Developing Countries

Tourism and Tourist Promotion in Spain

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The development of tourism as a big industry is a feature of the second half of the 20th century. Spain is one of the countries where tourism has made especially notable progress. While the number of foreign tourists visiting Spain amounted to only 1 mn in 1950, by 1971 it had increased to 27 mn.

When the Spanish civil war (1936—1939) came to an end, the main task facing the Government was that of restoring the momentum of the economic development process. The political and economic isolation of the country gave a further impetus to the self-sufficiency tendencies which had been the mark of Spanish economic policy prior to the civil war already. As a consequence of this policy the country achieved a relatively swift economic upturn, measured in terms of nominal growth of national income, but this process was attended by constantly mounting trade and payments deficits, rapidly rising prices, open and, above all, hidden unemployment, and insufficient domestic capital formation.

The Stabilisation Plan of 1959

Faced with economic conditions of this kind the Spanish Government in 1958 resolved to break away from its old path of self-sufficiency and embark on a new and more liberal economic policy. In cooperation with the OECD and the IMF a stabilisation and growth programme was drawn up with this objective. The Stabilisation Plan of 1959 aimed at eliminating inflationary tendencies and speeding the process of economic growth, albeit with due regard to domestic and external equilibrium. At home an economic balance was to be achieved primarily by curtailing domestic demand. To restore the external equilibrium a series of measures were put through with the intention of liberalising trade and services and introducing currency convertibility. It was pointed out explicitly in the plan that these measures would have the coincidental effect of a positive influence on the further development of the Spanish tourist industry.¹

In 1959 and in the following years many measures were also taken as part of the First Development Plan (1964—1967) in order to lessen the cyclical fluctuations in the demand for tourist facilities and the concentration of this demand on certain months of the year. Publicity and information services were used to influence the tourist’s decision directly, and the Spanish authorities at the same time resorted to measures with a bearing on the prices and quality of the goods and services offered, because both these factors are important for the tourist’s decision where to spend his holiday. The Spanish authorities also attempted to encourage the private tourist industry and the local authorities by suitable means to provide a wide range of tourist amenities so as to lessen the danger of the tourist traffic being diverted elsewhere in case demand patterns changed. This object was to be obtained through measures influencing the propensity to invest and to improve the investment chances in the tourist industry. The investment climate in Spain was improved by capital expenditure and grant of credits for extension of the transport system and the infrastructure at the local level and by direct state investments in tourist facilities in suitable but as yet undeveloped regions. The government also took many decisions of financial and credit policy to offer private interests better and easier investment opportunities.²

Tourist Boom and the National Economy

The tourist boom got really under way only after the Stabilisation Plan had been passed. The number of foreign tourists rose between 1959 and 1971 from 4 to nearly 27 millions, and the surplus on tourist account increased from US$ 246 mn in

² Cf. J. I. de Arriliaga, Manual de Legislación Administrativa Turística, Madrid 1969; C. R. Moser, Die Bedeutung des Tourismus für die wirtschaftliche Entwicklung Spaniens — Unter besonderer Berücksichtigung der staatlichen Tourismusförderung. (The Importance of Tourism for the Economic Development of Spain — with Special Consideration of the Promotion of Tourism by the State), second chapter, paragraphs 4, 5, 6 (to be published shortly by Verlag Weltarchiv, Hamburg.)
1960 to US$ 1.92 bn in 1971. The result was that, although the balance of trade deficits grew continuously, Spain was able to expand its imports without, like so many other developing countries, incurring heavy international debts. The large foreign currency surpluses played a decisive role in the industrial modernisation of the country.

Ever since 1959 the foreign exchange earnings from international tourism have made a substantial contribution to the total national income in Spain. Between 1960 and 1967 alone their share of the national income rose from 3.3 to 5.2 p.c. As regards the multiplicative overall effect of tourist spending — which depends on the marginal rates of savings and imports — it may be taken for granted that in 1967 it amounted to an estimated 10 p.c. of the Spanish national income.

What a positive effect the tourist business has had for employment policy is indicated by the fact that almost 400,000 new jobs were created in the tourist industry between 1960 and 1968. The tourist industry was thus in a position to absorb a substantial proportion of the — approximately — 1 mn workers who left agriculture in this period. The overall effect of tourist demand on employment was actually much greater because, owing to its close integration with other sectors of the economy, it acted as a primer for additional productive activities augmenting the first-stage effect.

Regional Aspects

From the point of view of regional policy tourism likewise had positive results for incomes, especially in the 12 Mediterranean and 3 island provinces. Some of these, like Huelva, Cadiz, Almeria, and Murcia, which are among the poorest provinces in the country, scored incomes growth rates above the average as they were opened up for tourism, a fact which confirms the thesis that tourism can assist in speeding incomes growth in underdeveloped regions.

Besides, the tourist traffic frequently helped to swell employment in the most favoured tourist zones. The Balearic islands may be cited as an example in support of this claim. Whereas in 1955 to 1960 they had still been a traditional emigration area, they recorded between 1960 and 1965 a population influx corresponding to their attractiveness to tourists and the state of development of their tourist industry. The island of Majorca which because of its holiday trade potential has been opened up most fully to tourism registered the greatest population influx.

The favourable conditions which low capital intensity and positive expectations for future profits offered for investment in the tourist industry made for a considerable expansion of domestic and foreign investment activity in this sector of the economy from 1959 onwards. Complementary investments were induced in other economic sectors closely linked to the tourist industry — e.g., the building, furniture, food, textile and sports equipment industries — so that tourism has had a very appreciable effect on industrialisation as a whole.

Development of Tourist Demand

Although tourism as a whole has grown satisfactorily and its effect on the progress of the Spanish economy has been positive, the development of the demand for tourist facilities shows that the state has not succeeded in lessening the susceptibility to year-to-year income changes and the seasonal unevenness of tourist demand by appropriate steps in the field of tourist policy. An examination of the First Development Plan period alone shows for 1964 and 1966 an increase in the number of foreign tourists by as much as 22.5 and 17.4 p.c., but for 1965 and 1967 by no more than 1.0 and 3.4 p.c. During 1965—1967 the surplus on tourist account actually stagnated, and the seasonal fluctuations as indicated by demand changes from month to month widened.

The lull affecting the tourist travel boom all over the world was probably decisive for the unsatisfactory development of the number of foreign tourists coming to Spain and the absolute stagnation of the surplus from tourist traffic. That the demand for tourist facilities became more seasonal is no doubt chiefly due to the fact that the sections of the population which holiday travel has attracted in the past score of years have kept to their former holiday habits and travelled to Spain mostly in the months of July and August.

These two tentative explanations however do not dispose of the question whether the Spanish Government could not have forestalled the negative

4 During this period there was also a large emigration of Spanish workers to other European industrial states. In 1960—1965 the number of emigrants to other European countries exceeded the number of Spanish workers returning from these countries by almost 500,000. Cf. R. Tamames, Estructura Economic de Espana (The Economic Structure of Spain), Madrid 1969, p. 28.
5 Cf. H. Meinke, ibid., p. 65 f.