canadian and European visitors.

Today the Government of Jamaica has achieved a profitable mix of ownership between public and private and domestic and foreign participation in tourism due to: 1) the deliberate withdrawal of foreign ownership; 2) change in government policy towards greater participation in major productive sectors.

The Government owns fully, or shareholds in 47% of the hotel rooms on the island. Foreign ownership has declined to 26% of the hotel rooms, confined mostly to the large international chain operations. There is a total local ownership ratio to foreign ownership of 3:1 in favor of Jamaica.

In terms of tourism's contribution to Jamaica, the receipts from the industry appear in the "invisible" section of the balance-of-payments account and are used to offset the age-old

deficit on the visible merchandise trade. The industry normally competes for second place as an earner of foreign currency with sugar, behind the bauxite/alumina industry. In recent years because the decline in volume of sugar exports has been much more than the decline in gross receipts from tourism, the industry ranked higher than sugar in the receipt of foreign currency. The net receipts from tourism may nevertheless be much lower than sugar as the figures often given for tourism are gross figures of a one-way visitor traffic to Jamaica. The net cost of Jamaicans travelling overseas as visitors has to be subtracted also the leakages from imported goods and services necessary for the industry and the other non-economic, non-pecuniary cost to which it is difficult to assign a value. The fact that the development of tourism's infrastructure and superstructure has been subsidized through incentive legislations, results in the industry providing an inadequate return through taxation and royalty payments. Also the multiplier effect of tourist expenditures is much lower than for sugar and the agricultural industry as the farmers who receive payment have no other choice but to purchase locally to fulfill their needs, whereas much of the foreign currency earned by the tourist industry finds its way into the black market and invariably leaves the island. Together sugar and bananas earned as much foreign currency as net travel receipts of Jamaica but before subtraction for the leakages and other costs to Jamaica. The total value of food export surpassed the gross receipts from tourism.

In addition tourism and agriculture follow a distinctive pattern. Whenever visitor arrivals decline for a long period as it did between 1975 and 1977 in Jamaica, the agriculture sector improved its performance. As soon as tourism started to recover in 1978 agricultural production declined and the balance of payment worsened. Food imports were up in 1978 by 26%, beverages by 22%, manufactured goods by 32% and miscellaneous commodities by 19%. In 1978 exports of food declined by 3.4%, beverages by 8% and miscellaneous commodity exports by 39%. The pattern could be coincidental but travel writers have often claimed tourism kills agriculture. John Bryden was of a similar opinion. The tourist industry could be attracting labor from the agricultural sector who would eventually return to the land during tourism's fall-off period. The tourist industry could also be fanning the flames for increased importations caused by excessive exposure to the consumptive preferences of the visitors.

The tourist industry operates as resort enclaves virtually isolated from the rest of the economy, patterned off an "international tourism style" with an obvious disregard for local architectural designs. Despite numerous calls for "product indigenization", the tourist industry is still dependent on imported managerial skill utilized mostly through the use of management contracts, leases and joint ownership with international hotel operators, imported food and beverage, and technology.

The industry has a high capital requirement similar to the mining industry, higher than manufacturing, measured on a per-employee basis and provides employment for the same percentage of the total "classifiable labor force" as the mineral industry, less than 1 percent, despite all its promise of utilizing a large proportion of unskilled workers and females which are in abundance in Jamaica. The majority of those service employees in tourism will remain basically unskilled and semi-skilled in comparison to those employed in the more technically-skilled industries such as mining, manufacturing and construction. The average weekly salary for a wage earner in tourism is the second lowest in Jamaica. It averages \$56.16 for a longer 42-hour work week. It is surpassed only by wages in the distributive sector.

Tourism's role in Jamaica is over-inflated. It contributed the lowest percentage to the Gross Domestic Product in real terms of all the seven major sectors. Even agriculture has a greater scope for absorbing surplus labor than tourism.

Chapter IV zeroes in on some of the criticisms of tourism in a post-colonial society and the structure of the tourist industry in Jamaica under management contracts and leasing. The multi-national hotel chains are needed even though the country is aware of their disadvantages such as: 1) unfavorable accounting practices; 2) their technical experience in negotiations compared to locally elected politicians and civil servants. Often the agreements concluded are to the detriment of Jamaica "control is abrogated in the lease contracts, anyway".

Advertisements are prepared by foreign firms which often leads to the portrayal of an image which is not the most desired for a newly independent nation. Jamaica in 1976 spent more money to attract the average American visitor than the Bahamas which enjoys a higher number of visitor arrivals per annum, and more than the Dominican Republic, Barbados, Trinidad and Curacao, the five Caribbean territories in the survey.

Finally, the chapter considered the impacts of tourism in Jamaica. The benefits of tourism were not ignored but the aim of the chapter was to highlight the most important economic, social, cultural, political and environmental costs of tourism. There are often three major advantages stated: foreign exchange earnings, contribution to employment, and development. However there are major economic effects such as: 1) increase in trade deficits through the increased demand for direct and indirect imports and foreign travel; 2) increase in black marketing of foreign currencies; 3) competition with agriculture for manpower and land; 4) lack of confidence in local solutions; 5) seasonal excess capacity of hotel facilities; 6) considerable government outlay for tourism infrastructure and promotion.

The negative socio-cultural impacts are then described, these are factors which can undermine long-term stability and increase tension in resort areas. The impact include: 1) the replacement of the indigenous way of life with inappropriate elements of developed societies; 2) increase in class tension between the privileged tourist and local elites as against the

underprivileged mass; 3) migration to tourism centers and the problems of urbanization; 4) distraction of nationals from seeking legitimate social change; 5) prostitution and venereal diseases.

Tourism in particular stifles political debate in order not to jeopardise confidence in the industry while the environmental impacts relate to the damage to the physical system and the pattern of land use.

Generally the industry does not wish to acknowledge the negative impacts as it is important that the tourist market remains confident. The tourist market is very fickle and there is considerable flexibility within the Caribbean destinations and between the Caribbean and other receiving nations worldwide. The foreign exchange in particular is urgently needed at this time of economic depression, more than ever, and employment in the industry has to be protected, considering the level of recorded and unrecorded unemployment in today's Jamaica.

RECOMMENDATIONS

Choose the Tourist Market carefully

A desirable first step for Jamaica is to decide on the market it wants, between a quantitative expansion, that is, a mere increase in tourist volume or a qualitative expansion, "fewer but better" tourist market. The decision is between "mass" or "class". There are numerous economic and social implications dependent on the market type attracted. The market

type will also determine the facility planning needed, in particular whether the tourist industry should remain an enclave in the Jamaican society or be integrated into the society.

Quantitative expansion is achieved through the use of package tours and extensive use of charters. The budget-conscious visitor labelled the mass market produces a greater social costs without a compensatory economic benefit. A considerable proportion of his total vacation expenditure is spent on international transportation and accommodation. Usually he chooses a medium-priced hotel. The result is less receipts and reduced margins for Caribbean operations like Jamaica already experiencing the lowest gross operating profits on a per-room basis and the highest operating expenses worldwide. One has to constantly keep in mind that there is no economic benefit accruing to Jamaica merely from the tourist's presence, but only from his expenditure for goods and services produced locally.

The personality of the mass tourist has to be analysed also for its impacts on the society. He is the type of tourist who seeks all the trimmings of a vacation experience, he demands action, nightlife, excitement. To the extent that extra capital goods, services have to be imported to cater to this sophisticated demand, then the developed countries from which he comes have merely extended their economic activities into the "hinterland" and the Jamaicans are no better off. At the same time the mass tourist is not interested in the problematic realities

of a Third World developing country such as Jamaica. He has come to relax and enjoy himself particularly as this place has been sold to him as the place to be either by his travel agent or the Government's National Tourist office in his home country. He has invested too much money in this vacation and so he wants his money's worth and wants nothing to spoil it - neither the bureaucratic red tape, unfamiliar food and water, inadequate nightlife or even the untrained hotel workers. A tourist enclave is preferable for the mass market if one is to reduce the effect of their presence.

Whenever the "mass" tourists start arriving, they drive out the earlier discovers. One has a choice between catering to this market by outrightly seeking the smaller number of higher quality visitors. This is the qualitative market with a lower social costs and a higher economic benefit. It becomes easier to practice the type of intercultural tourism Jamaica prefers and the visitor being more sophisticated can be integrated into the society. The really wealthy want tranquility and simplicity and may be more sympathetic. In addition Jamaica can seek those groups of people with an affinity to the region and the culture, be selective of the media, the travel writers and organizations with a political interest in the Caribbean and Jamaica's marketing efforts would have to be redirected towards those individuals who seek foreign travel for non-materialistic reasons, then to divert them to the national airline, hotels and other facilities where the country will receive the best economic return.

Next the country could concentrate on having such a visitor stay longer during off-peak season, hoping to increase his expenditures. This may not be feasible considering the expenditure pattern of visitors varies inversely with the length of stay. The average expenditures per day tends to decrease the longer the stay. He may be induced to increase his expenditure on handicrafts if they are of good quality, variety, well-displayed and promoted.

Veit Burger in his study of the economic impact of tourism in Nepal discovered that the import-requirement of budget tourists--pleasure tourists who stay in lodges were only 25 percent below those of luxury tourists--pleasure tourists who use more expensive accommodations. The budget tourists were found to spend a large proportion of total expenditures on transportation to and from Nepal, and miscellaneous items like photographic supplies, books and medicine, all of which have a high import content. He concluded that there would be no appreciable reduction in Nepal's import requirement associated with expanded tourism could be realized by catering to one class of tourist rather than another. At the same time luxury tourists spend sufficiently more than budget tourists to generate a larger amount of foreign exchange earnings, and hence, income to nationals than budget tourists.¹

¹Veit Burger, The Economic Impact of Tourism in Nepal, an Input-Output Analysis, Cornell University, Ph.d., 1978.

Need to Revitalize the Industry

In order to attract the qualitative market it is necessary that Jamaica builds on its uniqueness. Every destination follows an age-cycle, a pattern of discovery growth, apex and decline, and at each stage it attracts a lower spending category of visitors, in its move from "class" to "mass". Every visitor accepts a certain amount of standardization and uniformity but they want a destination to be much more than beaches, bars and restaurants. Jamaica needs to protect and nurture those elements which earlier attracted the visitors, maintain its appeal, while improving the natural environment and increasing social equity such as housing, health services and employment.

Tourism is also very competitive, therefore Jamaica should keep abreast of market trends in accommodations and facilities as modern transportation today closes the gap between distant regions and countries. Constant market research is recommended and accurate forecasts of tourist requirements. Tourism could be made into a more meaningful inter-cultural experience with Jamaica demonstrating its harmonious mix of peoples, races and culture, its superiority in social advance emphasising the individual and his right of expression.

Enrich tourist facilities with the architectural heritage that is ours and further exploit the current wave of nostalgia among visitors for antiques and wicker in seeking to improve the tourist experience. Since a larger percentage of the

the tourist budget is eaten up air travel and accommodation, a "sunk cost" the pleasure they get out of a vacation is derived largely from their participation in local recreational activities. There is therefore a need for diversification and upgrading of the island's entertainment and available instruments for familiarizing the tourist with local art, craft and music. There is need for promotion of less energy consuming vehicles such as rent-a-bicycles and motorbikes instead of cars in tourist areas.

Improvement of Services

Efficient professional managers are a necessity. Jamaica should therefore monitor the quality of staff training. Better educated personnel are more courteous and understanding of visitor needs and will enhance the quality of service delivered. Satisfied vacationers are the cheapest and most effective vehicles of "word-of-mouth" advertising. Jamaica should specify the percentage share and types of positions nationals ought to assume in the large hotel accommodations and every effort made to develop indigenous management skills.

It may be necessary to abolish individual tipping as is being practiced in some hospitality operations in the developed countries. The entire gratuity would be built into the guest bill and the guest given a choice of whether or not he wishes to pay this extra sum. At the same time worker benefits and promotions could be improved to provide the needed incentives.

Service to visitors can be improved through the provision of visitor information manuals for hotel workers, tour guides and taxi-drivers. Accurate information on Jamaica, its history, and culture would be presented and illustrated for easy comprehension. A system of licensing examinations and refresher course for updated information could be instituted. Elementary conversational Spanish could at a later date be built into the original program. The program provides additional opportunities and seeks to ensure that accurate information is conveyed at all times.

Government incentives to tourism

There is need for uniform hotel concessions throughout the Caribbean to reduce cut-throat competition in providing incentives to developers of hotel accommodations. The concessions and incentives given to investors have been over-generous and exceeded the stimulus required. Each should be individually evaluated for their net economic benefits to Jamaica. Often the loans to tourist enterprises are subsidized at rates reflecting the scarcity of capital and inflation. The benefits which accrues to Jamaica should be much greater than the financial gains accruing to the private resort operators. The cost to Jamaica is the loss of potential revenue and an inadequate return from tourists to cover their share of the infrastructure costs.

Domestic Tourism

Domestic tourism caters to those who do not have the means for foreign travel and has proved to be an effective method of strengthening national sentiment and redistributing income among locals. It reduces excess capacity and seasonality by using an infrastructure already existing. However domestic tourists tend to use more medium-quality, lower-priced accommodation, require less imported food and beverage and labor. This means that the high-priced, more ostentatious hotels will be more dependent on foreign tourist traffic and will have to achieve a far higher average occupancy during the peak tourist season in order to realise an acceptable all-year occupancy and profitability.

Import Substitution

A balanced amount of import substitution should be achieved with Jamaica stressing material goods only to the extent it can be supplied locally.

It is extremely important that there be increased linkages between the agricultural sector and the tourist industry to reduce unnecessary leakages as have been pointed out by numerous Jamaican and Caribbean writers. Communication between the two sectors should first be improved so that the items required and specifications can be met and be made available as needed. With more efficient production of food and beverage inputs, it may be cheaper for Jamaica to supply her neighbouring Caribbean tourism-dependent islands.

To achieve this end it will be necessary to reduce the historical stigma against working the soil by upgrading the skill levels of those employed in the industry through the Jamaica Agricultural School, and through improved technology.

One has to be careful with a policy of import substitution, as a visitor values the quality of service he receives and if he can be induced to spend more by supplying his request for imported goods, then it may be advantageous to have the goods available.

In addition a system of import licensing could be devised whereby foreign exchange permits would be issued to Hotel and Travel operations to allow them some small amount of freedom to pay for the imported goods and services necessary for their particular operation. Their foreign exchange allotment would be individually calculated as a small percentage of the foreign currencies which the individual operation had submitted to the Central Bank for conversion to local currency. This would also be an added incentive for their administrative personnels to control the flow of foreign currencies through their enterprises as this will be the yardstick by which their monthly or quarterly foreign exchange allotment would be calculated.

The replacement of foreign ownership and control with local private enterprise and the Jamaican Government is in the best interest of the island. However if the economic benefits from tourism are restricted to the selfish elites in ownership and control positions, then there has been local ownership without a corresponding equal spread of income. This problem needs to be redressed.

CONCLUSION

The objective of this paper has been to present information on the contribution of tourism compared to the other major industrial sectors in Jamaica, to assist the island's planners in their decision as to whether or not tourism can be relied on to provide the economic development needed, and to suggest possible strategies and policies to derive increased benefits from tourism while minimizing the negative impacts.

Tourism is an effective method of earning foreign exchange but one that has numerous costs attached depending on the tourist market catered to. Even when the degree of local control is increased, the leakages of gross revenue reduced, and a more socially and culturally acceptable tourism is practiced, Jamaica's tourist industry will still be faced with the problem of dependency on the fickle tourist market, and economic fluctuations in the tourist-generating nations. Many of the negative social impacts will continue.

Tourism should be developed to provide the foreign exchange needed but the island needs to start concentrating its energies in those areas where the benefits to the society are more widespread.

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