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Supranational Governance of Tourism:
Aid, Trade and Power Relations between the
European Union and the South Pacific Island States

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Abstract

This thesis examined the role of supranational organisations (SOs) in the governance of tourism in a North-South context. Focusing on the issue area of development cooperation, this thesis investigated the question of how and why SOs got involved in tourism in developing countries, and more specifically, in small island developing states. Such involvement may occur either directly through aid funded projects or indirectly through international trade regimes that impact on tourism in the aid recipient countries. The thesis adopted a case study approach focussing on the European Union’s (EU’s) involvement in the governance of tourism in South Pacific island states. Grounded in a history of colonialism, the EU has been involved in the ‘development’ of the South Pacific for more than three decades, which allowed to track changes in development philosophy over time. Focusing on the concept of power, the case was assessed in a multi-scalar manner, analysing the EU’s involvement from the global down to the local level. Never before has an entire multi-level polity been assessed in one coherent case study, incorporating actors situated at all levels and ranging from supranational organisations to national governments, businesses, communities, and individuals.

The methods employed in this thesis included interviews, participant observation, document analysis (policy documents and newspapers), and subsequently critical discourse analysis. The latter served to highlight the so-called ‘third face of power’ (Lukes 1974), which is closely related to the concept of ideological hegemony. Interviews were conducted in Fiji and Samoa with officials of the South Pacific Delegations of the EU, officials of tourism authorities, NGOs, tourism operators and community members. Elite interviews in Brussels were conducted with officials of the European Commission and the European Parliament.

Under all scales and ‘faces’ of power the EU was found to be the dominant actor, while the issue of self-interest appeared to play a key role. At a macro-level, the EU clearly dominated in most overt decision-making situations during negotiations on aid and trade agreements. As concerned the inclusion of tourism in the agreements, the relative importance of the sector was clearly dependent on the European
Commission's prevailing attitude on 'tourism and development' at any point in time. At a meso- and micro-level, the EU's influence was less obvious yet nonetheless existent, for example through funding rules and the use of European consultants. Indirect influence also occurred at the national level. In particular the substitution of a preferential trade regime with a free trade agreement (the Economic Partnership Agreements), which is currently being negotiated between the EU and the Pacific Islands, is likely to have a significant impact on the economic importance of tourism, as well as public policy in the South Pacific. In a mini case study of Samoa, it was found that the resulting changes in tourism policy would have a significant impact 'on the ground', in particular with regard to rates of local ownership and control.

Overall, power relations were found to be highly unequal and self-determination and empowerment have largely not been achieved. However, more research is needed to examine the ability to generalise the findings to other geographic regions or other types of SOs. The key contribution of this thesis in the theoretical realm constitutes its bridging of agency and structure within multi-level governance, which may be conceived as a 'third way' to either dependency theory-influenced studies (global/structure) or community approaches (local/agency).
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### List of Abbreviations

- ACP African, Caribbean, Pacific Group of States
- ADB Asian Development Bank
- ASEAN Association of Southeast Asian Nations
- APEC Asia Pacific Economic Cooperation
- CDE Centre for the Development of Enterprise
- CHA Caribbean Hotel Association
- CROP Council of Regional Organisations of the Pacific
- CTO Caribbean Tourism Organisation
- DG Directorate General
- EC European Commission
- ECU European Currency Unit
- EDF European Development Fund
- EEC European Economic Community
- EIB European Investment Bank
- EP European Parliament
- EPA Economic Partnership Agreement
- ESCAP United Nations Economic and Social Commission for Asia and the Pacific
- ETC European Travel Commission
- EU European Union
- FDI Foreign Direct Investment
- GATS General Agreement on Trade in Services
- GATT General Agreement on Tariffs and Trade
- IATA International Air Transport Association
- ICAO International Civil Aviation Authority
- IGO Intergovernmental Organisation
- INGO International Nongovernmental Organisation
- IO International Organisation
- ILO International Labour Organisation
- IMF International Monetary Fund
- IMO International Maritime Organisation
- ISO International Organisation for Standardisation
- JPA Joint Parliamentary Assembly
- LDC Least Developed Country
- MEP Member of the European Parliament
- MERCOSUL Southern Cone Common Market
- MIRAB Migration, Remittances, Aid, Bureaucracy
- MNC Multinational Corporation
- MNE Multinational Enterprise
- NAFTA North American Free Trade Agreement
- NGO Nongovernmental Organisation
- NTO National Tourism Organisation
- OCT Overseas Countries and Territories
- OECD Organisation for Economic Cooperation and Development
- PACER Pacific Agreement of Closer Economic Relations
- PACP Pacific ACP
- PACREIP Pacific Regional Economic Integration Programme
- PATA Pacific Asia Travel Association
- PRAP Pacific Regional Action Plan (for the EPAs)
- PRTDP Pacific Regional Tourism Development Programme
- PTA Preferential Trading Agreement
- SAARC South Asian Association for Regional Cooperation
- SAPs Structural Adjustment Programmes
- SIDS Small Island Developing States
- SME Small to Medium Sized Enterprise
- SO Supranational Organisation
- SPREP South Pacific Regional Environment Programme
- SPTO South Pacific Tourism Organisation
- STA Samoan Tourism Authority
- SUNGO Samoan Umbrella for NGOs
- TNC Transnational Corporation
- UN United Nations
- UNCTAD United Nations Conference on Trade and Development
- UNDP United Nations Development Programme
- UNEP United Nations Environment Programme
- UNESCO United Nations Educational, Scientific and Cultural Organisation
- UNWTO World Tourism Organisation
- WHO World Health Organisation
- WTO World Trade Organisation
- WTTC World Travel and Tourism Council
- WWF World Wildlife Fund
Chapter 1: Introduction

1.1 Setting the Scene

This thesis aims to analyse how and why supranational organisations (SOs) get involved in the ‘governance’ of tourism in developing countries or, more specifically, small island developing states (SIDS). SOs can no longer be sidelined in any analysis concerned with the political dimension of tourism. Among others, the World Tourism Organisation (UNWTO) is a global SO exclusively concerned with tourism; the South Pacific Tourism Organisation (SPTO) and the Caribbean Tourism Organisation constitute developing countries’ own regional initiatives in tourism; the EU Tourism Unit, the Asia Pacific Economic Cooperation (APEC) Tourism Working Group and the Southern Market’s (MERCOSUL) Tourism Working Group signify the importance regional trading blocs attach to tourism, presumably as a tool for regional development and economic cooperation (Davidson and Maitland 1997). SOs concerned with development cooperation and finance, such as the World Bank, International Monetary Fund (IMF) or the European Union (EU) shape the aid recipient countries’ tourism industries by funding tourism projects, or by altering tourism’s economic environment through their structural adjustment programmes (SAPs) which promote the so-called ‘free hand’ of the market (Mowforth and Munt 1998).

Within the tourism literature, SOs have so far been attended to in a largely descriptive manner (Timothy 2001, 2003, 2004, Yamakawa 1999) and/or from a neo-liberal perspective (Timothy and Teye 2004). Drawing upon the theory of Adam Smith, the neo-liberal paradigm holds that much of international relations is based on the peaceful exchange of goods, services and ideas. An expanding global market based on free trade is perceived to foster prosperity and to connect societies (Pease 2003). A neo-liberal view of SOs stresses their positive contributions to increased efficiency of trading nations, deemed necessary under conditions of economic globalisation. In much of the tourism literature, SOs are conceived as apolitical entities simply fulfilling efficiency enhancing, cooperative functions for their members in an increasingly competitive marketplace (Holder 1996, Jordan 2003, Olds and Ide no date, Pernia 1999, Timothy and Teye 2004, Yamakawa 1999). Others applied the organising framework of ‘governance’ to the tourism policy process, which stipulates that SOs are
important actors, yet neglects the question of what actually drives and shapes SOs’ initiatives (Church et al. 2000, Dowling and Fennell 2003a, b, Hall 2004a, b, 2005, Kerr 2003). Significantly, the important questions of ‘in whose interest’ and ‘who exercised power’ to achieve a particular agenda have not received any attention in these largely descriptive or organising accounts.

1.2 The Research Issue

This thesis aims to fill this research gap by examining the political factors that shape supranational governance of tourism. SOs are political entities, no matter how ‘functional’ their involvement in tourism might appear (Barnett and Finnemore 1999). Supranational governance of tourism serves a purpose, and whose political purpose supranational decisions ultimately reflect must be examined within a framework of power. The politics of such an environment include choice between alternatives: what type of tourism is to be promoted by SOs, and if tourism development is sought at all, has ultimate repercussions on ‘who gets what, when, and how’ (Lasswell 1936), which is the essence of politics. On the one hand, SOs have been praised for furthering the common interest of the ‘world community’ (Gee 1997). On the other hand, SOs have been the targets of political activism and substantial criticism for furthering a neo-liberal agenda which has been perceived to ultimately reinforce unequal power relationships between the economic ‘North’ and ‘South’ (Bird 2001, Farazmand 1999, Hardt and Negri 2001, Kelly and Olds 1999, Krauss in Hufbauer et al. 2000, Shapiro in Hufbauer et al. 2000). From such a critical perspective, contemporary SOs “reflect, legitimise, and promote global capitalism” (Pease 2003: 9). Also in the tourism realm, SOs’ measures have been interpreted as furthering the interests of Western governments and multinational enterprises, which may be perceived as the ‘beneficiaries’ of economic globalisation (Mowforth and Munt 1998).

Mowforth and Munt (1998) briefly examined SOs’ (World Bank, IMF) money lending and structural adjustment activities in a North-South context, thus painting a picture of SOs as culprits forcing inappropriate policies on ‘powerless’ developing countries. Yet, recent developments demand a more complex assessment of SOs’ involvement in tourism. It is no longer applicable to portray developing countries, or at least the political and economic elite within these countries, as powerless victims of ‘Western’ policies (Lamour 2002, Sneyd 2005). As Sneyd (2005: 1) noted “the South has
This thesis is concerned with SOs' involvement in tourism in the Pacific Island region, an assembly of developing countries. While such an analysis of SOs is firmly placed within a 'North-South context' of unequal power relationships (Burns and Holden 1995), it also has to take account of the developing countries' own supranational initiatives, such as regional economic and/or tourism organisations. To facilitate such an analysis, a framework has been developed that is based upon the concept of power and emphasises the issue of consent between the powerful and the powerless.

The framework incorporates the structural elements of inequality and powerlessness, but also the negative exercise of power within the 'three faces of power' in form of decisions, non-decisions and ideological hegemony (Lukes 1974). Moreover, it includes the positive exercise of power that is empowerment. SOs such as the World Bank and the IMF have themselves acknowledged the failure of their SAPs, which prompted them to emphasise community-based tourism instead of large-scale development, and participatory decision-making – in short, 'empowerment' (Beeson and Islam 2005). The extent to which such initiatives only constitute rhetoric hiding an unchanged system of unequal power relationships and exercise of power (Oyen 2001) must be examined by defining what uncompromising 'empowerment' really entails. As Hall (2005) noted in the context of tourism, the mission of supranational organisations appears to be more tied to a political agenda than to one which meets the needs of the 'people on the ground' who are ultimately affected.

1.3 The Case Study

The complex issues surrounding SOs in a context of North-South power relationships are examined within a case study of the EU's involvement in tourism in the South Pacific Island region. In terms of its institutions, the EU is the most powerful and 'supranational' organisation existing today (Diez and Whitman 2002). The policy area chosen for analysis is that of 'development cooperation' including aid and trade, which allows for consideration of North-South power relations and interests. The EU's historic ties with the South Pacific region span several decades and are grounded in colonialism (EC 2005b), which renders the case particularly suitable for assessing power relations. Colonial ties have given rise to a number of development cooperation agreements between the EU and the South Pacific (EC 2005b), the content and
changing paradigms of which are assessed with regard to tourism. It is examined which actors negotiated for an inclusion of tourism in the agreements and for the sector's eligibility for EU aid. The EU's and the South Pacific governments' interests with regard to tourism have evolved over the years, and it is examined which negotiating party 'won' in (non-) decision-making situations.

Moreover, the analysis involves actors and institutions situated at lower levels of governance in the South Pacific, that is the regional (SPTO), national (governments) and local level (communities; businesses; individuals). It is examined to what extent the governance of tourism by regional and national policy makers has been determined or influenced by the (non-) decisions and development philosophy of the EU, rather than being the result of 'free choice'. The influence of EU consultants, as well as aid rules and procedures are of particular significance. Tourism policy in Samoa constitutes a mini-case study examining to what extent the government's decisions have been influenced by SOs promoting structural adjustment policies and economic reforms: the EU, World Bank, IMF and Asian Development Bank. Moving a scale down, it is analysed whether the resulting regional and national tourism policies and measures have been in the interest of the 'people on the ground' in the South Pacific. The dimension of power is therefore traced across all scales within a multi-level polity, from the global down to the local.

1.4 Aims and Objectives

First, this thesis aims to investigate why SOs get involved in tourism:

a. Why has tourism been included in supranational aid and trade agreements and in which manner does the industry fit within the development philosophy of a 'Western' SO engaged in aid and trade with developing countries?

b. Why is power exercised within negotiations, shaping the potential for free choice of aid recipient countries (the question of empowerment)?

Second, it aims to analyse how SOs govern tourism:

c. How is power exercised in the context of supranational governance of tourism in small island developing states?
d. How do SOs influence tourism policy in the regional and national context and how does it ‘filter down’ to the ground?

1.5 Value of the Study

The vast majority of literature on tourism policy is characterised by a traditional state-centric ontology. Nation states represent the prime units of analysis and authors are concerned with the role of the state in tourism, and governments’ policies affecting tourism (Hall 1994, Hall and Jenkins 1995, Jenkins and Henry 1982, Mill and Morrison 1985, Wanhill 1998, White 2003, WTO 1983). However, the state-centric model has been perceived as incapable of dealing with certain economic and political realities in the modern world (Kratochwil and Ruggie 1986, Ohmae 1995), which caused several researchers to adopt an alternative ontology (Church et al. 2000, Hall 2004a, 2005a, b, Kerr 2003, Martin 2003). Hall (2004a, b, 2005) specifically urged tourism researchers to adopt a wider perspective on tourism policy, incorporating the supranational scale and supranational issues; an approach that is taken in this thesis.

Apart from dealing with the largely neglected research topic of SOs and tourism, this thesis adopts a different analytical approach. While very few in-depth case studies on SOs exist, they either examined the relationship between SOs (Sofield 2003), or between a regional SO and a national government (Burns 2004). Never before have the tourism measures of a SO been examined across all scales of a multi-level polity in one coherent case study. This thesis considers the involvement of a SO in the governance of tourism from the global down to the local level. Moreover, this thesis adopts a theoretical framework that enables critique, as it largely adopts the paradigm of critical theory. As Tribe (2006) noted, there is a significant lack of studies that apply the paradigm of critical theory to tourism. In this thesis, critique is developed by examining the structure and exercises of power in which ideological hegemony plays a central role.

1.6 Personal Values of the Researcher

According to O’Connell-Davidson and Layder (1994: 55), the use of triangulation coupled with the practice of drawing attention to personal values and potential bias
aids to solve “some of the methodological and philosophical problems which arise from the fact that there are different versions of the truth, and that social researchers do not and cannot observe neutrally”. While the use of triangulation to increase validity was outlined above, this section deals with the question of how experiential knowledge shapes the study’s methods and outcomes. Acknowledging the impossibility of neutrally describing the reality of social phenomena, I explicitly draw attention to any potential bias and upon the ways in which my social background and values may have affected the data collection and analysis (O’Connell-Davidson and Layder, 1994, Phillimore and Goodson 2004). Therefore, I intended to write the author – and the first person - into the text (Phillimore and Goodson 2004). While the scope of this study does not permit for in-depth reflexive analysis to be exercised continually throughout the research process, it is important to note that the study has certainly been shaped by my socio-cultural background, and that the interpretation of the data has evolved correspondingly.

First of all, in my case being German implies a certain bias in favour of left-wing political activism and neo-Marxist ideologies. Dealing with Germany’s Nazi past during high school has led to a polarisation among my peers, split between right-wing and left-wing. In my case, this found its manifestation in anti-Nazism and in particular participation in non-violent activism against right-wing political parties and neo-Nazi gatherings. Today, I would consider myself centre-left with a strong belief in the need for social equity and tolerance. Moreover, I have been critical of neo-liberalism for quite some time, which might have some correlation to being ‘European’. Habermas (2001) reflected on an emergent European identity, which is in part derived from the historic experience with class struggles in Europe. This might explain many Europeans’ belief in communitarian as opposed to individualistic values that appear to dominate in the US for example, as well as in the need for the state to provide ‘safety nets’ instead of leaving the people’s fate to market forces. However, the Habermasian thesis of shared European values and opinions has its limitations in that there is certainly a strong polarisation on these issues, as well.

This bias impacts the research in two important ways. On the one hand, neo-Marxist theory (Gramscianism and Critical Theory) with its emancipatory intent features strongly in the theoretical framework. On the other hand, the selection of the EU as case unit permits an investigation of North-South issues and free market ideologies
aligned with the promotion of tourism. Without my personal values, less controversial cases might have been selected, such as focusing on the EU’s promotion of tourism within its ‘Western’ member states. The acritical treatment of SOs in previous tourism studies - the liberal functionalist approach - illustrates the extent to which the researcher’s own value system matters to the analysis.

In order to limit the impact of this bias, I aimed at developing a theoretical framework which places weight on both, SOs’ ‘positive’ and ‘negative’ exercises of power. This necessitates critical engagement in a discussion which gives weight to both dimensions based on criteria specified in the literature review, and thus, prevents a one-sided treatment of SOs as ‘culprits’. For example, after having read about cases of World Bank or IMF SAPs and the issue of imposition, I consciously chose to read a text afterwards which portrayed the organisations’ own point of view. During interviews and participant observation it became evident that SOs, in this case the EU, host as many opinions as they employ officers. Moreover, the major impression I gained was that officers in the EU do not want to impose policies on aid recipients and that they strongly believe that it is up to the latter to decide what kind of ‘development path’ they wish to pursue. Hence, the more covert forms of exercising power, that is the second and third face which might not be overtly perceived by the officers, as well as the dimension of empowerment became more salient.

Second, there is a risk of imposing certain ‘Western’ values (ethnocentrism) upon the research subjects and the research output. However, in the specific context of this study, being a ‘Western’ researcher who conducts fieldwork in countries of the economic South may be perceived as a strength rather than a weakness. First of all, being an ‘outsider’ may sometimes shed light on issues ‘insiders’ take for granted. As Morrow (1994) noted, conducting fieldwork outside the boundaries of the eurocentric world forces the researcher to engage in ideology critique (an important element of this study’s framework). Being confronted with different value systems and ‘local knowledge’ forces the researcher to constantly question ‘taken-for-grantedness’. Particularly in Samoa, I indeed experienced an environment very different to the one I am used to. During my fieldwork, I stayed in local beach fale and in villages (homestays) and felt in some instances immersed in village life and even the ‘Samoan family’. Countless conversations with Samoans have in fact changed my perception on
a number of issues, and this is certainly reflected in this research. Nonetheless, some degree of ethnocentrism is unavoidable and therefore also prevalent in this thesis.

1.7 Definitions and Classifications

1.7.1 International Organisations

This thesis is concerned with supranational organisations. However, in the literature the terms ‘supranational organisation’, ‘international organisation’ and ‘intergovernmental organisation’ tended to be used in an undifferentiated manner, which makes it necessary to explicitly define the various types of organisations. The broadest notion is that of ‘international organisation’. Archer (1983: 35) defined an international organisation as

a formal, continuous structure established by agreement between members (governmental and/or non-governmental) from two or more sovereign states with the aim of pursuing the common interest of the membership.

International organisations encompass three types of organisation, being intergovernmental organisations (IGOs), nongovernmental organisations (NGOs), and hybrid international organisations with mixed membership (Archer 1983). IGOs have been defined as “organisations whose members include at least three states, that have activities in several states, and whose members are held together by a formal intergovernmental agreement” (Karns and Mingst 2004: 7). IGOs comprise at least two sets of actors: their member states and their organisational units (Reinalda and Verbeek 2004). Examples include organisations of the United Nations system (UNDP, UNESCO, World Bank, IMF) and trading blocs (EU, APEC, ASEAN).

INGOs on the other hand are international “private voluntary organisations whose members are individuals or associations that come together to achieve a common purpose” (Karns and Mingst 2004: 10). Among others, INGOs exist in the areas of human rights, environmental protection and development, and examples are Oxfam, the Red Cross, Human Rights Watch, Tourism Concern, Amnesty International, Greenpeace and the World Wildlife Fund. Multinational enterprises (MNEs), also called transnational corporations (TNCs) or multinational corporations (MNCs), may
also be considered international organisations (for example Disney, Hilton, Sheraton). They "are a particular form of nongovernmental actor organised to conduct for-profit business transactions and operations across the borders of three or more states" (Karns and Mingst 2004: 19). The following section defines supranational organisations, which are the focus of this thesis.

1.7.2 Supranational Organisations

In its narrowest sense derived from legal studies, the term 'supranational' involves the surrendering of a degree of nation states' sovereignty to a superordinate body whose decisions are binding on member states (Diez and Whitman 2002, Griffiths 1995, Helfer and Slaughter 1997). Thus, 'legally' the term is restricted to the most powerful IGOs (Diez and Whitman 2002). In this narrow conceptualisation INGOs and MNEs are international, but never supranational, organisations. However, Griffiths (1995) argued that this definition was unnecessarily rigid. Within the literature on supranational organisations and tourism, the term 'supranational' has frequently been applied in an arbitrary manner, covering such notions as international and cross-border, intergovernmental and non-governmental, global, regional, and even (inter-) local (see, for example, Timothy 2001, 2002, Timothy and Teye 2004). This thesis employs a conceptualisation of SOs that is less rigid than the one derived from legal studies, yet much narrower than the ones used in the tourism literature mentioned above.

1.7.3 Definitions and Classifications Used in This Thesis

In this thesis, supranational organisations are defined as organisations that operate 'above the nation-state', have three or more nation-states as members, and hold a formal public mandate.

In essence, these are IGOs, but may include hybrid organisations with members from both, public and private sectors, as long as they have a formal public mandate. INGOs and MNEs are not included in the category of 'supranational organisations'. The conceptualisation adopted in this thesis relates to Archer's (1983) understanding of 'supranational', denoting institutions and organisations existing above, rather than between states. Thus, the term comprises IGOs, both general (for example the UN, EU
or APEC) and tourism specific, including those with public-private membership, as in
the case of the UNWTO, the South Pacific Tourism Organisation (SPTO) or the
Caribbean Tourism Organisation (CTO), as long as their membership comprises
sovereign nation-states and they have a formal public mandate. Examples within the
tourism context are given in table 1.1.

TABLE 1.1
Classification of International Organisations

<table>
<thead>
<tr>
<th></th>
<th>Tourism Specific</th>
<th>Tourism Non-Specific</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A) SOs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td>UNWTO</td>
<td>Global (UN) Bodies (UNESCO, WTO, World Bank)</td>
</tr>
<tr>
<td>Regional</td>
<td>SPTO, CTO</td>
<td>Trading Blocs (EU, ASEAN) Regional UN Bodies (ESCAP)</td>
</tr>
<tr>
<td><strong>B) INGOs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Producer</td>
<td>WTTC, IATA</td>
<td>International Coffee Organisation, Association of Chartered Accountants</td>
</tr>
<tr>
<td>Non-Producer</td>
<td>Tourism Concern</td>
<td>WWF, Oxfam, Greenpeace</td>
</tr>
<tr>
<td>Mixed</td>
<td>PATA</td>
<td>ISO</td>
</tr>
<tr>
<td><strong>C) MNEs</strong></td>
<td>Hilton, Sheraton, Disney IBM, General Motors, Nestle</td>
<td></td>
</tr>
</tbody>
</table>

It is important to differentiate further among SOs which are involved in ‘development’
in a North-South context. Culpeper (2002) drew a line between the World Bank, IMF
and WTO on the one hand and the UN organisations on the other, noting very different
approaches to ‘development’. Where the former focused on economic rather than
social issues and were staffed mainly by economists, the latter took greater account of
social issues and staff background varied widely. Moreover, the Bretton Woods
organisations tended to negotiate binding policy commitments that were “likely to
echo the policy preference and doctrines of the industrial countries and the status quo”,
while the UN organisations had more scope to “reflect the positions of developing
countries” (Culpeper 2002: 35). Whether the EU’s approach fits within the former or latter category must be based on the analysis within this thesis, and is explicitly addressed in the conclusion.

1.7.4 Small Island Developing States

This thesis is concerned with a SO’s involvement in the governance of tourism in small island developing states (SIDS). SIDS are not only small island states, but they also belong to the category of ‘developing countries’ or countries of the ‘economic South’ or ‘the South’. In this thesis, these expressions are used interchangeably. Within the context of the so-called North-South debate (Therien 1999), the South comprises all developing and least developed countries, it does not relate to geographic location. The North on the other hand comprises the developed or industrialised countries. According to the UN, developing countries are those which belong to a ‘less developed region’. “Less developed regions comprise all regions of Africa, Asia (excluding Japan) and Latin America and the Caribbean and the regions fo Melanesia, Micronesia and Polynesia” (UN 1999: no page number). The UN further differentiates between ‘less’ and ‘least’ developed countries. The latter category, which is defined in terms of even lower income, economic vulnerability and human resource weakness, encompasses a total of 50 countries, five of which are located in the South Pacific (UN no date). The ‘least developed’ South Pacific countries are Kiribati, Samoa, Vanuatu, Tuvalu and the Solomon Islands (UN no date).

SIDS are developing countries and territories that are islands and fall within certain margins determining ‘smallness’. UNCTAD, for example, considers small island states as those with a population under five million people (Monge-Roffarello and Swidinsky 2002). The Commonwealth Secretariat, on the other hand, uses a threshold of 1,5 million people, but simultaneously considers islands with a larger population base, such as Papua New Guinea or Jamaica, to be SIDS (Monge-Roffarello and Swidinsky 2002). In this thesis, a less rigid definition is employed in that SIDS are considered to be all countries that are islands, belong to the category of developing countries, and face the economic and social vulnerability that is so typical for small island states in general (see chapter 5).
1.7.5 Abbreviations

This thesis features a variety of abbreviations (see list of abbreviations on page xiv). It is, however, necessary to draw attention to one specific acronym that is used with particular frequency in the text: the EC. In this thesis, EC does not stand for European Community but for European Commission, which is one of the European Union’s (EU’s) Brussels-based institutions. Hence, it is with full attention when the acronyms EC and EU are used in the same sentence, as the former stands for an actual organisation, while the latter has a much broader meaning in terms of political and economic cooperation, or the Members States.

Another abbreviation that requires clarification is that of the ECU. ECU stands for European Currency Unit; it was the EU’s so-called ‘basket currency’, used mainly for accounting purposes of the EU’s internal budget (OECD 2003). The ECU was never issued as notes or coins. In 1999, it was replaced by the Euro on a one-for-one basis (OECD 2003). Therefore, the currency used in EC internal documents issued before 1999 is the ECU. For reasons of consistency, the ‘standard currency’ used in this thesis is the Euro. Where applicable, amounts given in a different currency were converted into Euros. However, where amounts were given in ECU this was retained in the text, and a conversion into Euros was deemed unnecessary given the one-on-one replacement.

1.8 Thesis Outline

This thesis is comprised of nine chapters. Chapter two is the literature review. It is primarily concerned with SOs in the tourism literature, as well as with the concept of governance. The chapter stresses the value of governance as an organising framework, but concludes with a critique of the liberal assumption of ‘governance theory’.

Chapter three may be considered the theoretical heart of this thesis in that it elaborates on the concept of power and concludes with the theoretical framework.

Chapter four outlines the methodology, addressing the issues of ontology and epistemology. The case study approach and case selection are explained in detail, as
are the methods that were employed. These included elite and informal interviewing, document analysis, as well as participant and direct observation.

Chapter five contextualises the case study. First, the EU and its institutions are introduced, focusing on those responsible for development cooperation. Second, the EU’s historical relationship with the South Pacific is outlined, which includes a discussion of colonialism. The chapter further addresses tourism and its context in the entire South Pacific region, and in Samoa specifically.

Chapter six addresses the ‘macro’ level of governance. It is organised chronologically, analysing the various EU-South Pacific development cooperation agreements over time. It is examined to what extent tourism has been included in the agreements, how interests have evolved, and which actors ‘won’ during the negotiations.

Chapter seven focuses on the meso scale of governance in that it attends to the ‘regional’ level (SPTO) in relation to both the supranational (EU) and the local. The EU funded a 15-year tourism programme in the South Pacific, which saw development aid channelled into the SPTO. The chapter is also structured chronologically, placing changes to the programme within a context of EU-SPTO power relations. The ‘impact on the ground’ of changes to the programme are equally addressed.

Chapter eight comprises the meso and micro scales of governance. The Pacific Islands have been subject to a changing trade environment and related economic reforms, promoted and influenced by various SOs including the EU, World Bank and IMF. The extent to which such changes have influenced national tourism policy is analysed in a mini-case-study of Samoa. The local level is included in the analysis, as changes in national policy may have implications ‘on the ground’.

Chapter nine concludes the thesis with a synthesis of the findings, applying the theoretical concepts of power and governance.
Chapter 2: Supranational Organisations and Tourism

2.1 Introduction

The number of intergovernmental organisations (IGOs) rose from just seven in 1874 to thirty-seven in 1909 (Yearbook of International Organisations 1974 in Archer 1983), and at the end of the 1990s over 250 IGOs existed in a world of just 180 states (Breitmeier 1997, Woods 2000a). Apart from global organisations and institutions, such as the UN and global multilateral trade agreements (the General Agreement on Tariffs and Trade (GATT) and the General Agreement on Trade in Services (GATS)), both the quest for stability and security after the Second World War coupled with the spread of neo-liberal thinking has given rise to a new phenomenon, which is quickly gaining ground: regionalism (Bennett 1980, Bhalla and Bhalla 1997, Fatemi 2000, Tussie and Woods 2000, Woods 2000a, b). Regional organisations founded since 1945 outnumber those of a global nature by approximately two-to-one (Bennett 1980). Regional SOs, such as the European Union (EU), have nonetheless global implications through their engagement in international aid and trade.

This trend, particularly since the end of the Second World War, has both been induced by and contributed to an increasingly interconnected world, the catchword being globalisation. While some stress the important role of SOs to ‘harness’ globalisation and deal with emergent global problems such as mass poverty and ozone depletion (Boni 2002, Franceschet 2002, Lamy 2000, Vishwanath 2001), others regard these organisations as the very embodiment and cause of globalisation’s detriments (Bird 2001, Farazmand 1999, Hardt and Negri 2001, Kelly and Olds 1999, Krauss in Hufbauer et al. 2000, Shapiro in Hufbauer et al. 2000). Protests in Seattle in 1999 and Genoa in 2001, for example, that were directed against the World Trade Organisation and other SOs illustrate how far public opinion diverges. Apart from these more recent expressions of divergent views on SOs, the academic study of SOs has always been marked by certain worldviews, ranging from ‘pessimist’ realism to ‘rose-coloured’ liberalism and ‘critical’ Marxism, determining which roles, raisons d’être, and degree of importance SOs get assigned to (Dougherty and Pfaltzgraff 1990, Karns and Mingst 2004, Plano and Olton 1979).
Tourism scholars have only recently begun to devote some attention to SOs, despite the prominence of the UNWTO and the vast array of supranational agreements and organisations all impacting on the industry. Moreover, tourism scholars are not immune to subjective worldviews either. As will become apparent, the majority of academic output in the realm of SOs and tourism is written from a liberal perspective. The following section provides a brief history of SOs, illustrating their growing importance over time. Thereafter, the body of knowledge regarding SOs and tourism is critically examined, followed by an assessment of the theoretical concept of governance, which has been applied to SOs. The chapter then concludes with a critique of governance, drawing attention to the need for combining the organising concept of governance with the concept of power. The latter concept is outlined in chapter three.

2.2 The History of Supranational Organisations

2.2.1 The Origins of a Multilateral World

Prior to the 19th century, SOs were virtually non-existent. The notions of international collaboration, interconnectedness or globalisation had yet to enter the common vocabulary. In the 19th century, the creation of The Concert of Europe, which provided a series of periodic gatherings of European powers, alongside some public international unions and river commissions, constituted the first attempts at multilateralism (Karns and Mingst 2004). The 20th century, then, marked by major power wars, economic development, technological innovation, and the growth of the state system, experienced a virtual explosion of IGOs (Karns and Mingst 2004).

2.2.2 From the League of Nations to the UN

The League of Nations was established in 1920 in order to prevent war, and had about sixty members (Diehl 2001a, Karns and Mingst 2004, Kratochwil and Ruggie 1986). While it enjoyed a number of successes, such as settling disputes between Lithuania and Poland, Finland and Russia, and Bulgaria and Greece, overall it fell short of expectations. It failed to act when Japan invaded Manchuria in 1931; when Italy invaded Ethiopia in 1935; and most importantly during the Second World War. Efforts to reform the organisation were unsuccessful, resulting in the withdrawal of many members (Karns and Mingst 2004).
Still, world leaders continued on the multilateral route and sought to create a new international organisation during the Second World War (Diehl 2001a). The UN was created by twenty-six ‘peace-loving’ nations, and its Charter was completed in October 1944 (Karns and Mingst 2004). The UN has evolved into a complex system extending well beyond its major organs which include the Security Council and the General Assembly (Diehl 2001a). Its specialised agencies range from the World Health Organisation (WHO), United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Development Program (UNDP) and the International Labor Organization (ILO) to the World Bank and IMF (Karns and Mingst 2004). The UNWTO is one of the latest additions to the UN system, now being an executing agency of the UNDP (Gee 1997).

At the first session of the UN Conference on Trade and Development (UNCTAD) in 1964 in Geneva the Group of 77 (G77) was established by seventy-seven developing countries. The G77 aims to enhance its member nations’ (now encompassing 132 states) collective economic interest and negotiating capacity on all economic issues in the UN system (G77 2006). The most prominent SOs in the economic sphere are, however, the so-called Bretton Woods organisations, that is the World Bank, the International Monetary Fund (IMF), and the World Trade Organisation (WTO), which are introduced in the following section.

2.2.3 Supranational Financial Organisations: The Bretton Woods System

The Great Depression of the 1930s, causing countries to raise trade barriers with detrimental effects on world trade, as well as the need to raise money for reconstruction after the Second World War, led American and British economists to demand the creation of international monetary institutions. Henry Dexter White, chief international economist at the US Treasury, and British economist John Maynard Keynes presented competing plans for economic governance at the Bretton Woods Conference in 1944. The US plan was entirely based on the principle of encouraging free trade, calling for a weak institution without much regulating power. The British plan, on the other hand, sought to control American economic power by creating a strong world central bank able to regulate the flow of credit (Karns and Mingst 2004). The US plan was adopted. The IMF was created to promote economic growth by
providing financial stability to countries facing balance-of-payments difficulties and thus, to stimulate trade in line with the US' agenda.

At the Havana conference of 1948, the charter for a proposed International Trade Organisation (ITO) was to be approved. However, the conference was marked by conflicting interests and thus, the ITO was never established. While the US favoured extensive trade liberalisation, many European countries aimed at preserving their preferential trade agreements with their colonies and former colonies. Many developing countries argued for institutions that would allow national regulation of international economic relations (Murphy 2001, Karns and Mingst 2004). However, the efforts of developing countries failed. Twenty-three of the participants in the ITO negotiations developed an alternative proposal, the General Agreement of Tariffs and Trade (GATT). The GATT became a major venue for trade negotiations from 1949 to 1995 aiming at a reduction of trade barriers. The WTO succeeded the GATT in 1995 (Karns and Mingst 2004).

The third pillar of the Bretton Woods system, the World Bank, was created to assist in the development process of member states by providing loans and facilitating economic projects (Diehl 2001b). Overall, the Bretton Woods institutions were designed to promote a liberal economic order, as envisaged by the US and other industrialised countries. Their involvement in the governance of developing countries' economies, and particularly their so-called Structural Adjustment Programmes (see section 2.2.5), have attracted plenty of criticism, both in theory (Bird 2001, Farazmand 1999, Kelly and Olds 1999, Mowforth and Munt 1998) and practice (for political activism directed against SOs see Hardt and Negri 2001, Hufbauer et al. 2000).

2.2.4 Functional and Specialised Organisations

Most single-function organisations have been created in the 20th century to selectively address specific problems. In line with functional theory, functional organisations are perceived as largely apolitical, yet developing political traits once the issues they deal with extend beyond technical matters (Karns and Mingst 2004). Functional organisations exist in areas such as health (WHO), food (Food and Agriculture Organisation), science, education and culture (UNESCO), labour (ILO), aviation (ICAO; IATA), and tourism (UNWTO). While some of these functional organisations
have a long history, as for example the ILO, a more recent trend relates to the creation of hybrid functional organisations that encompass members from both public and private sectors. Such hybrid organisations include the International Telecommunications Union and the International Union for the Conservation of Nature (Mathews 1997). In the tourism sector, the SPTO and the Caribbean Tourism Organisation (CTO) constitute hybrid organisations operating at the regional level. However, even the most ‘functional’ organisations are inherently political entities (Barnett and Finnemore 1999), as their actions have repercussions on ‘who gets what, when and how’ (Lasswell 1936), that is the essence of politics. Certain groups inevitably benefit more from their actions than others, and interests can only be addressed selectively (Mowforth and Munt 1998).

2.2.5 Regional SOs

A wide variety of regional alliances was created between the end of the Second World War and the 1970s (Bennett 1980, Mansfield and Milner 2001). The European Economic Community (EEC) was established in 1958 (since 1991 the European Union), the Association of Southeast Asia (ASA) in 1961, succeeded by the Association of Southeast Asian Nations (ASEAN) in 1967; the Central American Common Market was created in 1960, the Organisation for Economic Cooperation and Development (OECD) in 1961, the East African Community in 1967, and the Andean Pact in 1969 (Bhalla and Bhalla 1997). Against the backdrop of decolonisation and the Cold War, not only industrialised countries formed preferential agreements. Many less developed countries aimed at reducing their political and economic dependence on industrialised countries and former colonial powers by creating their own economic communities designed to discourage imports and encourage the development of indigenous industries – with somewhat limited success (Mansfield and Milner 2001). Further aims included the raising of bargaining power, achieving economies of scale through enlarged markets, and reducing the vulnerability to external shocks (Bhalla and Bhalla 1997).

The latest wave of regionalism began after the 1970s, when the Cold War’s conclusion led to substantial changes in power and security relations (Bhalla and Bhalla 1997). Examples included the South Asian Association for Regional Cooperation (SAARC), created in 1985, the Asia Pacific Economic Cooperation (APEC) in 1989, and the
North American Free Trade Agreement (NAFTA) in 1994 (Bhalla and Bhalla 1997). Particularly the 1990s witnesses a “revival of interest in regional integration by both developing and developed countries, possibly as an alternative, if not stepping stone, to globalisation” (Bhalla and Bhalla 1997: 2). Especially the initiatives involving developing countries have been part of a strategy to liberalise their economies to implement export- and foreign investment-led policies (Lawrence 1996 quoted in Mansfield and Milner 2001) in line with development orthodoxy promoted ardently by SOs such as the World Bank and IMF (Farazmand 1999, Stiglitz 2002).

According to Mansfield and Milner (2001), regionalism is a neo-liberal strategy building on the perceived advantages of liberalising trade, integrating economies and promoting economies of scale to achieve a superior bargaining situation in global markets. Most contemporary regional blocs have been established under the auspices of the GATT/WTO, intending to dampen trade diversion by limiting discrimination against third parties. However, many arrangements including the ‘Western’ bloc of the EU are highly protectionist towards exports from third countries, such as agricultural products deriving from developing countries (Mansfield and Milner 2001).

In the context of tourism, there are regional SOs dealing exclusively with tourism, such as the SPTO and the CTO. Moreover, various non-tourism-specific regional organisations established departments or units responsible for tourism. These include the Tourism Unit of the European Commission (the ‘executive’ of the EU), the APEC Tourism Working Group, and the MERCOSUL Tourism Working Group. Regional tourism organisations are primarily concerned with liberalising the tourism sector and promoting the region ‘in clusters’ (Santana 2001, Timothy 2001, 2003, 2004).

2.3 Supranational Governance of Tourism

2.3.1 Setting the Scene

National governments and the private sector are not the sole ‘big players’ in the tourism industry (Go and Pine 1996, Meethan 2001, Milne and Ateljevic 2001). Supranational actors, no matter how different in scale and scope, share one commonality: a concern with, and significant impact on the tourism industry. SOs play a major role in creating, supporting and implementing international institutions which
have an effect on the tourism industry. Some of these change the ‘rules of the game’ of the environment in which tourism operates and others specifically target the industry. Global multilateral agreements such as the General Agreement on Trade in Services (GATS), aimed at eliminating trade barriers worldwide within the governance framework of the WTO, or regional free trade agreements within trading blocs such as the European Union (EU), North American Free Trade Area (NAFTA) and the Association of Southeast Asian Nations (ASEAN) affect tourism’s economic environment (Davidson and Maitland 1997, McIntosh and Goeldner 1986, Timothy 2001, 2003, 2004, Yamakawa 1999).

Among others, the UNWTO is a global tourism-specific SO; the SPTO and the CTO belong to its counterparts on a regional scale; and, as already noted, various trading blocs such as the EU, APEC or MERCOSUL feature their own tourism units or departments (Davidson and Maitland 1997, Timothy 2001, 2003, 2004). SOs appear to be a central but largely neglected research subject within tourism. The following section introduces the notion of ‘supranational governance of tourism’, before proceeding to a review of international relations and tourism literature with a central focus on SOs.

### 2.3.2 Supranational Governance of Tourism

In the tourism literature, a wide variety of terms has been used to capture SOs’ involvement in tourism. Authors described supranational ‘efforts’ in tourism (Timothy 2001, 2003), ‘agreements’ (Timothy 2004), ‘cooperation’ and ‘collaboration’ (Timothy and Teye 2004, Santana 2001, Yamakwa 1999), ‘projects’ (Yamakawa 1999, Pernia 1999) and ‘activities’ (McIntosh and Goeldner 1986). This thesis utilises the notion of ‘supranational governance of tourism’, which encompasses all tourism-related efforts of SOs, both on paper and in practice. In this thesis it is considered whether SOs have a tourism policy, strategy or agreement, or whether they explicitly utilise tourism projects to implement policy in other areas, as all these supranational efforts accumulate to the ‘supranational governance of tourism’.

SOs are active in various issue-areas not directly related to tourism, which to varying degrees impact on the industry (Corbalan et al. 2002, Davidson and Maitland 1997, Lickorish 1991, Timothy 2004). In fact, it is in those ‘other’ areas that the EU for
instance has undoubtedly a significant effect on lower levels of governance. As the industry association HOTREC noted, there are over 250 EU measures that directly impact on the European tourism and hospitality industry (Corbalan et al. 2002). The "Member States are thus bound to adopt or modify national legislation so as to conform to the new European norm. In the end, [...] there is a] growing yet often obscure influence of the EU regulatory powers" (HOTREC 1998: 1). Such influence occurs in a total of eighteen issue areas (Corbalan et al. 2002), the competence for which is spread over a wide variety of so-called Directorate Generals (DGs) of the European Commission (EC), the EU’s executive. Issue areas include taxation, social and consumer affairs, food safety, competition policy, development policy, the internal market and the environment (Table 2.1).

TABLE 2.1
Examples of EU Measures with an Impact on Tourism

<table>
<thead>
<tr>
<th>Directorate General</th>
<th>Measure (Selection)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DG Taxation</td>
<td>VAT rates</td>
</tr>
<tr>
<td>DG Internal Market</td>
<td>Internal market for services</td>
</tr>
<tr>
<td></td>
<td>Copyright</td>
</tr>
<tr>
<td>DG Employment</td>
<td>Noise in the work place</td>
</tr>
<tr>
<td>DG Environment</td>
<td>Environmental Impact Assess.</td>
</tr>
<tr>
<td></td>
<td>Marine Pollution</td>
</tr>
<tr>
<td>DG Consumer</td>
<td>Food hygiene</td>
</tr>
<tr>
<td></td>
<td>Package travel</td>
</tr>
<tr>
<td>DG Transport</td>
<td>The Single European Sky</td>
</tr>
<tr>
<td></td>
<td>Air safety and security</td>
</tr>
<tr>
<td>DG Enterprise</td>
<td>SME policy</td>
</tr>
<tr>
<td></td>
<td>Directive on cultural goods</td>
</tr>
<tr>
<td>DG Development</td>
<td>Development policy</td>
</tr>
</tbody>
</table>

(Sources: Corbalan et al. 2002, EC 1995-2007)
The majority of academic research on SOs in tourism has approached the issue from a very wide angle by listing and describing a variety of supranational governance areas which potentially impact on the tourism industry, ranging from the environment to deregulation of customs procedures, transport and infrastructure development (for example Timothy 2001, 2003, 2004, Hall 2004a, 2005, Corbalan et al. 2002). This resulted in predominantly descriptive or organising accounts, which provided a broad overview of SOs’ impact on tourism. This thesis, on the other hand, concentrates on one issue area only: development cooperation. This allows the researcher to pursue an in-depth analysis of the political processes shaping a SO’s involvement in tourism in developing countries, addressing its complexity in a North-South context. The following section reviews the existing literature on SOs and tourism before examining the role of SOs in the North-South debate.

2.3.3 SOs in the Tourism Literature

The vast majority of literature on tourism and SOs may be situated within the liberal functional school of thought, where SOs are treated as apolitical entities simply fulfilling ‘supranational’ functions such as promoting tourism on a regional basis, or establishing supranational policies on trade and the environment which impact on the industry. Liberal functionalists believe that SOs are created out of the basic, or functional needs of people and states (Karns and Mingst 2004). For Archer (1983) the number of IGOs has grown precisely because they have certain functions which cannot be fulfilled by nation states or national groupings, particularly under globalising pressures. Rational states will create or use a SO when the value of the functions performed by the organisation outweighs the costs (figure 2.1). Among others, such functions include the facilitation and implementation of agreements, resolving disputes, managing conflicts, carrying out operational activities like technical assistance and elaborating norms (Abbott and Snidal 1998). SOs and institutions were seen as the bricklayers to a better world (Strange 1998).
In a functionalist sense, SOs have evolved into authorities dealing with ‘intermestic’ issues including the environment, human rights, security, trade, investment and mobility, and their policies within all these areas impact upon tourism (Hall 2004a, b, 2005, 2006, Timothy 2001, 2003, 2004). SOs deal with these issues mostly by establishing soft law (that is non-binding), or as in case of the EU for instance hard law. Hall (2003) showed how environmental hard and soft law has been applied at various scales, including the supranational level “with policy at each level affecting the determination and implementation of policies at other levels” (Hall 2003: 22). On a global scale, soft law initiatives, such as the Manila Declaration on World Tourism in
1980, had a considerable impact on the tourism policy process at lower levels, in that it redefined the concept of tourism impacts to include the socio-cultural dimension (Davidson and Maitland 1997). The ubiquitous (yet nonetheless contested: Banerjee 2003, Bartelmus 1999, Beckerman 1994, Honey 1999, Klak and Konway 1998, Pearce et al. 1994, Sharpley 2000) concept of 'sustainable development' has been enthusiastically embraced in the supranational realm, reflecting a 'global problems' orientation. The Hague Declaration on tourism, building on the Brundtland Commission's call for sustainable development constitutes another supranational soft law initiative directly concerned with tourism (Davidson and Maitland 1997). The major supranational actor attending to tourism on a global scale is the UNWTO (Davidson and Maitland 1997).

Notably, in cases where soft law applies, such as with regard to voluntary codes of conduct and declarations, the rate of supranational proposals that were actually implemented remains low (Davidson and Maitland 1997, Timothy 2001, 2003, Santana 2001). Apart from their questionable success rate, supranational soft law initiatives dealing with 'global problems' and tourism have been targets of substantial criticism due to their content. For example, the Agenda 21 for the Travel and Tourism Industry has been criticised for sidelining the social dimension and failing to address structural inequalities between North and South, relying on a 'trickle down' effect on development (Mowforth and Munt 1998). This criticism suggests that SOs tend to operate within the neo-liberal paradigm and are primarily concerned with industry growth, failing to challenge unequal power structures.

However, it must be emphasised that there is still a gap in the literature concerning studies that critically question supranational efforts in tourism. Apart from Mowforth and Munt’s (1998) critical observations, Gössling (2003a) and Honey (1999) drew attention to SOs’ involvement in tourism in African countries, showing how the SOs’ pressure to liberalise the national economic environment has resulted in tourism development that frequently had negative social and environmental impacts. Other studies that were to some extent critical of SOs’ involvement in tourism include Brohman (1996), Hall (2005, 2006), Sofield (2003), Duffy (2002) and Jaakson (2004). Most of the literature on SOs and tourism is, however, devoid of critique due to its adherence to a liberal functionalist perspective (see, for example, Holder 1996, Olds

### 2.3.4 Regional Cooperation in Tourism

According to the liberal paradigm, under conditions of interdependence multilateralism is perceived as inevitable; no state can afford to pursue a strategy of political or economical isolation. As far as tourism is concerned, globalisation and increasing competitive pressures tend to be the major explanatory factors for the ‘need’ of supranational collaboration in tourism (Holder 1996, Jordan 2003, 2004, Olds and Ide no date, Pernia 1999, Timothy and Teye 2004, Yamakawa 1999). Particularly small island states such as those of the Caribbean region have set up regional supranational tourism organisations, since “functional cooperation is the key to future economic survival” (Olds and Ide no date: 1, emphasis added). Small island states are best to deal with their frame conditions of small size and other geographical and economic factors by collaborating supranationally, which increases their market and economies of scale (Holder 1996, Olds and Ide no date).

In this context, regional SOs are portrayed as valuable contributors to increased competitiveness of the region’s tourism industry. They help to enhance efficiency by promoting common resources (Jordan 2003), enhance the product quality by spreading environmental sustainability criteria (Olds and Ide no date, Timothy and Teye 2004), promote functional cooperation in air transportation (Holder 1996, Olds and Ide no date) and boost intra-regional business and leisure travel through relaxing travel conditions (Milne and Ateljevic 2001). They help to capture the synergies and economies of scale to be won from working together in areas ranging from marketing and promotion to education and training - in sum, they aid in enhancing efficiency and profitability (Holder 1996, Timothy and Teye 2004, Tourism Intelligence International 2004).

In the case of the Caribbean, Olds and Ide (no date: 1) even claimed that “the survival of the tourism industry and the economic future of the region will depend greatly on the decisions of the CTO [Caribbean Tourism Organisation]”. In any case, supranational cooperation in tourism is not limited to small island states. Supranational cooperation in tourism among Southern African States (SADC) was modelled after the
Caribbean experience (Tourism Intelligence International 2004). Increased economic cooperation among the members of ASEAN has had a significant impact on tourism, particularly in the field of marketing, leading to joint campaigns such as the Visit ASEAN Year in 1992 (Hall 1997).

The extension of the Closer Economic Relations Agreement has seen the Australian, New Zealand and trans-Tasman aviation markets approximate a single deregulated market which, according to Hall (1997: 198) “has considerable benefits for tourism not only between the two countries but also in promoting Australia and New Zealand as a single destination package.” The New Zealand Tourism Industry Association and the Tourism Council Australia are engaged in joint marketing campaigns, and the Australian Tourism Commission and New Zealand Tourism Board collaborate in joint market research. Also, business organisations such as Air New Zealand and the McDermott Miller Group have been lobbying for a ‘Destination South West Pacific’ concept (Hall 1997).

The following section examines the exact nature of SOs’ measures in the field of tourism, which range from tourism-specific projects and policy to rather ‘invisible’ measures that impact on the industry.

2.3.5 The Nature of SOs’ Measures in Tourism

Of all regional SOs involved in tourism, the EU has received most attention in the literature (Barnes and Barnes 1993, Church et al. 2000, Corbalan et al. 2002, Davidson and Maitland 1997, Lickorish 1991, Timothy 2004). Since the 1980s, the EU has become increasingly involved in the governance of tourism. According to Davidson and Maitland (1997) the growing attention may be explained with tourism’s economic significance to ‘new’ member countries such as Greece and Portugal which joined after 1980, as well as a perceived fit between tourism and wider EU goals such as regional development, European integration and identity formation, and ‘sustainable development’. Despite a growing output of tourism-related measures, the EU still attaches low priority to the tourism sector compared to others. The EU’s Tourism Unit has limited resources and no authority to devise policy (Davidson and Maitland 1997) and in general EU tourism initiatives such as the Community Action Plan to Assist Tourism lack financial and political back up (Church et al. 2000, Lickorish 1991). Not
least due to diverse interests, the EU has to date been involved in tourism in a rather piece-meal fashion (Church et al. 2000).

Nonetheless, of all SOs the EU’s policies seem to have the widest-ranging implications for the tourism industry of its member states (Timothy 2004). As already noted, the EU issued a wide variety of directives and measures in ‘other’ areas that directly impact on tourism, such as transport and taxation (Corbalan et al. 2002). Timothy (2001, 2003, 2004) outlined measures by other SOs – generally regional economic alliances – with an effect on tourism, including the Association of Southeast Asian nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC) and the Caribbean Community (CARICOM) (see also Hall 2004a, 2005).

Of all tourism-specific measures, the majority of SOs’ efforts in tourism appear to be in marketing and promotion (Timothy 2001, 2003, Yamakawa 1999). While the environment and ‘sustainability’ have been increasingly incorporated in SOs’ tourism efforts, such initiatives fall short of marketing and promotion activities with regard to the rate of implementation and commitment of the SO (Timothy 2004). Moreover, a wide variety of efforts are of legislative and institutional nature. These initiatives tend to be unnoticeable to the ‘average traveller’ and do not openly ‘reach down’ to people on the ground (Santana 2001, Timothy 2004). These unnoticeable activities also include SOs’ role as forum (Archer 1983) where members can “exchange ideas, seek solutions to problems, and participate in shaping the future of travel” (McIntosh and Goeldner 1986: 64). However, these observations neglect that ‘invisible’ measures may in fact have the most severe implications for the ‘people on the ground’. For example, supranational trade agreements may affect the living conditions of local people to a far greater extent than visible measures, such as an airport upgrade (Kalisch 2001, Williams 2001).

The majority of critique and political activism directed against SOs has been related to these rather latent, invisible measure that are in line with a neo-liberal development philosophy and very much beyond the decision-making power of the ‘people on the ground’ (Bird 2001, Farazmand 1999, Hardt and Negri 2001, Kelly and Olds 1999, Krauss in Hufbauer et al. 2000, Shapiro in Hufbauer et al. 2000). The supranational realm is characterised by a ‘democratic deficit’ (Tew 2002, Woods 1999), an issue which becomes all the more salient when one considers that supranational efforts –
including tourism - seem geared towards a political agenda which does not necessarily meet the needs of the people ‘on the ground’ (Hall 2005).

While liberal functionalists would oppose the claim that SOs can have a political agenda (given their belief in apolitical SOs), theorists from the more critical camps such as (neo-) Marxism and realism emphasise that SOs can only ever serve sectional interests (Brand 2001, Farazmand 1999, Karns and Mingst 2004). In a North-South context it has been argued that the prime beneficiaries of SOs’ measures tend to be Western governments, multinational enterprises (MNEs) and the economic elite within developing countries, which could be seen overall as the beneficiaries of economic globalisation (Brand 2001, Falk 1995, Massicotte 1999, Ougaard, 1999). Neo-liberal measures and institutions such as the GATS or the Bretton Woods organisations’ structural adjustment programmes (SAPs) were promoted, if not created by SOs. From a critical perspective, it has been argued that such measures deepened the structural inequalities between and within countries of the North and South, and that therefore SOs might be regarded as the instruments of the economically and politically powerful (Brand 2001, Brohman 1996, Mowforth and Munt 1998). The following section briefly explains the theory of neo-liberalism before addressing the controversy surrounding SOs’ measures in a North-South context in more detail.

2.4 SOs in a North-South Context

2.4.1 Neo-Liberalism

“Let fall those who must fall. Such is the jungle of ... economic life. A jungle of savage beasts, where the one who can kill the one next to him, kills him. That is reality” (Green 1995: 155).

Neo-liberalism emerged in the 1970s, drawing attention to increasing global interdependence. In times of ‘complex interdependence’ (Keohane 1984) cooperation becomes necessary and rational, whereas non-cooperation is perceived as burdensome and risky. Neo-liberals, like liberals, tend to be optimistic and regard both cooperation and the facilitators of cooperation, which are SOs, as generally positive (Karns and Mingst 2004). SOs can reduce transaction costs, mitigate information asymmetries, and allow for the centralisation of collective activities, which increases efficiency
(Abbott and Snidal 1998, Karns and Mingst 2004). They can assist governments in overcoming collective action problems and help them to settle conflicts peacefully (Pease 2003).

Neo-liberalism is associated with neo-classical economic theory, which entails a strong believe in the market and limited government intervention (Pease 2003). However, neo-liberalism does not only entail economics; it is rather based on the classical philosophy of liberalism entailing economic, social and political elements. Most famously, neo-liberal economic policies (as in neoclassical economics) include

- free trade;
- fiscal rectitude to maintain a budget surplus;
- market-determined exchange rates;
- privatisation;
- undistorted market prices;
- limited government intervention (Rodrik 1996).

Drawing upon the theory of Adam Smith, neo-liberals point out that much of international relations is based on the peaceful exchange of goods, services and ideas (Hill 2002). An expanding global market brings prosperity and also creates complex interdependence, connecting societies through trade and finance (Pease 2003). Neoliberal economic strategies are characterised by promoting the so-called ‘free hand’ of the market (Hill 2002, Pease 2003). The role of governments is reduced to creating an enabling environment for free trade, investment, and private sector activity. “In economic terms the state is part of the problem, not the solution” (Green 1995: 245). The only government interventions that are justified within neoliberalism are those which create equal opportunities for individual wealth accumulation (Green 1995). However, such measures, for example the enforcement of private property rights, must be strongly differentiated from socialist measures that focus on equality (for instance high taxation of the affluent members of the population).

For Jessop (1999: 28) neo-liberalism is nothing less than the “hegemonic strategy for economic globalisation”. Notably, the development orthodoxy of the major SOs involved in money lending activities, such as the World Bank and IMF, also builds upon and promotes neo-liberalism (Brohman 1996, Farazmand 1999).
2.4.2 Economic Globalisation

Contemporary economic affairs may be perceived as socially unjust: The acceleration and reinforcement of economic globalisation has arguably widened the gap between rich and poor, both between and within countries (Farazmand 1999, Jaakson 2004, Karns and Mingst 2004, Taylor 2003). Economic globalisation is driven by market expansion, which is the opening of borders to trade, capital and information (Karns and Mingst 2004). There are two major explanations for how economic globalisation ‘came about’. The first view considers globalisation as the unintended product of individual actors’ responses to technological innovations. Advances in communication and transport technology made the financing, production and movement of goods and services less location dependent. Producers, consumers, and the state were suddenly faced with this new situation and ‘made the best of it’ (Verbeek 1998).

In the second explanation, economic globalisation is the product of deliberative government choice. Powerful states are seen as aiming toward liberalising economic and financial markets and using their weight in supranational organisations to achieve their free-market objectives, and ultimately benefiting transnationally operating enterprises. As outlined above, the United States’ pressure at the Bretton Woods conference marked a decisive step in this direction. “Globalization, thus, is not a virus that can be caught, but a condition that serves specific interests” (Verbeek 1998: 18). While economic globalisation is facilitated by lower transportation and communications costs, it rests on the deliberate (yet not necessarily coercion-free) decisions of national governments to open their markets and to participate in the global economy (Kahler and Lake 2003).

The willingness to liberalise markets is based on the belief that free trade delivers economic growth (Moore 2003). Most governments believe they will benefit from their integration in the world economy (Gundlach 2000). According to neoclassical trade theory, a country allows for specialisation and increased competition by opening up its markets, which leads to increased productivity and efficiency. A more efficient world economy allows for lower prices and thus, increased purchasing power of consumers, all of which triggers economic growth. According to Ricardo’s theory of
comparative advantage (Hill 2002, LeClair 1997), trade is a positive-sum-game with all participating nations benefiting.

However, neoclassical trade theory operates under the assumption of perfect competition and 100 per cent free trade, which is a far step from today’s global economic reality (Emadi-Coffin 2002). Despite a growing integration of world markets with a 1600 per cent increase in trade and a 2500 per cent increase in foreign direct investment (FDI) since 1950 (Lamy 2000), not all countries have benefited equally. Between 1970 and 2000, the gap between ‘rich’ and ‘poor’ expanded by 65 per cent; in the 1970s the average earnings in the ‘North’ were fourteen times that of the ‘South’ and by 2000 the gap had expanded to twenty-three times (Karns and Mingst 2004). Globalisation has not only spurred wage differentials between countries, but also within them (Karns and Mingst 2004, Jaakson 2004), which implies that the notion of class is more contemporary reality than historical artefact (Aronowitz 2003).

Within the realm of tourism, economic globalisation finds its ‘surface’ manifestation in worldwide acting suppliers; strategic alliances and mergers; the rise of MNEs and intensified competition; the extension of the value chain by means of horizontal integration and modern technology; and lower costs of air travel causing cultural convergence (Smeral 1998). Tourism itself contributes to the incorporation of national economies into the global economy and may even constitute the lead sector in this process (Williams and Shaw 2002). As Hall (1998: 146) noted in the context of the South Pacific Island states, tourism “helped draw the Pacific into the global capitalist system”, which illustrates the industry’s fit with neo-liberal development orthodoxy. In fact, following the invitation of the UNWTO a declaration was signed by donors, governments and industry leaders, which explicitly called for higher priority of tourism liberalisation in the Doha Development Round, in order to capitalise on its potential as an export sector and economic driver for small island and poor states (WTO 2005a).

On a local level, even small-scale tourist ventures under the banner of ‘ecotourism’ or ‘community based tourism’ may draw previously self-sufficient communities into the global economic system (Russel and Stabile 2003), not least due to their commercial dependency on (often multinational) tour operators and marketing channels (Britton 1983, Fisher 2003). While some individuals and communities may in fact be “willing participants” (Harrison 2003: 13) in furthering economic globalisation through an
incorporation in the global economy via tourism (as part of a ‘modernisation’ process in general), others strongly aim to resist it due to an incompatibility with existing social structures and belief systems. For instance, de Burlo’s (2003: 79) study of rural Vanuatu drew attention to “tensions over tourism in the past [which] illustrate how tourism breaches island-wide networks of social exchange relations”. Tourism’s compatibility with a development ideology based on the need to incorporate into the global economic system to accelerate economic growth must hence be emphasised. In line with Tribe (2006: 374) ideology is here taken as “the common sense set of beliefs (often implicit) permeating society which guides thought and action. However, the term is also used to describe specific, coherent subsets of beliefs (generally “-isms”, or faith systems)”. The ‘ism’ refered to in this thesis is neo-liberalism.

2.4.3 Economic Globalisation and the Growth of SOs

The SO – economic globalisation nexus is rather complex. Not only are many SOs major drivers of economic globalisation through their promotion of neo-liberal policies and institutions, but they are also products of this very process. SOs that hold their original mandate in economics (such as the World Bank, IMF, EU, APEC, NAFTA) have been created precisely due to the process of economic globalisation (Karns and Mingst 2004). In line with neo-classical economic theory, a strategy of creating trading blocs and enabling the free movement of capital, the ultimate beneficiaries of which are enterprises operating globally, has been endorsed by most governments worldwide. SOs were created to ‘manage’ such regional, if not global arrangements (Abbott and Snidal 1998, Bhalla and Bhalla 1997).

The current trend lies in SOs accelerating the process of economic globalisation, including for instance their promotion of the liberalisation of the tourism sector, which was institutionalised with the General Agreement of Trade in Services (GATS). In fact, the concept of liberalising tourism has its origins in the supranational realm. With its publication in 1985, entitled Inventory of Obstacles to International Tourism in the OECD Area, the OECD may “claim the credit for initially focusing attention on the issue of barriers to the liberalisation of international trade in tourism” (Davidson and Maitland 1997: 121). However, the controversial views on trade liberalisation spurring economic globalisation are also mirrored in the debates surrounding the GATS.
2.4.4 The General Agreement on Trade in Services (GATS)

GATS is a multilateral, legally enforceable agreement on the liberalisation of trade and investment in services, and is regarded as the main instrument to facilitate free market access (Kalisch 2001). It aims at eliminating tariff and non-tariff barriers to trade in services, and has various implications for the tourism industry in WTO member countries. National governments subscribing GATS are bound to reciprocally grant ‘national treatment’ and ‘most favoured nation’ status (Williams 2001, WTO 1995). In practice, this means that multinational tourism companies are granted market access in member countries, and that these foreign businesses must be treated non-discriminatory, which is in the same way as domestic businesses (Williams 2001). However, the GATS is both complex and highly controversial (Kalisch 2001); therefore, the main arguments on both sides are outlined below.

According to the UNWTO (1995), through GATS the trading environment becomes more predictable, which triggers increased investment. Against all prejudices, this may particularly benefit less developed countries. The advantages of liberalisation in the tourism industry do not only apply to consumers in the form of reduced prices, but also to countries of the South by allowing their stake in the lucrative ‘Western’ market. In turn, by liberalising their markets, developing countries are able to increase the economic benefits of the sector. So far, however, developing countries have been disadvantaged due to limited access to global distribution channels, and low competitiveness arising from the lack of reputable hotel chains, quality, efficiency and services capacity (WTO 1995). By liberalising the tourism sector and allowing MNEs to enter developing countries, a resource transfer of capital, tax revenue, technology and skills is said to occur, employment to be created, and the increased competition is said to stimulate local suppliers to become more efficient and quality-oriented (Hill 2002, WTO 1995). Notably, GATS does recognise the differences in the level of development and thus, developing countries are entitled to attach conditions to their commitments regarding minimum training of local employees, minimum employment, and carrying capacity considerations (WTO 1995).

The World Bank (2002 quoted in EC 2002) predicted as much as US$ 6 trillion [EUR 4.5 trillion] in additional income in the developing world by 2015 due to the liberalisation of services. Tourism represents a growing 70 per cent of service exports.
of developing countries and is one of the few areas of comparative advantage common to most of these countries (Cooper et al. 1993). Tourism is one of the fastest earners of foreign exchange and can be an effective means of employment generation (Cooper et al. 1993). Tourism’s potential to deliver directly to the local level and contribute to regional development is illustrated by the EU’s Structural Funds used for tourism, and the resulting closer alignment of wages and levels of development within the regions (Cooper et al. 1993, Diamantis and Fayed 2000).

On the other hand, particularly NGOs such as Tourism Concern or Oxfam are concerned about the impact of GATS on countries of the economic South in general, and local communities in particular (Kamp 1999). While there is not only considerable doubt about tourism as a specialised development strategy due to its various negative impacts and opportunity costs (Cooper et al. 1993, Hall and Page 1999, Mathieson and Wall 1982, Theobald 1994, Williams 2001), the critics of GATS particularly emphasise the issues of economic leakage and threat to local SMEs due to a facilitation of unhindered foreign direct investment (FDI). Through GATS foreign companies are allowed to merge and take over local companies, which poses a real threat to indigenously owned and operated tourism businesses (Kalisch 2001, Williams 2001). Most SMEs, which are the major local players in developing countries, cannot compete with the large and highly capital endowed foreign-owned competitors (Kalisch 2001). Moreover, the considerable amount of capital outflow from developing countries, the ‘economic leakage’, is further exacerbated through GATS, as governments are no longer allowed to mitigate or limit the impact of the repatriated earnings of FDI (Williams 2001). Kalisch (2001) emphasised that GATS could restrict the right of governments to regulate in the interest of their country’s development by imposing obligations for governments against ‘trade restrictive’ practices. While in principle GATS is based on reciprocity, ‘Northern’ countries are reluctant to open up their markets to the service exports of ‘Southern’ countries. Moreover, the predominance of SMEs in developing countries, which lack the financial resources necessary for establishing international subsidiaries, prevents a level playing field with equal benefits (Kalisch 2001).
2.4.5 Structural Adjustment Programmes (SAPs)

Apart from promoting neo-liberal institutions such as the GATS, SOs involved in money lending activities in developing countries have been driving economic globalisation most ardently. Following the debt crisis of the 1970s and 1980s, the World Bank and IMF introduced their highly controversial SAPs that pressurised governments of developing countries to pursue policies in line with the free market ideology in return for financial aid and debt relief (Farazmand 1999, Stiglitz 2002). Aid and loans were subject to ‘conditionalities’ in terms of trade liberalisation, facilitation of FDI, support for the private sector and minimum state intervention. Moreover, an export-oriented strategy was heavily promoted, intended to integrate developing countries into the global economy and to boost development that was perceived as paralleling economic growth (Brohman 1996).

SAPs have created a deepened dependence of developing countries on MNEs and Western governments (Farazmand 1999). Indeed, Klak and Conway (1998: 267) noted a “catalogue of pain and suffering imposed by neo-liberal regimes, restructuring, and IMF and World Bank ‘conditionalities’”. While SAP measures may have spurred economic growth in some countries, they have been accompanied by increased poverty and burdens for the ‘working class’, as for instance through severe cuts in minimum wages (Chand 2000). Mowforth and Munt (1998) devoted some attention to SAPs in a tourism context, asserting that SOs’ involvement in developing countries has reinforced existing unequal power structures and widened the gap between the rich and poor.

In 1999, however, the IMF and World Bank officially acknowledged that their SAPs may have failed, and that from now on ‘poverty reduction’ would guide the organisations’ activities. Subsequently, the IMF symbolically renamed its ‘Enhanced Structural Adjustment Facility’ (ESAF) into ‘Poverty Reduction and Growth Facility’ (PRGF) and the World Bank set up a ‘Poverty Reduction Support Credit’ (PRSC) (IMF 2000). The IMF and World Bank have introduced ‘Poverty Reduction Strategy Papers’ (PRSPs), intended to foster national policy ownership. Developing countries’ governments, in consultation with NGOs and the private sector, are supposed to participate in the drafting of their own documents. However, the PRSPs still have to be accepted by the IMF and World Bank to be eligible for concessional aid and debt relief.
(IMF 2000, Oyen 2001). While the new focus was generally welcomed by NGOs (Oxfam 2004) and it is now less obvious to speak of an ‘imposition’ of neo-liberal policies, the SOs’ overall neo-liberal philosophy has remained unchanged (Oyen 2001). In the tourism literature, the ‘imposition’ of policies by the North on the South has been dealt with most explicitly in writings influenced by dependency theory. While SOs generally do not feature in this existing strand of literature, it is nonetheless examined in the following section due to its relevance to the North-South debate and to the policy area of this thesis: development policy.

2.4.6 Developing Countries, Tourism and Dependency

With its origins in the Latin American context, dependency theory offers a distinct perspective on development in that the ‘underdevelopment’ of certain countries and regions in the world is perceived to be caused by external economic and political influence (see, for example, Caporaso 1978, Chilcote 1974). Dos Santos (1970: 231) defined dependency as “a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected”. Dependency therefore relates to the impossibility of autonomous development on the side of the dependent nation due to structural distortions. The analysis hence focuses on the structuring of the domestic economy to meet foreign needs.

Dependency theory has had a significant impact on tourism research. Britton’s (1983) work on tourism and underdevelopment in Fiji, and studies of tourism in the ‘Third World’ (Britton 1982, Lea 1988, Mowforth and Munt 1998) illustrate how tourism flourishes in a world characterised by severe structural distortions, and how the tourism industry further aggravates the existing inequalities between ‘North and South’ (Jaakson 2004). It has been argued that within the global economic system nations of the South had to surrender most of their autonomy and were restricted to playing a passive role in the development of tourism. The resulting “policies pursued for the development of tourism are those most suitable to maximise the profits and enjoyment of First World investors and tourists rather than those most beneficial to Third World communities and governments” (Mowforth and Munt 1998: 317). Britton (1983), for example, argued that small Pacific Island states are characterised by exogenous decision-making and limited control due to their dependency on MNEs and tour
operators of the North which control the majority of tourism products. Similarly, Hall (1998: 146) noted that due to their limited resource base, including indigenous capital, the island nations of the South Pacific are reliant on foreign powers to provide capital for economic development and the transport links that enable the export of goods and services. In addition, most have relatively little control over their natural resources, and even less power to influence the economic and political direction of the region.

Overall, power, control and economic benefits are perceived to lie within the North; powerlessness, dependency and underdevelopment in the South. However, dependency theorists do not only draw attention to unequal patterns of power and control at a global level, but also within and between countries of the South. The internal core-periphery model provides a framework for analysing core-periphery relations within the periphery. Weaver (1998) and subsequently Jordan (2003, 2004) applied the model to tourism in Caribbean small island states. Weaver (1998) found that subordinate islands (for example Tobago or Barbuda) were subject to ‘double exploitation’ from external countries of the North on the one hand, and internal dominant islands (for example Trinidad and Antigua) on the other. In a similar vein, Lea (1988) observed that within countries of the South the elite gained most from the less-than-equal proportion of income and profits that were retained by the peripheral country. Small local firms and the majority of the population who were not aligned to the political and economic elite might gain little to nothing from the development of tourism in their territory (Jaakson 2004). The unequal distribution of benefits within the ‘periphery’ draws attention to the fact that political institutions and groups of the population within the periphery should not be victimised to such an extent as traditional dependency theorists would argue (Sofield 2003). The perceived interests of the ‘centre’ within the ‘periphery’ may in fact correspond to those of the external ‘centre’ (Galtung 1971).

This relates to another yet closely related conceptualisation of dependency: imperialism (see, for example, Cohen 1973, Galtung 1971). Drawing on Leninist thought with its focus on colonialisit policy within a capitalist system, theories of imperialism divide the world into the (dominant) core and (dependent) periphery. According to Wallerstein (1974), capitalist countries (the core) penetrate pre-capitalist economies (the periphery) and extract their economic surplus, leading to the latter’s underdevelopment. However, Wallerstein’s (1974) specific conceptualisation of
imperialism forms part of his work on world systems theory; he did not theorize about imperialism *per se*. Unlike dependency theory’s focus on whole systemic distortions, imperialism is more concerned with distorted, exploitative relations between countries. For example, imperialists stress that the core countries’ need for resources within the expanding world economic system was satisfied by the periphery, which gained little or nothing from such colonial relationships (Chilcote 1974). While such relations of domination and subordination may have been most explicit before the break-up of the colonial empires, ‘neo-colonialism’, and even neo-neo-colonialism (Galtung 1971), identifies the same unjust relations between core and periphery nations in more modern times.

Tourism has been interpreted from a neo- or post-colonial perspective (see, for example, Duval 2004a, Hall and Tucker 2004), which perceives “the colonial army with guns [to have] been replaced by the postcolonial army with cameras and guidebooks” (Duval 2004a: 60). Similarly, the tourism industry has been depicted as the new plantation economy reflecting the exploitative colonial system (Britton 1983, Enloe 1990, Klak and Conway 1998). In the Caribbean, for example, resort enclaves in the coastal locations have generated a “plantation tourism landscape ... characterized by the juxtaposition of an elite resort-based coast with an impoverished labor-supplying interior” (Weaver 1988 quoted in Brohman 1996: 57). Nash (1989: 39) applied the notion of imperialism, noting that the power which metropolitan centres exercised over touristic developments in peripheral regions “makes a metropolitan centre imperialistic and tourism a form of imperialism”. While studies that employed a strict dependency framework have been criticised for being reductionist (Lea 1988), dealing principally with mass tourism (Mowforth and Munt 1998), or over-emphasising the ability of core-nations to exercise control in an era of globalisation (Hall 1998), ‘modern’ relations creating dependence, such as dependence on foreign aid, are nonetheless a defining feature of the contemporary political economy (Hall 1997).

A sub-group of dependency studies focuses on nations’ dependence on tourism as the dominant sector in the national economy (English *et al.* 2000, Milne 1992, Mørmesen 1998). Francisco (1983) made the link with classic dependency theory most explicit. He aimed to tests the hypothesis that economic reliance on tourism (in his case the Caribbean’s reliance on US tourism) leads to political dependence (of the Caribbean...
on the US). He therefore compared Caribbean voting behaviour within the UN with that of other, less US tourism dependent, countries and found no indication for more compliance of the Caribbean with US goals. Thus, the dependency hypothesis was rejected. The shortcomings of Francisco’s (1983) methodology need, however, to be emphasised. Dependency theory stipulates that structural distortions of the entire economy lead to decreased national autonomy. Applying this concept to only one economic sector, structural distortions within the tourism sector would then lead to decreased autonomy within tourism. A corresponding methodology could have been a comparison of the degrees of tourism dependence with decreased autonomy in tourism policy and planning, and not with regard to more salient macro issues addressed within the UN.

While the value of a dependency framework on its own is debatable, studies focusing on the political dimension of tourism may nonetheless derive value from complementing their theoretical framework with the dimension of dependence or dependency. Mowforth and Munt’s (1998) study of ‘Third World’ tourism development is a good example of a thorough critique heavily influenced by, yet not completely relying on theories of dependence by equally focusing on the issues of globalisation and power (among others). Mowforth and Munt’s (1998: 291) observation that “the IMF, World Bank and other supranational lending agencies along with the TNCs took over the mechanism of power from the former colonial powers” signifies the relevance of neo-colonialist thought to an analysis of contemporary supranational governance of tourism.

The discussions so far have pointed towards the centrality of power relations. In fact, for Hall (2003) power arrangements are among the most crucial elements shaping tourism policy in general (figure 2.2). Power arrangements impact on, and are implicit to, the variables that shape tourism policy. Such variables range from values to institutional arrangements and apply to individuals such as members of interest groups and significant decision-makers. Within the context of North-South development cooperation, it needs to be considered how powerful SOs are in relation to nation states, both in terms of governments in the South, as well as the SO’s member states, and which actors have the power to shape and influence policy.
2.5 Governance

2.5.1 The Death of the Nation-State?

According to some theorists, the rise of global problems coupled with globalising tendencies is eroding national borders, and is perhaps even rendering the concept of the nation-state obsolete (Guéhenno 1996, Kratochwil and Ruggie 1986, Ohmae 1995). For Ohmae (1995: 59-60), the nation-state “is an inadequate mechanism for
dealing with the threats and opportunities of a global economy”. However, this proposition is far from undisputed. “In political science, the most debated of all propositions about globalisation is the notion that it is eroding the sovereignty and autonomy of the state” (Woods 2000b: 10). Sovereign statehood depends on territoriality and supreme authority (Farazmand 1999). In theory, sovereign states enjoy internal autonomy and cannot be subjected to external authority (Karns and Mingst 2004); they have the unilateral ability to exercise ‘hard’, that is binding, law and macro-policy (Farazmand 1999).

The emergence of increasingly powerful SOs has been interpreted as undermining nation states’ sovereignty (Biersteker 2000, Farazmand 1999, Hazelzet 1998, Karns and Mingst 2004), particularly in developing countries. As Biersteker (2000: 155) noted, SOs such as the IMF, World Bank and WTO, as well as regional organisations have increased “the frequency, the depth and the scope of their interventions”. Moreover, many states have surrendered some of their national policy-making ability to regional or international organisations (Farazmand 1999), as for instance within the EU. While most supranational policies are non-binding for member states, some do take precedence over national policy as in the case of the EU (Diez ad Whitman 2002). Some governments have even revised their constitutions in the interest of regional collaboration, as for example, Italy, Portugal, and Spain (Farazmand 1999). However, while national governments may perceive their national interest lying in a transfer of power to the supranational level, such a move may face substantial resistance from parts of the population as demonstrated by the recent referenda on the proposed Constitution of the EU (BBC 2006a).

On the other hand, there are those contesting SOs’ alleged effects on nation states’ sovereignty. National governments guard many traditional realms of governance, such as defence and immigration (Kahler and Lake 2003). SOs have never been endowed with the powers of a government or a ‘super-state’ (Bennett 1980). As most SOs are based on cooperation between sovereign nation-states, ultimate power remains with these individual states. Thus, joining a SO “furthers the national interests of each member, and protects and enhances rather than diminishes national sovereignty” (Bennett 1980: 405, see also Hall 2005). The state, possessing ultimate power and authority, remains the primary unit (Bennett 1980).
Irrespective of the debate about sovereignty, globalisation opens up a suprateritorial dimension, which challenges the traditional international relations (IR) assertion that only nation-states matter (Beeson 2004, Breitmeier 1997, Hoefnagels 1981, Karns and Mingst 2004, Nielson and Tierney 2003). The emergence of global markets and spheres of production challenge the supremacy of the nation-state as the defining territorial concept, implicit to the Westphalian system of states. In this view, globalisation is perceived to transfer the location of governance. “The state’s monopoly of familiar governance functions is ending” (Kahler and Lake 2003: 1), as governance mitigates down to sub-national levels, up to SOs, and laterally to MNEs and NGOs. Thus, globalisation is perceived as the driving force behind new governance structures, and therefore represents the basis underlying governance theory (Mathews 1997). This post-Westphalian ontology has become increasingly influential, although particularly realists, who emphasise the primacy of nation-states, would object to it (Karnst and Mingst 2004).

Traditional perspectives on IR have typically relied on a clear delineation between “domestic” and “foreign” affairs (Schueerman 2002). While such a delineation probably made sense at an earlier juncture in history, it no longer accords with core developmental trends in many areas of social activity under globalisation (Bennett 1980, Emadi-Coffin 2002, Karns and Mingst 2004, Rosenau 1997a, Schueerman 2002). Increased interdependence among states, and between states and SOs due to a blurred line between domestic and international issues, such as the environment, poverty and development, has certainly changed the character and role of the modern state, if not its sovereignty (Bennet 1980, Farazmand 1999, Hall 2005, Karns and Mingst 2004). Several authors stressed, for example, the need for ‘environmental governance’ above the nation states to manage transboundary resources and ecosystems (Badenoch 2002, Bernauer 1997, Hoballah 2004, Kanie and Haas 2004, Sjöberg 1997, Svedin 1997, Valiante et al. 1997). All these policy issues have been called ‘intemestic’, as they are both, domestic and international in scope (Hall 2005). The concept of governance, rather than government, aims to capture such novel configurations of authority in which SOs play an important role.
2.5.2 The Concept of Governance

Governance is a relatively new concept and despite its growing popularity and amount of academic output in political sciences, no commonly accepted definition of the term governance has been found. According to Rhodes (1996: 652) “[t]he term governance is popular but imprecise”. The Commission on Global Governance (1995: 2) defined governance as

the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest.

In a similar vein, Keohane and Nye (2000: 202) perceived governance as “the processes and institutions, both formal and informal, that guide and restrain the collective activities of a group.” Governance therefore indicates a conceptual shift from government to the broader notion of governance characterised by the presumption that contemporary public policy and action be no longer grounded exclusively on decision-making processes controlled by central governments of sovereign states. As Scholte (2000 in Morales-Moreno 2004: no page number ) put it “[t]he emergence of a postsovereign governance architecture is on the making, and it seems to overlap with traditional state-centered regulatory mechanisms”. The concept of governance elaborates what Cox and Jacobson (1974a: 57) predicted thirty years ago: “Thinking ahead, perhaps even beyond the next fifteen to twenty years, one possible structure of future world politics may be envisaged as no longer resting exclusively upon the nation-state”. Morales-Moreno (2004) proposed that governance of key issues would be increasingly pursued by actors of various kinds situated at various levels. He imagined a network of flows of information, power and resources from the local to the global level and vice versa, but not necessarily involving formal governmental actors.

Governance has been conceptualised in a variety of ways, which may be grouped into ‘governance without government’ (Rosenau 1997a, b, Rosenau and Czempiel 1992), the ‘Anglo-governance model’ (Borzel 1998, Lee 2003, Marinetto 2003, Rhodes 1997, Stoker 1998), and ‘multi-level governance’ (Held et al. 1999, Hooghe 1996, Karlsson...
2001, Marks et al. 1996, Peters and Pierre 2002, Roberge 2003, Woodward 2001, Yee 2004). The former two concentrate on the horizontal dimension, which is the growing importance of NGOs and the private sector alongside central government (O’Brien 2002). Multi-level governance on the other hand focuses on the vertical dimension in terms of increased power of international and sub-national actors (figure 2.3).

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FIGURE 2.3
Governance: Actors on Various Scales
(Source: adapted from Keohane and Nye 2000; Hall 2004b, 2005)

The concept of multi-level governance has most frequently been used in relation to the EU, the most ‘supranational’ organisation existing today (Held et al. 1999), providing a framework for examining the relations, spheres of responsibility and authority of actors operating at different levels (Hooghe 1996, Marks et al. 1996, Peters and Pierre 2002, Yee 2004). It contends that the policy process in the EU is defined by authority and policy-making influence shared across multiple levels of government: supranational, national and subnational (Marks et al. 1996). Despite having its origin in EU studies, the multilevel governance concept has also been applied to specific policy areas and to the global level. Held et al. (1999) examined multilevel governance in the United Nations system; Woodward (2001) applied the concept to the City of London’s financial markets; and Karlsson (2001) determined the notion of ‘multilayered environmental governance’.

2.5.3 ‘Governance’ in the Tourism Literature

Governance was introduced to the tourism realm out of some researchers’ dissatisfaction with traditional state-centric policy frameworks (Church et al. 2000, Dowling and Fennell 2003a, b, Hall 2004a, b, 2005, Kerr 2003). Several researchers suggested that an analysis of the tourism policy process could not bypass the
supranational level, which added an additional layer of governance (Church et al. 2000, Hall 2004a, b, 2005, 2006, Kerr 2003, Martin 2003). Governance was used as the basis for interpreting the tourism-environment nexus (Southgate and Sharpley 2002) and ecotourism policy-making (Dowling and Fennell 2003a, b), perceived as a non-linear, complex process involving a variety of stakeholders including SOs. Hall (2004, 2005) conceptualised the organisation of tourism and its policy-making environment as a system of multilayered governance, in which SOs adopted a prominent position (figure 2.4). In this view, tourism policy and its environment are shaped by various actors situated at all levels, in which national governments can in fact be ‘bypassed’. Supranational actors may interact directly with the local level, creating a vacuum at the national level.

FIGURE 2.4
Multi-Level Governance of Tourism
(Source: Hall 2004b: 7)
Without doubt it is timely to utilise multi-level governance as an organising framework for capturing the 'place' of SOs in a policy environment in which national governments are but one important actor, and where decisions at one level have implications at another. Such an approach is taken in this thesis, in that all actors that form part of the case study are placed within a multi-level conceptual 'map' in the methodology (see chapter four; figures 4.2 and 4.3). However, two major points of critique against the concept of governance must be addressed. These relate to an insufficiently elaborated and rather ‘rose-coloured’ liberal conceptualisation of power on the one hand, and an implicit neo-liberal paradigm on the other.

In 1989, the World Bank published a report blaming the ‘crisis of governance’ for Sub-Saharan Africa’s development problems (Kooiman 1999). Other international organisations followed suit to use governance normatively in the context of ‘good governance’, referring to public sector reforms in line with ‘the new public management’ encompassing elements such as a reduction of public spending and promotion of the private sector: in short, the neo-liberal ‘minimal state’ model (van Kersbergen and van Waarden 2004, Rhodes 2000, Stoker 1998, Woods 1999). Whilst generally used with regard to development objectives imposed on developing countries by donors and international organisations, ‘good governance’ was also applied to industrialised countries in a comparative study of ‘good governance’ practices of OECD member countries (van Kersbergen and van Waarden 2004). Taylor (2004) examined the IMF’s promotion of ‘good governance’ from a Gramscian perspective. From such a perspective, it “is a reflection of the success of neo-liberalism as a hegemonic project that particular ideas of ‘good governance’ now appear to be common sense, if not unquestionable” (Taylor 2004: 135). This thesis aims to avoid a promotion of the normative concept of ‘good governance’. Instead, in this thesis, governance is used strictly as an organising framework. This thesis’ theoretical centrepiece on the other hand is the concept of power, which in the governance literature has been captured in an inherently acritical manner. The following section critiques the liberal conceptualisation of power implicit to governance. The conceptualisation of power that is used in this thesis is elaborated in depth in the following chapter (see chapter three).
2.5.4 Governance and Power

An empowerment of SOs implicit to governance involves that decision-making is removed even further from the ‘people on the ground’ who are nonetheless affected by supranational governance (Woods 1999). Hence, the ‘people on the ground’ may be subject to SOs’ measures without having the chance of input or even mere knowledge of the supranational decision-making processes impacting on their lives. The concept of governance confuses authority, which is nothing but ‘legitimate power’ (Weber 1986), with power per se, that is all forms of power taken together. Authority requires willingness to obey – it is a relational concept where the holder of authority cannot possess such if the ‘obedients’ themselves do not legitimise it (Arendt 1986). In other words, authority has to be grounded in legitimate relations, which can be established, for example, through democratic elections where people willingly surrender a degree of their own authority to a superordinate body whom they perceive as legitimately representing their interest.

However, the existence of a democratic deficit in the supranational realm renders the term’s usage within the governance literature as highly contestable (Woods 1999). Arendt (1986) noted that authority belonged to the terms which have been most frequently abused. Governance’s assumption of power-sharing stands in stark contrast to claims of a “highly centralized and unaccountable way in which decisions are actually taken in the international arena” (Callinicos 2002: 263). The EU’s Parliament remains the only institution of a SO whose members are directly elected by the people of its member states (Fontaine 2003).

Governance ‘theorists’ base their claim for authority vested in SOs not on democratic principles but on the assumption of shared values. SOs are perceived to legitimately represent the interest of the ‘community’ – be it regional or even global. There is now the necessity of curbing terrorism, blocking the international flow of disease, crime, and drugs, controlling the proliferation of weapons of mass destruction, reducing barriers to trade, alleviating poverty, ensuring environmental protection, keeping the peace after interstate conflicts, promoting human rights, and other issues of global concern (Karns and Mingst 2004: 21).
However, as consideration of the North-South debate demonstrated, the concept of ‘common interests’ may be regarded as rather naïve. For example, ‘reducing the barriers of trade’ may not be in the interest of a wide variety of people on the ground in both developed and developing countries, as the discussion on the GATS illustrated. Overall, the ‘rose-coloured’ liberal assumptions of power-sharing and common values render the concept of governance unsuitable as a theoretical concept for studies aiming to critically engage with contemporary affairs, particularly in a North-South context. The concept may, however, be considered a useful organising framework.

2.6 Summary

It has been shown that SOs are characterised by much diversity in terms of their scope, mandate and measures. Overall, SOs have evolved into increasingly powerful entities that get involved in the domestic affairs of nation states, and impact on the lives of ‘people on the ground’. Particularly the latter may occur latently, as for instance through international trade agreements, and beyond the sphere of influence of the people affected. Within the area of tourism, these ‘invisible’ measures tend to have a more significant impact on the daily lives of people than the more tangible projects. Within the critical literature, as well as in instances of political activism, SOs have primarily been criticised for their latent measures in a North-South context. These measures (e.g. the GATS or SAPs) have been perceived as driving economic globalisation and disadvantaging the ‘powerless’, rather than being developmental.

Hence, the questions ‘in whose interest’ and ‘cui bono’ are particularly salient in an investigation of SOs’ involvement in tourism in developing countries. Such an analysis has to be based on a well-grounded conceptualisation of power. Governance’s liberal assumptions of ‘power sharing’ and flows of power from the global to the local and vice versa (Morales Moreno 2004) obscure potentially unequal power relations between North and South and within countries. The concept of governance is therefore merely used as an organising framework. Theories of power, on the other hand, represent the theoretical ‘heart’ of this research. The following chapter examines the concept of power and concludes with the theoretical framework that has been developed and applied in this thesis.
Chapter 3: Power and Supranational Governance of Tourism

3.1 Introduction

Chapter two made explicit that the governance perspective leaves many important questions unanswered. The concept’s ‘woolliness’ and liberal assumptions regarding shared power, empowerment and common interests bracket the critical concepts of domination, hegemony, conflict and resistance. Governance theory paints a rose-coloured picture of a world where actors at all levels share power and interact cooperatively to solve common problems in an era of globalisation. However, as this thesis attends to supranational governance of tourism in a North-South context, the theoretical framework must enable critique and the identification of structural inequality, as well as negative exercises of power. This chapter lays out the theoretical foundation for a critical enquiry into supranational governance of tourism by synthesising various strands of ‘power theory’ into a single conceptual framework. The framework combines both structural and agency-induced power relationships, as well as processes of exercising power negatively (power over), and positively (empowerment). The following section introduces the concept of power before examining its use in the tourism literature. Thereafter, the major building blocs of the theoretical framework are introduced. These range from the ‘first face of power’ (decision-making) to the ‘second face’ (non-decision-making), ‘third face’ (ideological hegemony) and ‘positive face’ (empowerment).

3.2 Introducing the Concept of Power

3.2.1 A Contested Concept

The concept of power is ubiquitous in IR theory. Not only realists whose worldview rests on the concept of power-struggles between nations (see, for example, Waltz 1979), but also interdependency theorists such as Keohane and Nye (2000, Keohane 2002) placed the concept of power in the centre of their theorising. Some proffer that “there is no more elemental concept than that of power” (Giddens 1984: 283) and that
power is “the single most important organizing concept in social and political theory” (Ball 1992: 14). Apart from such agreement about the significance of the concept, power itself is an “essentially contested” concept (Lukes 1974: 9).

When reading *Power*, edited by Steven Lukes (1986a), one opens a Pandora’s box of different definitions and concepts of the term power. There are the objectivist structuralists who perceived power as a system resource, a phenomenon of both coercion and consensus (Parsons 1986) or, very differently, the capacity of a class to realise its objective interests (Poulantzas 1986). Others adopted a behavioural approach focusing on agency in conceptualising power as the production of intended effects (Russell 1986) or as the capacity to produce intended effects despite resistance (Galbraith 1986, Weber 1986). Galbraith’s (1986) and Weber’s (1986) conceptualisations certainly went beyond that of Russell (1986) in that they recognised that an actor might possess power – or the capacity to produce intended effects - even if he chooses *not* to deploy his power. However, as Lukes (1986b) noted Weber (1986) missed the point that while actor A may possess more power than actor B, and indeed have power over actor B, on particular occasions actor B may still successfully resist actor A. Thus, the approach to ‘count successes’ in the production of intended outcomes is seriously flawed.

Moreover, what constitutes an ‘intended’ outcome? In situations where the actors’ intents are not openly expressed, one is left to interpretation as to which actor intended the outcome. Such an interpretation is necessarily based upon interests: an intended outcome has to be perceived as being in the interest of the powerful actor, which is in line with Lukes’ (1986b) proposition that the outcomes of power are such as to further the interests of the powerful. However, one has to acknowledge the possibility that the interests, and therefore the intents, are only subjectively perceived, and therefore the outcome may not be in the ‘objective’ interest of the actor that one determines as more powerful (Lukes 1974).

Furthermore, Lukes (1986b) drew attention to the ‘service dimension’ of power, an aspect of importance to an analysis of SOs. The service conception of power relates to the exercise of power merely to *serve the interests of others*. The powerful person may either subvert his/her own interests to those of others, or identify his/hers with theirs, which may even include ‘society’ as a whole. Normative governance theory draws
heavily on this concept, yet only implicitly. SOs are portrayed as capable and willing to exercise power in the ‘common interest’. However, whenever the service conception comes into play, it is important to retain a critical distance. On the one hand, the service conception tends to be favoured by the powerful to legitimise their power (Lukes 1986b). This implies that if supranational governance ‘on paper’ emphasises the service conception, it is more important than ever to evaluate the extent to which a policy, project or course of action furthers the ‘common interest’ or rather sectional interest, such as those of a particular group of actors or even ‘class’.

On the other hand, even if the service conception is not consciously used to publicly legitimise policy and practice, but if the SO ‘honestly believes’ it acts in the common interest, one nonetheless has to consider that the interests are interpreted by the powerful (the SO) on behalf of those they claim to serve (the members, aid recipient countries, and/or people on the ground). In his important book Globalisation and its Discontents, former World Bank chief economist and Nobel Prize winner Stiglitz (2002) not only provided a rare insight into (failed) policy and practice of the IMF, but also mentioned exactly this point. According to Stiglitz (2002), IMF staff honestly believed that their detrimental structural adjustment programmes (SAPs) were in the interest of the indebted countries. Suffering and increased poverty were regarded as a short-term downside necessary for securing the long-term common interest.

It becomes clear that power within supranational governance may not be conceptualised in a simplistic, acritical manner. The issue of interests, and the possibility for their interpretation and manipulation, has to be taken into account. But before examining the diverse strands of ‘power literature’ as they relate to supranational governance of tourism, the next section explores to what extent the concept of power has found a place in the tourism literature.

3.2.2 Power in the Tourism Literature

It may be argued that the political dimension of tourism is still a much neglected research issue (Cheong and Miller 2000, Jenkins 1993) despite the fact that political scientists have attempted to apply their domain to the study of tourism since the 1970s (Richter and Matthews 1991). Where it was subject of research, the politics of tourism were approached from various different angles, including public policy and

According to Doorne (1998), it is not the political dimension of tourism per se which presents significant research opportunities, but specifically the concept of power (see also Hall 1994, Hall and Jenkins 1995). “Far from being simply an over-looked dimension of tourism’s many facets, the very nature of the industry and its politics suggests that power can perhaps be considered as the ‘unclaimed baggage’ of tourism research” (Doorne 1998: 131). Most researchers have yet to acknowledge the centrality of the concept of power in tourism policy and planning (Hall and Jenkins 1995), and the opportunity that tourism may lead the researcher to the heart of social and political power structures (Morgan and Pritchard 1999). Nonetheless, the number of researchers who pay attention to the concept of power in tourism policy and planning is growing. This section provides an overview of the writings that focus on power in the tourism realm.

The majority of ‘tourism and power’ studies are local-level case studies where writers, dissatisfied with pluralist concepts of local - mainly community based - tourism planning, which assume that every member of the group has access to decision-making power (see, for example, Murphy 1985), aimed to unveil elitist power structures. In a detailed case study of Monterey, California, Norkunas (1993) exposed how heritage tourism was used by local elites as a means of re-structuring history and the ‘public memory’ to legitimise structures of domination and subordination between ethnic groups.

The ruling class carefully controls the form and content of historical recreations and tourist landscapes, legitimizing itself by projecting its own contemporary sociocultural values upon the past. This struggle, the tension between groups with power and groups with varying but lesser degrees of
power, is replayed in the many spheres in which the public enactment of identity is staged (Norkunas 1993: 97).

Norkunas' (1993) study is a valuable contribution to the tourism literature in that it demonstrates how tourism may provide the subtle means of fostering consent to unjust power structures. The careful structuring of her story matches the subtlety of such hegemonic strategies. Morgan and Pritchard's (1998) work had a similar message, yet less carefully constructed approach in the context of image creation in tourism promotion; Hall (1998) emphasised the government's role in touristic image creation to further political goals; and outside the tourism context Sadler's (1993) work constituted a prime example of ideology critique where he unveiled place marketing as a hegemonic free-market strategy of Britain's central government in the 1980s. The construction of discursive knowledge through tourism reinforcing existing power structures was also demonstrated in a study of the Maya towns of Chichen and Piste, Mexico (Castaneda 1999). However, Castaneda (1999) added a second dimension to his conceptualisation of power, in that he examined the local tourist apparatus in terms of power relations and strategies. He focused on the overt power-politics of tourism, specifically the struggles of handicraft vendors against the imposition of social control by state agencies.

Various authors described such overt conflicts in decision-making, demonstrating differences in power among actors involved in the tourism policy and planning process at the local level. For example, Morgan and Pritchard (1999) demonstrated through a historically grounded study of the development of Devon's seaside resorts how power-plays among groups of the community and with the local government were prominent features of Devon's tourism development throughout the 20th century. Most importantly, Morgan and Pitchard's (1999) study illustrated that tourism might be the medium through which societal power relations - they focused on Britain's class-society - were played out and (re)produced on a local scale.

Reed's (1997) analysis of local power-politics played out among 'stakeholders' involved in a community-based tourism planning programme in Squamish, Canada, led her to the conclusion that power relations are simply endemic features of community tourism planning in emergent tourist destinations. She therefore directly challenged writers who aimed to identify mechanisms to disperse power among
stakeholders, in line with ‘participatory planning’ principles (for example Bramwell and Sharman 1999, Jamal and Getz 1995 quoted in Reed 1997, Timothy 1999). While literature in the ‘participatory planning’ tradition did not neglect the issue of some stakeholders being more powerful than others, ‘power sharing’ was perceived as possible if access to decision-making channels was coupled with capacity building exercises which increased the ability of the less powerful to influence policy and planning (see, for example, Bramwell and Sharman 1999).

Whether such optimism may be retained under a wider conceptualisation of power than the one taken in the literature, which neglects structural issues inhibiting true power dispersal, as well as the various ways in which power may be exercised even in situations of apparent ‘consensus’, is questionable. Fallon’s (2001) examination of power relationships between tourism developers and operators and the local Sasak community of Lombok, Indonesia, may also be interpreted as such a ‘power dispersal’ approach. She described a ‘co-operative power relationship’ between the management of Holiday Inn and the local community (mainly through the generation of employment), due to which the community supported the hotel during a phase of rioting. However, as demonstrated in this chapter, such ‘support’ or consensus need not be evidence of power sharing as Fallon (2001) suggested, but may rather be a sign of one of the most coercive ‘faces’ of power being exercised over the community (Lukes 1974).

Doorne (1998) adopted a wider conceptualisation of power, which enabled him to recognise power relationships implicit to ‘consensus’ in his examination of the Wellington Waterfront Development project in New Zealand. While the study was grounded at the local level, Doorne (1998) found local manifestations of power within global structures; a big step forward in the study of tourism’s political dimension. Like Doorne (1998), Jenkins (1993) recognised the embeddedness of the local in a macro political environment concerning decision-making power at the local level. Jenkins (1993: 289) emphasised the pressing need to conduct research on decision-making processes in tourism policy and planning to unveil power bases and make meaningful recommendations on how “local residents could have a real say in tourism development”. His article on tourism policy and planning in rural New South Wales, however, posed more questions than it answered, in that major problems and issues were identified without attempting to analyse the reasons for failures or making any
recommendations. Nonetheless, it provided further evidence of the inappropriateness of pluralist decision-making models, as tourism is “particularly well-suited to assuaging elites” (Richter 1989: 53). Jenkins (1993) clearly identified the prevalence of a social elite and private sector interests in the tourism policy and planning process, and the lack of control of local residents not least due to institutional barriers: the Environmental and Planning Assessment Act reduced the public’s right to know and the right to object against local development projects.

On the other end of the spectrum lie writings adopting a global view. Dependency theory influenced structuralist studies are closely linked to power relations between North and South (see chapter two). It is therefore surprising that the notion of ‘power’ itself hardly ever surfaces. Mowforth and Munt (1998) and Jordan (2003), for example, explicitly used the concept of power; however, most writings in the dependency theory or core-periphery tradition draw on the notions of ‘domination’ and (lack of) ‘control’ to depict the powerlessness of developing countries in the face of global/multinational tourism dynamics and politics (Britton 1982, 1983, Enloe 1990, Lea 1988, Weaver 1998).

Others approached the topic from a theoretical perspective by examining the relevance of prominent ‘power-theories’ to the realm of tourism. These included the Foucauldian eye-of-power (Hollinshead 1999), and Luke’s (1974) three faces of power (Hall 2006; see also Hall (1994) for both theory and cases, and Butterfield (1992) for a theoretical work on the faces of power in leisure policy). Despite these contributions, the political dimension of power still constitutes a widely neglected issue in the tourism literature. Moreover, despite the merits of adopting a wide conceptualisation of power (Hall 1994, 2006, Hall and Jenkins 1995), the majority of existing studies focuses on just one ‘face’ of power. Equally important, with the exception of Mowforth and Munt (1998), supranational organisations do not feature within these studies, which corresponds to their apolitical treatment in the tourism literature reviewed in chapter two.
3.3 Decisional Power: The Focus on Human Agency

3.3.1 The One-Dimensional View of Power

The ‘first face’ of power sees actor A having power over actor B to the extent that he/she can get actor B to do something he/she would otherwise not do (Dahl 1961, 1986a, b). This popular approach to the concept of power focuses on control over behaviour and thus the exercise of power. Dahl (1961, 1986a, b) conceptualises power as an actor’s ability to control another actor’s behaviour; the focus is therefore diverted away from the contestable issue of ‘intended outcomes’ (see Russel 1986, Weber 1986). The method to analyse the exercise of the first face of power is to study decision-making and to determine which actor has the greatest proportion of ‘successes’ or ‘defeats’ (Lukes 1974). More specifically, the analysis is concerned with the questions of which participants had initiated alternatives that a) were adopted; b) were turned down; or c) turned down initiatives initiated by others.

Thus, power and decision-making are seen as a zero-sum game, where one party wins and the other loses respectively. But what if actor A successfully persuades B to change his/her behaviour, simply by offering good advice and convincing arguments? And what if decisions are taken collectively as in the case of supranational governance where power struggles may not be readily observable (Lukes 1986b)? Moreover, Caporaso and Haggard (1989) criticised the one-dimensional, decisional approach to the study of power for narrowing the scope of the issue to be contested. There is often a prior ‘editing’ of what is to become an issue in the first place, through the process of agenda setting. Dahl’s (1961, 1986a, b) conceptualisation of power was therefore dismissed as “virtually useless for the purpose of constructing theory” (Caporaso and Haggard 1989: 103). Despite such substantial criticism, the one-dimensional view should not be dismissed altogether. While seriously flawed when used on its own, the one-dimensional concept nevertheless constitutes a very important building block of power analysis.
3.3.2 One-Dimensional Power and Supranational Governance

Within the supranational realm, the one-dimensional view constitutes the first step into a more inclusive analysis of the exercise of power. The formal allocation of voting rules, and the open expression of conflict within conferences and negotiations may not be left out of the analysis. In fact, existing texts on decision-making in supranational organisations all implicitly draw on the one-dimensional view of power (Cox and Jacobson 1974a, b, 2001, Cox 2004, Hazelzet 1998, Reinalda and Verbeek 2004a, b). Decision-making of supranational organisations refers to the entire policy process in which member governments, the international secretariat, and various other actors participate. For most supranational organisations, the conference is the zenith of their decision-making (Reinalda and Verbeek 2004b). Authors concerned with the decision-making processes within the forums of supranational organisations, for example voting procedures, aimed to determine the relative influence of individual member governments. Cox and Jacobson (1974b) determined that ‘rich Western’ countries with competitive policies were the predominant influence in the organisations studied; a finding still supported by some authors today (Hazelzet 1998, Strange 1998). However, the issue of interests is lacking in all these studies, despite its relevance to supranational governance. For example, without a sufficient convergence of interests (whether subjective or objective) among the SO’s members supranational policies or projects will not be established in the first place (Sofield 2003, Wallace and Wallace 1996). Even more significant within the context of this research undertaking is the lack of studies dealing with power and decision-making in supranational organisations involved in tourism. The exception is Sofield’s (2003) chapter on supranational regional organisations in the South Pacific, which provided a rare insider’s view on conflict between SOs involved in the governance of tourism, gained during his position as Deputy Secretary General of the South Pacific Forum Secretariat from 1985-1987.

3.3.3 The Two-Dimensional View of Power

Bachrach and Baratz (1970) sought to go beyond the one-dimensional conceptualisation of power implicit to Dahl’s (1961, 1986a, b) approach by incorporating the issue of nondecision-making. Still incapable of dealing with collective decisions or persuasion, the two-dimensional view nevertheless broadens the
conceptualisation of power to such an extent that the exercise of power may be recognised in situations where the one-dimensional view fails to see it. Power is not only reflected in concrete decisions and formal power (the one-dimensional view), but also in the mobilisation of bias, that is values, believes and procedures that benefit certain persons and groups at the expense of others (Bachrach and Baratz 1970). The concept of the mobilisation of bias was originally developed by Schattschneider (1960), who corresponded such bias with institutional power. Institutional rules and processes of decision-making restrict the scope of participation, allowing some actors to constrain other actors’ possibilities for action and understanding.

In this context, ‘nondecision-making’ has to be considered as both an outcome of, and a means to, mobilising bias. In a nondecision, demands for change are suffocated or kept covert before they gain access to the relevant decision-making arena, or they are destroyed in the decision-implementing stage of the policy-process. Such nondecision-making occurs due to a conflict of values and interests (Lukes 1974, 2005). The two-dimensional view thus goes well beyond the one-dimensional view in that it not only considers ‘who governs’ as did Dahl (1961), but also ‘who benefits’ (Polsby 1980). “We ask neither ‘Who runs things here?’ nor ‘Does anyone run things here’ but rather ‘Is the distribution of benefits highly unequal, and if so, why?’” (Bachrach and Baratz 1970: 106). The two-dimensional view thus addresses the major weakness of the one-dimensional view, as noted for example by Caporaso and Haggard (1989) and significantly improves the possibility of constructing theory.

3.3.4 The Two-Dimensional Framework Applied

When applied to the governance context, the two-dimensional view highlights that governance is about making choices between alternatives. As Schattschneider (1961: 68; emphasis in original) noted, “the definition of the alternatives is the supreme instrument of power; the antagonists can rarely agree on what the issues are because power is involved in the definition. He who determines what politics is about runs the country”. Thus, alternatives that were not adopted may be equally, if not even more, important to explaining the exercise of power as are those that were adopted (Hall 2006). Governance is a political process, and politics is after all about deciding “who gets what, when, how” (Lasswell 1936). Consequently, being able to decide who does not get thorough a mobilisation of bias constitutes an equally important exercise of
power. According to Bachrach and Baratz (1970: 8) "to the extent that a person or group – consciously or unconsciously – creates or reinforces barriers to the public airing of policy conflicts, that person or group has power." Bachrach and Baratz (1970) developed this concept to study (non-) decision-making in the context of local governance in Baltimore. Very importantly, their entire approach builds on the existence of a power struggle, as does the one-dimensional view. Methodologically, the 'losing party' within such a struggle – a struggle about policy change and thus, change of the status quo – can be easily identified in the one-dimensional view, in that the 'losing party's' proposal was turned down. The empirical identification of nondecisions is more complex. Questioning nondecision-makers will yield little result, as they may not be aware of their actions and results, or may try to conceal them (Bachrach and Baratz 1970).

Instead, the researcher has to explore a concrete set of actual decisions about salient issues, and determine the people involved in the process, both openly and behind the scenes. According to Bachrach and Baratz (1970) the in-depth study of the decision-making process will yield clues about the mobilisation of bias, reflected in the 'rules of the game' operative in the decision-making institutions. After having determined which people or groups of people are apparently disfavoured by the operative 'rules of the game', the researcher needs to enquire whether these have grievances, either overt or covert. Overt grievances are

those that have already been expressed and have generated an issue within the political system, whereas covert ones are still outside the system. The latter, that is, are covert in the sense that they have not been expressed and have not been recognised as 'worthy' of public attention and controversy (Bachrach and Baratz 1970: 49; original emphasis).

Finally, the researcher needs to determine why and how these grievances have been denied attention. However, it must be acknowledged that agenda-setting and the selection of alternative strategies - prime vehicles for nondecision-making – retain a degree of randomness (Kingdon 1995). Even if the researcher carefully follows Bachrach and Baratz' (1970) instructions and identifies a situation of nondecision-making, it might well be that there was no power 'hiding' behind the action, but rather the element of chance. Sometimes, items seem to travel on and off the agenda randomly without any power and politics involved (Kingdon 1995).
The framework of non-decision-making has been applied to topics ranging from air-pollution (Crenson 1971), the Japanese automobile industry (Otake 1982) and Automatic Vehicle Identification technology (Martin and Scott 1992) to tourism (Hall 2006). In a classic study of nondecision-making, Crenson (1971) compared the development of air pollution policy in the two towns of Gary and East Chicago, among others. While Gary was dominated by a single employer and tax-payer, US Steel, East Chicago’s (political) economy was more diversified. While US Steel refrained from overt interventions in the air-pollution policy-making process in Gary, the city’s legislation and action concerning the issue were nonetheless much more limited than in the other cities. The explanation under the two-dimensional framework of power relates to Gary’s politicians being accustomed to serving the interests of US steel, so that they would not allow any potentially business-harming issues to enter the policy agenda.

In the context of the Japanese automobile industry, non-decision-making was equally attributed to corporate interests (Otake 1982), while in a study of the low-implementation rate of Automatic Vehicle Identification technology the major non-decisional variable related to the value of ‘freedom of the road’ (Martin and Scott 1992). Hall (2006) illustrated the relevance of nondecision-making to the tourism realm. For example, the issue of public-private partnerships in tourism governance may be interpreted from a nondecisional perspective, in that such partnerships - one might even refer to unelected polities - do not include all members of a community, consequently preventing the public airing of certain conflictual issues (Hall 2006). In this application of the concept, the outright exclusion of individuals or groups from the decision-making process certainly contributes to nondecision-making, in that persons within the decision-making arena are confined to a biased choice between non-inclusive alternatives.

3.3.5 Two-Dimensional Power and Supranational Governance

When applying the concept of nondecision-making to the supranational realm, one needs to examine the (non-) decision-making process not only with regard to determining the people involved openly or behind the scenes, but also whether certain groups of the population were not represented at all. The result is then a two-
dimensional perspective of the two-dimensional view of power. On the one hand, one needs to determine nondecision-making within the institutional arena among those who would theoretically have been able to voice their opinion and initiate changes to the status quo, but who were prevented from doing so via the mobilisation of bias. This would include representatives of a member government, or an individual member of the Board, who felt grievances about the content of supranational policies, projects or the overall direction of supranational governance. However, they refrained from airing these reservations due to the mobilisation of bias – the ‘rules of the game’, agenda-setting, or prevailing values and ideas.

An example are former World Bank chief economist Stiglitz’ grievances about the failure of the Bank to attack ‘landlordism’ in developing countries, which relates to the un-proportionally high rents charged by property owners, typically 50 per cent of a tenant’s crops. According to Stiglitz (quoted in Palast 2001: 1), to challenge land ownership “would be a change in the power of the elites. That’s not high on their [the World Bank’s] agenda”. Instead, the World Bank had its Assistance Strategy for every poorer nation, which according to the Bank itself was designed after careful investigation of every country. Yet according to Stiglitz (quoted in Palast 2001), the Bank’s ‘investigation’ consisted of careful inspection of a country’s 5-star hotels. It concluded with the Bank employee meeting a finance minister who was handed a four-step neo-liberal restructuring agreement pre-drafted for a ‘voluntary’ signature. Each nation was individually ‘inspected’, then the Bank handed every minister the same exact programme – a prime example of agenda-setting and nondecision-making in practice.

On the other hand, one needs to examine whether nondecision-making takes place due to people being excluded from decision-making in the first place. As supranational organisations do not constitute democratically elected institutions, the exclusion of certain groups of the population is common praxis (Woods 1999). For example, while members of the business community, often MNEs, are embraced in the institutional framework within hybrid organisations, other groups of people ‘on the ground’ may be systematically excluded from decision-making processes despite the fact that supranational governance decisions affect them. Anastasiadou (2004), for example, noted an over-representation of private sector interests in EU decision-making in the realm of tourism. Of similar concern is SOs’ common praxis of subcontracting to
consultancy firms, which may lead to consultants pushing their own values in an unaccountable manner (Deacon 1999, Sofield 2003). The strong influence of private bodies on public concerns resulting in nondecision-making has also been reported with regard to the UN, despite the widely held perception of the UN being the most ‘good-willed’ among SOs (Deacon 1999).

Even more salient on a macro-scale, the institutional framework may exclude or marginalise whole countries or regions from supranational decision-making. As Harrigan (1974: 23) noted with regard to tourism in the Caribbean, small island states are characterised by much ‘exogenous decision-making’ in that “many of the decisions which govern our lives are made outside of our own area and even those that we make are contingent upon decisions already taken by others” (see also Britton 1982, 1983, Hall 1998). Thus, supranational governance may disregard that “participation is a political imperative: it affirms the fundamental human right of persons to contribute to decisions which affect them” (Reason 1998: 149). Lasswell and Kaplan (1950) even equated participation in the decision-making process with power per se. Certainly, it may be argued that Reason’s (1998) statement is value-laden, as all normative assumptions are. The important point, however, is the increasing use of notions such as ‘participation’ and ‘empowerment’ in supranational rhetoric; a rhetoric which may in fact serve to ‘hide’ unequal power relationships and promote vested interests of the ‘powerful’ (Clegg and Hardy 1996 quoted in Hall 2006).

Implicitly, the two-dimensional concept of power is evident in Cox and Jacobson’s (1974b) explanation of decision-making in the UNDP. The most powerful nations, in particular the United States, determined the level of funding available to the UNDP. In this way, they had been able to determine the general direction of activities of UNDP towards development. Thus, a nondecision was made in that alternatives to this focus were subtly ruled out (the second dimension). However, the determination of concrete policies had been subject to a complex process of bargaining between international and national bureaucrats, frequently subject to open conflict under the first dimension of power. In this view, power has a formal (de jure) dimension, as for example in voting rules in SOs, as well as a de facto dimension, where certain parties may possess more ‘real’ decision-making power than others, despite seemingly fair and equitable decision-making rules.
Cox and Jacobson (1974b) concluded that SOs could only provide the services that their most powerful members accepted and therefore, the degree of autonomous decision-making power of SOs was limited. This reflects a realist orientation according to which SOs are the instruments of the most powerful member states, and they do only possess power in certain issue areas if consciously granted by the ‘great powers’. Thus, in situations where the SO’s Secretariat is perceived as a single entity within a bargaining situation with its member states, restricted decision-making power renders the SO subject to nondecision-making. Member states have the ability to constrain SO decision-making power not only through formalised institutional constraints (as set down in the organisation’s constitution and official mandate) - predetermining inter- and intra-organisational power structures in the one-dimensional view - but also by exercising financial control (Diehl 2001c, Mendez 2001). As Diehl (2001c) noted, an important factor in an organisation’s ability to implement its decisions were the resources available to it, the most basic of which were financial. And non-implementation, in turn, is closely related to non-decision-making (Mokken and Stokman 1976, Hall 2006). Many supranational organisations, including the UN (Mendez 2001), face financial problems as they primarily rely on members’ assessments and voluntary contributions, each of which is subject to manipulation, free-riding and enforcement problems.

However, the focus on financial control by member states is somewhat one-dimensional. Nowadays various supranational organisations are almost financially independent from their member governments (for instance, by granting membership to private sector organisations and charging fees), or are funded by other supranational organisations. Thus, power and control relationships have become more complex than anticipated by Cox and Jacobson in 1974, a point also made by Hazelzet (1998) who demanded that an analysis of decision-making in supranational organisations had to take into account different power relationships and a wide variety of new and important actors such as NGOs and MNEs. Such an analysis recognises that interactions and power relationships of a variety of actors, not restricted to states, are key determining factors in decision-making processes. Unfortunately, there is a gap in the literature relating to the study of international patterns of elite interaction, particularly between business, government officials and supranational organisations (Gill and Law 1989), a gap which this thesis partly aims to fill.
In the realm of tourism research, Hall (2006) showed how such ‘new’ power relationships between supranational organisations and nongovernmental actors, characterised by financial dependency on the side of the SO, could result in the mobilisation of bias and nondecision-making. While the UNWTO is officially funded by members’ contributions, it increasingly generates funds through consultancy work and project management. This results in nondecision-making with two respects. On the one hand, the UNWTO ‘needs more tourism’ to maintain sufficient demand for its profit-generating services, which makes policy advice in the form of ‘no’ or ‘minimal’ tourism very unlikely. Second, barrier-free tourism with self- rather than government-regulation is perceived to stimulate tourism growth, resulting in UNWTO policy advice geared towards trade liberalisation and neo-liberal policies. Similarly, Sofield (2003) illustrated how the UNWTO effectively promoted nondecision-making in its consultancy work. The national tourism development plan for Sri Lanka, prepared by the UNWTO, was “about managing community involvement in a way that will seek community support for planning already put in place from outside” and effectively promoted top-down decision-making (Sofield 2003: 107).

3.3.6 The Two-Dimensional View’s Shortcomings

Despite its contribution to a deeper conceptualisation of power, the two-dimensional view of power has been subject to substantial criticism. First of all, the tying of power to conflict (Hart 1976) neglects the issue that power may also be exercised in non-conflict situations, where there is apparent consensus (Giddens 1984, Lukes 1974, 2005). In this view, power is still conceived of in a ‘possessive’ and ‘negative’ sense (Oliga 1996) in that it is exercised to further the interests of the powerful as opposed to the powerless. How this might happen in non-conflict situations is elaborated in Luke’s (1974) ‘radical view’ of power, which draws on Gramsci’s conceptualisation of ideological hegemony (see below).

On the other hand, various authors adopted a positive conceptualisation power, in that it is not perceived as a zero-sum game; a view which rejects the concept of ‘power over’ altogether. The concept of communicative power (Arendt 1986) and functionalist views of power, usually associated with Talcott Parsons (1986), conceptualise power as a positive transformative capacity for regulating social relations (Oliga 1996). While at a first glance, positive and negative conceptions of power may seem inherently
antithetical, this thesis draws upon both of them. The positive ‘face’ of power is conceived as empowerment and is elaborated in the final section of this chapter.

Apart from its focus on conflict, the two-dimensional view of power has been subject to even more substantial criticism due to its voluntarist agency paradigm and neglect of structure (Giddens 1984, Lukes 1974, Oliga 1996, Poulantzas 1986). Even dependency is not only perceived as agent-induced, but also as changeable at any time. Agents are portrayed as capable of choosing between alternatives, even in the case of nondecisions. If agents were willing to bypass the ‘rules of the game’, their voices and thus, alternative proposals would gain access into the decision-making arena. For example, a delegate might choose to bring up an issue during a conference despite its exclusion from the agenda. Structuralist theorists of power would protest against such claims.

The fundamental defect of this conception ... is that it succumbs to a voluntarist conception of the decision-making process, through disregarding the effectiveness of the structures, and it is not able exactly to locate beneath the appearances the effective centres of decision inside which the distribution of power works (Poulantzas 1986: 144).

With regard to an analysis of SOs, there is a pressing need of finding a satisfactory ‘solution’ (if this is ever possible) to the agency-structure dichotomy. It is not merely a question of determining whether structures or agents dominate, but of recognising that SOs themselves constitute both agents and structures, as do the nation-states ‘below’ them. Following Giddens (1984: 14) in that “an agent ceases to be such if he or she loses the capability to ‘make a difference’, that is, to exercise some sort of power”, and Lukes (1974) in that agents are able to choose and thus, to do otherwise, the representatives of SOs do constitute actors. On the other hand, SOs also constitute structures in that organisational rules and values constrain not only these representatives, but supranational (non-) decisions may also constrain the agency of individuals and organisations on ‘lower levels’. The same holds true for nation states that are members of a SO. On the one hand, they ‘act’ and make a difference within the forum of the SO, and on the other hand, the state itself constitutes a structure in relation to ‘the people’, as well as to the SO which is not only created by states, but is also constrained by the states’ rules, values and resources.
3.4 Structuralist Theories of Power

3.4.1 Marxian Structuralism

In Marxian structuralism, it is not power that constitutes the crucial element defining capitalist societies, but class structure and class interest. Nevertheless, power structures are a crucial component of such societies within the frame of reference of a class struggle (Poulantzas 1986). Such a class struggle, or conflict, is inevitable as one class may only realise its class interests if the interests of the opposing class are subordinated. The resultant structures of domination and subordination of class practices are precisely characterised as relations of power (Giddens and Held 1982, Poulantzas 1986). For Marx, the division of capitalist societies into a dominant and subordinate class does not only constitute a power structure, but the only condition under which political power is existent. In a society without class conflict - the precondition of which is the emancipation of the working class through a revolution, substituting for the old civil society and abolishing every class – “there will be no more political power properly so-called, since political power is precisely the official expression of antagonism in civil society” (Marx 1963: 37). Thus, from a Marxian perspective a revolutionary struggle of the subordinate class is directed against the dominant class (of capitalists) which is in power and whose power is derived from its property and the subsequent exploitation of the subordinate class (property-less wage workers) (Marx and Engels 1970). If the revolution succeeds and all classes are abolished due to a change in the mode of activity – the abolition of capitalism – power ceases to exist.

Similar to the two-dimensional view of power, the Marxian concept is zero-sum and bound to conflict. However, power is not perceived as the possession of an individual or group which may be exercised to further (subjective) interests. Rather, power constitutes “the capacity of a social class to realize its specific objective interests” (Poulantzas 1986: 144). In other words, power can only be internalised by a class; the specific organisation of a class is the prerequisite for its power. However, class organisation is not the sufficient condition of its power, “since this power is obtained in the limits (qua effects) of the structures in the field of practices: in contrast to the ‘voluntarist’ conception, the effective realization of interests depends on theses limits” (Poulantzas 1986: 147). A strictly structuralist account therefore opposes the
voluntarist assumption of a free-willed, autonomous subject possessing and exercising power. Instead, individuals or groups can only ever ‘come into contact’ with power if organised into a class, and even then they are restricted to being the mere *traeger* (bearers) of power (Jessop 1982). In Marxism, structures - predominantly economic – determine class interests and possibilities for action. They set the limits for action; action which is not informed by behavioural motivation but by structural conditions (Marx 1963: 36). Class interests are ‘objective’ interests; behavioural motivations are ruled out. Dominant and subordinate classes cannot share the same interests, and the ability of one class to realise its objective interests depends on the (in-) ability of the other. Essentially, according to Marxian structuralism class position may be conceived as a *power source* enabling or disabling the realisation of interests.

3.4.2 Neo-Marxian Structuralism

While writers in the Marxian tradition share the concept of conflicting objective interests among different classes, its specific conceptualisation and application varies widely. Marx’s writings have been criticised for being overly naïve, in particular regard to the assumption of a ‘class-less’ society built by the Proletariat, as well as for being too simplistic and reductionists to be applicable today (Giddens and Held 1982). Despite the ‘proven inadequacy’ of pure Marxist theory (Best and Kellner 1991) Marxist thought is still relevant because of the continued force of capitalism.

Max Weber (1982) drew heavily on Marx’s writings, but at the same time belonged to his harshest critics. Weber’s (1982) conceptualisation of class is more complex than Marx’s, which renders it more relevant to the modern days characterised by rather hidden ‘class struggles’ (Mayo 2000). For Weber (1982), the market determines class. A class in the Weberian sense is a number of people whose ‘life chances’ depend on the same component. For Weber, class situation is ultimately market situation (for postmodern interpretations of ‘class’ see Mayo (2000)). Possession of marketable resources does, however, not imply power; the possession must be used in exchange relationships, ultimately creating power relationships, as for example between creditors and debtors (Weber 1982).

Structures thus determine which class will be dominant in an exchange relationship; a relationship marked by inequality and thus creating dependence. The ‘*systematic*
creation of patterns of incentives or constraints’, involving material and normative aspects which create dependence are structural power conditioning the relationship between A and B (Gill and Law 1988). With a few exceptions (Caporaso 1978, Caporaso and Haggard 1989) the link between power and dependence has not found much attention in the literature. The following section draws on the key assumptions of dependency theory that were outlined in chapter two, and introduces the concept of asymmetric interdependence. Thereafter, the relationship between dependence and power is examined.

3.4.3 Dependence and Power

Asymmetric Interdependence

More than six decades ago, Carr (1941) foresaw one of the major governance problems of our time: how to realise the will to self-determination in a climate of political and economic interdependence. Particularly the self-determination of small states is “incompatible with unbridled economic power and complete economic interdependence” (Carr 1941: 27). Each nation must weigh the gains from interdependence against the loss of autarky. For most nations today, complete autarky is an impossible strategy (Caporaso 1978). Lack of resources, both natural (requiring imports) and financial (requiring investment and military alliances), makes international involvement a necessity. In this context, dependence relates to asymmetric interdependence, and is therefore different from dependency - in terms of neo-colonialism and imperialism (Caporaso 1978). In other words, the relationship between actor A, and B is characterised by perfect interdependence if both actors rely equally on the goods and services provided by the other. On the other hand, actor B is dependent on A if B is more reliant on the goods and services provided by A than A is on those provided by B. In this sense, dependency is closely related to the possession of resources, whether tangible, such as natural resources, or intangible, such as information.

Dependence as asymmetric interdependence may thus be decreased by self-production of the required resources although, as noted above, a strategy of autarky might frequently not be possible. On the other hand, B may aim at providing unique, non-substitutable resources to increase A’s dependence (however, for the pitfalls of a
strategy of ‘specialisation’ see Hill 2002). A more viable strategy is to spread dependence, which limits the dominant position of actor A by entering exchange relationships with as many actors (such as nations) as possible (Caporaso 1978). While such a strategy does not reduce the degree of dependence per se, it nonetheless empowers the actor in that he/she is no longer subject to unconstraint exercises of power by one other actor in a dominant position. In practice, a nation might avoid aid dependence on one donor by attracting several donors from different geopolitical backgrounds. Similarly, tourism products, therefore, should not be tailored to suit just one tourist-generating market.

Dependence as a Source of Powerlessness

With domination and subordination understood as ‘power terms’ (Weber 1986), the concept of power appears to be closely related to theories of dependence. Imperialism, for example, has been conceptualised as a sub-species of power relationships (Galtung 1971). With a few exceptions (Caporaso 1978, Caporaso and Haggard 1989, Emerson 1962, Rhodes 1981), the power-dependency nexus has not found much attention in the literature. Emerson (1962) was the first to attend to the relationship. For him, power and dependency were not only related, but one automatically implied the other. For Emerson (1962) power equalled 1/dependency, that is to say that the power of A over B equalled the dependency of B on A. However, as power has many ‘faces’, such a conceptualisation is essentially reductionist and unable to capture the full scope of power at work. Rhodes (1981: 99) on the other hand perceived dependence as “the obverse of power”. While he acknowledged that power had many faces, his conceptualisation was, in effect, not too different from Emerson’s (1962). A major advancement, however, was Rhodes’ (1981) acknowledgement of power being relational. That is to say, even the most powerful actor is still, to some degree, dependent on the powerless actor. As dependence gives rise to power (for the actor another is dependent upon), the less powerful are never totally powerless.

In this thesis non-dependence, that is possessing autonomy and/or being dominant in a dependence relationship, is conceived as a power source. Non-dependence is a structural source of power, which may then be exercised either in a negative or positive way. Both dependence and dependency, on the other hand, are a structural source of relative powerlessness. While dependence as asymmetric interdependence is
primarily caused by a lack of tangible or intangible resources within exchange relationships and bargaining situations (Rhodes 1981), dependency must be conceived of within a broader framework of structural distortions under capitalism leading to relations of domination and subordination between the core and periphery.

Dependence, however, need not necessarily relate to international relations. Przeworski and Wallerstein (1988) argued that under capitalism, the structural dependence of the state on capital predetermined the direction of policies to be taken. Due to this dependence, the political preferences and economic interests of the private sector are over-proportionately considered in the making and implementation of public policy, even if business is not directly involved in the process (Bernhagen 2003, Przeworski and Wallerstein 1988). Within a capitalist society, there are ultimately structural constraints on all policies that might negatively affect business performance. Democratic decision-making and state-action is therefore ultimately constrained.

This issue is of particular salience with regard to SOs. Not only is the supranational arena marked by the afore mentioned democratic deficit (Woods 1999), but also are many SOs hybrid in nature. In a critique of a UNDP development project, Banerjee (2003: 171) drew attention to the fact that a significant proportion of the project's team members were from MNEs with a track record of negative social and environmental impacts, which "strengthens the notion that these international organisations do not and cannot serve community interests". In the area of tourism, the SPTO, for example, has both public and private sector members which has implications on the representation of interests as will be demonstrated in chapter seven. Interests, power, dependence and dependency: so far, a variety of concepts has been reviewed that were subject to very different worldviews. The major difference between them, especially Marxist structuralism versus the one-dimensional view of power, lay in the question of granting primacy to agency or structure.
3.5 Agency and Structure

3.5.1 The Agency versus Structure Debate

Subliminally, the previous paragraphs have followed a conceptual shift within the structure-agency debate towards the conceptualisation taken within this thesis. Starting off with a pure agency paradigm (the one-dimensional view), the two-dimensional view - while still within the voluntarist tradition - introduced the structural element of institutional bias. The ontological opposite to the one-dimensional view, Marxist structural determinism, then led back to agency within structures: While structural power in the traditional Marxian sense is inherently economically deterministic, Gill and Law's (1988) 'structural power' allows for a degree of agency (the creation of incentives and constraints) within structural limits (resource dependency).

Economic determinism is equally one-sided as pure voluntarism. It ignores that the economic dimension, whilst of undisputable importance, may not be the only dimension impacting on human behaviour and interests. Increasingly, theorists refuse to reduce social phenomena to one single dimension, and rather stress the connections between the economic, political and socio-cultural dimensions of society (Best and Kellner 1991). Giddens (1977) succinctly identified the major limitations of both structuralism and voluntarism. The limitation of structuralism is that it treats the reproduction of social relations and practices as a mechanical outcome, rather than as an active constituting process, accomplished by, and consisting in, the doings of active subjects. ... The characteristic error of the philosophy of action [voluntarism] is to treat the problem of 'production' only, thus not developing any concept of structural analysis at all (Giddens 1977: 121).

It has been suggested that the agency-structure problem might be insoluble (Bieler and Morton 2001), as the positioning within the agency-structure spectrum will ultimately depend on the author's values and perceptions; there is no right or wrong, only a philosophically induced and politically relevant standpoint to be made. "One's own goals, context, and theoretical and political orientations will obviously determine which perspectives are most relevant in given cases" (Best and Kellner 1991: 270). This very standpoint ultimately reflects on the selection of the concept of power (see
chapter four for an outline of the author’s own values and their impact on this research). As Lukes (1974) argued, power as a concept is ineradicably value-dependent and essentially contested. Essentially contested concepts are, after the philosopher W.B. Gallie, those which inevitably involve endless disputes on their proper uses (Hoy 1986). Lukes (1974: 26) stated their definition and use were “inextricably tied to a given set of (probably unacknowledged) value-assumptions which predetermine the range of [their] empirical application”. For Lukes (1974), the engagement in disputes about the concept of power forces the researcher to engage him/herself in politics and to take a political stand. The ‘stand’ adopted in this thesis most closely relates to a neo-Gramscian perspective on agency and structure.

3.5.2 A Neo-Gramscian Epistemology

[We] make structural forces as well as being shaped by them. So we ‘have power’ and, if sufficiently aware of the structuring constraints bearing in on us, can work to make changes by changing the rules, changing the flow of resources and, most significantly, changing the way we think about things (Healey 1997: 49).

This standpoint does not only reflect the author’s value-orientation, but also, and most importantly, a perspective on agency and structure perceived to match the context of supranational governance. As argued before, actors and institutions comprising supranational governance may not be reduced to constituting either agents or structures: SOs are both. The interplay between agency and structure is highly complex, and the theoretical framework must be able to accommodate such complexity, just as a neo-Gramscian epistemology does.

“Antonio Gramsci (1891-1937), little known outside communist circles at the time of his death, is now one of the most frequently cited and widely translated political theorists and cultural critics of the twentieth century” (Buttigieg 2002: vii-viii). Despite Gramsci’s tremendous influence on contemporary thought in the political and social sciences, tourism researchers have yet to acknowledge his significance. However, there are a few exceptions such as Mowforth and Munt (1998) who refered to the Gramscian concept of ideological hegemony in their critique of ‘sustainable’ tourism in the ‘Third World’; Butts (2005) applied ideological hegemony to a general lack of resistance against tourism, but his argumentation remained superficial and
failed to convince; and Ateljevic (2000) argued for Gramscian theory as a tool to go beyond the production/consumption dichotomy in tourism research.

A neo-Gramscian epistemology focuses on the unity of the subjective and the objective by aiming to understand how structures of the social world come into being, and by explaining how such structures confront people as part of objective social reality. Thus it avoids a positivist perspective of assigning causal laws to human interaction outside or prior to history (Bieler and Morton 2001: 17). As Cox put it (1985 quoted in Bieler and Morton 2001: 21), “[s]tructures are formed by collective human activity over time. Structures, in turn, mould the thoughts and actions of individuals. Historical change is to be thought of as the reciprocal relationship of structures and actors”. In this sense, structures are ultimately human constructs; that is, they are the product of past human agency. In the present, however, human agents confront these structures as part of their objective reality. Thus, while inter-subjectively constructed, structures ‘evolve’ into objective reality. The mediation of social relations by a combination of the ‘subjective’ and the ‘objective’ has been expressed by Gramsci (1971: 445-6): “Objective always means ‘humanly objective’ which can be held to correspond exactly to ‘historically subjective’: in other words, objective would mean ‘universal subjective’”. In this sense, human beings are embedded in historical structures. This, however, does not imply that agency is simply determined. Structures constrain or even enable agency, in that agents always have several possibilities of action at their disposal. Historical structures are perceived to consist of intersubjective ideas, which are ‘made’ not ‘given’ (Bieler and Morton 2001). In this sense, a neo-Gramscian perspective is similar to Giddens’ (1977, 1984) theory of structuration.

The theory of structuration attempts to show how “social structures are both constituted by human agency, and yet at the same time are the very medium of this constitution” (Giddens 1977: 121, original emphasis). Giddens therefore conceptualised agency and structure as a duality – the ‘duality of structure’ (Giddens 1977, 1984) – as opposed to a dualism (Bryant and Jary 1991). Structures are conceived of as systems of generative rules and resources that members draw upon in the production and reproduction of social action, and at the same time are they the means of system reproduction (Giddens 1984). Like the neo-Gramscians, Giddens (1984) perceived structure as always both constraining and enabling (for an application of Giddens’ theory of structuration to the realm of IR see Wendt (1987)).
However, Giddens' (1977, 1984) theory of structuration exhibits some significant weaknesses, which have been overcome in 'neo-Gramscianism'. First of all, Giddens' insistence on the simultaneous working of 'free' agency and constraining structure inhibits an examination of when either predominates (Archer 1990 in Bieler and Morton 2001). Neo-Gramscians circumvent this weakness by recognising that agency and structure work at different time intervals. Past agency produced present structure, and present (constrained and/or enabled) agency may change structure over time, which in turn will constitute objective (yet changeable) structure in the future. Archers' (1990 in Bieler and Morton 2001) criticism of structuration theory regarding its inability of accommodating the logical fact that structural features pre-date the actions that transform them, while at the same time structural elaboration logically post-dates those actions, is therefore not applicable to a neo-Gramscian perspective.

Moreover, structuration theory lacks differentiation between types of structural properties. It fails to comprehend that at any one time some structural properties are more durable and exhibit more resistance to change than others (Archer 1990 in Bieler and Morton 2001). Neo-Gramscians, on the other hand, do pay attention to differences among the durability of structures by differentiating between macro, meso and micro structures (Bieler and Morton 2001). Primacy is accorded to the social relations of production. However, the neo-Gramscian conception differs significantly from the Marxian structuralists' in that production is to be understood in its broadest sense. Instead of ascribing to economic reductionism and determinism, which ultimately reduces agents to 'dupes' with predetermined interests and roles and therefore deprives them of much responsibility, a neo-Gramscian perspective on production covers apart from the production of goods also the production and reproduction of knowledge, morals and institutions that support the current mode of production, such as capitalism. 'Deep' macro structures relate to the economic mode of production, such as feudalism or capitalism. While even macro structures have their origin in human interaction, implicit structural elements, such as the state and market within capitalism, appear as objective entities constraining and enabling human agency (Bieler and Morton 2001, Morton 2003).

At the meso level, one may differentiate between successive stages of world order, as identified by Robert Cox (1987 in Bieler and Morton 2001). These relate to distinct
eras under the system of capitalism: (1) the liberal international economy (1989-1873); (2) the era of rival imperialisms (1873-1945); and the neo-liberal world order (post World War II). The meso level is where the notion of hegemony comes into play (Morton 2003). Within a certain world order, hegemony may prevail “based on a coherent conjunction or fit between a configuration of material power, the prevalent collective image of world order (including certain norms) and a set of institutions which administer the order with a certain semblance of universality” (Cox 1981 in Morton 2003: 56). Hence, from a neo-Gramscian perspective, SOs function primarily to support the status quo, that is the pattern of hegemony supporting the current world order within the current system of production. Nowadays, this would be neo-liberalism within capitalism (Brand 2001).

Micro structures are those instantiated through day-to-day interaction (Bieler and Morton 2001), such as the allocation of voting rules in SOs. The deeper embedded the structures, the more difficult it is to change them. While micro structures may be changed constantly, meso structures may remain for decades and macro structures even for centuries. “Nonetheless, the fact that it is so difficult to change macro structures does not imply that change is impossible” (Bieler and Morton 2001: 26). To bring about change to structures requires recognition of their intersubjective constitution. One needs to realise that not even macro structures are objective ‘givens’; they are the products of human interaction and may thus be changed. Therefore, a neo-Gramscian perspective is inherently critical by attempting to “unmask the apparent objective status of structures” (Bieler and Morton 2001: 26), thereby promoting change.

According to Gramsci (1995 quoted in Bieler and Morton 2001: 29) “ideologies are anything but arbitrary; they are real historical facts which must be combated and their nature as instruments of domination exposed”. This relates to what the Frankfurt School had in mind with their notion of Ideologiekritik (‘ideology-critique’). A central tenet of critical theory, both in the original Frankfurt School’s or the neo-Gramscian version, is that Ideologiekritik enables individuals and groups to critique, and consequently resist oppressive power regimes (Geuss 1981). As Tribe (2001 quoted in Tribe 2006: 375) phrased it, “[t]he job of critical theory is initially to identify which particular ideological influences are at work. Ideology critique then asks whose interests are being served by a particular ideology”. In particular in this thesis, where a
critique is developed via an examination of the exercise of power and power structures, ideological hegemony plays a very important role. The concept of ideological hegemony and the related conceptualisation of power is the legacy of Antonio Gramsci.

3.6 Power and Ideological Hegemony

3.6.1 Gramsci’s Concept

Gramsci’s writings, most notably his *Prison Notebooks* (1971) which were written during his imprisonment by Mussolini, offer a unique conceptualisation of ideological hegemony, which need not be bypassed in an analysis of governance and especially not if one aims at a critical understanding based on the concept of power. Gramsci insisted that ultimately the most important question is always that of power (Crehan 2002). Gramsci’s most fundamental concept is that of hegemony, and he used it to explore power relationships. Gramsci agreed with Marx in that the economic system of production, such as capitalism, constituted the defining parameter of systems of domination and subordination. His focus, however, was placed on the question of how these unjust systems incorporating unequal power relations are maintained by the powerful. He therefore transcended economic determinism by allowing for agents to influence structure in terms of maintaining them. He was specifically concerned with the question of how can dominant elites that are numerically inferior to the mass of the subaltern people keep this mass in check, preventing upheaval or a Marx-esque revolution. Coercive power through force could be the sole answer given this numerical inferiority (Gramsci 1971).

Gramsci conceptualised power relations as occupying a continuum with direct coercion through brute force at one pole and hegemony through willing consent at the other (Crehan 2002). The process of winning consent is based in history: over time the elite influences the subalterns’ worldview in such a way that these become unwilling to building counter-hegemonic movements. Gramsci never denied that subalterns had their own distinct worldview, he only regarded these as fragmented, lacking a clear insight into the correlation between locally experienced manifestations of domination and the wider economic and political system. Such an insight, however, constitutes a prerequisite for genuinely counter-hegemonic action (Crehan 2002). In Gramsci’s
terms, values are defined and consensus is formed among the powerful (Cox 1996), which allows the maintenance of a hegemonic order, able to reach compliance without having to resort to force (Massicotte 1999). The questions to be asked include ‘who governs and who is governed?'; ‘whose values are imposed and manifested in discourse?'; and ultimately, ‘cui bono?’ (Cox and Jacobson 1974b, Massicotte 1999, Söderholm 1997, Strange 1998).

Gramsci took an inherently international outlook. His point of departure was, however, national. For example, he developed a distinct perspective on international relations and ideology:

international relations intertwine with the relations of nation-states, creating new, unique, and historically concrete combinations. A particular ideology, for instance, born in a highly developed country, is disseminated in less developed countries, impinging on the local (Gramsci quoted in Kubalkova and Cruickshank 1985: 202, emphasis added).

It is not difficult to see how Gramsci’s insights may be transferred to the supranational realm. However, there still remains the problem (as with all statist theories) that they have not been developed in a supranational context, and while an application may be inherently logical, true coherence in terms of Gramsci’s original intent cannot be guaranteed. A whole generation of ‘neo-Gramscians’ led by Cox (1996, 2004) has developed a body of knowledge on a critical interpretation of supranational governance based on Gramsci’s theory.

3.6.2 SOs and Ideological Hegemony

In a neo-Gramscian sense, the emergent supranational governance structure may be explained in terms of ideological hegemony. Hegemony is thus interpreted in Gramscian terms as a relationship of consent to political and ideological leadership, not subjugation by force (Karns and Mingst 2004) or merely economic and military power, as assumed by realists and neo-realists (see, for example, Breitmeier 1997, Hoefnagels 1981, Nielson and Tierney 2003). For Murphy (2000: 799) supranational governance “remains a predictable institutional response [to] the overall logic of industrial capitalism.” He characterises the supranational polity as based on a neo-liberal ideology. However, ‘based’ on a neo-liberal ideology does not necessarily
imply hegemony. One needs to go a step further and examine an allocation of dominant values (Ougaard 1999: 62-63). In this sense, the current system of supranational governance may be perceived as not only based on a neo-liberal ideology, existing power structures are also maintained through a further spreading of the ideology – with SOs being instrumental in this process (Falk 1995, Massicotte 1999, Ougaard, 1999).

However, a limitation of Gramscian theory needs to be pointed out. The broad neo-Gramscian perspective on structures being essentially human constructs and thus changeable is adopted in this thesis. Yet, there are also structures that exist which fall under the (positivist) ‘law of nature’ and which agents, therefore, cannot change. For example, the natural resource endowments of countries or regions have to be accepted as given, and are encountered by agents as structural constraints or opportunities which set the boundaries for active ‘choice’. As already noted, resource scarcity in most small island states restricts governance options – a strategy of absolute self-reliance and withdrawal from international trade is simply impossible (Connell 1993). Thus, the Gramscian propositions of hegemonic ideology must be evaluated within the boundaries set by ‘fixed’ structures. Whether, for instance, a strategy of ‘integration into the global economy’ is informed by hegemonic consent or whether agents truly have no other option is always context-specific. However, even in the context of small island states which have no alternative but to integrate, the actual degree and scope of their incorporation, that is which sectors are to be promoted and opened up to international trade and to what extent, is still subject to (government) choice. And these choices, in turn, may be subject to an exercise of power: coercively, in non-decisional terms, or by manufacturing consent based on premise that no alternative exists.

3.7 The Three-Dimensional View of Power

3.7.1 Lukes’ Radical View

exercise of power builds upon a thorough critique of the pluralist one-dimensional and elitist two-dimensional view of power. He does not reject these views; instead they are incorporated into his three-dimensional framework, which owes much debt to the work of Gramsci. Lukes (1974: 15) succinctly summarised the one-dimensional view as involving a “focus on behaviour in the making of decisions on issues over which there is an observable conflict of (subjective) interests, seen as embodied in express policy preferences, revealed by political participation”. The two-dimensional view constitutes a ‘qualified critique’ of the one-dimensional view and extends it by means of “consideration of the ways in which decisions are prevented from being taken on potential issues over which there is an observable conflict of (subjective) interests, seen as embodied in express policy preferences and sub-political grievances” (Lukes 1974: 20). His major criticism of the one- and two-dimensional views of power relates to their insistence on actual conflict being a necessity to power.

Drawing on Gramsci (1971), Lukes (1974) argued that even in times of (apparent) consensus, that is when conflict seemed to be absent, power might be exercised invisibly. Indeed, exercises of the third face of power often result in what appears to be consensus but such quietude can in fact be evidence of the most coercive face of power (Gaventa 1980). Thus, Lukes suggested that one could not fully analyse power or observable social reality without taking into account the dimensions of power that served to structure events prior to their enactment in empirical reality. Lukes (1974: 24-25) suggested that power relationships might be defined by latent conflict, that is “a contradiction between the interests of those exercising power and the real interests of those they exclude.” Real, or ‘objective’ interests comprise what actors “would want and prefer, were they able to make the choice” (Lukes 1974: 34). In this respect, “A may exercise power over B ... by influencing, shaping or determining his very wants” (Lukes 1974: 23) (figure 3.1).
The third face of power thus involves the ability to shape the frameworks through which people make sense of their world so that phenomena and ideas are taken for granted because there appears to be no alternative. Lukes (1974) suggested that actors’ choices might be constrained through exercises of ‘the third face of power’ which relates exactly to what Gramsci (1971) called hegemony: the superordinates constructing the subordinates’ subjective interests leading to a (false) consensus and thus, reinforcing existing power structures by preventing conflict. Digoser (1992: 980) succinctly summarised the three faces of power as follows:

Under the first face of power the central question is, ‘Who, if anyone, is exercising power?’ Under the second face, ‘What issues have been mobilized off the agenda, by whom?’ Under the radical conception, ‘Whose objective interests are being harmed?’

In other words, power can find its expression in the behaviour of actors (first face), institutional constraints (second face), social structure and discourse (third face). Institutional constraints and social structures can shape participatory mechanisms, as
well as intersubjective understandings of interests. The third face of power can be compared to a veil that invisibly steers agents in a direction in line with the ideology of the powerful, so that hegemonic power relationships are reproduced.

3.7.2 Lukes’ Framework Applied

In a case study of the United Mine Workers of America, Gaventa (1980) analysed the resistance of miners to a reform movement. The study illustrates how the perceptions of the miners about the conflict have been shaped through norms, rules and barriers, ultimately leading to their resistance of reforms despite an autocratic leadership style and corruption within the Union. While the reforms would have been in the workers’ interest, the three dimensions of power effectively prevented their realisation to the benefit of the powerful. Other applications of the three-dimensional framework of power included a study of local representation within urban regeneration schemes (Muir 2003) and Lamour’s (2002) examination of the exercise of power of supranational financial institutions in the Pacific.

Lamour (2002) extended Lukes’ (1974) framework to encompass a total of seven dimensions of power to examine the conditionalities that the World Bank, IMF and Asian Development Bank attached to their loans to Pacific Island governments (table 3.1). Under the first dimension of power, the SOs coerced Pacific governments to introduce land and forestry policies which were clearly against the will of the states. Under the second dimensions, the SOs were able to control the agenda to introduce ‘green’ issues and public sector reforms. Under the third dimension, Lamour (2002) examined the role of ideology. On the one hand, he showed that national dissent from the SOs’ economic orthodoxy in the 1990s gave way to a broad consensus. On the other hand, he aimed to show that a nationalist ideology was more influential than dissent from economic philosophy, in that there was strong national resistance to reforms that benefited ‘foreigners’.
TABLE 3.1

Types of Power in Conditionalities

<table>
<thead>
<tr>
<th>Type</th>
<th>Explanation</th>
<th>Examples</th>
</tr>
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<tbody>
<tr>
<td>1. First-dimensional</td>
<td>A gets B to do what they would rather not do</td>
<td>Land and forestry conditions</td>
</tr>
<tr>
<td>2. Second-dimensional</td>
<td>A sets the agenda for negotiations with B</td>
<td>Broading of economic agenda to include</td>
</tr>
<tr>
<td>3. Third-dimensional</td>
<td>A's ideology prevents B seeing their real interests</td>
<td>Green and public sector reform conditions</td>
</tr>
<tr>
<td>4. Infrastructural</td>
<td>Capacity to implement</td>
<td>Economic orthodoxy, Nationalism</td>
</tr>
<tr>
<td>5. Weapons of the weak</td>
<td>Prudent indirect challenges to the force behind the dominant ideology</td>
<td>First tranche payouts</td>
</tr>
<tr>
<td>6. Disciplinary</td>
<td>Power enhances capacities through people taking responsibility for themselves</td>
<td>Demonstrations, expulsions, 'letter rather</td>
</tr>
<tr>
<td>7. Power/knowledge</td>
<td>Power linked to knowledge and expertise</td>
<td>than the spirit'</td>
</tr>
</tbody>
</table>

(Source: Lamour 2002: 257)

However, it is not clear how this dimension of resistance due to a nationalist ideology should relate to the exercise of the third dimension of power. Rather than strengthening the SOs' dominant position, a nationalist ideology works against their reform proposals. While creating apparent consensus to supranational economic orthodoxy is a classical example of their exercise of 'third face power' the nationalist ideology should rather be interpreted as the exact opposite, that is national resistance to the exercise of SOs' power 'over' the nation states. Just as Gramsci drew attention to an 'ideology of protest' directed against the dominant ideology (Ledwith 1997), so must it be recognised that the exercise of the third face of power does not occur in a vacuum. Even if apparent consensus is achieved under a particular ideological orientation, counter-forces are always present (Mayo 2000). Lamour (2002) included further 'faces' of power, such as 'infrastructural power' that is 'the capacity to implement', and 'weapons of the weak', as well as the Foucauldian notions of disciplinary power and power/knowledge.

3.7.3 The ‘Three Faces of Power’ in Tourism Research

Within the context of tourism, Hall (1994, 2005, Hall and Jenkins 1995) suggested that researchers concerned with the political dimension of tourism should draw upon such a wide conceptualisation of power, encompassing an analysis of decisions, nondecisions, and political structure – that is, Lukes' (1974) three-dimensional view. Yet the majority of the (few) studies considering the concept of power within the tourism realm utilise a much narrower conception (see section 3.2.2). An exception is Doorne's (1998) study of Wellington's Waterfront Redevelopment scheme, which explicitly
applied Lukes' (1974) three-dimensional view of power, and added a fourth dimension (the subjectivity of the researcher). By placing the local redevelopment scheme in a macro context of economic restructuring in New Zealand and global capitalism giving rise to latent conflict (figure 3.2), Doorne (1998) achieved a depth in his analysis which is lacking in most studies drawing on a narrower conception of power (for example Cheong and Miller 2000, Hollinshead 1999).

FIGURE 3.2
Dimensions of power in the tourism research environment
(Source: adapted from Doorne 1998: 157)

However, despite Lukes' (1974) unquestionably significant contribution to the study of power, his framework is marked by certain weaknesses, which should cause researchers to be cautious when applying his framework alone.

3.7.4 The Paradox of Emancipation

Lukes' (1974) notion of 'real interests' owes some debt to Marx and subsequently the Frankfurt School and Gramsci, as it relates to the concept of 'false consciousness' (Ball 1992, Hyland 1995). “Someone suffering from false consciousness labours under
the illusion that his subjective or perceived interests – those instilled by and benefiting
a ruling class, caste, or group – are in fact his real or objective interests, and more
especially the economic interests of the class to which he belongs” (Ball 1992: 19).
However, it is not sufficient to recognise such similarities; it is even more important to
examine the divergence between Lukes’ (1974) conceptualisation of ‘real’ or
‘objective’ interests and the (neo-) Marxian ones, as this leads to the major problem
with Lukes’ third face of power, that is the ‘paradox of emancipation’ (Benton 1981).
Oliga (1996: 86) defined objective interests as those relating
to a particular subjectivity seen from the point of view of the particular position
it occupies in a given context (e.g. the interests of labour in capitalist relations
of production). Subjective interests refer to the subject’s acknowledged or
expressed preferences, or their own views on their particular conditions of
existence.

Despite Oliga’s (1996) concern with Lukes’ (1974) third face of power, he tapped into
the fallacy of equating Lukes’ (1974) conceptualisation of objective interests with a
Marxian structuralist one. Yet in Lukes’ (1974) framework, an agent’s objective
interests are not determined by his/her position within the economic system of
production. As outlined above, this view is inherent to Marxian structuralism (and
Oliga’s (1996) definition), but Lukes (1974) strongly opposed this economic
determinism.

Instead, Lukes (1974) adopted a more individualist and agency-focused view by
following Connolly’s (1972) account of interests. Connolly (1972) suggested that
interests could be identified by examining what choices individuals would make if they
had the opportunity of first experiencing the consequences of their choices. In a similar
vein, Lukes (1974) proposed that objective interests could be identified with a
counterfactual argument, in that B’s real interests relate to the choices B would make
under conditions of ‘relative autonomy’. However, Lukes (1974) backed away from
tying this concept to any established theory. As Clegg (1989: 92) maintained, the
“argument could have been considerably stronger had Lukes (1974) made reference to
an existing model which claimed to be able to reveal what real interests are, given that
a specific set of conditions are met.” Instead, he left it to the reader’s judgement,
rendering the ascription of objective interests highly speculative (Benton 1981, Clegg
More significantly still, critics claimed that Lukes' (1974) method of counterfactual reasoning for determining objective interests was seriously flawed. When following Lukes' (1974) line of reasoning, one would have to conclude that if individuals opted for something under conditions of 'relative autonomy', then it would be in their interest to do so. Yet, from this perspective, one would have to accept that if an individual opted for the continuation of life-threatening behaviour (Wall (1975) gave the example heroin addiction) under conditions of relative autonomy, then this would be in the individual's interest (Clegg 1989). However, a life-threatening act certainly cannot be in one's objective interest. This problem setting has been termed the 'paradox of emancipation', which

is the problem of how to reconcile a conception of socialist practice as a form of collective self-emancipation with a critique of the established order which holds that the consciousness of those from whom collective self-emancipation is to be expected is systematically manipulated, distorted and falsified by essential features of that order. If the autonomy of subordinate groups (classes) is to be respected then emancipation is out of the question; whereas if emancipation is to be brought about, it cannot be self-emancipation (Benton 1981: 162).

In other words, how may a researcher claim superior knowledge of agent B's interests, despite what he/she upholds these interests to be? Due to the empirical absence of a condition of 'relative autonomy' (and even if such a condition was reached, on what grounds may one judge that it has been reached?) it cannot be agent (B) who determines his/her objective interests, but it has to be an outside observer. And this observer is confined to a paternalistic judgement of how agent B would act under hypothetical (Clegg 1989), mythical and hazy (Robson and Cooper 1989) counterfactual conditions.

3.7.5 Negotiating the Paradox

Bradshaw (1976 in Clegg 1989) proposed to solve the paradox of emancipation by drawing on Marxist economic determinism, which clearly holds that 'objective interests' are class interests. However, as Lukes (1974) rightly claimed, a rigid Marxist perspective with its structural determinism eliminates most moral responsibility of agents. If power is inherent to structures, and agents are reduced to being the bearers of
structures then agents cannot ‘do otherwise’; and only choice, that is being able ‘to do otherwise’ entails responsibility. “[To] locate power is to fix moral responsibility, both upon those who exercise power illegitimately and upon those social structures that make this power available” (Issac 1987 quoted in Ball 1992: 27; see also Connolly 1974). As for Lukes (1974) power required agency, that is being able to choose, he was concerned with responsible, meaningful social action rather than simply observable behaviour implicit to the one-dimensional view, or pre-determined behaviour as in Marxism (Clegg 1989).

This thesis aims at a critical analysis of supranational governance anchored in the tradition of critical theory. This rests on a belief, in line with the Frankfurt School, that “things might be otherwise than they are” (Held 1980: 357) and that opportunities for positive change exist. It is believed that change may be for the better if it leads to empowerment of previously powerless agents. In this respect, the perspective taken in this thesis is very different from the one taken by some postmodernists such as Foucault who refuse to articulate normative principles and claim that social order after change can only ever be different, not for the better (Best and Kellner 1991, Dreyfus and Rabinow 1986). While not denying that power can be used negatively as domination, any resistance and resulting change would only lead to a new pattern of domination – different, not better (Clegg 1989, Hoy 1986, Oliga 1996). According to Foucault, power is diffused throughout society at all levels, just as knowledge is. In fact, power is perceived as producing the individual (Foucault 1994). Foucault refrained from taking sides and judging if some power formations were more legitimate than others (Cheater 1999, Habermas 1994). While such a postmodern perspective allows for critical analysis, it is almost antithetical to critical theory in the Frankfurt School’s sense which holds that change can be for the better.

Equally, the theoretical position adopted in this thesis is not in line with crude structural determinism - not only on grounds of its inadequacy regarding the structure-agency debate as outlined above, but also due to its exclusion of moral responsibility. At this point, it has to be strongly emphasised that a call for moral responsibility of agents does not equal a promotion of a certain set of moral values. Critical theory unveils ‘common sense’ value assumptions; it does not promote them. The third face of power must not only be treated with a critical distance due to its inadequacies, it must also be recognised as an inherently critical concept. The concept has, however,
been abused if only implicitly. Nye’s (1990, 2004) notion of ‘soft power’ constitutes nothing less than a liberal contortion of the third face of power into a geopolitical strategy. In *Soft Power: The Means to Success in World Politics* (2004), Nye urges political decision-makers to develop ‘soft power’ skills, that is the ability to attract others to one’s side by promoting one’s own values as universal. From Nye’s (2004) perspective, the increasing unpopularity of the US after the war in Iraq has been due to the US’ failure to deploy ‘soft power’. This is to say that the US had failed to legitimise its cause on moral grounds, which is nothing but a failure to successfully spread a veil over the perceptions of others and thus a failure of a successful exercise of third face power. In this sense, Nye (1990, 2004) promoted the exercise of third face power as a positive hegemonic tool in foreign policy. From a critical theory perspective, and from the stance taken in this thesis, such a perspective has to be rejected. The exercise of third face power constitutes ‘power of A over B’; it is a noxious form of power which hinders the fulfilment of B’s interests and therefore promotes patterns of hegemony and domination. Patterns of hegemony, even if ‘only’ ideological (for example, justified on moral grounds) should be unveiled and critiqued.

The theoretical perspective deemed suitable regarding an analysis of supranational governance is, as already explained, based on neo-Gramscian thought. A neo-Gramscian perspective is concerned with the unveiling of ideological hegemony – as is the Frankfurt School’s *Ideologiekritik* - and does not exclude responsibility of agents. Agents have the power of transforming structures over time, either in a direction maintaining the *status quo* and reproducing existing power structures, or in an ‘enabling’ direction. This view, combined with the Frankfurt School’s insights on (the non-determination of) objective interests provides a tool for overcoming the paradox of emancipation. Lukes (1974) owes much debt to the theoretical insights of both Gramsci and the Frankfurt School, yet his insistence on the identification of objective interests runs counter to valuable insights derived from these philosophers. In order to solve the paradox of emancipation, while simultaneously preserving the capacity for emancipatory critique, it is perceived necessary to align the third face of power closer with the theoretical perspectives it owes much debt to and thus, to ‘take it back’ one step.

Most importantly, an outside observer cannot be in a position to identify the objective interests of another subject. While this has led some to propose a decoupling of
interests' from 'power' (see, for example, Clegg 1989), this approach has a disadvantage similar to Marxist structuralism. As Lukes (1974: 34) noted, a focus on interests "provides a licence for the making of normative judgements of a moral and political character." Decoupling power from interests precludes any judgement about whether current governance praxis serves sectional interests, and thus maintains unequal power structures. This would free agents who are in the position of making choices regarding the 'direction' of structures from any responsibility. However, contrary to Lukes' (1974, 2005) claim, to maintain the linkage between power and interests does not require any 'external judgement on behalf of B about what these interests are, or would be under conditions of relative autonomy.

On the contrary, to determine the 'workings' of the third face of power in the interest of the hegemonic group merely requires an examination of A's actions in relation to structural constraint or enablement, while taking into account the evolution of agent B's interests over time. Drawing upon the Frankfurt School's theory regarding under what conditions agents are able to pursue their real interests, it is no longer necessary to specify what these interests might be, but to 'leave it up' to agent B. Based on these criteria, an external observer may judge whether current action of A allows B to move closer to these conditions under which B him/herself may recognise his/her objective interests ('empowerment') or whether B's choices are further constrained (third face of power: 'power of A over B'). Neo-Gramscians illustrate that agents are able to induce such structural changes; the Frankfurt School delivers the theoretical foundation on which basis to make a judgement.

Geuss (1981) offered an insightful synthesis of the Frankfurt School's thought on the issue of objective interests. He identified two approaches to the definition of the objective interests of a group: the 'perfect-knowledge approach' and the 'optimal conditions approach'. The 'perfect knowledge approach' assumes that if agents acquired inclusive knowledge of the world, their situation, and themselves, they would be able to recognise their 'objective interests'. This view may be compared to Gramsci who, as already noted, perceived the subalterns' worldview as lacking a clear insight into the correlation between locally experienced manifestations of domination and the wider economic and political system. Consequently, 'perfect knowledge' – transcending ideological common sense assumptions - would allow the powerless to recognise their objective interest given their situation within the wider economic and
political system. The ‘perfect conditions approach’ on the other hand assumes that the interests of human agents are extremely variable, and their formation will depend on the circumstances in which they find themselves (Geuss 1981). The optimum conditions approach tells us under what conditions agents are likely to form their objective interests: these are conditions of non-deprivation, non-coercion, and minimally correct information (Geuss 1981). Lukes’ (1974) approach is similar to the ‘perfect conditions approach’ with the focus on conditions of relative autonomy.

The ‘perfect knowledge’ and the ‘optimum conditions approach’ do, however, interrelate. If agents had perfect knowledge, the interests they would acknowledge as their objective interests would be those they know they would form under (by them preferred) optimal conditions. This build’s upon the Frankfurt School’s notion of ‘self-knowledge’ as part of ‘perfect knowledge’— which is not attainable in a society marked by deprivation and oppression. While not making the link to critical theory explicit, Hyland (1995: 217) observed that “I may choose my actions on the basis of values that are the product of critical reflection, but if the circumstances of my choice are always characterised by ... coercion ... I can hardly be considered to be living an autonomous life”. In such a society, agents do not have the knowledge about their human possibilities and alternatives. Thus, the interests the agents would form if they had perfect knowledge coincide with those they would form in optimal conditions, because the agents could not gain ‘perfect knowledge’ unless they were in ‘optimal conditions’ (Geuss 1981).

The only option left in non-utopian conditions is hence to recognise how some of the coercion might be abolished and how to move closer to ‘optimal conditions’ of freedom and knowledge. In this sense, an external observer need not, and indeed cannot, determine the objective interests of agent B. He or she may, however, judge whether the behaviour of agent A promotes or disables coercion and a move closer towards ‘optimal conditions’ of knowledge and being able to choose freely. Knowledge is therefore intimately linked to power. While this link has been most famously established by Foucault (as noted above), his conceptualisation nonetheless differs from the one taken in this thesis. Foucault (1977: 27) maintained that

power and knowledge directly imply one another; that there is no power relation without the correlative constitution of a field of knowledge, nor any
knowledge that does not presuppose and constitute at the same time power relations.

In a Foucauldian sense, knowledge produces the subject. In its critical theory conception, knowledge - while being a structural element - is constructed and transferred by agents. Emphasis is hence placed on the issue of withholding and manipulating, or on the other hand transferring as minimally correct, information as possible. Knowledge and information “are the lifeblood of freedom in society. Those who control information have power” (Ledwith 1997: 117). While the Foucauldian concept denies that knowledge can ever be separated from the effects of power, critical theory suggests that one can escape unequal power relationships and powerlessness through knowledge (Hardy and Leiba-O’Sullivan 1998).

3.7.6 Power/Knowledge

The Foucauldian concept of power/knowledge is so specific and incommensurable with other concepts of power (Hoy 1986), that one should not aim at a synthesis (see Boyne (1991) for a harsh critique of Gidden’s ‘raisin picking’ approach leading to a misinterpretation of Foucauldian ideas in the theory of structuration). Even more drastic are attempts of integrating the Foucauldian concept of power with Lukes’ three dimensional view, adding a Foucauldian ‘fourth face’ (for example Digeser 1992, Hardy and Leiba-O’Sullivan 1998). Instead of downgrading the Foucauldian concept of power, the author of this thesis merely proposes it to be an alternative conception which should not be synthesised with critical theory- influenced concepts of power, as this would inevitably lead to ‘raisin picking’. As the theoretical framework should match the context, a Foucauldian micro-perspective on power is perceived of less value to the context of supranational governance.

As already noted, en- or dis-ablement must be perceived within the context of structures, as outlined under the neo-Gramscian perspective. Agent A, such as the SO, is therefore in the position to maintain or reinforce structural constraints encountered by agent B, for example by withholding information from the ‘people on the ground’ or from governments of developing countries, and thus, refrain from a closer move towards optimal conditions within which agent B might realise his/her objective interests. The dismantling of structural constraints, including the ‘ideological veil’ can
be achieved by transmitting as much minimally correct information about agent B’s situation and choices as possible (including courses of possible action which do not correspond to agent A’s preferences); freeing agent B from coercive pressures such as positive or negative sanctions linked to a certain ‘choice’; and by moving closer to optimum conditions in terms of decreasing dependence and transferring resources from the ‘powerful’ to the ‘powerless’.

In this sense, the third face of power would be exercised whenever agent A refrains from dismantling structural constraints (which support the dominant ideology and lead to agent B’s consensus) while it would be in his power to do so. The focus is again on the possibility to do otherwise – to either empower agent B or maintain the status quo in terms of keeping the ideological veil, closing off access to decision-making, refraining from transferring resources to the powerless, and sustaining dependency, all of which serves hegemonic interests.

3.7.7 A New Conceptualisation of Power

The preceding paragraphs have led to a reconceptualisation of power: power is not just a ‘noxious’, possessive phenomenon that agents can exercise negatively to reinforce patterns of domination and subordination. This is the concept implicit to Marxist structuralism, as well as all three faces of power. On the contrary, power can be enabling, opening up choices for agents. In the second edition of Power: A Radical View Lukes (2005) admits to his mistake of treating power as an inherently negative phenomenon. However, he refrains from adapting his framework accordingly.

*Overall, power relates to transformative capacity.* Some authors have carried this notion too far in suggesting that power relates only to positive transformative capacity – the capacity to act in concert to further collective goals (Arendt 1986, Parsons 1986). Such a functionalist view denies the noxious exercise of power and hence turns a blind eye to patterns of domination and subordination, rendering this view as one-dimensional as the strictly negative one. Instead, power is not necessarily ‘evil’; it is simply an indispensable feature of social and political life. Power over is a part of, in fact parasitic upon, the power to choose and act in a certain way (Ball 1992).
In this thesis, the following definition of power has been developed:

*Power is defined as transformative capacity, which can be exercised both negatively/inhibiting (power over) and positively/enabling (empowerment).*

Thus, power *per se* is equated with power *to*, and derived from the structural *sources of power*, while the exercise of power may either take the form of power *over*, or *empowerment*. Power over, that is the ‘three faces of power’, and empowerment may hence be conceived of as opposite sides of the same coin.

### 3.8 Empowerment

#### 3.8.1 Defining Empowerment

In its traditional sense, empowerment has frequently been used within a community context, both in general and tourism-specific (Ledwith 1997, Polsby 1980, Scheyvens 2002a, Taylor 2003, Waste 1986). However, even within the micro-context of the community, a broader outlook on empowerment should be taken, which places the notion in its macro context and recognises that it “relates to relations of power and oppression in society and is part of a transformative strategy for social justice and democracy” (Ledwith 1997: 148). In this thesis empowerment - the positive/enabling exercise of power - is defined as agent A’s promotion of a move towards the ‘optimum conditions’ of knowledge and being able to choose by dismantling structural constraints which closed off choice opportunities for agent B, or by creating new structural opportunities. If existing structures are changed from being disabling to being enabling, agent B’s freedom and ability to make choices in line with his/her objective interests are enhanced, and thus one may no longer talk of power *over*, but instead of empowerment. This definition shares similarities with Tew’s (2002: 169) conceptualisation of empowerment as “changing the terms of relationships and the modes of operation of power between (and within) people from limiting to more productive forms”. Structures, such as institutions and rules can create capabilities that empower or limit agents (Caporaso and Haggard 1989). Hence, the action of agents who are in a position to change these structures, if only incrementally, may be evaluated as either empowering or exercising power over.
3.8.2 Empowerment in the Tourism Literature

‘Empowerment’ in the context of the tourism literature “is conspicuous by its virtual absence” (Sofield 2003: 100). Where authors considered the concept, empowerment was usually not treated as an essentially political, transformative concept. The exception seems to be Sofield (2003) whose excellent literature review embraced the idea that an understanding of empowerment could only derive from an encounter with its ‘parent’ notion of power (including all its ‘noxious’ faces). Sofield (2003: 112) defined empowerment in the context of tourism development as

a multi-dimensional process that provides communities with a consultative process often characterised by the input of outside expertise; the opportunity to learn and to choose; the ability to make decisions; the capacity to implement/apply those decisions; acceptance of responsibility for those decisions and actions and their consequences; and outcomes directly benefiting the community and its members.

However, Sofield’s (2003) definition involves the notions of consultation and outside expertise, which are more consolidating than transformative in character. In other studies, empowerment tended to be treated as a somewhat discrete notion divorced from ‘power’ (Scheyvens 2002a) or referred to mechanisms of (in most cases community-) ‘participation’ and ‘consultation’ in the tourism planning process (for example Murphy 1985, Poon 1989) thereby avoiding any critical engagement with unequal relations and noxious exercises of power. As Cheater (1999: 1) noted, empowerment “when divorced from consideration of what constitutes ‘power’, seems to be a sanitised buzz-word of the mid-1990s”. Khan (1997), on the other hand, paid attention to issues of domination and external control. However, to equate mass tourism with domination and ecotourism with empowerment (Khan 1997) may be perceived as overly naïve. Sofield’s (2003) study needs to be pointed out not only because of its critical conceptualisation of empowerment, but also because of its ‘multi-level’ framework. He departed from the mainstream empowerment literature which focuses on the community level by including the supranational and the national levels.

The virtual absence of the notion of empowerment in the tourism literature is balanced by its enthusiastic embrace in reports and strategy documents of SOs. As already noted, the World Bank and the IMF now seek to ‘empower’, as does the UNDP
According to Sofield (2003), ‘big words’ are usually matched by non-implementation, as adherence to the principles of empowerment would entail changes in the power structure. Even where empowerment strategies are implemented, they need not necessarily be ‘true’ empowerment.

### 3.8.3 False Empowerment

The multi-level dimension is not only relevant with regard to the reach and scope of supranational tourism governance, but also relating to the levels of structure. The neo-Gramscian observation that structures exist at different levels – macro, meso and micro – leads to a previously neglected issue: ‘false empowerment’. This relates to empowerment at a lower structural level which does not touch upon higher levels, or more perversely, reinforces structural constraints at higher levels. In other words, agent A may empower agent B on a micro-structural level, which in fact serves to reinforce hegemonic (macro- or meso-) structures.

From this perspective, the ‘empowerment’ policies of certain SOs may be unveiled not only as mere rhetoric, but as a means to an end. For example, ‘community empowerment’ regarding participation in project implementation may in fact serve to legitimise, and prevent struggle against the maintenance or reinforcement of structural constraints at the meso or macro level. An example would be a promotion of (meso-structural) regional neo-liberal policies, the decision-making of which occurs well beyond the reach of the ‘empowered’ people on the ground yet does affect them. As Taylor (2003) noted in the context of ‘community empowerment’, communities need a common enemy, someone to blame in order to engage in a struggle against the status quo. Empowerment within the day-to-day structural level may thus serve to let the wolf appear in sheep’s clothing, thereby preventing counter-hegemonic action. As Lukes (1974) noted, the exercise of the third face of power lets hegemonic action appear beneficial, disguising asymmetric power relationships.

True empowerment allowing for counter-hegemonic action thus needs to have a dismantling effect on higher structural levels. The World Bank’s empowerment strategy thus has to be evaluated within a broad structural view. If micro-structures are dismantled allowing for community decision-making capacity at the micro-level, this does not necessarily induce change at the macro-level: the most important (non-)
decisions are still being made exclusively in the inaccessible supranational arena by unelected representatives (Woods 1999). Local participation within the governance framework of the World Bank (according to Cheater (1999: 59) an example of a "new participatory-cum-empowerment development-speak") is restricted to process and consultation, while the more salient issues of income and assets distribution or macroeconomic decisions about liberalisation and global integration are ‘off limits’ (Perrons 2004, Stiglitz 2002). In this context, Perrons (2004: 328) reminded of the 1968 slogan “Je participe, Tu participe ... Ils décident” [I participate, You participate ... They decide]. If the people on the ground are unaware of, and excluded from impacting on, supranational macro-decisions affecting their lives and, additionally, if micro-action is perceived as beneficial, quiet consent is likely to be the result.

The rhetoric of empowerment may in fact be a powerful tool for disguising unequal power relationships. Jürgen Habermas, a famous representative of the new generation of the Frankfurt School (the ‘founding fathers’ of critical theory), devoted much attention to language as opposed to the more traditional concept of consciousness. For him, social action was constituted in ordinary language communication; language could reveal, as well as conceal the conditions of social life (Held 1980).

Language is also a medium for domination and social power; it serves to legitimate relations of organised force. In so far as legitimations do not articulate the power relations whose institutionalization they make possible, in so far as these relations manifest themselves in the legitimations, language is also ideological (Habermas 1977 quoted in Held 1980: 316, original emphasis).

Thus, from a Critical Theory perspective the powerful may use distorted ideological language to conceal – or merely refrain from articulating the existence of - unjust power structures defined by a domination-subordination dichotomy, in order to reinforce the status quo. The goal of ‘true’ empowerment is to obtain as high a degree of self-determination as possible. Self-determination is to be understood as the extreme of the empowerment process whereby “the powerless gain greater control over the circumstances of their lives” (Sen and Batliwala 2000 quoted in Perrons 2004: 305) or “by which people, organizations, and committees gain mastery over their affairs” (Rappaport 1987: 122). All in all, the process is intended to counter existing unequal power relations of domination and subordination (Hardy and Leiba-O’Sullivan 1998).
3.8.4 Subsidiarity: A Legitimate Place for Power

A promising and realistic approach is the ‘subsidiarity-principle’ which “signifies an enforcement or reconstitution of the ability to act at the lowest possible layer” (Bauer 2001: 9). In essence, adherence to the subsidiarity-principle requires power to reside and decisions to be made at the lowest level possible: that is, as close to the citizen as possible. Only those issues where self-governance at lower levels is an unsuitable strategy, for instance due to externalities, should be handled by higher levels (sub-national – national – supranational). Higher levels of governance thus play a ‘subsidiary’ role insofar as they provide support and only take over functions of the lower level if the latter is unable to carry them out adequately and comfortably (Carpenter 1998). In this sense, subsidiarity involves ‘bottom-up’ (Carpenter 1998), ‘autonomy preserving’ and ‘coordination enhancing’ (Knodt 1998) features.

The subsidiarity-principle has been enshrined in EU hard law. However, its application in practice is subject to much (mis-) interpretation (Bauer 2001, Taylor 2003). The European Commission claims the ‘partnership approach’, that is the pooling of participatory and decisional resources across levels, to be the suitable strategy for implementing the subsidiarity-principle (Bauer 2001). In practice, this means some local participation in programme planning and, above all, implementation. It is not surprising that the EU prefers an interpretation based on partnership to one of autonomy, as truthfulness to the subsidiarity-principle would entail considerable losses of power and authority at higher levels of governance and particularly at the highest level, that is the supranational. Subsidiarity means more than partnership: it is about the re-enactment of autonomy; about lower levels gaining mastery of their own affairs. It is therefore as closely related to the 1960s catchphrase ‘power to the people’ as it is to grassroots decision-making models. It implies that “more powerful spheres of government will have to make a point of empowering the smaller and weaker spheres ... so that the power can truly be placed in the hands of the people” (Carpenter 1998: 52). Subsidiarity therefore entails power coupled with responsibility.

Subsidiarity may be perceived as a strategy of maximum empowerment of lower levels within the political framework of multi-level governance. Novel approaches to self-governance at the local level, as for example in Ostrom’s (1990, 1998) research on the communal management of common pool resources fit perfectly within a governance
system based on subsidiarity (for a ‘managerial view’ of common pool resources in the tourism realm see Bosselman (et al. 1999)). A self-governed common pool resource is one where actors – the major appropriators from the resource – are collectively making and adapting rules regarding participation, strategy, obligations of participants, monitoring, and conflict resolution (Ostrom 1998). In effect, local collectivities ‘govern’ their common resources autonomously. That authorities located at higher levels of governance (such as central government or SOs) recognise the autonomy of local units is therefore a major factor determining success or failure (Ostrom 1998, 2000). Authorities at higher levels can facilitate local self-governance, for example, by providing accurate information, which correlates to empowerment (Ostrom 1998).

3.8.5 Subsidiarity, Self-governance and Tourism

The subsidiarity-principle has not received much attention in the tourism literature. However, some NGOs (for example, German NGO Forum on Environment and Development 1998) and academics involved in tourism policy consultancy (Hawkins 2000) have begun to promote governance based on subsidiarity in order to achieve social or environmental ‘sustainability’ of the tourism sector. Community-based tourism, if conceived in its most uncompromising form, comes closest to a vision of self-governance and self-determination at the lowest level. “[T]he top priority should be to strengthen local resident’s rights to self-determined development” (Pleumarom quoted in Rajesh 2004: 1). If communities were granted the autonomy to decide freely what type of tourism development they would like to embrace, and most importantly, if they were enabled to say ‘no’ to the development of tourism in their territory (Fernweh 2004, Pera and McLaren 1999) – free from coercion, based on minimally correct information – then tourism and self-governance might go hand in hand. In this sense, community-based tourism in line with self-governance goes well beyond calls for community participation in tourism planning (for example Milne 1992, Steck 1999) which frequently seem to be geared more towards reducing resistance than to genuinely empower.

However, as some authors rightly observed (Hall 2006, Mine and Ateljevic 2001, Reed 1997), pluralist community tourism models such as Murphy’s (1985: 18) “community-driven tourism planning” tend to romanticise ‘the community’, downplaying internal elitist structures and competing interests – in short, the dimension of power within the
community. Moreover, such pluralist community models foreground the planner not the community, because instead of transferring ‘real’ power to the community, the models advocate participation in decision-making which usually relates to no more than seeking community support for development programmes already decided elsewhere (see ‘false empowerment’). As Sofield (2003: 107) noted with regard to the afore mentioned UNWTO’s tourism plan for Sri Lanka, the proposed ‘community involvement’ was in effect intended to

assist in minimizing adverse community reaction, rather than genuine community involvement in determining for itself the role of tourism development in its community. It is more concerned, it would appear, with a public relations exercise.

From the broader perspective of multi-level governance based on subsidiarity, there is simply no alternative to community-owned, -planned and -regulated tourism if tourism should fit within such a vision. Self-governance based on the subsidiarity-principle entails that power is based on the lowest level. Thus, only if communities are enabled to ‘govern’ the whole tourism development process within their territory, starting with the important decision if tourism development is sought at all, then tourism might fit with the notions of subsidiarity, self-governance, autonomy, and indeed, empowerment as opposed to ‘power over’. However, what if communities wish to develop tourism based on foreign investment and ownership within their territories? If such a decision occurs under empowering conditions without an exercise of the third face of power, then it has to be accepted as self-determination (but not self-governance as the community will become dependent on the foreign investor). The salient issue within an examination of supranational governance of tourism therefore remains the question of enabling or constraining choice, rather than the resulting decision and its impact.

Self-governance based on subsidiarity differs significantly from the governance theory-thesis of ‘power sharing’ across levels, which in effect entails an upwards and downwards delegation of central governments’ power. The subsidiarity-principle on the other hand stipulates that the legitimate ‘place’ for power always rests with the lowest level of governance and may thus only travel upwards, not outwards. In a ‘perfect’ polity based on subsidiarity (devoid of structural distortions), higher levels of governance cannot empower lower ones, as they do not possess any power which might be delegated. Only the lower levels – the rightful proprietors of power – can
Empower higher levels to act in their name when self-governance is inappropriate (Carpenter 1998). Empowerment should thus travel upwards from level to level, with the supranational being the final tier.

However, in the real world - marked by structural distortions which are sources of power for some, and powerlessness for others - an over-proportionately high degree of power rests with higher levels of governance, including the supranational (see Chapter two). Thus, while being in a position to exercise 'power over', actors on higher levels are equally able to empower but might refrain from doing so given a preference of the status quo. As Honey (1999) noted, it might therefore be necessary for the 'powerless' to organise (an inherently Marxist notion) and build linkages to make their voices heard. An example of a successful self-empowerment strategy at the local level is the Communal Area Management Programme for Indigenous Resources (CAMPFIRE) in Zimbabwe, where communities were able to collectively protest against a removal of land rights for tourism development. The communities succeeded in regaining control over any tourism development in their territories (Honey 1999).

A variety of authors also argued against notions of local 'powerlessness' in face of macro forces, yet from an inherently different angle. Writers concerned with the global-local nexus in tourism (Teo and Li 2003, Teo and Chang 1998, Milne 1998, Milne and Ateljevic 2001) directly challenged literature obsessed with the global (in particular dependency theory) by emphasising the dialectic nature of global and local forces. Globalisation is perceived as simultaneously contributing to a homogenisation on the macro scale and to particularisation on the micro scale. Maintaining that local actors actively shape the development of tourism, while at the same time global forces impinge upon the local, the 'global-local' literature lies on a agency-structure continuum between dependency theory (perceiving local actors as 'bearers' of global structural forces) and community approaches such as Murphy's (1995) (over-emphasising local agency by bracketing macro-structures).

However, the fact that local particularity may in effect be politically sanctioned to promote tourism is never mentioned in the 'global-local' literature, which predominantly aims to show that there is a constructive place for the local in the global. Teo and Li's (2003) case study of a tourism development project in Singapore is intended to demonstrate the power of local actors in maintaining their identity.
despite global homogenising tendencies. However, it also illustrates that local actors have been granted a voice and local particularity been sanctioned after the ‘globalising’ approach initiated by the government (the development of a large-scale cultural theme park) had failed. As Sadler (1993) demonstrated in his compelling account of place-marketing strategies in Britain’s re-industrialisation phase of the 1980s, the local does play an important role – yet the role may very well be defined to some extent by higher tiers of governance eager to fit the local constructively within free-market strategies. The local does not exist in a political vacuum, neither does it possess autonomy. Local decisions must be approved at higher levels of governance: even in nations which grant a substantial degree of autonomous decision-making power to local authorities (such as the United Kingdom), local decisions must fit in with the broad strategic direction of central government or the latter will intervene (Rhodes 1981). Ultimately, whether local activism against a certain type of tourism development succeeds will depend to a large extent on decision-making by public authorities.

Nonetheless, the theoretical framework of this thesis does not question the salience of the ‘local’ in the ‘global’. Local agents certainly are more than bearers of global structures – they are capable of resistance (or consent). The ‘global-local’ literature made the important contribution to contest that power flows strictly hierarchically, reducing local actors to ‘dupes’ (as in dependency theory). Local activism and the ‘weapons of the weak’ (Lamour 2002) must be appreciated by authors concerned with power relations. No matter how unequal such relations may be, the powerful are never fully independent of the powerless which increases the power the latter and renders the concept of power relational (Lukes 1974). In this thesis, the ‘global-local nexus’ is perceived as the question of how to truly empower the local within the global, rather than to trust notions of a ‘dialectic’ and mutual empowerment.

From a political perspective, under the current system of governance it simply cannot be the local which sets constraints or opportunities for national or global action. Thus, empowerment must be ‘given’ by actors at higher levels despite claims that the act of empowering another actor creates dependency, which in turn is dis-empowering (Gruber and Trickett 1987). However, where (and if) higher levels empower lower ones to be able to manage their own affairs in approximation to the subsidiarity-principle, lower levels gain autonomy which, by definition, is the exact opposite of
dependence (Caporaso 1978). A true re-allocation of power must occur, not least on a
dependent basis where ‘higher levels’ sanction decision-making autonomy of lower levels

3.8.6 Self-Governance in Small Island States

Self-governance is rather problematic not only at the local but also the national level.
As already noted, (asymmetric) interdependence is, and always has been, a feature of
countries due to domestic resource scarcity. Changes in global capitalism with its
homogenising tendencies have made a preservation of national autonomy in terms of
economic and social policies difficult. The interconnections have become increasingly
complex, as there are now numerous centres and many peripheries (Perrons 2004).
However, adherence to national self-governance would not imply autarky, but an
approximation of self-sufficiency to reduce dependency. As Connell (1993) noted in
the context of island micro-states (IMS), to pursue a strategy of autarky would be
accompanied by sacrifice:

it would only be by accepting primitive standards of development for all the
people that autarky could be made in any way practicable. ... Even in the
Pacific, perhaps the one remaining part of the world in which such ideas do not
appear absurd, the pace of absorption into the world economic and political
system is quickening all the time (Payne 1987 quoted in Connell 1993: 140-
141).

Yet, the more small island states are integrated into the global economy, the less likely
greater self-sufficiency becomes, as incorporation emphasises relative deprivation,
which fosters demands for ever increasing imports from metropolitan centres and thus,
continued incorporation. Small island states will always depend on trade and most
likely also aid (Connell 1993). However, given that increased self-sufficiency is the
only possibility to reduce dependency and asymmetric interdependence, “is it too
much to suggest that small islands, for all the problems and constraints that confront
them, could become the laboratory in which alternative development strategies, shaped
by the notion of self-reliance, first see the light of the day?” (Dolman 1985: 63). The
future might lie in maximising the various elements of interdependence by diversifying
the economy and increasing the nation’s bargaining position to move closer to
symmetric interdependence; to take advantage of concessionary schemes, that is
bilateral preferential trading agreements granting market access to the island states
without demanding reciprocity as under global institutions such as GATS or GATT; and most importantly, to strengthen self-reliance in such critical areas as food production and fisheries, in order to maintain the ‘subsistence safety-net’ (Connell 1993: 141). However, instead of developing indigenous capacity in the fisheries sector, the island states of the South Pacific, for instance, tend to lease their national waters to metropolitan powers (Connell 1993). While this constitutes an important means of income generation, the island states receive less than 5 per cent of the value of catches in licensing fees (Connell 1993).

What is then the relationship between tourism and greater self-sufficiency? While the nexus has not yet been established in the literature, one thing is obvious: they do not easily go hand in hand. Moreover, the closely related concept of self-determination which focuses on the right of controlling development decisions (as opposed to the economic focus of self-sufficiency) has marginally been referred to in the tourism literature (Venbrux 2000). Tourism is a major driver in incorporating countries into the global system (see chapter two), not only by establishing visible trading links, but also due to the demonstration effect (Mathieson and Wall 1982) highlighting relative deprivation and thus, promoting the host population’s demands for ‘Western’ imports. In general, SOs’ and governments’ support for tourism relative to subsistence economic sectors, such as fisheries, may be interpreted as a move away from self-sufficiency. Concerning the type of tourism development, it has already been noted that community-based tourism may be in line with local self-governance and may also increase local self-sufficiency relative to other types of tourism development. However, the governance decision whether tourism should be developed at all always reflects not only rational choice opportunities relative to resource endowments but also, and arguably more critically, the ideological orientation on a ‘self-sufficiency versus incorporation’ continuum with implications on the power relations between nations.

3.9 The Conceptual Framework

Supranational governance of tourism is analysed at multiple levels (figure 3.3), with each level being subject to an examination of all facets of power (figure 3.4). An analysis of the structural sources of power forms the basis for an examination of the exercise of power.
The framework draws attention to both, agency and structure, as well as the 'local' within the 'global' – the approach overcomes the noted weaknesses of one-dimensional concepts through a synthesis of complementary theories. However, 'raisin-picking' was avoided by synthesising only those theories which naturally build upon each other. In other words, the synthesis still reflects the individual concepts and theories in their totality, not merely specific aspects.
The critical issue of scale needs to be revisited. As figure 3.3 illustrates, the organising framework of this thesis is still closely linked to multi-level governance. However, by focusing on the issue of power and including the element of structure, the multiple levels are perceived as 'embedded' rather than layered. The layered governance theoretical view perceives actors without much power differentials to be located at different levels; they interact cooperatively and share power. From this perspective power, in terms of authority, flows from one level to the other and vice versa. The concept developed in this thesis, however, draws attention to the micro (local) being embedded within the meso (national) being embedded within the macro (supranational). The exercise of power at each level affects the structures which operate between the levels either positively or negatively. For example, a macro-SO exercises power by attaching conditionalities to its development aid (the first face: getting nation-states to do something they would normally not do). The meso-government is then structurally constraint in terms of being forced to utilise the aid within the boundaries set by the SO. The government then decides 'who gets' and 'who does not get' – setting constraints and/or opportunities for actors at the micro-level. As outlined above, the exercise of power may also occur in a positive way, opening up structural opportunities. In any case, the 'spheres of power' must be perceived as being embedded, not layered (figure 3.5).
FIGURE 3.5
Embedded Power-Spheres

3.10 Summary

With the notion of true empowerment within a system of multi-level governance by enforcing subsidiarity based on the principles of self-sufficiency and self-governance, the literature review has closed the circle. What began in chapter two with a neo-liberal vision of governance has evolved into a critical conceptualisation which, by being aware of the sources of asymmetric power relationships and noxious exercises of power, enacts empowerment within a multi-level polity. While the conceptual framework draws on the post-Wesphalian ontology of governance theory, an inherently critical perspective is enabled through introducing a focus on power. A holistic conceptualisation of power, derived through a synthesis of various theoretical perspectives, allows the analysis to evolve in any possible direction. “Power is a multi-faceted concept and its utility ... will not be improved if it is arbitrarily limited to but one of the facets” (Rhodes 1981: 60). The synthesis does not only enhance the utility of the concept of power, but also allows for greater openness in the treatment of SOs; openness which is needed given the limited body of knowledge which exists on SOs and tourism. If one relied on but one theoretical perspective such as governance theory, Marxism, or realism, presumptions about the ‘nature’ of SOs would be unavoidable, thus disabling the researcher to tell the full story. With the holistic framework developed in this literature review, however, no presumptions need to be made about the nature and interests of SOs and whether they exercise ‘power over’ and/or ‘empower’ in practice.
4.1 Introduction

As outlined in the preceding chapter, the concept of power is essentially contested (Lukes 1974, 2005). Lukes (1974) was the first researcher to recognise power as an ‘essentially contested’ concept, which led him to combining three different concepts of power, each subject to a different epistemology. The conceptual framework of this thesis follows a similar route, in that each concept of power, be it structural, one-, two-, three-faced or positive, is perceived as adding one further piece to the puzzle of supranational governance. By drawing upon such an approach, the researcher is able to recognise the ‘operation’ of power in situations where a narrow conceptualisation would fail to do so.

To accept the essential contestedness of the concept of power has profound implications for the overall research design, which is outlined in the following sections. The issues of ontology and epistemology are addressed before explaining the case study approach, which has been selected as research strategy. An outline of the case selection and the issue of scale, which is highly significant for an examination of governance, is followed by details on the data that have been collected from written sources, interviews and observation. The section on data analysis focuses on the study of (non-) decision-making and the ideological third face of power. Finally, the critical issues of ‘reciprocity error’, ‘Potemkin effect’, ‘bias of the researcher’ and ‘power of the researcher’ are addressed.

4.2 Ontology

The theoretical framework developed at the end of Chapter three comprises the conceptualisation of two ontological issues which have been subject of debate for decades: on the one hand, the importance of SOs versus the primacy of the nation-state; on the other hand, agency versus structure. For example, within IR theory one of the most widely debated propositions is the ontological relevance of the supranational realm as opposed to the clear primacy of the nation-state (Karns and Mingst 2004, Nielson and Tierney 2003, Rosenau 1997a, Scheuerman 2002). As outlined in chapter
two, governance theory constitutes the most explicit attack on a ‘Westphalian’ ontology, to be found in the vast majority of IR theories ranging from realism to liberalism, which denotes that nothing important is going on beyond the system of sovereign states. In this thesis SOs are perceived as important actors constituting more than ‘empty shells’, whilst nation-states are still recognised as the primary unit in international relations. It is acknowledged that SOs may have actor capacity and may even have carved out some autonomy on less salient issues, yet their decisions and actions are largely dependent on the decisions made by their member states. Hence, the applied approach rather resembles the traditional Westphalian ontology than the post-Westphalian picture painted by ‘governance theorists’ and ‘globalists’ (for example Kratochwil and Ruggie 1986, Mathews 1997, Ohmae 1995, Rosenau 1997a).

Chapter three, which focused on theories of power, advanced even deeper into issues of ontology, as well as epistemology and methods than did chapter two. The entire chapter was framed within the agency versus structure debate; insoluble for some (Bieler and Morton 2001), while attempted to be solved by others (Giddens 1984). Although the concept of power has been extensively used within IR and social theory in general (see Chapter three), writings are characterised through a clear categorisation according to assigning primacy to either agency or structure. This approach is incompatible with the research problem of this thesis. As outlined in Chapter three, SOs constitute both agents and structures, which necessitates a conceptual framework that is able to bridge the divide. A critical review of the various conceptualisations of power culminated in a conceptual framework. The framework conceptualises structures as the sources of power; power which agents can exercise either negatively by reinforcing structural constraints, or positively by dismantling structural constraints and building structural opportunities. An ontology assigning equal weight to agents and structures presupposes the ability of agents to change structures, as stipulated by researchers in the Gramscian tradition (Bieler and Morton 2001, Cox 1996, Morton 2003, Taylor 2004). Overall, this thesis’ ontology could be termed critical realist as it adopts the paradigm of critical theory and the principles of neo-Gramscianism (Guba and Lincoln 1994, Phillimore and Goodson 2004).
4.3 Epistemology

The overall epistemological approach of this thesis might appear rather unusual. In essence, this thesis cannot be reduced to either a positivist or post-positivist epistemology (Denzin and Lincoln 1994, 2000, 2005, Phillimore and Goodson 2004), and it couples interpretive understanding with explanation and critique. The latter are characteristics of 'intensive' research designs which draw on critical theory (Morrow 1994). While a combination of positivist and post-positivist epistemologies might seem as a methodological faux pas, it does constitute a unique feature of a methodology employing a 'contested' concept such as power (Lukes 1974). If examining all faces of power (see Chapter three), an investigation of the positivist dimensions of observable sources of power and observable conflict ('who won in a decision-making situation') must be coupled with an investigation of invisible sources of power and invisible exercises of power (structural sources of power; bias; ideology) (figure 4.1).

The neo-Gramscian epistemology (Bieler and Morton 2001) which focuses on the unity of the subjective and the objective by resisting to assign causal laws to interaction prior to and outside of history does therefore function as an umbrella covering all frame conditions for choice options. Overall, despite the positivist dimension of observable exercises of power, the paradigm of critical theory entails that reality is shaped by values, socio-cultural, political, economic and ethnic among others, and therefore research findings can only ever be subjective and value-laden (Phillimore and Goodson 2004).
Two-dimensional view incorporates the first and second dimension

One-dimensional view incorporates only the first dimension

<table>
<thead>
<tr>
<th>Key elements</th>
<th>First dimension</th>
<th>Second dimension</th>
<th>Third dimension</th>
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<td>Behaviour</td>
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<td>Evaluative theorization of interests in action</td>
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<td></td>
<td>Concrete decisions</td>
<td>Non-decisions</td>
<td>Political agenda</td>
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<td></td>
<td>Issues</td>
<td>Potential issues</td>
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<tr>
<td>Indicators</td>
<td>Overt conflict</td>
<td>Covert conflict</td>
<td>Latent conflict</td>
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<tr>
<td>Field of analysis</td>
<td>Express policy preferences</td>
<td>Covert conflict</td>
<td>Relation between express policy preferences and 'real interests'</td>
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<td></td>
<td>revealed in political participation</td>
<td>Express policy preferences embodied in sub-political grievances</td>
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FIGURE 4.1

The three ‘negative’ faces of power
(Source: adapted from Clegg 1989: 90)

4.4 The Research Strategy

Given these ontological and epistemological considerations, the case study approach was selected as an appropriate research strategy. Eisenhardt (1989: 534) defined a case study as “a research strategy which focuses on understanding the dynamics present within single settings.” Case studies can be descriptive, exploratory or explanatory (Yin 1994) or, in other words, descriptive, theory-generating or theory-testing (Eisenhardt 1989). Stake (1995) added the categories of intrinsic (where the researcher wants to gain an understanding of one particular case without aiming to generalise), instrumental (utilising one case to answer a broader research question and gain a general understanding) and collective (instrumental, yet choosing multiple cases). To borrow from Stake (1995), this thesis adopts an instrumental case study approach. An in-depth analysis of SOs’ governance practices, that is their sources and exercise of
power within a system of multilevel governance, is intended to facilitate a broader understanding of the characteristics and context of the contemporary system of supranational governance of tourism.

The case study approach “leads researchers to see new theoretical relationships and question old ones” (Dyer and Wilkins 1991: 614). The ‘old’, that is existing, theoretical concepts of governance and power are applied as guiding principles, allowing for inductive reasoning and theoretical advancement of these very concepts. While in theory, one may clearly distinguish between inductive and deductive approaches, in practice one is likely to encounter some mixture. There is a clear tradeoff involved in choosing either approach. A deductive approach keeps the research focused and arguably reduces subjectivity. Pure inductive research, such as grounded theory, on the other hand may be criticised on grounds of being not replicable and not constituting ‘sound’, that is from a scientists’ perspective ‘objective’ research (Layder 1998). Although, as already argued, the author of this thesis would reject the notion that research could ever be completely objective. Layder (1998: 38) clearly outlined the interplay between theory and empirical data: “[T]heory both adapts to, or is shaped by, incoming evidence at the same time as the data themselves are filtered through (and adapted to) the extant theoretical materials that are relevant and at hand”. This research used some deductive elements in that existing theory and concepts were used to guide the empirical analysis. However, by allowing for flexibility during the process, new arguments and theoretical contributions to the tourism literature emerged from the empirical case analysis (Layder 1998). Additionally, to allow for increased research flexibility the author refrained from using traditional hypothesis statements, which would have shifted the emphasis on the deductive side. This renders the overall approach inductive with a few deductive elements.

Such a flexible approach is suitable for the problem area due to the lack of prior in-depth case research in the field. As this study constitutes the first attempt to explain and advance understanding of the political processes shaping supranational governance of tourism, both strictly deductive and inductive approaches were regarded as unsuitable. A deductive approach would impose a ‘grid’ shutting off emergent issues, while an uncompromisingly inductive approach, such as grounded theory, seemed unsuitable for such a broad study area which could eventually evolve in any direction.
(Layder 1998). During initial scoping for the study it became clear that the lack of previous research combined with the sheer breadth of the topic required a certain extent of deductive reasoning if the project was not to lose focus. Applying an inductive approach such as grounded theory would have required significantly more time in order to reach a similar outcome. Instead, guiding concepts were deemed to be necessary to provide a framework for analysis and to ensure that the study remained focused, while allowing new theoretical ideas to emerge.

Case studies aim to examine a contemporary phenomenon in its actual context especially when the boundaries between phenomenon and context are blurred (Yin 1981, 1994). These characteristics of case study research make the approach particularly suitable for this research. The modern system of governance, and the role of SOs within it, is clearly a complex and dynamic contemporary phenomenon, simultaneously building the context for policy and action. These complexities coupled with a lack of research in the field prompts the need for adopting a methodology that enables an in-depth analysis (Feagin et al. 1991). Hall (et al. 1975 quoted in Hall and Jenkins 1995: 98, emphasis added) identified three areas in which case studies have substantial explanatory power, which makes them particularly relevant to this research project:

- they help in understanding how policy develops;
- they help where there is considerable scale and complexity in policy tasks; and,
- they identify the purposive behaviour of the actors involved; that is, why decisions were made.

However, the question why certain decisions were made can never be answered fully as there are too many variables involved. Depending on which approach the researcher takes and considering the issue of subjectivity, different studies dealing with the same why questions are bound to reach different conclusions and interpretations.

Decision-making processes, the tracing of governance decisions and nondecisions, as well as the invisible exercise of power under latent conflict can only be examined in concrete situations and after power has been exercised (Etzioni 1993). This simply necessitates a case study approach for this research. Moreover, case studies are “most compatible with the research problems identified by critical theory”, as they allow for

Case study research has attracted criticism on grounds of limited generalisability (Stake 1995). However, as Yin (1994) noted, case studies are in fact generalisable to theoretical positions. Moreover, each case resembles similar cases (Morrow 1994), enabling to generalise from the findings (Hall and Jenkins 1995). Thus, it is important to contextualise the case, enabling other researchers to evaluate to what extent the theoretical position may be generalised. To address this issue, not only are the context of the case study and mini case study locations (the South Pacific and Samoa) outlined in terms of history, cultural context, political structures and tourism development, but also, and most importantly, is the contexts of the case study unit (the EU) addressed in detail (see chapter 5). By setting the SO into historic/spatial context, readers can decide upon a generalised application of this case study.

In summary, it is expected that findings of the EU case addressed in this research may, to a certain extent, be generalised to other external financial SOs, such as the IMF, the World Bank or the Asian Development Bank. Similarly, the SPTO (a mini case study of a regional tourism-specific organisation) can resemble other regional organisations, such as the CTO, which in fact belongs to a region that has similar historic and ‘developmental’ ties with the EU as the Pacific. It might therefore to some extent be possible to apply the findings of this study to another geographic location, namely the Caribbean.

4.5 Case Selection

4.5.1 The Boundaries

The need for a multi-scalar approach to an analysis of contemporary tourism governance incorporating macro, meso and micro perspectives into the research design (Hall and Jenkins 1995), as well as the very concept of multilevel governance, has led to the selection of ‘the South Pacific Islands region’ (rather than an organisation) as
case boundaries. The complexity in actor involvement (a variety of SOs and other actors at different levels), systems of governance (the chiefly system comes into play; see chapter five), and existence of long-term ties with SOs based on a colonial history makes the region a particularly suitable case study location. It enables the incorporation of the historical element, which is necessary for an analysis of the third face of power where interests must be traced over time. Moreover, the South Pacific Island region features different types of SOs, which increases the complexity of the case study and enables a deeper insight into the governance of tourism, as different types of organisations have very different rai"ons d’"tre. The region’s governments are, or have been, involved with external non-tourism-specific SOs (EU, Asian Development Bank, World Bank, WTO), a global tourism-specific SO (UNWTO) and a regional tourism-specific organisation (SPTO).

4.5.2 The Case Unit

The EU forms the primary unit of analysis. The EU was selected according to the principle of ‘most learning’ (Stake 1995). In other words, a case marked by great complexity was selected in order to enquire deep into the multi-level nature of sources and exercises of power. The EU’s ties with the South Pacific are grounded in a history of colonialism and have been institutionalised within several development cooperation agreements spanning three decades. Hence, the issues of interests and power can be traced over time, which is of particular necessity when examining the more latent forms of power (Bieler and Morton 2001, Doorne 1998).

Moreover, the EU’s governance in the South Pacific involves - directly or indirectly - a wide variety of actors located at different scales. Thus, while the study may be characterised as a single-case study (Yin, 1994) enabling a deep understanding of a particular social setting (Stake 1995), the analysis of the case unit (namely the EU) incorporates various other actors across a multi-level polity. These include other SOs (ACP, ADB, WTO, UNWTO), a regional SO (SPTO), national governments (EU member states and South Pacific governments), local groups (Samoan villages and NGOs) and individuals (people ‘on the ground’ and individual SO officials); all being subject to and exercising power within the case boundaries.
While these characteristics render the EU a particularly suitable case unit, it should be mentioned that the original research idea encompassed a comparative study of two supranational organisations: the EU and APEC (comparing their policies and projects affecting tourism in the Pacific). However, an initial scoping of the EU’s development aid activities in the South Pacific revealed complex processes and interrelationships among various actors situated at different levels, thus prompting the need to analyse supranational governance in the region instead of restricting the study to the bound activities of supranational actors. Only a study of actors situated on different vertically defined levels (APEC and the EU are situated at the same level) enables an analysis of the scalar dimension of power and structural embeddedness. The study now still features two SOs – the EU and the regional SPTO. While the EU and the SPTO are both situated at the macro (supranational) level, the EU may nonetheless be perceived as sited ‘above’ the SPTO, in that the EU not only financed the SPTO, but in its role as tourism aid ‘implementing agency’ the SPTO must also comply with EU rules (see chapter 7). Hence, the two organisations are embedded within one multi-level polity.

4.5.3 The Policy Area

SOs differ not only according to type and *raisons d’être*, but also with regard to the policy areas they have a mandate for. The broad area of ‘development cooperation’ was selected for analysis of supranational governance of tourism. It would have been equally feasible to select other areas which are related to tourism, such as ‘the environment’, ‘transport’ or ‘consumer protection’. However, development cooperation was perceived to generate ‘most learning’ (Stake 1995) as it involves the complex issue of North-South power relationships. Development cooperation in a North-South context includes the issue areas of aid and trade, and enables the researcher to trace the dimensions of power across all scales ranging from global down to local. Moreover, the issue of ideology is particularly salient in an examination of development cooperation in practice.

The selection of the policy area has implications for the development of the theoretical framework. Had the author chosen another policy area such as ‘the environment’, the theoretical framework would have likely taken a different form. For example, public goods theory or cross-boundary governance of shared ecosystems might have formed the theoretical centrepiece. An analysis of development cooperation in a North-South
context, however, demands recognition of potentially unequal power relationships, diverse interests, and the issue of dependency (see chapter two). A framework strongly influenced by critical theory enables the examination of these ‘negative’ dimensions of power, while equally focusing on the positive dimension of ‘empowerment’. Critical theory stipulates that change, empowerment and emancipation, precipitated via the medium of critique, are possible (chapter three). The following sections provide more detail on the actors that formed part of the analysis, and on the issue of scale. Thereafter, the data sources are presented.

4.5.4 The Story to be Told

The development cooperation agreements between the EU and the South Pacific governments acted as the umbrella for researching supranational governance of tourism within the case’s boundaries. Within the context of structural sources of power available to both actors, the negotiation process leading to the current agreement (Cotonou Agreement) and its trade component (the EPAs) was examined under all faces of power. This contextualisation was deemed necessary for a full understanding of the tourism component within EU-Pacific development (and power) relations. EU assistance to tourism development in the South Pacific was analysed under all faces of power, both negative and positive, while taking the historical dimension into account. It is shown that supranational governance of tourism in the South Pacific has indeed been shaped by evolving interests and powerful individuals and groups, such as the EU’s own ‘creation’, the SPTO, or lobbying groups located as far away as in the Caribbean, as well as by bias within the system and ideology. Finally, a mini case study of tourism policy in Samoa illustrates that supranational governance should not be perceived as an abstract phenomenon ‘up there’, but rather as a process involving all levels of governance with direct implications for local communities and individuals ‘on the ground’.

4.6 The Issue of Scale

All actors, though located on different scales, form part of the same puzzle and were hence ‘embedded’ within the case (figure 4.2). By employing the multi-level framework coupled with power, a deep understanding of the political nature of governance was enabled answering the following questions: How are the governance
of tourism and exercise of power of the regional organisation (SPTO) and the Pacific governments embedded in a framework of power at the EU level? To what extent do these macro- and meso- power plays filter down or are influenced by the local level or even individuals (figure 4.3)?

In a multi-level polity the spheres of power are perceived to be embedded. Exercises of power at the macro level create structural opportunities or constraints for actors located at lower levels, which in turn impacts on the latter’s exercise of power. The micro power sphere (local) lies embedded within the meso sphere (national), which in turn lies embedded in the macro sphere (supranational).

FIGURE 4.2
Scales of Analysis

The need for a multi-scalar analysis of governance (Hall and Jenkins 1995) is addressed further in that this study also incorporates both macro and micro elements of structure and agency. On a macro scale, the issues of North-South power relationships manifested in trade, investment and aid, as well as the issue of ideology were examined. On a meso scale, the second face of power, which incorporates the examination of organisational bias, and on a micro scale decision-making processes involving individuals were researched (figure 4.3).
FIGURE 4.3
Scales and Actors
4.7 Data Sources

4.7.1 Secondary Literature

Never before have governance and power relationships between actors situated at all levels of governance from the global down to the local been integrated into one coherent case study. However, parts of the governance system in the Pacific have already found some attention. The inter-SO relationship between the EU and the SPTO has already been addressed in the literature (Sofield 2003), as has the relation between the SPTO and a member government (Burns 2004). However, Sofield’s (2003) account was written from the perspective of the Pacific Island Forum Secretariat. This thesis on the other hand embeds the EU-SPTO relations into the macro-context of evolving interests and power relationships between the EU, Pacific governments and other interest groups including the private sector and communities.

Burns (2004) failed to draw attention to the structural, as well as political dimensions of supranational tourism governance by treating the SPTO as consultants without establishing a nexus with structural issues such as EU funding; issues that need to be addressed when examining the question of why SOs govern in a certain way. His study nonetheless demonstrated that the actual intention of the tourism plan proposed by the SPTO differed considerably (‘tourism first’) from the Solomon government’s vision of tourism planning (‘development first’). Why the SPTO ‘governs’ tourism development the way it does has therefore not been subject to analysis and will be addressed in this thesis.

Burns’ (2004) and Sofield’s (2003) studies do complement this research in that the methods employed are similar. Burns’ (2004) drew on critical discourse analysis, which also forms part of this study’s methodology. Sofield (2003) gained much data from participant observation, access to (classified) documents and actors during his term of employment at the Forum Secretariat. His insights were also drawn on in this study as the author was unable to conduct any interviews with officers of the Pacific Island Forum Secretariat, yet needed to triangulate the findings derived from available sources, such as written material and interviews with the EU and SPTO.
4.7.2 Empirical Material

Data collection followed the principle of triangulation by consulting various data sources to ensure validity of the findings (Stake 1995). These fall under the categories of written material (official organisational publications: policy and strategy documents, speeches, statements of organisational mandates; and unofficial/third party material: parliamentary handouts, press articles, reports of consultants), interviews and direct/participant observation (table 4.1).

Secondary sources on tourism in the Pacific Island region are manifold and easily accessible. These include books, edited volumes and academic journal articles. Most primary data is available online. However, only reliable sources were consulted, such as the organisations’ websites and online editions of newspapers. Pacific regional organisations, such as the Pacific Island Forum Secretariat or the SPTO, publish statistics on trade and tourism in the region, as well as official documents of relevance to the EU-South Pacific context.

The EU itself features an informative and up-to-date website on which the majority of official documents, as well as speeches in audiofile format are made publicly available. Similarly, the SPTO website hosts a wide range of relevant data, including a weekly newsletter. Furthermore, data were obtained from official monitoring reviews of EU/SPTO tourism projects and policies drawn up by individual consultants or consultancy firms. These reviews and other unpublished reports relating to EU/SPTO projects were obtained from the SPTO’s archive in Suva, Fiji. Unpublished reports on the project design of the Pacific Regional Economic Integration Programme (PACREIP) and its tourism component were obtained from the EU Delegation in Fiji. Information material and handouts for meetings, including classified material relating to the current EPA negotiations, were obtained from a representative of the Samoan Association of Manufacturers and Exporters (SAME) in Apia, Samoa. Classified material was considered in the analysis, but was not cited.

In addition, regional and Samoan periodicals and newspapers have been available online, which provided information on conflict and divergent opinions surrounding the governance of tourism by SOs and Pacific governments; issues which cannot be found in official publications. The Pacific Magazine (available online) provided data on
tourism in the region, as well on trade negotiations that were extensively covered. *The Samoa Observer*, a daily paper, provided valuable insights in issues surrounding the path of Samoa’s tourism policy and on public opinion. As only the latest issues of the *Samoa Observer* were available online, the author consulted the Pacific Collection of the University of the South Pacific in Suva, Fiji, for archived editions spanning a time frame of five years – 1990 to 1995. This was a period of significant economic reforms, as well as implementation of a new tourism plan in Samoa. This enabled the author to track government support and policy on tourism in relation to economic reform, which was then set in context with SO activities targeting Samoa.

The *Samoa Observer* offers a section for published letters to the editor and thus gives voice to its readers. Frequently, these letters illustrated a picture of the conditions ‘on the ground’ that contradicted official government reports. As a privately owned paper, the *Samoa Observer* is regarded as ‘a precious source of truth’ by its readers (Samoa Observer 1994a) who tend to complain about censorship of other media (Samoa Observer 1994b). According to the International Press Institute (2004), Samoa enjoys a ‘relatively free’ press, although non-government-owned news outlets were subject to harassment and in case of the *Samoa Observer* to being sued by officials for reporting on alleged corruption. In April 1994, the *Samoa Observer*’s editorial office and printing plant burnt down. This incident was defined as an ‘attack’ in a later edition of the paper (Samoa Observer 1994a). Irrespective of whether the fire stands in any connection to the paper’s uncensored style of reporting, the fire compromised the data collection for this research in that only a few editions from 1994 were available.
TABLE 4.1
Data Collection

<table>
<thead>
<tr>
<th>Type</th>
<th>Specifications</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Written Material</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Official publications of organisations</td>
<td>Policies and strategies; Speeches; Statements of mandate; Profiles; Minutes of meeting</td>
<td>SO websites; library; SPTO archive; EC Delegation in Fiji; EU document delivery</td>
</tr>
<tr>
<td>Unpublished material; Third party material</td>
<td>Negotiating mandates; Press articles (Samoa Observer; Pacific Magazine); Consultants’ reports; Handouts (Parliamentary meeting and hearings)</td>
<td>Internet; Library (USPC Pacific Collection in Fiji); SAME in Samoa; European Parliament (personal attendance)</td>
</tr>
<tr>
<td><strong>Interviews</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal elite interviews</td>
<td>Ten guided, semi-structured, open-ended interviews with members of the political elite, lasting 1 – 2,5 hours</td>
<td>EC and EP Brussels (Feb 2006); EC Delegation Fiji (Nov 2005); EC Delegation Samoa (Nov 2005); SPTO Fiji (Nov 2005); STA Samoa (Nov 2006)</td>
</tr>
<tr>
<td>Formal interviews</td>
<td>Three guided, semi-structured, open-ended interviews with Samoan NGOs, lasting 1 - 1,5 hours</td>
<td>SAME official; two SUNGO representatives</td>
</tr>
<tr>
<td>Type</td>
<td>Specifications</td>
<td>Sources</td>
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<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Interviews</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal</td>
<td>4 email interviews</td>
<td>Consultant; SPTO official; DG DEV official; Samoan tourism entrepreneur</td>
</tr>
<tr>
<td></td>
<td>30+ unstructured conversations</td>
<td>Fijian villagers and guesthouse staff (about 5); Samoa (25+): tour guides; entrepreneurs; guesthouse and fale staff and operators; a reverend; people not gaining income from tourism</td>
</tr>
<tr>
<td>Observation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participant</td>
<td>Attendance of parliamentary hearings and meetings</td>
<td>European Parliament, Brussles (Feb 2006)</td>
</tr>
</tbody>
</table>
Primary data in text form was supplemented by interviews and observation. Interviews are not only important sources of data to ensure triangulation, but also to gain understanding of meaning and 'grievances' held by public officials and other actors involved in the (non-) decision-making process (Lukes 2005). Such data is unlikely to appear in official reports and speeches, yet is required for an understanding of the exercise of power (chapter three).

4.8 Interviews

4.8.1 Outline

A total of thirteen in-depth interviews were conducted with members of political elites (European Commission in Brussels; European Parliament in Brussels; EU Delegation in Fiji; EU Delegation in Samoa; SPTO in Fiji; Samoan Tourism Authority) and NGOs (Samoan Association of Manufacturers and Exporters; Samoan Umbrella Organisation of NGOs). The interviews in Brussels were conducted in February 2006; in Fiji in November 2005; in Samoa in November 2005 and November 2006. Additionally, four interviews - with a consultant, a SPTO official, a Samoan tourism entrepreneur, and a DG Development official - were conducted via email given constraints to availability. Elite interviewing was selected since it cannot be disregarded that the exercise of power is often restricted to a dominant few. Hence, conducting in-depth elite interviews in political research has come to be a fundamentally important part in understanding the complexity of human interaction within the political machinery (Da Rocha 2005: 1).

The in-depth interviews took the form of semi-structured open-ended discussions of an explorative nature, which is the most common form of elite interviews (Aberbach and Rockman 2004, Da Rocha 2005). The interviews lasted between 1 and 2.5 hours. Interviews were ‘guided’ in that a set of general questions had been prepared in advance (APPENDIX X). Guided interviews involve a set of broad questions which the interviewer may order, phrase and present at his/her own discretion (Fontana and Frey 2005, Murphy and Dingwall 2003). The advantage of such a flexible approach as opposed to standardised interviews is the opportunity to explore how informants themselves define the object of the research, which is of high importance with regard to the ideological dimension of the third face of power (see chapter three). Moreover,
flexibility allows for following up interesting leads and opening up new dimensions as they arise during data collection (Murphy and Dingwall 2003). The advantages of such an approach in elite interviewing have been acknowledged by researchers (see, for example, Aberbach and Rockman 2004, Da Rocha 2005), particularly if the researcher aims at collecting data on values, beliefs and ideology rather than mere behaviour.

4.8.2 In Praxis

The flexible approach proved highly appropriate during the interviews. While a few interviewees preferred the author to ask one question at a time, most interviewees started to talk freely after the author had introduced herself and the research topic. The latter was the case where interviewees either had extensive knowledge about the issues in question or where they felt hidden resentment about aspects of the institution they worked for. In these cases, the interview was merely ‘steered’ to either follow an interesting lead or to proceed to a question which had not been answered so far. These interviews produced the most valuable data from a perspective of power. Hidden resentment and personal attitudes came to light, as did the power of individuals; a dimension to which the author had previously not attributed much importance in the theoretical framework. The interview responses were either taped with a simultaneous taking of notes, or only recorded in form of notes. The respondents were asked if they had any objections to being taped, as well as if they wished to remain anonymous and/or not to be cited. Five interviewees had no objections to being taped; eight preferred to have notes taken. All interviewees agreed to be cited if they remained anonymous. In order to verify responses and minimise the risk of misinterpretation, key themes and arguments that emerged during one interview were always discussed in another. Moreover, if the author was unsure about the meaning of a statement, she asked for verification via email.

4.8.3 Selecting Interviewees

Interviewees were selected according to expertise and involvement in the subject area, as well as representativeness of the organisation or organisational unit in question (Da Rocha 2005). At the SPTO, decision-makers were selected who were directly involved with both, the EU and decision-makers of Pacific Island countries. Regarding the EU Delegations in Fiji and Samoa, the highest-ranking individuals with involvement in
tourism were selected. At the European Commission in Brussels, officers of DG Development or the Tourism Unit of DG Enterprise were selected as interviewees. At the European Parliament, interviewees differed according to position (assistants or MEPs) and political orientation. The spectrum of parties represented ranged from left to centre-right, which enabled the ideological contextualisation of responses. In two cases interviews were conducted with MEP assistants, which was unintended yet necessary given the unavailability of the MEPs themselves. Time constraints and unwillingness to conduct interviews constitutes a major obstacle to elite interviews in general (Da Rocha 2005). However, this coincidence proved very constructive given the assistants’ willingness to talk about issues of conflict, bias and influence of individuals, while the interview with a MEP did not generate much data beyond general party lines.

Although elites are generally characterised by low accessibility (Da Rocha 2005), the author received a very high response rate of approximately 90 per cent. Particularly officials of the European Commission have been described as difficult to access (Anastasiadou 2004). The unusually high success rate of securing interviews might have been due to the form of contact that was chosen. Instead of sending a letter as recommended in theory (Aberbach and Rockman 2004), the author approached her subjects directly via email. Several secretaries of the interviewees remarked that emails were their favourite method of being contacted. Overall, the author’s experience with elite interviews corresponded to an observation made by Aberbach and Rockman (2004: 1): “they take a lot of persistence, time, and whatever passes these days for shoe leather, but […] if you like both politics and political science, it is one terrific way to spend your time”. However, elite interviews should not be relied upon as the sole method. Instead, the data must be reinforced by other forms of data via the method of triangulation (Aberbach and Rockman 2004, Da Rocha 2005, Denzin and Lincoln 1994, 2000, 2005).

4.9 Observation

4.9.1 Direct Observation

The method of observation was included in the research design in order to increase the validity of the findings. Direct observation was carried out in Fiji and Samoa, while the
methods of direct and participant observation were applied in Brussels. Direct observation involves active ‘seeing’ and ‘listening’ (Taylor-Powell and Steele 1996) and, in comparison to participant observation, it does not require the researcher becoming part of the group or participating in the events under study (DeWalt and DeWalt 2002, Kawulich 2005). Notes were taken on observations of sites and people. Particular attention was paid to the appearance and size of buildings and offices (the EU Delegations in Fiji and Samoa; DG Development, DG Enterprise and the Parliament in Brussels) as these may indicate the importance being attached to the respective units within the organisation. Moreover, dress codes and reading material within the offices and in the waiting areas (for instance, The Economist in DG Development versus the Financial Times in DG Enterprise) added a further piece to the puzzle concerning development philosophies.

In Fiji and Samoa, several site visits, as well as informal interviews (Fontana and Frey 2005) on tourism and politics were conducted. These took the form of about five unstructured conversations with Fijians, and at least twenty-five conversations with Samoan residents excluded from the supranational decision-making-process. These included individuals working in the tourism industry (tour guides; tourism entrepreneurs; guesthouse operators and staff; beach fales operators and staff) and individuals not involved in tourism (a Samoan reverend; people living a subsistence lifestyle or working in other sectors of the economy). These conversations enabled the author to get a feeling for opinions of some ‘people on the ground’ who are indirectly affected by (non-) decision-making in the supranational realm. Moreover, the observations in Fiji and particularly Samoa increased the validity of the conclusions on the micro level which were drawn from the detailed analysis of the macro- (SOs) and meso- (national governments) power relationships. In comparison to the field visits to Fiji and Samoa in November 2005, the visit to Samoa in November 2006 served primarily to ‘bounce off’ the conclusions draws in theory with people who have experienced it in praxis.

4.9.2 Participant Observation

“Participant observation is the process enabling researchers to learn about the activities of the people under study in the natural setting through observing and participating in those activities” (Kawulich 2005: no page number) with the goal to gain “a holistic
understanding of the phenomena under study that is as objective and accurate as possible given the limitations of the method" (DeWalt and DeWalt 2002: 92). In Brussels, the author took part in both informal and formal activities. Informal activities referred to as ‘hanging out’ (Kawulich 2005) enabled the author to build rapport with the informants. Coffee and lunch breaks were spent with Commission officers and MEP assistants, which allowed the author to assume a ‘peripheral membership role’ (Adler and Adler 1994). A ‘peripheral membership role’ enables the researcher to “observe and interact closely enough with members to establish an insider’s identity without participating in those activities constituting the core of group membership” (Adler and Adler 1994: 380).

Out of these informal activities, the author was invited to participate in formal group meetings, but not in ‘core activities’ behind closed doors. Specifically, the author observed two meetings of the Committee for Development of the European Parliament and a Parliamentary Hearing on the Economic Partnership Agreements (EPAs). Observations were recorded as notes, drawing particular attention to keywords (as recommended by Kawulich 2005) such as ‘influence’, ‘power’ and to remarks on won or lost past decisions. The meetings were attended by members of Parliament and the Commission, and in the case of the Hearing by members of NGOs and the Caribbean negotiating group of the Economic Partnership Agreements. Such broad attendance was particularly valuable given the importance of representativeness of the participants (DeWalt and DeWalt 2002). Moreover, it enabled the observation of interactions between individuals belonging to different units or organisations.

The author adopted an ‘observer as participant’ stance (Kawulich 2005), which refers to the researcher’s main role being the collection of data rather than the participation in the events, and the group being aware of the researcher’s presence. While during informal activities the informants were fully aware of the author’s role as a researcher, the attendants of the meetings and the Hearing were only aware of being watched by a visitor as indicated on the author’s visitors ID card. However, given the size of the meetings (approximately 100 attendants) and the seating arrangements (the author was seated in a back row) some attendees may not have been aware of the author’s presence, which would render her a ‘complete observer’ (Kawulich 2005).
The following sections attend to data analysis, with particular emphasis on the study of (non-) decision-making and the third face of power. Thereafter, it is examined to what extent the researcher’s personal values have influenced the study.

4.10 Data Analysis

4.10.1 The Process

Data were sorted and ordered in the following manner:
1: Collect secondary and primary data in text-form
2: Fieldwork: collect data from interviews and observation
3: Rewriting of data
4: Sorting: sort data by category (see Chapter three)
   - Sources of Power
   - Exercises of Power
     • First Face: Overt conflict
     • Second Face: Covert Conflict
     • Third Face:
       ▪ Consent
       ▪ Historical perspective: Conflict over same issue in past?
       ▪ Correlation to Discourse
     • Empowerment

Interviews were not transcribed word for word, as this might have led to the omission of meaning (Kvale 1996). Rather, where interviews were taped the recordings were listened to repeatedly to elicit the real meaning of the responses, paying particular attention to emphases, wording and tone. The ‘core message’ relating to each interview question, as well as prospective quotes were then written down. Notes that had been taken during interviews were re-written immediately following each interview. Gaps were filled and notes were supplemented with personal impressions the author had gained during the interview relating to emphases, wording and tone.
4.10.2 Studying (Non-) Decision-Making

As outlined in chapter three, the method used to identify the first, second and to some extent third face of power is to study decision-making processes. Under the first face, concrete decision-making situations were examined according to the prevalence of conflict, identifying the ‘winning’ and ‘losing’ party respectively (Dahl 1961). Under the second face, the researcher had to explore actual decisions about salient issues, and determine the people involved both openly and behind the scenes. According to Bachrach and Baratz (1970) the in-depth study of the decision-making process will yield clues about the mobilisation of bias. After having determined which people or groups of people were apparently disfavoured by the operative ‘rules of the game’, the researcher needed to enquire whether they held overt or covert grievances. Finally, the researcher needed to determine why and how these grievances had been denied attention (Bachrach and Baratz 1970, Crenson 1971). Under the third face, the decision-making process was examined according to situations of ‘consent’, before moving on to discourse analysis (see below).

However, even by carefully following these methodological prescriptions, it must be acknowledged that decision-making processes are inherently difficult to study. As John F. Kennedy (quoted in Allison 1971: vi) remarked “[t]here will always be the dark and tangled stretches in the decision-making process – mysterious even to those who may be most intimately involved”. Decision-making processes are not only marked by a certain degree of randomness (Kingdon 1995) but also by certain ‘lenses’ which are adopted during analysis are reflected in the final conclusion. Allison’s (1971) classic study of decision-making during the Cuban Missile Crisis clearly illustrates this point. By adopting three different ‘lenses’ for the analysis of decision-making, Allison (1971) produced three very different, yet nonetheless equally convincing explanations of the process.

In this sense, the author cannot and indeed does not wish to claim to have produced the only valid explanation and interpretation of the case studied. It would be equally valid to use alternative concepts, such as a rational choice framework, which might produce different results, or at the least focus on different aspects. Nonetheless, through its epistemological openness, the framework employed in this study resembles to some extent Allison’s (1971) approach, which enables a broader range of explanations and
interpretations than a narrow conceptualisation of power would. Such an approach is of considerable advantage in the study of such a complex phenomenon.

4.10.3 Studying the Third Face of Power

Critical Discourse Analysis

The analysis of the third face of power (see chapter three) requires an examination of governance practices in terms of their upholding of hegemonic discourses. Thus, the research design incorporates elements of 'critical discourse analysis' (Burns 2004, Dellinger 1995, Morrow 1994). Burns (2004) illustrated the usefulness of critical discourse analysis in examining tourism policy documents. In this study, the element of ideology and, more specifically, ideology critique plays an important role, which necessitates some understanding of the role of SOs' governance of tourism within macro-discourses, such as the neo-liberal development paradigm.

A discourse “refers to the issues involved in defining units of analysis in narrative enquiry” (Morrow 1994: 261, original emphasis), and describes “an integration of sentences that produces a global meaning that is more than that contained in the sentences viewed independently” (Polkinghorne 1988 in Morrow 1994: 261). Discourse analysis is closely linked to critical methodologies through its focus on power and ideology (Morrow 1994). Forms of discourse analysis applied by critical theorists have two defining traits (Morrow 1994):

- interpretations of meanings are sensitised to detecting forms of distorted communication linked to power and strategic or manipulative forms of interaction (relevance: the manipulative third face of power);
- discourses are recontextualised with reference to the social relations and institutions through which they are constituted (relevance: the role of SOs in upholding a discourse).

According to Kaplan (1990 quoted in Dellinger 1995), it is not an understanding of grammar and syntax which enables the understanding of meaning, but the rhetoric intent and world view that are brought to paper. A text may be perceived as ‘an iceberg of information’, in which only the ‘tip’ is expressed in words and sentences. Thus, the
analysis of the implicit is very useful in studying underlying ideologies (Dellinger 1995, Van Dijk 1991). Consequently, the statements that constitute a discourse are expressive of and informed by a specific ideology. Emphasis on both the structure and social context of a text can enable the researcher to expose the ‘taken-for-grantedness’ of ideological messages as they appear in isolated speech. This renders critical discourse analysis a suitable tool not only for Ideologiekritik but the ‘third face of power’ in particular.

Van Dijk’s (1991) comments on discourse analysis illustrate a strong relationship to the third face of power, and thus further justify the selection of critical discourse analysis as component of the research design. According to Van Dijk (1991), discourse analysis helps to identify the process of framing beliefs and opinions that benefit one particular group. Thus, people may be forced or persuaded to act against their ‘best interests’, which clearly corresponds to the manipulative third face of power which prevents actors from recognising their ‘objective interests’. The possible discrepancy between ideology and interests implies that power relations may be reproduced and legitimated at the ideological level, resulting in behaviour which is in accordance with the interests of the powerful (Dellinger 1995).

The Third Face and the Importance of Time: Samoa as Mini Case Study

When tracing the operation of power, particularly under the third face, it is necessary to take the historical dimension into account (Dellinger 1995, Doorne 1998, Morrow 1994). As outlined in Chapter three, the author employed a new method for examining the third face of power which avoids Luke’s (1974) counterfactual reasoning for determining ‘objective interests’ while retaining the link between power and interests. As explained in chapter three, a researcher may not claim superior knowledge of the powerless agent’s interests despite what he/she upholds these interests to be. The researcher may, however, determine whether ‘consent’ between the powerful and the powerless has to some extent been constructed.
The examination of ‘constructed consent’ involves two dimensions:

- temporal change in stated interests by agent B; and
- agent A’s influence on agent B’s ‘new’, subjective interests, in that agent A reinforces structural constraints that prevent agent B from falling back to previous or, in fact, ‘objective’ interests (see chapter three).

Specifically, the consent between SOs and Pacific Island governments on neo-liberal policies relating to tourism was examined. On the one hand, the governments agreed on negotiating a free trade agreement with the EU (the EPAs) that would include a tourism component. On the other hand, there was a situation of consent between the governments and SOs (EU, SPTO, ADB) on structural adjustments. Lukes’ (1974) and Connolly’s (1972) method of counterfactual reasoning would have implied to ask the question ‘would the governments still agree to negotiate the agreement and to implement structural adjustments if they had previously experienced the consequences, or if they were in a situation of relative autonomy’? The results of such an assessment would necessarily be highly speculative. Instead of asking what decisions the governments would make, the author decided to focus on the decisions they did make over time, and whether there had been any influence by SOs through the upholding of structural constraints (see chapter three: Negotiating the Paradox of Emancipation). If the historical data – prior to the influence of the ‘powerful’ – equaled the contemporary data, the ‘third face of power’ lost much significance. If, however, the powerless’ position in the past differed from the one adopted under the influence of the ‘powerful’, the ‘third face of power’ was more likely to have been exercised. This necessitated an enquiry into the process of consent formation through the reinforcement of structural constraints that prevented the ‘powerless’ from freely choosing a strategy in line with their (self-recognised, yet objective) interests (see chapter three).

As a mini case study of the third face of power, the author traced Samoa’s policy on tourism over time within the context of structural reform. Samoa was selected as a mini case study due to the importance of its culture in public discourse and high levels of local ownership in tourism (Scheyvens 2002b, 2005). The traditional ‘Samoan way’ can be perceived as the antithesis to neo-liberal policies on tourism that do not provide any protection for local culture and ownership given the ‘free hand’ of the market. An
examination of policy change in Samoa may therefore provide valuable insights in the operation of the third face of power. Specifically the following questions were addressed:

- To what extent has Samoa’s public policy and government opinion on tourism changed over time (the change of interests)?
- The influence of SOs:
  - have SOs supported this change through the upholding of a certain discourse on development philosophy?
  - have SOs reinforced structural constraints that prevented Samoa from following a different policy (that is, from defining new or keeping ‘past’ interests) or have they rather dismantled constraints (for example, by providing information and enabling free choice)?

The following sections address critical issues of ‘reciprocity error’, ‘Potemkin effect’ and ‘power of the researcher’ will be outlined.

### 4.11 Reciprocity Error

As this study analyses different organisations at different levels of governance, the issue of reciprocity needs to be addressed. Similar to researchers of interorganisational relations (Lovelock 1999), the author faced the difficulty of resolving discrepancies in the expressed views of the different organisations and individuals. As already noted, it may prove difficult to identify the appropriate informants due to the element of bias. Informants, particularly politicians, may produce ‘sanitised’ responses which do not correspond to the views of other interviewees, such as assistants or members of a community. Moreover, perceptions of decision-making processes and power relationships involve a subjective judgment which might contribute to discrepancies.

Whetten (1982 in Lovelock 1999) proposed to eliminate the reciprocity error by selecting the most informed respondent and by consulting a variety of sources, both of which was applied in this research. As outlined above, data were triangulated with a variety of sources, and interviewees were selected according to their knowledge and involvement in the issue area under study.
4.12 Potemkin Effect

The ‘Potemkin effect’, defined as informants putting on a “show designed to hide an undesirable fact or condition” (Maxwell 1996: 99), posed a further threat to validity and reliability. There was a danger of exaggerated responses or prior discussions among interviewees who expected my arrival. Moreover, the political elite might have feared judgment and preferred to ‘hide’ compromising information (De Rocha 2005). Particularly relevant to research conducted by a privileged Westerner in a developing country, the researcher may show concern and empathy for the interviewees, hence causing a biased response (research reactivity bias). This, in turn, has an effect on research reliability and validity. To reduce these risks, interviews were conducted with informants from different locations and backgrounds. Open-ended questions within the interview process required elaboration and some openness, which reduced the risk of generating prior-defined answers. The author also aimed to minimise the impact of her presence on the informants’ behaviour and responses by refraining from interpretive and evaluative comments during the interviews and observation.

4.13 The Power of the Researcher

Related to the Potemkin effect is the ‘power of the researcher’ to influence the course of events, and hence, to compromise the validity of the findings. In participant observation, for example, the researcher is expected to become a part of the group “to the extent that the members themselves include the observer in the activity and turn to the observer for information about how the group is operating” (Kawulich 2005: no page number). Fine (2003 in Kawulich 2005) argued that the researcher should leave the field at the point when members begin asking the observer questions about the group. During the later stages of the researcher’s stay in Brussels, key informants indeed asked the author about her personal view on the EU’s development policy in practice, while another asked her to ‘make recommendations’ to his superior. In both cases, the author declined with the intention of minimising any influence.

In another conceptualisation, the power of researchers is related to the control over the design, implementation, analysis, and research output (Barnes and Mercer 1997). As Tribe (2006: 375) put it:
Tourism research carries with it a subtle power to define: to skew; to objectify: to foreground some issues leaving others untouched: to legitimise some methods casting others to the periphery: to privilege some groups while excluding others and to tell stories in particularistic ways.

A power relationship hence exists between the researcher and ‘those researched’ on the one hand, and the researcher and the reader on the other. Regarding the latter, Doorne (1998) aptly observed “the paradox of power, it seems is also present in the text and its attempt to exercise the power of persuasion”. Through the choice of words the researcher is able to insert meaning which influences the reader. For example, the author chose to call her research objects ‘supranational organisations’ instead of ‘international’ or ‘intergovernmental’ organisations, which relates to the ontological issue of the importance of the nation state. ‘Supranational’ implies actor capacity; being able to exercise some power as a unit and being more than an ‘empty shell’ or ‘puppet’ of univocally powerful governments. However, through overtly addressing this ontological issue, the reader is less subject to subtle influence, as he/she can recognise where this thesis is situated.

On the other hand, the power relationship between the researcher and ‘those researched’ encompasses the issue of empowerment in terms of ‘giving voice’ (Bhavnani 1990). The researcher may choose to treat ‘those researched’ as voiceless ‘objects’ or as ‘subjects’ empowered to exert some influence over the research process. This research project clearly started out with the former. The author selected key informants with the intention to retrieve data on the organisation they worked for. While this included a subjective dimension in terms of ‘ideology’ and ‘grievances’, the prime intention was to accumulate individual responses into one ‘organisational’ response. However, the author was subject to a learning process during her stay in the Pacific Islands and Brussels, in that she had previously not attributed enough attention to the power of individuals and the fact that a SO is far from being a homogenous entity. Hence, ‘objects’ were transformed to ‘subjects’ in that they exerted influence on the author’s approach to the research and the final research output.

Moreover, the multitude of informal interviews with people in Fiji and Samoa was intended to give voice to actors who have frequently been neglected or paternalised in studies written by Western academics (Tribe 2006). As Tribe (2006: 377, original emphasis) demanded, researcher “should seek to speak truth of power and facilitate
speech of the powerless. This research might therefore have had some impact on the people the author had spoken to. Indeed, while in Samoa, the author was surprised at how the news that a Western researcher was interested to hear the opinions of locals had snowballed. The author was invited to meet and speak to a wide variety of people, many of whom expressed their surprise that someone from beyond the Islands ‘cared’ to hear their voices. Irrespective the potential effect on the research subjects, the latter certainly had a profound impact not only on the research project but also the author as a person.

4.14 Summary

The chapter not only explained the overall research design, but also drew attention to several problematic issues and the strategies employed to solve them. These included the reciprocity error, the Potempkin effect, and the power of the researcher. The case study approach was outlined, as was the section of the case unit, the EU. The following chapter provides the contextualisation for the case study, both in terms of the EU and the South Pacific Island region.
Chapter 5: The Context to EU – South Pacific Development Cooperation

5.1 Introduction

The major aim of this chapter is to contextualise the case study, which is the EU in the South Pacific. After a brief outline of the EU’s history and institutions, emphasis is placed on the historical background to the EU’s development policy with regard to the South Pacific. A description of the EU’s relationship with the South Pacific essentially includes a discussion of colonialism, as it has not only had a severe impact on South Pacific economies, societies and governance structures (Britton 1983, Hall 1996, Matthews 1978) but also provided the rationale for drawing up the first development cooperation agreement in the 1970s. The second part of the chapter focuses on the South Pacific today, emphasising the role of tourism. Finally, one island state - Samoa - is introduced in depth, as it constitutes the major mini case study.

5.2 The European Union (EU)

5.2.1 Introduction to the EU

The EU’s origins can be traced to the humanistic ideal of peace through a united Europe. The idea received impetus after World War II, when Robert Schuman, the French Foreign Affairs Minister, took up an idea by Jean Monet (the ‘father of Europe’) and proposed to set up a European Coal and Steel Community (ECSC) with shared authority among recently warring nations (Fontaine 2003). The ECSC was created in 1951, giving rise to the Treaty of Rome in 1957 that established the European Economic Community (EEC) with six member states (see Appendix II: Key dates in the history of European integration). Over the course of five decades, the EEC evolved from an “interstate bargain” into the EU, a “quasi-federal polity” (Sweet and Sandholtz 1998: 1) with the most supranational institutions existing today (Diez and Whitman 2002, Farazmand 1999). The EU encompasses a borderless single market and a single currency, the euro. Especially the establishment of the single market in 1992 contributed to a perception of a strong and self-reliant European bloc – in some
fostering fears of a ‘Fortress Europe’ (Norgaard et al. 1993). Today, the EU has twenty-five members states (figure 5.1) and since Bulgaria and Romania have joined in 2007, the EU’s population base amounts to nearly half a billion people (EC 2006a). Standards of living within the EU are among the highest in world, with a per capita GDP of € 21 400 in 2003 (EC 2006a). Standards do, however, vary significantly between countries, with Luxembourg’s inhabitants being the richest and Latvia’s the poorest (EC 2006a). Over 60 per cent of the EU’s GDP is generated by the services sector, while the economic importance of agriculture and industry has declined (EC 2006a, Fontaine 2003).

FIGURE 5.1
Map of the European Union
(Source: Quick Seek Encyclopaedia 2005)
Although the EU’s cumulative population constitutes only 7 per cent globally, it accounts for approximately 20 per cent of world trade (EC 2006a). The single market has caused a significant increase in intra-EU trade, which now constitutes two thirds of the EU’s overall trade (EC 2006a). In general, the EU has become a major global player in economic, trade and monetary terms, and it has significant influence in international organisations, such as the WTO. Despite this influence, the EU may be perceived as ‘economic giant’ yet ‘political dwarf’ (Fontaine 2003) due to the fact that economic integration has advanced much further than political integration, which the recent negative outcome of public referenda on the European constitution demonstrated (BBC 2006a). A key element of the constitution was to reform the decision-making process in the EU’s institutions in order to prepare for further enlargement (EC 2006b).

### 5.2.2 The EU’s Institutions

The EU has three major decision-making institutions: the so-called ‘institutional triangle’ encompasses the Council of the EU, the European Parliament and the European Commission. The European Council, European Court of Justice, European Court of Auditors, European Investment Bank (EIB), Economic and Social Committee, and Committee of the Regions are the most important institutions that mainly provide advice and guidance to the three decision-making institutions (figure 5.2).

The Council of the EU, formally known as the Council of Ministers, is the EU’s main decision-making institution and represents the governments of the member states. One minister from each member state attends the Council meetings. Decision-making is by unanimity, majority vote or qualified majority vote. The Council shares legislative power with the European Parliament (Fontaine 2003, Sweet and Sandholtz 1998, Tsebelis and Garrett 2001).

The European Parliament (EP) represents the EU’s citizens and its members are directly elected by universal suffrage every five years. The present parliament encompasses 732 members who belong to various political groups, the largest being the European People’s Party and European Democrats (EPP-ED) and the Party of European Socialists (PES) (Fontaine 2003). The EP has seventeen parliamentary
committees, including the ‘development committee’, which conduct the preparatory work for the plenary sessions that are held either in Strasbourg or Brussels. Parliamentary debates have given rise to many policy initiatives, and the EP exercises democratic control over the Commission (Fontaine 2003, Tsebelis and Garrett 2001). It may pass a motion of censure against the Commission, as happened in 1999 when President Jacques Santer was forced to tender the collective resignation of his Commission (Fontaine 2003).

FIGURE 5.2
The Institutions of the EU
(Source: adapted from Dadalos Europe 2000)
The European Commission (EC) is the EU’s executive, initiating legislation, issuing measures and some legislation under delegated powers and ensuring their implementation (Killen 2001, Tsebelis and Garrett 2001). The EC is composed of twenty-five Commissioners, one for each member state, who are supported by a significant number of staff based in Brussels, Belgium. In total, the Commission is composed of thirty-six directorates-general (DGs) and specialised services (table 5.1).

TABLE 5.1
The European Commission’s Directorates-General and Specialised Services

<table>
<thead>
<tr>
<th>General Services</th>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Anti-Fraud Office</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Eurostat</td>
<td>Competition</td>
</tr>
<tr>
<td>Press and Communication</td>
<td>Economic and Financial Affairs</td>
</tr>
<tr>
<td>Publications Office</td>
<td>Education and Culture</td>
</tr>
<tr>
<td>Secretariat General</td>
<td>Employment and Social Affairs</td>
</tr>
<tr>
<td><strong>External Relations</strong></td>
<td>Energy and Transport</td>
</tr>
<tr>
<td>Development</td>
<td>Enterprise</td>
</tr>
<tr>
<td>Enlargement</td>
<td>Environment</td>
</tr>
<tr>
<td>Europe Aid-Cooperation Office</td>
<td>Fisheries</td>
</tr>
<tr>
<td>External Relations</td>
<td>Health and Consumer</td>
</tr>
<tr>
<td>Humanitarian Aid Office – ECHO</td>
<td>Protection</td>
</tr>
<tr>
<td>Trade</td>
<td>Information Society</td>
</tr>
<tr>
<td><strong>Internal Services</strong></td>
<td>Internal Market</td>
</tr>
<tr>
<td>Budget</td>
<td>Joint Research Centre</td>
</tr>
<tr>
<td>Financial Control</td>
<td>Justice and Home Affairs</td>
</tr>
<tr>
<td>Group of Policy Advisers</td>
<td>Regional Policy</td>
</tr>
<tr>
<td>Internal Audit Service</td>
<td>Research</td>
</tr>
<tr>
<td>Joint Interpreting and Conferences</td>
<td>Taxation and Customs Union</td>
</tr>
<tr>
<td>Legal Service</td>
<td></td>
</tr>
<tr>
<td>Translation Service</td>
<td></td>
</tr>
<tr>
<td>Personnel and Administration</td>
<td></td>
</tr>
</tbody>
</table>

(Source: adapted from Killen 2001)
Each DG is headed by a Director-General who is accountable to a Commissioner. Although the Commissioners are appointed by their national governments, they are ought to act with political independence. The EC has its own ‘community budget’, which grants it a higher degree of independence from its members states than other international organisations (Fontaine 2003, Killen 2001). Most importantly, the Commission’s aim is to represent the interests of the EU, not individual members states (Fontaine 2003) – an aim that realists would regard as impossible (refer to chapter three).

5.2.3 Development Policy

DG Development (DG DEV) is responsible for initiating and formulating the EU’s development cooperation policy and to coordinate relations with African, Caribbean and Pacific (ACP) countries, as well as the Overseas Countries and Territories (OCTs) (DG Development 2004a, b). The South Pacific Island states form part of the ACP group. DG DEV programmes aid, prepares development strategies with ACP countries and OCTs and ensures their implementation (DG Development 2004a, b). Hence, although DG DEV is responsible for development co-operation with the South Pacific Island states, these constitute merely a small element of the DG’s portfolio (figure 5.3).

On the ground, DG DEV is supported by so-called Delegations. There are 118 Delegations in third countries worldwide, including the South Pacific, and five at centres of international organisations, such as the UN and WTO. The Delegations, such as the one responsible for the whole South Pacific based in Suva, or another delegation responsible for Samoa based in Apia, usually constitute the prime point of contact for agents in the South Pacific wishing to raise a concern with the EU. Their role is to explain and implement EU policy ‘on the ground’, report on policies and developments in third countries and conduct negotiations (EC 2006c). One of their major roles in the South Pacific, for example, is the implementation of projects financed by the EU. These projects are usually part of programmes which in turn must correspond to what has been laid down in the ‘macro’ development-cooperation agreements between the EU and developing countries.

Today, the EU’s development cooperation agreements cover more than 100 countries and can be divided into two main categories: the ACP and the rest of the world,
meaning Latin America, Asia, the Mediterranean and Europe (Olsen 2005). Aid for the ACP is derived from the European Development Fund (EDF) which does not form part of the Community budget; however, there has been an ongoing debate about its ‘budgetisation’ (EC 2005a). Instead, the EDF is funded by the individual member states that decide on the budget in the Council via qualified majority voting, and it is subsequently ratified by the national parliaments of each member state. The EDF is governed by a specific committee, the EDF Committee (EC 2005a), while the EC and recipient countries have no power at all to decide on its amount. Member states – national governments – have the so-called ‘power of the purse’ (that is budgetary power). Each EDF has a lifespan of approximately five years, which correlates to the duration of most EU-ACP agreements. During the 1980s, about 60 per cent of the EU’s total aid went into the ACP countries; in 2001 the percentage had dropped to 33 per cent (Olsen 2005). The declining share of ACP aid had much to do with a changing geopolitical situation and new power relationships; an issue that is addressed in depth in chapter six.

FIGURE 5.3
DG Development
(Source: DG Development 2004c)
5.2.4 The Origins of EU – South Pacific Development Cooperation

The first development cooperation agreement between the EU and forty-seven African, Caribbean and Pacific (ACP) Countries (the first ‘Lomé Convention’, signed in 1975) was the product of a history of European colonialism. When six European states were negotiating the establishment of the European Economic Community (EEC) in 1956, France insisted on special provisions for economic cooperation and aid to its colonies and OCTs (Jini and Young 1990). Consequently, member states’ colonies, former colonies and OCTs were granted association status in the Treaty of Rome (EC 2005b and c, Jini and Young 1990). Articles 131 and 136 of the treaty provided for the creation of the EDF with a view to grant technical and financial assistance to the associated countries – in essence French speaking Africa (EC 2005a). The first EDF (1959-1964) was not attached to any cooperation agreement. The first development cooperation agreement, Yaoundé I (1963-69), was drawn up in 1963 between the EU and eighteen African countries, providing for trade preferences and aid under EDF II (EC 2005a, b). Three additional African countries joined in 1969 under Yaoundé II (1969-1975) (see table 5.2), which in the wake of de-colonialisation accorded priority to infrastructure development (EC 2005b).

In 1975, Yaoundé was incorporated into what would evolve into the most comprehensive North-South cooperation agreement of all time: the Lomé Convention (EC 2005b, Jini and Young 1990). When the UK joined the EU in 1973, it insisted on similar privileges for its commonwealth territories as France. As a result, the EU extended its aid and trade preferences from Africa to the Caribbean and Pacific, for which the ACP group of states was founded in 1975 (Secretariat of the ACP 1995-2005). In the same year, the EU (extended to 9 member states) and a 46-state-strong ACP signed the first Lomé Convention (1975-1980), which was primarily aimed at promoting industrial development and social infrastructure (ACP/EC 1975).
TABLE 5.2

Signatories to Yaoundé, Lomé and Cotonou

- **Yaoundé I (1963)**
  Benin - Burkina Faso - Burundi - Cameroon - Central African Republic - Chad - Congo (Brazzaville) - Congo (Kinshasa) - Côte d'Ivoire - Gabon - Madagascar - Mali - Mauritania - Niger - Rwanda - Senegal - Somalia - Togo

- **Yaoundé II (1969)**
  *Yaoundé I plus: Kenya - Tanzania - Uganda*

- **Lomé I (1975)**

- **Lomé II (1979)**
  *Lomé I plus: Cape Verde - Comoros - Djibouti - Dominica - Kiribati - Papua New Guinea - Saint Lucia - Sao Tome and Principe - Seychelles - Solomon Islands - Suriname - Tuvalu*

- **Lomé III (1984)**
  *Lomé II plus: Angola - Antigua, Barbuda - Belize - Dominican Republic - Mozambique - Saint Kitts and Nevis - Saint Vincent and the Grenadines - Vanuatu - Zimbabwe*

- **Lomé IV (1990)**
  *Lomé III plus: Equatorial Guinea - Haiti*

- **Lomé IV revised (1995)**
  *Lomé IV plus: Eritrea - Namibia - South Africa*

- **Cotonou (2000)**
  *Lomé IV revised plus: Cook Islands - Marshall Islands - Federated States of Micronesia - Nauru - Niue - Palau*

(Source: EC 2005d)
5.3 The South Pacific Islands

5.3.1 Colonialism in the South Pacific

The three South Pacific Island states that constituted the signatories to the first Lomé Convention were Fiji, Samoa and Tonga. They form part of the South Pacific Island region that encompasses approximately 30,000 islands (Page and Lawton 1996) and stretches over some thirty million square km of ocean, making it the geographically largest of all ACP regions (McRae 2000). The region is composed of very different countries in cultural, geographic and economic terms. Culturally, the people of the South Pacific are predominantly of Polynesian, Melanesian and Micronesian decent (McRae 2000). Polynesia is composed of French Polynesia, Pitcairn, Easter Island, the Cook Islands, Niue, Tonga, American Samoa, Samoa, Tokelau, Wallis and Futuna, and Tuvalu. On the other hand, Melanesian islands (Papua New Guinea, the Solomon Islands, Vanuatu, New Caledonia) have in general a larger landmass than Polynesian and Micronesian ones. Micronesia lies in the North of the South Pacific and includes the Marshall Islands, the Federated States of Micronesia, Guam, the Northern Mariana Islands, Palau, Kiribati, and Nauru (Lal and Fortune 2000, McRae 2000) (figure 5.4).

FIGURE 5.4
Map of the South Pacific Island States
(Source: Asia-Pacific Network 1996-2007)
Most South Pacific states have historic ties to Europe, being former colonies or protectorates of European powers (Harrison 2003, Lal and Fortune 2000). Fiji for example was ceded by the British crown in 1874 and did not gain independence until 1970 (Britton 1987, Lal and Fortune 2000). Samoa was divided by the colonial powers into Western Samoa and American Samoa. Western Samoa remained a German colony from 1889 until 1914, when it was occupied by New Zealand. It remained under New Zealand administration until 1961 when it became the first South Pacific state to gain independence (Lal and Fortune 2000). American Samoa on the other hand has remained a so-called ‘unorganised’ US territory until today. By 1900, Tonga was in fact the only South Pacific state that was able to “retain a semblance of its traditional sovereignty” (Lal 1994 quoted in Harrison 2003: 3). Tonga was never ceded as a colony, but it was a British protectorate from 1900 until 1970, which enabled it to join the ACP. The colonial powers Britain and France along with Germany, Spain, the US, Japan, Australia and New Zealand were at some point in time governing most parts of the South Pacific (Harrison 2003). During their rule, they

created an international division of labor where colonized peoples provided the cheap labor and raw materials for European expansion, wealth accumulation, and industrialization, while peripheral colonized regions stagnated and were forcibly introduced to Western institutions and Christianity (Lockwood 2004: 3).

Although most Pacific Island states are now formally politically independent, colonialism has left its legacy (figure 5.5). Colonialism has shaped the region’s systems of governance and religion, as well as its social, ethnic and economic structures (Britton 1980, 1983, Hall 1996, Harrison 2003, Lockwood 2004, Meleisea 1987). In Fiji, for instance, one encounters numerous

reminders of a colonial past: the styles of housing in the towns, Waterman fountain pens on sale in the jewellers, ... and even British Leyland buses – hallmarks of the British connection that have long since disappeared in the metropole (Harrison 1997: 171).
Even the popular tourist image of the ‘South Pacific paradise’ - which is being used in regional promotion campaigns (SPTO 2003) - constitutes a “cultural hangover from the imperial adventures of European powers” who created the perception of a South Pacific region in the first place (Hall and Page 1996a: 5). Similarly, the tourist image of South Pacific islanders as being not only hospitable but also exotic and erotic (Harrison 2003) has its roots in colonial imagery (figure 5.6). Particularly Samoa has become known for the ‘promiscuous culture’ of its ‘primitive inhabitants’ owing to the now discredited work by anthropologist Margaret Mead (Mead 1928, Freeman 1984).

Tourism in the South Pacific does indeed have a history of colonialism (Hall and Page 1996b, Harrison 2003). As Britton (1983, 1987) observed the tourism colonialism nexus in the South Pacific is rather complex. On the one hand, tourism can aid in diversifying a distorted economy that was shaped to serve the needs of the colonial powers (the dependence on sugar in Fiji, for example). On the other, “tourism is itself a product of this colonial structure and acts to exacerbate many essential features of this original condition” (Britton 1983: 201). According to Finney and Watson (1975 quoted in Harrison 1997: 171) tourism in Fiji is simply “another kind of sugar.” The
Pacific Island tourism industry’s dependency on metropolitan markets, capital and tourism companies - European tour operators being particularly powerful (Bastakis et al. 2002) - is a case in point as it has a tendency to deepen unequal North South relations (Britton 1983, Hall 1996, Mowforth and Munt 1998).

FIGURE 5.6
Colonial Imagery
(Source: from a collection of the earliest known post cards of Samoa, 19th century to the 1920s, copy obtained from Commercial Printers in Apia, Samoa)

Patterns of dependency imply that decisions taken beyond the boundaries of the South Pacific have the power to shape the economic future and nature of the tourism industry in the region (see chapter seven for a discussion of the SPTO’s dependency on the EU). As Burns and Cleverdon (1995) outlined, running a national airline tends to be unfeasible for most South Pacific microstates, which makes them dependent on carriers from Australia and New Zealand in particular. In the case of the Cook Islands, for example, which depend on Air New Zealand, “a boardroom decision taken in Auckland … created a major change in supply. The Cook Islands now finds itself a ‘destination on the edge’ … of its physical and social capacity to carry more tourists” (Burns and Cleverdon 1995: 227). Such a loss of control constitutes a major issue within the South Pacific. Not only is it feared by governments (Hall 1997) but also by ‘the people’. In the South Pacific customary land ownership is widespread, implying
that people of the South Pacific have enjoyed a significant degree of control over their land (Harrison 2003, Lal and Fortune 2000). However, much - especially coastal - land has been leased to tourism developers, and control has been traded in for monetary gains (Harrison 1997, Sofield 2003). Across the South Pacific, the loss of control has led to numerous, sometimes forceful, disputes between the landowners and operators (Harrison 1997, Samoa Observer 2004, Sofield 2003). Despite such considerations of dependency, loss of control and structural inequality, tourism’s economic importance in the South Pacific has grown significantly given the sector’s potential to generate foreign exchange for governments, and jobs for communities. Arguably, tourism may be perceived as a promising route out of dependency, namely the islands’ dependency on foreign aid and remittances (Hall 1997).

5.3.2 Tourism in the South Pacific

As so-called MIRAB economies - dependent on migration, remittances, foreign aid and a blown-up bureaucracy (Milne 1992) – the Pacific Islands have few options for economic ‘development’. Although living standards are relatively high compared to Africa, five South Pacific Islands are classified as least developed (see chapter one) and the UNDP noted a ‘poverty of opportunity’ in the region, borne out by high emigration and youth suicide rates (PACP/EC 2002). All of the South Pacific Islands face some severe constraints to economic development; problems which they share with SIDS (Gössling 2003). These include their remoteness from overseas markets, small and fragmented domestic markets, and vulnerability to natural disasters (Harrison 2003, Lal and Fortune 2000, McRae 2000, Milne 1992). The islands further face a general lack of natural resources apart from fish, timber and phosphate – which are, however, disappearing fast (Hall 1997). Given such constraints coupled with high unemployment rates, some countries have tried to generate income through rather unconventional means. These included the sale of passports, the licensing of telephone lines for international phone sex services, and even the establishment of an offshore detention centre on behalf of Australia (Harrison 2003).

Apart from these unconventional attempts to foster economic growth, the general lack of development alternatives has led to a steady growth of tourism in nearly all Pacific Island states (Gössling 2003b, Hall 1997, Milne 1992, SPTO 2003). As in most SIDS, the development of tourism may be considered an ‘obvious’ policy choice (Wilkinson

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1989). A variety of island states have by now become fully dependent on tourism’s earnings with the sector’s contribution to GDP accounting for almost 50 per cent in the Cook Islands and Palau (Apostopoulos and Gayle 2002, Gössling 2003b, SPTO 2003) (figure 5.7).

<table>
<thead>
<tr>
<th>Country</th>
<th>Tourism GDP %</th>
<th>Tourism % Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cook Islands</td>
<td>47.0%</td>
<td>-</td>
</tr>
<tr>
<td>Fiji</td>
<td>12.8%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Kiribati</td>
<td>14.5%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Niue</td>
<td>13.0%</td>
<td>-</td>
</tr>
<tr>
<td>Palau</td>
<td>49.0%</td>
<td>-</td>
</tr>
<tr>
<td>PNG</td>
<td>6.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Samoa</td>
<td>9.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>2.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Tonga</td>
<td>5.0%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>3.0%</td>
<td>-</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>16.6%</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

FIGURE 5.7
The Economic Importance of Tourism in the South Pacific
(Source: SPTO 2003: 8)

Tourism’s contribution to the individual economies must, however, be set into context. While in Fiji, tourism’s 12.8 per cent contribution to GDP (SPTO 2003) is indeed based on substantial visitor numbers of around 400,000 per annum (table 5.3), Niue’s 14 per cent were generated by a mere 1,600 arrivals in 2002 (SPTO 2003). The reason for such a divergence lies in Fiji’s economy being relatively diverse and large by South Pacific standards. Niue’s economy, on the other hand, is extremely small and therefore even modest tourism revenue contributes disproportionately to GDP (Pro€Invest 2004a). Moreover, despite tourism’s regional importance the approximately 1,000,000 tourist arrivals to the South Pacific region add up to less than 0.15 per cent of worldwide arrivals (SPTO 2003).

The tourism destinations of the South Pacific can be divided into four groupings based on visitor arrivals and origin markets. Australia and New Zealand are the major source countries for the entire region; there are, however, variations between the individual destinations (SPTO 2003, Pro€Invest 2004a):
- The **major destinations** attracting 100,000 visitors per annum or more and drawing on a range of origin markets: Fiji, French Polynesia and New Caledonia;

- The ‘**second rank**’ attracting between 30,000 and 70,000 visitors per annum, and also drawing on a variety of source markets: Cook Islands, Papua New Guinea, Samoa, Tonga;

- Those similar to the above in terms of arrivals, but **limited to very few origin markets**: Vanuatu (markets: Australia and New Zealand) and the Federated States of Micronesia (market: Asia);

Those with **modest levels of tourist arrivals** and tourism development: American Samoa, Kiribati, Marshall Islands, Nauru, Niue, Solomon Islands and Tuvalu.

**TABLE 5.3**

Visitor Arrivals to the South Pacific

<table>
<thead>
<tr>
<th>Country</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cook Islands</td>
<td>72,994</td>
<td>74,575</td>
<td>72,781</td>
<td>78,328</td>
<td>83,333</td>
</tr>
<tr>
<td>Fiji</td>
<td>294,070</td>
<td>348,014</td>
<td>397,859</td>
<td>430,800</td>
<td>507,000</td>
</tr>
<tr>
<td>French Polynesia</td>
<td>233,326</td>
<td>227,658</td>
<td>189,003</td>
<td>212,767</td>
<td>211,893</td>
</tr>
<tr>
<td>Kiribati</td>
<td>4,377</td>
<td>4,831</td>
<td>4,288</td>
<td>3,676</td>
<td>2,882</td>
</tr>
<tr>
<td>New Caledonia</td>
<td>109,587</td>
<td>100,515</td>
<td>103,933</td>
<td>101,983</td>
<td>99,515</td>
</tr>
<tr>
<td>Niue</td>
<td>2,010</td>
<td>2,069</td>
<td>1,632</td>
<td>2,758</td>
<td>2,558</td>
</tr>
<tr>
<td>PNG</td>
<td>58,429</td>
<td>54,280</td>
<td>53,482</td>
<td>56,185</td>
<td>59,022</td>
</tr>
<tr>
<td>Samoa</td>
<td>87,688</td>
<td>88,263</td>
<td>88,960</td>
<td>92,313</td>
<td>98,155</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>10,134</td>
<td>3,418</td>
<td>4,508</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Tonga</td>
<td>34,694</td>
<td>32,386</td>
<td>36,585</td>
<td>40,110</td>
<td>41,208</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>1,504</td>
<td>976</td>
<td>1,236</td>
<td>1,496</td>
<td>1,214</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>57,591</td>
<td>53,300</td>
<td>49,463</td>
<td>50,400</td>
<td>60,611</td>
</tr>
</tbody>
</table>

(Source: SPTO 2005a)
It is not difficult to imagine why tourism has taken off successfully in many Pacific Islands. The ‘paradise image’ (Britton 1987) is well-known. The islands’ climate is ideal for those seeking sun, sea, and sand [... and] the lasting (if inaccurate) composite image of coral atolls, waving palms, white sand beaches, balmy breezes, and (of course) gentle, exotic, erotic, and welcoming people is well established in Western thought (Harrison 2003: 6).

However, particularly countries falling into the latter category of South Pacific tourist destinations (with modest levels of arrivals) face severe constraints to tourism development. Accessibility is a major issue with transport links between and within countries being poorly developed and expensive (SPTO 2001). The potential for environmental degradation is very high given most islands’ small size, shallow soils and limited amounts of fresh water (SPTO 2001). The potential for political unrest is equally high, as the various coups in Fiji, as well as the recent unrest in Tonga and the Solomon Islands with their negative impact on visitor arrivals clearly illustrate (Fiji Times Online 2007, Hall 1997). Moreover, the Pacific Islands face a lack of skilled personnel and domestic capital for investment, increasing their dependency on both foreign staff and capital (SPTO 2003). Of 132 tourism projects implemented in Fiji between 1988 and 2000, 94 per cent were foreign owned including joint ventures (Narayan and Prasad 2003).

Yet, only the region’s major tourist destinations such as Fiji and French Polynesia feature a wide variety of hotel chains. Generally, the tourism industry in the South Pacific Island states is characterised by small-scale, frequently lower-quality establishments owned by locals (either indigenous or expatriates) (SPTO 2001, 2003, 2005b, ProInvest 2004a). The major reasons for this appear to be the limited domestic capital base combined with a communitarian culture, and an inability to attract foreign investment given their status as ‘high-risk investment destinations’ (SPTO 2001). This led the UNWTO (WTO 1984) to the conclusion that attempts to expand tourism in the South Pacific would lead to either a low quality, less competitive tourist product in countries with high local ownership and control, or a high quality and competitive product based on foreign capital with increased economic leakage.

The small-scale structure of much of the South Pacific’s tourism industry represents a ‘thorn in the eye’ of many regional governments and tourism promotion agencies that
hope for significant tourism growth (SPTO 2003). Conversely, the high rates of local ownership have led to an arguably more equitable distribution of tourism’s benefits on the ground (Scheyvens 2002b, Twining-Ward and Twining-Ward 1998). Yet, as the SPTO (2001: 18) pointed out “ownership of many tourism plants and properties is still very much in the hands of expatriates, with only a small number of indigenous people enjoying real benefits from the industry”. Notably, figures of local ownership rates fail to discriminate between indigenous and expatriate owners (see, for example, Narayan and Prasad 2003, Scheyvens 2002b, Twining-Ward and Twining-Ward 1998).

The potential for tourism to generate real benefits ‘on the ground’ is generally smaller in the South Pacific than in many other destinations given their economies’ structural features (WTO 1984). There is only limited potential for tourism to stimulate growth in other sectors of the economy due to (a perception of) few island enterprises producing the type, quality and quantity of goods that are required (WTO 1984), which links in with the problem of economic leakage. Island economies in general face tremendous trade deficits given above-average import requirements (Gössling 2003b, SPTO 2001). In the South Pacific, food and beverage imports by accommodation providers amount to 50 per cent or more, and countries face leakage levels of between 50 and 70 per cent (Britton 1987, Harrison 2003, Levett and McNally 2003, WTO 1984). Compared to other economic sectors, tourism can in fact increase national import requirements as it has a higher multiplier effect of imports (Lea 1980).

However, as Harrison (2003) pointed out, due to the limited amounts of overall revenue raised by the small-scale establishments, a large-scale hotel chain may in fact leave more money in the local economy despite higher leakage. Nonetheless, if one takes factors other than immediate monetary gains into account – such as the issue of control or the compatibility with island lifestyles – commentators from the islands tend to favour a locally-owned, small-scale industry (Jolly 2006, Rajotte and Crocombe 1980). With a local ownership rate of above 90 per cent and predominantly small-scale establishments (Scheyvens 2002b), Samoa features some typical elements of the majority of South Pacific destinations (SPTO 2001, 2003). The following section provides the context to the mini case study on tourism policy in Samoa.
5.4 Samoa

5.4.1 A Struggle for Independence

The islands of Samoa lie in the middle of the South Pacific just east of the international date line. Fiji is about 800 miles to the West, Tonga some 750 miles to the south, and Tahiti 1400 miles to the east (WTO 1984). Less than 100 miles to the east lie the islands of the Territory of American Samoa (WTO 1984). Samoa contains a total landmass of about 2,934 sq km [1,800 sq miles] (Twining-Ward and Twining-Ward 1998) and is composed of the two main islands of Savai’i and Upolu. Smaller islands are Apolima, Manono, Fanuatapu, Namua, Nuutele, Nuulua and Nuusafee. The islands are of volcanic origin and feature rugged mountainous interiors with tropical vegetation, and numerous beaches on both main islands and some of the smaller ones (WTO 1984). The climate is tropical with temperatures ranging from 22-30°C (Twining-Ward and Twining-Ward 1998).

According to local belief, Savai’i is the legendary island of Hawaiki, the original home of the Polynesian people some 2000 years ago from where they migrated to Hawaii, Tonga, Tahiti, the Easter Islands and New Zealand (WTO 1984). After conquering Samoa in about 950 A.D. Tonga ruled the islands until 1250 when resident Samoans succeeded in regaining their independence. The first Europeans – whalers, sailors and beachcombers – settled in Samoa in the early 1800s, and the arrival of John Williams of the London Missionary Society in 1930, who converted the Samoan leader Malietoa Vainuupo to Christianity, marked the beginning of strong missionary influence giving rise to highly religious people devoted to the Christian Church today (WTO 1984, Twining-Ward and Twining-Ward 1998).

Commercial dealings between Samoans and Europeans also began in the early 19th century, and by the mid- to end-1800s Apia had become a major commercial centre in the South Pacific region. Copra and later cotton were the major export items and plantation workers were ‘recruited’ from Niue, Rarotonga, the Solomon Islands and Micronesia, resulting in ‘blackbirding’ by ship owners (Lal and Fortune 2000, Twining-Ward and Twining-Ward 1998, WTO 1984).
In the late 19th century Samoa was plagued by land-grabbing and power struggles, in the first instance between various chiefs and their people, and later between Britain, Germany and the United States (Lal and Fortune 2000, Twining-Ward and Twining Ward 1998). In 1889, the colonial powers divided the country into German Western Samoa on the one hand and American Samoa on the other; Britain left peacefully. As a German colony, Western Samoa attracted numerous German settlers, and Chinese were brought in to work on the plantations (Lal and Fortune 2000, Twining-Ward and Twining Ward 1998).

With the onset of WWI, the German colony fell to New Zealand, which administered the islands for around 48 years. During this period, Samoa experienced considerable socio-political unrest which peaked in the Mau independence movement from 1925-1948 (Field 1984). After WWII, Western Samoa became a trust territory of the United Nations, and was still administered by New Zealand (WTO 1984). In 1962 Western Samoa became the first Pacific territory to gain independence, and in 1997 the Government changed the country’s name back to Samoa (Twining-Ward and Twining-Ward 1998).

Contemporary Samoa has a parliamentary system with a Head of State and a legislative assembly of forty-five Samoan members who are elected by the matai (local chiefs) on behalf of their territorial constituencies, and 2 members who are directly elected by the part-Samoan and European community. The members of the assembly elect their Speaker and the Prime Minister. The Prime Minister appoints the ministers for cabinet who share the executive functions with the Prime Minister. While Samoa’s leadership has changed frequently, the current Prime Minister Tuilaepa Sailele Malielegaoi has held his office since 1998 (Lal and Fortune 2000, Pacific Magazine 2005a, WTO 1984).

5.4.2 The Socio-Cultural Background

The present population of Samoa is about 163,000 of whom 68 per cent inhabit Upolu. The capital Apia on Upolu is home to 34,000 people, as well as to the ‘cash economy’. The vast majority of people living in villages lead a semi-subsistence lifestyle (Twining-Ward and Twining-Ward 1998). (figure 5.8). Despite its history of colonialism, Samoa has retained most of its cultural independence. The Samoan way
of life – fa’a Samoa – dominates all elements of society, from village life to commerce, politics and arts (Scheyvens 2005, Twining-Ward and Twining-Ward 1998). It is defined by family values, communitarianism, hospitality and, above all, pride in being Samoan (Twining-Ward and Twining-Ward 1998). Samoan society is made up of aigas – extended family units – which include all blood-related and adopted family members. By common consent, each aiga selects its matai who is responsible for assigning use of the aiga’s assets including land and representing the aiga in social and political affairs (WTO 1984). Decision-making through discussion and ultimately consent constitutes an important element of fa’a Samoa. There are about 12,600 matai in Samoa (Twining-Ward and Twining Ward 1998). Each village is composed of several aigas and hence matai (Lal and Fortune 2000). Villages are governed by fonos – councils of matai – which have the authority to enforce village regulations (Lal and Fortune 2000, Twining-Ward and Twining Ward 1998).

FIGURE 5.8
Subsistence Lifestyle in a Remote Village
(Source: author’s own)
The traditional Samoan house called *fale* - “oval-shaped, open-sided structures on raised platform floors with post supported high rounded thatched roofs” (WTO 1984: 17) - still characterises the appearance of most villages despite the increasing use of Western building styles and materials such as sheet iron roofing. Each village features a *fale*-style meetinghouse, as well as at least one church (WTO 1984). Samoan life can be characterised as leisurely and without high value being attributed to material possessions (O’Meara 1993). A strong feeling of hospitality towards visitors, and gift-giving is common. In fact, *fa’a Samoa* prescribes that prestige accrues to those sharing possessions rather than accumulating individual wealth, which has given rise to a system of redistribution within villages. Within this system, village members who run an income-generating business on communal land, such as village-based tourist accommodation, are obliged to share their financial gains with other village members. Non-observation of such obligations may result in heavy fines imposed by the *fono* (O’Meara 1993).

As already noted, Christianity has formed an integral part of Samoan life since the arrival of missionaries (figure 5.9). A considerable amount of village resources is contributed to activities relating to the church and the *faifeau* – pastor – is a very influential and respected figure (Twining-Ward and Twining-Ward 1998, WTO 1984). According to Twining-Ward and Twining-Ward (1998), *faifeaus* have traditionally been against the development of tourism, and some have enforced a ban on visiting villages on a Sunday.

In general, a clash can be observed between capitalist practice and traditional (as well as ‘inherited’) Samoan culture. The increasing amount of Samoans who wish to embrace private enterprise tend to have some grievance about the ‘stifling effect’ of the *aiga* system that prioritises *aiga* success over that of individuals (Scheyvens 2005, Twining-Ward and Twining-Ward 1998). At the same time, however, a high level of cultural consciousness and pride and the strong wish to preserve *fa’a Samoa* is prevalent in all strata of Samoan society (Lal and Fortune 2000, Scheyvens 2005, Twining-Ward and Twining-Ward 1998).
5.4.3 The Land-Tenure System

Land is of undisputable importance to fa'a Samoa, and has been the subject of disputes since colonial times (Lal and Fortune 2000). The state owns 11 per cent of the total land; 4 per cent belong to the state-owned Samoa Trust Estates Corporation and the Samoa Land Corporation Ltd.; and 4 per cent is freehold land. The vast majority of land, however, is customary land. 81 per cent of Samoa’s land primarily along the coast is owned by aigas and controlled by matai (TCSP 1992a, WTO 1984). Customary land can neither be sold nor transferred. However, the Alienation of Customary Land Act of 1965 provides for the lease of customary land to both domestic and foreign developers, and permits a 30-year lease term with right of renewal for a further 30 years (Pacific International Consulting Network 1995). The government has recently decided to further ease the lease of land by acting as an intermediary between landowners and foreign developers, not least with the aim to increase investments in tourism (STA official 2006). Another issue related to the capitalisation of land is the common practice of villages charging visitors a ‘custom fee’ for entry and use of infrastructure and facilities located on customary land (Scheyvens 2005, Twining-Ward and Twining-Ward 1998).
5.4.4 Tourism in Samoa

Samoa’s economy is predominantly agrarian with much activity at the subsistence level in terms of production of vegetables, fruit and livestock (Lal and Fortune 2000, WTO 1984). Since independence, Samoa has aimed at diversifying its economy and developing its export capacity in order to reduce the trade deficit resulting from an increased demand for imported goods, while at the same time encouraging production of goods for local consumption (Twining-Ward and Twining-Ward 1998, WTO 1984). Export items include copra, coconut oil and cream, cocoa, bananas, taro, fruit juices, timber and veneer, beer, and cigarettes (WTO 1984). However, Samoa faces the same constraints as other Pacific Island economies in raising enough capital from its rather uncompetitive export base, making tourism an increasingly important economic sector (Pearce 2002, Samoa Observer 1994c).

Tourism in Samoa commenced in the late 19th century when visitors arrived by ship from New Zealand, Germany and North America (Twining-Ward and Twining-Ward 1998). In the 1950s, Samoa became accessible by plane which caused arrival numbers to increase steadily: the more accessible Samoa became by air, the more visitors it received. In the 1970s Samoa received approximately 20,000 arrivals (Twining-Ward and Twining-Ward 1998) when it was served by Air New Zealand, Pan Am and Polynesian Airlines - Samoa’s own flag carrier. Arrivals increased to 40,000 in the early 1980s when Boeing 737 flights from Auckland commenced, and to 54,000 in 1989 (Twining-Ward and Twining-Ward 1998). Tourist arrivals decreased in the early 1990s due to heavy damage caused by severe cyclones, but numbers recovered quickly and hit almost 70,000 in 1994. Since then, growth has continued with arrivals reaching 89,000 in 2002 (SPTO 2003) and jumping to 98,000 in 2004 (SPTO 2005a). New Zealand, the US and American Samoa are the most important source markets (Twining-Ward and Twining-Ward 1998). In 2005, the Virgin-operated budget airline Pacific Blue and the Samoan government established Polynesian Blue in a joint venture due to financial difficulties of Samoa’s own flag carrier – which themselves were largely due to competition from Australian and New Zealand budget carriers (Islands Business 2006). It is likely that Polynesian Blue will have a large impact on visitor numbers, just as Virgin Blue had in Fiji and Vanuatu (The Age 2005). Visitor arrivals in the first half of 2006 (49,555) had already increased significantly compared to the first half of 2005 (41,874) (Samoa Statistical Division 2006) (table 5.4).
TABLE 5.4

Number of Visitors and Purpose of Visit - Samoa

<table>
<thead>
<tr>
<th>Period</th>
<th>Total</th>
<th>Holiday</th>
<th>Business</th>
<th>friends &amp; family</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>73,155</td>
<td>22,289</td>
<td>8,830</td>
<td>26,214</td>
<td>15,822</td>
</tr>
<tr>
<td>1997</td>
<td>68,117</td>
<td>20,698</td>
<td>8,320</td>
<td>24,939</td>
<td>14,160</td>
</tr>
<tr>
<td>1998</td>
<td>77,926</td>
<td>24,924</td>
<td>9,037</td>
<td>32,094</td>
<td>11,871</td>
</tr>
<tr>
<td>1999</td>
<td>85,124</td>
<td>26,323</td>
<td>10,848</td>
<td>33,204</td>
<td>14,749</td>
</tr>
<tr>
<td>2000</td>
<td>87,688</td>
<td>28,433</td>
<td>11,357</td>
<td>31,695</td>
<td>16,203</td>
</tr>
<tr>
<td>2001</td>
<td>88,263</td>
<td>28,305</td>
<td>10,905</td>
<td>33,279</td>
<td>15,774</td>
</tr>
<tr>
<td>2002</td>
<td>88,971</td>
<td>27,231</td>
<td>10,152</td>
<td>34,997</td>
<td>16,591</td>
</tr>
<tr>
<td>2003</td>
<td>92,486</td>
<td>29,447</td>
<td>10,294</td>
<td>33,279</td>
<td>18,151</td>
</tr>
<tr>
<td>2004</td>
<td>98,155</td>
<td>28,903</td>
<td>10,568</td>
<td>35,203</td>
<td>23,481</td>
</tr>
<tr>
<td>2005</td>
<td>101,807</td>
<td>33,129</td>
<td>10,171</td>
<td>36,970</td>
<td>21,537</td>
</tr>
</tbody>
</table>

| Mar Qtr  | 20,010  | 5,098   | 1,806    | 7,224            | 5,882 |
| June Qtr | 21,864  | 6,368   | 2,679    | 7,537            | 5,280 |
| Sept Qtr | 30,135  | 11,552  | 3,406    | 8,960            | 6,217 |
| Dec Qtr  | 29,798  | 10,111  | 2,280    | 13,249           | 4,158 |
| Total    | 101,807 | 33,129  | 10,171   | 36,970           | 21,537|

| 2006     |         |         |          |                  |       |
| Jan      | 8,025   | 2,457   | 539      | 3,525            | 1,504 |
| Feb      | 5,916   | 1,853   | 624      | 2,164            | 1,275 |
| Mar      | 8,204   | 2,675   | 824      | 3,119            | 1,586 |
| Apr      | 8,057   | 3,027   | 733      | 2,903            | 1,394 |
| May      | 8,640   | 2,772   | 1,208    | 2,935            | 1,725 |
| June     | 10,713  | 3,742   | 1,349    | 3,580            | 2,042 |

(Source: Samoa Statistical Services Division 2006)
In 2005, total visitor arrivals to Samoa broke the 100,000 mark for the first time, which now puts Samoa in the same grouping as the ‘major destinations’ of Fiji and French Polynesia (refer to classification of South Pacific destinations given above). However, as already noted the structure of Samoa’s tourism industry still differs significantly from the other two destinations due to the high levels of local ownership and the small-scale nature of operations. Unlike Fiji or French Polynesia, Samoa is known for its ‘beach fale’ sector, where operators offer basic accommodation in traditional housing structures, mostly in coastal settings and/or a village environment (Scheyvens 2002b, 2005) (figure 5.10).

FIGURE 5.10
Samoan Beach Fale
(Source: author’s own)

To offer an insight into Samoa’s culture is a major aim of many local operators (Scheyvens 2005, Samoan tourism entrepreneur 2006a). Samoa’s “legendary hospitality” (Twining-Ward and Twining-Ward 1998: 269) frequently leads to tourists being invited into the hosts’ homes, sharing meals and stories. Local fire dancing shows – the fiafia nights – are a common feature of most stays at beach fale (figure
5.11). A more commercialised, yet nonetheless genuine (it is frequently hotel staff, not a commercial dance group) display of fire dancing and song is being offered in the two higher-quality hotels in the capital, Apia.

![Samoan Fire Dancing](source: author's own)

FIGURE 5.11
Samoan Fire Dancing
(Source: author's own)

Samoa features only a handful of larger hotel or resort complexes, the most famous of which - the Aggie Grey’s - is still locally-owned. Overall, as Pearce (2002: 147) noted Samoa’s accommodation sector may be described as “small, recent, generally unsophisticated and lacking professionalism”. Public policy aims at inducing significant changes to the structure of Samoa’s tourism industry in order to promote economic growth. Therefore, the mini case study in chapter eight places the national policy in a supranational context.
5.5 Summary

This chapter illustrated that despite its constructed ‘paradise image’, the South Pacific Island region faces severe structural constraints to its socio-economic development. Many structural distortions of the island states’ economies are the legacy of a colonial past. It is with a background of colonialism that tourism development, as well as development-cooperation between the EU and the South Pacific Island states has to be conceived. The EU, one of the wealthiest regions worldwide, has become a major donor to the South Pacific Islands, a region marked by a ‘poverty of opportunity’ and including several least developed countries. Within the context of such highly unequal structural features - ‘sources of power/powerlessness’ - the following chapter analyses the evolution of power relations with regard to tourism in the various EU-South Pacific agreements.
Chapter 6: Tourism in the EU – South Pacific Aid and Trade Agreements

6.1 Introduction

The European Union has been supporting tourism in the South Pacific over a period of twenty-six years (PACP/EC 2002, Bennett et al. 1999). Between 1975 and 2002, 15 per cent of the EU’s regional aid to the Pacific went into the tourism sector (PACP/EC 2002) (figure 6.1). After funding some minor tourism projects between 1980 and 1984, the EU endorsed the so-called ‘Pacific Regional Tourism Development Programme’ (PRTDP) in 1985. This provided ECU 3.2 million in technical assistance to the Tourism Council of the South Pacific (now the SPTO) (TCSP 1989). It funded regional marketing and promotion, training programmes, website upgrades, statistical data collection and dissemination, and a tourism linkages programme at the local level (TCSP 1989).

FIGURE 6.1
Distribution of EU Aid by Sector 1975-2002
(Source: PACP/EC 2002: 26)

In 1998, however, the European Commission developed a strategy for the support of ‘sustainable tourism in developing countries’ (EC 1998a), which ended EU support for marketing channelled through public sector organisations. Instead, tourism was now being regarded as a ‘private sector activity’ which should not be promoted via
traditional grant aid targeted at tourism, but rather through the EU/ACP’s funding instruments and institutions particularly aimed at the private sector (Pro€Invest 2004a). Aid that was originally earmarked for tourism was instead allocated to human resource development, assisting the private sector, and environmental conservation projects (PacNews 1999).

Such a change in funding instruments and attitude towards aid for tourism has taken place within a framework of various macro aid and trade agreements governing EU-Pacific development cooperation for several decades. Changes in ‘development ideology’ and exercises of power during negotiations of the various agreements have had repercussions on the manner in which tourism has been treated and perceived. This chapter attends to the macro framework within which the EU’s support for tourism in the Pacific has taken place and evolved, while chapter seven examines the specific aid projects and programmes in the South Pacific. Within a framework of power shaping the various Lomé Conventions and the Cotonou Agreement, this chapter examines the evolving attitudes and ideologies of actors involved in the EU’s strategic orientation on tourism and development in general, and on tourism in the South Pacific in particular. It addresses the question of which actors promoted or hindered the inclusion of tourism in the aid and trade programmes, and which actors left the negotiations as the winner. Moreover, the chapter examines how and why the EU’s, as well as the Pacific Island governments’ interests and attitudes towards tourism in the Pacific have changed.

The chapter is organised chronologically, tracking evolving interests and attitudes over a period of three decades within the framework of macro trade and aid agreements (table 6.1). Account is taken of the interests and attitudes of a wide variety of actors, ranging from different EU institutions and individuals to Pacific and ACP institutions, government officials, NGOs and lobby groups. The exercise of power is examined at a range of scales, from the macro (EU-ACP) to the micro (intra-EU, including individuals), demonstrating how ‘power spheres’ are ultimately connected and shape policy and practice. The chapter addresses all the dimensions of power that have been integrated in the theoretical framework in chapter three (figure 3.4). Based upon the introduction to the historical, that is colonial, background to the Lomé Conventions (chapter five), the following section outlines the outcome of negotiations for Lomé I which was signed in 1975. The chapter will then proceed through the various conventions until the present day (table 6.1).
TABLE 6.1
Tourism in Lomé and Cotonou: Focus on Power

<table>
<thead>
<tr>
<th>Period</th>
<th>Lomé I:</th>
<th>Lomé II:</th>
<th>Tourism:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970s / 1980s</td>
<td>- Content: A good deal for the ACP.</td>
<td>- The Negotiations: Why the ACP did not get all they wanted.</td>
<td>- Content: A compromise.</td>
</tr>
<tr>
<td></td>
<td>- Sources of Power: Why the ACP got what they wanted.</td>
<td>- Content: Low priority.</td>
<td>- Why? The issue of interest.</td>
</tr>
<tr>
<td></td>
<td>Lomé II:</td>
<td>The Negotiations:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Content: A compromise.</td>
<td>Why the ACP did not get all they wanted.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tourism:</td>
<td>Content: A compromise.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Content: Low priority.</td>
<td>- Why? The issue of interest.</td>
<td></td>
</tr>
<tr>
<td>1980s</td>
<td>Lomé III:</td>
<td>The Negotiations:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Content: Towards a new development philosophy.</td>
<td>Power relations (ACP-EC and intra ACP).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tourism:</td>
<td>In whose interest?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Content: Towards a new development philosophy.</td>
<td>The pro-tourism interest alliance.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Content: Tourism gains importance.</td>
<td>The 1980s' attitude to tourism in the European Commission.</td>
<td></td>
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<tr>
<td></td>
<td>The Negotiations:</td>
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<tr>
<td></td>
<td>- The Negotiations: Power relations (ACP-EC and intra ACP).</td>
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<td>- In whose interest? The pro-tourism interest alliance.</td>
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<td>- The 1980s' attitude to tourism in the European Commission.</td>
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<tr>
<td>1990s</td>
<td>Lomé IV:</td>
<td>The Negotiations:</td>
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<td></td>
<td>- Ideology: Liberalisation and structural adjustment.</td>
<td>Consensus on tourism's importance or an exercise of power?</td>
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<td></td>
<td>Tourism:</td>
<td>Developments during Lomé IV’s life: the 1990s revisited.</td>
<td></td>
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<tr>
<td></td>
<td>- Tourism at its Peak in Lomé IV.</td>
<td>The European Commission's new ‘private sector’ approach and increasing ACP 'consensus' on neo-liberalism.</td>
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<td>- Consensus on tourism’s importance or an exercise of power?</td>
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<td>- Developments during Lomé IV’s life: the 1990s revisited.</td>
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<td>- The European Commission's new ‘private sector’ approach and increasing ACP 'consensus' on neo-liberalism.</td>
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<tr>
<td>2000 and Beyond</td>
<td>Cotonou:</td>
<td>The Negotiations:</td>
<td></td>
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<td>- Structural face: EC power versus ACP powerlessness.</td>
<td>Consensus on tourism’s importance or an exercise of power?</td>
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<td></td>
<td>- Content: free trade and conditionality.</td>
<td>- Developments during Lomé IV’s life: the 1990s revisited.</td>
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<td>- Interests: The negotiating positions.</td>
<td>The European Commission's new ‘private sector’ approach and increasing ACP 'consensus' on neo-liberalism.</td>
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<td></td>
<td>- Exercise of power: overt and covert.</td>
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<td></td>
<td>Tourism:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- New approach and funding instruments.</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>- In whose interest? EC versus ACP position.</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>- ‘Getting tourism in through the backdoor’: power-plays</td>
<td></td>
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<td></td>
<td>between the EC, ACP, Parliament and lobby groups.</td>
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6.2 The First Lomé Convention

6.2.1 The ACP ‘Got What They Wanted’

The content of the first Lomé Convention (1975-1980) was very much in the ACP’s favour who won decisively on their negotiating position. First of all, the very creation of the ACP group was against the EC’s interest. The EC would have preferred individual agreements with regional groupings (Raffer 2001), as an all-ACP bloc certainly would have held more negotiating power than individual regions. Secondly, the ACP succeeded in securing non-reciprocity in trade preferences, which meant that a wide variety of ACP products were allowed to enter the EU duty and quota-free, without the EU being granted similar privileges by the ACP. Non-reciprocity constituted a clear departure from the Yaoundé model which was far less generous in terms of trade and aid management. The EC wanted to retain reciprocal trade preferences as under Yaoundé, but the ACP clearly won under the first (overt) face of power, ‘getting the EC to accept something it did not want’ (Gonzales 1996, Kimunguyi 2005, Raffer 2001). In terms of aid management, Lomé I more or less granted the ACP autonomy, with the EC adopting a strictly supplementary role. Policy ownership and freedom of choice and decision-making with regard to domestic policies and the use of aid by recipient countries had never been more pronounced than under Lomé I (Adedeji 2002).

The agreement further introduced protocols for sugar, beef and veal, which allowed for preferential market access into the EU under specific quotas. The preferential access for sugar, for example, has been of paramount importance to the economic development of Fiji, as well as several Caribbean and a few African states (ECDPM 2001). Apart from the protocols, Lomé I introduced a scheme for the STABilisation of EXport receipts for certain commodities. The so-called STABEX scheme applied to a wide variety of agricultural products such as cocoa, coffee, copra, groundnuts, and tea (ECDPM 2001a). Similar to an insurance, ACP states held a contractual right of compensation in case of export receipt shortfalls (Raffer 2001). ‘Contractuality’ was hence a unique feature of Lomé I, combined with ‘predictability’ of fixed aid flows over a five year period, ‘partnership’ and ‘dialogue’, with the EC merely adopting a supportive role (ECDPM 2001a).
Importantly, Lomé I was not directly linked to a development ideology prescribing certain policies. One might argue that the agreement was leaning ideologically towards the economic left in that it prioritised social infrastructure (schools and hospitals), as well as roads, bridges and agriculture (EC 2005b). However, the recipient countries had the freedom to decide on policies and the aid’s usage. Lomé I contained no conditionalities, that is aid conditional on the adherence to certain policies or practices set by the donor, whatsoever (ACP/EC 1975). All in all, Lomé I was unique in that it constituted an agreement that was most explicitly shaped by the (subjective) interests of Southern countries rather than those of the the donor (ECDPM 2001a, Kimunguyi 2005, Raffer 2001).

6.2.2. Negotiating Lomé I: ACP Power at its Peak

There are several structural reasons why the ACP ‘won’ in decision-making situations over the EC. Lomé I was negotiated at a time when the ACP bloc held much geopolitical power due to the oil crisis and demands for a New International Economic Order (NIEO) (Adedeji 2002, Kimunguyi 2005, Raffer 2001). The NIEO agenda was set by UNCTAD in the early 1970s out of a growing disillusionment of developing countries with the global economic system’s rules of the game. NIEO drew on Marxist thinking in terms of neo-colonialism and underdevelopment theory, calling for fairer terms of trade and more favourable conditions for aid and technology transfer (Looney 1999). Generally, NIEO aimed at systemic reform (Looney 1999). It therefore directly challenged the Bretton Woods institutions with their pro-North biased decision-making structures and the GATT with its principle of reciprocity of trade (Looney 1999). Specifically, NIEO called for guaranteed price support for their dominant export sector, commodities, as developing countries’ economies were, and are, suffering under commodity price fluctuations; aid to reach the target of 0.7 per cent of GNP of developed countries; lower tariffs on developed countries’ manufactures and a tying of prices to developing country exports; a programme aimed at food security; and technology transfers to developing countries separate from foreign direct investment (Looney 1999).

The needs of the South were never higher on the international agenda than in 1975 — the year of Lomé I — when at the Seventh Special Session of the UN General Assembly a North/South compromise was reached. Despite strong reservations by the US, a
resolution was issued which took on board most of the NIEO’s principles. However, the resolution was never implemented in practice given a general lack of the South’s power in global politics and an unwillingness of the North to finance the NIEO’s schemes (Looney 1999); a perfect example of nondecision-making through non-implementation. Despite the developing countries’ ultimate failure in reforming the global economic system, the ACP countries still had the impetus of a pro-South agenda on their side when negotiating Lomé I in 1974. STABEX, the protocols, guaranteed aid flows and non-reciprocity clearly mirrored the NIEO’s principles, while standing in stark opposition to the economic liberalisation agenda of the Bretton Woods Institutions and post-war development thinking in general (Kimunguyi 2005).

A further reason for the EC’s granting of wide ranging concessions stemmed from its powerlessness and fear in the face of the oil crisis. The first oil-shock in the 1970s was the result of Arab countries (later the OPEC) using oil as an ‘economic weapon’ against the supporters of Israel through massive price rises. The EC hence feared that other commodities such as sugar, uranium or coffee could equally be turned into ‘economic weapons’ causing shortages within the EU – a fear which greatly increased the ACP’s bargaining power. The commodity protocols therefore served not only the ACP’s interest, but also the EU’s in that they secured the latter’s commodity supplies for the years to come (Kimunguyi 2005, Raffer 2001). In this respect, Lomé I clearly retained a strong element of neo-colonialism.

The EC itself frankly acknowledged that apart from ‘moral considerations’, self-interest was a major driver of Lomé (EC 1979). First of all, the EU was more dependent on imports from developing countries – oil and raw materials – than any other industrialised nation or grouping (Kimunguyi 2005, Raffer 2001). Moreover, the EU had a vested interest in ‘developing the Third World’ in order to secure export markets: “The more the Third World countries develop, the more they will need our capital goods and know how” (EC 1979: 3). Thus, the EU and the ACP were tied into a relationship of interdependence as opposed to one-sided dependency. Both needed the other as markets and sources of imports to almost equal extents, and this held the power in balance. As outlined in chapter three, only asymmetrical dependence constitutes a source of power or powerlessness.
When Lomé I was negotiated, the relationship of interdependence in fact tipped in the ACP’s favour, generating a situation of greater dependence of the EU on the ACP. Had the ACP, a large grouping of forty-seven countries, decided to block commodity exports to the EU, the latter would have been truly compromised. If the EU, on the other hand, had threatened to block capital good exports to the ACP, the latter could have easily turned to other exporting nations such as the US, hence leaving the EU in a situation of self-defeat. The EU’s dependence therefore directly empowered the ACP. A combination of all these geopolitical circumstances therefore provided the ACP with the power to ‘get what it wanted’ from the EC – a clear overall victory under the first face of power. In practice, however, Lomé I looked less favourable than on paper, which had severe implications on the distribution of power during negotiations of Lomé II.

6.3 The Second Lomé Convention

6.3.1 Negotiating Lomé II: ACP Power Begins to Erode

During the lifespan of Lomé I, the EC became increasingly concerned about its economic competitiveness. Unemployment was on the rise, growth sluggish, and the balance of payment less favourable (The Courier 1979). In order to avoid compromising its own export performance, the majority of aid was allocated to ACP sectors which did not compete with Europe, and which the latter required for its own development. The vast majority of aid thus went into large-scale agriculture, focusing on export crops as opposed to processed goods; and in light of the oil crisis, energy was equally high on the list (Price 2001). Despite the assurance that ACP countries had the freedom to choose policies and sectors for aid, the EC wielded significant influence due to its Member States unilaterally holding the so-called ‘power of the purse’ (budgetary power).

Regarding the question ‘cui bono’ [who benefits], neo-colonial historical ties ensured that the provision of aid was also selective with regard to countries and regions. Throughout the various Lomé Conventions, French-speaking Africa, which had the longer-term relations with the EU through Yaoundé, received the lion’s share of aid. Small island states, on the other hand, received on average 14 per cent less (Anyadike-Danes and Anyadike-Danes 1992), and the Pacific region was particularly
disadvantaged (table 6.2). Moreover, France was the main beneficiary of contracts awarded to European firms (Hewitt and Stevens 1981) – an instance of so-called tied aid where, similar to ‘leakage’, a proportion of aid flows back into the donor’s economy.

TABLE 6.2
Geographic Allocation of EDF Resources (1975-1990)

<table>
<thead>
<tr>
<th></th>
<th>EDF4</th>
<th></th>
<th>EDF5</th>
<th></th>
<th>EDF6</th>
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<tbody>
<tr>
<td></td>
<td>No</td>
<td>Amount mECU</td>
<td>Share %</td>
<td>No</td>
<td>Amount mECU</td>
</tr>
<tr>
<td>Africa</td>
<td>37</td>
<td>1,801.5</td>
<td>96.40</td>
<td>43</td>
<td>2,348.0</td>
</tr>
<tr>
<td>Caribbean</td>
<td>6</td>
<td>49.5</td>
<td>2.65</td>
<td>9</td>
<td>86.0</td>
</tr>
<tr>
<td>Pacific</td>
<td>3</td>
<td>17.7</td>
<td>0.95</td>
<td>7</td>
<td>63.3</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>1,868.7</td>
<td></td>
<td>59</td>
<td>2,497.3</td>
</tr>
</tbody>
</table>

(Source: Anyadike-Danes and Anyadike-Danes 1992: 1648)

The ACP therefore entered negotiations for Lomé II, signed in 1979, somewhat disillusioned. The imagery of figure 6.2. clearly illustrates this unequal power relationship, in that Jamaica’s foreign minister adopts a subservient position in relation to his German counterpart. Not only was the ACP concerned about the EC’s growing self-interest (The Courier 1979), but also many of its hopes had not materialised. While the EC’s exports to the ACP countries had increased since signing Lomé I, the ACP group’s share in exports to the EC had in fact declined and its economic performance in general had deteriorated (Price 2001). This, in turn, rendered the ACP increasingly dependent on the EC in terms of aid provision, reducing its overall bargaining power. Moreover, by the end of the 1970s, the EC had become less dependent on the ACP for raw material supplies, as it had concluded various preferential trade agreements with Middle Eastern countries, which increased the EC’s bargaining power (Price 2001). Overall, the balance of power had shifted significantly in the EC’s favour – a structural advantage and dominant position it has continued to hold and reinforce until today.
FIGURE 6.2

Negotiating Lomé II – Foreign Ministers of Jamaica and Germany
(Source: The Courier 1979: 6)

6.3.2 Lomé II: A Compromise

Lomé II, signed in 1979 with a now fifty-eight-state-strong ACP (see table 5.2) and drawing on the fifth EDF, did not introduce any major changes. The most significant innovations were the introduction of the so-called SYSMIN fund which underwrote earnings from mineral exports, and the extension of the protocols to include bananas and rum (ACP/EC 1979). These protocols were of particular importance to the Caribbean (Gonzales 1996), while the Pacific, apart from Fiji’s sugar industry, was more interested in aid than trade given their limited export potential (Levi 2003, Forum Secretariat 1982).

Overall, both the EC and ACP were subject to an exercise of the first face of power during negotiations: both had to accept provisions ‘they did not want’. However, it was the ACP for whom the stakes were much higher and who lost considerably more ground during negotiations that were “longer and more arduous than anticipated” (The Courier 1979: 6). The EC’s major defeat was in the realm of investment protection.
Fearing self-interested protection of EU foreign investors, the ACP blocked the EC’s proposal to introduce certain mechanisms, such as investment insurance schemes. Moreover, the EC did not succeed in linking aid to human rights (conditionality), which it perceived as important in fostering investors’ confidence (The Courier 1979).

The ACP also lost on several points of its negotiating mandate. Most significantly, it failed to have minerals as part of STABEX. SYSMIN was a less favourable compromise offered by the EC which found minerals too important for STABEX (Raffer 1997). The ACP also failed to get the EC to open up certain sensitive sectors and products to the ACP, which the EC protected with measures such as quota, rules of origin and the Common Agricultural Policy (CAP) (Price 2001, The Courier 1979). With the ACP’s share in EC imports declining, European protectionism against products of importance to the ACP constituted a major reason for resentment:

we of the ACP – no stranger to disillusionment and disappointment – could not escape a feeling of deep frustration that the community could not finally respond positively to our legitimate claims for unhindered access for our agricultural products, insignificant as they are (The Courier 1979: 5).

As outlined in chapter three, resentment may constitute a major indicator of an exercise of the second face of power which, in this case, was certainly apparent. The EC made the non-decision not to further open its market to ACP products or to extend STABEX, but to merely propose some mediocre compromise, for instance SYSMIN. Nonetheless, despite the EC’s increasing position of domination during negotiations, the main thrust of Lomé II remained favourable for the ACP and, importantly, aimed at systemic change. The NIEO agenda still defined EC-ACP relations, and Lomé II’s market interventionist approach continued to stand in stark contrast to the Bretton Woods institutions. Recognising this clash, former EC Development Commissioner Claude Cheysson (The Courier 1979: 9) noted “a constantly widening gap is opening up between the style and content of the Lomé policy ... and the climate ... of negotiations at world level. We hoped ... to act as a leaven in the search for a new and fairer economic order.” The EC’s political willingness to back the NIEO’s pro-South agenda aimed at radical systemic reform was exceptional, but would not last. Lomé II had already marked a certain trend away from resource distribution (aid; market intervention; NIEO) towards market-based principles (foreign investment and loans;
neo-liberal principles); a trend which was also recognizable with regard to tourism within the agreements.

6.4 Tourism in Lomé I and II

6.4.1 The Content: Tourism as a low priority

In Lomé I (1975-1980) and II (1980-1985) tourism received only scarce attention. The sector was mentioned alongside the industrial and mining sectors under the chapters on technical and financial co-operation (Lomé I (ACP/EC 1975): Title IV, Art. 43(2), 46(1), ANNEX IX Art. 4(1), 4(4); Lomé II (ACP/EC 1979): Articles 93(2)(a), 101(2) and 105). In essence, these articles accorded responsibility for financing tourism projects to the European Investment Bank (EIB) via its own resources or risk capital. Tourism was not accorded a legal basis with regard to grant aid from the European Development Fund – the ‘traditional’ aid instrument. On the other hand, tourism was mentioned in both Conventions under the chapter on regional cooperation:

The scope of regional and interregional co-operation shall include in particular ... co-operation in tourism, including the establishment of tourist promotion centres or the strengthening of existing ones on a regional basis, in order to increase regional and international tourism (Lomé II (ACP/EC 1979) Title VIII Art. 145(1h); see also Lomé I (ACP/EC 1975) Title IV Art. 8g).

Lomé II (ACP/EC 1979) also referred to tourism in Chapter XI on technical assistance and the financing of small and medium-sized undertakings (Art. 144(3)). Overall however, tourism played hardly any role in Lomé I and II. Moreover, instead of being regarded as the remit for traditional aid, individual projects, such as hotels, could be funded by the EIB via loans and risk capital. Only where tourism was perceived to potentially contribute to regional economic integration – and economic growth through increased arrivals - would the EC consider providing grant aid to regional ‘tourist promotion centres’. Emphasis was hence placed on regional marketing and promotion in order to increase arrivals, channelled through public-sector tourism authorities. However, grant aid could only be provided for ‘regional integration’, not for tourism as a sector *per se.*
Under EDF IV (Lomé I, with a total of ECU 3.072 billion), total financial resources allocated to tourism amounted to a mere ECU 10 million (EC 1984). The majority of these resources (ECU 7 million) took the form of subsidised bank loans for hotel developments, as well as interest subsidies, while ECU 3 million were channelled into marketing and promotion. Under EDF IV and V (Lomé I and II, with a total of ECU 7.8 billion), total resources for tourism amounted to less than ECU 30 million. This equated to approximately ECU 3 million per annum, of which ECU 0.5 million per annum went into the facilitation of trade fair participation of ACP tourism operators (EC 1984). Under Lomé II, tourism hence received approximately twice the amount of resources compared to Lomé I, due to an increasing market-orientation of the EC. As already noted, Lomé II started to rely increasingly on foreign investment and bank loans as opposed to aid; and tourism constituted a sector eligible for EIB loans. Yet, despite the relative increase in resources, tourism’s sectoral share was minimal. Only 5 per cent of risk capital, for example, went into tourism projects (The Courier 1979).

Under Lomé I and II, regional studies were funded for the Caribbean and Indian Ocean, and marketing and promotion programmes were agreed on (EC 1984). Tourism was not a major sector for development cooperation in the Pacific under Lomé I and II. The sector did, however, benefit indirectly from infrastructure development in terms of roads, telephone lines and sanitation, and in Vanuatu an airport development project was implemented under Lomé I (UNIFEM 2000).

6.4.2 In Neither Party’s Interest

The overall low priority accorded to tourism in Lomé I and II was not due to an ‘interested’ party being overruled and subjected to power, but simply because tourism was not high on either party’s agenda. The sector’s low relevance correlated to the policy stance of both the EC and ACP countries, including South Pacific governments, at that time. Concerns over sectors on which the EC remained dependent – agricultural crops, mining and energy - clearly dominated the EC’s agenda (Price 2001); the services sector was comparably irrelevant. Within the ACP, even the Caribbean region which already featured some tourism hot-spots in the 1970s (Federal Research Division 1987) had other priorities for Lomé I and II. With a higher per capita income than the other regions, the Caribbean placed less emphasis on aid (whether for tourism or any other sector), but rather on preferential access to the EU market for its export
sectors of interest. At the top of the Caribbean’s agenda were its traditional export staples: rum, sugar and bananas (Gonzales 1996).

Within the Pacific region, tourism was constantly held off the agenda; instead the fisheries sector dominated (Sofield 2003). The Fijian government was in fact the exception in openly embracing the development of the tourism sector in the 1970s. The majority of regional leaders took a cautious approach, emphasising the sector’s potentially negative socio-cultural impacts (Hall 1997, Scheyvens 2002b, Sofield 2003). Even governments that derived a considerable proportion of their foreign exchange earnings from the tourism sector, such as Samoa and the Cook Islands (the latter joined the ACP in 2000), were hesitant to include tourism as a priority sector for economic development (Scheyvens 2002b, Sofield 2003). At the first meeting of the South Pacific Forum in 1971, the representative of the Cook Islands pointed out that they took a cautious approach to the development of tourism, and in fact aimed to restrict numbers. His Samoan counterpart stated that he ‘had no wish to see [Samoa’s traditions and culture] destroyed by tourism’ (Sofield 2003: 172). That these statements constituted more than mere rhetoric was demonstrated by the fact that it took South Pacific leaders thirteen years to agree on a regional tourism development programme to be funded by the EU (Sofield 2003, SPTO official 2005). The issue was first raised in the 1971 meeting, but was continuously held off the agenda throughout the following decade (compare communiqués: Pacific Island Forum 1971-1984).

At their fourth meeting in 1973, the region’s political leaders established the Pacific Island Forum Secretariat, one of its roles being to advise and assist member governments with regard to regional cooperation in tourism. However, “[l]eaders having expressed reservations and urged caution, the Secretariat declined to seek an active direction to pursue the matter. It also declined to list the issue for future agendas” (Sofield 2003: 172). Overall, for many island governments, tourism was rather the ‘last resort’ (Lea 1980) when they finally became fully committed to its development (Hall 1997) and thus, the low priority accorded to tourism under Lomé I correlated to their ulterior interests at that time.
6.5 The Third Lomé Convention

6.5.1 Lomé III (1985-1990): Entering the Age of Neo-Liberalism

Lomé II was operational during difficult economic times. A deepening global recession, drought in Sub-Saharan Africa, and falling commodity prices compromising STABEX deteriorated the ACP’s bargaining power and increased its dependence on EC aid. The debt crisis affected all developing countries, and its effects were aggravated through Lomé II’s increasing emphasis on loans and foreign investment, which did not materialise in such an insecure environment (Price 2001). Recognising their powerlessness in the face of aid dependency, the ACP countries pushed strongly for self-reliance and food security (Jini and Young 1990). Lomé III’s focus hence shifted from industrialisation to agricultural, rural and fisheries development (ACP/EC 1984). The ACP countries remained strongly committed to a redistributive approach to development in the form of market access, grant aid and technology flows from North to South.

The EC, however, interpreted self-reliance more in market terms. Entering the 1980s, the ‘age of neo-liberalism’, the EC’s development paradigm increasingly adapted to the Bretton Woods institutions (Traub-Merz and Schildberg 2003). “Philosophies of development cooperation and surrounding conditions changed so much during the 1980s, that simply conserving Lomé became a key objective of both the associates [the ACP] and the most cooperation-minded EC members” (Grilli 1993: 37). The outcome of negotiations clearly reflected the EC’s domination in the face of an increasingly powerless ACP, as well as a more neo-liberal approach. The ACP had to give in on several points, including the signing of a joint statement of willingness to develop investment protection agreements (Grilli 1993). While the ACP was generally interested in attracting some investment alongside aid, they had continuously tried to block compulsory agreements which were perceived as benefiting first and foremost the EU (Price 2001). Signing the agreement hence constituted a defeat of the ACP under the third face of power: the ACP agreed to something that was not in their interest.
Moreover, the ACP clearly lost on their major negotiating mandate which was to further open up the EU’s market to ACP products. Not only did the EC firmly block these requests, but it also continued to support only those ACP export sectors which did not pose any competitive threat to European producers and on which the EU remained dependent: fisheries, energy, and certain agricultural commodities (Price 2001). The development of these sectors satisfied both the EC’s import needs and the ACP’s wish to achieve self-reliance and food security. More significantly, however, the EC’s approach to the specific development of certain sectors demonstrated a clear shift in its development paradigm. The EC increasingly regarded the ACP’s private sector as the vehicle for development, and hence began to focus on ACP government policies. In line with the 1981 World Bank global development report (World Bank 1981), developing countries’ sluggish economies were no longer interpreted to be the result of structural distortions, such as an unequal trading system or colonial legacies, but rather of inappropriate domestic policies and corruption (Grilli 1993). Developing countries were no longer perceived as the ‘victims’ of an unfair system (structures) but rather the ‘architects’ (agents) of their own economic failure. This shift in thinking paved the way for applying neo-liberal assumptions to development strategy: to ‘advise’ (or coerce through conditionalities) developing countries to refrain from interfering with market forces, not least with the objective to push domestic private sector activity and foreign investment. Lomé III explicitly aimed at developing an entrepreneurial class in a neo-liberal fashion (Price 2001).

Most importantly, the EC increasingly interfered in the management of ACP economies. In Lomé I and II, the EC’s role was supplementary, and despite some exercise of influence, it was the ACP governments’ remit to direct their economies and identify priority sectors. Under Lomé III, however, a project approach was replaced with a sector approach (Price 2001). Instead of funding projects within the ACP’s priority sectors, the EC now supported sectors which were pre-defined in the Agreement and decided upon during coercive negotiations. Based upon the considerations advanced in the previous paragraphs, ideally, these sectors would exhibit the following attributes: pose no immediate threat to EC producers; be of interest to EC investors; be of interest to an ACP ‘entrepreneurial class’; satisfy an import need of the EC; and contribute, at least on paper, to the ACP’s self-reliance.
Apart from energy, mining, fishing and agriculture, it was tourism that was to be developed (ACP/EC 1984). Alongside fisheries and mining, tourism was one of the few sectors fulfilling each criterion. Regarding the first three criteria, the former EC Commissioner for development frankly addressed these points in relation to the Caribbean (EC 2003: 1, emphasis added):

The Caribbean is a specific tourist destination, which means it is unlikely to be a direct competitor for most European markets. Moreover, ... strengthening the local operators and associations can benefit European tourist operators, in that they will be able to enter more easily in partnership with reliable local partners.

While not explicitly addressed by the EC Commissioner, tourism also fulfils the remaining two criteria, which are the ‘import need’ and the contribution to ‘self-reliance’. Regarding the import need, supporting the development of tourism in the ‘pleasure periphery’ creates opportunities for European citizens who seek to travel to exotic locations. Given that the ACP group spans three continents and includes the tourism hotspot of the Caribbean, the development of the industry is clearly in the interest of not only European businesses but also consumers. Finally, tourism contributes to the ACP’s self-reliant development – at least on paper. Any sector in which the ACP has a comparative advantage and which has the potential to ‘survive’ under market terms may be perceived as contributing to self-sufficiency by generating government income. In theory, the development of tourism does not require the import of heavy machinery and technology that creates dependency on the North (Bennett et al. 1999, WTO 2002). Politico-economic reality, however, looks different given the issue of economic leakage and strong dependency on the North’s distribution channels and food imports – especially in small island states such as the Pacific (Britton 1983, 1987, Burns and Cleverdon 1995, Gössling 2003b, Hall 1996, Harrison 1997, Milne 1992, Mowforth and Munt 1998, Weaver 1998).

6.5.2 Tourism in Lomé III

In Lomé III (1985-1990), tourism was accorded an unprecedented high degree of importance (ACP/EC 1984). In the agreement, which governed EU-ACP relations at the time when the major Pacific regional tourism programme (funding the South Pacific Tourism Organisation) commenced, tourism was mentioned under three different titles: ‘Development of Trade and Services’, ‘Regional Cooperation’ and ‘Social and Cultural Cooperation’. Additionally, tourism was mentioned in the
provisions for least-developed, landlocked and island ACP states (Art. 96). Most relevant with regard to the EC’s funding of the SPTO (a regional tourism organisation) were Articles 113 and 190 relating to regional co-operation. Article 190(1)(b) (ACP/EC 1984, emphases added) stated that

projects and programmes may, within the framework of the priorities established by the ACP States and that of regional co-operation, apply inter alia to … industrialization, artisanal activities, energy, mining, tourism and economic and social infrastructure.

Similar to the provisions in Lomé I and II, the scope of regional co-operation in tourism was addressed in Article 113 (k) which specifically referred to “the establishment and strengthening of tourist promotion centres”. Under the chapter on trade, Article 17 stated that “[i]n order to promote and diversify trade between the Contracting Parties, the Community and the ACP States are agreed on … arrangements to promote the development of the ACP States’ trade and services, including tourism.” Article 98 went into detail with regard to the type of tourism activities and projects eligible for funding:

- Development, rehabilitation and maintenance of tourism facilities, such as sites and monuments of national importance
- training in specific skills in tourism planning and development
- marketing, including participation in international fairs and exhibitions, promotion and advertising
- research and development activities related to the development of the tourism industry
- collection, analysis, dissemination and utilisation of quantitative and qualitative tourism data
- intra-ACP co-operation in the field of tourism (ACP/EC 1984, Art. 98).

As already noted, Lomé III also referred to tourism with regard to cultural and social co-operation. Article 97 under ‘Development of trade and services’ stated that “[p]articular attention shall be given to the need to integrate tourism into the social cultural and economic life of the people in accordance with Articles 116 and 117”. Articles 116 and 117 in turn related to the cultural and social dimension in terms of project design, appraisal and execution to take account of the socio-cultural environment and of potential impacts.
6.5.3 Negotiating Tourism in Lomé III: Interests and Hegemonic Power Relations

In Lomé III, tourism was hence accorded a legal basis for EC development aid and technical assistance, no longer practically restricting support to EIB loans and ‘tourist promotion centres’ for regional integration. This section addresses the following question: which actor(s) were ultimately pushing for an enhanced importance of tourism in Lomé III? According to Gabriel Lee (1987, emphasis added), former Deputy Head of the EC’s DG Development Division ‘Development of Commerce’, “[i]t was clear from the beginning of negotiations for Lomé III that ACP states wished to include ‘specific cooperation’ in the field of tourism”. However, given the fact that the ACP are a very heterogeneous grouping, not least in terms of the degree of development and economic importance of tourism, Lee’s (1987) statement must be treated with caution.

A wide variety of ACP members, particularly from the African continent, are hardly existent on the international ‘tourism map’ and were even less so in the 1980s. There is no geographic region that is less developed or less visited than Sub-Saharan Africa (Hudman and Jackson 2003). African countries such as Burkina Faso, Cape Verde, Mali, Niger, and Comoros (WTO 2005b) must therefore be juxtaposed to tourism hotspots such as the Bahamas, Barbados, Antigua, Jamaica, as well as Fiji. The latter countries had established sizeable tourism industries in the 1970s and early 1980s, and a significant proportion of GDP was derived from the sector (Federal Research Division 1987, Katafono and Gounder 2004, Liburd 2005). These countries certainly had a vested interest in promoting the inclusion of a strong tourism component into the agreements. Although the governments of a few African countries such as South Africa, Kenya, Uganda, Ghana and Tanzania have encouraged the development of tourism since the mid to late 1980s (Teye no date, UNPAN 2000) it is reasonable to suggest that the afore mentioned countries (such as Burkina Faso, Niger etc.) without much tourism development and government commitment put emphasis on other economic sectors. Intra-ACP discussions tended to focus on agriculture, fisheries or mining (Council of ACP Ministers 1983).
6.5.4 The EU – Caribbean – Fijian Alliance of Interests

In the Pacific region, government emphasis on tourism had certainly increased since Lomé I and II, illustrated by the fact that leaders agreed on a regional tourism development programme in 1984 – the year when Lomé III was signed. However, as Sofield (2003) pointed out the majority of leaders were still highly ambivalent about tourism – the exception being Fiji and to some extent the Cook Islands (the latter not yet being part of Lomé). The regional leaders’ agreement on such a programme resulted from a combination of Fiji’s hegemonic position and vested interest in tourism development, and the EC’s ‘largesse’ to fund such a programme (Sofield 2003). When the EC suggested (Sofield 2003, SPTO official 2005a) to fund a regional tourism programme at a meeting with the Pacific ACP states (Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu) in 1981, the group was sceptical about the proposal but ‘acquiesced’ due to strong support from Fiji (Sofield 2003) – a clear indication of the latter’s regional domination. Hence, the decision to use EU aid for tourism in the Pacific was “originally donor-driven rather than driven by the region” (SPTO official 2005a). However, the Pacific ACP only accepted the proposal provisionally, demanding it be approved within the Forum - not least as an attempt to constrain Fiji’s power to impose its will on smaller members. At a regional meeting in 1982, Forum members were still ambivalent about tourism as a tool for development, preventing a decision on EC funding to be reached. In 1984, the EC Delegation for the Pacific offered to immediately release several millions of uncommitted funds under Lomé II for a regional tourism programme, and Forum members agreed (Sofield 2003).

It must be noted that uncommitted EDF funds were, and still are, a significant point of criticism. ACP states and NGOs have continuously complained about burdensome and time-consuming procedures for the release of aid (Forum Secretariat 2005a). Thus, the prospect of gaining immediate access to uncommitted funds must have convinced even the most sceptical government that had no objective interest in developing tourism at that time. In this conceptualisation, the EC’s proposal constituted a clear exercise of the third face of power. Its ‘tourism for development’ attitude of the 1980s was exported to the Pacific, fostering consent through constructing a structural ‘loophole’. The Pacific ACP (PACP) states, extremely aid-dependent yet facing structural constraints in terms of procedures and fearing long delays in being granted access to
uncommitted funds, were offered an easy, fast-tracked route out of this dilemma, which ultimately ‘fostered consent’. Despite this consent, PACP states – apart from Fiji – remained unenthusiastic about ‘tourism for development’ in the mid-1980s (Sofield 2003, SPTO official 2005a).

The EC’s DG Development, however, tells a different story. A senior official (DG Development official 2006b) pointed out that on EC records “the islands selected tourism to be tackled”. Mandating the Forum Secretariat to look into the issue, “some island governments” felt resentment that nothing in the area had materialised, turning to the EC and requesting support for tourism. The EC, looking for an area in which Pacific states wanted support, granted the aid “as an open gesture to help” (DG Development official 2006b). While it has been impossible to verify either side of the story, as officials who were personally involved in those negotiations had either moved on or were unavailable, both sides may in fact be perceived as pieces of the same puzzle. Both ‘stories’ contain elements which reinforce each other and create a complete picture. In such a conceptualisation, the EC – while having a ‘pro-tourism’ attitude - did not single out tourism and overtly ‘impose’ it on Pacific governments, but may in fact have responded to requests by a government that had a vested interest in channelling resources into tourism: Fiji. Responding to this request, however, implied a covert exercise of power for Pacific Island states that were sceptical about the development of tourism.

Following consideration of tourism in the Pacific Island Forum meetings, it is reasonable to suggest that the major impetus for assigning a high priority to tourism in Lomé III did not stem from Pacific governments (with the likely exception of Fiji); nor from most African ACP nations which hardly had (and have) any significant degree of tourism development; but from the Caribbean region. In fact, when the Council of ACP Ministers discussed the negotiating areas for Lomé III at its 32nd meeting in 1983, tourism was hardly mentioned compared to minerals, fisheries and industrial development. Nonetheless, it was agreed that tourism would feature in the negotiations, and the Council was informed that the Caribbean region was carrying out a study on tourism in future EU-ACP relations (Council of ACP Ministers 1983). Under the second face of power, the Caribbean pushed tourism onto the agenda, informing ACP ministers of its study, instead of reacting to an all-ACP decision to conduct such a study. When Lomé III came into force, the Caribbean region identified
tourism as one of a few ‘focal sectors’ for EU aid – demonstrating government commitment to the sector (Caribbean Community 1986). In terms of issue salience, the Caribbean constituted the major driving force in putting tourism onto the ACP-wide agenda, while Fiji did the same in a Pacific regional context. The degree of importance ultimately accorded to tourism under Lomé III demonstrates that the pro-tourism fraction left the (non-) decision-making situations as the clear ‘winner’.

6.5.5 Interests and Issue Salience: The ‘Tourism for Development’ Decade in the European Commission

The Caribbean and Fijian negotiators certainly found ‘willing allies’ in their EU counterparts regarding tourism in Lomé III. As Lee (1987: 9) observed with regard to the negotiations,

> given the importance of tourism within the Community itself, its rapid growth and its contribution to European integration, there were no major obstacles to acceptance of the significance of tourism in many ACP states and its potential as a unifying force for greater integration.

In fact, within the EU institutions a ‘tourism as a tool for development’ attitude peaked in the 1980s and early 1990s. In 1981, the Commission decided to create an interdepartmental group on tourism which would be responsible for coordinating tourism matters (EC 1981), and in 1984, the European Council adopted a resolution on a Community policy on tourism (European Council 1984). The Council resolution constituted the EU’s first and foremost document on tourism, according the sector a high level of strategic importance and emphasising its potential in intra-EU development (via the structural funds). In the 1980s, DG VIII (now DG Development), responsible for aid policy and the ACP states, had its very own - now abolished - ‘tourism unit’, and the joint EC-ACP journal *The Courier* featured a special issue on tourism and development in 1990 (DG Development official 2006a, *The Courier* 1990a). In other words, “tourism used to be high on the agenda. They [DG DEV] had a mentality of tourism for development; economic benefits; jobs; project work” (MEP Assistant 2006a). A statement by former DG Development official Gabriel Lee (1987: 5) further illustrates the EC’s ‘tourism for development’ attitude during the 1980s:
Some tourism is feasible for almost all developing countries including domestic and business tourism. For other developing countries, with few if any developmental options, a significant level of tourism may be regarded as necessary.

The EC hence viewed the facilitation of tourism in all ACP countries as developmental. Combined with the previously explained fact that tourism fulfilled all major criteria for sectors the EC was interested in developing (no competitive threat; of interest to European investors and consumers; fostering an entrepreneurial class and "self-reliance"), the EC was certainly more than willing to include a strong tourism component in Lomé III. The EC continued to view the support of the ACP’s tourism sector as developmental throughout the ‘neo-liberal age’ of the 1980s and well into the 1990s with Lomé IV.

6.6 The Fourth Lomé Convention

6.6.1 Liberalisation, Structural Adjustment and Conditionality

Lomé IV was signed by the EC and sixty-eight ACP states, the latter comprising nearly half of the developing world (Price 2001) (see table 5.2). Lomé IV was the first convention concluded for a ten-year period. It was, however, subject to a review after 5 years. Negotiations for Lomé IV took place in 1988/9; years of tremendous political change that caused the EC’s attention to turn eastwards. Moreover, by the end of the 1980s “global [economic] liberalisation was consolidated” (Price 2001: 240). The EC was actively participating in multilateral trade negotiations and had liberalised various sectors externally under the GATT, which gradually eroded the value of the ACP’s preferential access. Contributing to this effect was the EC’s conclusion of preferential agreements with Central and Eastern European states (Price 2001, Traub-Merz and Schildberg 2003). The latter now suddenly dominated the EC Member States’ agenda and public opinion, further marginalising and dis-empowering the ACP. In fact, for the vast majority of EU member states that had no colonial ties with the ACP, the ‘special relationship’ constituted an expensive way of maintaining Europe’s altruistic image – causing intra-EU conflict as to whether it should be retained at all (Jini and Young 1990).
Moreover, the EU approached internal liberalisation in the form of the Common Market (concluded in 1992; see Appendix II), which caused the ACP to fear a protectionist ‘fortress Europe’ and further marginalisation of the ACP (Jini and Young 1990). The ACP’s economies were already marginalised, with an ever-widening gap between the ACP and the EU. Meanwhile, the ACP’s market share was declining (see Adedeji 2002, Price 2001) and commodity prices were at their lowest level in more than five decades, accelerating the accumulation of debt and poverty rates (The Courier 1990b). Overall, the ACP’s bargaining position could not have been much weaker. The power they had previously held due to economic interdependence and politico-historical ties had eroded. Their weakness was mirrored in the outcome of negotiations.

Under the first face of power, the ACP were overruled with regard to human rights conditionality. At first, human rights were merely a ‘fundamental’ part of development cooperation. After the 5-year revision, they were upgraded to an ‘essential element’ which meant that their violation could lead to the suspension of aid (EC 2005b). The issue of human rights conditionality had been a contested topic throughout previous negotiations. While affirming its commitment to human rights, the ACP group was opposed to the imposition of principles by the EU using its budgetary power (The Courier 1979). With Lomé IV, the ACP had finally ‘acquiesced’ in the EC’s positions. Conditionality was in effect a tool for the EC to influence ACP domestic policy and political practice. Moreover, the EC now actively intervened in the ACP’s economies by tying aid to policy reform (Traub-Merz and Schildberg 2003).

In comparison to the Bretton Woods institution’s loans, the EC’s grants were still very attractive for the aid dependent ACP, even with strings attached (Price 2001). The NIEO agenda had disappeared given the global consolidation of economic liberalisation and the development philosophy advocated by the Bretton Woods institutions, which targeted domestic policy reform and structural adjustment rather than changing the international trading system. The EC, which had previously backed the ACP’s demand for systemic change and redistribution, was now firmly allied to the Bretton Woods institutions. The latter, arguing for liberalisation and domestic policy change in the face of the debt crisis of the 1980s, promoted their controversial structural adjustment programmes. The EC adopted the Bretton Woods’ model: structural adjustment became a central aspect of Lomé IV (ACP/EC 1989).
At the signing ceremony of Lomé IV Manuel Marin, former vice-president of the European Commission (1986-1994), remarked (The Courier 1990b: 8) “for the first time there has been a ‘North-South Agreement’ on the philosophy underlying structural adjustment”. Whether this constituted true agreement on the philosophy or rather an exercise of the third face of power needs to be examined. On the one hand, the ACP clearly recognised the need to diversify their economies: “with our [the ACP’s] poor countries depending for over 80 per cent of their export earnings upon commodities, it was clear that a fundamental readjustment was vital” (The Courier 1990b: 8). Hence, the ACP’s negotiating mandate for Lomé IV stressed changes with regard to production structures, to include local processing of raw materials (rather than merely supplying the latter to the North and then importing the processed goods) and manufacturing, and the development of the services sector (The Courier 1990b). The ACP hoped to bring about these changes via systemic reform in terms of an extension of STABEX and SYSMIN to include manufacturing; changes to the trade system to include processed raw materials; retention of trade preferences alongside compensation for the erosion of their value; and substantial increases in aid (Price 2001).

One may therefore speak of a consensus on the need for some kind of structural reform. However, the type, scope and means for inducing certain changes to the ACP countries’ economic structures was not based on the ACP’s mandate, but rather the EC’s interpretation of development and its interests. While the ACP still aimed at systemic reform and market intervention as implicit to the NIEO to bring about adjustment, the EC was by now aligned to the Bretton Woods Institutions’ neo-liberal philosophy. The focus was shifted from the global system to domestic policy; the ACP was envisaged to reform through promotion of the private sector and economic liberalisation. Lomé IV put more emphasis on the private sector’s role in promoting economic growth and diversification than previous conventions; the protection, promotion and support of investment were emphasised (The Courier 1990b). Such market-based reforms, however, were clearly coerced: the ACP ‘did not want’ this kind of adjustment. As Guillaumont and Guillaumont-Jeanneney (1994 : 1) observed,
at the start of the decade [of the 1990s], the need for adjustment and, still more, recourse to a strategy based on market mechanisms and openness to the rest of the world, met with a certain hostility in many ACP states.

Instead, the ACP wanted structural reform. The EC blocked any attempts to reform the trading system and instead calls for WTO compatibility (in terms of non-reciprocity of trade) were made for the first time (Adedeji 2002, Price 2001). The ACP clearly ‘did not get what they wanted’; they merely succeeded in blocking the EC’s attempts to officially co-ordinate Lomé’s structural adjustment programmes with those of the World Bank and IMF. According to the former vice-president of the EC, Manuel Marin (The Courier 1990b: 8), it was “important for this process to be ... coordinated with the activities of other agents involved in structural adjustment.” The Bretton Woods organisations were already very active in the ACP economies which started to experience the strong social and environmental repercussions of aggressive SAPs (Jini and Young 1990). Instead of aggravating the effect by ‘getting more of the same’ from the EC, the ACP had hoped that Lomé IV might rather mitigate the SAP’s negative impacts through extended preferences and increased aid (The Courier 1989). Instead, preferences eroded further without any compensation and the amount of aid was, for the first time, reduced in real terms (EC 2005b). Of the ACP’s mandate to promote processing, manufacturing and services, the former two clearly contradicted the EC’s interest in protecting its domestic producers (Jini and Young 1990) – leaving one sector for supporting the ACP’s diversification with true commitment: services.

6.6.2 Tourism in Lomé IV: The Sector’s Importance at its Peak

Tourism, as part of ‘services’, was assigned a very important role in restructuring the ACP’s economies. Lomé IV introduced a new title on the ‘development of services’ (ACP/EC 1989) – a “radically rewritten and expanded version of Lomé III provisions” (The Courier 1990b: 13). A new chapter on ‘services that support economic development’ (foreign trade, business sector, regional integration) was added, and provisions on tourism, communications and information technology were expanded. In total, four articles referred to tourism (Art. 24, 115, 121, 122). Tourism was to be developed to promote and diversify trade (ACP/EC 1989: Art. 24). Programmes were to be implemented at all levels, national, regional, subregional and international (ACP/EC 1989: Art. 122), and range from the identification of the tourist product to the marketing and promotion stage (ACP/EC 1989: Art. 121). EDF resources were to
be channelled into skills development, the establishment and strengthening of tourism promotion centres, technical assistance, the development of institutions, market development, as well as product development in terms of product identification and provision of investment (ACP/EC 1989).

6.6.3 Consensus or Coercion? Positions on Tourism in Lomé IV

As already noted, there was a clear consensus on the need to diversify the ACP’s economies given their dependence on a few commodities, the prices of which were on a downward spiral. This consensus was based on an overall development philosophy of export-orientation as advocated by the Bretton Woods organisations, to which the ACP now also ascribed. The ACP’s gradual acquiescence to a neo-liberal development philosophy which stood in stark contrast to their demands for systemic reform and the NIEO – their initial, objective, interest expressed without coercive pressure – is a clear indicator of an exercise of the third face of power. In a neo-Gramscian interpretation the EC, in alliance with the Bretton Woods organisations, contributed to a spread of the rather ubiquitous development paradigm that was based on export orientation, liberalisation and market openness: in the words of Cox (1996, 1999) the *nebuleuse* of neo-liberalism.

In line with this paradigm, the ACP identified manufacturing, processing and services as potential new export sectors (Price 2001). The high importance accorded to tourism as compared to other sectors did, however, not stem from the whole ACP’s free choice in terms of regarding the sector as the most suitable for restructuring their economies. Rather, the choice of tourism stemmed from a nondecision: the EC exercised the second face of power. The nondecision was that the EC refrained from abolishing the so-called safeguard clause which allowed it to impose quota or tariffs on products that were perceived as a threat to the European economy. The EC had previously applied the clause, leaving the ACP with the constant fear that even if they developed processing and manufacturing industries, their products might end up without a market (Jini and Young 1990). Tourism, and services in general, were far less risky to develop, given the EC’s perception of them not posing a real threat to Europe’s competitiveness, as well as the inability to apply quota and tariffs to services. Compared to manufacturing and processing, tourism was regarded as just another
'commodity' posing no threat to European producers and being of investment interest to European undertakings (Jini and Young 1990).

6.6.4 The ACP's Interests

Despite this overall coerced consensus a clear division of interests regarding tourism became evident, both within the ACP and between the ACP and EC. Within the ACP, there were still significant differences regarding government emphasis on the sector. As former EC official Gabriel Lee noted "tourism is not a development priority in all developing ACP countries. However, for some countries it has become one of the most important sources of foreign exchange and employment" (Lee 1990: 1). The vast majority of African countries had not benefited from world-wide growth in tourism, and at the end of the 1980s receipts were even declining (Lee 1990). The Caribbean region, however, placed much emphasis on tourism development as a means of diversification (Burnett and Uysal 1991).

Also within the Pacific, most countries had by now established some degree of tourism and governments were generally supportive of its development. Tuvalu and Nauru, countries without much government support for tourism (ProInvest 2004a, The Courier 1995) remained the exception. Rather, it was anticipated that during the 1990s island governments and aid donors would "focus increasing attention on the tourism sector in the South Pacific" (Yacoumis 1990: 1). Ratu Mara of Fiji explained why, in Lomé IV, the Pacific wished to at least maintain the same degree of importance that had been given to tourism in Lomé III:

For the Pacific ACP countries, the development of trade and tourism, transport and communications, and natural resources remain of utmost importance. A sustained effort in the same areas over a lengthy period of time is bound to be more effective in terms of development than changing priorities every few years (The Courier 1990a: 8; emphasis added).

Overall, the Pacific and the Caribbean regions placed more emphasis than ever on the development of the tourism sector in their economies, given few alternatives (CARICOM 1989, The Courier 1990a). They constituted the driving force for tourism among the ACP. The Caribbean, now in a more dire economic situation and increasingly emphasising aid rather than trade (Gonzales 1996), clearly pushed for
tourism to be accorded an unprecedented high degree of importance. The Communiqué of the 1989 meeting of Caribbean heads of governments (CARICOM 1989: 1) stated that they “drew attention to the vital importance of tourism for the economies of the Caribbean and urged that provisions for this sector be clearly identified in a separate chapter in the new convention (Lomé IV)”. Hence, the Caribbean and Pacific were looking for aid, product development and marketing of tourism.

6.6.5 The EU’s Interests

For the EC the development of the ACP’s tourism sector as a means of economic diversification certainly fitted in with its neo-liberal development philosophy coupled with the need to protect its own industry. The EC’s interests, however, stretched even further. The EC was interested in ‘developing’ the markets for the sake of its own economic growth. In short, the EC aimed at a long-term liberalisation of the tourism sector to further the interests of European investors. Article 121 of the Convention (ACP/EC 1989) clearly stated that an aim should be “to stimulate private financial flows from the Community and other sources into the development of tourism in the ACP States”. In 1995, direct investments by EU undertakings in third countries amounted to ECU 4700 million in the hotel and catering sector alone (EC 1998b).

Regarding long-term liberalisation efforts, a statement made by a member of the European Commission to the Parliament in 1998 clearly outlined the dimension of self-interest. While the EC has not had any specific programme to promote European investments in tourism in third countries, there have been certain schemes that ‘could help’:

This applies, for example, to actions as part of the new European strategy for market access and improving the process for liberalising services ... Also, as part of ... the GATS agreement on services, the Community is playing a prominent role in securing commitments to open third countries’ markets and improve the terms governing investments and ventures by European undertakings in the sector of tourism” (EC 1998b: 1 emphasis added).

Overall, the EC’s market-orientation and economically liberal approach were fully consolidated and the ACP increasingly acquiesced due to its aid dependency on the EC and its deteriorating economic situation. Tourism had become an important element of the market- and enterprise-oriented development strategy; one on which both parties could agree. However, during the ten-year lifespan of Lomé IV, the EC’s attitude
towards the sector changed, which should ultimately give rise to divergent standpoints between the EU and the (Pacific) ACP in the near future.

6.7 The 1990s: Developments During Lomé IV

6.7.1 The ACP’s Increased Dependence on Tourism

The 1990s saw the ACP acquiesce to the philosophy of economic liberalisation and export-led growth, causing a reversal of several of their long-held standpoints on systemic change. The ACP’s resistance and hostility to a market-based approach to structural adjustment and neo-liberal reform gradually gave way to compliance (Guillaumont and Guillaumont-Jeanneney 1994) under the third face of power. The Pacific governments, for example, “have accepted that integration into the world economy is a vital element in the strategy to achieve sustainable economic growth” (EC/PACP 2003, Annex II Art.1, emphasis added). Continuing liberalisation, both voluntary and coerced (in terms of a unilateral dismantling of preferential trade agreements), coupled with low prices on the world market, led to a decline in traditional export sectors. This greatly increased many ACP’s dependence on tourism as a generator of foreign exchange (Holder 1990). Combined with a continued erosion of the real value of EC preferences due to increased multilateral liberalisation under the GATT, the ACP – particularly small island states without much export potential such as those of the Pacific and Caribbean – were forced to lay their hopes in services, and tourism in particular (Jini and Young 1990, Price 2001).

By the early 1990s, services accounted for more than 50 per cent of exports of developing countries, representing a ‘revolutionary’ shift from industrial to service employment (Lee 1990). “The economic importance of tourism as a generator of foreign exchange has therefore grown dramatically as prices for export of agricultural produce, oil and bauxite have fallen greatly, reducing the foreign exchange earned by these sectors” (Holder 1990: 1). In the Caribbean region, for example, tourist expenditure amounted to US$ 96 billion in the 1990s, illustrating that “[w]hile the Caribbean is economically marginalised, it also plays host to millions of tourists each year” (Duval 2004b: 3). Recent figures show that twelve of the ‘top twenty’ most tourism-dependent countries are from the ACP group (Antigua and Barbuda, Seychelles, Bahamas, Barbados, Saint Lucia, Vanuatu, Jamaica, St. Vincent and
Grenadines, Mauritius, Fiji, St. Kitts and Nevis, Angola) (Baumgarten 2005). Since the 1990s, Pacific governments have firmly embraced the development of tourism, and many Pacific Island states have become highly dependent on the sector’s earnings (The Courier 1991, 1992, 1995). In 1990, the Director of the Caribbean Tourism Organisation made a prophecy for his region, which could also be applied to the South Pacific:

Should regional trade problems remain unresolved, should markets for sugar, bananas, and other export crops worsen, should oil and bauxite prices continue to fall, the projections are for far greater dependence on tourism in those countries that already have a major tourism industry, and the adoption by those that formerly ignored it or actually rejected it (Holder 1990: 1).

A few years later, the Caribbean indeed experienced a severe blow to one of its major export staples: bananas. Numerous Caribbean states suffered under a change of the EC’s banana regime. The reform resulted from a long battle with Latin American countries backed by the US and multinational lobby groups that attacked the EC’s preferential regime for the ACP within the framework of the World Trade Organisation (Agritrade 2006). The WTO dispute settlement court ruled that the EC’s preferential regime for the ACP was incompatible with the GATT, requiring the EC to abolish part of its preferences and hence allowing more Latin American bananas into its market. Caribbean banana producers, however, struggled to compete with Latin American so-called ‘dollar bananas’ that were produced on large-scale plantations run by US multinational firms (Agritrade, 2006; Spiegel 2001). The result was that Caribbean banana exports declined dramatically (Agritrade 2006) and the countries’ dependence on tourism, as one of their few viable export sectors, increased despite considerable concern. While tourism has offset some of the banana sector’s setbacks ... here, too, is an ongoing debate, not just about ... cruise ships or the fast rising predominance of the so-called ‘all-inclusive’ type of accommodation, but over the sector’s real contribution to the wider economy: the banana dollar, unlike any other, trickles down throughout society (The Courier 1994: 1).

Compared to the Caribbean, the South Pacific remained largely untouched by unfavourable changes in the EC’s development regime towards the ACP in the 1990s. Apart from aid, the Pacific mainly benefited from the sugar protocol (Fiji), SYSMIN (Papua New Guinea) and STABEX transfers for copra (Samoa, Tonga, Tuvalu,
Vanuatu) and cocoa beans (Papua New Guinea, Solomon Islands) (EC 2006d, EUforic 1998). Aid continued to flow into tourism in the Pacific under the 1980s/1990s Pacific Regional Tourism Development Programme (see chapter seven), and the sugar protocol, SYSMIN and STABEX remained in place. Moreover, the Pacific Islands were not as affected by the EC’s change in the banana regime because their traditional export market for bananas was New Zealand. It was not the change in EC policy, but the generally lower prices of Latin American bananas that caused a decline in Pacific exports to New Zealand, also increasing their dependence on tourism (Osborne 2002).

The Pacific states were, however, also deeply affected by a change within the EU; namely a new attitude towards tourism.

6.7.2 The EC’s Attention Turns Inwards

The beginning of the 1990s was marked by the same ‘tourism for development attitude’ that had prevailed in the EC, including DG Development, in the 1980s (The Courier 1990). EC negotiators had supported the inclusion of a very strong tourism component in Lomé IV only a few years ago, and the general approach to tourism in the ACP states could be termed ‘traditional’ and market-interventionist. While the EC’s philosophy at the macro level had become neo-liberal, market-based and in line with the Bretton Woods institutions, tourism programmes and projects ‘in the field’ still retained the market-interventionist, redistributive approach of the 1970s/early 1980s. In its first and second phase (1980s until early 1990s), the Pacific Regional Tourism Development Programme, for example, emphasised not only increased arrivals (through marketing), but also redistribution through fostering linkages between tourism and agriculture to spread tourism’s benefits at the local level and minimise leakage (see chapter seven). As a former official of DG External Relations remarked in a contribution to The Courier (Arndell 1990: 1), due to fears among Pacific governments and the local population about tourism’s negative impacts and the leakage factor

the programme joined to the traditional measures of support for marketing and promotion a number of development concepts designed to protect the local cultures and to ensure that a fair share of the economic benefits remained in the host countries and stimulated development of the economies as a whole.
Micro-projects, such as locally-owned, community-based tourism projects, were also funded (see Chapter seven for details). By the mid-1990s, however, three significant changes had taken place. First of all, DG Development was no longer interested in tourism and instead the EC paid attention to Europe’s competitiveness as a destination and to market access for EU operators under the aegis of DG Enterprise (Tourism Unit). Second, the Commission published a Green Paper on future relations with the ACP in which it adopted a clearly neo-liberal approach with unprecedented emphasis being placed on the private sector. From this time on, tourism was regarded as a ‘private sector activity’, which should not be promoted via market intervention, that is project work and aid channelled through public tourism organisations, but via stimulation of investment and entrepreneurship. Third, mid-term reviews of the South Pacific Tourism Programme were largely unfavourable (Cleverdon Associates 1997, 2003), reinforcing the Commission’s wish to abandon its traditional approach.

With regard to the EC’s attention turning inwards, it was the EC’s Tourism Unit - part of DG Enterprise - that had prime responsibility for the sector. It might be argued that the Tourism Unit was, and still is, one of the least powerful units of the Commission due to the lack of a legal basis for tourism. This is to say that tourism policy has remained within the remit of the Member States and the EU’s Treaty does not provide for a Community budget and significant Community intervention in the area (UK Parliament 1997). It was not until the early 1990s that the Tourism Unit received some attention. For example, 1990 was declared the European ‘Year of Tourism’ by the European Council. However, not least due to the lack of legal basis and hence direct budget line for tourism, the financing of the ‘Year of Tourism’ proved problematic. In fact, the Tourism Unit became the centre of a major fraud scandal that shook the reputation of the whole Commission (UK Parliament 1997).

The European Parliament then became the major driving force behind calls to accord tourism a legal basis, culminating in the 1996 intergovernmental conference considering, yet rejecting, the matter (EC 1997, European Parliament 1996 and 2003a, UK Parliament 1997). By 1997, tourism’s economic importance in the EU had reached unprecedented levels, accounting for, on average, 5.5 per cent of EU GDP and 6 per cent of all employment (UK Parliament 1997). Until today, the Tourism Unit’s major concern has remained the lack of a legal basis (DG Enterprise official 2006).
inclusion of a title on tourism in the EU’s Treaty would significantly increase the Unit’s power.

Despite the Unit’s unsuccessful lobbying with regard to the legal basis, it does hold the responsibility for tourism in the Commission. Its approach is geared towards the competitiveness of Europe as a destination and of European tourism operators; it is not involved in ‘development cooperation’ (DG Enterprise official 2006). As already noted, tourism within the realm of development cooperation used to be DG Development’s remit, or rather of the now abolished tourism unit within DG Development (DG Development official 2006a). By the mid-1990s, however, tourism was no longer on the agenda of DG Development. As a senior official (DG Development official 2006b) remarked “it has been a long time since the tourism days. ‘What do we do about tourism’ is not on the agenda”. Neither is there an official in DG Development who has responsibility for, or specific interest in, tourism (DG Development official 2006b), nor does DG Development consult the Tourism Unit of DG Enterprise (DG Development official 2006a). In short, by the mid-1990s the ‘tourism for development’ mentality in the Commission had come to an end, which effectively disempowered those ACP states which by now had become dependent on the sector and hence, on a pro-tourism attitude of EC officials negotiating the development cooperation agreements. Those negotiators were not from the pro-tourism Tourism Unit, but the now indifferent DG Development. The latter was responsible for the EC’s actions in the field of development cooperation, the basis of which changed significantly during the 1990s.

6.7.3 The EC’s New Approach To Development: An Opposition to the ACP’s Stated Interests

The Treaty of Amsterdam, signed in 1997, amended the Treaty of European Union (see Appendix II) and, for the first time, clearly stated the EU’s aims with regard to development cooperation:

- Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, shall foster:
  - the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
  - the smooth and gradual integration of the developing countries into the world economy;
One year earlier, in 1996, the EC had published a *Green Paper on relations between the European Union and the ACP countries on the eve of the 21st century*, giving rise to preliminary discussions on a successor agreement to Lomé IV (EC 1996a). The content, language and discourse used in the *Green Paper* clearly illustrated that the Commission interpreted the vague aims stated in the *Treaty of Amsterdam* in a neoliberal fashion. The *Green Paper* made clear that the Commission was not looking for a 'Lomé V', but rather a new and different kind of agreement, based on the principles of private sector development, reciprocal market access (hence abolishing preferential agreements and instead establishing a free trade area), and political conditionality.

As the 21st century dawns, relations between the EU and the ACP countries should be put on new footing to take account not only of changed political and economic conditions for development but also of changed attitudes in Europe (EC 1996: iv).

The views of the ACP were not incorporated in the *Green Paper*. Rather, it constituted the EC’s unilateral assessment of the global economic environment, Lomé’s successes and failures, and the appropriate response strategy. The then trade economist of the Pacific Island Forum described the *Green Paper* as a ‘policy monologue’, the underlying ideology and economic agenda of which were shared by the Bretton Woods institutions and other donors (Kelsey 2005).

The proposal to introduce reciprocity of trade certainly constituted the most radical departure from the Lomé model. Lomé had to operate under a WTO waiver, as it did not comply with the GATT which stipulated that preferences must be granted to all developing countries. Lomé, however, restricted preferences to the ACP only, hence rendering it incompatible with the GATT. This left three alternatives: applying for further WTO waivers; extending the preferences to all developing countries; or introducing reciprocity. Reciprocity refered to the ACP granting the same preferences and market access to the EU, which in effect would mean a EU-ACP free trade area. The *Green Paper* clearly favoured latter, and not only that, it also proposed to split the ACP into regional groupings as it previously wanted after Yaoundé (Raffer 1997). It further anticipated to abolish SYSMIN and STABEX (EC 1996a).
6.7.4 Free Trade Areas: The EC’s Rationale

Apart from WTO compatibility, there are at least five equally convincing explanations for the EC’s proposal to move into reciprocity. First of all, the EC questioned the overall effectiveness of past trade preferences, due to continuously declining market shares of the ACP and meagre rates of economic growth (EC 2005b). However, many actors from the South did not share this view. According to the Secretary General of the Pacific Islands Forum (Levi 2003) “preferences have been the basis of their [the Pacific’s] competitive advantage and their very survival given the high production costs in small remote island economies.” Rather, they blamed the EC’s continued protectionism for the ACP’s meagre market shares (Price 2001).

Second, the EC’s attention turned inwards to the EU single market and EU enlargement; the ACP was no longer high on the agenda, as evident in the ACP’s radically declining share in EU aid (Adedji 2002) (see also chapter five). In fact, development cooperation in general was, and is, no longer high on the EU’s agenda, as evident in the continuous ‘dwarfing’ of DG Development in terms of staffing, size and political clout due to internal politics and (non-) decisions of Member States (Bond 2003, MEP Assistant 2006a). A MEP Assistant (2006b) was even “surprised that DG Development still exists.” Tellingly, the Parliament’s Development Committee tended to complain about its marginalisation compared to the Trade Committee. At a high ranking WTO meeting, for example, the delegation of the Development Committee was accommodated thirty minutes away from the Congress centre; they were “somewhat isolated from what was going on in the Green Room” (Development Committee 2006a). This points towards an internal bias deriving from member states, as well as from within the EU institutions towards a minimalist development approach – the ‘least costly’ version of an agreement. ‘Development’ is costly and does not have much support among the EU public (MEP assistant 2006a), and so is non-reciprocal trade compared to reciprocity. This holds particularly true for members of Parliament and the Council who run for national elections. There appears to be the mantra of do not go into development if you want to be re-elected [as there is] no support on the street. [The EU public thinks] ‘fix our economy first, not over there’. Therefore, if you want to get re-elected, put money better into ‘quick fixes’ not development (MEP Assistant 2006a).
Thirdly, in the same year the *Green Paper* on the ACP was published, the Commission developed a new market access strategy for the EU. It frankly stated that “[t]rade policy instruments should contribute fully to the longer term objective of the viability of the Community’s economy through the achievement of proper access to third country markets” (EC 1996b: 5). Reciprocity of trade under the new EC-ACP agreement would fulfil this aim, as it would effectively establish EU-ACP free trade areas. Moreover, as stated in the *Green Paper* “development cooperation ... enhances Europe’s image around the world. Europe cannot be accused of commercialism at a time when market shares in emerging economies are hotly contested” (EC 1996a: 38). Thus, the aim of market access would be achieved under the banner of development, which certainly portrayed a more favourable image.

Fourthly, the overall philosophy of DG Development had changed so much that by now the majority of officials truly believed in the developmental benefits of neo-liberal policies, just as staff of the Bretton Woods institutions had believed in their SAPs (Stiglitz 2002). As became evident in a Parliamentary session, Commission staff truly believed in the developmental benefits of liberalisation *per se* and hence, of reciprocity (Development Committee 2006b; see also Kelsey 2005). ACP negotiators, on the other hand, were much more critical:

> Just take the issue of reciprocity for which the ideologies of liberalisation would claim sanctity. Reciprocity between equals is one thing; it is the very essence of equity. But as between unequals it is the opposite (Hylton 1999: 12).

The discussions so far demonstrated just how unequal the EU and ACP were in terms of sources of power. However, despite an overall neo-liberal philosophy within DG Development, the DG was, and is, composed of a multitude of staff and, therefore, opinions.

### 6.7.5 The Philosophy of Private-Sector Driven Development

Given the heterogeneity of opinions of EC staff, some might not have ascribed to such a neo-liberal philosophy full-heartedly, but simply saw ‘no alternative’ to policies of liberalisation. As one senior official of DG Development (DG Development official 2006c) put it “we are in a market economy, a liberal economy, whether we like it or not.” One major element of a market-based approach to development cooperation is
the promotion of private sector activity, fostering investment and entrepreneurship in an ‘enabling environment’ (ECDPM 2001b). An EC official (quoted in Bensah 2002: 1) summarised the paradigm as follows:

[development and] investment ... [are] private-sector led, not public sector, which should only provide the framework, or facilitate [a] climate conducive to private sector investment, ultimately open[ing] ACP economies up to European investors.

However, commentators from the South were highly critical of this shift from aid to private investment and trade (The Courier 1993). A stagnation of official aid has led to an increased demand in loans; the latter, however, tended to go to the less ‘needy’ developing countries in possession of important raw materials, as the solvency of recipients has been a key criterion under market conditions. Compared to development assistance, loans have been more expensive to service, frequently causing higher indebtedness of the recipient countries (The Courier 1993). SIDS in general, and those in the Pacific in particular, have always struggled to attract private capital flows (Commission on Sustainable Development 1996). Geographic isolation combined with small domestic markets has generally deterred investors, rendering these states all the more dependent on aid and thus, negatively affected if flows of the latter declined (AOSIS 2002).

6.7.6 Tourism, the Private Sector and Foreign Investment: A Philosophy in the (Pacific) ACP’s Interest?

The problematic nature of ‘aid versus investment’ is particularly complex with regard to tourism. As noted in the previous section, ACP small island states have become increasingly dependent on tourism, not least due to an erosion of trade preferences. However, the islands have experienced a general lack of domestic capital and entrepreneurial class necessary for the development of tourism (Commission on Sustainable Development 1996). The Caribbean’s ‘laid-back mentality’ (The Courier 1994) or much of the South Pacific’s communitarian social structures and subsistence economy, governed by rules very different from capitalism and individualism (see for example Twining-Ward and Twining-Ward 1998), have tended to suppress entrepreneurialism. This claim, however, relates to capitalist entrepreneurship. A ‘laid-back mentality’ for example can be an advantage rather than hindrance to
entrepreneurship in a non-capitalist non-cash economy. As the Prime Minister of the Cook Islands noted (Woonton 2002: 1) “the scale of private sector operations within the region is very small by international standards and the expectation from donor agencies of the private sector is often well beyond what can be delivered.” The islands have therefore remained highly dependent on the attraction of foreign capital and entrepreneurs or foreign aid to develop the industry.

Given the ‘new’ development ideology favouring FDI rather than aid, islands have been forced to compete for FDI by offering wide-ranging incentives such as tax holidays, which might have negative effects on their tax base – and hence their ability for social spending (Commission on Sustainable Development 1996, Jaakson 2004). Moreover, given generally higher leakage rates of FDI (in terms of MNEs, not expatriates) as compared to domestic investment due to the repatriation of profits (Mowforth and Munt 1998), the shift away from aid might in fact undermine ‘development’ and render the islands increasingly powerless. As dependency is a source of powerlessness (see chapter three) dependency on foreign investment or loans might result in just as much powerlessness as aid dependency. It might cause even more powerlessness than aid dependency if the required investment did not materialise and/or if loan servicing resulted in debt which in turn fostered dependency on even more investment. Despite such considerations, the EC’s neo-liberal development philosophy is mirrored in its current approach to tourism.

6.7.7 The EC’s New Paradigm: Tourism as a Private Sector Activity

Most staff at DG Development no longer regard tourism as the remit of ‘traditional’ aid (DG Development official 2006a,b,c) because “at the end of the day it is a private sector activity” (DG Development official 2006b). According to the same official (DG Development official 2006b), a poor country that wishes to develop tourism should not “ask the EU for money [but] attract capital investment. The market plays the game. The marketplace is full of money. Investors ask: do you have a liberal market environment?”. DG Development wishes to channel aid into its self-defined ‘sectors of comparative advantage’, such as infrastructure development, water and sanitation, regional integration and the environment (DG Development official 2006a, EC 2005e, EC Delegation for the Pacific official 2005). The private sector and thus tourism, on the other hand, are deemed to be the realm of loans and technical assistance through
the European Investment Bank and the EU-ACP Centre for the Development of Enterprise (CDE) (DG Development official 2006a). In Fiji, for example, the EIB granted EUR 2 million in risk capital to the Outrigger Reef Resort and EUR 250 000 to the Natadola Marine Resort in 1998 (EIB no date).

Aid - the EDF – on the other hand is “public money. We cannot put public money into tourism, into hotels” (DG Development official 2006a). “Tourism is not a main area where we can enter” (DG Development official 2006c). Covertly, however, it is still ‘public money’ that finances these tourism developments, as the EDF is used to fund both the CDE and the EIB’s subsidised loans (DG Development official 2006c). It might be argued that such ‘covert’ support for tourism, again, enhances the EU’s image as it does not aim to be seen as a supporter of major transnational hotel chains (MEP assistant 2006a, b, Keith-Reid 2004). While still indirectly supporting such developments, the ‘visible’ (that is grant aid) part of the EDF is channelled into programmes that are better perceived publicly.

In 1998, the EC published a strategy on sustainable tourism in developing countries (EC 1998a) in which it clearly outlined its new private-sector led approach to development within the context of tourism. The report followed a few rather unfavourable evaluations of past EC interventions in tourism in the ACP in general (Poon 1996) and the Pacific in particular (Cleverdon Associates 1997). The strategy noted that “many projects focused on promotion […] while] important environmental and social aspects affecting the sustainable development of the tourist destination have been neglected” (EC 1998a: 11). As a reason for this neglect, the strategy blamed the EC’s practice to relate to national or regional tourist offices that “have slanted the content of projects to promotion” (EC 1998: 12). For future practice, it was proposed to relate to all levels of government and to assist in their formulation of ‘sustainable tourism’ policies and plans and, most importantly, to relate to and assist the private sector. The strategy aimed to “foster the emergence of a competitive, employment-generating private sector in the developing countries as they shift towards open and competitive markets” (EC 1998a: 3). Under such circumstances, the development of the tourism sector “can make a major contribution to integrating the developing countries into the world economy” (EC 1998a: 13). The report was subsequently adopted as a resolution by the Council when it considered ‘private sector development’, and not ‘sustainable development’ or ‘socio-cultural cooperation’, for
instance, which is further indicative of the dominant paradigm (European Council 1998).

In practice, the report had little impact in the South Pacific and arguably elsewhere, given that interviewees, all of whom had indirect responsibility for tourism and/or the Pacific, were not even aware of the report’s existence. Moreover, the strategy’s ‘sustainable tourism’ discourse does not appear to have been internalised by the DG Development officials interviewed (DG Development official 2006b, c). As one senior official (DG Development official 2006c) remarked “well, I have not applied the concept [of sustainable development] to tourism yet.” The approach of private-sector led development, on the other hand, has clearly been adopted in practice, but not so much the ‘aid’ component in terms of assisting governments in tourism regulation, policy design, and implementation. According to a senior official of DG Development (DG Development official 2005),

we [DG Development; Pacific Unit] see tourism as very much a matter of getting the (regional) policy settings right and then allowing the private sector to operate. We are consequently not terribly involved with development funding.

Intervention in recipient countries’ economic policies has therefore taken the form of general structural adjustment and policy change conductive to private sector development, not of direct interference with tourism policy or programmes – overall, a clearly neo-liberal approach.

Apart from the philosophy that puts tourism in the camp of the EIB/CDE rather than EDF grant aid, a major reason for the new ‘restraint’ appears to be the power of individuals. There are high-ranking officials in DG Development who are clearly opposed to the EC supporting the development of tourism in developing countries. As one senior official (DG Development official 2006b) put it: “What’s that tourism stuff? We are into poverty alleviation.” In fact, the previous Commissioner for Development was strongly “anti-tourism. He hated hotels, asked whether tourism was cultural ... Poverty reduction is key ... He wanted to pull out of tourism” (DG Development official 2006c). It was with such a changed attitude - one which did not favour aid for tourism - that the EC entered negotiations on a successor agreement to Lomé IV.
6.7.8 Towards Cotonou: The Negotiating Positions

When negotiations began in 1998, the balance of power was more than ever in the EC’s favour. The gap between rich and poor countries had widened to unprecedented levels and the ACP was more dependent on EC aid than ever before (Price 2001). Yet, the ACP no longer occupied a prominent position on the EC’s agenda giving rise to calls to completely abandon Lomé (Traub-Merz and Schildberg 2003). The negotiating positions differed correspondingly. The ACP’s position was based on Declarations that arose from summits of ACP Heads of Government in Libreville (1997) and Santo Domingo (1999) while the EC’s was based on its Green Paper (1996a). The EC aimed to completely revise the regime. It wished to introduce strong political conditionality, meaning that the EC had the right to unilaterally withdraw aid if an ACP country violated the so-called ‘essential elements’ of human rights, democracy, the rule of law and good governance (Salama and Dearden 2001). The ACP affirmed their commitment to these principles, yet strongly rejected any conditionality, that is their tying to aid (Salama and Dearden 2001). Subject to an exercise of the first face of power by the dominant EC, the ACP lost on their negotiating mandate. They merely succeeded in blocking the classification of one of the principles, ‘good governance’, as an ‘essential element’. Instead, ‘good governance’ became a so-called ‘fundamental element’ which could only trigger aid suspension in serious cases of corruption (Salama and Dearden 2001).

Regarding trade and economic cooperation, the EC’s mandate called for reciprocity, that is the establishment of free trade areas, which would be called Economic Partnership Agreements (EPAs), between the EU and ACP regions, such as the Pacific, Caribbean and several African regions. The EC envisaged the EPAs to come into force in 2005, leaving five years after the signing of the agreement in 2000 for the necessary negotiations and economic reforms in the ACP countries to occur. For the interim period of five years, the EC would demand another waiver from the WTO to be able to uphold the preferential regime (Bridges 1999, Salama and Dearden 2001). The EC’s proposal left some room for the poorest, so-called least developed countries (LDCs) (see chapter one). They were theoretically in a position to choose whether or not to join regional EPAs, as they were eligible to benefit from the EC’s new Everything But Arms (EBA) initiative which allowed for preferential market access into the EU for virtually all products from LDCs. Non-LDCs were expected to sign
EPAs, or where they were not in a position to do so, the EC offered to consider ‘alternative’ agreements (Salama and Dearden 2001).

The ACP’s position clearly evolved from outright opposition to coerced consensus under the third face of power. Initially, the ACP wished strongly to preserve the status quo, which were trade preferences. They were opposed to reciprocity and instead aimed to reform the WTO system if it did not allow for the maintenance of a preferential regime (ECDPM 1998a). In the Libreville Declaration (ACP 1997: Art. 4) the ACP called on the EU to “maintain non-reciprocal trade preferences in a successor agreement”, to “maintain the preferential commodity protocols and preferences [e.g. sugar]” and to maintain and improve STABEX and SYSMIN. The same demands were made in the Santo Domingo Declaration (ACP 1999: Art. 35-36). A Caribbean negotiator (Hylton 1999: 11-12) expressed the ACP’s concerns very frankly:

the ACP is not going to agree to a framework agreement ... which commits us to ... options which are indifferent to our core developmental needs – worse still, to options, like regional free trade agreements from which Europe stands to gain at the expense of the ACP.

Here, the issue of interests was overtly addressed, in that the EC was, again, perceived to have acted out of self-interest rather than concern for the ACP’s development. ACP negotiators perceived the EC’s demand for reciprocity as an attempt to reinforce its dominant position and economic power.

The view from where we as ACP countries sit, is that despite the language of ‘co-operation for development’ ... the EU wishes to dismantle Lomé and refashion it closer to a blueprint that sees trade in goods and services as a net benefit to Europe, and development assistance as a lever for social, political and economic policies imposed through a system of conditionalities adorned as political dialogue ... Reciprocity is a recipe for enlarging inequality (Hylton 1999: 11-12).

Due to concerns about these divergent views and clashing interests, the ACP asked for an informal meeting to exchange opinions prior to the official opening of negotiations, arguably intended to convince the EC of the need to retain non-reciprocal preferences (Hylton 1999). The ACP insisted that WTO rules – the main justification used by the EC to abolish preferences – were not ‘written in stone’. “If the rigidities of WTO rules proscribe those [pro-development] results as not being ‘WTO compatible’, the accommodation to be made cannot be with the development objective, but by the
regime that impedes its attainment” (Hylton 1999: 12). The ACP’s expectation was that the EU and ACP should use their sheer size - with the signing of Cotonou over 100 countries – to transform the WTO regime in a direction that paid more consideration to developing countries’ needs (Kachingwe 2004). The EC, however, made the non-decision to rather retain the status quo in the WTO (Raffer 2001). Neither did it aim to reform the system, nor to apply for further waivers after the five-year interim waiver, which commenced in 2000, would have expired. As Raffer (2001) pointed out, the WTO in fact proved helpful for the EC to get what it had wanted all along since the end of Yaoundé: reciprocity and the splitting up of the ACP into regions. The EC now had its justification of ‘WTO compatibility’ (Raffer 2001). The EC also declined the ACP’s request for an informal meeting with the whole ACP.

The Commission – not the Member States – resisted this [meeting] in all the ways open to it, and they are many. What we got instead was a two hour ‘three-a-side’ discussion in the last month of the Austrian Presidency in which the Commission’s main interest was to agree on a PR program to give ‘the Negotiations’ a good spin (Hylton 1999: 12).

Such a ‘three-a-side’ session, reminiscent of the WTO’s Green Room, is a clear medium for the exercise of the second face of power. By excluding the majority of ACP members from the decision-making process, the EC could wield significantly more influence over the select few. The only remaining ‘danger’ for the EC derived from the ACP’s sheer size, which had grown to seventy-two members (see table 5.2). Deprived of the ‘power of size’, the ACP had lost most of its remaining political clout.

Over time, the ACP’s resistance to reciprocity diminished. In their negotiating mandate, the ACP did not exclude reciprocity; however, it stated that ACP states must “consider carefully the implications of such agreements which, in any case, should be voluntary” (ECDPM 1998: 1). The mandate emphasised the need to keep all options open with regard to trade and that reciprocity was only one possibility (ECDPM 1998a). Even if free trade agreements were eventually signed, the transition period to reciprocity should be extended to ten to fifteen years (not five as the EC had intended) (Bridges 1999). These substantially differing views led to a deadlock in negotiations in 1999 (Sarno 1999). Under these circumstances it would have been easy to abandon the whole EU-ACP regime; an option which was certainly favoured by some EU member
states. Yet, the Cotonou Agreement did eventually materialise. As Kimunguyi (2005: 15) concluded on a positive note,

> despite the shortcomings, inadequacies and conflict of interests related to its trade policies, the EU could be hailed for expressing the preparedness to keep its relationship with the third-world countries and continuously seek options.

The options that were eventually chosen mirrored the EC’s interests and ideology as outlined in its mandate.

### 6.8 The Cotonou Agreement

#### 6.8.1 A New Era

The Cotonou Agreement was signed on 23 June 2000 in Cotonou, Benin. Initially planned to be signed in Suva, Fiji, Cotonou was chosen after Fiji experienced a coup (Raffer 2001). The ACP now encompassed seventy-eight states, fourteen of which were from the Pacific region (see table 5.2). The new members were the Cook Islands, Marshall Islands, Federal States of Micronesia, Nauru, Niue and Palau. As under Lomé, under the Cotonou Agreement all ACP states were eligible to receive aid on both a national and regional basis. So-called national strategy papers were produced for each country, outlining the ‘focal sectors’ to receive EDF support. The same process applied to the regional level, where the Pacific Island Forum assumed the role of ‘regional authorising officer’ – the direct interface between the region and the EU (EC 2005b).

The Cotonou Agreement encompassed three major themes: political dialogue; economic and trade cooperation; and development aid. As a major innovation, these were now open to participation of non-state actors, which were effectively NGOs representing communities, minority groups, special interest groups and the private sector (ACP/EC 2000a). Under Cotonou, regular meetings were organised to inform NGOs of progress under the trade component and, theoretically, to hear their voices and get input. On paper, this innovative practice appeared to be empowerment *par excellence*. There has been a tendency of systematically excluding the ‘people on the ground’ from decision-making in the supranational realm, despite them being substantially affected by the decisions (Fiji Forum of Non-State Actors 2002, Kamidza
2004). The EPA negotiations for example “are not simply an obscure diplomatic exercise. They are about lives, livelihoods and our regions’ economic prospects” (Kachingwe 2004: 1). Through involving NGOs, the process was being made more inclusive, although ‘people on the ground’ could only get involved in decision-making indirectly via NGOs.

In practice, however, NGOs were rather sceptical about the meetings and the decision-making process, in which NGOs turned out to be informed about what had already happened, rather than being consulted and asked for input (Fiji Forum of Non-State Actors 2002, Kamidza 2004, The Pacific Islands Association of Non-Governmental Organisations 2004). The process therefore reminded of much praxis of ‘community involvement’ in tourism where consent rather than true input was sought (see chapter three). Representatives of the Samoan Umbrella for NGOs (SUNGO representatives 2006a, b) were particularly concerned about their (non-) involvement in the EPA negotiations. At a meeting, which was concened with the EPAs, NGOs were “told to leave. There is no way to influence decisions. [They just] want to make things look good when they send out invitations [to NGOs]. But how good is a closed meeting if the decisions affect the people?” (SUNGO representative 2006a). Such a process may be interpreted as fostering consent – the third face of power – rather than true empowerment, which would enable actors to influence decisions and exercise choice. The fostering of consent through meaningless participatory avenues and invitations might also be conceived as ‘false empowerment’ (see chapter three). Although NGOs were empowered at a lower structural level through being invited to meetings that dealt with less salient issues, the more salient issues remained ‘off limits’. “If the EU is serious about Cotonou and serious about consultation then they need to start getting out of their offices and they need to start listening to us as equal partners” (Fiji Forum of Non-State Actors 2002: 1). The view expressed by a representative of a NGO from Vanuatu is telling (Fiji Forum of Non-State Actors 2002: 1; emphasis added):

Consultation with NSAs [non-state agents] in the development of the CSS [the EC’s country strategy paper] for Vanuatu was minimal. Despite this, the CSS mentions NSAs and states that they were consulted extensively and fully endorse the CSS. The CSS itself focuses on tourism and beef exports and I find it hard to believe that any NGO would support such a strategy in a country where over 60 per cent of children are pushed out of school at the age of 12, where literacy rates are falling and where the rights of women and children especially are being eroded on a daily basis.
Apart from NGO involvement, the Cotonou Agreement featured several innovations, most of which were against the ACP’s original mandate. As already mentioned, the ACP had to accept strong political conditionality: the tying of preferences to the adherence of certain political normative principles. Political dialogue on those ‘essential’ and ‘fundamental’ elements was reinforced via three joint ACP-EU institutions: the ACP-EU Council of Ministers (one member of each ACP government, the Council of the EU and officials from the Commission), the ACP-EC Committee of Ambassadors which monitored implementation of the agreement and advised the Council of Ministers, and the ACP-EU Joint Parliamentary Assembly (JPA) which had plenary sessions twice per annum and made recommendations to the Council of Ministers on any issues it regarded as important (Salama and Dearden 2001).

In a similar fashion to political conditionality, the EC succeeded in introducing a new rolling system of programming, which allowed it to adjust the amount of aid according to performance criteria. The allocation of aid was hence no longer strictly ‘needs based’ (in terms of per capita income for example) but also dependent on the recipients’ performance in terms of institutional reform, the use of resources, the effectiveness of implementation, poverty reduction, sustainable development measures, and macroeconomic and sectoral policy performance (Salama and Dearden 2001). ‘Non-performers’ would lose a share of their initial allocation of aid, which would be distributed to the ‘performers’. In the South Pacific, Papua New Guinea turned out to belong to the former category. In 2004, the EC decided to cut aid to the country by EUR 19 million due to “poor financial performance and doubtful absorption capacity” (EC 2006d: 1). The Cook Islands, on the other hand, were judged to have performed well, triggering an increase in aid (EC 2006e). The allocation to the Solomon Islands, for example, remained the same (EC 2006f).

The ACP further lost with regard to SYSMIN and STABEX which were abolished despite the ACP’s strong insistence on the need for their maintenance (ACP 1997, 1999). The EC did, however, agree to devote some extra resources for losses of export earnings, which would partly compensate for the abolition of STABEX and SYSMIN (Salama and Dearden 2001). Moreover, despite agreeing with the EC on the need for promoting the private sector and attracting investment, the ACP demanded a simultaneous increase in aid (ACP 1999). Under Cotonou, aid instruments were
reduced to two envelopes: on the one hand grant aid, and on the other hand the newly established Investment Facility under the aegis of the EIB, which aimed to promote private sector development. The ACP was clearly threatened by dwindling aid given the EC’s philosophy to largely replace aid with investment and loans – the latter was, however, unlikely to materialise in many countries, at least in the shorter term (Commission on Sustainable Development 1996). As the ACP (1999: Art.14) noted,

we remain concerned by the crushing burden of debt, the reduction of official development assistance and the weak flow of foreign direct investments to the ACP countries. We consider it indispensable for this alarming trend to be reversed if a solution is to be found to the acute problems posed by the fight against poverty.

The EC, however, blocked a reversal of this trend in that the 9th EDF – aid under Cotonou – turned out to be smaller in real terms than the previous EDF (Salama and Dearden 2001). The ACP’s major defeat occurred, however, within the trade realm. As already noted, the ACP’s resistance to reciprocity diminished over time under the umbrella of a ‘consensus’ on the need to make the new regime ‘WTO compatible’. Subjected to the third face of power, the ACP gradually gave in to a logic which contradicted their interest in non-reciprocity and their approach of systemic change, which they had upheld for over two decades. Under Cotonou, LDCs theoretically had the choice not to sign up to free trade areas (the EPAs), although in practice this proved an illusion given their membership in regional groupings. The EPAs were to be concluded with regions, not individual countries, in order to promote regional economic integration (ACP/EC 2000a, Art. 35.2). The South Pacific, for example, decided to negotiate EPAs with the EC as a full-blown regional grouping although the region contained LDCs, such as Samoa, so as not to disrupt their regional regimes such as PICTA (a free trade area among the Pacific Islands). Regarding non-LDCs, which were the vast majority of ACPs, the EC practically expected them all to sign up to EPAs although Cotonou provided for consideration of ‘alternative arrangements’ (ACP/EC 2000a).

The timeline of Cotonou’s trade component (table 6.3) shows all the provisions in Cotonou. Negotiations were set to start in 2002; a new WTO waiver for continued non-reciprocal preferences was to be negotiated for the period of 2000-2007 (hence for seven instead of five years which constituted a compromise and small victory for the
ACP); implementation of the EPAs was set to start in 2008; and by 2020 the EPAs were set to be fully implemented, with ACP economies opened up to EU products and probably services.

TABLE 6.3

The timeline for Cotonou’s trade regime

<table>
<thead>
<tr>
<th>Date</th>
<th>Negotiations</th>
<th>Trade regime</th>
</tr>
</thead>
<tbody>
<tr>
<td>Until September 2002</td>
<td>Parties prepare for negotiations</td>
<td>Current non-reciprocal tariff preferences - the Lomé regime-</td>
</tr>
<tr>
<td>April 2000</td>
<td>EU requests WTO waiver to be allowed to continue giving Lomé preferences to the ACP until 2008</td>
<td>is maintained for 70 ACP countries (given that WTO waiver is granted)</td>
</tr>
<tr>
<td>September 2002 until 31 December 2007</td>
<td>EU negotiates &quot;Economic Partnership Agreements&quot; (free trade agreements) with ACP countries, as regional groups or individually</td>
<td>(Same as above)</td>
</tr>
<tr>
<td>2004</td>
<td>EU and ACP review possible alternative arrangements for non-LDCs who &quot;decide they are not in a position&quot; to sign free trade agreements</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>EU and ACP review planned arrangements for all countries &quot;to ensure that no further time is needed for preparations or negotiations&quot;</td>
<td></td>
</tr>
<tr>
<td>1 January 2008 until 2018/2020</td>
<td>Implementation of new Economic Partnership Agreements (EPAs)</td>
<td>All-ACP Lomé regime ends ACP signatories to EPAs gradually open 'substantially all' their trade to imports from the EU</td>
</tr>
<tr>
<td>From 2018/2020 onwards</td>
<td>Free trade agreements in place between EU and ACP signatories to EPAs</td>
<td>LDCs who opted out of EPAs keep non reciprocal tariff preferences</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-LDCs who opted out of EPAs get a (yet undefined) alternative treatment</td>
</tr>
</tbody>
</table>

(Source: ECDPM 1999: 2; Salama and Dearden 2001)
The timeline also included the consideration of alternatives to the EPA option by 2006 at the latest (ACP/EC 2000a). However, in a clear exercise of the second face of power, the EC made the nondecision not to consider any alternative arrangements but to press ahead with the EPAs. As a senior staff member of DG Development (2006b) noted, “EPAs are the highest priority right now”; their conclusion was on the very top of DG Development’s agenda. As argued before, EPAs were clearly in the EU’s interest and corresponded to the EC’s now neo-liberal ideology on ‘development’; hence, the consideration of alternatives would merely cost time and be an inferior option from the EC's point of view. The EC’s negotiating mandate for the EPAs did not allow for any alternatives despite the provision in Cotonou. When pressed by members of the European Parliament’s Development Committee (2006a) to provide a justification for the practical breach of the agreement by not considering any alternatives, the Commission replied that it had not been asked by any ACP state to do so. All in all, this therefore provides an excellent example of nondecision-making by the dominant party. The clear dominance of the EC’s agenda and ideology also became evident with regard to tourism in Cotonou.

6.8.2 Tourism in the Cotonou Agreement

The treatment of tourism in the Cotonou Agreement was somewhat unusual, particularly compared to the previous conventions. The trend of according increasing importance to the sector was broken with Cotonou. Where Lomé IV elaborated extensively on the sector in the main text of the agreement, Cotonou devoted only one small article to tourism. Article 24 (ACP/EC 2000a: Art.24) read

[c]ooperation will aim at the sustainable development of the tourism industry in ACP countries and sub-regions, recognising its increasing importance to the growth of the services sector in ACP countries and to the expansion of their global trade, its ability to stimulate other sectors of economic activity, and the role it can play in poverty eradication.

The remainder of the article very briefly, and vaguely, addressed the type of support to be given to the sector, which discursively leaned very close to the EC’s Strategy for the sustainable development of tourism in developing countries (EC 1998a) by emphasising sustainability and the private sector. In a nutshell, the article invited the
tourism private sector to play a key role in development by fostering economic growth and alleviating poverty.

Tourism was also mentioned very briefly under the section on trade in services. Article 41 (ACP/EC 2000a) committed the parties to comply with the GATS, and after having gained experience with the liberalisation of services under the WTO framework, to also include services in the EPAs. In Article 41.5 the EU promised to support the competitiveness of the ACP’s services sector so that it could survive in a liberalised environment. Particular attention should be paid, amongst others, to tourism. Hence, under Cotonou, tourism was moved into the realm of the private sector. The private sector was to play the lead role, which in effect meant a neo-liberal approach in terms of less public sector intervention and aid for pre-defined projects, and a greater emphasis on fostering a competitive market environment. On the other hand, aid could be channelled into tourism if it supported the competitiveness of the ACP’s services sector with a view to the forthcoming free trade agreements (EPA).

Interestingly, apart from being briefly mentioned in the main text of Cotonou, tourism appeared extensively in the so-called Compendium on cooperation strategies. The Compendium constituted a ‘living document’ which could be adjusted over time, and which contained some of the texts discussed during negotiations (ACP/EC 2000b, Jessop 2005). In the Compendium, Article 2.7.3 was devoted to tourism development, encompassing five comparably lengthy paragraphs (72, 73, 74, 75, 76). It was only after tough and arduous negotiations that ACP negotiators succeeded in including some language on tourism in the main text (Salama and Dearden 2001). The ‘private sector negotiating group’ was assigned responsibility for tourism (The Courier 1999).

The chairman of the Caribbean Council for Europe (Jessop 2005), a group involved in lobbying for tourism, explained the negotiating process in detail. In the closing stages of the negotiations in 1999, the two lead trade negotiators – the former Jamaican Minister of Foreign Trade and the former Director General of the EC’s DG Development - agreed privately on the importance that tourism would have in the new agreement and aimed to include a text on tourism in the new treaty. The text they developed noted the economic importance of tourism to ACP states, and the areas in which the sector might benefit from aid (Jessop 2005). However, in the closing days of negotiations the members of the ‘private sector negotiating group’ rejected their text to
be included in the agreement. The result was an agreement on ‘minimal language’ for insertion in the main text of Cotonou, while the major paragraphs ended up in the Compendium (Jessop 2005). Such controversy about tourism stemmed from diverging views in both the ACP and the EC camps.

6.8.3 The EC’s Attitude: Internal Dynamics

That the Jamaican negotiator had a vested interest in a strong tourism component was not surprising given his country’s and region’s dependence on the sector as outlined before. The fact that he found support in his counterpart from the EC’s DG Development was more surprising, given that the ‘tourism for development’ decade in the EC was clearly over. However, the EC’s DGs are far from homogenous in terms of attitudes and ideas. As a senior official (DG Development official 2006c) remarked “no doubt you came across as many opinions as you did interviews”. Another official (DG Development official 2006b) elaborated on the spectrum of ‘tourism opinions’ within DG Development, which included “very anti” [a previous Commissioner]; “more anti than pro” [another superior who preferred to focus on the ‘traditional’ sectors of education and health care]; and “medium” [a senior official]. Some officials were simply indifferent: “he [another superior] does not care except for EPAs”, while others seemed to be supportive, given the negotiator’s agreement to a tourism text (Jessop 2005). The fact that DG Development’s highest ranking official, the previous Commissioner, was “very anti” (DG Development official 2006b) had a considerable impact on specific tourism aid programmes, illustrating the power of individuals (see chapter seven).

On this spectrum, the vast majority of interviewees could be termed ‘indifferent’, clearly having other priorities and not having tourism on the agenda. Leaning towards ‘anti’ were left-wing Members of Parliament and their assistants (MEP 2005, Zimmer 2005, MEP Assistant 2006b) – yet even they were not opposed to aid for tourism, just more critical of ‘the system’ and negative impacts by emphasising MNE leakages, sex tourism and environmental degradation (MEP 2005, 2006, MEP Assistant 2006a, b, Zimmer 2005). Within the Commission, it might be argued that officials were more ‘pro-tourism’ if they ascribed to a market-based approach to development (DG Development official 2006b and c, DG Enterprise official 2006). On the other hand, a ‘classical approach’ to development in terms of redistribution and focus on education
and health care, for instance, went hand in hand with an indifferent or 'anti-tourism' attitude (DG Development official 2006a, b, c). Tellingly, as is detailed later in this chapter, the liberal fraction of Parliament recently tabled a ‘pro’ report on tourism and development, with the left-wing/Green fraction being most critical of it (Zimmer 2005). It goes without saying that the Tourism Unit of the Commission was pro-tourism, not only due to its mandate but also due to its market-based approach as part of DG Enterprises’ culture (DG Enterprise official 2006).

However, the Tourism Unit was not involved in Cotonou’s negotiations as it did not have a mandate for ‘development’ (DG Enterprise official 2006). Those ACP countries that hoped for a strong tourism component in the agreement therefore had to rely on support within the private sector negotiating group – which they ultimately did not receive. The majority of EC negotiators did no longer support tourism despite the growing tourism dependence of particularly small island ACP states. As an official of the Pacific EC Delegation (EC Delegation for the Pacific official 2005) noted,

> tourism is really important here [in the Pacific] there is no doubt about that. But certainly tourism is not the flavour of the month with donors anymore, and has not been for some time. I think it is a really hard sell, ... in the donor community now there is much more emphasis on poverty alleviation ... so that it is pretty difficult to get tourism on the radar screen.

The tourism text was, however, not only rejected by the majority of EC negotiators; some ACP states were also opposed to its inclusion because the group had never had any ‘substantive debate’ on the tourism sector (Jessop 2005).

### 6.8.4 The ACP’s Tourism-Attitude During Cotonou

Nonetheless, tourism was subject to some discussion during the ACP high-level meetings in Libreville and Santo Domingo, illustrated by the fact that the industry was included in both resulting Declarations (ACP 1997: Art. 4, ACP 1999: At. 38). In the *Santo Domingo Declaration*, for instance, the ACP

> attach particular importance to ACP-EU co-operation in the field of tourism and call on the EU to join us in devising a comprehensive package of measures, including financial and technical assistance, that would provide strong foundations for the sustainable development of tourism (ACP 1999: Art. 38).
Despite such affirmation of ACP-wide commitment to tourism, not only the EC’s but also the ACP’s final negotiating mandate was devoid of substantial demands relating to the industry (Jessop 1998). The reasons for the EC’s limited interest in tourism in Cotonou have already been explained, but why did the ACP not exercise more pressure, given the before-mentioned dependency of many ACP’s on the sector? There appear to be two major reasons: the generally low issue salience of tourism in high-level meetings, and the division of the ACP group into a pro-tourism (tourism dependent) fraction and an indifferent fraction with other priorities. First of all,

[achieving political support for having tourism and development as a regular agenda item in high-level meetings is still very difficult. Whether it is in the context of meetings of the EU/ACP Joint Parliamentary Assembly or at ACP or ACP/EU Ministerial meetings, having the challenges the industry faces debated seriously remains the subject of considerable resistance (Jessop 2005: 1).

Even the tourism-dependent regions of the Caribbean and Pacific (and the tourism-dependent African countries such as Mauritius) – those which usually drove tourism onto the agenda – tended to accord higher importance to other, ‘traditional’ sectors when debate arose. As a MEP Assistant (2006a) remarked, at the last ACP/EU Joint Parliamentary Assembly session representatives from the Caribbean and the Pacific [in fact, Fiji] “did not allow anything to be debated but sugar. Sugar dominated”. Tourism Ministers in the Pacific also tended to complain about their governments’ lack of commitment to tourism compared to other sectors (Keith-Reid 2001b). If these tourism-dependent regions generally lack government commitment to tourism compared to other sectors (Jessop 2005), then others – particularly central and western Africa with hardly a tourism industry worth mentioning (N’Diaye 2001) – clearly wished to see other sectors debated and included in the agreement.

Thus, within this realm of ‘low issue salience’ of tourism, it was up to the Caribbean, Pacific and a handful of southern or eastern African negotiators whose countries had established sizeable tourism industries (such as South Africa, Mauritius, the Seychelles and Kenya (Gössling and Hörstmeier 2003, N’Diaye 2001)) to put tourism on the agenda. Again, it was predominantly the small island states that affirmed the importance of tourism to their economies and demanded a strong tourism component in Cotonou. Their view was that the “proposals set out in the EU negotiating mandate are a starting point but need considerable development, particularly in respect of

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tourism” (ECDPM 1998b: 1). As previously under Lomé, the major impetus for tourism to be included in Cotonou’s main text stemmed from the Caribbean region (CARICOM 2000, The Courier 1999). According to the Caribbean Community (CARICOM 2000: no page number), it was at “Caribbean insistence [that] specific language on tourism has been agreed acknowledging ... the sector as an area for special assistance. The agreed paragraphs have been inserted in the Framework Agreement itself”. Relating to these demands, Caribbean negotiators found support in their Pacific counterparts.

6.8.5 Tourism in Cotonou: Interests of the South Pacific

The Pacific region was equally supportive of the tourism sector. According to Kiribati’s Minister for Commerce, Industry and Tourism (Kakoroa 2002: no page number), at the Nauru Forum South Pacific heads of government mandated the Forum Secretariat to work with SPTO [South Pacific Tourism Organisation] to push tourism as a distinct activity area/sector under the Cotonou Agreement. I understand that concerted efforts were made but without appreciative results.

As will be explained in detail in the following chapter, the EC now exercised the second face of power by not allowing tourism to be directly supported by aid, as a distinct sector. Such direct support, however, was expressed by Pacific governments as being in their interest (Kakoroa 2002). It required much insistence on the side of the Pacific – driven by the SPTO – to secure some continued support for tourism under Cotonou, when the long-term ‘Pacific Regional Tourism Development Programme’ had ended in 2001.

[The Pacific] would be lucky to obtain some funding as the approved provision under Cotonou has already been allocated by sectors .... The chances of getting tourism back as a separate portfolio of its own are fairly remote. That to change the present arrangement, we [the Pacific] may have to refer to consultations at the very high level with Brussels who have already indicated their reluctance to re-categorise tourism as a sector of its own (Kakoroa 2002: no page number).

The EC hence introduced a bias into the system. Under the second face of power, it made the unilateral nondecision to deny direct sectoral support to tourism, despite the Pacific’s demands. The EC effectively closed off the ‘lower level’ (that is in-country
delegations), referring Pacific actors to DG Development in Brussels which was responsible for ACP states (figure 6.3). Yet, as already explained, ‘higher levels’ – that is DG Development in the Commission – have become equally unenthusiastic about providing aid to tourism.

Overall, there was now a clear division of interests. Pacific governments, while still not having tourism as their very first priority compared to other sectors, nonetheless clearly wished EU aid to be used for tourism as a sector (and not merely receive funding for a few tourism projects under the umbrella of other sectors). In fact, in the years after Cotonou had been signed, the Pacific government’s commitment to tourism grew to unprecedented levels. In 2001, four high-level meetings of Pacific heads of government called for a strengthening of the tourism sector (SPTO 2001), and tourism was accorded considerable importance in the economic plans of Fiji, Samoa, Tuvalu, Vanuatu and Tonga (Pro€Invest 2004a). Moreover, the Bureau of the ACP-EU Joint Parliamentary Assembly held a meeting in the Cook Islands in 2002, where representatives discussed the importance of tourism to the Pacific (IPA 2003). The Pacific representatives’ emphasis on the tourism sector resulted in the inclusion of much language on tourism in a Resolution on the Situation in the Pacific Region (IPA 2003), in which parliamentarians called for increased commitment of the European Commission to tourism in the Pacific.

Yet, the EC no longer wanted to channel aid into tourism as a sector and therefore ‘closed off’ the traditional instruments (aid), leaving only the EIB’s loans or the Centre for the Development of Enterprise under the banner of private sector development (EC 2003). The EC hence clearly exercised power by preventing a channelling of aid into tourism on a sectoral basis. This occurred despite the EC’s affirmations that times of ‘imposition’ were over and that recipient countries were empowered to ‘own’ their policies. “The Pacific Islands have had too many missionaries. I don’t think they need one more” (DG Development official 2006b). While EC officials truly believed that recipient countries were enabled to exercise free choice (DG Development official 2006a, b, c, EC Delegation for the Pacific official 2005, EC Delegation for Samoa official 2005), internal bias under the covert, second face of power effectively prevented this.
 FIGURE 6.3

The Governance Structures of EU Aid

(Source: UK Parliament 2002: 1)

When asked whether true policy ownership would not imply that Pacific governments could receive aid for the tourism sector if they so wished, a senior official of DG Development (DG Development official 2006b) replied

no, they cannot come with a sector like that. ... Our thinking on the Pacific is evolving. It’s not a matter of do you want fisheries or tourism. [We moved] from sector approach to theme [e.g. the] environment. The man on the street must be able to identify with the theme; ... EU commitment to the Pacific must be justified to the region and to taxpayers ... [To fund] tourism [under the umbrella of] education or the environment, for example, is OK.

The latter remark again tied in with the EC’s unilateral nondecision to restrict its provision of aid to sectors/themes in which it had a comparative advantage, as well as to the frequent remarks during interviews that tourism could not be funded with ‘public money’ because “there are rules” (DG Development official 2006 a, b) – a prime indicator of bias in the system and therefore the second face of power. In short,
despite affirmations of empowerment and policy ownership the Pacific, which wanted direct aid for tourism as a whole sector, did not get what it wanted; the region was subject to an exercise of power. As the Commission blocked the Pacific’s (and other tourism dependent ACPs’) wishes, the Pacific ACPs were only left with three options.

First, they could give in to the rules and bias – under the second face of power - and draw on the instruments the EC still granted in support of the tourism industry: EIB loans and CDE technical assistance. Similarly, they could adapt to the EC’s aims and self-defined sectors of ‘comparative advantage’, such as regional integration or education. As the director of the South Pacific Tourism Organisation remarked (quoted in Keith-Reid 2001a: 1) “[w]e should try to align the tourism we have with some of the aims of the donors. For example, environmental issues, clean air and water – eco-tourism is a big industry” (see chapter seven).

Second, Pacific governments could try to get a strong tourism component into the forthcoming EPAs, with a view to channel aid for structural adjustment into tourism. Under the so-called ‘development dimension’ of the EPAs, the EC granted aid for structural adjustment to improve the sectors’ competitiveness in a liberalised environment (see chapter eight).

Finally, they could attempt to get tourism back on the Commission’s agenda through the ‘political backdoor’. The following section deals with this latter option: lobbying in Parliament. The first option on the other hand – the ‘giving in’ and adjusting to donor’s aims under the second face of power – is detailed in chapter seven which attends to specific EC funded tourism programmes in the Pacific and specifically the ‘Pacific Regional Tourism Development Programme’. The second option, that is getting a tourism component into the EPAs is detailed in chapter eight, which analyses the EPA negotiations in the Pacific to date and their impact on national tourism policy.

6.9 Power-Plays in Parliament: The Political Backdoor

6.9.1 The ACP-EU Joint Parliamentary Assembly

The most powerful of the EU institutions is the European Council, in which European heads of government vote on salient issues, such as the EDF. The European
Commission may be perceived as the second most powerful institution. It is the executive; the policy making and implementing organ. Finally, the European Parliament’s role is to hold the Commission publicly accountable and to induce some element of democracy in the EU (see chapter five). The Parliament needs to give its consent to new legislation, and it can propose new legislation or policy changes to the European Commission. In practice, the Parliament holds the least power of all EU institutions. MEPs themselves noticed “we are always perceived as lagging behind” (Development Committee 2006a) and “the powers of parliament are played down by [the Commission]” (European Parliament 2006a). As outlined before, the EU/ACP have their very own ‘parliament’ – the Joint Parliamentary Assembly (JPA). It is within this forum that representatives of the ACP (or the EU for that matter) air their concerns and pose questions if they are unsatisfied with actions or policies of the Commission in relation to the ACP.

Tourism dependent ACPs, unsatisfied with the EC’s unenthusiastic treatment of the sector, have indeed voiced their concerns in the JPA. In 2002, for example, the representative of the Cook Islands formally addressed the Commission requesting support for tourism in the Pacific region. Emphasising the important role the sector played in the Pacific Island economies and pointing out that Pacific governments recently affirmed their commitment to tourism development, the representative urged the EC to commit funds to tourism in the Pacific on a regional basis (JPA 2002). Furthermore, the Cook Islands were not the only ones to emphasise tourism within the JPA. According to an official of DG Development (DG Development official 2006b), in the JPA “Pacific Islands ... are blaming us [the Commission] ‘you are abandoning the poor tourism sector’”. Firmly allied to the requests of tourism-dependent ACPs, the European co-president of the JPA herself pointed out that “[m]any developing countries such as poorer countries, and LDCs such as Mozambique and others, see it [tourism] as a sector which needs to be developed further. Therefore, it is appropriate to ask the Commission to look at ways that we can do that, certainly with ACP countries ...” (European Parliament 2005a). Such attempts to push tourism onto the Commission’s agenda via the JPA had already started during the final stages of the Cotonou negotiations. In October 1999, at their session in Nassau (Bahamas), the JPA had adopted a resolution on ‘tourism and development’, in which it had called
on the Commission and Member States to support the ACP countries in their efforts to promote environmentally and socially acceptable tourism, and to incorporate this endeavour, in an appropriate form, into the future agreement with the ACP countries (JPA 1999: Art. 4).

Moreover, they had asked the EC and Member States to devote increased EDF funding to the sector (JPA 1999, Art. 5). The powerlessness and subsequent defeat of those ACPs that had aimed for a strong tourism component in the main text of Cotonou (mainly from the Caribbean and Pacific regions) caused further pressure within the JPA. As a result, another resolution on ‘tourism and development’ was adopted in 2001, which called for increased aid for tourism, as well as no further delays in the disbursement of funds that had been allocated to the sector (JPA 2001). The JPA, despite being perceived and treated as rather powerless by the Commission (European Parliament 2006a, DG Development official 2006b), has become the last hope for tourism-dependent ACPs to influence decision-making in the much more powerful Commission.

Whether the attempts would generate any results was, however, questionable. A senior official of DG Development (DG Development official 2006b), who appeared rather irritated by the topic of tourism in the JPA, remarked in relation to the Cook Island’s question mentioned before: Pacific governments “should better come with a concrete plan and present it to business in Europe … - if you lobby you get it [funds for tourism] - … instead of talking in front of an Assembly that has no decision power”. Nonetheless, the tourism-dependent ACPs recently succeeded in elevating tourism to the very top of the JPA’s agenda. In late 2006, there was a high-level hearing on ‘tourism and development’ in the JPA in which it considered a report written on the topic, with the ultimate aim of changing the Commission’s position. According to a senior official of the Commission’s Tourism Unit (Tourism Unit official 2006), the 2006 hearing resulted from ACP pressure.

See, if you want to get money from the rich countries, you need a legal basis somewhere. They [the ACP pushing for tourism] were clever enough to […] get support which] targeted the hearing. … You have to find support for the policy. If the Commission isn’t doing it, it goes through Parliament, … the political backdoor (Tourism Unit official 2006).

Yet, pressure to step up commitment for ‘tourism and development’ in the Commission did not only derive from the ACP. They found support from two other
sources – both with their own agendas. On the one hand, European and ACP hotel consortia and private sector lobby groups had a vested interest in increased support for tourism. Second, the European liberal-democratic part has been ideologically aligned to the philosophy of ‘private-sector-led development’ and pushed ‘tourism and development’ onto the agenda of the European Parliament’s Development Committee (MEP Assistant 2006b).

6.9.2 The Development Committee and Lobby Groups

While such private sector lobbying and the power of individuals already hinted at covert exercises of power in terms of hidden influence, closed door meetings, and certainly the exclusion of the ‘man on the street’ from decision-making, a MEP assistant (2006a) pointed out that such covert (non-) decision-making ran even deeper. He explained that while MEP were the ‘visible power-holders’, there were individuals working in Parliament who might not immediately appear as powerful yet who were highly influential behind the scenes. Regarding the question who would initiate a report or a hearing on a certain topic, such as tourism and development, the MEP assistant (2006a) stated that normally it would be individual power-holders - who certainly do not appear in official publications - who actively select a MEP to push ‘their’ topic in parliament. These power-holders encompassed assistants to MEPs, Political Advisors (public servants fully employed to assist Parliamentary Committees), and assistants to Committees. Particularly the latter were very influential, highly educated and experienced; a MEP assistant (2006a) referred to them as “secretaries with a PhD”. According to the assistant (MEP Assistant 2006a), these individuals would “get together over a coffee, discuss a topic, think it might be good idea to have a report or hearing”. They would then “actively push” their idea into the political arena by searching for a MEP who might be interested in the topic and willing to put it up for a hearing. “So it goes, you get the press, some cocktails” (MEP Assistant 2006a). Irrespective of whether this process of internal influence applied to the own-initiative report on ‘tourism and development’, the liberal MEP who tabled the report was clearly subject to some degree of hidden influence deriving from the private sector.

Only a few months before the draft report was presented to the Development Committee for consideration in early 2005 the MEP, together with some colleagues
from the Development Committee and members of the ACP-EU JPA, attended a meeting with representatives of the Caribbean Hotel Association (CHA) (Caribbean Travel News 2005). The CHA, representing private sector organisations that certainly had a vested interest in tourism growth, actively lobbied for increased support for tourism from the EC and the EU member states. Following “an aggressive agenda of meetings in the United Kingdom and Brussels” (Caribbean Travel News 2005: 1), the CHA’s lobbying efforts culminated with the before-mentioned meeting. According to the CHA president and hotelier “[o]ur goal, going into the meeting, was to sensitise European and ACP parliamentarians to the unique position of tourism as the only path to development for Caribbean communities – and seek their support to ensure that tourism is moved up the EU/ACP policy agenda” (Caribbean Travel News 2005: 1, emphasis added). In the following year, the CHA would step up its efforts to ensure that tourism was included in the Commission’s priorities (Caribbean Travel News 2005).

The draft report on ‘tourism and development’ discussed in the Committee for Development in early 2005 was correspondingly positive, largely describing tourism as a panacea for development, and making some rather naïve assumptions (see Development Committee 2005a). For example, it stated that “[f]rom the strictly financial point of view, tourism not only promotes economic development but facilitates the fair sharing of profits with the local communities. Each ‘tourist’ euro spent is directly invested” (Development Committee 2005b: 12). The issues of local power relations, as well as economic leakage were not mentioned. Apart from emphasising tourism’s contribution to economic development and growth, the report unequivocally portrayed the industry as a positive force in environmental protection (with the somewhat randomly chosen exception being tourists engaging in underwater activities and exercising pressure on the marine environment). The rapporteur went as far as claiming that “developing countries, for their part, have in general suffered environmental depredation not from tourism but from their own inhabitants” (Development Committee 2005b: 15). Moreover, the report portrayed tourism as the “enemy of totalitarianism, dictators and over-centralised power” (Development Committee 2005a, Art. N) and “reaffirmed the major contribution made by tourism to education of the public in the developing countries and to the improvement of public health” (Development Committee 2005a, Art. 24). At its very end, the report added a minor paragraph on ‘tourism as a factor of disturbance and abuse’, in which a rather
unusual selection of the industry’s gloomier side was presented: sex tourism and property speculation (Development Committee 2005a). The ‘typical’ negative impacts of the industry, such as cultural commodification, environmental degradation, and economic leakage (Mathieson and Wall1982) were ignored.

In short, the report painted a very one-dimensional picture of the tourism industry, without taking into consideration the more critical issues relating to the question of whether tourism could in fact be ‘developmental’, and if so, under what conditions. Based on this biased view, the report called for increased power to be accorded to the Commission’s Tourism Unit; tourism specialists to be appointed for DG Development; and the Commission to give priority to tourism in its development cooperation projects. Significantly, it also “[u]rges developing country governments to include tourism as a priority in their strategic programmes and to commit themselves to an annual report” on the tourism sector, as well as to facilitate the free movement of tourists by liberalising visa policies (Development Committee 2005a, Art. 3 and 4).

Moreover, the report argued for the utilisation of EU aid to support European tour operators that invested in developing countries and supported sustainable and ‘solidarity’ tourism (Development Committee 2005a). With this latter suggestion, the report directly contradicted DG Development’s policy of not channelling ‘public money’ into private enterprises. Moreover, the proposal in fact constituted a call for tied aid: subsidising European businesses with aid funds. This point was criticised by a MEP from the left-wing/green political grouping (MEP 2005):

Tourismus kann nicht per se als Allheilmittel für Hunger, Armut, Menschenrechtsverletzung und Umweltzerstörung gesehen werden, zumal nicht, wenn es dem Berichterstatter vorwiegend darum geht, europäische Tourismuskonzerne zu fördern. [Tourism per se should not be conceived as a panacea for hunger, poverty, human rights abuses and environmental degradation; particularly not when the rapporteur’s primary concern is to support European tourism enterprises].

Despite such criticism, the report was adopted by the Development Committee a week later with the majority of MEPs voting in favour (ALDE 2005), and only a minor amendment was made to recital Q on totalitarianism (Development Committee 2005b). A total of twenty-four MEPs voted in favour and only five against its adoption (Development Committee 2005b). The non-legislative report was subsequently tabled on May 24, 2005, leading to a debate in plenary on September 08, 2005 (European
Parliament 2005a). In the debate, the rapporteur again emphasised his call to increase the Commission’s support for tourism:

Il faut intégrer mieux le tourisme dans tous les moyens d’aide ... Il faut augmenter le pourcentage directement affecté à des projets de développement touristique dans ces fonds. [Tourism has to be better integrated into all aid instruments ... It is essential to increase the percentage of funds directly allocated to tourism projects] (Cornillet 2005: audiofile).

The debate clearly illustrated that MEPs belonging to conservative/centre-right political groupings were largely supportive of the report, while those on the centre-left of the political spectrum were most critical of it. As a left-wing/green MEP explained, her group decided not to endorse the report because it “gives the impression that the EU is, as an outsider, announcing to the developing countries what they may and may not do (European Parliament 2005a: 1)” with regard to economic policies, visa rules and police units.

Representing the EC in the debate, the Commissioner for Development (European Parliament 2005a) defended the EC’s current ‘minimalist’ approach to tourism. On the one hand, he pointed out that developing countries might draw on the private-sector instruments in support of the industry (EIB, CDE) (EC 2003). On the other hand, he reaffirmed the Commission’s principle of ‘policy ownership’ in that “it falls first and foremost to the partner States to decide whether to treat tourism as a priority economic sector.” Yet, as outlined in the previous sections, the EC’s internal rules, procedures and attitudes (bias under the second face of power) effectively prevented ACP states - including the South Pacific - from channelling EU aid into the tourism, which caused their pressure in the EP in the first place.

6.9.3 Public Hearings: Whose Voices are being Heard?

Put simply, true policy ownership and empowerment would imply that the EC supported the tourism sector only if recipient countries so wished. As a senior official of the Tourism Unit (DG Enterprise official 2006) replied to the question of ‘who should ultimately decide which sectors should be supported?’: “It should be [the recipient] government. But government is men and women. People”. Subsequently, therefore, one needs to ask to what extent the recipient countries’ government officials
involved in negotiations are representative of ‘the people’. The Cotonou Agreement’s new attempt to include civil society has already been mentioned as a step in the right direction (that is inclusive decision-making), yet the process’ shortcomings in practice have equally been outlined. Nonetheless, the consultation process made clear that the views of NGOs and governments with regard to tourism could easily diverge. As noted above, some Pacific NGOs condemned their governments’ call for increased EU aid to be channelled into tourism and would prefer it to be used for education or hospitals.

The line of questions does, however, not end with the issue of government representativeness. To what extent, one also needs to ask, are these NGOs representative of the ‘people on the ground’? The following chapter shows that interests with regard to the development of tourism vary greatly. In Samoa, for example, it is necessary to take into account the growing entrepreneurial class, that is private individuals wishing to engage in business activity, such as opening a guesthouse or beach fale. On the other hand, many Samoans highly value their traditional fa’a Samoa with its communitarian structures, which is not easily aligned with private enterprise. Moreover, a variety of Samoans are simply opposed to tourism development (Samoan reverend 2006). Whose interests, then, do government officials who demand increased aid for tourism represent? And how may people who are affected have their interests and voices heard?

For the purpose of this thesis, which deals with the seemingly inapproachable supranational realm, empowerment is perceived as opening up opportunities and dismantling constraints for actors situated at lower levels of governance (see chapter three). Hence, the EU, as the more powerful actor in the EU-ACP constellation, needs to empower recipient governments to exercise free choice. Empowerment in this sense is conceived as dismantling constraints that inhibit choice (such as organisational bias), rather than ‘handing down’ empowerment in terms of policy prescriptions. The latter would not constitute empowerment but an exercise of power, as outlined in chapter three.

Recipient governments, once enabled to choose policies freely, need to empower their constituency to express their choices and base policies thereupon. Both, a Samoan reverend (2006) and representatives of the Samoan Umbrella organisation of NGOs (SUNGO representative 2006a, b) expressed their concern about the Samoan
government, for example, in this respect. As the reverend noted "we have a one-party government. They just do whatever they want. There should be a sound opposition party" (Samoan reverend 2006). Even the highly valued Samoan way of 'consensus decision-making' which is part of the fa'a Samoa (Lal and Fortune 2000) may be undermined in practice. In Samoa, certain issues require the consensus of communities; however, the government "regards MPs [in Samoa, MPs are usually matai] as members of communities, so things that require consensus do not have to be put to a vote anymore" (Samoan reverend 2006). Empowerment would imply a dismantling of such barriers that hinder the people in deciding on their own fate.

The dismantling of structures in a top-down manner, given that higher levels of governance unilaterally wield the power over certain issue areas (for example, organisational bias within the EC can only be dismantled by the EC), subsequently opens up opportunities for bottom-up development and self-determination. The question of dismantling structures to enable choice at the local level (that is politically represented by government) falls within the dimension of the ubiquitous call for 'good governance'. The author, however, aims to refrain for the normative connotation demanding a certain Western type of governance that might not be applicable in the Pacific. How the call for 'giving voice' to people on the ground can ultimately be achieved - whether through a representative democracy with elections or novel attempts at 'e-democracy', through traditional governance structures based on alternative (for example, chiefly) systems or a combination of both, or through 'network governance arrangements' of NGOs and the private sector - lies well beyond the scope of this thesis.

Within the scope of this thesis, however, lies the question to what extent the supranational arena, and in this case the Parliamentary Assembly and the committees, are representative of the various interests of ACP, and Pacific, people who are ultimately affected by these decisions. One of the rare ways for non-members of the European Parliament to express their views is in a public hearing. In October 2005, the Development Committee held such a hearing on 'tourism and development' in Brussels (Ideali 2005). Rather than facilitating a real debate on the topic by the people who are affected, or NGOs representing them, the hearing was subject to considerable bias. First of all, a clear nondecision was made in that the hearing was held a month after the parliament had adopted the resolution on 'tourism and development' – the
decision had already been made (European Parliament 2005b and c). Second, and most significantly, the speakers who aired their views were all invited ‘experts’ in the field of tourism – without exception from the ‘tourism first’ camp. They were representatives of the UNWTO, WTTC, CHA, as well as two major European hotel chains (Browne 2005, Ideali 2005, DG Enterprise official 2006). The WTTC’s and CHA’s presentations were strongly biased in terms of emphasising tourism’s potential for economic development and calling for increased donor support (Baumgarten 2005, Parle 2005). The UNWTO’s presentation (Cabrini 2005) portrayed tourism as a positive force in poverty alleviation, and basically constituted an attempt to lobby for funds for the organisation’s ST-EP (sustainable tourism for the elimination of poverty) programme. The two MNEs concentrated on developing countries’ constraints to foreign investment (Browne 2005, Ideali 2005).

Given that the majority of Members of the European Parliament “don’t know much about tourism” (MEP 2006), the choice of speakers is highly significant. They are in a position of influencing opinion and reinforcing bias, as has been criticised with regard to hearings and EU high-level groups in various fields (European Public Health Alliance 2006, SWPAT 2002). Debatable statements, such as the WTTC’s assertion that tourism “reduces the gap between the haves and have-nots” and “spreads peace and cultural understanding” (Baumgarten 2005: 9) are being left unchallenged if affected individuals (including the ‘have-nots’) and/or NGOs representing them are not included in the process. The lack of real, transformative, input from NGOs in Cotonou’s consultative meetings across the South Pacific - given that have merely been informed after decisions had already been made (the second face of power in practice) (Fiji Forum of Non-State Actors 2002, SAME official 2006) – meant that public hearings in parliament have constituted their rare chance of influencing high-level decision-making. Selectivity with regard to speakers has tended to prevent this.

6.9.4 The JPA: Parliamentary Pressure for Tourism at its Peak

As noted above, another report on tourism and development was likely to dominate the agenda of the JPA in late 2006 in Barbados. The co-rapporteurs – one from the European and one from the ACP side – were appointed by the JPA in November 2005. Hearings and public debates on the topic were held in November 2005 (JPA 2005) and February 2006 (JPA 2006a). Similar to the Development Committee’s hearing, the
choice of experts was rather selective. They encompassed again the WTTC and CHA, as well as PATA, the Hospitality and Tourism Association of Botswana, a major European tour operator, and one British tourism academic (JPA 2005, 2006a).

In comparison to the previous hearing, however, most presentations portrayed a more balanced picture of the tourism industry (see, for example, Buttler 2006), as did the corresponding draft report from the two appointed rapporteurs (JPA 2006b). Considering the issue of economic leakage, for example, the rapporteurs proposed to support projects that enhanced linkages with other economic sectors, such as agriculture. As is shown in chapter seven, this suggestion was rather ironic because the EU used to fund exactly such projects in the Pacific in the early 1990s but abandoned the approach the more it went down the ‘neo-liberal route’. Overall, despite the well-balanced argumentation and careful consideration of the topic and its critical issues, the report nonetheless concluded with an equally enthusiastic call for ‘tourism as a tool for development’ as did its predecessor: “in the end nobody is capable of saying that without tourism the world can progress, the economies can develop, the society can improve” (JPA 2006b: 9). Both reports hence strongly supported tourism to be moved up on the Commission’s agenda.

Overall, the Parliament has never before exerted as much pressure on the Commission regarding its support for tourism in developing countries. A senior official of the Tourism Unit (DG Enterprise official 2006) remained hopeful that “there is a possibility that there is pressure again after [the JPA hearing in] November. There is some pressure inside the Commission [Tourism Unit], I know there is. If there is more pressure from the Assembly of the ACP, then the Commission has to take position”. However, given the relative powerlessness of the Parliament and the JPA compared to the Commission, it remains to be seen whether the latter will be influenced to change its approach.

6.10 Summary

This chapter has demonstrated that an increasing gap between the EU and ACP has opened up, not only in terms of economic development, but also power. Increasingly subject to an exercise of power under all faces, the ACP had to experience various defeats during negotiations. One such defeat related to the inability of tourism
dependent ACP states to secure a strong tourism component in the current Cotonou Agreement. This was largely due to a changed attitude towards tourism within the powerful European Commission; an attitude which no longer favoured aid to be channelled into the tourism sector.

One way of getting tourism back onto the EC's agenda related to exercising pressure within the parliament. This pressure resulted from an 'alliance of interests' of tourism-dependent ACPs, private sector lobby groups, and liberal/conservative MEPs. Whether the various reports and declaration on 'tourism and development' that resulted from this pressure will have an effect on the Commission's policy remains to be seen. In the meantime, tourism-dependent ACPs hoping for 'aid for tourism' have taken an alternative approach: they aim to get a tourism component into the forthcoming free trade agreements (EPAs) (chapter eight). Moreover, there is still much scope 'on the ground' to shape the specific aid programmes and projects in a manner that addresses the Pacific's interests. Actors in the Pacific have found ways to receive EU funding for tourism, simply by adapting to the EC's rhetoric and the new funding instruments.

The following chapter focuses on the question how supranational measures 'filter down' to lower levels of governance. In particular, the scale of analysis will change from the macro to the meso, analysing specific tourism programmes and projects in the South Pacific that were funded by the EU under Lomé and Cotonou.
Chapter 7: The EU’s Tourism Programme in the South Pacific

7.1 Introduction

Since its establishment in 1983, the SPTO (then called the Tourism Council of the South Pacific) has evolved from its beginnings as an informal association of national tourism organisations (NTOs) to a regional intergovernmental organisation comprising virtually all South Pacific Island nations (TCSP 1989). Current full government member countries include the Cook Islands, Fiji, French Polynesia, Kiribati, New Caledonia, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, as well as the People’s Republic of China. Moreover, the SPTO has over 200 private sector members (SPTO 2005c). Its executive structure consists of the Council of Tourism Ministers that meets annually and monitors the SPTO’s policies, programmes and budget; the Board of Directors, whose members - one representative from each government and six from the private sector - meet three times per annum, and are responsible for general administration and implementation of policies; and general staff and technical advisors who support the Chief Executive (appointed by the Board) in carrying out day-to-day functions (SPTO 2005c). This current structure is the result of EU funding (TCSP 1989).

Before the EC’s decision in 1985 to grant support to the SPTO under Lomé III, the SPTO did not have its own secretariat. EU aid then enabled it to establish a secretariat that was initially based at the Pacific Island Forum Secretariat in Suva, and to carry out its comprehensive work programme. At the request of the SPTO, the 1988 meeting of the Ministers of Tourism endorsed a Memorandum granting intergovernmental status to the organisation (TCSP 1989). This move greatly increased the SPTO’s power by allocating the official mandate for tourism in the region to the SPTO and furthering its autonomy from the Forum Secretariat – the region’s primary IGO responsible for political and economic cooperation. While the SPTO officially recognises the ‘supremacy’ of the Forum (TCSP 1989), the organisation’s newly acquired intergovernmental status has led to a strained relationship with the Forum Secretariat (Sofield 2003).
This chapter examines the EU’s support to the SPTO from an ‘exercise of power’ perspective. It will become evident that in comparison to the previous chapter, in which it was illustrated how the EU exercised power under all faces, the SPTO has been primarily subject to the second face of power. The SPTO itself and its consultants have been instrumental in shaping the EU’s tourism programme, and have indeed exercised power, as well. The aid allocated for the SPTO’s establishment and its work programme involved a number of non-decisions, which ultimately benefited some actors more than others. This chapter is organised chronologically, examining the changes in the SPTO’s structure and work programme as they related to the different phases and aid programmes funded by the EU.

### 7.2 The Pacific Regional Tourism Development Programme: Phase I

#### 7.2.1 Operation

The EU-funded tourism programme in the South Pacific commenced in 1986 and comprised three phases. In the first phase of the Pacific Regional Tourism Development Programme (PRTDP), holding resources of ECU 3.2 million for a two-year period (1986-1988), the SPTO was more a project than an actor. Phase I was divided into two major components, the first being technical assistance to get the SPTO itself up and running (amongst others, to establish a secretariat) and the second to carry out regional tourism activities. The Financing Proposal was agreed between the EU and the Forum Secretariat, the Regional Authorising Officer for all regional EDF programmes. A contractor was then appointed to implement the project, which was not the SPTO (as it was the ‘project’) but a Danish consultancy firm (Cleverdon Associates 2003). The PRTDP was managed in four divisions: documentation; statistics and database; research, planning and pilot projects; marketing, promotion and external awareness; education/training and internal awareness (Cleverdon Associates 2003).

The consultants were therefore the key ‘power-holders’ at this stage; they were in a position of exercising influence not only on the young organisation but also on the projects to be funded by the EU. While all three phases of the PRTDP had European
consultants attached to the SPTO as contractors, the latter phases saw the SPTO Secretariat play a more important and autonomous role.

7.2.2 Development Philosophy

Overall, Phase I was based on a belief in the developmental benefits of increasing tourist arrivals coupled with measures to support self-reliance through import substitution. The Terms of Reference of Phase I stated the overall aim of the project as not only to stimulate awareness of these [Pacific Island] countries and their region in the world and to promote tourism to them, but in doing so, to contribute to the self-reliant development of the states in question, in conjunction with policies and measures ... to enhance their resources, human, economic and others, to increase their own creative capacities and to promote their cultural identities (Devas 1992: Annex 3:1).

Other than neo-liberal export-promotion strategies aiming at growth per se, import substitution targets local producers with the aim of retaining the financial benefits of production within the local economy and reduce import leakage (Devas 1992). The aim to achieve self-reliance therefore had two components. On the one hand, it was believed that an increased economic importance of tourism per se could contribute to the self-reliant development of the islands, for instance by reducing dependency on foreign aid. A significant part of the financial resources available under Phase I was accordingly dedicated to regional marketing and promotion (ECU 600,000) and increasing awareness about tourism in the region (ECU 550,000). Moreover, the SPTO’s work programme included the preparation of a tourism investor’s guide. These elements were clearly based on the aim of export promotion and growth. Other measures aimed at a facilitation of tourism per se included research and statistics, as well as training programmes.

On the other hand, Phase I incorporated a ‘tourism-development linkages’ programme (ECU 500,000) which targeted self-reliance through import substitution. In particular, it sought to promote

linkages between tourism inputs and local developments ... to counter financial leakages and encourage productive development in a manner and at a pace which responds to local development priorities and is in harmony with the local

During Phase I, a total of six feasibility studies were undertaken for pilot projects that had not only to provide the mentioned linkages (and reduce import leakage) but also had to be replicable in full or in part in other countries of the SPTO area (TCSP 1989). For example, a project was designed to generate linkages between farmers in the Sigatoka Valley of Fiji, which was subject to heavy investment plans in the agricultural sector, and the hotel sector of the Coral Coast and Nadi area (TCSP 1989). The project aimed at increasing the use of locally produced fruit and vegetables through organising open days at farms for hotels and producing a local cookbook targeting hotel chefs (TCSP 1989). Such a focus on self-reliance, to be developed via small-scale project work clearly corresponded to an approach to development that was in line with the NIEO’s philosophy and the redistributive approach taken in Lomé I, II and to some extent III (see chapter 6).

Similarly in Samoa, the SPTO funded a study and parts of the construction costs of an accommodation facility that was both managed and collectively owned by the inhabitants of a local village. The remaining part of the project was financed through a development bank loan. Envisaged as a “village self-help scheme” (Devas 1992: 4-3), the construction of traditional-style fa’afe was to centre on local construction and materials. In the end, however, all furniture was imported from Fiji given supply constraints within Samoa (Boyle 1992). While a number of village-based tourism enterprises already existed in Samoa, the project at Vav’au was the first to be community rather than privately-owned and managed. Not only members of the land-owning aiga were to benefit, but the whole village of Vav’au was to receive equal shares of profits (Boyle 1992). Other pilot-projects of Phase I included the replanting of Hiapo and Loakau - raw materials for handicraft-making - and the improvement of archaeological sites in Tonga (Devas 1992).

7.2.3 Non-Decisions: The Second Face of Power

Overall, emphasis was put on retaining tourism’s financial benefits within the countries concerned and spreading them to vulnerable local groups who would not benefit from tourism without public (in this case supranational) intervention. The
programme was well received by the different people on the ground (Devas 1992) and it continued into Phase II. This development philosophy clearly fitted into the EU’s approach to development cooperation in the 1970s and early 1980s, which was still based on redistributing resources and the NIEO’s paradigm (see chapter six). As will become apparent throughout this chapter, the content of the EU’s specific tourism programmes in the South Pacific was not determined through a top-down exercise of power by the EU, which stipulates under the first face the approach that should be taken. Rather, the content was designed and shaped by the SPTO’s consultants who, however, ensured that the approach fitted with the EU’s rules and development philosophy at any given time – otherwise the programme would not have been approved (DG Development official 2006a). Organisational and funding rules, that is institutional bias, as well as the influence of certain individuals, such as consultants, therefore constituted the (invisible) exercises of power in the (non-) decision-making process. In short, the SPTO’s case is all about the second face of power.

The mere decision by the EU to fund a tourism programme implied some sort of non-decision-making. The overall amount of every EDF, the EU’s aid budget for ACP countries, was decided by the EU’s Member States through the Council in Brussels long before (non-) decisions on detailed programmes and projects were made ‘in the field’ by the Pacific National or Regional Authorising Officers (the Pacific Ministers or a regional IGO) and the European Commission Delegation (Development Committee 2006a). Hence, the allocation of aid implied opportunity costs: more aid for tourism meant less aid for programmes targeting other sectors, such as agriculture, health or education. This (non-) decision noticeably correlated to the EU’s ‘tourism as a tool for development’-attitude of the 1980s (see chapter six). According to an official of DG Development, during the earlier stages of the PRTDP the EC had continuously asked aid donors – notably Australia and New Zealand – to get on board and contribute funds. These donors, however, declined the EC’s request with the assertion that their goal was ‘poverty elimination’ to which tourism was not perceived to contribute (DG Development official 2006a). Notably, their attitude has markedly changed since then given the current ‘pro-poor tourism’ discourse in the international development arena (WTO 2005a). Despite the donors’ rejection to support the PRTDP, the EC continued to fund the programme into a second phase.
7.3 The PRTDP: Phase II

7.3.1 Work Programme

In January 1988, the SPTO prepared a proposal for the continuation of the PRTDP into a second phase (TCSP 1988). The EU approved funding in November 1988, which amounted to ECU 7.4 million. It covered the three-year period from 1989 to 1992 and was later extended until 1994. An important change came into effect with the SPTO now being its own Regional Authorising Officer. Being the direct interface with the EU greatly increased its power and autonomy from the Forum Secretariat, which had previously provided guidance and control. The SPTO was now able to design the programme in a way addressing its own interests, as it merely needed the consent from regional Ministers of Tourism and the EU. Hence, the SPTO ceased to be predominantly a ‘project’, and acquired much actor capacity, which rendered it increasingly powerful in terms of multi-level governance (see chapter two). As an EC official noted (in Cleverdon Associates 2003: 114) “[t]he organization was the project, and the project created and maintained the organization.” However, as Sofield (2003) pointed out, this move of self-empowerment led to a simultaneous dis-empowerment of the organisation due to increased dependency on the EU. Being primarily accountable to the EU and to the eight PACP states meant that the SPTO had lost the power implicit to being part of the fourteen-state Forum ‘family’.

The Danish consultancy firm was reappointed for implementing Phase II (Devas 1992). Apart from the continuation of programmes that had commenced in Phase I (such as the linkages programme, regional marketing and training), Phase II required the SPTO to work towards achieving financial independence from the EU - a move which was strongly supported by the EC - as well as increasingly substituting EC funded consultants with local SPTO staff (DG Development official 2006b). A corporate plan was prepared and largely implemented and the SPTO’s Management Board approved an increase in membership fees from member governments to cover the organisation’s base line costs, such as salaries and administration costs (Devas 1992). Its work programme, however, could not be covered by membership fees, which retained the SPTO in a situation of financial dependency.
The SPTO’s Planning and Development Division received continued support for the linkages programme with an allocation of two thirds of the Division’s overall budget of FD 2,380,000 [EUR 1,100,000] (TCSP 1989). Compared to Phase I, the Planning and Development Division’s share of total EU funds allocated to the SPTO even increased from 15.62 per cent to 20.17 per cent (compare TCSP 1989 and Devas 1992). The Division also conducted a number of ‘product development projects’ that differed from the linkages projects only in historical terms. Initiated in Phase II, these projects encompassed the redevelopment of the Tavuni Hill Fort on customary land in Fiji, the development of handicrafts in Kiribati, and the establishment of a cultural and visitor centre in the Solomon Islands (Devas 1992).

Similar to the Vav’au project in Samoa, the Tavuni Hill Fort project constituted an attempt at empowering a collectivity of villagers rather than individuals as is normally the case in tourism developments in the South Pacific and elsewhere. The majority of financial benefits of ‘conventional’ tourism enterprises has tended to accrue to individual operators or investors, as well as chiefs (or ‘big men’, see Hall 1997) through land lease agreements (Crosby 2002, Tu’u’u et al. 2003). The Tavuni project was initiated at the request of the local community of four surrounding villages (each of which regarded Tavuni as their ancestral settlement), and constituted an attempt to gain financial independence and reclaim the archaeological resource under a system of political and economic domination by a chiefly elite (Crosby 2002). In this respect, the project was very different from externally funded ‘community based tourism’ initiatives that were selected by external consultants who then sought ‘consensus’ from the community (Crosby 2002). Instead, based upon theoretical considerations advanced in chapter three it may be perceived as ‘true’ empowerment: the project was based on both self-determination and self-governance in line with subsidiarity.

7.3.2 Towards a Neo-Liberal Development Philosophy

Apart from the continuation of the micro projects targeting ‘the poor’ and economic impacts to be retained at the local level, Phase II (non-) decidedly put more focus on a neo-liberal export promotion strategy. The phase was not only “intensively promotional” (Cleverdon Associates 2003: 29) but also saw a continuation of work on the tourism investor’s guide. Moreover, the SPTO’s consultants prepared national tourism development plans for both Samoa and the Solomon Islands. While their
stated objectives took a rather cautious approach to tourism development in due
respect for local cultures, norms and the environment, the plans clearly displayed an
strategy focusing on industry growth via an ‘enabling economic environment’, in
practice, displaced most remaining attempts to retain tourism’s economic benefits, as
well as control in the hands of the local people.

On paper, the Samoan plan aimed at “manageable volumes of visitor inflows
consistent with the country’s environmental and socio-cultural carrying capacity, while
at the same time optimising the sector’s economic benefits to the community at large”
(TCSP 1992: 110). However, the plan displayed a variety of discursive elements
hiding neo-liberal growth strategies behind a rhetoric of ‘the small’ and ‘local’. First of
all, the SPTO’s insistence on targeting small-to-medium sized development must be
put into context. The plan envisaged a rather substantial growth in visitor arrivals of
10.9 per cent on average over a ten-year period. The SPTO’s most optimistic
projection of up to 110,300 arrivals in 2001 would even have represented a tripling of
arrivals, which encompassed a mere 39,414 in 1992 (Tourism Resource Consultants
2002). Moreover, the SPTO (non-) decidedly refrained from explicitly addressing the
potential impact its proposed strategy for Samoa would have on local people, including
those running small tourism enterprises such as beach fale or guesthouses. The plan
aimed to foster ‘high quality’ tourism with the corresponding upper scale
accommodation facilities. Noting an over-supply of ‘low quality’ facilities in Apia (in
effect small locally-owned guesthouses), the consultants proposed the establishment of
additional hotels in the three- to five-star category, which “may mean discarding some
of the existing small sub-standard establishments” (TCSP 1992: 14). How exactly
these were to be ‘discarded’ and to what effect was not discussed.

Overall, the plan aimed at unlocking opportunities for industry growth. Local
ownership and control per se were perceived as positive, as the plan encouraged the
use of local manpower and building materials (TCSP 1992). However, given the
overall development strategy proposed in the plan, these encouragements must be
perceived as largely rhetorical. If the SPTO’s plan had materialised as proposed, it
would have needed to be largely based on FDI (see chapter eight for details). The
immense foreign investment requirements would have translated into a loss of local
ownership and control given a lack of domestic capital; ‘first class’ resorts would have
demanded expatriate workers given local skills shortage (STA official 2006, TCSP 1992); and the majority of building materials for high standard establishments would most likely have needed to be sourced from abroad, given Samoa's supply constraints (as happened in case of the Vav'au fale, see Boyle 1992). As such, the plan mirrored the SPTO's orientation during Phase I and II of the PRTDP. While there was general support for retaining benefits and control at the local level, these aims were largely displaced due to their incompatibility with an overall 'industry-first' orientation and neo-liberal strategies. Thus, a non-decision was made to accord supremacy to the objective of growth, which constituted an empowerment of foreign investors and loss of control at the local level.

7.3.3 Bias in the System under the Second Face of Power: the Role of Consultants

It may be argued that in the early 1980s the SPTO, an organisation of the 'South', went beyond the EU in its promotion of economic globalisation and neo-liberal strategies. The EC was still largely in line with the NIEO (see chapter six) and took a redistributive approach to development. Thus, there was no exercise of power from the EU over the SPTO pressuring the latter to take a neo-liberal approach; not even under the hidden third face. However, the SPTO was subject to much influence from the European consultancy firms (Cleverdon Associates 2003). In fact, it might be argued that it was according to the consultants how the content of the PRTDP was determined. As noted in one of the programme reviews (Cleverdon Associates 2003), the consultancy firm's project manager, who was based at the SPTO, was required to pass all reports and papers through the European head office before communicating them to the SPTO's CEO. Therefore, the European consultants were in a position of exercising power in terms of agenda setting (second face) and steering the SPTO's 'philosophy' on tourism and development in a neo-liberal direction (third face). The consultants were therefore exercising power in a way that was contrary to the interests of the EU at that time (which took a different approach to development); a rather ironic situation given the fact that the consultants were primarily selected by the EU.

The EU's rules for contracting under aid demanded the recruitment of either EU or ACP nationals (ACP/EC 1984, ACP/EC 1995). The consultants conducting the reviews, as well as those being awarded contracts for technical assistance to the SPTO were all being sourced from European (Danish and British) consultancy firms. As
Sofield (2003) noted, it was EU procedure in the first phase of the PRTDP to present a selection of short-listed EU consultants to the Pacific Islands Forum Secretariat, who were then entitled to award the contract to the consultancy of its ‘choice’ – a prime example of the second face of power. The criteria for selecting consultants are rather flexible apart from the nationality requirements which exacerbates bias in the system. Personal bias within the recruitment process has arguably led to Western ethnocentrism within the consultancy work, which to some extent has created more problems than it was meant to solve. The implicit discrimination against ACP consultants has attracted considerable criticism within the region (Cleverdon Associates 2003). As a Samoan guesthouse operator (2006) noted “these people from Europe, they come here highly paid but they don’t know a thing [about Samoa]”. It was argued that local consultants with much better local knowledge would have been available (Cleverdon Associates 2003).

Drawing attention to biases in the system under the second face of power, it may be argued that in practice the preference accorded to Europeans constituted an instance of so-called ‘tied aid’ where the aid donor (EU) derived financial benefits from the act of giving aid. While on paper, preference was to be given to ACP consultants in order to transfer financial benefits to the recipient countries (ACP/EC 1984, ACP/EC 1995), in practice this was different. The actual rules only discriminated against non-ACP or non-EU nationals or firms, whereas systemic bias and actual procedures discriminated against the ACP. As one official of the DG Enterprise in Brussels argued, the calls for tender often did not follow official procedures that ensured equality (DG Enterprise official 2006). According to the official (DG Enterprise official 2006) personal relationships and ‘being quick’ appeared to be key:

> Even if you want to send in a call for tender or a participatory call, you might be too late because some people already have been informed by following the terms very closely by talking to people, and then when it’s published they are ready. And that is not correct because it should be fair competition and it should be published, but how can you stop that?

Thus, despite egalitarian language within the macro agreements (Lomé, Cotonou) there was much space to exercise control in practice on the day-to-day operational level. As outlined in Chapter three, the latter might be perceived as micro-structures, which were
comparably easy to change, yet actors might refrain from doing so (hence, exercising power) if the status quo was to their benefit.

The Cotonou Agreement was subject to a revision that saw an untying of aid in terms of awarding contracts. Notably, contractors may now be nationals of any country (SPTO 2006) – a step towards empowerment through a dismantling of bias in the system. Whether procedures for the selection of consultants will change in practice is, however, not guaranteed. For instance, contracts under Pro€Invest’s ‘Profit Pacific’, the latest EU tourism programme in the South Pacific (see section 7.), were awarded to exactly the same European consultancy firms that worked under the PRTDP. The choice of European consultants implied a tendency towards ethnocentrism in terms of a Western outlook on ‘development’. A consultant from a Western country – even with extensive experience in the South Pacific, was bound to adopt a viewpoint different from one who grew up in a South Pacific traditional system, such as the Samoan aiga. Ultimately, biases in the system resulted in European influence over tourism in the Pacific; if not from within the EC (that is, DG Development), then indirectly through the European consultants.

7.3.4 The Review of Phase II

EU funding required consultants to conduct regular reviews of the programme, with a view to considering future funding. Towards the end of Phase II, a mid-term review was conducted in which the consultants proposed to continue the PRTDP but to introduce significant changes. It was suggested to end the linkages programme and instead increase the support for regional marketing (Devas 1992). The linkages scheme was deemed as too expensive, whereas the Marketing and Promotion Division’s work “command[ed] significant support and respect from the private sector” (Devas 1992: 0-3). The proposal to end the linkages programme in its current form was sensible given its highly unsatisfactory track record. The majority of projects ultimately failed due to the SPTO consultants’ lack of local knowledge, as well as follow-up: the consultants left the field without any ongoing support (Cleverdon Associates 2003, Sofield 2003).

The Samoan fale and the Tavuni Hill Fort are telling examples. As the project leader of Phase III of the PRTDP commented (Bennett 2005) the Tavuni Hill Fort was an
example of an ‘outstanding’ project with very few customers due to a lack of training in business operations and the absence of partnerships. The consultants had implemented the project according to the Hill Fort’s restoration and interpretation as a tourist attraction. However, they had prematurely left the field before a sufficient level of skills had been transferred and partnerships with the local industry had been developed (Bennett 2005). Currently, the Tavuni Hill Fort is operated by a member of Naroro village which recently tapped into the community based tourism market through offering village stays. Part of a network of village-stays across Fiji, Naroro is marketed through a website set up by an Australian who receives a percentage of profits (Fiji Bure no date). In comparison to the initial EU-funded project, profits under ‘Fijibure’ are not distributed equally among all villagers (Fijian villagers 2004). Instead, a proportion of revenue tends to be used for communitarian purposes, such as for the construction of meeting halls (Fiji Bure no date). Although the project could initially be conceived as ‘true empowerment’ based on self-determination, self-governance and equality (see chapter three), the consultants’ failure to sufficiently dismantle structural constraints (lack of skills and partnerships with the local industry) has reintroduced a source of powerlessness: dependency on a foreign entrepreneur instead of self-governance.

In a similar vein, the Vav’au fale in Samoa were intended to directly benefit a collectivity of different people on the ground through increasing village self-sufficiency, as well as to promote Samoa’s tourism industry in general as there was a shortage of accommodation outside Apia (Boyle 1992). Profits, after development bank loan repayments, were to be split equally among villagers. The consultants, however, underestimated the salience of local power relationships as the fale were built on customary land, without having clarified the issue of land lease (Reed 1997). Hence, all facilities were beneficially owned by one particular land-owning group, which ultimately resulted in conflict with Vav’au villagers (Boyle 1992). The fale never generated enough profit to repay the loan, and thus, no distribution of financial resources to all villagers ever occurred. Instead, some financial benefits accrued to only two members of the community, which caused much resentment amongst the villagers and resulted in the two members being banned from the village in 1996/7 (Cleverdon Associates 2003). Aiming to raise at least some revenue, the facility was then leased to the Mormon Church as a facility for ‘troubled youth’ from the US who largely wrecked the buildings (Cleverdon Associates 2003). In 1998, the facility was
leased by a local entrepreneur who reopened it in 1999 (Cleverdon Associates 2003). In 2004, the government of Samoa approved a request from the international hotel chain Warwick International to lease the customary land in Vav’au for a five-star beach resort development, as is detailed in chapter eight (Pacific Magazine 2004). The lease agreement was signed approximately one year later, in which the land owners stood to receive an initial one-off payment of US$ 200,000, and annual rental payments of US$ 40,000 when construction begins (Pacific Magazine 2006c). Rent payments go directly to the matai (Samoan tour guide 2005). According to Tu’u’u (et al. 2003: 5)

with the matai assuming full control of customary lands it is not unusual to find a matai using the benefits from customary land ... for himself and his immediate family at the exclusion of other beneficial owners.

This observation was confirmed by a Samoan reverend (2006) who argued that a matai’s decision to lease the land to tourism developers usually occurred because “the chief might want a lot of money, but it is not good for the common people”. Hence, local power relationships will determine who among the villagers ultimately benefits. Overall, Vav’au has progressed into the opposite direction than what the SPTO consultants had envisaged. Vav’au was meant to be a model of village self-sufficiency, control and egalitarian financial distribution. What it turned out to be may rather constitute financial empowerment, arguably predominantly for the matai and his immediate family and for additional villagers through potential employment generation (the ‘trickle-down effect’). This empowerment though comes at the price of a loss of control over the development of, and impacts occurring on, their land. Samoans, like most Pacific Islanders, have a strong spiritual relationship to their land. This relationship stands in contrast to capitalistic conceptualisations in which land has been endowed with a cash value and perceived as an economically exploitable resource (Crocombe 1986). Yet, leasing land for tourism purposes constitutes just that – turning a predominantly socio-cultural resource into a strictly economic one, resulting in financial empowerment, but also a loss of control.

Significantly, the obvious lack of local knowledge of the SPTO consultants and their failures in many projects was not the reason why the review proposed to end the linkages programme. At the time when the review was written, the consultant was unable to judge whether they would be successful or not (Devas 1992). Noting that
they were “well conceived” (Devas 1992: 4-4) and that “village self-help schemes are important” (Devas 1992: 4-3) the consultant proposed to end the programme out of financial considerations. It was suggested that in order to “achieve savings” and “to lighten the organizational and managerial load” only economic impact studies should be conducted at the supranational (regional) level to facilitate linkages. At the same time, increased inputs were recommended “in some areas of conspicuous need or success” which included predominantly regional marketing and promotion (Devas 1992: 0-5). Hence, organisational bias (the ‘industry first’ approach) led to the view that the linkages programme constituted the most dispensable element in the drive to turn the SPTO into a leaner and more cost-effective organisation. In this regard, the SPTO exercised power under the second face over a variety of people ‘on the ground’, who might have actually benefited from a continuation of the programme. On the other hand, the SPTO itself was subject to an invisible exercise of power which virtually demanded the end of the ‘unprofitable’ linkages programme: namely the EC’s assertion that it would soon cease funding the SPTO (Cleverdon Associates 2003).

Another fact that might have contributed to the programme’s termination was perhaps due to some SPTO member governments feeling resentment about a perceived loss of control over the development of ‘their own’ tourism industries (Sofield 2003). In most cases, the linkages programme had external consultants identifying sites and implementing projects for development, which were frequently executed without direct consultation with Ministries because NTOs remained the SPTO’s major national interface. Regional marketing and promotion was notably less politically sensitive, as the SPTO did not directly ‘reach down’ to the ground of sovereign nation states, and therefore featured significantly in Phase III.

7.4 The PRTDP: Phase III

7.4.1 The Content

Monetary access to Phase III (1994-1998), which amounted to ECU 11,530,000, was gained through the 7th EDF under Lomé IV, and the Overseas Countries and Territories (OCTs) regional programme (Cleverdon Associates 2003). While the EU had made clear that its financial support for the SPTO would end in 1998, the SPTO succeeded
in gaining an extension of Phase III until 2001 with additional resources of ECU 2,080,000 (Cleverdon Associates 2003) – a clear success under the first face of power.

Unlike the previous two Phases, Phase III extended the programme to the non-ACP OCTs of French Polynesia and New Caledonia. Significantly, rules on EU aid prevented these SPTO member countries from directly benefiting from the EDF and the PRTDP. As outlined in chapter two, systemic bias, such as the funding rules, may be perceived as an instance of the second face of power in which such bias prevents the powerless from benefiting (the question of ‘cui bono?’). Only eight of the SPTO’s members were also part of the ACP group (Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu). The Federal States of Micronesia and the Marshall Islands did not qualify for funding due to their relationship with the USA, neither did the Cook Islands and Niue as non-ACP countries. The French OCTs French Polynesia and New Caledonia were included in Phase III under a separate funding line (Cleverdon Associates 2003). As Sofield (2003) noted, due to the EU’s funding rules the PRTDP might have rather disintegrated the Pacific region instead of contributing to regional co-operation as envisaged. Non-ACP states felt resentment against what they perceived a ‘second class’ membership (Sofield 2003), which again suggests an exercise of the second face of power.

Nonetheless, part of the SPTO’s role was to “co-ordinate closely with non-ACP member countries to secure their participation in the programme activities for the benefit of the region as a whole [and to] assist non-ACP states to secure external donor funding, where necessary” (TCSP 1992: 43). The Cook Islands and Niue received some support from New Zealand and Australia to enable them to be integrated in at least some SPTO regional marketing and promotion activities. However, this funding did not extend to the linkages programme, inducing an industry-growth bias with alleged ‘trickle-down’ effects. In other words, if the Cook Islands and Niue benefited under the PRTDP, then only in terms of increasing arrivals, but not through activities targeting ‘the poor’ and people working in other sectors of the economy. Hypothetical benefits to the latter could only be derived if one believed in the neo-liberal logic of economic growth-induced financial benefits ‘trickling down’ to the people ‘on the ground’ (Brohman 1996). Thus, through its bias the EU indirectly exercised the second face of power over non-ACP Pacific countries and their residents. After all, the second face of power deals with the question of ‘cui bono’ (see chapter three).
In practice, Phase III focused on hard-sell marketing and promotion (Cleverdon Associates 1997, 2003) and introduced an element of market-driven competitiveness previously rather unknown to the SPTO Secretariat. Tellingly, a new implementing agency was appointed. Again European, Deloitte and Touche took over from the Danish firm. Deloitte and Touche were appointed to implement the heavily funded marketing and promotion components and were (under the second face of power) “in a position to influence ... the decision making process” (Cleverdon Associates 1997: 21). Moreover, Deloitte’s project manager was observed “to be a substantial influence on the re-focusing of attention to priorities in the Programme” (Cleverdon Associates 1997: 21) in a direction of hard-sell marketing.

7.4.2 The Mid-Term Review

The consultants conducting the mid-term review of Phase III (Cleverdon Associates 1997) consistently criticised the lack of commercialism and private sector orientation of the SPTO Secretariat. First mentioned in the mid-term review of Phase II (Devas 1992), the EC time and again urged the SPTO to take on private sector members in order to end aid dependency (Cleverdon Associates 1997). The SPTO followed suit, and by 1996, the organisation had four industry members. The mid-term review of Phase III (Cleverdon Associates 1997) noted that more needed to be done to attract private sector members by demonstrating real commercial value (Cleverdon Associates 1997).

Compared to the mid-term review of Phase II, this review’s tone had markedly changed. No longer was any emphasis placed on the retention of benefits in the local economy and fostering local control over tourism development (even if this had been predominantly rhetorical in the previous phases). Instead, the SPTO was urged to adopt a strongly commercial, market-driven approach centring on competitiveness and efficiency (Cleverdon Associates 1997) – particularly the latter being an inherently “Western notion” (Harrison 1997: 172). The consolidation of a market-driven approach to development clearly corresponded to the EC’s development philosophy under Lomé IV. As demonstrated in chapter six, the EC had by now fallen in line with the Bretton Woods organisations’ approach to development, and the mid-term reviews’ tone equally mirrored an increasingly neo-liberal orientation. Again, this illustrated
that the EU did not overtly exercise any power. EC officials were not directly involved
in designing the specific tourism programme and projects (DG Development official
2006a). However, the choice of European consultants, as well as the need to have a
programme that was in line with EC development philosophy and aid rules in order to
obtain funding, may be interpreted as a latent exercise of power. On the one hand, the
second face of power was exercised through bias in the system in terms of aid rules.
But alternatively, an indirect imposition of a neo-liberal development philosophy (the
third face of power) occurred due to the mere existence of the EU’s budgetary power:
the SPTO and consultants knew they had to ‘sell’ projects and programmes to the
donor (EC Delegation for the Pacific official 2005).

7.4.3 Organisational Bias: The Hybrid Organisation

Despite citing the SPTO’s mandate to serve the interests of all people of the South
Pacific, the review’s consultants (Cleverdon Associates 1997) refrained from
addressing any potential shift in priorities and bias that might have been the result of
their proposal to significantly involve, and work for, the private sector. The SPTO was
no longer expected to serve the collectivity of ‘the people’ in its role as an
terminology, an ‘industry-first’ rather than ‘development-first’ approach had been
consolidated. To increase the private sector’s voice in SPTO decision-making, the
Board now also had private-sector members. Notably, it may be argued that this
structural change caused an even more pronounced bias towards tourism growth away
from a redistributive approach that focused on equality and spreading tourism’s
benefits. As the consultants (Cleverdon Associates 1997: 13) themselves noted, “the
private sector priority is to run a business”. After all, industry members aimed to see
tangible gains from the SPTO benefiting their business rather than ‘the people’.

The lack of discussion of a potential clash between ‘development’ (that is, the
‘people’s needs’) and industry needs in the consultants’ report (Cleverdon Associates
1997) was also indicative of an ideology of ‘private-sector-led development’ that has
prevailed in the European Commission since the 1990s and was outlined in the ‘Green
Paper’ (EC 1996a) (see chapter six). The EU shifted the field of tourism from aid into
the sphere of the market – where tourism was no longer to be supported through grant
aid, but through investment incentives via the CDE or loans to businesses from the
EIB. As explained in chapter six, this left tourism-dependent (Pacific) ACP countries that specifically wanted aid for the regional tourism sector with three options: They could lobby in Parliament (see chapter six); aim to get a strong tourism component in the EPAs (see chapter eight); or they could ‘adapt’.

“There are ways” to get aid for tourism (SPTO official 2005a), particularly when aid recipients ‘sell’ individual tourism projects as fitting well with the EU’s priority programmes of self-defined comparative advantage. Hence, while the strings were being pulled in Brussels, aid recipients were likely to get support for their priority programmes if they sold it right and adapted to the rules, procedures and guiding ideology set by the EU. EC officials in the field (that is, the Commission Delegations) usually aimed to accommodate those wishes. The Delegations are “more flexible”, however, they “must justify it back here [to the Commissioner in Brussels]” (DG Development official 2006b). An official of the EC Delegation for the Pacific (2005) described the process as follows: usually the beneficiary makes a proposal, and

unless it is requesting something outrageous like 100 Mercedes cars, then usually broadly speaking, it is approved with certain margins attached. ... But the initial project area would be chosen by the Pacific provided that it sufficiently informs development objectives of the EU.

Given this provision, recipients needed to adapt. Adaptation might therefore be conceived as a ‘weapon of the weak’ (refer to Lamour 2002) – the powerless giving in to the rules or the (neo-liberal) development philosophy of the powerful in order to get what they wanted. If such an adaptation occurred consciously rather than under a ‘veil of acquiescence’ in which the powerless truly believed in the powerful’s ideology (see chapter three), then it went beyond ideological hegemony and the third face of power. It rather constituted an instance where the powerless utilised ‘consent’ as a weapon to gain power and further their objective interests.

7.5 The SPTO Post-PRTDP

7.5.1 A Private-Sector Driven Organisation

In order to fit with its donor’s changed priorities and practices, the SPTO changed its organisational structure and its work programme. In essence, the SPTO was to become
`private-sector driven` and tap into the new funding instruments of the EU based on a facilitation of investment and trade while cutting back its `developmental` activities (such as community tourism projects) which required traditional aid. As an SPTO official (2005b) put it, the SPTO was “no longer involved in ‘development projects’ as such, our approach is now facilitation (i.e. of investment, marketing and capacity building of country NTOs)”. While the PRTDP effectively ended in 2001, the EC granted further funding to the SPTO under the 8th EDF from 2002 to 2005 to assist the financially struggling organisation in ‘broadening its income base’ (EC Delegation for the Pacific 2003). The EC funded two technical assistants (TAs) to the SPTO – a transition project officer and a web marketing expert.

A stated objective of the extended funding was to increase the number of SPTO private sector members (EC Delegation for the Pacific 2003). By 2006, the SPTO had attracted 146 industry members (SPTO no date), a selection of whom was directly involved in SPTO decision-making through being part of the Board of Directors (previously restricted to representatives of NTOs) (Keith-Reid 2001a). It is important to note that the majority of SPTO members were, and are, capital-intensive enterprises by Pacific standards and included a variety of MNEs. For example, all Samoan accommodation providers that were SPTO members belonged to the small ‘elite’ of resorts or hotels classified as ‘luxury’ by the Samoan Tourist Authority (compare SPTO (no date) and Samoa Tourism Authority (2005)). Even if SMEs were to afford the membership fees which currently amounted to FD 300 [EUR 137] (SPTO no date) the SPTO introduced a ‘user pays’ structure for the majority of its marketing activities, which hence lay beyond reach for many smaller tourism businesses in the region. Moreover, almost 50 per cent of the SPTO’s private sector members were from Fiji (SPTO no date); an indication that Fiji was perceived to be ultimately benefiting from the SPTO’s activities, which represented another source of bias influencing SPTO strategy.

Due to its aid dependency - a major source of powerlessness - the SPTO had no choice but to adopt the recommendations set out in the reviews. Even the user pays principle had not been the SPTO’s wish, but rather the donor’s in order to turn the organisation into a commercially viable and self-sustaining entity. As the SPTO (2001:5) noted
Even though several donor countries have expressed the view that tourism is not a priority sector under their aid policies, SPTO respectfully asks that they diverge from this policy stance. ... The argument which emphasises the importance of private sector inputs into tourism development, including the adoption of ‘user pays’ system does not take into consideration the fragile and weak nature of the region’s private sector.

The user-pays activities were explicitly intended to be primarily for the larger enterprises while smaller ones were, on paper, to be supported through donor funding. However, the latter has largely not materialised given donors’ hesitation to fund tourism (Keith-Reid 2004, SPTO 2001). This in turn demanded the SPTO to attract a new category of members: non-Pacific states potentially willing to provide not only membership fees but also aid to support the SPTO’s project work. In 2002, the Council of Ministers responded to the SPTO’s request and made its constitution ‘more flexible’, allowing third countries to join (Council of Ministers 2002). Subsequently, the SPTO approached New Zealand, Australia, Japan, France, the United States, China and Taiwan for aid and invited them to join the organisation (Keith-Reid 2001b). Only China followed the invitation and joined the organisation in 2004 paying a membership fee of US$ 75,000 [EUR 57,000] together with a promise to provide US$ 100,000 [EUR 76,000] in aid to SPTO’s operations and development projects (Keith-Reid 2005).

Significantly, however, Taiwan had already emerged as a major new donor for the SPTO after the cease of EU funding under the PRTDP. When Taiwan requested to be admitted as a full member, China – denying Taiwan’s sovereignty – predictably tried to block this move. Three SPTO member countries insisted on Taiwan being treated equally to China, arguing that the “SPTO is a politically neutral agency that is free to invite any country to join it without bending to pressure for terms or conditions from sources it wants aid from” (Keith-Reid 2005: 1). That such argumentation proved illusory was demonstrated by the Council of Ministers’ decision to reject Taiwan’s membership at their meeting in 2005 (TPA 2005). While three small Pacific Island countries had formal diplomatic ties with Taiwan (Kiribati, Tuvalu and Niue), the majority of Pacific Island governments recognised the One China Policy (TPA 2005). Bowing to their governments’ position, and possibly intending to avoid a confrontation with economic superpower-to-be China which had the potential to become the future aid donor for the Pacific, the Ministers of Tourism turned their back on Taiwan (TPA 2005).
7.5.2 Cui Bono?

The ultimate question of who benefited, and most importantly who did not, aids in identifying bias in the system through the second face of power (refer to chapter three). In 2003, a final review of the PRTDP, which had ended in 2001, was conducted by Cleverdon Associates (2003). Interviews with government officials, consultants, large tourism enterprises and SMEs from SPTO member countries revealed an overall lukewarm to negative opinion regarding any perceived benefits from the PRTDP. Interviewees from Fiji (followed by the Cook Islands and French Polynesia—the three most developed destinations) were far more positive than the smaller, particularly Melanesian, countries with less developed tourism industries, “a fact indicating that the more developed a country is the more it is able to gain benefit from a regional organization” (Cleverdon Associates 2003: 80). The argument was often made that “[t]he SPTO has been useful for Fiji, but what about the rest of us?” (Cleverdon Associates 2003: 80). Considering the strong organisational bias and scope for non-decision-making in that almost 50 per cent of the SPTO’s private sector members were Fijian enterprises (or MNEs based in Fiji) (SPTO no date) the SPTO did not appear to have much scope to reverse this situation in the future. Under the second face of power, the needs of the Fijian members were bound to strongly influence the SPTO’s strategy given the organisation’s major drive to be financially self-sustaining since the PRTDP had ended. Attracting new and retaining existing fee-paying private sector members could only be achieved through demonstrating commercial value to its—predominantly Fijian and large-scale—members.

The review showed that government officials and consultants were the most positive about the SPTO’s activities. Yet even they were not too enthusiastic about the SPTO’s performance, as illustrated by the comment of an official of the Samoan Tourism Authority: “The SPTO gets lots of funding, but no work done” (STA official 2006). In the review, SMEs expressed the most negative opinion because they felt ‘left out’ (Cleverdon Associates 2003). The responses confirmed the conclusion drawn from evaluating the PRTDP over the three phases in that there had been a strong bias towards industry growth through marketing and promotion, which primarily benefited larger enterprises alongside the most developed destinations. The ‘development’ dimension targeting small operators and retaining benefits at the local level had ceased after Phase II and, as already noted, the SPTO’s marketing and promotion activities
also had an inherent bias towards benefiting the larger enterprises. This point was confirmed by the Papua New Guinea Tourism Promotion Authority, which noted that "the kind of promotion and marketing the SPTO has done with European Union money has been mainly for big tourist operators and hotels" and consequently considered withdrawing from the SPTO (Pacific Magazine 2001:1).

The discomforting findings of the final review caused a resistance within the EC to provide any further support to tourism in the South Pacific after 2001. Another reason contributing to this changed attitude was, as mentioned in chapter six, the influence of the EC’s ‘anti-tourism’ development Commissioner at that time and tourism being shifted into the sphere of market-led instruments. Moreover, the EC now focused on aid for programmes in which it considered itself to possess a ‘comparative advantage’, such as regional integration (see chapter six). If support was to be given to tourism, then only via the private sector and not via contributions to public sector tourism organisations (EC 1998). As the SPTO’s chief executive officer acknowledged, the EC’s new policy was to no longer fund routine administration costs of public sector tourism organisations or marketing and promotion. This change put much pressure on the SPTO. “Maybe we took it for granted that (EU) funding will continue to be extended” (Akolo quoted in Keith-Reid 2001a: 1). In a dire financial situation, the SPTO had to lay its hopes into attracting continued EU funding by different means (Keith-Reid 2002).

The SPTO had to ‘sell’ tourism projects as fitting well with donor priorities to attract EDF grants and, on the other hand, was also forced to tap into the new financial instruments for the support of the private-sector (CDE/EIB) (SPTO official 2005a). Consequently, it held discussions with the CDE in Brussels hoping to receive a large percentage of its WP [work programme] funding from them. Requests [were] also ... made with the European Investment Bank on the possibility of SPTO becoming a regional tourism credit agent for its new Investment Facility [of the EIB] under the Cotonou Agreement (SPTO 2001).

Simultaneously, the SPTO embarked on a mission of lobbying for an inclusion of a tourism component under an aid programme funded with the 9th EDF, which also necessitated to ‘sell’ it to the Commission. As an official of DG Development (DG Development official 2006b) remarked in a tone that clearly expressed the EC’s
position of power, the “SPTO must sell tourism to the Delegation based on a strategy. Then fine. Not if you have got four people that run into you on a street in Suva saying you should fund tourism, then no”. As there are ways to circumvent rules and procedures by showing a ‘fit’ between tourism and priority sectors or programmes eligible to receive aid under Cotonou (SPTO official 2005a), the SPTO actively lobbied the Pacific Island Forum Secretariat and Pacific Island governments to include tourism within future aid programmes (SPTO official 2005a). The result was a tourism component inserted into the EUR 9.2 million Pacific Regional Economic Integration Programme (PACREIP) under the 9th EDF (EC/PACP 2003). As explained in chapter six, one of the EC’s self-defined areas of comparative advantage as a donor was the facilitation of regional economic integration. PACREIP was one of the largest regional programmes ever to be funded in the Pacific, with an allocation of almost one third of the EUR 29 million 9th EDF regional programme.

7.6 The Pacific Regional Integration Programme (PACREIP) – Tourism Component

7.6.1 Regional Economic Integration as Focal Sector for Aid

PACREIP has been developed within the context of Cotonou Article 29 on regional economic integration, which aimed at promoting the ACP states’ move towards larger and more unified markets in the form of free trade areas and trade liberalisation (ACP/EC 2000a). This objective clearly illustrated the EC’s current neo-liberal approach to development cooperation. Apart from regional economic integration, the Pacific regional strategy paper for 2002-2007, the overall guiding document outlining the sectors for EU support, identified human resource development and the fisheries sector as focal sectors (PACP/EC 2002). The process for designing regional strategy papers (the same applied to national strategy papers, which were the equivalent regarding EU aid to individual Pacific states) has been reformed under the Cotonou Agreement. Whereas aid under Lomé I and II was allocated to projects identified in collaboration between the EC and the beneficiary, since Lomé III (which replaced the project- with a sector-approach), the EC had unilaterally identified its priority sectors for support (EC 1986).
Under Cotonou, increasing policy ownership and efficiency of aid meant that strategy papers were drawn up in consultation between the EC and the ACP states or regional groupings in question (ACP/EC 2000a). So-called focal sectors for support were meant to equal those that already found support under governments’ existing development strategies, therefore matching the World Bank’s poverty reduction strategy papers. This approach theoretically eliminated any accusation of ‘imposition’. As an official of DG Development (2006c) argued “the times when things were imposed are gone. When a ‘doctor’ came and said you need this or that for development. Instead we ask: what do you guys need to do?” Yet, it needs to be addressed whether governments were truly free to choose these priority sectors (‘empowerment’). An official of DG Enterprise (DG Enterprise official 2006) expressed his doubts, arguing “I don’t think that [policy ownership] is completely true. It’s invisible. ... What you do as a [recipient] government if you want to have the money, you try to satisfy the donor”.

An official of the Samoan Tourism Authority (STA official 2006) addressed the issue very critically:

> Policy ownership? No. All our policies are directed by the World Bank, the ADB, the EU – the big guys ... We are an obedient country ... [They tell us] to privatise and all that and if you don’t do that you don’t get the loan ... [We want] aid with less strings attached.

Under the umbrella of ideological hegemony, the third face of power, it may be argued that governments were prone to agree with the EC and its preferred sectors of support due to a fear of losing aid. Under Cotonou, aid distribution was no longer just ‘needs based’ but also ‘performance criteria’ have been introduced, which meant that non-performing states (in terms of ‘good governance’ and reform progress) might lose a share of aid to the ‘performers’ (ACP/EC 2000a) (see chapter six). This arguably induced aid recipients to be in sync with its donor’s interpretation or ideology on how ‘development’ was best achieved. Pacific ACP states now had to compete with each other, aiming to receive the EC’s favour. Another feasible explanation was given by an SPTO official (2005a) arguing that “often they [the Pacific governments] do not know what they want donors to fund, so they tend to get moulded around where the donors perceive their priorities for their programmes”. Yet, even where governments knew what they wanted the operation of the second face of power prevented truly free choice.
The EC’s nondecision to grant support only to sectors in which it had a self-defined ‘comparative advantage’ limited the choice options that were at the recipients’ disposal. While an official of DG Development (2006a) asserted that there were “no pre-conditions as such” regarding the choice of sectors, he pointed out that a first step in the process constituted the EC’s analysis of the recipient country’s or region’s economic, political and social situation coupled with the EU’s comparative advantage and know-how, which resulted in a preliminary choice of “why not do this or that”.

The EC’s internal paper on the process governing the strategy papers (EC 2000a: 11) made clear that decision-making power rested with the EC: “analysis and assessments will be discussed with the partner country, but not negotiated”. Considering the multitude of actors involved - from Brussels to the field, to Pacific regional organisations, governments and even NGOs who have been granted some involvement in decision-making since Cotonou - this (non-) decision-making process was highly complex (DG Development official 2006b). So while the EC certainly aimed to set a ‘guiding framework to focus discussions, it also made sure that the sectors chosen corresponded to the EC’s own development objectives. In order to enhance efficiency and to focus limited aid resources, the EC required those focal sectors to be limited in number, usually restricted to two or three, which further limited the ‘free choice’ of recipients and subjected them to an exercise of the second face of power. The process could be seen as conditionality in disguise, and in its Green Paper on future EC-ACP cooperation (EC 1996a: Chapter VI C) the Commission itself had pointed out that

[explicitly or implicitly, every cooperation programme has some form of conditionality. It implies a certain degree of aid selectivity and is designed to encourage recipient countries to modify their policies or carry out certain reforms.

An example of the EC’s explicit (overt) exercise of power over a recipient government in terms of strategy choice was the rejection of the Marshall Island’s country strategy paper (Pacific Magazine 2002). The Marshall Island, formerly part of the American Trust Territory of the Pacific, joined the ACP group in 2000 under the Cotonou Agreement, while still receiving substantial aid packages from the United States under the so-called Compact of Free Association. Their first proposal for a country support strategy in which the Marshall Islands aimed to focus on education and human
resource development was rejected by the EC with the comment that they needed to follow a model being implemented across other island countries: focusing on renewable energy (Pacific Magazine 2002). Government officials of the Marshall Islands put forward several explanations for this. On the one hand, the official reason given was the EU aiming to avoid duplication of efforts with the US which already funded major education and human resource development programmes in the country. On the other hand, there appeared to be some covert reasons that were related to both institutional capacity and commercial interests of the EU. As the EC Delegation office in the Pacific has been chronically understaffed (DG Development official 2006c, Pacific Magazine 2002), a mainstreaming of programmes across several Pacific Island countries would have largely reduced the office’s administrative burden. Moreover, Marshallese officials claimed that EU member states were major producers of alternative energy equipment prompting the EC to adopt a heavy export-orientation to its aid programme. The revised strategy paper (Republic of Marshall Islands/EC 2002: 1, emphasis added) nonetheless upheld the discourse of policy ownership by stating “[t]he government has selected the energy sector as the focal sector”. Clearly the EC was the overall winner; the strategy paper was revised according to its wishes (compare Republic of Marshall Islands/EC 2002).

7.6.3 Regional Economic Integration: The Third Face of Power

The strong emphasis on regional economic integration in the Pacific regional strategy paper 2002-2007 (PACP/EC 2002) may be interpreted as an invisible exercise of power. Nowadays, Pacific Island governments tend to agree with the EC that regional economic integration, including the implementation of the Pacific intra-regional free trade agreement PICTA (see, for example, Kelsey 2005), is an inevitable response to the challenges introduced by economic globalisation. Treating globalisation as an abstract phenomenon that simply ‘came about’ and requires a neo-liberal response strategy (such as PICTA or the EPAs), instead of acknowledging the ‘response strategy’s’ contribution to an acceleration of economic globalisation could be acknowledged as a major component of a neo-liberal ideology (Brand 2001) (see chapter two). This discourse was clearly demonstrated in the text of the financing agreement for PACREIP (EC/PACP 2003). Annex II (Art.1, emphasis added) stated
Confronted with the phenomenon of globalization, the Pacific ACP states have accepted that integration into the world economy is a vital element in the strategy to achieve sustainable economic growth. They have further accepted that an integrated regional approach is the most effective strategy. Integration of the region's trade is in turn an essential element of regional economic integration.

The chain of argumentation was the following: the phenomenon of globalisation, an abstract, inevitable force 'out there', forces the South Pacific states to integrate into the global economy, which essentially has to happen via the creation of a regional free trade area, and subsequently opening up bilaterally (for example with the EU under the EPAs and with Australia and New Zealand under PACER) and then multilaterally within the WTO framework. As a Fijian trade official stated “[w]e have no choice. The world is opening up and we’re forced to play ball” (Taga 2001: 1). Alternative strategies – not to integrate further into the global economy, or to integrate regionally but not bilaterally/multilaterally – have arguably not been allowed into the decision-making arena as they were incompatible with this predominant chain of reasoning.

While the excluded alternatives, particularly regional integration without bi- or multilateral integration, might potentially have been sustainable strategies given the poor extra-regional competitiveness of South Pacific exports due to remoteness and small size (see chapter five), they have not been subject to any impact assessment. A potential reason could be that the alternatives were certainly less attractive to actors outside the region, such as exporters from the EC or, more significantly, Australia and New Zealand, which have had an interest in the Pacific market. The issue of interests therefore plays a key role, as does ideology. The EC has been a strong advocate of regional economic integration based on its own experience. While itself not truly open multilaterally (the Common Agricultural Policy is a pressing example) the EC, if perceived as 'actor' interested in its own economic development, has not aimed other regional blocs to divert trade in a protectionist manner but to create trading opportunities for itself, as clearly outlined in its 'market access strategy' (EC 1996b).

However, in practice a liberalisation of the Pacific economies in favour of EU exports as would happen under the EPAs would not result in any major gains for the EU given the extremely low rate of trade between them (EC 2004b). Thus, if interpreted as an ‘imposition’ rather than ‘free choice’ of the Pacific Islands, the EC’s promotion of the Pacific’s regional integration has rather taken place out of ‘real belief’ in the
developmental benefits of such a strategy in a global context, rather than commercial self-interest. It is important to add that the EC has been likely to promote regional, and subsequently global, integration across all its aid recipients worldwide. This has been based on a belief in the benefits of liberalisation per se (coupled with commercial interest in other regions such as West Africa, see Busse and Grossmann (2004)), rather than on genuinely weighing up the pros and cons or aiming at commercial gains of such a strategy in the Pacific context. The EC’s insistence on regional EPAs against initial resistance from the ACP group, as well as the ACP’s strong insistence on a ‘developmental’ dimension of the EPAs in terms of additional aid, whereas the EC perceived the EPAs in itself as ‘developmental’, appeared to confirm such an interpretation (Development Committee 2006a). The remarks of an official of the EC Delegation for the Pacific (2005, emphasis added) drew particular attention to the third face of power.

We [the EC] come from an integrationist area of the world and integration has done the EU a huge amount of good economically, and maybe we’re a sort of evangelising group in that sense. Although it is quite obvious that the return from integration in the Pacific can never be anything like – the economic returns anyway – they were for Europe. [Despite questionable benefits], people are telling them they need to integrate, and integrate into the world economy and so on. I’m actually not convinced there is that much policy commitment amongst the Island leaders.

Subject to an exercise of the second and third face of power, the Pacific has agreed to allocate the majority of EDF 9 resources to regional economic integration under the PACREIP programme. Although PACREIP corresponded to the EC’s rather than the Pacific’s interests, the Pacific states were able to ‘mould’ the programme so that their interests with regard to the development of tourism were addressed.

7.7 Weapons of the Weak I: Matching Rhetoric

At its 2002 meeting, the SPTO Council of Ministers of Tourism officially called on the EU, the Pacific Island Forum Secretariat and the Council of Regional Organisations of the Pacific (CROP) – of which SPTO was a member alongside other regional IGOs such as South Pacific Regional Environment Programme (SPREP) – to support the inclusion of tourism projects under EDF 9 (SPTO 2002). The Forum Secretariat, lobbied by the SPTO (“I think it was us pushing the Forum. We continuously lobby for funds” (SPTO official 2005a)), consequently included tourism under PACREIP.
Integrating tourism within the discourse guiding EC aid allocation, it was argued that tourism stood out across the region for its potential to support sustainable development within the Pacific ACP countries through deeper engagement with the wider global economy [rendering the exploitation of its potential] an essential element of a regional economic integration strategy for the Pacific ACP countries (Forum Secretariat 2002: 1).

The resulting “very small” (SPTO official 2005a) tourism component of PACREIP with an allocation of EUR 250,000 (EC Delegation for the Pacific / SPTO 2004) was approved by the EC predominantly on grounds of giving the “SPTO a bit of a soft landing, not to pull the plug too violently” rather than to continue supporting tourism per se (EC Delegation for the Pacific official 2005).

Significantly, while the orientation of the tourism programme under PACREIP did not differ markedly from the PRTDP in its final stage, it was being sold as focusing on SMEs and ‘appropriate’ tourism minimising negative environmental and social impacts. Illustrating the power of EC individual power-holders, an official of DG Development (2006b) pointed out that the ‘anti-tourism Commissioner’ aimed at completely pulling out of tourism programmes in the Pacific after the PRTDP had ended. Commission officials supporting the Pacific’s (that is, the SPTO’s) request for a tourism component under PACREIP then appealed to the Commissioner: “We argued SME, ecotourism; then he said fine. We could do guesthouses etc. on the ground for poverty reduction and sanitation” (DG Development official 2006b). In line with this rather cautious approach, the Financing Agreement for PACREIP (EC/PACP 2003, Annex B Art. 4) specifically referred to the need for conducting environmental and social (including gender) impact assessments of the development of tourism in the region.

The Terms of Reference for the tourism component (SPTO 2004a: 1, emphasis added) clearly demonstrated how tourism was made to fit with the EC’s new priorities for aid and attitudes towards tourism: “The RTDC [regional tourism development component of PACREIP] specifically recognises the importance of private sector led investment and the role of the tourism SME sector in poverty reduction and eradication and the need to enhance country capacity in investment facilitation and planning of tourism.
through *regional initiatives*. The implementation of the PACREIP tourism component was completely in the hands of the SPTO. Under PACREIP, the nominated CROP agencies received an EC grant through the Forum Secretariat under so-called Contribution Agreements, which ensured a hands-off, minimum interference approach on part of the EC (Nielson 2002). The tourism component represented only a minor departure from the overall industry-first approach focusing on marketing and promotion, despite the strong adaptation to the EC’s development philosophy and rhetoric as outlined in the Terms of Reference. This fact illustrated again that aid recipients, in this case the SPTO, had the power to get what they wanted (for example, support for tourism promotion) by means of adapting to the EC’s rhetoric and ‘selling’ the project.

The tourism component had several elements, which were based on projects *identified by the SPTO* in its regional tourism strategy and drawn up under Phase III of the PRTDP within the sphere of influence of EU-funded consultants (SPTO 2005d). First, the programme aimed to “develop and strengthen regional tourism strategies” by upgrading the skills of government officials involved in tourism planning, management and strategy design (EC Delegation for the Pacific/SPTO 2004). This component, however, had been postponed and was not mentioned in the SPTO’s work programme in the financing agreement (EC Delegation for the Pacific/SPTO 2004). Second, a consultant was recruited to propose a regional system of accommodation classification and standards, and a feasibility study and business plan for a Pacific Ecotourism Association was funded. Third, the project aimed to establish a standardised system of tourism data collection and recording. Fourth, the SPTO officially adopted a role of providing ‘investment brokerage services’. This component included an upgrade of the SPTO website’s section on investment opportunities in order to facilitate inwards investment. Moreover, investment workshops were conducted and training material was distributed. Finally, two components were officially aimed at SMEs: “to promote socially and environmentally sustainable tourism development” via *marketing*, and to organise training and workshops particularly aimed at SME business management and marketing (EC Delegation for the Pacific/SPTO 2004).

Hence, the PACREIP tourism component constituted a continuation of the trend towards a neo-liberal industry-first approach. Apart from some support for SMEs, the
SPTO’s role has become to primarily assist in creating a favourable environment for business, namely through its investment and training services. In line with a neo-liberal ideology, ‘the state’ – whether national or supranational – was perceived to be responsible for such a favourable environment so that the private sector might bring about ‘development’. This constituted a clear departure from redistributive models, which in the supranational context would have correlated to the SPTO’s previous linkages project. The promotion of ‘ecotourism’ as a market niche further aimed at industry growth, as did a system of accommodation classification. It corresponded to recommendations set out in a tourism sector study by Pro€Invest, which was part of the CDE, and aimed at facilitating foreign investment (Pro€Invest 2004a). Given the fact that the SPTO was part of several Pro€Invest projects in the Pacific, the issue of influence emerges again. Building institutional capacity in ecotourism and introducing an accreditation system based on international standards was explicitly recommended by EU funded consultants (Pro€Invest 2004a). A regional system of accommodation classification was perceived to give investor confidence – a major argument behind regional economic integration *per se*. Larger and more unified markets are said to attract FDI, which has become a common goal of Pacific Island leaders looking for means to reduce aid dependency (BBC 2006b, FTIB 2005).

7.8 Weapons of the Weak II: Adapting to Funding Instruments

7.8.1 The Centre for the Development of Enterprise (CDE)

Given the EC’s new focus on market-based, private sector focused support for tourism, the SPTO now presented itself as a major tourism investment facilitator in order to tap into the EC’s new funding instruments. According to a SPTO official (2005a)

> there are lots of different programmes – the regional one, global ones, Pro€Invest for example which is part of CDE. CDE actually funds private sector operators to do marketing. ... I think the EU view is that the funding particularly in the Pacific won’t be put into these big regional marketing activities.

Thus, apart from adaptation to EC rhetoric (as outlined above: the PACREIP), adaptation to the new funding instruments constituted the second ‘weapon of the weak’
(in this case the SPTO) to get what it wanted despite the powerful’s (EC’s) opposition to fund tourism marketing and promotion.

The SPTO facilitated investment via the dissemination of information on its website and via specific projects. The former was being funded out of its core budget derived from membership fees and commercial income. For the latter, the SPTO required donor funding (SPTO official 2005a) or rather, specific projects were being offered due to the availability of donor funding in the area. A major source of funding was the EU’s Pro€Invest programme, which was part of the Brussels-based CDE. The CDE constitutes an institution of the ACP Group and the EU, operating in the framework of the Cotonou Agreement. It is an element of the EC’s new approach of channelling support to the private sector, which is now perceived as “contributing towards the reduction of poverty and the promotion of sustainable development” (CDE 2004: 1).

The CDE is mainly being funded through the EDF and has ‘inherited’ responsibility for tourism under Cotonou. It adopts a programme approach, rather than being project focused, which it defines as “a framework, setting priorities and budgets, determining procedures, for the purposes of identifying, selecting, managing and evaluating a large number of specific projects” (CDE 2004: 3). Programmes relate to ‘priority sectors’ which are selected by the CDE. Certain actors within a priority sector are eligible for CDE assistance. These include individual enterprises “which are in a start-up, expansion, diversification or restructuring phase, profitable and viable, with … turnover of at least 100,000 euros or assets of at least 80,000 euros, and a workforce of at least five” (CDE 2004: 5). While the CDE’s mission is to support SMEs, no upwards boundary in terms of capital intensiveness or size exists. However, a nondecision has been made to exclude micro-enterprises, which might, however, be in particular need of finance. Apart from enterprises, service providers (such as consultants), development finance institutions and organisations belonging to the private sector or promoting investment are also eligible for support (CDE 2004).

The CDE has sector programmes in the tourism industry in Southern and West Africa, the Caribbean and the Pacific (CDE 2004). Under the supervision of the European Commission, the CDE has been entrusted with the management of the so-called Pro€Invest programme “for the promotion of investment and technology transfer to the ACP countries strengthening support to the development of company partnerships” (SPTO 2005e: 1, Profit partnership). A Spanish consultancy firm was contracted to
identify the key ‘growth sectors’ which would form the basis of Pro€Invest’s actions in
the Pacific region over the period of 2004-2008. Apart from fisheries, ICT and agro-
industry, the key sector chosen for support was tourism. The consultancy firm was
required to apply key selection criteria for the chosen sectors, which tied in with the
EC’s objectives. These criteria were, among others, that sectors could be developed on
a regional scale; the sectors needed to have a high regional importance; they should
possibly be non-traditional export sectors (such as tourism, transport or ICT); and they
needed to provide business opportunities for European companies (Pro€Invest 2004a).
A significant presence of EU economic interests in the region, measured in terms of
trade and investment flows, was used as an indicator of attractiveness (Pro€Invest
2004a). The selection criteria clearly encompassed the elements of a neo-liberal
development ideology, with regard to the emphasis on non-traditional export sectors;
the regional approach contributing to economic integration; and the sector’s growth
potential in order to ‘trickle down’ economic benefits.

7.8.2 Foreign Direct Investment: Empowerment or Power Over?

Significantly, while ‘on paper’ Pro€Invest was meant to support sectors which
provided best opportunities for North-South or South-South investment or inter-
enterprise ‘partnerships’ (CDE 2004), in practice the consultants were required to
select sectors of interest to EU companies (Pro€Invest 2004a). Nondecision-making
hence induced a bias in favour of EU economic interests. In fact, the consultants made
clear what type of (European) business they expected to invest in tourism in the Pacific
under Pro€Invest: “European participants will include hotel and resort developers
(Groupe Accor etc.)” (Pro€Invest 2004a: 13). The question was whether such a
strategy constituted empowerment through a dismantling of aid dependency
(dependency being a source of powerlessness and FDI contributing to self-reliance) or
whether it was an example of ‘power over’. Given tourism’s tendency towards market
concentration (see, for example, Sinclair and Stabler 1997, Youn 2001), it might be
argued that FDI in the form of MNEs could do more harm than good in the South
Pacific.

Current thinking on FDI for development is divided into two camps – the ‘benign’ and
the ‘malign’ model (Moran 1999). Empirical results have shown that under imperfect
market conditions with high levels of market concentration, FDI takes place in a
setting that shares most characteristics with the malign model (Cardoso and Dornbusch 1989, Moran 1999). In such a setting, "instead of closing the gap between investment and foreign exchange, they [MNEs] might drive domestic producers out of business and substitute imported inputs" (Moran 1999: 21). Interestingly, even the WTO used to be ambivalent about FDI in Pacific Island countries, and regarded FDI as the least beneficial type of investment in tourism (after local ownership and joint ventures) in its Samoan tourism plan of 1984 (WTO 1984).

While it is undeniable that there is a lack of capital in the South Pacific, which restricts the entrepreneurial endeavours of locals who wish to participate in the cash economy (TCSP 1992, Tourism Resource Consultants 2002), and 'true empowerment' would imply a dismantling of barriers to local people, it is debatable whether FDI constitutes the only viable strategy. Alternative strategies have not been subject to debate or assessment, which indicates the third face of power (closing off alternatives). For example, the Pacific Islands with customary land systems could become a test case for 100 per cent localised investment, for instance in the form of challenge funds (Cleverdon Associates 2003) targeting the retention of capital in the nation states and communities. Technology and knowledge transfer would then need to be provided on a grants/aid basis, without any reciprocal commercial benefits accruing. Local ownership and control (particularly relevant in Pacific Island countries with customary land ownership) and the retention of benefits at the local level certainly have to be set against the growth potential and reduction of aid dependency through FDI. However, even a representative of the Samoan Tourism Authority (STA official 2006), who perceived her role in representing the interests of the private sector, favoured aid (with less strings attached) over FDI given the issue of land ownership. However, even aid with fewer strings attached is still subject to an exercise of the noxious faces of power, that is under the covert second and third faces. Similar to FDI, the elites – Western or local – may still seize the majority of benefits. These issues demand a localised debate and solutions rather than the blueprint one-size-fits-all approaches which favour one specific ideology. In practice, however, these issues have not yet been allowed into the decision-making arena, not least due to the higher costs of alternative strategies, and possibly because alternative strategies would provide less benefits to enterprises located in the industrialised countries.
7.8.3 The SPTO as Investment Facilitator

Despite the question of who ultimately benefits from a strategy facilitating FDI, the SPTO readily adopted the EC’s development ideology on FDI and offered its services as investment facilitator to the CDE in order to receive financial assistance. In 2004, the SPTO became contractor for the Pro€Invest project ‘Development of South Pacific Regional Tourism Investment Facility’ with a grant of nearly EUR 70,000 (Pro€Invest 2005a). The SPTO held a number of investment conferences and workshops and conducted a survey about the different levels of tourism investment in the Pacific Islands. In December 2004, an Investment Forum was held in Fiji with attendance of representatives of NTOs and Investment Promotion Agencies. The participants considered the barriers to investment in tourism and different response mechanisms (SPTO 2004b). On a positive note, the Forum called for greater efforts to involve landowners in a dialogue with the private sector and key agencies regarding tourism investment issues (SPTO 2004b). The question remained, however, whether such efforts would ultimately aim at local empowerment or rather at reducing resistance to tourism development on customary land and to build investor confidence sustaining the tourism product. Tellingly, Pro€Invest stressed the need to “find ways of effectively involving landowners to prevent uncertainty/disruption to investments” (Pro€Invest 2004a: 15). Pro€Invest appeared to conceive customary landownership as a threat to tourism development and, therefore, to place the needs of investors above those of landowners.

At a donors’ forum held by the SPTO in Suva in 2004, which focused on tourism for poverty alleviation, the importance of facilitating tourism investment was supported by a representative of the World Bank (SPTO 2004c). Moreover, at the Pro€Invest funded SPTO regional tourism conference of 2005 entitled Tourism: Investment in Our Future, a representative of the UNWTO gave a presentation about FDI. Simultaneously, however, conference delegates endorsed that that “SPTO liaise with National Tourism Organisations in member states to develop sustainable community-based tourism projects that promote and value local conditions, customs and values” (SPTO 2005f: 1) – a mandate which the SPTO attempted to fulfil via workshops at a community level, for example (TPA 2005). The potential clash between the objectives of fostering FDI on the one hand, and community-owned and -controlled tourism on the other, clearly has not been acknowledged or rendered subject to discussion in any

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way, neither within the international arena nor within the SPTO itself. Replying to the question whether he saw a clash between the SPTO’s encouragement of FDI and local control in countries with high rates of local ownership, an SPTO official (2005a) was noticeably puzzled, speculating why countries like Samoa did not achieve as high a rate of FDI as Fiji, for example. The official’s reinterpretation of the question may indicate that critical issues surrounding the promotion of FDI to the Pacific have been excluded from SPTO everyday discourse and (non-) decision-making.

7.8.4 The Profit Project

Apart from the conferences, forums and websites intended to facilitate investment as discussed above, the SPTO became involved in a specific Pro€Invest project entitled Profit Pacific. Based on the Pro€Invest sector study recommending investment in tourism businesses across the entire spectrum ranging from ecotourism to cruise ship operations (Pro€Invest 2004a), the ‘emerging markets group’ of Deloitte and Touche was contracted to implement a tourism investment project in the Caribbean (Deloitte and Touche consultant 2005). The corresponding project in the Pacific was entrusted to the Danish consultancy firm that had previously been contracted under the PRTDP. Profit Pacific aimed to “promote direct investment and technical and commercial partnerships in the tourism sector of the Pacific by enabling and facilitating Pacific entrepreneurs to negotiate, and conclude, partnership agreements with European Union investors” (SPTO 2005e: 1). Specifically, Pacific entrepreneurs had to submit expressions of interest and project proposals that were evaluated against a set of criteria and shortlisted by the Pro€Invest Committee which included external consultants, as well as representatives of the implementing consultancy firm and one SPTO official (SPTO official 2005a). Projects had to correspond to the Pro€Invest tourism sector studies (Pro€Invest 2005b), and were publicised on the Profit Pacific website (Profit Pacific 2005).

In February 2005, a ‘partnership meeting’ was held in Suva where Pacific entrepreneurs and foreign investors were envisaged to “discuss and negotiate projects, and to initiate business partnerships such as joint-ventures, management contracts, subcontracting and technological transfer, franchising/licensing and marketing arrangements” (Pro€Invest 2005b: 3). Projects that demonstrated ‘sound development’ were then eligible to receive financial assistance from Pro€Invest, amounting to a

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maximum of EUR 50,000 for an individual project (Carl Bro 2004). The list of companies giving their full support to Profit Pacific (including Sheraton Hotels & Resorts, Boeing, TUI AG, Air NZ, Warwick International Hotels and Fiji Water) illustrated that the project was clearly aimed at industry growth (see Qarase quoted in Pro€Invest 2005b: 2) and perceived as beneficial by major MNEs and Pacific exporters (Pro€Invest 2005b).

The ‘partnership meeting’ was organised by the Danish consultancy firm in cooperation with the SPTO, and received support from the Forum Secretariat and PATA (Pro€Invest 2005b). When the EU called for tenders, the SPTO was approached by one of the shortlisted European consultancy firms with the offer to be a partner on a commercial basis and to make a bid for the consultancy firm to implement the project (SPTO official 2005a). However, the SPTO approached all shortlisted firms and offered their assistance on a commercial basis. The Danish consultancy firm that was ultimately awarded the contract had included the SPTO in its tender. The SPTO assigned two members of staff to work on Profit, one working on the logistics of the event and the other involved in project selection and review (SPTO official 2005a). A total of 108 projects – the vast majority being accommodation - was selected and published on the Profit Pacific website (Profit Pacific 2005). The proposed projects ranged from luxury resorts with golf courses to marina developments, ‘eco-lodges’ and cultural villages. While the majority was proposed by private developers either owning freehold land or holding a lease agreement with customary landowners, a few projects would be community-owned. Typically, the developers and/or customary landowners would contribute a share of development costs in terms of cash and/or equity (land, labour, materials) with the remainder being raised from a prospective joint venture partner and commercial loans (Profit Pacific 2005). As opposed to FDI without any local equity or ownership, such arrangements had the potential of contributing more to the local economy, as local labour and materials were typically being utilised, and local developers or the community remained in partial control over the development (WTO 1984). Moreover, the process had a bottom-up component in that interested local developers or communities registered their interest, rather than an external consultant selecting sites and fostering ‘community consent’, which constituted empowerment rather than ‘power over’.

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However, in practice *Profit Pacific* came “with a lot of strings attached” (STA official 2006). The project discriminated against micro-enterprises, in that enterprises eligible for technical assistance needed to fulfil the threshold size criteria of EU 250,000 annual turnover or a minimum total net asset value of EUR 80,000 (Pro€Invest 2006). A company not fulfilling these minimum criteria could only qualify for support if expressions of interest had been signed by ‘serious, reputable investors’ following the *Profit Pacific* partnership meeting in 2005. In 2006, however, Pro€Invest acknowledged that “it can be a major challenge for Pacific tourism enterprises to meet the financing requirements. … A large share of SMEs are too small to be eligible for grant support” (Pro€Invest 2006: 5). In the context of Samoa, for example, the requirements “are a lot; for the beach fale it is impossible” (Samoan tourism entrepreneur 2006b). Pro€Invest therefore introduced a grant facility for so-called enterprise networks where between three and ten SMEs could jointly apply for a grant of up to EUR 150,000 in technical assistance. Again, however, strings were attached in that to be eligible, the SMEs must not only be from the same sector, but also be of same size in terms of assets and turnover and face a similar set of problems hindering development (Pro€Invest 2006). Instead of directly applying for a grant, such SMEs needed to apply via an intermediary organisation, all of which complicated the process.

Apart from the minimum threshold size, an enterprise was required to match funds (of at least 33 per cent) if it drew on Pro€Invest technical assistance. As an EU official at the Delegation for the Pacific (EU Delegation to the Pacific official 2005) remarked, the required fund-matching tended to lie well beyond reach of small Pacific enterprises: “They have not tailored this all-ACP programme well to the very small economies you have here. … It is a disaster … because they are taking a one-size-fits-all approach, and what is good for Africa is not often good for the Pacific”. Systemic bias - the second face of power - related not only to the size of an enterprise but also to its location. Consultants have been advised to give preference to enterprises located in one of the Pacific ACP countries under the 8th EDF (Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu), which therefore discriminated against both ACP countries (Cook Islands, Federal States of Micronesia, Marshall Islands, Nauru, Niue and Palau) and non-ACP countries (American Samoa) (Pro€Invest 2006).
Applications for technical assistance constituted the second phase of Profit Pacific; the first having been the ‘partnership meeting’ in 2005 (a second one to take place in Vanuatu in December 2006). The Danish consultancy was still in charge for implementing the second phase. The SPTO, however, was replaced by PATA (Profit Pacific 2006). Despite the implementing firm’s claim that the ‘partnership meeting’ was a success (Profit Pacific 2006), the press reported otherwise. The Pacific Magazine (2005b: 1) reported that the partnership meeting ended with some delegates claiming they felt cheated:

Eager entrepreneurs from across the region, who had dug deep to attend, thought they would be able to meet and present project proposals to equally eager investors. ... But in the end, for most, it was another talk-shop with little actually achieved except for the contacts made and the free food and drinks.

Despite an unexpectedly high attendance (approximately 350 delegates), actual investors were mostly absent and instead represented by agents and middlemen. Being asked by a Pacific entrepreneur to clarify this issue, a representative of the Danish consultancy firm allegedly responded “investors don’t attend conferences. ... Do you expect investors to come here with a bucket of money to hand out to you? It doesn't work like that in the real world” (Pacific Magazine 2005b: 1). Delegates responded with “shocked silence” and feeling “patronised” (Pacific Magazine 2005b: 1).

Blaming on the one hand a sophisticated electronic match-making system which paired up potential investors with Pacific entrepreneurs and produced an unrealistic set of 1000 one-on-one meetings, another reason put forward was the highly complex, if not unaccountable process of organising the conference (Pacific Magazine 2005b). Described as “the prefect buck-passing system” (Pacific Magazine 2005b: 1), the organisation of the ‘partnership meeting’ involved a myriad of actors being hired by Pro€Invest and the Danish consultancy firm, which in turn outsourced activities to third actors, rendering the process not only too complex but also highly cost-intensive. As a representative of the Samoan Tourism Authority (STA official 2006) cynically remarked the “EU pays one consultant to tell another consultant to tell another consultant what to do”. While the conference resulted in a number of ‘letters of intent’ and business contacts, an EU advisor for the Delegation in the Pacific shared the opinion of many delegates in that it had “rather dubious value, because there are many ten thousand conferences organised. But without any real practical outcome;
sometimes it is difficult to see what the real output is” (EC Delegation for the Pacific official 2005). Interviews with officials from the EC Delegations for the Pacific (2005) and Samoa (2005) revealed some sort of resentment against Pro€Invest.

It appeared that the traditional ‘aid’ section, that is the Delegations, and the global Pro€Invest programme, which deals with the private sector, were rather divorced from each other. Resenting that the Delegations were not kept informed by Pro€Invest, an official of the Samoan Delegation (EC Delegation for Samoa official 2005) remarked “it is a lot about personalities”. The current Pro€Invest management did not appear to value the Delegations’ advice, and neither did some Delegation officials regard the Pro€Invest project as particularly well designed and useful.

Probably somebody thought ‘ah, a good idea to provide something for private sector development’ because indeed, it is in Cotonou, and then somebody else was contracted to design a programme and the programme has been run from Brussels by another consultancy and a project management unit. But as I said, in my view not particularly well (EC Delegation for the Pacific official 2005).

Overall, Profit Pacific displayed some innovative elements in terms of incorporating bottom-up development, yet the overall process has been marked by an externally designed one-size-fits-all model incorporating European business interests and frequently neglecting the local context of Pacific Island countries, just as it happened during the PRTDP.

7.9 Summary

The chapter demonstrated that the EU’s involvement in the governance of tourism in the South Pacific has been highly complex. Where on a macro-level (aid and trade negotiations) there has been a clear exercise of power of the EU over the ACP, the EU’s power has been much less pronounced within the context of specific tourism programmes and projects on the ground. Rather, there has been a latent exercise of power, mostly in form of nondecision-making and bias in the system (second face), but also with regard to upholding and promoting a certain discourse on development in line with the neo-liberal paradigm (for example, on FDI). However, the powerless actor, in this case the SPTO, could draw on a variety of ‘weapons’ which ensured that it finally got what it wanted. Rather than constituting a case of a Western SO imposing
its neo-liberal policies that drive economic globalisation onto the South, the SPTO itself, constituting a ‘Southern SO’, has been driving the process even more ardently. Considering the multi-level system of governance which reaches down to the local, the (self-) empowerment of the SPTO through adaptation must be seen in relation to a possible dis-empowerment of groups of people ‘on the ground’, such as those for whom FDI constitutes a barrier to development.

The following chapter attends to the Pacific Island states’ international trading environment, and the EPAs in particular. It is demonstrated that such supranational trade agreements are not as removed from the ‘reality on the ground’ as one might expect. On the one hand, two mini case studies of Fiji and Samoa serve to illustrate the relationship between international trade agreements and national tourism policy in the South Pacific. On the other hand, it is shown that the supranational trading environment has an indirect, yet significant, impact on people living and working in the South Pacific Island states.
Chapter 8: The Impact of Supranational Trade Agreements on National Tourism Policy

8.1 Introduction

As mentioned in chapter six, the Cotonou Agreement contained a new section on ‘trade’ between the EU and ACP countries. The so-called Economic Partnership Agreements (EPAs), in effect free trade areas, are currently being negotiated. This chapter not only addresses the question of how power is being exercised in the context of these negotiations, but also what effect the EPAs are likely to have on national tourism policy in South Pacific Island states. Similar to SAPs, the implementation of free trade regimes usually requires a restructuring of the economy in order to render it competitive in a liberalised environment (Hill 2002). Whether such restructuring might have an impact on the relative importance of the tourism sector for economic development in the islands is examined, as well as what effect such structural changes might have ‘on the ground’. This chapter first analyses the EPA negotiations from a perspective of power. It then proceeds to a case study of structural adjustments in Fiji. Finally, a more detailed case study analyses the impact of supranational trade regimes and economic reforms on tourism policy in Samoa.

8.2 The Economic Partnership Agreements (EPAs)

8.2.1 The All-ACP Phase of Negotiations

In line with Cotonou’s trade provisions (see chapter six and table 6.3) negotiations on an EU-Pacific EPA are currently under way. Due to an exercise of the second and third face of power – ‘shutting off’ any alternatives to reciprocity in trade and a neo-liberal response to the challenges implicit to economic globalisation – negotiations on EPAs are being held in all regions of the ACP (see chapter six). When the EPA negotiations were launched in Brussels on September 27, 2002, it was agreed to sequence the negotiations in two phases. The first phase, to be conducted at the all-ACP level, was intended to lead to an agreement on issues concerning the whole group. The second phase should be conducted between the EC and six individual regions (the Caribbean;
the Pacific; and four within Africa) to address regionally specific commitments (EC 2005f).

The first phase of negotiations was concluded at the ACP-EU ministerial meeting on October 02, 2003 and resulted in a ‘joint report’ which listed the major points of convergence and divergence (ACP/EC 2003). The ACP group had entered the negotiations with concrete expectations to reach an agreement on issues of interest to all ACP states, such as on special arrangements for LDCs (ACP 2002, Tradecraft 2003) and on funds in addition to EDF resources to be made available in certain sequencing with market opening commitments (EC 2005f). Specifically, the ACP states demanded additional financial resources to increase their competitiveness and mere ability cope in a free-market environment before actually opening up their economies to the EU. ‘Development’ benchmarks were proposed which had to be achieved before liberalisation (Development Committee 2006b). Differing interests between the two parties prevented an agreement to be reached. What might look like a situation where neither party ‘got what it wanted’, it in fact constituted a defeat of the ACP.

Aware of countervailing power in the negotiations, ACP Ministers made clear that a fragmentation of the ACP group was not on their agenda as this might result in ‘divide and rule’ (Greenidge 1997). Without any binding agreement reached at the all-ACP level, individual regions would be subject to greater ‘arm twisting power’ of the EU (Tradecraft 2003). As unequal as power relations have been between the EU and the ACP, they would be even greater between the EU and individual regions which frequently lacked negotiating capacity or even a clear plan of what exactly they wanted (EC Delegation for the Pacific official 2005). Although it was agreed to continue discussions on the all-ACP level, the more significant regional second phase had already begun.

### 8.2.2 Negotiating with the Pacific

The Pacific was the last region to launch formal negotiations, waiting until September 2004. The Pacific ACP (PACP) group’s position has been to conduct the EPA negotiations as a single region. The Pacific Islands Forum Secretariat has coordinated the preparation for all regional EPA-related activities. In 2002, the Pacific ACP Trade
Ministers agreed to prepare a Pacific Regional Action Plan (PRAP) covering the period 2002-2007. The PRAP covered ten EPA studies [Fisheries; Investment; Tourism; Sugar; Services; Agriculture; Export Capacity; Trade Facilitation; Rules of Origin; and Fiscal Reform], as well as National Consultations, PACP Trade Ministers Meetings, and regional seminars (Forum Secretariat 2005b). In 2004, the Trade ministers endorsed a revision to the PRAP to include two additional studies on mining and forestry. The PRAP would continuously be reviewed during the negotiation process (Forum Secretariat 2005b).

The Pacific has hoped for a two-pronged approach to the EPAs. They have argued for an all-Pacific umbrella agreement, which would provide the framework for several ‘subsidiary agreements’ on specific sectors. Individual countries would then be enabled to decide which subsidiary agreement(s) to join or not to join. The rationale for such an approach lies in the fact that the Pacific region is very diverse in terms of trading capacity, with many countries having hardly anything to trade at all (Holland 2006). The economic gain of a region-wide EPA covering ‘substantially all trade’ would be minimal (Holland 2006) if not negative (Kelsey 2005) for the South Pacific. After all, “the whole EPA process isn’t driven by Pacific needs, it was driven by how Europe could actually interact more effectively with Africa” (Holland 2006: audio file). Whether the EC would agree to such an approach is questionable. Rather than having such a flexible piecemeal approach, the EC has clearly preferred an all-encompassing EPA covering ‘substantially all trade’, as well as services, to which all PACP states would be signatories (Kelsey 2005).

So far, neither the PACP nor the EU has released any details on exact demands or possible legal texts. Given successful completion of the first round of negotiations which ended in December 2006, a legal text would be endorsed in 2007. This rather tight timeline has put the Pacific under much pressure, and NGOs have feared that governments might rush into an agreement that would be beneficial for the EU yet harmful to the Pacific ‘people on the ground’ – the latter being acutely unaware of the important decisions being made about their economic future (Kelsey 2005). Pressure also stemmed from other structural constraints that pointed towards an exercise of the third face of power. Rather than agreeing to the EPAs out of free choice, it might be argued that Pacific governments faced structural constraints that de-legitimised any alternative to an EPA. The major constraint related to aid dependency. Aid dependency
coupled with overall reduced levels of aid flows have caused the Pacific to lay much hope into the EPA’s ‘development dimension’. Financial resources would be made available for structural adjustment and trade facilitation to smooth the transition to liberalised economies.

Under the first face of power, the ACP has so far failed to persuade the EU for the need for aid in addition to the EDF. Unless the EC ‘gave in’, funding would need to be drawn from existing sources which has caused concern that an EPA might “come at the expense of hospitals and roads” (Urwin 2006: 1). The lack of additional funding has introduced an element of competitiveness, as Pacific governments seemed to fear they would lose aid if they did not complete the EPA. A Minister from Papua New Guinea indeed warned that “continued delay by Pacific Island countries to negotiate a successful Economic Partnership Agreement (EPA) could result in the region missing out in millions of European Union (EU) funds” (Pacnews 2005). According to Solignac Lecompte (2001), the Pacific decided to start negotiations on the EPAs precisely because they realised that any losses due to reciprocal trade could not be higher than those accruing from a potential reduction in aid volumes.

The fear of losing aid was, however, not the only constraint the Pacific has faced. According to an official of the EC (DG Development official 2006b), the governments were “scared to hell” to commence official negotiations on trade in goods because that would trigger negotiations on a free trade agreement with Australia and New Zealand, as defined in the so-called PACER agreement (Kelsey 2005). While trade volumes between the Pacific and the EU have been very small, meaning that the EPA’s impact would be comparably limited (McQueen 1999), Australia and New Zealand have been the island’s major trading partners (Kimunguyi 2005). A free trade agreement would likely have severe implications for the islands’ economies, not least in terms of revenue losses due to an abolition of duties and quotas on Australian and New Zealand imports which might then constrain Pacific governments’ ability in social spending (Salama and Dearden 2001). While proponents pointed out that Pacific consumers would benefit from lower prices due to increased competition, critics feared negative social repercussions due to local enterprises being driven out of the market (Kelsey 2005, McQueen 1999). Even a senior EC official (DG Development official 2006b) admitted that the EPAs might result in “more pressure on the environment [and]
people”. If this held true for the EPAs, then PACER’s impacts would be even more severe.

“With us [the EU] it’s harmless, but PACER is a different game altogether” (DG Development official 2006b). In order to foster the required level of competitiveness that would be necessary under conditions of free trade with its major trading partners, Pacific Island economies would need to be significantly restructured. Not only have the social and environmental repercussions of such restructuring been insufficiently examined (Dearden 2005), so has the mere ability of Pacific economies to survive in a liberalised economic environment (Kelsey 2005). It is also unclear where the additional funding required for restructuring would come from (DG Development official 2006c). The Pacific has therefore decided to delay official negotiations on trade in goods for as long as possible. Current negotiations deal with specific sectors and issues which the Pacific has identified for EPAs, yet which do not trigger negotiations on PACER’s free trade component (which only applies to trade in goods). Apart from fisheries and investment, the Pacific currently leads negotiations on a ‘partnership agreement’ covering tourism (Fiji Government 2005).

8.2.3 A Tourism Partnership Agreement

In 2005, Island leaders decided to shortlist the sectors to be covered by EPAs down to four, tourism being one of them (Fiji Government 2005, Pacific Magazine 2006a). Just as their Caribbean counterparts, Pacific negotiators have been pressing for a comprehensive agreement in tourism (Fiji Government 2005). While negotiators from the EC agreed to tourism being covered by an EPA (Fiji Government 2005), views have diverged about the architecture of a potential ‘tourism partnership agreement’. The EC has been opposed to the Pacific’s request to have a stand-alone agreement on tourism; instead, EC negotiators proposed to include tourism under a comprehensive agreement on services (DG Development official 2006b, c, d, EC Delegation for the Pacific official 2005, EC Delegation for Samoa official 2005, SPTO official 2005). At this point in time it is unclear what such an agreement – whether on services or tourism on its own – would cover. It has, however, been suggested that the EC was likely to use its GATS requests for Pacific WTO members (Fiji, Papua New Guinea, Solomon Islands) as a starting point for negotiations (Kelsey 2005). NGOs and critics therefore feared that EC requests for a services EPA might threaten traditional landownership
patterns, given the EC’s GATS requests that PNG and the Solomon Islands should eliminate the restriction that foreign nationals and foreign-owned companies might not purchase land (Kelsey 2005, SUNGO representative 2006a).

In terms of interests, it might be argued that the EC did not have much to gain from a stand-alone tourism agreement. Apart from landownership, Pacific Island countries’ tourism industries have already been significantly ‘opened up’ under all four modes relating to trade in services (Pacific Islands Trade and Investment Commission 2003) (see table 7.1). Arguably, the EC’s interest would focused on services that have not yet been liberalised, such as telecommunications (EC 2000). Similarly, the EC has had a clear interest in securing access rights for EU fishing fleets to the waters of the South Pacific (Tarte 2002); hence, it would be unlikely for the EC to be opposed to fisheries being covered under the EPAs (Kelsey 2005).

TABLE 7.1
Modes – Trade in Services

<table>
<thead>
<tr>
<th>Mode</th>
<th>Type of service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cross-border Supply</td>
<td>The service is supplied from the territory of one member to that of another member (e.g. services supplied by means of telecommunications, postal services, or computer disks).</td>
</tr>
<tr>
<td>2</td>
<td>Consumption Abroad</td>
<td>Involves the supply of the service in the territory of one member to a consumer from another member (e.g. tourism, educational services or ship repair services).</td>
</tr>
<tr>
<td>3</td>
<td>Commercial Presence</td>
<td>The supply of a service through the commercial presence of a foreign supplier such as a corporation, branch office or joint venture (e.g. banking or telecommunications services).</td>
</tr>
<tr>
<td>4</td>
<td>Presence of Natural Persons</td>
<td>Involves admitting a national from one member into the territory of another member on a temporary basis for the purpose of providing a service (e.g. a foreign employee of a service-provider from one member has a commercial presence in the territory of another member or foreign nationals from one member operate as independent service-providers in the territory of another member).</td>
</tr>
</tbody>
</table>

(Source: Ullrich 2004: 2)

For Pacific negotiators, on the other hand, tourism has been the services sector they had an interest in. Under services in general, they have tried to secure commitments under mode four, which would grant Pacific un- and semi-skilled workers access to the EU (Pareti 2006). This request has, however, been unlikely to be granted as it touched upon the sensitive issue of immigration policy, which has remained the jurisdiction of EU member states, not the Commission (Pareti 2006). Apart from mode four, the Pacific’s concern regarding tourism in the EPA has extended well beyond market access. Not only has the EU’s tourism industry already been liberalised under the
GATS (ODI 2004), but also would the benefits accruing to the Pacific from a market access agreement be minimal. As a minister from the Pacific pointed out (Singh 2002: 1), unless the Pacific states could create real competitiveness “all the market access in the world would be of little value, and the negotiations would be pointless. ... The EPA should not be a conventional trade treaty, but rather a development agreement”. As developing and least developed countries, PACP states would not have the capital and commercial capacity necessary to benefit under the other modes, particularly the ability to establish a commercial presence in the EU (ODI 2004).

Despite the fact that the Pacific has not had much to gain from a market access agreement, it was likely that an EPA on services/tourism would include comprehensive market access commitments – a GATS+ approach (Grynberg and Onguglo 2002, Kelsey 2005). The rationale for such an approach would lie in the assumption that the Pacific might attract increased foreign investment into the tourism sector due to their economies being ‘locked into’ an agreement that gave investors confidence. Increased FDI was needed in the context of dwindling aid flows and trade preferences. Guaranteed market access and enhanced rights for foreign investors (GATS+) were suggested in a paper by two leading economists who also suggested the umbrella/subsidiary approach to the EPAs (Grynberg and Onguglo 2002). Given that Pacific negotiators adopted their advise on the EPA’s architecture (Dearden 2005), it is likely that their recommendation to pursue a GATS+ approach might also be followed suit. According to a Samoan Tourism Authority official (STA official 2006) the Samoan negotiators – like their regional counterparts – have not had many firm requests with regard to a tourism agreement. However, they have agreed on the need to regulate foreign investment so that minimum requirements on training locals would be attached. Again, this position corresponded to Grynberg and Onguglo’s (2002) recommendations, who also suggested that tourism training should be tailored into the EPA.

Rather than being interested in a GATS-type tourism agreement that would be limited to market access, the Pacific has clearly hoped to apply the EPA’s ‘development dimension’ (that is aid for adjusting the economies) to tourism (Grynberg and Onguglo 2002). A Pacific negotiator noted that an agreement on tourism
would need to strengthen infrastructure development that was integral to the tourism industry, ecotourism be encouraged where appropriate and that the regional tourism initiatives such as the South Pacific Tourism Organisation be strengthened (Rusa 2005: 1).

These demands corresponded exactly to the projects the EC used to fund with grant aid under Lomé III and IV before its commitment to channel aid into tourism in the Pacific disappeared (see chapter six). Hence, for Pacific governments the EPAs have constituted a way of reallocating aid towards tourism despite DG Development’s resistance; they have been a means of ‘getting what they wanted’ despite the EC’s exercise of power. Some voices from the islands were, however, sceptical regarding the Pacific’s potential to leave the negotiations as a winner, as the EC was perceived to behave “like a big bully in the courtyard” (SAME official 2006). The questions to be asked included “who benefits? Them or us? The motive is to gain more for them” (SUNGO representative 2006b). Not only the question of ‘cui bono?’ was addressed, but also the neo-colonial issue of imposition: “Many people are against the EPAs… The idea of the EPAs is to tell us what to do. The EU benefits, we lose” (Samoan reverend 2006).

They [EC negotiators] say ‘open this sector, open that sector’ … and the few things we ask for, they say ‘we have to consider it’ … So I would say if you only want us to open up, why don’t you just take over our country (STA official 2006).

Irrespective the outcome of negotiations, aid and foreign investment dependency have not been the only reasons for the Pacific pushing for a comprehensive stand-alone tourism agreement. A Pacific negotiator pointed out that EPAs would be used not only to “attract capital from Europe” but also to “identify prospective areas for trade so that we can create trade … including [in] fisheries and tourism. We want to strengthen these comparative advantages under the provisions of the EPA” (Singh 2002: 1). Apart from fisheries, tourism constituted the only sector in which all Pacific Island states had a ‘comparative advantage’ (Grynberg and Onguglo 2002). In tourism,

some of the factors that usually impact negatively on the islands’ ability to compete are in fact turned into positives. The remoteness of location has helped to preserve their natural and spectacular beauty, which forms a significant part of their attractiveness for tourism (Pro€Invest 2004a: 9).
In line with trade theory only sectors of comparative advantage would have the potential to survive, if not prosper under such changed conditions of economic liberalisation (Hill 2002, World Trade Organization 2003). It follows that Pacific governments would need to promote tourism (and fisheries) if they aimed for economic growth in an economically open environment. The following section establishes the link between economic liberalisation and increased dependency on tourism, demonstrating that Pacific Island governments face structural constraints under the third face of power that limit their policy freedom.

8.3 Erosion of Trade Preferences: The Case of Fiji

Reminiscent of the example of the Caribbean banana industry (see chapter six, section 7), it is very likely that in the near future Pacific Island states will face an even greater tourism dependency due to an erosion of trade preferences and losses in tariff revenue as a result of economic liberalisation. Due to the structural constraints outlined in chapter five (such as the isolation from markets) the Pacific Islands’ general export performance has been rather unsatisfactory. The region has only very few export success stories, such as sugar and garments in Fiji, canned tuna in Fiji and the Solomon Islands, and electric wire harnesses in Samoa (Grynberg 1997). The success of these exports has depended heavily on preferential trade agreements with the EU (under Lomé/Cotonou) or Australia and New Zealand (under SPARTECA/PACER) (Grynberg 1997, Holder 1990). These preferences have, however, been eroding as a result of the introduction of bilateral reciprocal trade (EPAs, PACER) and multilateral liberalisation (under the GATT). The erosion of preferences has been against the interest of South Pacific Island states (ACP 1997, 1999). However, as demonstrated above, the PACP states were powerless to prevent these changes due to being directly overruled under the first face of power, as well as their gradual acceptance of the inevitability of economic liberalisation.

Of all South Pacific countries, Fiji is likely to be most affected by an erosion of trade preferences in the near future. First of all, Fiji’s garment industry has been increasingly exposed to competition from China due to tariff reductions in Australia and New Zealand, as well as the recent expiry of the Multi Fibre Agreement with the United States, which is likely to cause significant unemployment especially for women (Chand 2005, Dearden 2005). Second, the EC has decided to reform the sugar
protocol, cutting prices by 36 per cent (Roy 2006). The sugar protocol was introduced under Lomé I and the government of Ratu Sir Kamisese Mara, Fijian prime minister at that time, was directly involved in its negotiations. Under the sugar protocol, the EC bought a fixed quantity of sugar from ACP producers each year at a guaranteed price lying approximately 2.5 – 3 times above the world market price (ECDPM 2001a, O’Callaghan 2004). The decision to reform the protocol – taken unilaterally without paying much attention to the ACP countries’ pleading (Development Committee 2006a) – followed an attack by Australia and Brazil who claimed that the sugar protocol was WTO incompatible (Wilkensen 2002). It has been estimated that the sugar protocol reform would result in a collective revenue shortfall of approximately EUR 1.77 billion in ACP countries (Roy 2006), yet the EU has only agreed to contribute EUR 40 million as compensation (Chaplin 2006). It was not even clear whether these funds would be in addition to, or taken from the EDF (Chaplin 2006).

Fiji is one of the five ACP countries that have been most dependent on the sugar protocol (Roy 2006). The country’s sugar industry is highly inefficient and uncompetitive and would require significant structural changes if it was to survive under the new conditions (Levatis et al. 2003, McGregor 2002, Narayan and Prasad 2004). Productivity levels are extremely low and wages relatively high compared to other sugar producing countries (Narayan and Prasad 2004). Prospects for improving the industry’s competitiveness to such an extent that sugar production may be kept at the same level are rather poor (McGregor 2002, Narayan and Prasad 2004). Narayan and Prasad (2004) predicted that if sugar production was declining by 30 per cent, Fiji’s GDP would fall by approximately 1.8 per cent and real welfare would decline by 1.5 per cent. The rural poor would be carrying the bulk of burden (Levatis et al. 2003). A senior official of the EC Delegation to the Pacific was fully aware of the difficulties Fiji faces:

There are a lot of bad things in this country happening like the lower sugar prices, the loss of the garment industry, and they [the Fijian government] are doing their best to look for other markets, but they have got a lot of work to do ... With the loss of preferences ... in probably four or five years time, [the garment] sector will as good as disappear. That will mean, unless you will find some other promising areas pretty fast there will be a higher than ever dependence on tourism. Now, whether government will therefore push tourism more or not is difficult to say, but every government should realise that it is pretty dangerous in an era of SARS for example, it is a pretty dangerous sector
to put all your concentration on (EC Delegation to the Pacific official 2005; emphasis added).

The Fijian government has identified tourism as the most important growth sector in which it has a clear ‘comparative advantage’ (Qarase 2002), laying its hopes in tourism to compensate for sugar’s (and garments’) losses (Narayan and Prasad 2004). While it has been estimated that a contraction in sugar production would lead to tourism growth of around 2 per cent due to lowered prices, this growth would not be large enough to make up for the overall export losses (Narayan and Prasad 2004). Moreover, while the ‘sugar dollar’ stays in the country to almost 100 per cent (EC Delegation for the Pacific official 2005), tourism in Fiji – as in most South Pacific Island states - is characterised by a leakage factor of between 50 and 70 per cent (Britton 1987, Harrison 2003, Levett and McNally 2003, WTO 1984). In line with the observation of the EC official quoted above (EC Delegation for the Pacific official 2005) the Fijian government has indeed recognised the need to diversify its economy (Qarase 2002). However, diversification in a small island state like Fiji is “horribly complicated” (DG Development official 2006b) and in terms of growth potential tourism may simply be the best bet (Qarase 2002). The EU itself has tried to assist Fiji in diversifying away from sugar by developing pineapple production destined for export. After a rather successful start the project ultimately failed as Fijian producers were pushed out of the market by large-scale Philippine based firms (Grynberg and Forsyth 1998).

If a country such as Fiji, which has comparably rich natural resource endowments for a small island state (Qarase 2002), faces difficulties in diversifying and is therefore likely to face an increasing dependency on tourism, then other Pacific Island states with less diversification potential are bound to experience an even greater dependency. As an EC official (EC Delegation for the Pacific official 2005) pointed out, it is not certain whether this would mean that governments decide to push tourism (as their comparative advantage) even more or if they decided to focus economic policy on the creation or maintenance of new export sectors which might have at least some potential for survival or even growth. Nonetheless, it is a fact that as good as all Pacific Island states have increased the importance of the tourism sector in their economic policies (Carreon 2002, Kereau 2006, Pro€Invest 2004a, b, Government of Samoa 2003) and the mini case study of Samoa illustrates that there has been a link between a
specialisation’ on tourism and a policy of economic liberalisation and structural adjustment supported by SOs.

8.4 Tourism Policy in Samoa

8.4.1 The 1980s

Until well into the 1980s Samoa’s economic policy focused on self-sufficiency and import substitution (Tuilaepa and Narte 2002). A large proportion of government revenue was derived from import duties (UNESCAP 1997). With regard to tourism, the government was highly ambiguous about its development out of concern about potentially negative cultural impacts (Scheyvens 2002b, Sofield 2003). Moreover, as an export oriented sector tourism did not correspond to the government’s inward-looking economic policy orientation (Tuilaepa and Narte 2002). Economic and financial liberalisation were first promoted by the ADB and the World Bank in 1984, and measures were supported by a substantial external bank loan (Knapman and Saldhana 1999). It was in the same year that Samoa received its first ‘tourism master plan’, as requested by the government of Samoa from the UNWTO (WTO 1984). The UNWTO noted that tourism has not been given very high priority in the past and tourism growth has been slow. If government now wishes to encourage more rapid development of tourism it will need to establish a general policy of giving higher priority to this sector and allocate development funds and incentives accordingly (WTO 1984: 55).

The Samoan government aimed to develop tourism gradually and in a controlled manner, and the master plan advocated a correspondingly cautious approach (Pearce 1998, WTO 1984). With regard to the plan’s implementation, the government established the Western Samoa Visitors Bureau, extended the Faleolo International Airport runway in 1985, and sold the Tusitala Hotel as “part of a wider policy of disinvestment of state commercial interests, indicat[ing] a determination to inject greater dynamism in the tourist industry through private sector investments and efforts” (TCSP 1992a: 51-2). The master plan also had some impact on Samoa’s Sixth
Development Plan for 1988-1990 (Pearce 1998) in which tourism was mentioned more extensively than in the years before (Government of Western Samoa 1987).

The somewhat enhanced commitment to tourism development was part of a shift in policy towards export promotion, as illustrated by the Enterprise Incentives Act of 1984. Under the Act, tax holidays and the repatriation of profits were granted to export enterprises; tourism was, however, not included as an eligible export sector (TCSP 1992a). Moreover, the tourism master plan has never received Cabinet approval (TCSP 1992a). These nondecisions clearly illustrated a remaining ambiguity about tourism development. The SPTO (TCSP 1992a: 52) explicitly noted

a dichotomy of words and actions in tourism policy. Indeed, this lends credence to the private sector view that government has been ambivalent about tourism development, paying lip service to the idea but lacking the necessary commitment in practice.

This ambivalence about tourism appeared to be tied to Samoa’s history of resistance to external intervention in their country and culture (Scheyvens 2002b). As a consequence, today more than 90 percent of Samoa’s tourism enterprises are locally owned, which implies a high degree of support for the local economy (Scheyvens 2002b, Twining-Ward and Twining-Ward 1998).

8.4.2 The 1990s

Real government commitment to tourism development was created by two interrelated events: natural disasters and structural adjustment. In the early 1990s, Samoa was struck by two severe cyclones and suffered taro blight, which destroyed much of its agricultural crops and caused plummeting export revenues (IMF 1999, Samoa Observer 1994c). Many Samoans began to operate small-scale tourism businesses such as beach fale because they perceived community-based tourism to be largely in line with the fa’a Samoa and to reduce their vulnerability if another cyclone struck (Samoa Observer 1994d). Moreover, tourism’s foreign exchange earnings became increasingly important as a replacement for lower earnings from agricultural exports (Scheyvens 2002b, Twining-Ward and Twining-Ward 1998).
The government requested another tourism development plan, this time from the SPTO (then still called the Tourism Council of the South Pacific), which was funded under the EU’s Pacific Regional Tourism Development Programme (TCSP 1992a) (see chapter seven). Yet according to Scheyvens (2002b: 2) “even then did they not want to encourage mass tourism or the development of large-scale resorts”. Rather did the government’s cautious approach, as well as the pattern of tourism development itself mirror the country’s strong traditions and way of life (the fa’a Samoa) (Pearce 1998, Scheyvens 2002b). The government’s terms of reference for the SPTO’s tourism plan indeed emphasised small-scale development, local ownership and the retention of benefits in the local economy (Pearce 1998). The plan itself (TCSP 1992a) reflected the terms of reference in a discursive manner, rhetorically emphasising the need to avoid mass tourism and to retain the high levels of local ownership. However, its explicit recommendations somewhat contradicted these aims (Pearce 1998). The plan called for the establishment of a number of high quality beach resorts in order to attract high-paying package tourists (TSCP 1992a). It further recognised that due to limited domestic capital increased rates of foreign investment would be necessary to finance such high quality resorts. Therefore, a number of explicit proposals for new government legislation were outlined, such as tax holidays and duty free imports for hotels and resorts, and the elimination of restrictions to the repatriation of profits in the tourism industry (TCSP 1992a). In short, the plan proposed to liberalise the economic and financial environment of tourism in order to generate tourism growth based on (mainly foreign-owned) high-quality beach resorts.

8.4.3 Economic Reforms

Despite the implementation of some of the plan’s recommendations and somewhat increased government commitment to tourism development (Pearce 1998), the government was still reluctant to accept tourism as a lead sector in the economy. As a former Samoan Minister noted while “Samoa has recently decided to put greater emphasis on the development of tourism, … tourism is not about to replace agriculture as the backbone of the country’s economy” (Samoa Observer 1992). The recommended tourism investment incentives, for example, were not implemented until 2003 (Government of Samoa 2003). It took another wave of economic reforms supported by the ADB, World Bank and IMF (Knapman and Saldhan 1999, UN 2005, World Bank 2002) for the government to become truly committed to developing
tourism and elevating the sector’s role to taking the lead in Samoa’s economic development. In the mid- to late-1990s, Samoa was subject to wide-ranging tariff and tax reforms that were supported by an ADB loan and followed a World Bank evaluation (Knapman and Saldhan 1999, UN 2005). Reform measures included the introduction of a 10 per cent Value Added Goods and Services Tax (VAGST) in 1994, as well as significant tariff cuts and the liberalisation of the financial sector in 1998 (World Bank 2002). The reforms resulted in rapid economic growth in the late 1990s, which rendered Samoa the Bretton Woods organisations’ ‘figurehead’ for economic reforms in the South Pacific (World Bank 2005, Pacific Magazine 2006b).

Despite the remarkable macro-economic performance in terms of economic growth, rise in foreign reserves and a decline in external debt (IMF 1999), there was a growing concern about the reforms’ impact on local people (Tuilaepa and Nartea 2002). In particular the VAGST caused “frustration and anger” (Samoa Observer 1994e: 1) due to a significant increase in the cost of living. With the VAGST also imposed on schoolbooks, people feared to be unable to afford sending their children to school (Samoa Observer 1994f). The VAGST was perceived to be “hurting people so much that a number of villages [were] uniting […] to combat] government policies that adversely affect the national wellbeing” (Samoa Observer 1994f: 1).

Despite such local resistance, the government not only kept the VAGST but also raised it to 12.5 per cent in 2004 (UN 2005). It might well be argued that the government had no choice but to do so once it had decided to liberalise the economy. Opening up the economy in terms of reducing tariff barriers, as under the forthcoming EPAs or within the framework of the WTO for instance, can have a significant impact on government revenues, as particularly small island states are highly dependent on tariff revenues (Salama and Dearden 2001). The VAGST is an effective tool to offset such revenue losses; however, it is not without its social costs. As a SUNGO representative (2006a) noted

they [government] have to reduce tariffs, so they hit us with very high VAGST. Even the poor get to pay. It’s OK overseas because you have a safety net … The only safety net we have is our land and to live off the family network. They have to strengthen the traditional family network [but instead] it is going to be eroded. Traditionally we gave things for free … Money is ruining a lot … In villages we have all the obligations, church, school … Things we used to do free, we now need money … For economic growth they [government] put value
to money, not to traditions. [There is a] traditional breakdown, so people get very confused.

The reform process required significant adjustments not only on the side of local people who were ultimately affected, but also in terms of structural adjustments of the relative importance of economic sectors.

8.4.4 Economic Restructuring: The Growing Importance of Tourism

As in the case of Fiji, and indeed all countries that opened up previously protected industries and adopted outward-looking policies (Hill 2002), international competitiveness played a largely enhanced role in a liberalised environment. The identification and promotion of sectors of comparative advantage became key to economic development, which was recognised by the Samoan government when it created the Trade and Investment Promotion Unit (TIPU). Apart from having attracted a Japanese company constructing wire harnesses in Samoa, the government’s attempts to promote the establishment of profitable export products have only seen limited success. Samoa has remained largely dependent on fisheries and agriculture as export sectors (Cleverdon Associates 2003). However, tourism has surpassed all other sectors and has become Samoa’s number one export earner (Samoa Observer 1992, Whitney 2003). The pattern is again comparable to the Caribbean (bananas) or Fiji (sugar) where tourism has become increasingly important as one of only very few sectors of comparative advantage, making up for losses in more traditional export sectors – despite the severe concerns that go alongside a promotion of the sector. Amongst others, long-distance air travel to the remote PACP is environmentally unsustainable and contributes negatively to climate change. Nonetheless, also in Tonga, as the Minister of Labour, Commerce and Industry (Sevele 2006: 1) noted, of the three areas of comparative advantage (agriculture, fisheries and tourism), “[t]ourism is one area I believe has the best potential for us. […] In goods,] what are we going to compete with people in New Zealand and Australia with? Nothing.” In Samoa, it is also fisheries, agriculture and tourism that have some potential (Whitney 2003).

However, fish stocks have been declining which according to Samoa’s Chamber of Commerce Secretary (Boyle quoted in Whitney 2003: 1) “has been dramatic. We need to look at building the tourism and agriculture sectors, too. These are the only two
areas where Samoa has a competitive advantage”. Yet, Samoa’s agricultural products have been hardly competitive on the global marketplace and would need protectionist measures against much cheaper produce from abroad (Narsey 2004). Given multilateral (WTO), as well as bilateral (EPAs, PACER) liberalisation, such measures have been out of the question. Along with other Pacific Island states, Samoa has in fact become intertwined in a whole network of parallel trade agreements (figure 7.1).

![Diagram of South Pacific Trade Agreements](image)

**FIGURE 7.1**

A Network of South Pacific Trade Agreements

(Source: ECDPM 2006: 5)

When the EPAs and PACER come into effect, Samoa will be part not only of these, but also SPARTECA (a preferential trade agreement with Australia and New Zealand; then part of PACER), the WTO, as well as PICTA - an intra-Pacific Islands trade agreement. In this respect Samoa is only surpassed by Papua New Guinea, Fiji, Vanuatu and the Solomon Islands, which are also members of the so-called Melanesian Spearhead Group (MSG). All these agreements exert increased pressure in terms of competitiveness, also between the islands. As a SUNGO representative (2006a) explained
Fiji is mass producing taro. New Zealand buys Fijian [not Samoan] taro because it is cheaper. New Zealand imports coconut cream from Thailand. We had three coconut factories here, now only one is left that barely survives. No one cares about us ... When it comes to the small island countries, they just step on us like cockroaches.

Similarly, an official of the Samoan Tourism Authority (STA official 2006) observed, “we don’t have much to export to begin with. The WTO is going to kill us off ... This only leaves tourism”. Particularly in the agricultural sector the competition would simply be too intense, causing even more fertile land lying unused (STA official 2006). However, even if some products had the potential to be competitive in a liberalised environment (SAME official 2006), certain non-tariff barriers that restricted Samoa’s capacity to trade have remained in place. Samoa’s agricultural products face non-tariff barriers in terms of sanitary and phytosanitary restrictions such as the kava ban in EU countries or the strict sanitary and quarantine requirements in New Zealand and Australia (Narsey 2004, SAME official 2006).

They say Cotonou is helping the poor, how is that going to happen if all these barriers are put up. They are setting up ridiculous barriers. New Zealand has more fruit flies than we do. They [New Zealand] found one dead ant and they destroyed the whole shipment of ladyfinger bananas. The farmer has just gone broke (SUNGO representative 2006a).

These circumstances leave tourism as the most promising export sector. Overall, these observations are not as removed from the ‘people on the ground’ as one might expect. Despite the perceptual distance between supranational measures and negotiations (for example the WTO) and the people who are affected, various Samoan farmers (or former farmers) the author spoke to were fully aware of the connections between supranational constraints and their embracing of tourism. For example, a Samoan tourism entrepreneur (2006) observed,

agriculture is now secondary [export earner after tourism] despite the fact we have so many agricultural experts with degrees - even myself with a Diploma in Agriculture and a Bachelor of Agriculture with a PGrad ....I’ve given up! ... Even if we [our farms] are commercialised to favour exporting overseas, quarantine regulations [are] the culprit (fruit fly); it is even more exacerbated by the fact that new WTO Trade rules [are] a disincentive really for smaller island states and there is a possibility that they [Samoan farmers] will have to compete with ... cheaper [products] from other parts of the world. Tourism? Certainly- easy like Sunday morning!
The relative ease of tapping into tourism, as well as the fact that the trading environment has certainly not been supportive of the needs of Samoan farmers has seen many Samoans switch from agriculture to tourism (Samoan tourism entrepreneur 2006, Samoan tour guide 2005, STA official 2006). “They think it’s easier money” (STA official 2006). Hence, even if most people in the villages (particularly farmers) without a comparable educational background as the entrepreneur quoted above have never heard of the EPAs or the WTO, they have been acutely aware of the indirect impacts ‘on the ground’, such as declining prices for their products (STA official 2006, SUNGO representative 2006a, b).

They [people in villages] don’t understand. They are not informed. You’ll be lucky if you find someone in the public sector who knows about EPAs, so how should the people? How can they make informed decisions? And how do you expect the people in the villages to access decisions in government and the EPAs and the WTO? The government is not looking at the impact (SUNGO representative 2006a).

The lack of transparency and information may be interpreted as an exercise of the third face of power. As outlined in chapter three, the SO exercises power if it refrains from dismantling structural constraints (such as a lack of information) that inhibit the powerless to recognise their objective interests. The consequence is support for the status quo which benefits the powerful. As already noted, a consequence of the indirect impacts of supranational trade measures on the ground, coupled with a lack of information on how to counteract was that many people in villages have tapped into tourism. The growing importance of tourism as prime export revenue earner has been recognised - and promoted - by the government and is now reflected in Samoa’s various economic development plans.

8.4.5 Public Policy: Tourism as Focal Sector

Where tourism used to be tolerated rather than encouraged, the government has become fully committed to its development. The government elevated tourism to being one of nine economic lead sectors in 2002 (Government of Samoa 2002), and one of only six in 2005 (Government of Samoa 2005). In fact, the government has now tended to go beyond the recommendations set out in the new tourism plan that was funded with aid from New Zealand and designed by Tourism Resource Consultants (2002) for the period of 2002-2006. The new plan replaced the EU-funded 1992-2001
plan that was drawn up by the SPTO (TCSP 1992). As its predecessor, the new plan (Tourism Resource Consultants 2002) advocated controlled tourism growth based on high-quality, small- to medium-sized beach resorts. It emphasised the ‘small-scale’ and ‘locally-owned’, noting that with “the emphasis the plan puts on small (twenty to thirty rooms) accommodation units and Samoan-owned SMEs in rural Upolu and Savaii, leakages from tourism can be expected to decrease” (Tourism Resource Consultants 2002: 87). However, this failed to acknowledge the difficulty to obtain funding for small-scale, locally owned businesses. The limited domestic funding base was indeed recognised as the major reason for a lack of implementation of the 1992-2001 plan (Tourism Resource Consultants 2002). Instead of building high-quality beach resorts as the plan had advocated, numerous small-scale and lower-quality guest houses and beach fale have sprung up, which “appeared to reflect what the local economy and society could provide in terms of finance, available land and entrepreneurial skills” (Pearce quoted in Tourism Resource Consultants 2002: 59). This raised the question how the local economy and society were now meant to provide the ‘high-quality’ tourism recommendations set out in the new plan.

Local beach fale operators have continued to face the problem of funding shortfalls limiting possibilities of quality upgrades, and would-be entrepreneurs interested in setting up high-quality SMEs have tended to split on the lending banks’ rigorous demands for return on investment (Beach fale operator 2006a, b, Samoan tourism entrepreneur 2006). Development banks such as the EIB have become increasingly market-oriented and tended to demand returns approximately 10 per cent higher than in larger and less risky economies (small island states and the South Pacific in general have been perceived as high-risk investment destinations) (Grynberg and Onguglo 2002). This implied that banks tended to favour large-scale developments (see also Honey 1999), or as a Samoan tourism entrepreneur put it, the money went to the “bigger boys … I am waiting for the day when the lending institutions will assist the beach fale operators given the constraints with land tenure and relevant security for bank reasons” (Samoan tourism entrepreneur 2006a).

Banks are not doing anything for the poor beach fale. Now it’s very pro-rich, even rules of the donors are pro-rich, they don’t support the beach fale. Also government does not help, their policies were based on ‘those people [fale operators] can’t be helped’, which is wrong. We need a body with funds for fale, aid could help (Samoan tourism entrepreneur 2006b).
The EIB’s portfolio of lending for tourism in the South Pacific clearly mirrored this trend, with funding being concentrated in the most developed tourism destination (Fiji) and in large-scale (multinational) hotels: Fiji’s Sofitel Denarau (EC 2005g), Novotel and Outrigger resorts received substantial loans (EIB no date). Given the EC’s emphasis on tourism being a private-sector activity and hence, eligible for loans (EIB) rather than grant aid (see chapter six), this trend could have severe implications for local people ‘on the ground’ who might have even less access to funding. The EIB’s multi-million investment in a South Pacific Investment Facility aimed at SMEs might be a step in the right direction (EC 2004a).

The government of Samoa has become aware of the dichotomy between both plans’ recommendations and the reality on the ground. In 1995, Samoa’s visitor board commissioned a study on investment requirements for tourism development (Pacific International Consulting Network 1995). The study concluded that of the WST 12.9 million [EUR 3.6 million] per annum needed for the implementation of the 1992-2001 TCSP plan, only WST 2 million [EUR 0.6 million] could be provided domestically. The remaining WST 10.9 million [EUR 3 million] would need to be attracted from overseas. “The size of funds requirement in relation to the size of Samoa’s economy dictates that an aggressive and radical initiative by Government is needed” (Pacific International Consulting Network 1995: 6). In its Statement of Economic Strategy for 1996-1997, the government hence emphasised its intention to provide the right investment climate and to make land easily available for tourism development (Government of Western Samoa 1996). The Foreign Investment Act of 2000 (Government of Samoa 2000) established a largely liberal investment environment, and the 2003 Tourism and Hotel Development Incentive Act (Government of Samoa 2003) explicitly targeted tourism investors with wide-ranging concessions. As already noted, the government also recently decided to ease the process of land leasing by acting as an intermediary between investors and landowners (STA official 2006). These bold measures were certainly necessary from the government’s point of view given its increasing dependence on tourism revenues.

Due to its need for a profitable tourism industry able to take the lead in economic development, the government in fact went beyond the tourism plans’ recommendations. It increasingly envisaged large-scale developments, irrespective of
whether these would be locally owned or not. In the draft *Tourism Sector Strategic Plan* of 1997 (Planning and Policy Division 1997: 23) the government noted “it may be more difficult than originally expected to achieve the projected growth in holiday visitors in Western Samoa while at the same time attempting to accommodate the majority of these visitors in smaller scale resorts.” Similarly, in the *Sectoral Planning Manual: Samoa* of 1999 (Government of Samoa 1999) the number of additional rooms required was revised upwards. Moreover, in a discursive manner the government defined ‘small scale’ accommodation facilities as those having less than 100 rooms (Government of Samoa 1999), although the majority of Samoa’s accommodation facilities have less than ten rooms (Tourism Resource Consultants 2002). The 1992-2001 plan defined ‘small to medium sized’ accommodation facilities as having between twenty and 100 rooms (TCSP 1992), while the new plan (Tourism Resource Consultants 2002) perceived ‘small scale’ as having less than thirty rooms. The government’s definition hence went well beyond these (already disproportionate) conceptionalisations, which illustrated the government’s vision of fostering truly large-scale tourism development. In fact, in the *Sectoral Planning Manual: Samoa* (Government of Samoa 1999: A-21) Fiji was presented as a role model for tourism development in Samoa, noting that “based on Fiji’s experience, it is not the smaller size facilities that attract the higher paying ... holiday visitors, but rather the larger size facilities.” The ADB made a similar recommendation, advising the government to promote the establishment of a ‘name brand resort’ (ADB 2000).

8.4.6 The Impact on the Ground

The current strategy of both government and supranational lending institutions discriminates against the small locally-owned, lower-quality beach *fale* and guesthouses while favouring hotel chains and foreign investors able to provide large-scale resorts. Samoa’s high rate of local ownership can certainly not be kept if Fiji-style development is envisaged. In Fiji, local ownership amounts to a mere 6 per cent (Narayan and Prasad 2003). So far, societal structures have prevented substantial tourism growth led by international hotel chains. Conflicts over land titles, as well as suspicion towards foreign investors have prevented several major hotel developments. For twenty years the Intercontinental, for example, has unsuccessfully tried to secure a lease (Jolly 2006, Samoa Observer 1994g). As Jolly (2006: 1) noted,
[f]or the moment, at least, Samoa shows no signs of becoming the next Bali. ... Whereas a long list of foreign hotel developments has sunk into the quagmire of fractious land-lease negotiations, the initiative to target simple, traditional units to visitors has been championed by the indomitable force of the Samoan family.

Moreover, for many Samoans large-scale hotel developments do not fit with the fa‘a Samoa. “The ‘learning’ you receive from this destination is from the local rural operators, not from a five-star hotel ... with all the trimmings” (Samoan tourism entrepreneur 2006a). One local entrepreneur (quoted in Jolly 2006: 1) noted that “[i]t would take a whole change in the way of life to get Samoans to man a Hilton. ... Half the staff would be late, the other half wouldn’t turn up because there’d be a wedding on the other side of the island”. ‘Island time’ (see also Gössling 2003b) and private enterprise do not easily mix. Even an official of the Samoan Tourism Authority (STA official 2006) felt some resentment about the direction tourism in Samoa was taking: “We don’t want to end up like Hawaii or Fiji ... But right now growth is too fast”. A representative of the Samoan Umbrella for NGOs (SUNGO) was particularly concerned (SUNGO representative 2006a):

Big hotel chains will come in and lease the land. Who’s going to work in 5-star hotels? They have to bring in expatriates. Samoans will be cleaners and do the maintenance. The EU should fund more training. Eventually [Samoan] will turn into Fiji ... In Fiji, hotels are making money out of their ears. Landowners don’t get anything compared. At ... [one of the foreign-owned upmarket resorts in Samoa] people don’t get anything. [The resort is] on the land they used to plant taro, now they’re stripped off the way to get income. They’re left with nothing but a little rent.

Similarly, a local tourism operator observed “[i]f a Sheraton goes up, it will be the beginning of the end. We’re different from other places” (quoted in Jolly 2006: 1). Arguably it will not be long until Samoa gets its first Sheraton. Warwick International is currently building a five-star beach resort in Vav’au (Pacific Magazine 2004) and several other multi-million dollar hotel developments have been approved (SPTO 2004a). In 2004, the amount of approved investments in accommodation facilities came to US$ 30 million [EUR 23 million] putting Samoa almost on the same footing as New Caledonia. Only Fiji received substantially more investment (figure 7.2). The current use of Fiji as a role model for Samoa’s tourism development also becomes apparent with regard to investment proposals. According to an American investor, the exclusive resort he is about to construct in Samoa’s Mulifanua area is geared towards,
and expected to rival Fiji’s Denarau Island which is the largest integrated resort in the South Pacific (Tavita 2005). All in all, the tourism landscape in Samoa is likely to undergo some significant changes, not least due to the Australian budget airline Virgin Blue now serving the country (Polynesian Blue no date). Whether such changes, which are certainly in line with the government’s interests due to its need to generate foreign exchange, ultimately constitute dis- or empowerment for Samoans ‘on the ground’ remains debatable and is relative given that Samoa has a multi-faceted society.

![Level of approved Investment](image)

**FIGURE 7.2**

Tourism Investment in the South Pacific

(Source: SPTO 2004a: 1)

On the one hand, there is a considerable amount of people who are still opposed to, and not involved in, tourism development *per se* (SUNGO representative 2006a, b, Samoan reverend 2006). They are valuing the *aiga* system with its communitarian as opposed to individualistic values and believe the cash economy would harm these. “The people who are not involved [in the tourism industry] are the ones you should talk to. ...People who are involved in tourism say it’s good because they get the money” (Samoan reverend 2006). Some comments which were raised during the informal conservations with locals included “we will lose our culture”; “tourism goes against fa’a Samoa”; “we don’t want them here [the tourists]”. Moreover, most *faifeaus* (priests) have traditionally been against the development of tourism (Samoan
destroying everything. Our culture. [I am] sad that we begin to sell our culture which is very sacred to us. [Sacred objects] are sold at the market to tourists … Tourists should obey the village protocols [but] we can’t control it. Some villages want tourists to go to church on Sunday but I saw a tourist who went to church drunk … [We have] already too much tourism. Tourism is already breaking up families, … [there are] lots of arguments about land. What about long term? Tourism money is short term … [We should] go back to subsistence living.

The second category of ‘disempowered’ people encompasses Samoans who own and run their own local tourism enterprises that would be pushed out of the market due to increased competition from the proposed ‘high quality’ establishments. According to a SUNGO representative (2006b) “foreign investors have no competition. [They are] going to displace all the small fale”. As some locals commented “we like the fale. But they are disappearing.. There will only be big hotels soon”. Another Samoan agreed, adding that “my family has a fale business. But they cannot afford it much longer.” Moreover, local suppliers might be displaced through higher import requirements of resorts (WTO 1984). The SPTO’s study on tourism-agricultural linkages showed that while much of the required produce might be available locally, prevailing attitudes among hotel or resort operators and chefs on quality and availability frequently prevented its usage (TCSP 1989).

Moreover, as outlined above, a wide variety of Samoans are not opposed to tourism *per se* as long as it is perceived to fit with the *fa’a Samoa*. In general, they are in favour of locally-owned guesthouses and beach *fale* and opposed to large-scale foreign-owned resorts and hotel chains. “Small ones [tourism enterprises] are acceptable by the locals. I like the fale. Go to Hawaii for five-star hotels and leave us. I think people are happy as they are” (SUNGO representative 2006a). Conversations with locals confirmed this: “I like the *fale* not the hotels”; “*fale* are Samoan; they are OK”. Among all people interviewed for this study, even the most ‘tourism sceptic’ interviewee, the Samoan reverend (2006), perceived small-scale, locally-owned beach *fale* as “acceptable by many people”. In support of this view it must be noted that most foreign investment in tourism in ACP countries has in general been channelled into ‘tourist enclaves’ with limited benefits to the (local) economy and society except
for government revenue (McQueen et al. 1997). Particularly from a perspective of tourism’s cultural impacts one may differentiate between large-scale hotels and resorts and small-scale beach fa’ae. The latter usually allows the maintenance of a certain way of life, including other (subsistence) economic practices; land-use patterns; family practices (the fa’a Samoa) – the fa’ae business merely constitutes a supplementary income generated on family land. Hotels or beach-resorts on the other hand, require not only a complete change of everyday practices, but also one of mentality. As already noted, ‘island time’ might not go hand in hand with the Western notion of efficiency. Reliable and quick service, as expected in a quality establishment, therefore requires staff to adapt.

On the other hand, evidence from observation suggests that many Samoans appreciate a growth in tourism - be it via foreign investment or not - simply to increase their opportunities to participate in the cash economy (see also Twining-Ward and Twining-Ward 1998). According to a Samoan reverend (2006) “many [Samoans] are against tourism but many like it because [Samoa’s economy is more] monetary; everyone needs money”. From this perspective, a dismantling of constraints to tourism growth, including the facilitation of foreign investment or land leases, implies an empowerment of those people who perceive ‘development’ lying in Western style progress and the mere opportunity to generate income. Such a view should not be rendered illegitimate based on some romanticised notion of self-sufficient and communitarian village life. In which manner ‘development’ is to be perceived or achieved must be decided by affected people themselves (Salazar 2004). Cultures and societies evolve with or without the influence of tourism (Tucker 2003). According to Lea (1980: 213)

[t]ourism is an outward and visible manifestation of much that is exploitative, intrusive and garish in Western culture but its total impact is probably slight compared with urbanisation, industrialization, education, television, newspapers, political ideas and the operations of transnational corporations in other industries.

As a STA official (2006) cynically remarked “we’re going to lose our culture anyway, but perhaps compared to Fiji not that quick”. One should therefore not prescribe any correct form of development, especially not if based on the researcher’s own role as tourist aiming to preserve the ‘exotic’ in order to retain authenticity for the visitor experience (see also Salazar 2004).
As some villagers, however, noted during informal conversations their appreciation of the tourism industry was largely due to a perceived lack of opportunities in other sectors, especially farming. Statements such as ‘we do not get enough for our agricultural products’, ‘no one wants to buy our products’ or ‘there is only one big factory [providing jobs] in Samoa’ were frequently expressed. Hence, as already noted tourism is a quick fix – if not the only fix – for Samoans wishing to participate in the cash economy given severe constraints within the overall economy and international trading system. Only if these constraints were dismantled, one could speak of ‘true’ empowerment. For example, aid or loans could be made easily accessible for small-scale businesses, farmers could be subsidised, and WTO rules - as well as the EPAs - could be made more supportive of small island states (that is through special and differential treatment). If people were still in favour of large-scale tourism development based on foreign investment under such enabling conditions, then one would have to argue that it was in their objective interest. However, such measures stand in opposition to the current environment of neo-liberal economic governance and are therefore unlikely to be used in practice (Jaakson 2004, Schilcher forthcoming).

8.5 Summary

The chapter demonstrated that supranational trade negotiations, such as those on the EPAs, as well as structural adjustments promoted by SOs are not merely an obscure exercise of power totally removed from ‘the people’. While they are removed in that people ‘on the ground’ have hardly any decision-making power or influence, they have nonetheless a substantial impact on the daily life of people living and working in the South Pacific. It has not been argued that, for instance, the construction of the Warwick International resort in Samoa has been the direct result of supranational trade agreements. Rather, it has been shown that there are connections, no matter how subtle and covert they may be, between such macro measures and development philosophies and micro manifestations – the latter not only changing Samoa’s tourism landscape but also contributing to a change of societal structures and the way in which people perceive and shape their lives. Overall, this chapter added the final piece to the puzzle on the EU’s involvement in tourism in the South Pacific. The entire multi-level polity has now been assessed, and the key findings are synthesised and integrated with the literature in the following concluding chapter.
Chapter 9: Conclusion

9.1 Introduction

Overall, this thesis aimed to analyse how and why supranational organisations (SOs) get involved in the governance of tourism in developing country small island states. In order to address these aims, a theoretical framework was developed that integrated the organising concept of governance with the concept of power. The framework was then applied in the context of the case study: the EU’s involvement in the governance of tourism in the South Pacific Island region. The analysis encompassed all levels of governance from the macro down to the micro level. It addressed power relations in the negotiations on aid and trade agreements, the impact of an exercise of power in the supranational sphere on regional and national tourism policy, as well as how supranational (non-) decisions filtered ‘down to the ground’. This chapter first restates the aims in relation to the findings, followed by a summary of the key results, set in context with the broader literature. Thereafter, this thesis’ contribution to academic knowledge is outlined before attending to its limitations. The chapter concludes with the emerging key issues and suggestions for future research.

9.2 Addressing the Aims

First, this thesis aimed to investigate why SOs get involved in tourism:
   a) Why has tourism been included in supranational aid and trade agreements and in which manner does the industry fit within the development philosophy of a ‘Western’ SO engaged in aid and trade with developing countries?
   b) Why is power exercised within negotiations, shaping the potential for free choice of aid recipient countries (the question of empowerment)?

Second, it aimed to analyse how SOs govern tourism:
   c) How is power exercised in the context of supranational governance of tourism in small island states?
   d) How do SOs influence tourism policy in the regional and national context and how does supranational governance affect ‘people on the ground’?
9.2.1 Research Question a)

The research questions a) and b) were primarily addressed in chapter six which dealt with the macro context of aid and trade negotiations between the EU and the (Pacific) ACP countries. Despite having accorded much weight to the ‘positive face of power’ – empowerment – within the theoretical framework, the case study was marked by a disproportionate occurrence of the ‘negative faces’. Under Lomé I and II, the relationship between the EU and the ACP was marked by interdependence (EU dependence on raw materials; ACP dependence on aid), which did not constitute a source of powerlessness unless the interdependence was asymmetric (see literature review chapter three). By the time Lomé II expired, the ACP had become fully dependent on EC aid while the latter had become less dependent on the ACP – asymmetric interdependence had been established (table 9.1). With growing structural powerlessness due to changes in the geo-political environment, as well as in ‘development ideology’, the ACP states in general and the South Pacific Islands in particular were subject to various ‘defeats’ under the overt first face and the covert second and third faces of power. Moreover, they gradually ‘acquiesced’ to a neoliberal development ideology, agreeing to measures, such as the EPAs, which they were previously opposed to.

Tourism fitted very well into the EC’s development philosophy under Lomé III and IV, which emphasised diversification away from traditional ‘export staples’ particularly in small island states. Moreover, tourism could be integrated with the EC’s market access strategy that aimed at opening up markets for EU commercial interests. Since the late 1990s, however, a shift has taken place in DG Development’s thinking with regard to aid for tourism. The sector no longer fitted with the DG’s approach to development; instead, tourism was now the realm of the EIB and CDE. The shift of aid into the private sector realm had an effect on the ability of South Pacific countries to attract EU aid for tourism, and to include the sector in development cooperation programmes.

9.2.2 Research Question b)

During Lomé I until IV, the (non-) inclusion of tourism in the agreements was indeed the choice of aid recipient countries. However, the ‘alliance of interests’ of actors who
wished to include tourism in Lomé III and IV did certainly not encompass all South Pacific states, let alone the whole ACP. At first, Fiji was the only South Pacific country that overtly encouraged tourism. Due to other ACP states (predominantly the Caribbean) and the EC itself being supportive of tourism in the 1980s, Fiji – the ‘aid recipient’ – received what it wanted.

However, the question whether this constituted ‘true’ empowerment in terms of dismantling structural constraints and enabling choice had to be addressed in relation to other states’ interests. Within the ACP, the ‘pro-tourism’ alliance (Fiji, Caribbean, a few African states) was numerically inferior to the group of states that were not particularly supportive of a major tourism component in Lomé (the majority of African ACP states, and most South Pacific states until Lomé IV). It is therefore reasonable to suggest that the result of including a tourism component in Lomé III and IV was primarily due to the EC’s support. DG Development’s pro-tourism attitude of the 1980s and early 1990s constituted empowerment for some (Fiji, Caribbean) as these actors did not face any structural constraints - set and embodied by the EC as being both agent and structure - to the realisation of their interests. For the non-tourism alliance on the other hand, which aimed to emphasise other sectors, the EC’s pro-tourism attitude constituted a structural barrier and ‘dis-powerment’.

9.2.3 Research question c)

As the previous two sections demonstrated, power was in fact exercised under all faces of power at the macro level, with empowerment, however, falling behind the ‘noxious’ faces of power. Under Cotonou, ACP states in favour of major tourism programmes (by now virtually all South Pacific states) faced structural constraints due to DG Development’s attitude, which was no longer supportive of aid for tourism. However, as chapter seven demonstrated, there were certain ‘weapons’ the powerless could draw on in order to get what they wanted. In the SPTO’s case these were adaptation to the EU’s rhetoric and funding instruments. In the context of the macro negotiations, there was the option to lobby in parliament, and to include a tourism component in the EPAs. The latter constituted a case in which an exercise of the third face of power led to negotiations on an EPA in the first place (the EC’s interest), yet where the powerless aimed to shape the agreement in a direction that addressed their interests. Whether
these interests also corresponded to those of the ‘people on the ground’ was a different question altogether.

As chapter seven demonstrated, the EU exercised power predominantly under the second face of power in the case of the SPTO. Its influence on national tourism policy, however, occurred under the third face. The case studies of Fiji and Samoa illustrated how changes in the macro aid and trade environment (the EPAs; end of preferential trade agreements) may have had a significant impact on the relative importance of tourism in national economic policy. Due to small island states facing structural constraints to their economic development (such as a lack of resources and distance from international markets), tourism constitutes one of only very few sectors of ‘comparative advantage’. Samoa implemented wide-ranging economic reforms in line with neo-liberal principles that were supported by a variety of SOs (question d). An increasing government commitment to developing tourism was set in context with the reform process. It has been argued that within a liberalised trading environment, small island states with their generally low diversification potential would increasingly depend on tourism. SOs pushing for neo-liberal policies irrespective of the local context by de-legitimising alternative development paths (third face) may therefore be perceived as indirectly contributing to an increased tourism dependency in many small island states. In the context of the South Pacific, the stimulation of tourism growth necessarily has to occur via an attraction of foreign direct investment given an insufficient domestic funding base. Again, as pointed out in chapters seven and eight, such a move constituted empowerment for some and ‘dis-powerment’ for other actors ‘on the ground’.

9.2.4 Research question d)

Both chapters seven (SPTO) and eight (Samoa) integrated the micro level in the analysis. It was demonstrated that interests varied widely and that a (non-) decision that benefited one group might well be to the disadvantage of another. The SPTO’s ability to redefine its role in line with the EC’s priorities in order to secure continued funding for tourism might be interpreted as (self-) empowerment on part of the organisation and its large private-sector members. The result of the SPTO’s change in structure and work programme adapted to the EC’s interests was an even more pronounced bias towards industry growth and facilitating FDI. The increasing voice of
its predominantly large-scale and Fiji-based members, coupled with influence from non-Pacific countries induced a further bias against the developmental needs of small businesses, less developed member countries, and certainly Pacific Islanders who were ambiguous about tourism development per se. The SPTO’s new role as ‘facilitator’, rather than being involved in micro development projects constituted empowerment for some and ‘dis-powerment’ for others.

The SPTO case clearly illustrated the influence of the EC on regional governance of tourism. The EC’s influence over its tourism aid programmes in the Pacific was rather subtle and covert, yet nonetheless existent. With the onset of Phase II of the PRTDP, when the SPTO became RAO, ownership of the programme was transferred from the independent Forum (Sofield 2003) with the EU merely being donor to the SPTO, which itself might be perceived as “the EU’s baby” (DG Development official 2006). The perception of the EU owning the PRTDP and hence the SPTO has, however, not been the intention of the EU. In fact, EU officials felt much resentment on the issue of aid dependency and strongly pushed for the SPTO’s financial self-sufficiency (DG Development official 2006b, official EC Delegation for the Pacific official 2006). In fact, as the programme progressed, the EU “wanted to get out” (DG Development official 2006b), which also illustrated EU decision-makers’ changing attitude towards tourism.

Other than aiming to exercise direct influence on the PRTDP or tourism in the South Pacific in general, under the first (overt) face of power the EU primarily responded to requests from Pacific actors: be it a regional IGO (the SPTO for example) or governments. While in the first instance, the PRTDP may have been partly donor-driven through the EU’s suggestion to fund such a programme, the latter stages were clearly characterised by the SPTO’s and governments’ requests for continued funding for tourism. The EC itself never took much interest in the overall design of the PRTDP and never perceived to have exercised any overt influence (Cleverdon Associates 2003, DG Development official 2006b and c, EC Delegation for the Pacific official 2005). The actual influence was clearly unobservable and hence fell under the second and third face of power. Apart from the initial decision to fund a tourism organisation, the EC invisibly influenced the design of tourism programmes in the South Pacific – and who ultimately benefited - through rules, procedures and ideology towards development. The influence of its consultants, EDF rules on aid allocation and a
changed ideology on development – increasingly neo-liberal, shifting emphasis on the private sector and changing funding instruments – covertly induced the SPTO to change its structure and work programme.

9.3 Key Findings in the Context of the Broader Literature

Overall, the findings are predominantly supportive of the few studies on SOs and tourism that adopted a critical perspective (Gössling 2003a, Honey 1999, Mowforth and Munt 1998; to some extent Hall 2004a, 2005, Sofield 2003), while being largely incompatible with the liberal functionalist accounts (Holder 1996, Olds and Ide no date, Pernia 1999, Timothy and Teye 2004, Yamakawa 1999). Particularly Gee’s (1997) claim that SOs’ involvement occurred in the common interest must be juxtaposed to the findings of this study, which indeed suggested something quite contrary and constitute a new theoretical position within the tourism literature: SOs can only ever serve sectional interests. In a North-South context, these sectional interests mirrored the interests of the SO’s Western member states including their business community and voters. Only if the interests of the South, or of actors that formed part of the South’s negotiating groups, were in sync with these ‘Western’ interests was the SO in a position to serve these ‘Southern’ interests, as well. For example, the inclusion of tourism in Lomé III and IV corresponded to the interests of various actors from the South. But it has also been argued that these interests were only served because they corresponded to the SO’s interpretation of development, on top of the interests of the SO’s business community. At the point when the SO’s interests and ideology had changed (under Cotonou), it no longer served the interests of the Southern states who demanded continued support for tourism. Moreover, from a micro perspective the divergence of interests was shown to be even more pronounced, which rendered it simply impossible to serve the interests of the ‘entire world community’ (Gee 1997).

Furthermore, the findings contradict the liberal functionalist claim that SOs are apolitical entities that merely fulfil efficiency enhancing, cooperative functions for their member states. For example, the China versus Taiwan ‘battle’ to secure membership in the SPTO demonstrated that even the most tourism-specific (that is theoretically ‘functional’) SO is subject to politics. Moreover, from the critical theory perspective of this thesis, a liberal functionalist view may in fact serve to consolidate
neo-liberalism. By refraining from critique and advocating the view that SOs’ measures - such as the enhancement of efficiency (Jordan 2003, Timothy and Teye 2004), product quality (Olds and Ide no date, Timothy and Teye 2004), and to relax travel conditions (Milne and Ateljevic 2001) – occur in the common interest in a spirit of international cooperation, research may in fact help to spread a discourse that serves elite interest. After all, efficiency for instance is a key Western concept within the neo-liberal paradigm (Brand 2001) that runs counter to, for example, ‘island time’ (see, for example, Gössling 2003b). The concepts are clearly implicit to an industry-first, rather than development-first, approach (Burns 1999), which has an impact on who benefits. In line with Tribe (2006), the critical theory perspective of this thesis therefore not only served to draw attention to the ideology that underpinned the EU’s measures in a North-South context, but also to recognise an ideological bias within the existing literature. This is, of course, not to say that this research is itself unbiased as explicitly mentioned in the methodology.

The findings contribute to a new conceptualisation of tourism dependency in small island states that bridges the dichotomy between dependency theory and community approaches (agency versus structure) – a novel theoretical idea within the tourism literature. As already noted, dependency theory does not leave much scope for agency as – in a tourism context – agents in small island states are conceived as ‘encaged’ by the structural inequality implicit to the international tourism system (for example, dependency on foreign capital and service providers) (Britton 1982, 1983, Lea 1988, Nash 1989, Weaver 1998). Community approaches such as Murphy’s (1995), on the other hand, bracket the salience of macro-structures altogether. The global-local literature (Teo and Li 2003, Teo and Chang 1998, Milne 1998, Milne and Ateljevic 2001) constitutes one attempt to bridge the division; however, authors have so far neglected actors situated at levels above the local. The global-local literature considers local agency and global structure while missing the important point that supranational and national actors clearly impinge on the local in that their (non-) decisions constitute structures for local actors.

The findings of this thesis may be synthesised into a model (figure 9.1) which combines all these elements, including the structure (of the tourism industry) in a North-South context; structural sources of power and powerlessness; local, national and supranational agency and exercises of power. Overall, it constitutes a new
conceptualisation of the *governance* of tourism in a North South context. The model constitutes a critical conceptualisation of governance, that is a synthesis of a liberal concept (governance) with neo-Marxist theory (a conceptualisation of power that draws on critical theory). In this conceptualisation, structural sources of power or powerlessness determine the ability of actors to exercise power. The exercise of power is depicted by a circle, which may be perceived as an actor's *power sphere*. Wherever *power spheres* overlap, one may speak of *governance*. For example, it would constitute an instance of ‘supranational governance of tourism’ in a North-South context where a Western SO’s (for example, the EU’s) power sphere overlaps with that of a Southern SO (for example, the ACP or SPTO). Overt negotiations are a case in point, as are the subtle exercises of power under the second, third, or even positive face. The instance of governance then has an impact on structure (in line with the neo-Gramscian conceptualisation; see chapter three). Structures that were the sources of power/powerlessness for the SOs in the first place (macro structures, or structures in a North-South context, such as dependency) may be changed into a disabling or enabling direction. For example, the SPTO’s dependency on EU aid constituted a source of powerlessness for the organisation. When both SOs’ power spheres overlapped during talks on a continuation of the aid programme, this ‘supranational governance’ had an impact on structure. The decision to end the programme after phase three pressurised the SPTO to take on fee-paying private sector members which reduced its dependency on the EU.

Moreover, supranational governance creates/shapes/impacts on structures for lower levels, which are the national and local. For instance, supranational (non-) decisions changing the trading environment created new structural constraints for national governments of the South Pacific, in that economic restructuring aimed at enhanced competitiveness of exports became a necessity. Similarly, the instance of national governance in its implementation of economic reform impacted on the structure for lower levels: it constrained people in ‘uncompetitive’ sectors and enabled those in sectors with ‘comparative advantage’. These instances represent examples of governance impacting on structures in a top-down manner.

Considering bottom-up processes, it is obvious that national governance may constrain or enable supranational actors, given the power of SOs’ member states over its budget for instance. In a tourism context, nation states determine the mandate of

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intergovernmental SOs, such as the UNWTO or the SPTO. This determines whether the SOs are enabled to issue hard law or if they are restricted to soft law, as is currently the case with codes of conducts and declarations. However, the question whether local actors may impact on structures for higher levels is more complex. On the one hand, local actors can have a clear influence on national governments, particularly in democracies. With regard to the supranational realm, however, local actors face a structural constraint in the form of the ‘democratic deficit’ (see chapters two and three). This lack of official ‘channel’ linking the supranational with the local suppresses the latter’s ability to directly influence the actions of the former. In Cotonou the innovative approach of consulting NGOs has been introduced; yet, as outlined in chapter six the process is far from obstacle-free.

Although the case study within this thesis painted a rather bleak picture relating to the question of empowerment, it has been shown that actors of the South are far from constituting ‘dupes’ that are encaged by structure and face pre-determined options for action as dependency theory or imperialism would stipulate. On the one hand, actors may draw on certain ‘weapons’ to ensure they get what they want. On the other hand, the findings support the claim that actors in the South – in terms of governments and SOs - are far from constituting helpless victims of Western policies that drive economic globalisation. The SPTO, for instance, went even beyond the EC in its support for neo-liberal policies. Similarly, it was the decision of the Samoan government to implement economic reforms; Samoa was not subject to official structural adjustment programmes tied to loans. However, Samoa’s case, as well as that of the EPAs, makes clear that a more subtle pressure may be at work, which is perhaps due to the prevalence of a hegemonic neo-liberal development ideology. In an international environment where true alternatives to market-based approaches to development are de-legitimised, some policy decisions by actors in the South may be regarded as acquiescence rather than free choice.
FIGURE 9.1
Governance in a North-South Context
9.4 Contribution to Academic Knowledge

This thesis may be situated within the political dimension of tourism, which is still a much neglected research area (Cheong and Miller 2000, Jenkins 1993). The majority of output within the area concerns public policy and institutional arrangements (Hall 1994, 2003, 2004b, Hall and Jenkins 1995, Jordan 2003, 2004, Page and Thorn 1998) and the political economy of tourism (Britton 1982, 1983, Chavez 1999, Clancy 1999, Nash 1989, Mowforth and Munt 1998, Pera and McLaren 1999). The central elements that are addressed and integrated in this thesis are even less chartered territory. The concept of power, for instance, may still be regarded as largely "unclaimed baggage" of tourism research (Doorne 1998: 131) despite some attempts to advance knowledge in the issue area (Church and Coles 2006, Doorne 1998, Hall 1994, 2006, Morgan and Pritchard 1999, Mowforth and Munt 1998, Norkunas 1993, Reed 1997). There is a particular need of utilising a broad conceptualisation of power in relation to contemporary tourism governance (Hall 2006). As the literature review demonstrated, power is not only a widely neglected concept in the tourism literature, but has also been applied in too narrow a manner within the existing body of knowledge. Where a broader concept was used (Doorne 1998), SOs and governance were excluded from the analysis. Hence this thesis fills the gap by utilising a broad and multi-faceted conceptualisation of power in the context of supranational governance.

In a similar vein, the concept of tourism 'governance' (Church et al. 2000, Dowling and Fennell 2003a, b, Hall 2004a, b, 2005, Kerr 2003) and the role of supranational organisations in tourism (Holder 1996, Olds and Ide no date, Pernia 1999, Timothy and Teye 2004, Yamakawa 1999) have not yet received much critical attention in the literature. Within the critical tourism literature such as dependency theory influenced writings (see chapter two) SOs have not been granted any attention, while most of the literature on SOs and tourism tended to be devoid of critique due to the adherence to a liberal functionalist perspective. Critique was a key element of this thesis, not least due to its alignment to critical theory. Furthermore, a variety of widely neglected theoretical concepts (Tribe 2006) such as Gramsci's concept of hegemony and the Frankfurt School's concept of Ideologiekritik were applied to the field of tourism research. Moreover, the thesis contributed to the body of knowledge in political science not only by reconceptualising 'power' combined with 'governance', but also by offering a new approach to solving the 'Paradox of Emancipation' (chapter three).
Most importantly, this thesis constitutes the first in-depth study that integrated all levels of tourism governance from the global down to the local, taking into account actors located at all scales. The literature review demonstrated that studies spanning the global to the local level do exist; however, they failed to draw attention to actors governing (that is exercising power) on these various levels. The ‘global-local’ literature for example neglects the ‘local’ being part of a multi-level polity where lower tiers might be made to fit within wider political strategies. The ‘global’ was usually treated as an abstract sphere or phenomenon such as globalisation within which local actors may exercise power (chapter three). Political (non-) decisions taken by actors situated at higher levels of governance were usually not taken into account. Similarly, the antithesis to the ‘global-local’ literature, which are dependency theory-influenced writings, tended to treat local actors as ‘cultural dupes’ and equally omitted to draw attention to supranational actors. The bridging of agency and structure across multiple levels of tourism governance may be conceived as this thesis’ key contribution to academic knowledge. The following section draws attention to the key limitations to the study, and suggests avenues for future research.

9.5 Limitations to the Study and Suggestions for Future Research

A major limitation to this study relates to the fact that the findings may already be perceived as ‘dated’. Data collection effectively ended in late November 2006. Therefore, events that happened between this date and the date of thesis submission were largely excluded from the analysis. Nevertheless, the author attempted to keep track of major developments in, for example, the negotiations that occurred after November 2006 and, where relevant, the new data were included.

Another key limitation to this study clearly relates to the ability to generalise the findings. Relating to the issues of reliability and validity, research replicability – although constituting a worthy goal – is difficult, if not impossible, to achieve in the social sciences. Arguing from the premise of the introductory chapter, which outlined a classification of SOs, the various types of such organisations depend on mandate, membership and ‘ideology’. It has already been established that parts of the study may be generalised to another geographic region, notably the Caribbean. The Caribbean Tourism Organisation displays similar characteristics to the SPTO, and the EPA
negotiations take similar routes in both regions. However, further studies would be needed to establish a clearer link.

Moreover, in a North-South context the classification differentiated between the Bretton Woods organisations on the one hand (focus on economic rather than social issues; binding policy commitments; echo doctrines of Western countries) and the UN organisations on the other (social issues; diverse staff; scope to reflect positions of the South) (Culpeper 2002). The question which category the EU belongs to can only now be addressed taking into account the findings of this study. Chapter six demonstrated that the EU’s development philosophy has clearly evolved from a redistributive approach in line with the South’s demands to one emphasising market-based mechanisms in line with the Bretton Woods organisations’ approach. The EU has therefore switched categories, falling into the ‘UN camp’ under Lomé I until III, yet clearly belonging to the Bretton Woods’ category since Lomé IV. Attempts to generalise the findings must therefore take the historical context into account. Similarly, studies are needed that examine the generalisability of the findings to other non-supranational organisations, in particular international donors. Comparative studies could be undertaken between a SO that is involved in development cooperation or financing, such as the EU or Bretton Woods organisations, and bilateral donors, such as Australia, New Zealand, or the EU member states themselves.

Additionally, further studies are needed that establish the link between neo-liberal economic reform and tourism policy in the South Pacific and elsewhere. The extent to which the case studies may be generalised to the entire South Pacific, let alone other geographic regions, needs to be established by future research. The author found several indications that suggest a general pattern within the South Pacific that is in line with the key findings of this study (see, for example, Chand 2004, MacLellan 2001, Sevele 2006). Even ‘exceptions to the rule’ appear to support the findings. For example, this thesis suggested an increasing tourism dependency due to most islands’ export sectors’ uncompetitiveness in a liberalised trade environment, which has led to increasingly open policies on foreign investment in order to bring about tourism growth. Nauru, however, does not have a policy encouraging FDI. While this may seem to contradict the findings, the reason for Nauru’s different policy stance is in fact the country’s relative high level of income from the export of phosphates (Pacific Islands Trade and Investment Commission 2003). Thus, the country has a competitive
export sector, which decreases its need to generate income from tourism. However, as Hall (1997) noted, the South Pacific’s natural resources including phosphate are disappearing fast, which may arguably lead to an increased tourism dependency in Nauru, and hence the potential future need to attract foreign capital. However, the scope of this study did not allow for an analysis of additional cases and future research is therefore needed.

Given the limited scope of the study, further research is needed that focuses on specific policy areas or ‘themes’, such as the environment. Projects with an environmental focus have formed part of most of the EU’s tourism programmes in the South Pacific; however, the interpretation of sustainability, as well as the relative weight attached to conservation has varied in terms of issue salience. As an official of the EC Delegation in Fiji (EC Delegation for the South Pacific official 2006) observed, development ‘themes’ travel in waves, with the theme of ‘sustainability’ now being surpassed by ‘poverty alleviation’. There is a distinct need for research that identifies the drivers behind relative issue salience in development cooperation. Similarly, the field of pro-poor tourism appears to be largely under-researched. The exclusion of the pro-poor tourism literature, or mere consideration of the approach in this thesis, was a conscious decision: on the one hand, the literature is so far largely devoid of academic studies; on the other hand, the author considers the approach as inherently ‘ideological’ and grounded in a certain development philosophy, so that its inclusion in the thesis would only have been justified if the EU had officially endorsed the approach (or rhetoric). So far, it has not done so.

A further limitation clearly relates to insider-outsider research: the author not being a Pacific Islander has led to the creation of yet another study of the South Pacific written by a Westerner. The methodology emphasised potential benefits of this fact in terms of being forced to engage in Ideologiekritik (Morrow 1994). However, taking emancipatory potential into account – which is a key element of critical theory and hence, a constituent of this study – it would have been more valuable if the study was written from an indigenous perspective. Even an EC official (DG Development official 2006b) pointed out that the South Pacific has had too many missionaries. It is therefore clearly not the intention of the author to contribute one more policy prescription or suggestion for ‘appropriate’ future strategies. The fate and future of the South Pacific should lie in the hands of the people living in the region. The concept of free choice is
thus the central suggestion derived from this study. The author therefore consciously refrains from making specific policy recommendations. Instead, it is recommended that:

Aid donors, SOs, Western consultants and every actor involved in the ‘development’ of the South Pacific Island region should aim to enable the people to choose their path of development, no matter how incompatible with dominant ‘development paradigms’ that path may appear.

For example, should it be up to a researcher or external decision-maker to push for a strategy of tourism growth in order to reduce the (common foe of) aid dependency? Would the necessarily accruing dependency on foreign capital and service providers be any less a source of powerlessness? Rather, it should be up to the people who are ultimately affected by (non-) decision-making occurring at any level to shape their future. This recommendation is in line with a demand made by a Samoan reverend (2006): “Donors, do what we say! Listen to us!” This suggestion opens up avenues for future research that clearly depart from assessing ‘aid effectiveness’ and making recommendations for policy and action (see, for example, Burnside and Dollar 1997, Collier and Dollar 2001, World Bank 1998) and instead focus on dismantling structural constraints to self-determination. It must be acknowledged that empowerment entails listening. A development project which defies economic-rational criteria of success should still be considered to be implemented if the people on the ground perceive it as worthwhile. In a different cultural context criteria such as the project’s suitability with island lifestyles might be considered more important than relative economic gains. Hence, as noted in chapter 5, although a major hotel development may generate more income to the local economy than small-scale locally-owned enterprises, the latter tended to be preferred by the local interviewees.

Given its context (chapter five), the South Pacific Island region could become a test case for enabling people to choose aid strategies and projects, as well as their path of tourism development, for example via e-democracy combined with traditional (chiefly) avenues of decision-making. Donors could then step in by facilitating micro credits, for example, and reducing red tape in order to support local actors in a strictly supplementary manner. In this way, development cooperation could be aligned with the principles of subsidiarity (see chapter three), according to which the legitimate
place for power is close to the ground. There is space for empowerment. Not by ‘enlightening’ others but creating avenues that enable self-determination.

Enabling self-determination, in other words putting the fate and future of the South Pacific back in the hands of the people living in the region, does not lie beyond reach. It requires a systematic dismantling of structural constraints to empowerment. In a top-down fashion, systemic change needs to start at the supranational level. Supranational organisations, such as the World Bank and IMF, should be restructured so that more decision-making power is granted to developing countries. Moreover, supranational organisations should support the Pacific countries in a way which reduces their dependency on tourism as the only development option. For example, the gains of taxing global capital transactions (Tobin Tax) could be used to support the South Pacific in their development initiatives – the latter chosen by the communities themselves – in order to reduce dependency on foreign capital. Coupled with debt relief and more flexible rules of special and differential treatment within the framework of the WTO, these measures would take a great burden off the South Pacific states which are currently forced to rely on tourism growth by any means. At a meso level, aid donors within the region should reform their biased process of recruiting (Western) consultants to the detriment of local knowledge and localised approaches. Moreover, it is of utmost importance to facilitate the transfer of information in order to enable local decision-making processes. Empowerment entails an ability for informed decision-making; only in this manner may the third face of power lose its relevance. Finally, donors could support novel approaches to development which have their origin in local organisations, educational institutions or community groups, even - or especially - if these do not correspond to the current supranational development ideology. Blueprint approaches are doomed to failure. The South Pacific is a very special place and deserves to be treated as such.
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Appendix I: Interview Guide

As the interviews were semi-structured, the following questions served as a guide only.

Section 1: Questions for SPTO Officials

1. Role of SPTO
   - Describe your role briefly. Appointed by EU or SPTO?
   - In reference to the email (SPTO official 2005b):
     o Why is the SPTO no longer involved in 'product development'?
     o Describe the role as investment facilitator.
     o To what extent has end of term review of PRTDP contributed to changing role of SPTO?
   - Who are your key stakeholders? Whose interests do you primarily serve? (Private sector needs vs. ‘the people’: SPTO’s status as IGO).
   - Role of SPTO with regard to foreign aid
     o What importance do donors attach to tourism? Why? EU?
     o Who proposed to include tourism in EU aid contracts?
     o Has EU policy changed over years regarding tourism? If yes: how and why?

2. EU-SPTO
   - Who tried to get tourism into Cotonou?
   - Did SPTO play any role in the design of regional strategy papers? Opinion: is tourism sufficiently addressed?
   - Pacific regional tourism development plan PRTDP
     o Regional character of projects: opinion; why?
     o How does it fit with EU objectives?
     o Has SPTO ever disagreed with EU on approach? Why?
   - Opinion on tourism under PACREIP as opposed to PRTDP
     o Who was the driving force (EU/SPTO/Council of Ministers)?
     o Did EU agree to fund all tourism projects proposed?
     o To what extent do they need to fit with the EU’s objectives?
REIP 5.4 ‘promote sustainable tourism development’ has a marketing component. What about EU resolution to no longer promote marketing (2001)?

There has been criticism that EU-funded activities mainly benefited large companies and countries. Opinion? Has this changed under PACREIP?

- FDI
  - PROFIT project: role of SPTO; opinion
  - Encouraging foreign direct investment and private sector ‘enabling environment’: opinion

3. Samoa
  - Why did SPTO get involved?
  - Priorities? Why?
  - Samoa policy change: opinion
  - Impact on beach fale sector?

Section 2: Questions for EU Officials

1. General
  - Official’s role
  - Opinion on tourism and development
  - ‘Map’ opinions on tourism and development among colleagues
  - What role do you think the EU has played in the development of tourism
    - in the South Pacific
    - in Samoa
  - Has the treatment of tourism in the Lomé/Cotonou Agreements changed? What do you think about this?
  - Has there been a change on how tourism is funded (e.g. micro-projects, or creating an enabling environment?). If yes, Why?
  - How do you see the bargaining power of the EU as opposed to
    - ACP
    - Pacific
2. Decision-Making

- Which actors are involved in decision-making on tourism in development cooperation from EU-ACP level down to project implementation?

- Role of Delegation
  - What role in regard to tourism in Pacific; in Samoa
  - Exact involvement in country strategy paper
  - Tourism in strategy paper: Opinion: Should be more/less focus; Who had major impact on whether tourism was included?

- Were there instances when Pacific governments wanted the EU to take a certain stance on tourism? Was it adopted? Why/not?

3. Non-Decision-Making

- Would you like the EU taking a different stance on tourism in development cooperation? Why/not?

- Role of PRTDP in Samoa: Opinion.

- Role of SPTO

- What do you think of the regional approach the EU is taking towards tourism in the Pacific (SPTO; funding of regional projects)? Why?

- Do you think the people of the Pacific are adequately represented in EU-Pacific decision-making? What stakeholders were consulted reg. country strategy papers?

4. Third Face of Power

- What do you think of the EPAs?
  - Enough focus on development?
  - Consensus on interpretation of ‘development’?
  - The splitting-up of the ACP group?

- The Pacific wants a stand-alone Tourism Partnership Agreement. How would this look like?

- What is the EU’s position on tourism in the EPAs? Why? Is there consensus with Pacific (inclusion; sequencing)?

- How will the EPAs affect tourism in the Pacific?

5. Samoa

- Will the end of non-reciprocal preferences imply a change in the economic importance of tourism in the South Pacific / in Samoa?
- Do you see a relationship between economic reform and the importance of tourism in Samoa’s economy? The type of tourism in Samoa?

- Project work: What ‘type’ of tourism does EU support in Samoa (refer to FDI; beach fale; etc.)

6. Empowerment

- Has there been a change in tourism-specific activities? Why? Impact on communities?

- What do you think of the PROFIT project (attracting EU investors to tourism in the Pacific)? Why?

- Do you think communities benefit from the EU’s tourism activities in the Pacific? How/why?

- Who benefits most? Who least?

Section 3: Questions for Official of Samoan Tourism Authority

- What is the role of STA?

- What is your role?

- What role does tourism play in Samoa’s economy? Why?

- Has the economic importance of tourism changed after the economic reforms in 1993? Why/why not?

- Has tourism policy changed after the reforms? Why/why not?

- Encouragement of boutique resorts and beach resorts:
  - Why?
  - Will it have an impact on beach fale sector?

- PROFIT
  - STA’s role
  - Opinion on PROFIT
  - What impact will it have?

- EU’s role in tourism in Samoa. Opinion on specific projects. What would be the ideal?

- SPTO’s role in tourism in Samoa

- Policy ownership: EU; ADB; World Bank; IMF. Who decides?
Appendix II:
Key dates in the history of European integration

1948 7-11 May
The Hague Congress: more than a thousand delegates from some 20 European
countries discuss new forms of cooperation in Europe.

1949 27-28 January
The Council of Europe is set up. It is to be based in Strasbourg.

1950 9 May
French Minister of Foreign Affairs proposes that France and Germany pool their coal
and steel resources in a new organisation that other European countries can join.
Since this date can be regarded as the birthday of the European Union, 9 May is now
celebrated annually as ‘Europe Day’.

1951 18 April
Belgium, France, Germany (Federal Republic), Italy, Luxembourg and the
Netherlands sign the Treaty establishing the European Coal and Steel Community.

1955 1-2 June
Decision to extend European integration to the economy as a whole.

1957 25 March: The Treaty of Rome
In Rome, the six countries sign the treaties establishing the European Economic
Community (EEC) and the European Atomic Energy Community (Euratom). They
come into force on 1 January 1958.

1960 4 January
The European Free Trade Association (EFTA) is set up, which comprises a number
of European countries that are not part of the EEC.

1963 14 January
General de Gaulle announces that France will veto the UK joining the EEC.
20 July: The Yaoundé Convention
An association agreement is signed between the EEC and 18 African countries.

1965 8 April
A treaty is signed merging the executive bodies of the three Communities and
creating a single Council and Commission. It comes into force on 1 July 1967.

1968 1 July
Customs duties on industrial goods are completely abolished, 18 months ahead of
schedule, and a Common External Tariff is introduced.

1973 1 January
Denmark, Ireland and the United Kingdom join the European Communities. Norway
stays out, following a referendum in which most people voted against membership.

1975 28 February: The Lomé Convention
In Lomé, a convention (Lomé I) is signed between the EEC and 46 African,
Caribbean and Pacific (ACP) countries.
1979  17 and 10 June
The first direct elections to the 410-seat European Parliament.

1981  1 January
Greece joins the European Communities.

1986  1 January
Spain and Portugal join the European Communities, bringing their membership to 12.
17 and 28 February
The Single European Act is signed in Luxembourg and The Hague.

1990  19 June
The Schengen Agreement is signed.
14 December
In Rome, start of the inter-governmental conferences on Economic and Monetary Union (the euro) and political union.

1991  9-10 December: The Maastricht Treaty
The Maastricht European Council adopts a Treaty on European Union. The EEC is renamed the ‘European Community’ (EC).

1992  7 February
The Treaty on European Union is signed at Maastricht. It enters into force on 1 November 1993.

1993  1 January
The Single Market is created.

1995  1 January
Austria, Finland and Sweden join the EU, bringing its membership to 15. Norway stays out, following a referendum.

1997  2 October
The Amsterdam Treaty giving the European Union new powers and responsibilities is signed. It comes into force on 1 May 1999.

1998  31 December
Fixed and irrevocable exchange rates are set between the currencies that are to be replaced by the euro.

1999  1 January
Start of the third stage of EMU: the currencies of 11 EU countries are replaced by the euro.
10-11 December
The Helsinki European Council, chiefly devoted to enlargement of the EU, officially recognises Turkey as a candidate for EU membership.

2000  7-8 December
In Nice, the European Council reaches agreement on the text of a new Treaty changing the EU’s decision-making system.

2001  26 February
The Treaty of Nice is signed. It comes into force on 1 February 2003.
2002 1 January
People in the euro area countries begin using euro notes and coins.
13 December
The Copenhagen European Council agrees that 10 of the candidate countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) can join the EU on 1 May 2004.

2003 4 October
Start of the inter-governmental conference that will draw up a new treaty embodying the European Constitution.

2004 1 May
Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia join the European Union.
16-17 December
Decision to start accession talks with Croatia and Turkey in 2005 if certain conditions are met.

2005 25 April
In Luxembourg, the EU signs accession treaties with Bulgaria and Romania.

2007 Date set by the 2002 Copenhagen European Council for Bulgaria and Romania to join the EU.

(Source: adapted from Fontaine 2003: 57-62)