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### **Does Tourism Undermine Local Economic Well Being?**

I have always been cautious about tourism as an appropriate basis for community development. Sharing our hometowns with temporary visitors can be culturally and economically stimulating as long as that visitation is kept in balance with what our communities can productively absorb and the character of our place is not fundamentally changed by the visitors. But communities that uncritically embrace tourism and encourage hoards of temporary visitors to engulf its public spaces, recreation facilities, and local meeting spots tend to systematically decline as real communities. By the time residents start to resist and try to save some part of their home town for themselves, it is usually too late. This is not an all-or-nothing problem or a slippery-slope concern. It's just a matter of balance.

But that is a social or cultural concern not an economic one. The more familiar debate over tourism, in contrast, usually is couched in economic terms: The proponents talk about the money the visitors bring in and the jobs that spending creates while the critics decry what they see as the low-paid, unskilled, part-time, and dead-end character of most "tourist jobs."

There is no doubt that the pay associated with many tourist-related jobs is low: Just consider the pay of those cleaning hotel rooms, washing dishes in restaurants, serving up our fast-foods, or tending the t-shirt shops and other low-end retail businesses serving tourists. But this may not be a safe way measuring the economic impact of tourism. We know, for instance, that the high pay associated with mining and

forest products jobs often has not translate into community prosperity. Instead mining and mill towns often have higher unemployment and poverty rates, lower per capita income, and a general run-down and declining character to them. Industry instability, the impact of labor-displacing technological change, and environmental damage help explain this economic anomaly of high wages coexisting with poor communities.

There is some evidence that a reverse economic anomaly may characterize communities with a heavy dependence on commercial recreation and other tourist activities: Despite the low wages paid in many tourist-jobs, most measures of local economic vitality in “tourist towns” are quite positive.

A recent study focused its attention on those rural counties across the nation where commercial recreation and tourism has come to be a significant source of local employment and earnings as well as impacting local housing markets. About 330 such rural “recreation” counties have been identified. Montana has a fair number of such counties clustered around some of the state’s most charismatic natural landscapes: Included are Gallatin, Madison, Park, Sweet Grass, and Carbon Counties in the Greater Yellowstone Area and its national park and ski resorts; also included are Flathead and Glacier Counties adjacent to Glacier National Park and the surrounding large wilderness areas as well as Flathead Lake.

Statistical analysis sought to see how variations in the degree of dependence on recreation and tourism affected various economic and social characteristics of these rural counties. Rather than demonstrating that increased specialization in commercial recreation and tourism put downward pressure on pay, the opposite appeared to be true: The more dependent a rural county was on commercial recreation, the higher were

earnings per worker, income per person, and median household income. And the more dependent the county was on tourism, the greater was the **increase** in earnings per job, income per person, and median household income between 1990 and 2000.

Specialization in recreation and tourism led to higher job growth and to a higher level of participation in the work force by teenagers and college-age residents, working-age people, as well as senior citizens.

Because higher levels of dependence on commercial recreation and tourism led to higher rates of population growth, primarily due to in-migration, housing costs were also higher and grew more rapidly during the 1990s. Since housing costs are the primary determinant of local cost of living differences, this means that some of the higher incomes were offset by higher cost of living. But a comparison of the higher housing costs and higher incomes indicated that the higher housing costs offset only about a quarter of the higher incomes.

Other socioeconomic indicators were also positive: Poverty rates were systematically lower as dependence on tourism rose. The education level of the population was also higher, with the percentage of adults without a high school diploma lower and the percentage with bachelor's degrees higher.

Clearly the economic vitality triggered by the successful development of the commercial recreation potential of an area transforms the economy in ways that are not captured by simply focusing on the annual pay of those directly employed in the tourist sectors. More people, young and old, male and female, get drawn into the workforce. It may be that the part-time and seasonal jobs that critics often decry fit the work preferences of many people better than full-time employment. The ongoing growth in

new jobs and the development of a broader range of employment opportunities most of which are not directly in tourism may be important too. And, of course, with higher levels of education also usually go higher levels of pay.

These results do not prove that specialization in commercial recreation and tourism are great for communities. What the study showed was that such dependence on tourism is unlikely to damage the local economy. There remains the question of the rapid growth often triggered by successfully becoming a “tourist town,” the damage to the social and physical environment done by large numbers of temporary visitors and the facilities needed to serve them, and the general loss of the sense of place that originally drew and held residents to a unique location. Keeping enough balance to avoid those broader costs of over-dependence on tourism should remain our primary concern.