

\*Reading from, The Pros and Cons of Ecotourism in Costa Rica by Julie Dasenbrock at <http://www.american.edu/TED/costa-rica-tourism.htm>

## **Economic Costs and Benefits – Economic Cost**

Ecotravel has become a very lucrative sector of the service industry, but some of those who study the industry worry that the economic benefits of ecotourism may not be reaching the local community. For instance, B. Wheeler believes that "pure" ecotourism is incompatible with business because every form of tourism entails an element of exploitation. He argues that companies are motivated by short-term profits, while tourists are looking for mainly a self-satisfying vacation and local communities are seeking to obtain the maximum economic benefit from tourists. (Weaver, 1998, 22-23). Similarly, Deborah McLauren claims she has never come across a true ecotourism project that could pay for itself, proving that the industry is not economically sustainable. (McLauren, 1998, 101). However, P. Wight is more optimistic about the economic potential of even the most environmentally focused forms of ecotourism, stating that with careful monitoring and planning, the problems cited by Wheeler and McLauren can be overcome. (Weaver, 1998, 23). In this light, this section will look at where the business side of ecotourism can and has gone wrong in Costa Rica.

### **Economic Costs**

While one of the standards of ecotourism is to generate domestic employment and economic opportunities for locals, if not carefully monitored, profits can leak out of these regions into the hands of elites and wealthier nations. In addition, if development projects are monopolized by rich businessmen looking for short term economic gain, both the local environment and peoples could pay the price. (Garen, 2000). While Costa Rica's ecotourism industry has been careful to avoid this pitfall thus far, as the industry accelerates, more and more development contracts may be awarded to foreign corporations and wealthy investors, which can lead to profit leakage and exploitation.

- **Leakage** - Many developing nations do not have the resources to construct the infrastructure necessary for tourism development, which leads them to turn to foreign corporations and international donors. The widespread involvement of foreign investors can lead to a leakage problem in which the profits earned by the tourism sector do not stay in the country. (Hicks, 2001). For this reason some environmentalists and development theorists believe that it is important for ecotourism to concentrate on small scale construction that can be done without much outside involvement. (Weaver, 1998, 26). Costa Rica has typically held with this principal, but the previously mentioned Papagayo Project is breaking with this rule, leading some to suggest that the nation's ecotourism sector has been corrupted by its own popularity. The Papagayo Project is financed chiefly by foreign investors and will double the nation's accommodation capabilities. The completed development project will include the construction of 1,144 homes, 6,270 condo-hotel units, 6,584 hotel rooms, a mall, and a golf course. (McLauren, 1998, 105). The resort area will undoubtedly turn a considerable profit, but most of its revenues will likely leak out of the country into the hands of the project's foreign investors.
- **Exploitation of Local Work Force** - One of Eva Garen's biggest complaints concerning ecotourism is that the resident population is often excluded from the development process and relegated to minimum wage support jobs or the informal

street vendor economy. These rural workers were often involved in industries, such as logging, poaching, or agriculture, that are incompatible with ecotourism. (Garen, 2000, 230). However, instead of being compensated for switching to professions in the tourism industry, locals receive jobs that are often low-paying (although better paying than farming), and limited in their potential for upward mobility. Meanwhile, managerial positions go to foreigners or urban- educated elites. According to a study of large transnational hotel corporations located in the developing world, on average 23% of their wages go to foreigners, even though on average 93% of their workforce comes from the resident population. (Weaver, 1998, 54). Although, as previously stated, Costa Rica's accommodation industry is largely small scale and locally owned, the Papagayo Project is evidence that this trend may be coming to an end.

- **Instability** - Although the demand for tourism has been on the rise in recent years, a nation's travel service industry can be volatile and a downturn in the market can happen at anytime. Although Costa Rica's political outlook appears positive, sudden political instability, escalating crime rates, terrorism, or threats of a global recession could all trigger an unexpected sharp decline in tourism.

All industries are prone to budget problems, exploitation, instability, and poor management, and ecotourism is not an exception. Careful regulation is needed to ensure that the most lucrative positions are not monopolized by foreigners and elites, or the consequences could undermine the environmental, as well as the economic, goals of ecotourism. For example as Garen points out, if locals feel excluded from the tourism market, they will have no incentive to participate in conservation. (Garen, 2000, 221). One safeguard is to set legal limits on the amount of jobs and revenue that must remain in the local community. Although such regulations can be viewed as unjust protectionism or a hindrance to economic development, these consequences can be tolerated if the end result is an ecotourism industry that is both environmentally and economically sustainable and culturally sensitive.