TOURISM DEVELOPMENT IN CANCUN, MEXICO: AN ANALYSIS OF STATE-DIRECTED TOURISM INITIATIVES IN A DEVELOPING NATION

A Thesis
Submitted to the Faculty of the
Graduate School of Arts and Sciences
of Georgetown University
in partial fulfillment of the requirements for the
degree of
Master of Arts
in Development Management and Policy

By

Holly Renee Pelas, B.A.

Washington, DC
April 15, 2011
Tourism policy is an understudied but increasingly important factor in development studies. The World Travel and Tourism Council estimates that tourism activities create one of the largest industries in the world and contributes 9.1% to the global GDP, but little study has been done on the public policy initiatives that have created and maintain it. This thesis examines the nature of state-directed tourism development and evaluates its success in Cancun, Mexico. Through an analysis of qualitative and quantitative data and comparison studies of Jamaica and the Cayman Islands, the study seeks to understand the unique nature of Cancun’s success. Drawing from literature spanning colonial legacies to Peter Evans’ Embedded Autonomy, it concludes that the unique policy factors of a “political vacuum”, international private sector involvement, and international organizational funding have determined the positive growth of the planned tourism destination.
ACKNOWLEDGEMENTS:
The author would like to thank the faculty of the Development Management and Policy program, both at Georgetown and at the Universidad Nacional de San Martin, particularly Dr. Eric Langenbacher for his patience and guidance. I also owe my gratitude to Ms. Victoria Ballerini for her continued assistance. In addition, the support of my family and friends, particularly Christa Hall and Olivia Singelmann, the hospitality of Ms. Mary Alice Salcido, and Mrs. Debra Blaskosky, and the patience of everyone affected by my time in the thesis “dungeon” has been invaluable. I can only offer my most sincere thank you and many future bubbles.
Contents

INTRODUCTION ........................................................................................................................................... 1
REVIEW OF THE STATE OF THE ART ........................................................................................................... 3
RESEARCH OBJECTIVES AND METHODOLOGY ....................................................................................... 5
HISTORICAL CONTEXT ................................................................................................................................ 7
QUINTANA ROO’S POLITICAL HISTORY ..................................................................................................... 8
WHY TOURISM? ........................................................................................................................................... 17
OUTCOMES OF TOURISM PLANNING IN CANCUN ..................................................................................... 27
DRIVERS OF CANCUN’S SUCCESS .............................................................................................................. 35
THEORETICAL DISCUSSION .......................................................................................................................... 44
DRAWING COMPARISONS ............................................................................................................................. 50
JAMAICA ...................................................................................................................................................... 52
CAYMAN ISLANDS ...................................................................................................................................... 63
COMPARATIVE CONCLUSIONS ................................................................................................................... 70
RECOMMENDATIONS and CONCLUSIONS: ................................................................................................. 73
REFERENCES ............................................................................................................................................... 79
Table of Figures

Figure 1: Photo of Modern Hotel Zone, Cancun ................................................................. 1
Figure 2: Map of Yucatan Peninsula, Mexico Source: www.cancuntoday.net/ruins/map.php .... 7
Figure 3: Timeline of Quintana Roo’s Political Status .................................................................................................................. 7
Figure 4: Freedom House Scores, Mexico ............................................................................... 12
Figure 5: Inequality in Mexico: Gini Coefficient 1950-2006 .................................................. 15
Figure 6: Crude Oil Prices: 1970-1988 .................................................................................... 24
Figure 7: Inter-American Bank Loans for Mexican Tourism .................................................... 24
Figure 8: Sectoral Makeup of Quintana Roo Economy: 1970-2010 ....................................... 28
Figure 9: Quintana Roo EAP by Economic Sector and Gender, 1970-1990 ............................ 29
Figure 10: Tourist Arrivals and Population Growth, Mexico, 1975-2010 ............................... 30
Figure 11: Mexican Transnational Hotels ............................................................................... 42
Figure 12: Transnational Hotels by Class ............................................................................... 43
Figure 13: Evans Role of the State in Development ................................................................. 46
Figure 14: Sectoral Makeup of Jamaican Economy, 2010 ....................................................... 53
Figure 15: Tourism Statistics in Montego Bay 1946-56 .......................................................... 53
Figure 16: Map of Jamaica ....................................................................................................... 54
Figure 17: Visitor Arrivals to Jamaica 1970-1990 .................................................................... 56
Figure 18: Map of Cayman Islands ......................................................................................... 63
Figure 19: Sectoral Makeup of Cayman Islands, 2010 ........................................................... 65
Figure 20: Cayman Island Arrivals 2004-2010 ....................................................................... 69
Figure 21: Summary of Comparison Cases ............................................................................. 71
Tourism Development in Cancun, Mexico: An Analysis of State-Directed Tourism Initiatives in a Developing Nation

INTRODUCTION

Despite what the photo above may suggest, the development of Cancun has been a recent and directed modernization project. As recently as the mid-1960s, the area was an underdeveloped, snake-infested jungle in one of the poorest regions of an emerging nation. By 2000, however, over two million visitors arrived to the Cancun resort each year.\(^1\) The story of

\(^1\) Figures vary, though the Caribbean Tourism Organization cited 2,255,287 visitors to Cancun hotels in 2000. The last decade has shown decreasing arrivals to Cancun. 2010 saw 1,072,514 visitors. Decreased arrivals have largely been attributed to external factors, including Hurricane Wilma (2005), the outbreak of H1N1 (2009), increased drug violence, and the global economic downturn (2008-2009). Keep in mind; this figure does not include all air arrivals,
the development of the Cancun resort to a tourism mecca is a fascinating one. From a poverty-stricken “periphery of the periphery” to a world-class tourism destination, Cancun’s development has been largely determined by the planning of the Mexican government. This resort, which, according to FONATUR data, makes up 20.8% percent of the nation’s tourism income, is the crown jewel of state-planned tourism centers in Mexico and an exemplar to both the Caribbean/Latin American region and the world.

Cancun lies on a 20 mile long, L-shaped barrier island in the state of Quintana Roo. The state is the easternmost division of the Yucatan Peninsula, and borders Belize to the south. Its capital is Chetumal, a port city 370 kilometers south of Cancun. The island of Cancun, where the Zona Hotelera lies, faces the Caribbean sea to the east and the Nicupté Lagoon to the west. With turquoise waters, sugar white sands, and an average year-round temperature of 82 degrees Fahrenheit, Cancun is an idyllic setting for the sand and surf vacation that so appeals to travelers the world over. Home to dazzling four- and five-star resorts, world renowned nightlife, and nearby cultural attractions such as the Mayan cities of Chichen Itza and Tulum, Cancun provides visitors “a little bit of everything”.

Modern day Cancun is a policy researcher’s playground. One could explore almost any facet of policy within the context of tourism, whether it is education levels of workers, relationships among micro, small and medium enterprises versus multinational corporations, direct and indirect foreign investment, environmental impacts, social services such as healthcare and welfare, living and working conditions, or countless other topics. Given the wide-ranging relevance to these areas of study, it was surprising to learn that tourism

---

those travelers who stay in condominiums or private residences, those who continue to the Riviera Maya and Tulum areas, nor cruise ship passengers. All arrival statistics for this study will use comparable figures.
development policy is a relatively understudied field within public policy research. On the private sector and hospitality facets, there are countless revenue reports, studies of the best way to arrange guests in a property, increasing revenue per room per night, and so on. On the policy side, however, tourism is at best a superficially studied area of development policy.

REVIEW OF THE STATE OF THE ART

One of the most perplexing aspects of studying tourism development policy is the lack of a cohesive body of literature about the field. Scholars acknowledge this lack, but have made little progress in expanding the field. Nearly all writers looking to review the state of the art lament the lack of focused policy studies on tourism. That said, there are a few outliers, among them Michael Clancy with *Exporting Paradise: Tourism and Development in Mexico*, which explores the policy sides of Mexican tourism growth. Clancy does well describing the economic motivations of building the resort and weighing the arguments of neoliberalism and statism in development policy.

Linda Richter is also a good source on tourism policy, discussing the dearth of concentrated policy research on tourism in her work “Tourism and Political Science: a Case of Not so Benign Neglect”. Richter makes a very important claim though, in stating that “Where tourism succeeds or fails is largely a function of political and administrative action and not a function of economic or business expertise,” suggesting that state involvement is as crucial to any tourism project as it was to Cancun’s development. Richter’s research focuses mainly on Asian tourism development, but she has valuable input to the body of knowledge.

Reading specifically on the development of Cancun, the most useful texts have come from Mr. Clancy, Daniel Hiernaux-Nicolas, and EJ Torres Maldonado. Hiernaux-Nicolas
published a chapter in *The Tourist City* outlining how and why Cancun was developed, including financial and geostrategic concerns. It also provides valuable discussion of the complete division of leisure and labor spheres in the construction of the project and its effect on the city’s development. Torres Maldonado wrote his 1997 doctoral dissertation at the University of Texas at Austin on the development of Cancun and provides interesting perspective on the history of the project. He focuses on the role of entrepreneurs in Cancun, and offers some commentary on the role of a small population of Arab businessmen, which is unique to his study.\(^2\)

The majority of books directed specifically towards tourism and public policy, including the book *Tourism and Public Policy* by Colin M. Hall and *The Tourism Development Handbook* by Kerry Godfrey and Jackie Clarke, offer little more than superficial lists and charts. In the case of Mr. Hall, he touches lightly on several topics in policy analysis, including winners and losers, motivations, institutions, participation, and more. Unfortunately, this work is by no means definitive and merely gives suggestions as to the directions for further study. Other works include textbooks, but again, they offer little in-depth policy analysis.

Some of the most interesting perspectives on Cancun’s development come from primary sources. Though it does not focus specifically on policy, the *New York Times* piece, “Why the Computer Chose Cancun” gives interesting commentary on the selection process and some valuable insight from Mr. Antonio Enriquez Savignac, who was interviewed for the article. Mr. Jules Siegel, with whom I had the opportunity to speak, provides first-hand accounts of the growth of the city. He also writes in defense of Cancun’s growth on a variety of forums,

\(^2\) This discussion focuses primarily on the role of approximately fifty entrepreneurs in the pre-tourism Quintana Roo economy, and is only discussed in Mr. Torres Maldonado’s work. This topic merits further research, but for the purposes of this thesis, I have not included discussion on their role due to their limited impact on the development of tourism.
including a well-read rebuttal to Mr. Marc Cooper’s article “The Real Cancun: Behind Globalization’s Glitz”, which is a strong critique of the environmental and social conditions in modern Cancun. I also had the opportunity to speak with the regional delegate of FONATUR, Mr. Eduardo Muniz, who was able to explain the role of his organization and give insights into the current state of the development.

RESEARCH OBJECTIVES AND METHODOLOGY

Despite complications I will discuss in detail, Cancun has been considered an economic and developmental success. Through the investigation that follows, I argue that this success has been possible due to a unique combination of policy factors: a blend of what I will term a “policy vacuum” in Quintana Roo and Cancun itself; the involvement of strong institutions, namely FONATUR; and international involvement in the public and private sectors. This has led to a unique situation in which high levels of state involvement in the development has produced a very successful tourism destination. Because not all sites can possess these qualities, it is not clear whether all state-directed development efforts would produce the same outcome. In addition to explaining the success and limitations of this particular project, I will also offer brief comparisons to other cases of tourism development and question the implications of the Cancun project on the dialogue of tourism growth in developing nations. Despite the best of hopes, tourism is not the “silver bullet” development path, but it can be an effective way to garner international attention and investment. It may not be the answer to development goals, but it can be an interesting piece of that puzzle. Understanding tourism growth and the role the state plays in it will allow one to draw conclusions about state involvement within the greater discussion of development policy.
To accomplish this goal, I will offer an in-depth analysis of the development of Cancun with particular emphasis on these aspects which allowed the destination’s growth. A combination of primary and secondary sources will aid in understanding this subject. In addition to documents available directly through the Government of Mexico and obtained by other writers, I will include analysis of studies written about Cancun and Mexican tourism and economic policy in order to contextualize the investigation. I will also draw on interviews conducted *in situ* during November and December 2010, along with personal observations of the Cancun case.

In addition, a section will be dedicated to comparative study of two additional tourism destinations in the Caribbean region: Jamaica and the Cayman Islands. Using a comparison of the political, international, and institutional involvement in each site, one will be able to analyze the uniqueness of the Cancun case and commonalities among developing tourism centers.
Situated to the east of the Mexican states of Yucatan and Campeche, Quintana Roo occupies 50,212 square kilometers of Mexico’s Yucatan Peninsula. Cancun lies at the north end of the state, closer to the Yucatan capital and the region’s largest city, Merida, than to the Quintana Roo capital of Chetumal. In addition to being a “financial burden” to the Mexican state, President Porfirio Diaz found the area to be “wild and unmanageable”. It probably did not help matters that Quintana Roo became a penal territory used to punish Diaz’s dissidents and rebel indigenous peoples. Those that did not succumb to starvation, tropical diseases, or fall victim to continued violence between Mayans and mestizos struggled to live at subsistence levels.

As late as 1970, EJ Torres Maldonado notes, “Quintana Roo [was] still known by foreigners and Mexicans as one of the most backward, remote, isolated, unhealthy, hostile,
uneducated, and thinly populated regions of rural Mexico” (Torres Maldonado 12). Indeed, life continued as it had for centuries in this region. Pre-Colombian methods for cultivating the tropical hardwoods, sisal, and chicle³ were still in use. Even these small industries were not safe. In addition to the inherent deficiencies of antiquated tools and practices, both chicle and sisal had been largely replaced in the world economy with the arrival of synthetic alternatives. Bluntly put, the economic conditions of the state were dismal. Living conditions were not much better. Quintana Roo’s population of approximately 88,000 in 1970 lived largely the same way they had a hundred years before: isolated, without electrical or plumbing connections, often in traditional Mayan huts built in the same traditions of their indigenous ancestors.

**QUINTANA ROO’S POLITICAL HISTORY**

The Federal government of Mexico had long recognized the economic and social burden of carrying Quintana Roo. Quintana Roo was granted statehood by presidential decree in 1902 by Porfirio Diaz. By 1904, it was returned to federal territory status under military control due to economic underperformance. In 1913, Quintana Roo was annexed to the state of Yucatan under order by President Carranza. In 1915, Carranza changed his mind and reintegrated the Territory of Quintana Roo following a move of the capital city. 1917 saw the creation of three municipalities: Cozumel, Isla Mujeres, and Payo Obispo (which composed the whole of mainland Quintana Roo). 1924 saw the appointment of Plutarco Elias Calles Amado Aguirre, who headed a commission to explore development options for Quintana Roo, with the purpose of assessing the desirability of retaining the territory as a dependent entity. The fledgling

³ Sap from the sweet gum tree
municipalities were disbanded under the tenure of territorial governor Dr. Jose Siurob in 1928 and replaced with appointed governmental delegations. In 1931, the state was again annexed, along with neighboring Campeche, to the state of Yucatan in hopes that as part of the larger state, it would be able to raise living and economic standards.

By 1935, President Cardenas had recreated the Federal Territory of Quintana Roo and appointed General Rafael E. Melgar to run it. Territory status continued under federally appointed governorships until 1972. In that year, President Echeverria granted Quintana Roo free-status for the next eight years with the option to become a state under constitutional conditions of admission to the Mexican Federation.

At the time, Article 73 of the Mexican constitution required a minimum population of 80,000 inhabitants to be considered for statehood. In addition, Quintana Roo needed to demonstrate sufficient capacity to provide for the infrastructure for agriculture, industry, commerce, and education. In 1960, the census indicated a population of 50,167 in an area of 50,212 square kilometers. By 1970, this figure had increased to 88,150, an increase of 76% over the previous census numbers. Having met the population requirement, Quintana Roo focused on the infrastructural goals at hand. Much of the development that allowed Quintana Roo to become a state was due to the federal plan to develop a tourism integrated center (TIC) in the north end of the state, at the site of Cancun. Of course, this will be discussed this in great detail in the coming sections.

By 1974, Quintana Roo was ready to apply for admission to the Mexican Federation, and on September 2 of that year, President Echeverria sent a bill to Congress requesting admission

---

4 Subsequent changes have raised this requirement to 120,000 citizens.
to statehood for Quintana Roo and Baja California Sur (site of two planned TICs: Loreto and Los Cabos). The bill was approved by Congress and both states were admitted to the Federation on October 8, 1974 as free and sovereign, the 30th and 31st states of Mexico, respectively.

The statehood process of Quintana Roo in the 20th century is summarized by the following timeline:

SINGLE PARTY POLITICS IN MEXICO

While Quintana Roo struggled with its territorial status, the United States of Mexico was busily rebuilding following the Mexican Revolution, which officially ended armed conflict in 1920. In the aftermath of President Porfirio Diaz’s ouster, Mexico struggled with factions that wanted varying degrees of constitutional, agrarian, and social reforms. By 1929, the National Revolutionary Party (PNR) was formed, with the goal of institutionalizing the ideals of the...
revolution. The party changed names twice, in 1938 becoming the Mexican Revolutionary Party (PRM) and finally became the Institutional Revolutionary Party (PRI) in 1946.

Under the PRI and its nominal predecessors, single party control of politics became the norm in Mexico. Under the Constitution of 1917, no one president could serve more than one six-year term. Instead, presidents merely handed power to their hand-picked successors, creating a political system that was considered a bureaucratic authoritarian state until the 1990s. Collier and Cardoso, referring to Mexico as a “non-military authoritarian” state, note that the state “has not been at odds with civil society”—in fact, it was able to guarantee the social stability necessary to attract necessary foreign capital for its development projects (11). The same party maintained control, and was always expected to win. However, opposition parties were not banned, and elections were held. There was always the nominal threat of losing, but without ever losing, it is unclear whether the PRI would have turned over power if an opposition party won. The PRI controlled not only the executive branch of government: it was not until 1988 that the party lost a Senate seat and 1989 that a non-PRI gubernatorial candidate won a race (“The 1988 Elections” Country-data.com). The breadth and depth of the PRI’s control was remarkable, and allowed extreme control over public policy decisions and a high level of personnel continuity. Simply put: the PRI had enough control over Mexican government and so little competition that the party could do whatever it felt necessary to carry out its policy decisions. With political rights ratings of 3-5 and civil liberties scores from 3-4 (pre-2000), Mexico was hardly authoritarian, but the government clearly maintained significant control of its citizens. With the change of the PRI regime in 2000, Freedom House improved its qualification of Mexico from “Partly Free” to “Free”.
Porfirio Diaz’s economic regime depended on “active encouragement” of foreign investment, but following the revolution, land and social reforms intended to bolster the
emerging Mexican middle class demanded more attention. PRI leaders rejected the push for foreign capital, and focused on the growth of domestic markets and agricultural modernization. “The orientation chosen would place primary reliance on the private sector, this private sector would be given inducements and assistance, particularly to follow certain directions marked out by the state as critical for development, but the state would stand ready to take on the tasks that the private sector was unable or unwilling to do” (Bennett and Sharpe 171).

**ECONOMIC FRAMEWORK: IMPORT SUBSTITUTION INDUSTRIALIZATION**

Eventually this system would develop into a more cohesive system of Import Substitution Industrialization, an economic system aimed at developing and protecting domestic markets, advancing industrial practices, and creating employment. While many scholars contend that all modern, industrialized nations had to at some point in their history go through import substitution; the theory was first cohesively outlined by Raul Prebisch and Hans Singer at the beginning of the fifties. A major reason behind the drive to ISI was the “thought that ISI would bring greater economic independence of Latin American countries: self-sufficiency in manufactured goods would place Latin American economies less at the mercy of the world economy” (Baer 98). The Great Depression had burned many developing nations, and avoiding such exposure to global downturns seemed to be the way to foster domestic growth, particularly in Latin America. The idea was to substitute the importation of raw materials like food in favor of the heavy machinery and petroleum necessary to successfully produce manufactured goods to be sold in domestic and international markets. Thus, local economies would be able to focus on producing products for national markets and export, with reduced
imports leading to a surplus in the balance of payments. In Mexico, the government was heavily involved in the markets, protecting domestic markets from international competition with taxes, tariffs, and subsidies. When it found it necessary, Mexican leaders would intervene more actively, nationalizing industries such as railroad car production and sugar mills, in order to circumvent the whims of the markets.

Mexico found it difficult to maintain its isolationist economic policy once the United States entered the Second World War. With much of the workforce deployed to Europe and the Pacific, the US found itself with a need for supplemental goods and laborers. Despite years of immigration quotas and restrictions, Mexican laborers were welcomed to work on farms as braceros. The United States was a high-demand market for Mexican raw materials and some manufactured goods such as textiles and construction materials. Sadly, much of the economic gain from these increased activities went to the wealthy. The increased economic activity did not do much to close earnings gaps between the wealthiest and poorest sectors of the Mexican economy. In fact, Mexico has maintained a fairly steady, fairly high Gini coefficient, revealing high levels of income inequality that continue to this day. In 1996, Anthony DePalma of the New York Times wrote that at that time, “the richest 10 percent of Mexicans earn 41 percent of the country’s income, while the bottom half of the population receives only 16 percent of all national income” (DePalma). The following graphic tracks the Gini coefficient from 1950-2006.
Once the war was over, and the factory workers and farmers of the United States returned to their posts, Mexico found itself without the strong flows of foreign capital and without markets demanding their raw materials and manufactured goods. To avoid widespread unemployment and hyperinflation, Mexico returned to its ISI policies, looking to industrialize and maximize internal markets once more. For many years, ISI policies led to growth in the economy. In fact, ISI resulted in what has been dubbed “The Mexican Miracle”: steady economic growth from the 1940s through 1970, modest inflation, and great strides in
modernization. Despite the overall growth of the Mexican economy, the income gap maintained a steady ratio.

Eventually, the success of ISI in Mexico hit its limit. Critics of ISI focus on a variety of shortcomings. Market-focused critics cite the inherent inefficiencies of markets attempting to produce against their comparative advantages. Less conservative market-focused critics recognize the need for some measure of ISI in order for Latin American development, but do not believe that such activity should have continued for as long as they did. Limited markets existed for domestically-produced goods: it was nearly impossible for domestic markets to produce enough demand to overcome the high costs of industrial development (Baer 102). The combination of high input costs and small markets inevitably resulted in high prices. Automobile factories were studied by Jack Baranson, and costs in Argentina, Brazil and Mexico were found to be 60-150% higher than the United States (Baer 105).

Other critics focus on the structural deficiencies of ISI. In addition to the market limitations inherent in the system, active encouragement of the policies resulted in a system that was unsustainable. “Development banks gave cheap credit (often at negative real rates of interest) to help finance investment in favored industries” (Baer 107). Baer argues that the combination of high capital investment and regulated high wages left little incentive to “adopt labor-intensive techniques of production. On the contrary, the relative price structure of capital and labor... [stimulated] the search for and adoption of capital-intensive techniques” (107). Prices combined with labor absorption rates result in uneven concentration of income, which in turn increases the need for redistributive actions by the state.
The Mexican government was faced with a need for capital and no further domestic market capability to create it. Without wanting to relinquish too much control, but wanting to maximize inward foreign investment, the Mexican government began to plot ways to raise money. It was hoped that development initiatives would create opportunities to close the gap of income inequality and provide for the social benefit of Mexican citizens.

**WHY TOURISM?**

By the mid-1960s, Mexico was looking to exports to increase foreign capital in the country. The Ministry of Finance assembled its best and brightest to contemplate ways to increase foreign investment in Mexico without giving up too much control of the markets. Tourism was presented as an option by the technocrats at the Banco de Mexico.

The rationale behind the decision to develop tourism in Mexico was based on three important development goals.

First, a tourism industry would be a major source of jobs for the people in the planned destinations. In addition to those workers that would work directly with the foreign clientele of the area, people were needed for construction projects and municipal and state services to support tourism. In cases such as Cancun, where the population before the influence of tourism was so low and so underdeveloped, there were myriad opportunities for business owners to fill necessary niches. Tourism can be good for rapid job creation because most tourism jobs do not require intensive training or certification and are not expensive to fill.

Second, tourism would attract foreign capital. It was expected that foreign capital would be used to finance most of the building. In addition, tourism would be an export of services to
the visitors. Despite the export market’s location within the nation, tourism products are considered exports because they appeal mainly to and are traded with international actors.

Finally, building an industry in the chosen destinations would allow economic development to the poorest areas of the Mexican population (Clancy 12). The government saw tourism as a great way to integrate more people into the markets. Through higher employment and the influx of money to the regions they chose, tourism would allow the social developments that had been lacking in much of Mexico. It was also expected that tourism activities would create vital backwards linkages to other industries, utilizing Mexican agricultural products and manufactured goods to provide for the visitors to the area.

In the context of the times, tourism development was what Rebecca Torres has deemed a “Fordist” endeavor. Resorts were developed to offer consumers a set product: a low-cost, packaged vacation consisting of sun, sea, and sand. The packaged tour sold to the majority of Cancun’s visitors was essentially the mass-produced automobile of the tourism industry: a standardized, low-cost good produced by unskilled labor in assembly line fashion. Tourism offerings in Fordist developments were largely undifferentiated: there was “remarkable similarity with respect to facilities, architecture, and environment” (Torres 2002, 91). Prices were set to attract masses of visitors at low profit margins. Thus, large numbers of middle-class tourists were needed to turn a profit. This idea of tourist development was the vision that drove initiatives within Mexico and throughout the Caribbean. Indeed, with the exception of cultural or natural heritage offerings of a particular destination, the beach resort model is largely undifferentiated throughout the Caribbean region. Destinations offer the same rooms,
same amenities, and often the same brand names to a traveler whether he lands in Cancun or any of the island destinations throughout the area.

Tourism was not a new concept in Mexico at this time, but the Fordist model of tourism certainly was. Border tourism with the United States had grown during the Prohibition Era and continued once the liquor bans were removed. In addition, many visitors traveled to Mexico City each year, mostly for business, but many others for the cultural and anthropological sites in that area. The area most like the tourism projects that the Ministry of Finance had in mind was Acapulco.

Located in the western state of Guerrero, Acapulco was a mere 190 miles from the Mexican capital. Its popularity snowballed when it became a hip getaway place for Hollywood’s elite during the 1950s. Movie stars such as Elizabeth Taylor and Richard Burton enticed visitors to travel to the resort in search of sun and surf. “In the 1960s Acapulco was the only Mexican resort that more or less met international standards of acceptability” (Hiernaux-Nicolas 128).

Ministry leaders liked some of what they saw in Acapulco. A sun and surf destination, Acapulco had quality hotels, varied restaurants, and bustling nightlife. However, growth in Acapulco had not been well-managed. Serious issues in zoning meant that hotels and restaurants were often in the middle of ghettoes (Torres and Momsen317). Municipal services had not kept up with the growth of the resort, and water treatment and waste management services were severely lacking. The reality for the average tourist to Acapulco was far from the sexy images portrayed by Hollywood. Hiernaux-Nicolas notes, “It was likely that foreign tourists would be increasingly repelled by such conditions…it was clear that new sites had to be considered” (128).
Choosing Cancun

According to the New York Times article “Why the Computer Chose Cancun,” the two million dollar exploratory tourism feasibility study was tasked with finding new destinations to develop resorts, “Preferably where no other development alternatives existed.” In addition to the ease of developing sites from the ground up versus rehabilitating and restoring established structures, planners were looking for ways to enhance regional development in Mexico. Quintana Roo was not going to be an agricultural center: its traditional crops had already been largely replaced by synthetics, and it was not a particularly apt area for large-scale, profitable farming of new crops. Despite its position on the coast, Cancun was not a candidate to become a major port. On one hand, Veracruz was long-established and better connected to industrial centers. In addition, the near-to-shore barrier reef would limit access to large ships. Industrial growth may have been feasible, but the combination of miles of Caribbean coastlines, relative emptiness population-wise, and proximity to the United States made tourism the more attractive development plan. In addition, “tourism was frequently cited as a growth industry, having expanded more rapidly than overall international output and trade over the past several decades, and it was claimed that it also tends to escape traditional barriers to trade” (Clancy 1999 4).

It should be noted that the Mexican tourism initiative was, from its onset, an economically directed development plan. In fact, in the same New York Times piece, FONATUR officials stated, “As bankers, we approached this from a banker’s point of view, taking everything measureable into account, feeding it into a computer and leaving nothing to
chance.” Bank officials set to work identifying potential sites for tourism development. Once the computers identified roughly 25 sites that would be eligible for the projects, it was necessary for representatives to visit each of the areas to determine the best candidates for tourism investment. “The Infratur planners agreed that any candidate site would have to enjoy perfect weather the year round, eternally blue skies and bluer seas, with white-sand beaches lined with towering palms. In addition, the spot would have to have drinking water available, a plentiful supply of local labor in need of jobs, few mosquitos or snakes inland and fewer sharks offshore” (Dunphy 27). In short, planners were searching for paradise. The same article quoted the first Secretary of Tourism, Antonio Enriquez Savignac. “We finally narrowed the choice down to 25 sites and then gave preference to those areas where the people were extremely poor—as long as all the other attributes were present, a labor supply, for example. The Yucatan Peninsula and Cancun Island proved to be ideal in this regard. There is great poverty and no industry...and yet the area has all the ingredients to attract to tourism: sun, sea and good weather the year round, plus easy access to some of the world’s greatest archeological treasures…”

Sources such as Daniel Hiernaux-Nicolas suggest that an additional factor tipped the scales towards Cancun: its proximity to left-leaning neighbor Guatemala to the south. “...the selection of Cancun also reflected geostrategic considerations. The government feared a threat from the Left in the Yucatan, which had barely developed...The area bordered the politically troubled neighborhood of Central America. Fear of indigenous uprisings therefore contributed to the desire to find development alternatives for the southeast (Hiernaux-Nicolas 129).
Having chosen Cancun, the next step was “the easy part... The Government bought up the whole island, most of which it owned anyway, and when the threat of land speculation was removed and we could have a free hand to protect the area’s ecology, we were all set to go,” according to Enriquez.

**PLANNING THE RESORT**

The development plan was based on a three pronged economic strategy. Infratur planners expected that a combination of State, International, and Private Sector funding sources would work together to build a financially successful operation.

The Mexican state took a position it had for many years. Once again, it was willing to assume the risk on the investments and perform the roles of banker and entrepreneur. “… The Mexican state came to take on the role of making capitalism work for Mexico, and, in the context of Mexico’s being a dependent, late-starting industrializer, this task required…the forceful entry of the state into areas of the economy where the private sector was unwilling or unable to enter…” (Bennett and Sharpe 165).

Infratur, which in 1974 became the current FONATUR (National Trust Fund for Tourism Development), was able to raise capital through land sales. It took a while, though, to interest private investors in the Cancun project. In fact, the first nine hotels in the Cancun Hotel Zone were owned and operated by the federal government until investors could be convinced of the viability of the project. To entice them, Mexico offered very attractive financial incentives in the form of debt-swaps, soft loans, and discounted land prices in the tourism centers. Borrowers in the tourism sector paid, on average, interest rates 19.6% below those of other sector debts (Clancy 2001 64).
The projects the state was able to carry out were largely the result of investment from the international community. By 1971, Mexico had secured international development organization support from two key actors: The World Bank and the Inter-American Development Bank. The 21.5 million dollar loan from the World Bank was the first direct loan for tourism infrastructure worldwide. IDB funding continued in a series of loans between 1971 and 1985, including funding towards Cancun’s infrastructure, Hotel Credit programs, and the construction of “tourism complexes” such as golf courses and marinas, as well as a “central market” area for the sale of souvenirs and handicrafts. Despite the private sector’s disinterest in building such structures, FONATUR planners saw these amenities as necessary for a complete, competitive, tourism experience.

One of the major reasons Mexico was able to attract foreign investment was due to the discovery of large oil reserves at the beginning of the 1970s (Clancy 1999, 12). This discovery coincided with the skyrocketing price of petroleum in response to the oil crises of 1973 and 1979. As an oil-exporting nation, Mexico had collateral against its borrowing to finance its development initiatives. The following graphic shows the cost of oil to US refineries throughout the 1970s and 1980s:
Figure 6: Crude Oil Prices: 1970-1988

<table>
<thead>
<tr>
<th>Loan #</th>
<th>Title</th>
<th>Approval Date</th>
<th>Amount (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ME0016</td>
<td>Cancun Infrastructure</td>
<td>5-Aug-71</td>
<td>21.5 million</td>
</tr>
<tr>
<td>ME0039</td>
<td>Tourism Cancun II</td>
<td>6-May-76</td>
<td>20 million</td>
</tr>
<tr>
<td>ME0058</td>
<td>Hotel Credit Program</td>
<td>1-May-78</td>
<td>30 million</td>
</tr>
<tr>
<td>ME0163</td>
<td>II Global Credit Program, Tourism Development</td>
<td>22-Nov-83</td>
<td>91 million</td>
</tr>
<tr>
<td>ME0158</td>
<td>Bahias de Huatulco Tourism Development</td>
<td>20-Dec-85</td>
<td>45 million</td>
</tr>
</tbody>
</table>

Source: IADB.org

Total 207.5 million

Figure 7: Inter-American Bank Loans for Mexican Tourism
Private sector investments came largely later, as Cancun became established in the early years and proved that there was sufficient interest from tourists and adequate support from the government to protect investors. Increasingly, government projects have backed off the completely state-driven investment pattern and relied more on private sector actors. However, in the beginning, “The Cancuns of the world could never be the sole creation of private entrepreneurs... due to the enormous capital required at such centers. There can be no slow accumulation of capital; many infrastructure investments must be made simultaneously” (Torres Maldonado 30).

The petroleum crises that led to extremely high prices eventually resulted in increased oil production. Higher prices, though, decreased demand, and give rise to a glut of the market. In the early 1980s, oil prices dropped dramatically. Without the income from continuous, high-priced exportation of oil, Mexico found it difficult to service the amount of foreign debt it had incurred, both in the tourism sector and beyond. In August 1982, Mexico announced that it would be unable to service its external debt, and renegotiations were made in order to appease creditors. The FDIC\(^5\) attributes Mexico’s default as the precursor to regional debt crises and the beginning of international banking’s embrace of neoliberalism and financial austerity (FDIC 190).

Despite the pressures on the Mexican economy on the whole, tourism had begun to gain popularity in the private sector, largely from what Clancy attributes to “momentum” (1999, 12). Thus, in efforts to ease the macro pressures facing the nation while simultaneously increasing private investment in tourism centers, Mexico developed debt-swap mechanisms for

\(^5\) Federal Deposit Insurance Corporation
use in the renegotiations. Keith Grant, reporting for Reuters, discussed the initiative in Canada’s *Globe and Mail* in 1987. “Debt conversion schemes offer the investor a chance to acquire low-cost pesos for project investment and a long-term return in U.S. dollars. They have provided a spur for foreign capital at a time Mexico and other Latin American nations are finding it hard to raise new credit,” he writes. Under the plan, “The foreign investor would buy Mexican debt at about 60 per cent of its face value and receive between 85 and 92 per cent of the equivalent amount in pesos from the Mexican government for the investment,” provided that the investor used the capital in tourism development.

The debt swaps were fairly successful, at the time of Mr. Grant’s publication accounting for US$300 million of investment in tourism development, nearly 30% of the nation’s outstanding public debt. Despite their popularity among investors, debt swaps raised concerns about their effect on inflation because sudden influxes of cash into a currency market can drive prices higher. In addition, the debt on the swaps remained tagged to the US dollar while the peso floated. Despite the assumption that capital in the tourism market would show strong returns and resolve the debt in the longer term, it was feared that opening too much of the market to debt swaps would have the effect of raising prices in the short run. Ever the protectionist state, leaders set to establish caps on the swaps at US$1 billion. This assuaged fears of inflation among the public and allowed them to continue their fundraising initiatives.

While private and public fundraising efforts continued, FONATUR and its predecessors got to work building the resort. Because Cancun was never intended to be a domestic tourism hub, it was necessary to build a world-class airport to serve Cancun. Roads, utilities, water treatment facilities, and beach maintenance were also priorities to the project. Under the
Master Plan, tourists would arrive to the airport and be transported directly to the Hotel Zone. Cancun would be a classic Fordist development. Workers would live in “Cancun City,” a worker city on the mainland. What Hiernaux-Nicolás describes as a complete separation of work and leisure spaces allowed for minimum interface between workers and the tourist public. This setup was in direct response to the problems faced in Acapulco, evidence that the Master Plan had in fact taken information and evaluation from that area and integrated solutions into its plans.

OUTCOMES OF TOURISM PLANNING IN CANCUN

The result of this planning and integration has been the largest tourism destination of Mexico. It was not long before Cancun surpassed international arrivals of the capital city and traditional resorts of Mexico. The resulting growth of Cancun city has had dramatic impacts on the economic and social makeup of the region. One of the most remarkable changes was in the sectoral makeup of Quintana Roo’s economy. In addition to the overall growth of Quintana Roo’s GDP, the shift from a largely agrarian economy to an almost-completely service-oriented one is remarkable. This tertiarization of the Mexican economy was consistent with overall regional trends. CEPAL’s report in 2004 noted that during the 1990s, 90% of all new jobs in Latin America arose in this tertiary sector, and that by the end of the decade, 55% of Latin American employment was in the service sector (Weller 157).
Figure 8: Sectoral Makeup of Quintana Roo Economy: 1970-2010
Along with the shift towards service sector activities has come the feminization of the Mexican workforce. In addition to worldwide trends towards female integration to the workplace following the Second World War, Mexican women are heavily concentrated in the tourism and services industries. In fact, over 90% of women who worked in 1990 were employed in tourism and related service jobs (Torres Maldonado 45). Torres Maldonado states that “The secondary sector has never been significant in Quintana Roo, because this place never experienced and industrial revolution (before Planned Tourism Development)” (45).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tertiary</td>
<td>29.54</td>
<td>67.61</td>
<td>57.1</td>
<td>93.2</td>
</tr>
<tr>
<td>Secondary</td>
<td>11.86</td>
<td>12.22</td>
<td>18.2</td>
<td>5.7</td>
</tr>
<tr>
<td>Primary</td>
<td>58.64</td>
<td>24.7</td>
<td>24.7</td>
<td>1.1</td>
</tr>
</tbody>
</table>

* The Tertiary Sector includes the category of "Non-Specified" Activities

Source: Censuses of 1970 and 1990

Figure 9: Quintana Roo EAP by Economic Sector and Gender, 1970-1990

The growth of the Cancun workforce has come largely from migration, not from increased birthrates. Roughly 34% of the population aged 18-40 in Quintana Roo lived in another state five years previously (Census 2010). Birth rates per woman are in line with the overall trends in the nation, at or around 2.1 children per woman. Yet the population of Quintana Roo and particularly Cancun has skyrocketed. That sleepy territory of 50,167 is now a state with 1,324,257 people in 2010 (Census 2010 data). The following graph shows population data and visitor arrivals for Cancun 1975-2010 (“The Growth of Cancun”).
The World Travel and Tourism Council reports that in 2010, tourism contributed 130.691 US$ billion to the Mexican GDP, representing 13% of the total GDP of the nation and employing 6.535 million people, or 13.9 of total workers in Mexico\(^6\). Within Quintana Roo, it is estimated that 90% of the state GDP comes from tourism.

Much of this revenue comes from the rapidly increasing number of hotel rooms available in the Hotel Zone. Cancun’s Master Plan called for 2000 hotel rooms to be built by 1974. By 2005, there were over 27 thousand rooms available to tourists. Between 1974 and 1992, FONATUR would go on to finance an additional 100,000 rooms in the zone (Clancy 64). In addition to full service hotels and resorts, Cancun offers a variety of attractions, among them dolphin encounters, mangrove tours, parasailing, and SCUBA diving. As the destination has

---

\(^6\) Raw data pulled from WTTC’s Economic Data Search Tool (http://www.wttc.org/eng/Tourism_Research/Economic_Data_Search_Tool/) and the CIA World Factbook. Calculations by the author.
matured, services and activities have expanded to meet the demands of remaining relevant in the face of expanding tourism markets in the Caribbean and Latin America.

**COMPLICATIONS FACING THE CANCUN DEVELOPMENT**

The successes of Cancun on the economic front have not been able to diminish the problems the development faces on many others. Issues such as city planning and labor deficiencies, poverty and inequality, financial loopholes and environmental degradation are all pressing matters.

It is clear that the population of Cancun has expanded rapidly since the implementation of the tourism plan. I would not argue that the area is over populated, population density-wise, but it is apparent that the population of Cancun has exceeded its capacity in the worker city. According to the regional delegate, Mr. Eduardo Muniz, FONATUR originally planned the worker village for 250,000 residents. By 2005, Cancun city had a population of 526,701 (Censo Mexicano 2005). Services such as waste management and water treatment for permanent residents are strained. The overflow has set up a shanty-town periphery of recently-arrived laborers in search of work in the tourism center. Cancun is essentially divided into three “geographical spaces: (1) the tourist zone comprising the hotel strip on the island of Cancun...;(2) the FONATUR-planned service city for local government and workers; and what Marti terms ‘the lost city,’ the Colonia Puerto Juarez shanty town, which spontaneously developed with the arrival of impoverished immigrant populations seeking work” (Torres and Momsen 316). The Hotel Zone receives first priority in all service provisions, while areas in the service city and surrounding shanties compete for second billing.
For some, there is little hope. Despite an abundance of available work, jobs are highly seasonal and extremely low-skilled. Employers have a wide field of potential employees, low training expenses, and high profit margins on their products. As such, investment in employees is very low, and wages are set accordingly. As of January, 2010, the minimum wage in Quintana Roo was 54.47 Mexican pesos per day (“Mexico in Facts and Figures”). Based on current exchange rates, this amounts to US$4.62 per day. The highest minimum wages in Mexico are geographically concentrated in border areas with the United States and around Mexico City in the central valley. Still, no state offers a higher base than 57.46 pesos per day (US$4.88).

The dichotomy between the wealthy international visitors and the working population of the area is extreme. Roughly 80% of Cancun’s visitors are from the United States, where minimum wages range from US$5.15 to 8.67 per hour. Tourists purchase vacation packages denominated in dollars, buy 55 peso lattes at Starbucks, and for the most part, never encounter the abject poverty that exists less than 10 miles from the Hotel Zone.

While not in itself a major problem, Cancun, as a mass tourism destination, has participated heavily in the packaged tour, that is, a flat rate vacation that includes flight, hotel, meals and activities, drinks, and ground transportation. The increasing number of all-inclusive resorts has attracted many visitors to the area, though it has been called a “necessary evil” to the development of this resort and the Caribbean region (Issa and Jayawardena 167). In the beginning, before other facilities were completed, all-inclusives were helpful in attracting visitors to the not-yet-completed resort area. As the resort has grown, though, all-inclusives have limited the interaction of the visitor with the city outside the hotel gates. In addition,

---

7 Latest update: 14 April 2011
8 US Department of Labor (http://www.dol.gov/whd/minwage/americ.htm#Consolidated)
package tours are usually paid for on the tourist’s home soil. Set ups such as this allow foreign-managed properties to circumvent the Mexican market. While describing this situation, Mr. Muniz of FONATUR recognized the limitations of all-inclusive resort dominance, mentioning that one Spanish chain of hotels goes to great lengths to provide a completely Spanish hotel experience, including importing all foodstuffs. In situations like this, it is clear that the establishment of backwards linkages has not been fulfilled as planned.

Polly Pattullo describes linkages and leakages in Last Resorts: The Cost of Tourism in the Caribbean. Linkages are “the ways in which the tourist industry utilizes locally produced goods and services rather than importing them. Maximizing the linkages decreases the leakages of foreign exchange” (52). Leakages occur when the income from foreign exchange in tourism is offset by the costs of importing materials and services. Cancun has not made strong links with the local community, in some cases because of a lack of the necessary goods and quality supply of them that is required for the resort. Pro-Poor Tourism’s brief cites that “Currently, only 4.5% of fruit, 3.4% of vegetables, and 1% of meat consumed by hotels is supplied by producers in Quintana Roo” (3). Further, discussion from Rebecca Torres and Paul Skillicorn (2004) suggests that agriculture in Quintana Roo is chronically under-developed due to the exclusive focus on the tourism sector.

Environmental degradation is one of the most pressing issues facing Cancun. The development of large hotels covering the island of Cancun has dramatically impacted protective sand dunes and changed beach erosion patterns. In efforts to maintain beaches for tourism, natural processes of erosion and rebuilding have been manipulated. Wastewater and sewage dumping have contributed to reef deterioration, which impacts biodiversity. Trash sites have
leeched contaminants into cenotes\(^9\) and damaged freshwater resources. They have also been dumped into the lagoon that separates Cancun from the mainland, resulting in degradation of that waterway. Non-native algae and other species have at times affected the lagoon, releasing noxious fumes. In response to perceived environmental issues, the Programme for the Environmental Protection of Cancun was founded on August 5, 1993, with municipal, state and federal authorities signing the documents (“Nichupte: A Sewer”). Despite governmental recognition of the problem and funding towards correcting it, there has been minority non-compliance, including continued clandestine dumping in the lagoon. To some extent, pressures to maintain international standards of environmental protection have led to increased action to maintain the natural integrity of the resort. While the government recognizes that the natural gifts of Cancun are a major draw to the resort, it has had difficulty instilling environmental protection into the community culture.

Some debate has arisen about the levels of contamination in the Cancun development. Jules Siegel, a long-time Cancun resident, author and journalist, contends that environmental damages to Cancun are much less substantial than issues in other resorts such as Key West. Contamination levels have been low considering the amount of development, and have not produced long term effects in the water table, he says. During a personal interview with Mr. Siegel, he expressed that some level of environmental damage was to be expected in any development, state-planned or otherwise.

Mr. Siegel may be right, but in any case, the debate over the developing countries’ environmental responsibilities is not a new one. Nor is the effect of environmental concerns on

---

\(^9\) A cenote is an opening of water connected to underground river systems. The Yucatan Peninsula has no aboveground rivers; instead, underground currents provide fresh water.
travelers’ perceptions of a destination. FONATUR, aiming to mitigate further environmental degradation as tourism grows southward towards Tulum, passed stringent zoning restrictions in 1994 regarding land use in the municipalities of Solidaridad and Tulum (Bosselman, et al 127). These zoning guidelines have been challenging to enforce because of their “piecemeal” nature—the zones are small and often adjacent to protected zones or zones of differing use. The regulations actually preceded the growth of the tourism corridor. Locals have complained that their neighbors are allowed to develop, yet across the street, they are restricted due to the zoning. Bosselman suggests that these regulations can “stymie” their own effectiveness (129). Other tensions come from the balance of power that now exists with FONATUR and the municipal governments. While FONATUR directs tourism policy decisions in the region, the ultimate decisions to comply with the recommendations set for and zoning approval lie with municipal leaders. I will further discuss tensions in the separation of powers when I discuss the institutions involved in this development.

**DRIVERS OF CANCUN’S SUCCESS**

Despite its rocky start, Cancun has emerged as an economic and developmental success. This success has been possible due to a unique combination of policy factors: a blend of what I will term a “policy vacuum” in Quintana Roo and Cancun itself; the involvement of strong institutions, namely FONATUR; and international involvement in the public and private sectors.

**POLITICAL VACUUM**

---

Having reviewed the history of Quintana Roo’s statehood, one has some idea of the lack of political framework of the region. From the federal level, it was unclear what exactly to do with Quintana Roo. Presidents used a variety of political designations in attempts to balance the desire to retain the territory with the burden of supporting an unproductive region. The result was decidedly undemocratic. Though there were few citizens involved, they had no rights to self-determination until well into the latter half of the twentieth century, and even then, statehood was a top-down initiative. Beyond that, leaders were appointed at the federal level, and there has been no indication that appointees were chosen for any reason other than the fact that they were party members who would fall in line with the president’s wishes.

With constant changes in political status, lack of basic rights for its citizens, and a system that did not have consistent local government structures in place until 1974, it would not be much of a stretch to call Quintana Roo’s political landscape a vacuum prior to the tourism development project. This disorder is characteristic of many former Spanish colonies. When Spain arrived in the New World, they brought a highly mercantilist system of governance to their colonies. Political and economic powers were centralized: all trade to the colonies left from Seville and all international commerce in Mexico took place in Veracruz. Leaders were appointed from Spain. This centralization and bureaucratization removed any existing political structures and concentrated powers in the hands of elites. Studies have linked this arrangement to decreased economic development in post-independence colonies. In addition, Spain began colonizing before more liberal market structures emerged: they were entering the New World in the 15th century, where others, particularly Britain, colonized further

---

11 See Robin Grier (1999) and...
into the 18th and 19th centuries. By the time liberalism emerged in world markets, the mercantilist system had been in use for hundreds of years in Spanish colonies. It was inevitable that the removal of colonial power and its structures would leave behind a vacuum with little capacity to self-govern in Mexico. Despite some successes at the national level, the ability to establish institutions and maintain order had not trickled down to the state level, least of all to Quintana Roo, where, coupled with the lack of economic options, any previous political order had been abolished with the arrival of the Spanish.

In the context of the political vacuum facing Mexico post-colonialism, it is not surprising that newly free leaders would attempt to use familiar means to maintain order in the new nation. However, as nation-building progressed, it became evident that the highly centralized governance that had defined Mexico under Spanish rule would not be sufficient. Municipal and local political structures would be necessary to ensure efficiency and political order. Federalism seemed to work where economic prospects were able to sustain state activities, but in the chronically underdeveloped states where tourism initiatives were planned, there was little success in creating self-sufficient structures. In Quintana Roo, municipal governance was briefly in place from 1917 to 1928, and then again beginning in 1974. EJ Torres Maldonado asserts that “the administrative and economic organization of a federal territory was not the best vehicle for dealing with the mega-project of planned tourism development that Cancun represented. On the contrary, the creation of the state of Quintana Roo, the creation of the municipio Benito Juarez (where Cancun is located), and the consequent division of powers and competencies among federal, state, and local administrative spheres, were necessary, in order

---

12 Baja California Sur, the site of the Los Cabos PTD, faced similar governance issues, and was treated in much the same way as Quintana Roo in this respect.
to provide a better framework with which to organize and administrate the Cancun project” (Torres Maldonado 40). Despite Cancun being a primarily federally-directed development project, it was necessary that state and municipal political structures exist to support the day-to-day running of Quintana Roo. The federal government needed to focus on its tourism development efforts, not necessarily the running of schools, collection of taxes, and the other tasks usually delegated to the local levels of government.

Even once the political structures existed, the prolonged lack of political cohesion meant that the state and local governments were not particularly strong. The PRI essentially controlled the elected offices. This, combined with a lack of maturity, resulted in reduced nominal power for the federal government but increased real power to control outcomes. Where in neighboring Yucatan, statehood had been achieved back in 1823; Quintana Roo’s political development came during a time of heavy-handed federal involvement rather than from its own initiatives.

**INSTITUTIONS**

Given the lack of political structure in Quintana Roo, institutions became essential to its success. To begin, it is imperative to discuss the role of FONATUR and its predecessors. I have mentioned FONATUR’s predecessors several times, but here I will briefly outline the agency’s history.

As noted, the Banco de Mexico was tasked with the project of exploring tourism development options. On November 14, 1956, President Adolfo Ruiz established the Guarantee Fund for Tourism Development (FOGATUR) by decree. FOGATUR was the tourism side of
Nacional Financiera, the Mexican financing arm for domestic development investment.

FOGATUR provided financial support for tourism activities, but had limited success attracting participants in the tourism development scheme.

May 22, 1969 saw the creation of the Fund for Tourism Promotion and Infrastructure (INFRATUR), the agency responsible for the construction of infrastructural works. INFRATUR was charged with the construction of new hotels, along with the construction and maintenance of other projects such as the Pok-ta-Pok golf course, the Cancun marina, and the downtown marketplace.

Having two agencies performing similar tasks grew tiresome for the Central Bank. Thus, in 1974, the National Fund for Tourism Development (FONATUR) was created on March 29, merging and replacing FOGATUR and INFRATUR. At the same time, the Secretary of Tourism, SECTUR, was elevated to a cabinet level position. Thus, FONATUR would perform the “action” role of the development project, buying and selling land, negotiating loans for tourism projects, and overseeing the construction of the new resorts, while SECTUR would liaise with executive and legislative officials, lobby for congressional funding for tourism, and support local and state government in their tourism activities.

FONATUR benefitted during the early years of the Cancun development from its parastatal status. Though owned by the federal government, FONATUR enjoyed remarkable autonomy in its development initiatives. The first head of FONATUR, Antonio Enriquez Savignac, was a trusted technocrat. Educated at the University of Ottawa and Harvard, Enriquez Savignac worked previously at the Inter-American Development Bank and was the assistant to the director of the Mexican Central Bank. As tourism was such a priority, and Enriquez Savignac was
such a figure, FONATUR was given a free hand in its initiatives. In addition to the government’s support, there was very little opposition in Quintana Roo to the proposed projects. Where opposition existed, it was quickly and effectively squashed by the planners, usually with cash payments. “Because the new resorts were built from the ground up in lightly populated areas, the tourism bureaucracy in effect became the governing power within the area” (Clancy 54).

Aside from the autonomy that FONATUR enjoyed domestically, it benefitted from access to international organizations and their capital—access that private sector actors did not possess. Not only was the capital vital to the financing of projects: the endorsement of the IDB and the World Bank led credibility to the entire operation. This institutional approval was instrumental in securing the participation of private sector actors.

INTERNATIONAL INFLUENCE

The third facet of Cancun’s institutional success was the involvement of the international private sector. Because Cancun was designed to attract foreign investment, it was crucial to appeal to foreign markets. To do so, Cancun had to compete with destinations that were longer-established, offered mature services, and were familiar to tourists. Cancun was in direct competition with Hawaii and Florida, and needed to present the perfect blend of the familiar and the exotic to capture their target audience. Cancun’s location in Mexico, with its Spanish-speaking residents and newness provided plenty of exotic. In order to provide the familiar, international brands were needed.

Today a visitor to Cancun can enjoy nearly any chain restaurant or hotel they can dream of. McDonald’s, Burger King, Domino’s, Subway, Pizza Hut, Haagen Dazs, and Starbucks are only
a few of the recognizable restaurant brands available. On the hotel side, there’s Hyatt, Marriott, Holiday Inn, Best Western, Ritz Carlton, and more. Mainstream tourists value brand recognition, particularly in “exotic” locales because they represent certain international standards of service. Such brands also had experience in the hospitality industry that the technocrats at FONATUR did not necessarily have, and did not have the capacity to teach to local upstarts. Further, chains had access to global networks of travelers. Affiliations with travel agencies, CRS\textsuperscript{13} listings, toll-free numbers, and other technological advantages favored booking to such branded establishments. Anxious to keep up, local establishments needed to provide similar standards of care. To some extent, this allowed an overall higher quality tourist experience to develop.

The easy response to such a set-up is to be critical of the high levels of international branding and control in the Cancun marketplace. Why can’t Mexican companies participate? Why bother creating a Mexican tourism destination if all the businesses are going to be American? The data, though, tell a different story.

Despite the abundance of international brand names, business ownership in Cancun is decidedly Mexican. The involvement of international brands comes mainly in the form of franchises and management agreements. In a survey completed in 1997 and published in 2000, Rebecca Torres found that 86.7% of hotels in Cancun were owned by Mexicans. Those 86.7% may have names belonging to Spanish, American, or European chains, but the capital is controlled by Mexican entrepreneurs. Part of the reason for this is the same protectionist streak that has defined Mexican policy. In order to maintain control of national markets, laws

\textsuperscript{13} Computer Reservations Systems, centralized software systems used by airlines, hotels, and travel agencies that provide updated information for flights, hotels, car rentals, and other travel services.
were enacted to prevent foreigners from owning more than 49% of companies. In addition, until 1971, foreigners were not allowed to own lands along coastlines or international borders. Despite the need to attract foreign investment, Mexican leaders were careful to prevent their control of the tourism market.

Figure 11: Mexican Transnational Hotels

Below, one will find a table of data collected by Rebecca Torres. According to her data, 50% of the 60 hotels surveyed were franchise hotels. Of those 30 franchise hotels, 15 were foreign franchises and 15 were national. Only 13.33% of the hotels surveyed were foreign-owned. It is much more common for foreign actors to participate in franchising than ownership. The interesting concentration is that of Gran Turismo, 4- and 5- star properties. 92.9% of Gran Turismo hotels (n=16) were franchises, and of those, 50% were foreign franchises. Gran Turismo is the highest classification of hotels and represents the highest prices and profits.

Source: Rebecca Torres 2005

---

14 A system, fideicomiso, now allows non-Mexican owners to hold ownership of Mexican real estate through trust via a bank registered in Mexico. Contracts allow for 50 years of ownership plus renewal, during which the bank has fiduciary obligation to act as the owner wishes.
amenities and star-classification decrease, so do revenues. So too, does the concentration of franchises and the proportion of those that are foreign.

Figure 12: Transnational Hotels by Class

Despite the concentration of Mexican ownership in the Cancun market, one should not make the mistake of assuming that Mexican ownership equals local ownership. Quite the contrary, the Mexican capital involved comes mostly from the Federal District and other industrial centers. “As tourism has become big business in Mexico it has been Mexican big business—frequently allied with international capital—that has primarily benefitted from the boom” (Clancy 14). Neither should one assume that Mexicans investing in Cancun were hospitality or restaurant specialists. In fact, during the 1980s, once Cancun had established itself as a money-making center, it became fashionable for Mexican corporations to “dabble” in tourism assets. “Among Mexican investors entering the hotel industry are the nation’s leading industrial conglomerates, many headed by Mexico’s new billionaires, such as Grupos ICA, CEMEX, Carso, Gutsa, and Sidek (through subsidiary Situr), along with the large domestic banks Banamex and Bancomer. All have done so, however, through forming strategic alliances with
major international hotel chains” (Clancy 1998 14). Banks, insurance agencies, communications giants, and others all found their way into tourism investment.

Balancing the “transnationalism” of an international tourism destination such as Cancun is a complex task for government planners. On the one hand, international involvement attracts the foreign investment that is sought in tourism development schemes. On the other, it limits the community involvement that sustainable development strategies require. If one looks at the transnationalism of Cancun in the light of the 1970s vision of economic development, not only are international chains and franchises welcome, they are symbols of success. Opinions and values in development studies have changed, however, placing more focus on initiatives that involve local entrepreneurs and stimulate local markets.

THEORETICAL DISCUSSION

Seeing the success of tourism developments like Cancun, many developing nations have identified tourism as their plan towards economic and social growth in their own countries. As they see it, with strong government direction, a few miles of white sand, and a dream, the tourists will come running and the dollars will pour in. Unfortunately, that is not necessarily the case. Tourism has been a success in Cancun for many reasons, the most crucial of which I discussed above. There are certain other circumstances that were unique for Cancun’s development that other nations looking towards tourism will not enjoy.

Development of tourism in Cancun was a high priority for the government of Mexico, so much so that some of the most protectionist governments in Mexican history “loosened the
rules” for the initiative. Tourism was somewhat of a pet project, receiving extraordinary amounts of financing, all but free rein to FONATUR’s activities, favored rates on loans, and international support. The results were extraordinary.

The theoretical debate about the involvement of the Mexican state’s role in the development of Cancun usually breaks along the lines of statist and neoliberal perspectives (Clancy 1999 12). Was it the state’s involvement or the private sector’s flourish that has driven the success of this destination? Statists argue that a strong state was necessary to overcome problems of collective action, perhaps better described in this case as inaction. They also contend that the state shaped the market, targeting industries for growth and fostering that growth through financial incentives and undertaking production itself in various cases. Statists benefit from the initiative for far-sighted strategies and the power to implement policies to create desirable circumstances.

By contrast, neoliberals see government as a hindrance to development and contend that even if state involvement were important, only certain types of states would be capable of success (Clancy 1999 8). They tend to downplay the successes of state involvement in East Asia and other regions where such heavy handed state intervention produced favorable results. Where statists saw the government as the solution, it is the market that neoliberals turn to.

In the Cancun case, principles outlined in Peter Evans’ seminal book, *Embedded Autonomy*, help illuminate the continuum of statism. He contends that the developing state must strike a balance between autonomy, that is, freedom to make policies without the influence of interest groups, and embeddedness, or the entrenchment in social structures that gives the state actors the ability to implement policies. Evans designates four types of states:
the custodian, the demiurge, the midwife, and husbandry state. At differing times and fulfilling different roles, I would argue that Mexico has acted as each of these forms of state.

Evans' Roles of the State in Development

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Custodian</th>
<th>Demiurge</th>
<th>Midwife</th>
<th>Husbandry</th>
</tr>
</thead>
<tbody>
<tr>
<td>State maintains active role in development activities, &quot;Regulator&quot;, Prevents private capital from engaging in non-approved activities</td>
<td>State assumes role of &quot;producer&quot;; complements, competes with, or replaces private industry; long-term expansionary views</td>
<td>State attempts to foster entry of new groups and challenge existing players to new endeavors; uses &quot;greenhouse&quot; measures to protect and foster growth</td>
<td>State uses a combination of support and prodding; often the tacit support is enough to attract investment, but occasionally more active measures are necessary</td>
<td></td>
</tr>
</tbody>
</table>

Source: Embedded Autonomy, pages 78-81

Figure 13: Evans Role of the State in Development

The custodial state acts as a “regulator,” providing “caretaking in the sense of protection and policing” (Evans 78). Custodian states run the risk of over-policing through policy, which can stifle growth. The custodian aims to curtail the private sector from participating in “undesirable or inappropriate activities.” This role is traditionally used when the state is producing “infrastructural goods or ‘social overhead capital’” and applies to the provision of “transportation, communication, power and water supplies...” (79). In the development of Cancun, the state of Mexico took this role initially, starting with the infrastructure necessary to build a tourism center.

When the construction evolved to include hotels, entertainment complexes, and golf courses, the state’s role moved along the continuum towards the demiurge state, the “mythical creator of material things” (Evans 79). In this role, the state “becomes involved in directly productive activities, not only in ways that complement private investments but also in ways
that replace or compete with private products.” In this role, private sector and transnational actors are seen as unable or unwilling to become a “transformative bourgeoisie”, and state involvement is deemed necessary to build a new sector. The logic of the demiurge position is long-term growth. Indeed, Mexico was confident that tourism would be a successful venture, but knew that the initial effort to develop it would be unlikely to be undertaken by private actors. Thus, by providing the first tourism products, Mexico saw its role as a foundation layer for a long-term growth effort.

As time has passed, FONATUR and the Mexican state have been less directly active in tourism development in the Yucatan. Instead, government is moving toward midwifery and husbandry roles in tourism development. Midwifery relates to the attempt to “assist in the emergence of new entrepreneurial groups and to induce existing entrepreneurs to take on more challenging endeavors” (Evans 80). Husbandry “involves a combination of support and prodding. In some respects it is less demanding than midwifery because there are already private counterparts in the sector to work with” (81). As Cancun has developed into a mature destination, the active role initially taken by the government has succeeded in attracting private actors. Now, the goal of FONATUR is to maintain the tourist center and its competitiveness with other destinations. Instead of active management of tourist offerings, FONATUR now primarily focuses on real estate transactions and the continued development of infrastructure. The husbandry role comes in different forms, and “may be as simple as signaling the prospect of state support for firms that venture into the more technologically challenging areas of the sector” (81). This may be part of the reason that Mexico’s government-established resorts attract more foreign investment than those that have developed in other ways. FONATUR
reports, “The five destinations developed by FONATUR together offer more than 245 hotels and more than 36,800 rooms, with occupancy rates that reached 61.7% in 2002, or 7 percentage points above the country’s other beach resorts. On a national scale, these destinations represent 54% of Mexico’s foreign revenue from tourism and host nearly 40% of all its foreign visitors” (FONATUR.gob.mx). Further investigation would be necessary to confirm this theory, but it is interesting to see the outcome disparity in destinations that FONATUR operated versus those that depended on the private sector. Midwifery can also use custodial tactics to achieve goals, most specifically a developmental “greenhouse” in which protective tariffs, import restrictions, and investment incentives attract private investment in a sheltered arena. While tourism development in Mexico has not completely moved beyond custodial and demiurge practices, it has moved more towards the midwifery and husbandry roles that are more favorable to private industry. Now that destinations like Cancun are more mature, it is easier for the state to take a less directive role in tourism activities. Despite Cancun’s “mature destination” status, I would contend that it has not yet reached full midwifery and husbandry stage involvement in the public sector. Cancun still has room for development, and will do it best by focusing on private-sector growth and more sophisticated approaches to the existing tourism industry.

Evans’ analysis is particularly useful because it describes a continuum of roles that a developing state may take. One important aspect of this analysis is the assumption that nations pursuing tourism development are not predatory states, such as Zaire. Once that threshold has been crossed, the roles of the state as described by Evans have a variety of purposes. Though he cautions to limit the use of custodian and demiurge practices, Evans does not discredit their
place in certain circumstances. The most successful development occurs though with more
dynamic government actions: the midwifery and husbandry roles that characterize more
mature systems. The state clearly has a role to play in development, but beyond establishing
fundamental common goods and services, it does best by partnering with the private sector
and eventually providing a background support to mature industries. It can be difficult to
identify the moment at which the state should back off, but correctly gauging it can allow
privately driven growth and benefit overall development.

In a sense, Cancun was an extremely lucky development endeavor. The timing was just
right in order to allow the statists the organizational support they needed to finance this
initiative. By the 1980s, organizations such as the IDB and the World Bank were promoting
neoliberalism and pressuring borrowing nations to conform to its principles. These
organizations placed contingencies upon lending that required a much more laissez faire
economic policy than many Latin American nations were accustomed to. Had Mexico sought to
begin developing tourism in the form they proposed in the 70s any later than they did, it is
unlikely that the story would have played out so successfully. It is doubtful that a custodial-style
state-run development initiative, including the operation of attractions would have been an
appealing project for financing from international banking organizations focused on
privatization, liberalization, and deregulation. It is also doubtful that the private sector of
Mexico would have been any more ready by the early 80s to embark on tourism development
without the strong support of the national government. Even with the capital to build hotels
and tourist attractions, the necessary infrastructure for the development, including roads, the
airport, hospitals, schools, and other services were not in the scope of private developers.
Combining these aspects with the particular timing of the overall worldwide tourism expansion that occurred in the latter half of twentieth century produced a well-timed, well-executed, development initiative.

The geopolitical considerations of the Cancun project also were important at their time. Part of the reason Cancun was a chosen site for a PTD was the perceived threat of uprisings in neighboring Central America. The World Bank admits that during the Cold War years, aid was politically motivated. With the United States with majority shareholder status at both the Inter-American Development Bank and the World Bank, it was only too easy to appeal to anti-communist sentiments to secure financing. Following the fall of communism, both institutions have ostensibly ended funding for political motives. Nations seeking funding now for development projects will need to take a different approach to persuade lenders.

**DRAWING COMPARISONS**

While it is beyond the scope of this piece to fully explore them as I have Cancun, I wish to briefly present two cases of alternative tourism development in the Caribbean region: Jamaica and the Cayman Islands. As tourism research in the Caribbean generally compares Cancun to other tourism industries by country, I will use that treatment in this section with the understanding that Mexico’s economy consists of much more than Cancun’s tourism industry, but that comparisons may be drawn with other destinations in terms of their development process.

As I discussed with the Mexico case, colonial heritage has affected the development trajectory of these destinations. Where Mexico was a Spanish colony steeped in mercantilist
traditions, Jamaica and the Cayman Islands were British holdings until 1962. In the British colonial model, a decentralized approach was used. Local leaders had more influence than in the Spanish colonies, certainly not to the extent that British influence was not felt, but definitely with more autonomy than in their Mexican counterparts. Studies such as Grier 1997 have concluded that former British colonies have performed significantly better post-colonialism than French or Spanish ones. Grier attributes this partially to the trade model that defined British colonialism. Britain was looking for markets for its goods following the Industrial Revolution, not necessarily to exploit natural resources and labor as the Spanish had in their earlier conquests. Grier’s 1999 studied revealed that British colonies were also left with higher education levels than the Spanish. This could partially be attributed to another important factor in considering British colonial heritage: Britain’s colonization began much later and ended much more recently than Spain’s. As priorities of more developed nations shifted towards free markets and human development, so too did these ideals “trickle” down to the colonies.

With this framework in mind, one will see that the market-centric focus of British colonization has influenced the government role in tourism development. Instead of custodial, top-down initiatives and centralized planning, these cases have largely grown from private sector involvement. Through these comparison studies, I will discuss the different paths taken by each destination and their outcomes. It will be clear that though destinations share commonalities, they have made different choices about their tourism management initiatives, and have succeeded in the industry. Despite the common product, sea and sun tourism, each destination has needed to approach the industry differently.
JAMAICA

Jamaica is an island in the Greater Antilles region of the Caribbean. With an estimated 2011 population of 2,868,380 people, it is neither the largest nor the most populous island in the region. Its estimated GDP in terms of purchasing power parity is US$ 23.93 billion. Of that figure, an estimated 10% of revenue comes from the tourism industry. Other major contributors to the GDP of Jamaica are agricultural products such as coffee, sugar, bananas, yams, and rum. Large deposits of bauxite and alumina, used to make aluminum, have continued to contribute to a strong industrial sector (CIA World Factbook).

Comparing this makeup to Quintana Roo’s in 1990, services make up a comparable portion of the Jamaican economy. The industrial sector in Jamaica is much larger than in Quintana Roo in 1990, and agriculture makes up a much smaller portion than the Mexican state. Using the 2010 data, though, reveals that Jamaica has some economic diversity that has disappeared from Quintana Roo’s economy. Where Quintana Roo’s focus on tourism has largely eliminated the primary and secondary sectors, Jamaica maintains these segments of the economy.
The official beginning of tourism in Jamaica came with the Hotels Act of 1890, when the government authorized the construction of five hotels for the Great Exhibition of 1891 in Kingston, the Jamaican capital. The beginning of mass tourism growth in the nation is widely attributed to the Hotels Aid Law of 1944, which established attractive financial incentives for foreign investment in Jamaican tourism. These incentives included property tax holidays of up to thirty-five years, along with capital gains tax exemptions and waivers of customs duties for the import of construction materials. The result of this legislation was remarkable. In the decade following the implementation of the law, tourism in Montego Bay had exploded:

<table>
<thead>
<tr>
<th>Tourism Statistics in Montego Bay 1946-56</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1946</strong></td>
</tr>
<tr>
<td>Rooms Available</td>
</tr>
<tr>
<td>Weekly Salary (non-managerial, non-executive)</td>
</tr>
<tr>
<td>Annual Water Rates Paid to Parish Council</td>
</tr>
<tr>
<td>Other Annual Taxes Paid to Parish Council</td>
</tr>
<tr>
<td>Workers Employed</td>
</tr>
</tbody>
</table>

Since then, tourism has grown mainly in areas on the northern side of the island, particularly Montego Bay (location of the international airport), the “Seven Mile” beach of Negril, and the cruise destination Ocho Rios. Jamaica now boasts 29,794 rooms and occupancy rates of 60.4% ("Visitor Arrival Summary- Jamaica” Onecaribbean.org)

![Figure 16: Map of Jamaica](image)

Like Mexico, Jamaica has had a long history of political disorder. Originally inhabited by Taino and Arawak Indians, Jamaica was colonized by the Spanish in 1494 with the arrival of Christopher Columbus. By 1665, it was taken over by the British. In the interim, most of the indigenous populations were eliminated and replaced with imported African slaves. The economy of the island was based primarily as a supplier to European markets. Plantation farming became the norm, and wealthy planters held the power on the island. Income disparity
created by that system continues, with a Gini index of 42.2 in 2010 and 14.3% of the population living below the poverty line in 2006\textsuperscript{15}. 

It was not until 1962 that Jamaica gained independence from Britain and that the first Prime Minister was elected. Jamaica remains part of the Commonwealth, and a Governor-General is also appointed as the representative of the queen. With so little time of self-governance, Jamaica has the political immaturity characteristic of Quintana Roo in Mexico. In addition to a short history of self-governance, Jamaica did not avoid the developmental problems experienced by much of the third world in the latter half of the twentieth century. In particular, the government of Michael Manley (Prime Minister 1972-1980) deterred tourists when he declared his administration to be socialist democracy. He also declared Jamaica’s non-alignment with respect to the major Cold War powers, but strengthened ties with neighboring Cuba, raising questions to American interests. In the charged political atmosphere of the Cold War, these actions were seen by American tourists, who continue to drive the Jamaican tourism market today, as contrary to their interests, and, as seen in the table below, arrivals fell during four of the eight years of his leadership (Taylor 186). Heavy social spending, nationalization of industries and variable commodities sales led to heavy borrowing, and Jamaica’s foreign debt grew.

\textsuperscript{15} Data collected from World Bank Database (http://data.worldbank.org/country/jamaica)
By 1980, Jamaica needed assistance from international organizations such as the IMF to alleviate the balance of payments issues that faced the nation. The problems were not expressly caused by tourism, nor were funds aimed to help tourism, but the key is to remember the timing. Unlike Cancun’s borrowing for tourism, which occurred before the IMF and World Bank embraced the principles of deregulation, liberalization, and privatization, Jamaica was hit
with a laundry list of recommendations that were necessary to receive funding. Even after implementing most of them, Jamaica was unable to overcome the extremely high debt. It was forced to devalue the Jamaican Dollar and enforce austerity measures on the recommendation of the Fund.

The measures taken have not been seen as successful in Jamaica’s economy. The CIA World Factbook estimates that with 123.2% of debt relative to the GDP, Jamaica still had the seventh highest debt burden in the world in 2010. Somewhat paradoxically, currency devaluation and alignment with the IMF helped the tourism industry attract more visitors. With a stronger dollar relative to the local currency, Americans found their vacations more budget-friendly (Fonda Taylor 185). Having submitted to the free-market recommendations of the IMF, Jamaica’s political climate was more attractive as well, and numbers grew, more than doubling arrivals between 1980 and 1990.

What tourists do not usually see are the political underpinnings to the tourism industry. Unique to Jamaica’s political structure is what Mark Figueroa and Amanda Sives characterize as “garrison” communities. Unlike clientelism, which relies on individual relationships that exchange political graft for votes, garrisons are community blocs in which opponents of the group are in physical danger if they speak against the alliance. “Any significant social, political, economic, or cultural development within the ‘garrison’ can only take place with the tacit approval of the leadership (national and/or local) of the dominant party. The ‘garrison’ is therefore, in its extreme form, a totalitarian social space in which the options of its residents are largely controlled” (Figueroa and Sives 85). Corruption is widespread and “systemic” in Jamaican politics. A recent Los Angeles Times piece quoted Contractor General Greg Christie,
speaking at a regional anti-corruption conference. "For years, and despite having on paper what some might regard to be a relatively comprehensive anti-corruption institutional framework, corruption in Jamaica, particularly the corruption that is perceived to be taking place in high places, has enjoyed a field day," he stated (McFadden 23Mar2011).

Corruption in Jamaica affects the government’s effectiveness in the tourism sector. A recent example involves the development of a Spanish-owned Riu hotel in Montego Bay, located directly under the flight path for planes arriving and departing Sangster International Airport. For safety reasons, the site was approved for three-story buildings. Upon learning that building had proceeded for four-story structures, local governments issued a stop-order on the construction. It was later revealed that amended plans had been signed by the Superintendent of Roads and Works, Tubal Brown and the mayor of Montego Bay, Charles Sinclair without the approval of the local council or the collection of associated fees (“Scandal Rocks Riu”). Officials’ comments indicate the delicate balance of attracting foreign direct investment with the demands of good governance. Information Minister Donald Buchanan, in response to the Spanish Ambassador Jesus Silva’s concerns, stated, “I would caution them to be careful in how these [stop orders] are issued, as [they] cost our investors millions, put people out of work and could negatively affect Jamaica’s reputation for being investor-friendly,” (“Parish Councils Defend Issuing of Stop Orders”).

With Jamaica’s extremely high level of public debt, international investment is extremely encouraged. Indeed, the newest additions to the Jamaican tourist offering have been international brands such as Iberostar, Riu, Bahia, and Palladium properties, all of which have opened new resorts in the last five years. The foreign management contracts and franchises
that prevail in Cancun are not as common in Jamaica. Marcia Taylor notes that some international chains, such as Hilton, Sheraton, and Intercontinental exited Jamaica during the political upheavals of the 1970s (M. Taylor 4). While they were out, local chains such as Sandals and Superclubs established themselves and set the standards for the industry. When the political situation stabilized, international chains returned, and found they had to compete with the local chains. This model suggests that despite the perceived necessity of international-branded accommodations in attracting clientele, this approach might be flawed. If local chains can develop and provide world-class standards of care, it may not be necessary for international brands to be involved beyond the initial establishment of a destination. Jamaica’s tourism sector had established itself as a destination before the international chains pulled out, but managed well without them. This possibility certainly merits further research, particularly given the transition of Fordist tourism development to more flexible and niche provisions, but for now, I will continue with the Jamaican case.

Where Cancun has been largely unable to create linkages with the agricultural sector of Quintana Roo, Jamaica’s resorts have made efforts to engage with local farmers to provide for the resorts’ food supply needs. “Brief No. 3” of the Pro-Poor Tourism Partnership outlines Sandals Resorts International’s Farmer Programme in Jamaica and its success in increasing the quality and supply of local produce by working with local growers. Through the initiative, Sandals commits to purchasing agricultural products locally, and provides extension agents to assist farmers to produce higher quality and steady supplies of crops. The program also works as an intermediary for government entities and programs, assisting farmers with navigating bureaucratic procedures. As a result, Sandals purchases US$3.3 million worth of local products,
reinforcing ties between the resorts and local growers (“Business Implementation of Pro-Poor Tourism” 2).

Like Mexico, Jamaica’s tourism industry holds a ministry-level position in the government. Within the Ministry are a series of agencies that fulfill different functions. The Product Development Company has a similar role to FONATUR, working with the private sector to develop new resorts, attract investment, to improve infrastructure, and design and implementation of training programs. The Product Development Company functions in a consultory capacity, rather in the active way that FONATUR has acted throughout its development. The Jamaica Tourist Board performs the marketing functions of the destination on the consumer side. JTB works with travel agents and tour operators and also produces direct consumer marketing. Jamaica Vacations originally was created to provide charter flights to Jamaica in order to offer the necessary airlift to fill the available hotel rooms. As the destination has grown, conventional airlines have stepped in, and charter flights are no longer as popular. The role of Jamaica Vacations now is to work with transportation companies to maintain and grow the levels of airlift to Jamaica. This includes maintaining existing markets and opening new gateways to travelers to the island (tourismja.com).

While sources have not suggested Jamaica’s government played as active a management role in resort development, it does manage and maintain three attractions. The Bath Fountain and Milk River Hotels and Spa are natural heritage sites that are maintained as small hotels. Devon House is a restored mansion in the capital of Kingston that also provides shops and restaurants for visitors. Each location is managed separately and reports to the ministry. These sites are similar to the management of Mayan archaeological sites such as
Chichen Itza and Tulum on the Yucatan Peninsula, with the added aspect of running exclusive accommodations on-site.

Jamaica’s development of resorts has been primarily a private sector initiative. A Master Plan exists, but it was not published until 2002. Over ten years, the budget for public investment in projects calls for US$ 552.6 million. The private sector is slated to contribute some US$1.5 billion (Master Plan for Sustainable Tourism Development 217). It must be said that Cancun is much more private-sector-driven now than it was at its inception, but the clear delineation of Jamaica’s plan reflects the role of the private enterprises in the tourism industry.

In addition to the agricultural initiatives discussed previously, resort chains have also made strides in environmental protection. Like Cancun, Jamaica has faced ecological challenges including beach erosion, wastewater treatment issues, and damage to barrier reefs. To combat this, resorts such as Sandals have developed programs to protect their surroundings. With a combination of staff training, water and energy consumption management, and community development programs, Sandals has achieved Green Globe certification at each of its resorts (“Sandals Goes Green”). In addition, non-governmental organizations such as the Negril Coral Reef Protection Society and the Fishermen’s Cooperative have worked to address environmental degradation. The NCRPS has attracted donations totaling some $J 22 million to establish a protected marine zone in the Negril region. The Fishermen have made strides to provide alternate income to fishermen whose areas have been overfished. They have found sustainable ways to create a cash crop of Irish moss sea weed, and are developing methods of raising shrimp and fish while allowing the traditional fish stocks to replenish (Olsen 289). Olson and others note strong community involvement that characterizes Jamaican tourism. This is
partly because of the problems Jamaicans experience when engaging with the government on environmental issues. Olsen recounts the campaign to preserve a natural zone in Negril that was agreed to by the government until Sandals made offers for the land to be converted to a family resort. Once high sums were involved, government officials jumped at the chance for revenue and sold all but a small portion of the reserve land (Olsen 290). Situations like this call into question the nature of Sandals’ and other resorts’ environmental initiatives. Is the concern they show genuine or a marketing tool? Does it matter? One cannot really be sure, but as tourists become savvier and conservationism becomes more the rule and not the exception, this is sure to influence more businesses to enact similar policies (290).

The strength and involvement of the private sector and non-governmental organizations in such initiatives reflects the private focus that Jamaica’s tourism development has followed. Rather than the heavy involvement of an agency such as FONATUR, Jamaica’s tourism is led by actors in the industry. Despite the less “directed” path of industry development in Jamaica, the tourism business is succeeding, with visitor expenditures estimated at 25% of the nation’s GDP (Silva 7). Like any developing destination, Jamaica must contend with the whims of the market, weather concerns, and the implications of environmental degradation on a primarily sun and sea destination. Jamaica has, however, managed to maintain high levels of tourism with an economy that also has diversity in its agricultural and industrial offers.
The Cayman Islands provide a contrast to both Cancun and Jamaica in terms of the political structure, tourism planning and the role of international actors.

Located south of Cuba and west of Jamaica, the Cayman Islands consist of three small islands with total land area of 264 square kilometers. With a population of 51,384, it is one of the smallest destinations in the Caribbean, and one of those most dependent on the tourism industry. The Caymans are a British Overseas Territory, and as such are subjects of the United Kingdom. In contrast to Commonwealth nations such as Jamaica, Overseas Territories are under protectorate systems with the Crown. Interestingly, the Islands were governed as a single colony along with Jamaica up to 1962, when they took divergent paths. Where Jamaica chose independence and loose affiliation with the Crown, the Caymans chose to remain a Dependent Territory, a term that was replaced in 2002 by the British Overseas Territory Act. As a dependency of the crown, the Cayman Islands received substantial support from its mother
country. The 2002 legislation gave full British citizenship to all overseas territories’ citizens, and as such, Cayman Islanders enjoy full rights and mobility within the European Union. While the Islands are largely self-governed, the Queen’s appointee has final approval over all laws, and the highest level of judicial appeal takes place in London with the Queen’s Privy Council. The United Kingdom also provides military protection for the Cayman Islands.

Unlike Cancun and Jamaica, the Cayman Islands have enjoyed fairly stable governance throughout their history. This has been especially appealing to foreign investment there: businesses are not overly worried about possible upheaval in the political system, and trust the oversight of the United Kingdom. The Islands also enjoy a tax-free relationship with the Crown. As the story goes, Caymanians rescued a British ship from sinking on the coral reef offshore, and in return, King George III promised never to collect taxes from the colony. Whether that story is truth or legend, the tradition remains. There is no income, company, corporation, inheritance, capital gains, gift or property tax, nor are there controls on foreign ownership of corporations, property or land (Wilkinson 110). Government revenue comes primarily from import duties, a tourism tax of 10% on hotel rooms, and business licensing fees. In addition to financial stability, the Cayman Islands' political stability is at least partially attributable to the British colonial legacy previously discussed. In addition to generally higher levels of economic and human development, the Caymans’ association as a dependency of Britain lends some credibility to their political and economic frameworks.

Much of the literature on tourism development has suggested its suitability for destinations that have no other economic alternative. In the case of the Cayman Islands, tourism has developed alongside an offshore banking industry, and contributes about 70% of
the GDP of the country while generating 75% of the foreign currency earnings (CIA World Factbook). The economic makeup of the Caymans is distinctively skewed to the services industry. In fact, the sectoral makeup of the Caymans more resembles the 2010 data from Quintana Roo than Jamaica. Despite the overwhelming importance of the service sector, though, the Cayman Islands offer a major service industry in addition to tourism: finance.

The Caymans have capitalized on tourism and banking precisely due to a perceived lack of other economic opportunities. Of the 264 square kilometers of land area, only 3.85% consists of arable land. There are no rivers or other freshwater sources, so water supplies to the islands depend on rainwater collection. Agriculture has not proven to be sustainable or profitable.
Despite the natural surroundings, fishing is not a strong industry either. “The Cayman Islands are surrounded by some of the deepest waters in the Caribbean and the continental shelf area of 255 km$^2$ for the 204 km of coastline...The amount of shelf area would limit large feeder populations for the islands and support the historical accounts of large nesting populations [of sea turtles]” (Brunt and Davies 232). Like Quintana Roo, the Caymans saw their traditional agricultural products, in this case small outputs of thatch palm and rope, replaced by synthetic materials. Overfishing seasonal nesting populations of sea turtles depleted that resource as well.

Despite the lack of natural resources, the Cayman Islands have established a modern economy that enjoys a 43,800 GDP per capita. Wilkinson suggests that there are three reasons for this: first, the construction of an international airport (which opened up the islands to international visitors); secondly, the decision to remain a Crown Colony instead of seeking independence; and finally, the establishment of the Banks and Trust Companies Regulation Law of 1965 which allowed the establishment of offshore business centers (Wilkinson 112). There are now more companies registered in the Caymans than there are people living there, and despite criticism for being a haven for tax-evaders, the industry has been a strong contributor to the economic output of the country.

No industry in the Caymans has contributed more, though, than tourism. Unlike Cancun, its development has been driven almost exclusively by the private sector. “Most land in the Cayman Islands is privately owned and, following a survey in the 1970s, every piece of land is registered... There is no restriction on foreign ownership of land and, although there is no property tax on developed or undeveloped land, there is a stamp duty on the purchase of
land” (Wilkinson 120). Tourism began to take off with the construction of a 250-room Holiday Inn in 1971. By 1993, there were 3453 rooms available to tourists, and estimates for 2010 cite 4332 rooms (Caribbean Tourism Organization: “Cayman Islands Arrival Statistics”). Despite the large offer of accommodations in a limited area with a low population, ownership has not been attributed to international firms. The Caribbean Tourism Organization lists the Caymans as a destination in which 40-59 percent of the hotel offering is in hotels of 100 or more rooms, in contrast to both Cancun and Jamaica, which offer 70%+ of their rooms in large hotels. The government never took active participation in developing tourism on the island. Rather, it remained focused on infrastructural improvements, including some beach improvement through dredging (Wilkinson 115). “Unlike most other Caribbean islands, this development occurred without the need for many specific investment incentives. For example, whereas the [Government of the Cayman Islands] does give tax and duty concessions to foreign investors in the tourism sector, tax holidays per se are not needed as there is no direct taxation” (Wilkinson 115). That statement does not mention the 10% occupation tax imposed on hotel rates, but the general sentiment is correct. The Caymans have not been running hotels and golf courses: private capital has.

The Caymanian government, has, however, monitored the tourism development of the country since the 1970s. The implementation of tourism policies and planning began with the Development Plan and Regulations of 1977 (Duval 88). This policy recognized the potential effects of tourism on the environment and set forth laws for ecological preservation, many of which remain in effect. The plan was updated in 1987, reaffirming the commitment to sustainable and managed growth.
In place of the mass tourism that Cancun and Jamaica sought to cultivate, the Cayman Islands have actively sought to maintain an exclusive, luxury destination. “Focusing on the more up-scale and sophisticated traveller, marketing programs have been aggressive, positioning the islands as ‘quiet, safe, and friendly’—characteristics which these target vacationers want” (Duval 90). Room rates are among the highest in the region, and there are few all-inclusives. The government cautions “further large scale development of Grand Cayman could destroy its attractiveness and the Little Cayman and Cayman Brac should be kept small scale in order to protect their natural environments and their up-scale market niche” (Laventhol and Horwath VI-32-5). The Caymans have established themselves as a premier dive destination, attracting visitors from all over the world who are willing to pay premium prices for experiences such as stingray encounters. The government has supported this niche because it attracts target upscale clientele. To that end, the Caymans purchased the decommissioned USS Kittiwake and recently sank it to create an artificial reef off the shore of the Seven-Mile Beach. Now that the sinking has been completed, private diving operations will maintain buoy moorings and run snorkel and dive excursions.

Alongside the tourism industry has developed a leading offshore banking center. Until the recession that began in 2008, this seemed to be an effective setup. Nevertheless, even the tiny Cayman Islands have been affected by the global economic downturn. In addition to the direct effects of bank closures on the island, arrivals suffered during the 2008-2009 period, as fewer travelers, particularly Americans visited. Reports indicate that arrivals are recovering, but it remains to be seen whether they will reach pre-recession levels. The following graph shows
the latest tourism arrival statistics. Note that numbers in 2006 fell due to Hurricane Ivan’s damage to the islands, but recovered by 2007. (Data was not reported for 2005).

Despite the expected recovery of the Caymanian economy, planners are looking to alternate sources of income to diversify. Plans are currently underway for a 2,000 bed medical facility that aims to attract medical tourists seeking lower-cost, high-quality healthcare. “The Caymans’ incentive package for the new hospital includes duty waivers on $800 million of medical equipment, recognition of Indian medical credentials and a discount of up to 30 percent on work permit fees for the influx of foreign workers expected to staff the hospital.”
(Reuters 23 March 2011). It is hoped that the facility will allow the Caymans to develop a new industry to supplement incomes of the tourism and banking sectors.

While the Caymanian government’s recent initiatives suggest that the government is more involved than the literature states in tourism development, one should recall that the focus of “tourism development” has largely been in the Fordist model of mass tourism. I would posit that, unlike the Cancun project’s focus on fundamental tourism production, the actions of the Cayman Islands with regards to the sinking of the USS Kittiwake and proposed hospital project are examples of Caymanian husbandry in the tourist industry. Diving is already a popular activity for tourists traveling to the islands: sinking the Kittiwake gives added value to that industry without taking such an active role. The support offered by sinking the ship may open doors to new dive operators, increase sales of existing enterprises, and increase overall tourism sales. In the hospital case, the proposed growth of the medical tourism industry capitalizes on the popularity of existing tourist offerings while attempting to link an industry highly influenced by externalities to a more steady industry: healthcare. This reflects some margin of flexibility in the Cayman approach and suggests that the destination will continue to mature beyond the strictly Fordist principles of mass tourism.

COMPARATIVE CONCLUSIONS

Jamaica and the Cayman Islands provide contrasts to the Cancun case. In each case, distinctive situations in the fields of political structure, international influence (in this sense, referring to the local versus international control of product) and the involvement of institutions (domestic and international) have influenced the country’s approach to tourism
My goal is not to assign value to the activities undertaken by each country, but rather to demonstrate that tourism can be successful through a variety of approaches.

<table>
<thead>
<tr>
<th>Political Structure</th>
<th>Cancun</th>
<th>Jamaica</th>
<th>Cayman Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single party control, &quot;Political Vacuum&quot;</td>
<td>Commonwealth of UK, &quot;Garrison Politics&quot;</td>
<td>Crown Colony of UK, &quot;Dependent&quot;</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International Influence</th>
<th>Cancun</th>
<th>Jamaica</th>
<th>Cayman Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>High int'l mgmt. and franchises</td>
<td>Local and regional ownership, some int'l mgmt.</td>
<td>Some franchising, smaller scale hotel offerings</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Cancun</th>
<th>Jamaica</th>
<th>Cayman Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong: FONATUR, IDB, World Bank</td>
<td>Moderate: less involved tourism board and admin, IMF/WB focus on other sectors</td>
<td>Moderate gov't involvement, strong private sector</td>
<td></td>
</tr>
</tbody>
</table>

---

The political structure of each of our examples begins in a similar fashion: each emerged from their historical ties in the 1960s and 1970s. Where Quintana Roo gained statehood within the context of a larger developing nation, Jamaica emerged as an independent state with loose affiliation to the former colonizer. The Caymans chose to retain a more active role with the United Kingdom, which some suggest has led to greater stability in that nation. Quintana Roo’s government has remained largely under PRI control, with little opposition until fairly recently. Jamaica has two parties, but struggles with garrison-style political strongholds and rampant corruption. The Caymans have only recently begun to see parties gaining influence.
International influence in each case varies as well. Where Cancun is virtually American with its chain restaurants, bars, and hotels, Jamaica and the Caymans have maintained less of a “Gringolandia” atmosphere. This does not mean a complete absence of international brands in either locale: to the contrary, both offer hotels from Holiday Inn to Ritz Carlton, but the popularity of smaller chains and local offerings is much more pronounced. Both Jamaica and the Caymans have avoided the “kitsch” that Cancun has come to represent.

Institutions have had varying roles in the development of these destinations. Cancun has developed based on the strong involvement of FONATUR with backing from the IDB and World Bank. Mexico’s state has taken at times very “custodial” steps to develop Cancun. By contrast, Jamaica and the Cayman Islands have developed with more emphasis on the private sector. Jamaica has seen strong involvement from non-governmental organizations, and the private sector of the Cayman Islands has successfully built up that industry with moderate government involvement. Continued influence from each government, now that the destinations are mature, will come in the form of midwifery and husbandry roles that foster and support further growth.

What can these studies tell us about tourism development in Cancun and beyond? Clearly, each destination has had success with its tourism product, but has done so through different measures. Cancun has developed largely under government stewardship, but the successes of Jamaica and the Cayman Islands suggest that private sectors and non-governmental organizations could fulfill some of the roles that FONATUR has undertaken. The private players in Cancun should take more responsibility for the effects the stresses that their industry places on the environment and make stronger connections to the communities they
serve. While Mexico as a whole has a diversified economy, the state of Quintana Roo is extremely dependent on the tourism sector. Jamaica and the Caymans rely heavily on the tourism sector, but have slightly more diversified economies, which alleviates some pressure when tourism struggles due to markets, weather, and traveler whims. In the next section, I will set forth some recommendations for basic tourism development planning.

**RECOMMENDATIONS and CONCLUSIONS:**

As stated, tourism can be a great way of encouraging a diversified economy. Here, I would like to set forth some ideal conditions for the success of tourism development. This list is not exhaustive; rather, it represents the basic guidelines that would support tourism policy in developing nations. For our purposes, I will focus on resort-oriented tourism development, but most apply to city and cultural tourism destinations as well.

**Safety and Stability:** Travelers to a tourism destination must feel secure in their surroundings. On the largest level, political regimes must be stable. Coups, uprisings, protests, and civil unrest have damaging effects on destinations. Further, when extreme circumstances arise, governments may advise tourists not to travel to specific destinations. In order to attract foreign visitors and their foreign currencies, destinations must protect both their visitors and their residents and provide long-term stability.

**Sufficient Local and State/Provincial Government:** Local and state governments are essential to the day-to-day running of a destination. Tourists come and go, but the staff and support of their resorts lead normal lives there. They require schools, good roads, zoning, waste
management, water treatment, and other routine services that are performed by local governments. Federal governments do not have the capacity to perform these tasks in addition to their other responsibilities. Transparency is also vital to effective tourism development. With large amounts of capital inflowing, corruption is a major concern for these projects. Honest and aboveboard dealings are essential to successful development.

**Capital:** Though this point may at this stage be trite, one must remember that large-scale tourism development does not come cheap. Even the smallest hotels, the coziest restaurants, and the least impactful activities require initial investment and the costs of upkeep. Whether funding comes from domestic or international sources, there must be enough of it to adequately establish infrastructure, run the businesses, employ necessary staff, and maintain standards of care for tourists and residents.

**Educated, Involved Local Population:** Sustainable tourism development initiatives work best with community involvement and value of the project. This is not to say that top-down planning is not allowed, but involving the populations that will be most affected by the project is the best way to gain support. Although tourism jobs are usually low-skilled, it is also important to provide adequate education and skills training. Language instruction is very important, particularly in targeting the US markets. Governments and businesses interested in maintaining domestic control of their tourism centers will equip staff with the necessary skills to advance in the workplace, reducing the need for imported management and providing opportunities to the local population.

**Effective Social Policies:** Employees who do not have access to adequate social services, such as health care, pensions, and a criminal justice system cannot perform at their best. These
qualifications go back to the stability that was previously discussed. Workers who do not have their minimum needs met will not function well when faced with the parade of wealth that comes with attracting international clientele. The juxtaposition of poverty and wealth can cause resentment and disengagement among workers, and deteriorate the success of the tourist destination.

**Environmental Protections:** Cancun was developed before much of the information we now have on environmental degradation was available. In this, the age of global climate change, cap-and-trade, carbon offsets, and international agreements on the environment, it is imperative that any developing destination take all possible measures to protect the surroundings. “Modern consumers are becoming sensitive to the impacts of what they consume, whether it is the effect that the detergents they use might have on the environment or the impacts that tourism has particularly on the host community. In successfully managing their tourism products, managers and marketers must be sensitive to this issue in a way in which they often were not in the past” (Evans et al 39).

**Flexibility:** As with any policy plan, flexibility is crucial to long term success. Even with the best preliminary studies, not all outcomes of any policy can be foreseen. Evaluation must be performed to see whether certain programs are working and to identify potential ways to improve. Mexico has been fairly steadfast in its plans for Cancun, but has demonstrated in other projects that it has evaluated previous developments and integrated some changes. With such large initiatives, no plan is going to be able to “turn on a dime” in order to respond to outcomes, but some measure of short term response potential should be available. Perhaps with less focus on “Master Plans”, and a larger degree of response capability as problems arose,
some of the issues that have challenged modern Cancun could have been avoided. Future developments should incorporate such flexibility into their policy decisions.

Evaluating the success of tourism development in Cancun, it is clear that employment, exports, tax revenue, and foreign investment have all grown since the inception of tourism. Clancy reminds us, “While certainly export growth coincided with rapid economic expansion in most cases, some (Taylor 1986) have argued that there is little evidence to suggest that the former caused the latter” (6). Despite the overall growth, Mexico still grapples with poverty and one of the highest inequality rates in the developed world. Tourism has grown in conjunction with overall growth, but one must remember that it represents 13% of the GDP, not 90%. This still represents a major concentration for any one industry, but on the whole, Mexico is improved by tourism, not defined by it. Try as we might to say that tourism development is the answer to poverty reduction and development, it simply is not the silver bullet that will fix the world’s problems.

What tourism is, though, is a relevant way to develop in conjunction with other initiatives. Nations have faced the challenges of being a “one-trick” pony through the ages. In most cases of detrimental single-export economies, the “trick” is an agricultural staple, such as potatoes, coffee, bananas, and sugar. It is less common to find single-service economies, though perhaps banking centers such as Luxembourg might fit into this category. I do not wish to imply that there are not countries relying solely on tourism. The problem though, with such reliance is that tourism is extremely dependent on outside forces, some that can be manipulated with marketing and investment activities, others that cannot be controlled, such as the weather. China may have been able to control the rain for its Olympics, but they have
not found a way to prevent hurricanes, mudslides, volcanic eruptions, earthquakes, or pandemic diseases. Travelers are also notoriously fickle. A destination that is “hot” one minute can be passé the next. High end travelers are seeking more and more exotic destinations, leaving the low- and middle-class travelers behind for destinations farther away, less accessible, and more exclusive. The result is that huge resort developments like Cancun either lose their appeal to the “right” type of traveler or they must heavily invest to remain competitive. Cancun was designed to attract mass tourists of middle and upper class from the United States, but as the wealthier travel elsewhere, Cancun must grapple with the “race to the bottom” of discounted rooms, freebies, and all-inclusive hotels. Even the Cancun Hotel Association, normally a conservative, anti-statist organization, has called upon the state to establish a “price floor” to counteract the effects of price-cutting and lackluster profits (Cooper).

Cancun can participate in such activities because, though it does represent a sizeable chunk of the Mexican GDP, tourism is not the only industry or export in Mexico. By no means do I wish to diminish the damage that losing tourism would do to the Mexican economy, but it would not have the catastrophic effect that a loss of 70% would have for a country like the Cayman Islands. Mexico benefits from a varied GDP, diverse enough that decreases in tourism do not reverberate on disastrous macroeconomic levels.

Through this study of the development of Cancun, I have been able to confirm the hypothesis that the unique combination of political structure, international private sector involvement, and strong institutions has allowed successful growth in the region. That formula, with aspects which have ranged from custodial to husbandry roles, has helped Cancun become the largest tourism destination in Mexico. However, despite the outcomes in Cancun, writing a
prescription of identical measures for other developing destinations would probably not yield identical results. That does not mean that success cannot be found by learning from the examples of tourism development that I have discussed and applying the recommendations I have set forth here. In addition to the commonalities of tourism growth, policy makers in the tourism development field must identify the unique factors which define each destination and address them when planning tourism growth. Tourism is a great way to increase foreign direct investment and stimulate economic growth if cultivated carefully, but it is by no means a one-size-fits-all development strategy. Hopefully, we can take the lessons of Cancun and improve the quality and success of tourism development initiatives worldwide.
REFERENCES


