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**THE BALEARIC ISLES,
FROM THE UNSUSTAINABLE
SUCCESS TO THE SUSTAINABLE TOURISM
OF AN ARCHIPELAGO**

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The Historical Development

The Balearic Islands within the Economic and Political Framework of the Spanish State

The History

From the 13th century - even before the end of the reconquest of Spain from the Moors (1492) - the Balearic Islands attained some sort of political identity by being a member of Spain's Christian kingdoms. Before the political unity of Spain in the 15th century, the Balearic Islands had had only one period of self-government with their own monarchy, of Catalan blood, between 1276 and 1349. From then on, having become a Spanish province without any natural resources and with maritime trade of little importance (specially worse after the discovery- of America in 1492), the Balearic Islands became poorer and the surplus population emigrated to European countries (like France) and even American countries (like Cuba and Puerto Rico).

The industrialisation of Europe, following the invention of the steam engine, did not reach the Balearic Islands, except in the production of some textiles and footwear (for export to the colonies). The lack of a good network of maritime transport and the inconveniences involved contributed to the increasing commercial and cultural isolation of the islands as regards the rest of the European continent. However, on the other hand, this same isolation prevented the Napoleonic War, and the World Wars and other European Wars from reaching the Balearic Islands. This was true for even the Spanish Civil War, except for some minor events which were neither physically or emotionally destructive for the civilian population of the Islands.

Tourism

Franco's long dictatorship, from 1939, and the end of the Second World War meant that the Balearic Islands passed from being forgotten islands - sometimes places to which political exiles were banished - to the epitomy of touristic island resorts. Franco needed foreign currency to finance Spain's industrialisation and even more, Spain needed a new image for a country which wanted to come into line with the European democracies. The Balearic Islands and the Catalen Costa Brava were the first places to attract tourism from Europe. The examples to imitate were those of the French Cote Azure and the Italian Riviera, even though this implied the decline of traditional Spanish touristic areas in the north of Spain (like Santander and San Sebastian). The Mediterranean became fashionable in 1950.

Europe rediscovered the Mediterranean as a place for seaside holidays thanks to several elements: the search for the sun, the low cost of living of the Mediterranean coast, paid holidays, the common use of motorcars, and the development of charter flights. Spain was well situated to receive the flow of European tourists and the Balearic Islands were even more so, in spite of the insularity. Access was difficult and costly by car or coach; the earliest means of transport for tourists to the Spanish mainland where roads were bad or almost inexistent along coastal areas.

The fact that the Balearic Islands are tourist destinations is due to the development of commercial aviation, even though the first tourists came via sea from Barcelona. Geographically the Balearic Islands are situated favourably in the Western Mediterranean,

close to a big city like Barcelona and nearer to the center of Europe than for example the Greek islands. The shape of the main island, Mallorca, makes transfers from the airport to different coastal areas ideal because one does not have to go further than 70 km, which keeps down the cost of package holidays or all-inclusive tours; both of which European Tour Operators rapidly started to market from the 1950's.

The Economy

It could be said that popular tourism - a consequence of the mass consumerism of the post Second World War's new consumer society - began in the 1950's in Mallorca, with the use of charter flights. However, Ibiza did not develop as a tourist resort until some years later, in the 1970's, and Menorca developed even later, in the 1980's. For the Balearic Islands and to a lesser extent for Spain, the tendency towards "sun and sand holidays" led to the revaluation of assets like land which had no agricultural value but which was situated near the sea or beaches. We could compare what happened with how oil wells in the countries of the Persian Gulf were exploited. There was no other source of wealth other than agriculture, generally in situated dry areas due to the lack of rivers; cattle, basically sheep and some specialized areas which had been exploited, like salt flats, foot ware, costume jewellery, textiles and leather ware. In Ibiza the salt flats were virtually the only resource apart from agriculture. Menorca specialized in costume jewellery, cheeses, and foot ware but had no important agricultural production.

The Population

In 1887 the population of the islands was the following: Mallorca 249,000, Menorca 39,000 and Ibiza and Formentera 25,000, with a total of 313,000 inhabitants. In 1950, when the tourist boom began the population was the following: Mallorca 345,000, Menorca 43,000, and Ibiza and Formentera 34,000, with a total of 422,000. In 1991 the population in the Balearic Islands reached 703,000, with 565,000 in Mallorca, 64,000 Menorca and 74,000 In Ibiza and

Formentera, which overtook Menorca due to the fact that the latter was the first to be a tourist resort. It is interesting to check the development of the capital of Palma, which has passed from 55,000 in 1887 to 130,000 in 1950 to 300,000 in 1992. This means that, from having represented 18% of the population of the Balearic Islands in 1887, it represented 43% in 1992. This is due to its role as the capital, and due to the centralization of public and private services for the entire region or archipelago, which has no other cities with a population of more than 30,000 inhabitants. It is precisely Palma's centralism which has been the cause of tensions between the Islands of the Balearic Autonomous Community. Both this fact and the fact that the Balearics are a group of islands has caused a slow down of the historical process towards a community which has its own identity as a region and which today is one of 17th Autonomous Communities of Spain and also one of the EEC units.

At present there is both political and social consensus regarding the main activity of the Balearic Islands: tourism and strategic planning. It is important, at this point, to mention another important element in the socio-economic life of the Balearic Islands, in its development from an economy based on agriculture to one based on tourism: the high rates of immigrant workers from the South of Spain. We have already mentioned that the Balearic Islands had traditionally been a region from which people emigrated. Until 1950 this process

continued, but tourism reversed this radically and on average 60% of the increase in the population during the last three decades is due to immigration. Mallorca was the first to receive the flow of immigrants, whilst Ibiza and Menorca followed later on because of their later development as tourist resorts. A great number of these immigrants are concentrated in Palma, to the extent that 30% of Palma's population was born outside the Balearic Islands. The percentage for the whole of the Balearic Islands is only 20%.

The Economic Sectors

We will complete this historical process with a few figures about the development of the working population of the Balearic Islands, via sectors. In 1900, 67% of the population was employed in primary industries, 18% in secondary industries, and only 15% in tertiary industries. In 1950, the number of those occupied in primary industries went down to 40%, those occupied in secondary industries went up to 33% due to the building in progress rather than the industry itself, and those occupied in tertiary industries, with the incipient contribution of tourism increased to 27%. In 1992 one could see a dramatic swing towards the services industries which rose to 65%, the secondary industries fell to 29% (19% of industry plus 10% of construction), and the primary industries (agriculture and cattle) stayed at 6%. Evidently, there was a movement of those involved in agriculture towards the service industries. Immigration also contributed towards these additional numbers (although from 1990 onwards immigration came to a halt due to the crisis of the tourism activity) even though the number of visitors was stabilized. It is interesting to note that as well as the flow of immigrants towards the Balearic Islands, there is a movement of temporary workers from May to October to the service industries (tourism, commerce and transport above all), with a total of around 30,000 people, representing 10% of the working population of the Balearic Islands.

The Brute Regional Product of the Balearic Islands

As regards the brute regional product in 1992, 77% was derived from service industries, 21% from secondary industries (12% from industry and 9% from construction), and 2% from primary industries. In general terms tourism was responsible for 60% of the brute regional product. The distribution of the brute regional product as regards the Islands are as follows: Mallorca 71%, Ibiza 17%, and Menorca 12%. The distribution of the population in 1992 is similar: Mallorca had 80%, Ibiza 11% and Menorca 9%. The distribution of tourists to the islands is also similar: Mallorca received 77%, Ibiza 15% and Menorca 8% in 1991.

Finally, we must say that the Balearic Islands have an extension, population and brute national product, which represent 1%, 2% and 2.5% of Spain respectively. The brute national product per person is 37% more than that of the rest of Spain being the highest of all the regions, being also 9% above that of the EEC. It is also important to note that it is the only region, along with Madrid and Catalonia, which is above the EEC average. In 1990, the brute Regional product per inhabitant of the Balearic Islands was 1.8 million pesetas per year amounting to \$117,650. The brute regional product of the Balearic Islands has increased annually by an average of 5.5% over the last ten years.

The Balearic Islands: One of the Earliest and Most Successful Destinations for Holidaymakers

The Rise of "Sun and Sand" Holidays

The success of the Balearic Islands as a destination for holidaymakers in search of sun and sand has no precedent in the history of popular tourism. A series of historical factors, mentioned previously, favoured the development of this activity on the islands. Other factors which were unmentioned are the very good climate, the beauty of the landscape, the quality of the beaches and seawater, the absence of industries producing pollution, the hospitality of the people, and the courage of its businessmen most of whom had no preliminary education or experience in a that was new to them. Lastly, another important factor is tour operators, which were more important than the contributions of Spanish financiers, who were not sure that this "novelty" would be successful.

The foreign tour operators lent money to many businessmen from the Balearic Islands to finance the construction of hotels to which they then sent their customers at prearranged prices and not at market prices. The prices were even inferior to the cost production in the hotels. This continued for several years until the tour operators recovered the capital Invested initially. In spite of the fact that the Spanish economy during the years 1950 to 1975 was closely controlled and very restricted, this system of investment was allowed, and the freedom to fix prices for these package tours became traditional.

The Saturation of the Market

From the year 1980 a change gradually took place due to the fact that businessmen from the tourist sector of the Balearic Islands became independent of the tour operators once that the former finally paid off their debts. However, the method of contracting hotel rooms and prices paid for hotel accommodation could not be changed to any great extent. The reason for this was that the pressure exerted by the Tour Operators was almost oligopolistic as opposed to the members of the hotel trade who were not united. The hotel trade went through a good period until 1990, as regards operational results. This was due more to know-how they had acquired and the use of new technology (e.g. serving buffets instead of serving meals to the table) than due to increases in the price of hotel accommodation.

The market was in a saturation point. This was not only happening in the Balearic Islands and in Spain but also in the rest of the Mediterranean. Competition from the Canary Islands, in Spain, and from Greek Islands and Turkey, from abroad, had repercussions on the Balearic Islands. Lower middle-class mass tourism is well-established in the Balearic Islands and competition from other destinations, plus the lack of other economic alternatives to tourism forced the Balearic Islands to follow a path that they did not wish to follow, but which was the only possible way the short-term. Later on we will see that strategic plans to follow do exist and have been in operation with encouraging results since 1990 when the tourist activity and the economy of the Balearic Islands entered into a depression.

Table 1
The Development of Tourism

in thousands

Year	MALLORCA			IBIZA-FORM			MENORCA			BALEAREAS		
	Total	For	Spa	Total	For	Spa	Total	For	Spa	Total	For	Spa
1950	84	17	67	10	4	6	4	1	3	98	22	76
1960	362	287	75	30	22	8	8	4	4	400	313	87
1970	1.853	1.669	184	363	321	42	56	38	18	2.272	2.028	244
1980	2.781	2.474	307	559	476	83	209	153	56	3.551	3.103	448
1990	4.881	4.099	782	1.00	841	159	546	443	113	6.427	5.373	1.054

where *For* represents Foreigners

Spa represents Spaniards

From the above figures one can observe that in Mallorca from 1950 to 1970, 58 times more tourists arrived, whilst in Ibiza and Formentera 56 times more tourists came and in Menorca 52 times more tourists came. In the Balearic Islands, 244 times more foreign tourists arrived between 1950 and 1990, whilst only 14 times more Spanish tourists arrived. Consequently, it is the foreign tourist who is responsible for such an extraordinary development. In 1950 and in previous years, tourism from Spain was greater than tourism from abroad. From 1953 foreign tourism is greater than Spanish tourism in the Balearic Islands.

Until 1955, more French tourists came to the Balearic Islands than any other nationality (34 thousand in 1955). In this year, the British were the second nation (33 thousand), and the Germans the third (15 thousand). From 1956, the British were the most numerous until 1977, the year in which there were more Germans. This was so until 1980, when the British became the most numerous once again (one million). The swing in favour of the Germans took place once again in 1990 and in 1991.

In 1991 one may observe that the distribution of tourism via nationality is the following, alongside the total figures recorded for foreigners visiting Spain.

Table 2
The Percentage of Tourism to the Balearic Islands
and the Distribution via Nationality

In thousands

Tourism 1992		Total	Spain	Holiday Makers Abroad	To South (z)
		%	%	%	%
Germany	2.075	31.3	27.0	7.5	10
Great Britain	1.96	29.5	30.0	8.8	20
Spain	1.077	16.2	10.0 (x)	-	-
France	319	4.8	5.3	3.6	6
Switzerland	215	3.2	19.1	3.8	8
Italy	230	3.6	12.2	3.2	7
Sweden	156	2.4	20.9	5.0	12
Holland	125	1.9	5.6	1.7	5
Belgium	112	1.7	7.9	2.0	4
Austria	80	1.2	24.4	3.3	5
Denmark	71	1.1	16.3	3.0	11
Norway	68	1.0	23.6	4.8	15
Finland	22	0.3	7.6	1.7	6
Other European	116	1.6	6.2	3.3	16
Non European	14	0.2	0.2	-	-
	6.640	100	1.9 (o)	6% (y)	10%(y)

Arrivals by all means of transport.

For the Balearic Isles: 96% by air and 4% by boat.

For Spain (only foreigners): 61% by road, 33% by air, 5% by train and 1% by boat (excluding cruises)

The total arrivals of 1992 from abroad in Spain were 55,3 millions (only 35 "tourists")

(x) represents tourism within Spain.

(y) represents tourism not including "others"

(z) represents tourism from the Mediterranean, Portugal, and the Canary Islands.

(o) represents the share of all tourism.

Excluding Spanish tourism within Spain the share would be 17.8%

Table 3
Summary of the Types of Transport of the
Incoming Tourism to the Balears

in thousands

Type of Transport	Balears 1992		Mallorca 1992		Ibiza-Formentera 1992		Menorca 1992	
		%		%		%		%
Foreign Tourism	5.563	100	4.192	100	869	100	502	100
Charter Flights	5.221	94	3.921	93	818	94	482	96
Regular Flights	239	4	206	5	23	3	10	2
Boat	102	2	65	2	28	3	10	2
Spanish Tourist	1.077	100	822	100	145	100	110	100
Charter Flights	716	67	637	77	45	31	34	31
Regular Flights	229	21	115	14	60	41	54	49
Boat	132	12	70	9	40	28	22	20
Total Tourism	6.64	100	5.041	100	1.0414	100	612	100
Charter Flights	5.937	89	4.558	91	863	85	516	84
Regular Flights	468	7	321	6	83	8	64	11
Boat	235	4	135	3	68	7	32	5

Source: The Department for the Promotion of Tourism in each island, airports and ports of the Balearic Isles, and own elaboration. Part of the arrivals by boat has been estimated by the author.

The data in figure three may be summarized in the following three points:

- Tourism in Mallorca represents 75.5% of that of the Balearic Isles, Ibiza-Formentera has a 15.3% and Menorca a 9.2%.
- Foreign tourism in Balears represents 83.8% of the whole tourism, in Mallorca represents an 83.6%, in Ibiza-Formentera an 85.7% and in Menorca 82.0%.
- Spanish tourism in Balears represents 16.2% of the whole tourism, in Mallorca 16.4%, in Ibiza-Formentera a 14.3% and in Menorca an 18%.

It is important to note the important weight of charter flights as a type of transportation to the Balearic Isles with an 89% compared to the regular (scheduled) of 7% and the boat (scheduled) of 4%.

The airport which sends most traffic to the Balears is London (UK) with 657,0 thousands, considering the total of London airports (Heathrow, Gatwick, Luton, Stansted). The second is

The airport which sends most traffic to the Balears is London (UK) with 657,0 thousands, considering the total of London airports (Heathrow, Gatwick, Luton, Stansted). The second is Dusseldorf with 638,5 thousands, the third is Manchester with 516,8 thousands, the fourth is Frankfurt with 297,1 thousands and the fifth is Hamburg with 175,2 thousands. Taking into account the Spanish airports, and only the estimated tourism flow, Madrid would be the first with 296,8 thousands followed by Barcelona with 207,6 thousands.

The Present Situation and Future Prospects: The Present Model used in Tourism in the Balearic Islands

Touristic Success

The Balearic Islands are an example of a place which would seem to be a perfect destination for high quality tourism or all year round residential tourism, but which has created a demand which is unique in the leisure market. This forced demand has obliged the islands to become a sort of "subtropical" destination within Europe for tourists during the high season, despite the fact that not only are they not "subtropical" but it does not suit them to be described as such, given the climate, the natural resources (e.g. water) and infrastructure. The term "forced" has been used since two factors alone have determined the development of the Islands: the Tour Operators, whose objective has been to increase sales rather than increasing quality, and the resident businessmen from the tourist sector, whose objective has been to make rapid profits rather than to try and secure mid-term benefits.

The Balearic Islands - a mini continent with a delicate, balanced environment and a pacific population - has been transformed into a region which has excessive numbers of tourists during summer. Its capital is overpopulated and its natural resources have been threatened by urban planning (carried out not on a regional level, but only on a municipal level, to serve the interests of each of the 68 boroughs). In addition there is a problem of seasonal unemployment which especially affects the immigrants from other regions of Spain.

However, the Balearic Islands are above all an example of a holiday destination in the Mediterranean whose success is almost incoercible despite the Island nature of the region (or perhaps we ought to say thanks to it). From economic poverty, the islands have now got a renta per capita higher than that of the rest of Spain, being above the EEC average. This success has had its price and we have only been in a position to govern the region to some extent since 1983 when the islands were granted political autonomy, becoming an Autonomous Community.

Touristic Policies

Some years ago the politicians of the islands tried to plan a strategy to follow as regards the future of tourism. The laws introduced in 1984 by the Conselleria do Turisme¹ of the Balearic Islands are a good example. The Decreto Cladera of 1984 fixed a minimum of plots of 30 m² per hotel or apartment bed, in an effort to limit the hitherto uncontrolled increase in accommodation (of hotels and apartments). In 1987 another Decreto Cladera increased the limit to 60 m² but in spite of the fact that now it has been proved efficient, at the time, it

¹ The Department of Tourism

produced a brutal increase in buildings by those taking advantage of the period in which projects could be approved before the law came into effect.

These laws marked a historic landmark in the development of tourism in the Balearic Islands, since it showed that the islands wished to set a limit within a free market economy, and also were willing to respect the acquired rights of owners of plots who fulfilled the laws regarding urban planning of each borough.

In 1988 the policies of the Conselleria de Turisme were set out in a law, approved by the Parliament of the Balearic Islands. In the same year the Law regulating the Golf Courses was also enacted. This permitted golf courses to be built in rustic areas, with very clear restrictions of which a hotel may have a maximum of 450 hotel beds and a minimum of 4 stars and that only recycled water can be used.

In 1990 "time-sharing" was classed in the same group as hotels, and in 1991 regulations were made regarding "agrotourism" and "rural tourism" with the aim of protecting the inner areas of the Islands, encouraging reforms and caring for monuments and buildings of historic value, whilst still fomenting tourism. The landscape was protected with the "Law Regulating Open Spaces" in 1990. Also In 1990, the law called the Plan to Modernize Tourist Accommodation was passed. This threatened to close down certain complexes and affected buildings constructed before 1984. In 1991 an Investment Plan to Improve the Infrastructure of Touristic Areas was put into effect. Projects to improve the appearance of areas were submitted by boroughs and after being approved by the Conselleria do Turisme, 60% of the cost was financed by the Govern Balear. (The total spent under this plan for 1991/2 was one hundred million U.S. dollars) In 1991 a law was passed, imposing a Special Charge for the Treatment of Sewage on water consumed in order to finance hydraulic projects especially to treat sewage from urban areas. In 1992 a new "Tax on activities which damage the environment" also came into effect, which seriously affected public companies like Gas y Electriciaad SA, CAMPSA-REPSOL, Telefonica which operate in the Balearic Islands. (This rule was a novelty in Spain. This decree is being contested by the central Government of Spain).

A Definitive Plan

In 1993 it is hoped that the following decrees will be passed: the Modernization of Services Complementary to Tourism and the first phase Plan to Regulate Tourism in Mallorca. This will ultimately form part of the Plan to Regulate the Balearic Islands land, which is still being worked upon and will be very difficult to draw up and put into practice. The objective of the Plan to Regulate Tourism in Mallorca is to improve touristic zones by creating green areas with services, sports areas and walking areas. Thus, public areas will be created and buildings housing tourist accommodation situated directly in front of the sea will disappear, either being removed to the hinterland, or being converted into dwellings instead of accommodation for tourists, or simply being demolished. According to this project, there are 37 thousand surplus hotel or apartment beds being 12% of a total of 300 thousand which may be regarded as obsolete. In a study of the effect of tourism on the environment carried out in 1988 ("Turisme i medi-ambient a les Balears" INESE), superfluous hotel and apartment beds amounted to 42 thousand (60 thousand for Ibiza-Formentera and almost 19 thousand for Menorca). This means a 14% for Mallorca, a 54% for Ibiza and a 37% for Menorca).

In the Balearic Islands 9.4 tourists per year per resident or legal inhabitant arrive. The number of beds available is in theory 1.2 million, of which 0.7 million pertain to residents and 0.5 million to tourists (including those who have a second residence). The environment limits used are: 1 tourist bed per 2 residents beds, and 80 tourist beds per km². Today the resident density per km² is 150 in Balears.

Time Accommodation Offered

The accommodation Balearic Islands consists of 277 thousand hotel beds and 160 thousand beds of 'outside hotels' to which we have to add the second homes of non-residents which amount to 110 thousand. This totals to 547,000 beds. If we take the capacity of accommodation for commercial tourism - the 547,000 beds it is the equivalent of 9% of the total of Spain. (The region with the greatest capacity is Catalonia with 18%, followed by Valencia with 15%, Andalucla with 13% and the Canary Islands with 7%). However the fact that the Balearic Islands have such a low proportion is due to the low proportion of beds outside hotels, 4% of which is of Spain, despite the fact that the percentage of hotel beds is 28% of that of the whole of Spain (almost 1 million). If in the Balearic Islands the proportion of hotel beds versus beds of 'outside hotels' is 60 to 40 respectively, in Spain this proportion is 20 to 70 in favour of beds of 'outside hotels'. As regards the capacity of accommodation compared to the rest of the EEC, the Balearic Islands are responsible for 4.5 % of the hotel beds and 2.9% of the beds outside hotels. (This study has not taken into consideration camp sites, as the islands have practically none. Consequently, neither have we counted campsites in our comparison of the Balearic Islands and Spain).

It is interesting to know that, as regards hotel bed in the Balearic Islands, only 0.6% are found in 5 star hotels, 8.5% in 4 star hotels, 41.3% in 3 star hotels, 18.2% in 2 star hotels, 12.1% in one star hotels and 19.3% in lower categories which includes hostels. Three star hotels near the beach, open during the holiday season are responsible for the majority of the hotel trade. The Balearic Islands has 34.3% of the capacity of all 3 star hotels in Spain, but only 2.6% of that of all 5 star hotels. Moreover, there is no international chain of luxury hotels operating in the Balearic Islands. (For some years there was only the Sheraton Son Vida in Palma, but this is no longer part of the chain). It is clear that this is a limit when it comes to the image of the islands as a destination of such touristic importance.

Hotel Chains

On the other hand, hotel chains are present and on the increase in the Balearic Islands, albeit local chains with a base in the islands, but which have spread to the Canary Islands, to mainland Spain, and abroad (especially to the Caribbean). Almost 40% of hotel beds in the Balearic Islands belong to these chains or hotel groups, whilst only 22 % of beds of "outside hotels" belong to them. The Balearic Islands is the region with the greatest concentration of these chains: 39% of all the hotel beds and "beds outside hotels" held by the chains in Spain. This is a very important factor when understanding how negotiations regarding prices are carried out with the tour operators, both now and in the future. In other words, local businessmen from the hotel trade in the Balearic Islands are in a stronger position to negotiate.

Income from Tourism

Income from tourism in the Balearic Islands amounts to about 600 thousand million pesetas (about 5 thousand million dollars). However, only 65% reaches the pockets of the residents because the remaining 35% (on average) remains in the country of origin as payment to the tour operator/travel agent or foreign airline. (All the Spanish charter airlines except one are based in the Balearic Islands). The income multiplier for this income is about 1.4. The Balearic Islands are responsible for nearly 20% of the total income of foreign tourism in Spain, as opposed to only receiving 18% of the number of tourists visiting Spain due to the fact that they stay for longer (10 days). From the total income that the islands receive, about 48% goes to hotels and apartment building and 52% goes to the remaining businesses, professionals, or businesses dedicated to complementary activities such as restaurants, discotheques, rent-a-car firms, excursions, shops or other things on offer.

Promotion of Tourism

It is strange to notice that, in spite of the fact that the majority of the income benefits the sector of the Balearic Islands not connected with hotel trade, there is no obvious feeling of solidarity in favour of the hotel sector, despite the fact that it is the latter which really aids in promoting tourism. However, there are exceptions, and from 1905 a private organization has been in existence with semi-official status called the Department for the Promotion of Tourism in Mallorca. Later similar organizations were founded in Ibiza and Menorca. The aim of the latter is to bring along together all the economic sectors which depend on tourism to exist for their development. At present, the Chamber of Commerce in Mallorca, Ibiza and Formentera and to a lesser extent that of Menorca have taken the initiative in promoting tourism, collaborating with the Department for the Promotion of Tourism in Mallorca and the Coriselleria de Turisme of the Govern Balear. The Govern Balear's budget for promotion in 1992 is about \$10 million (same as 1993) and when added to that of the other two organisations (including the various Balearic Town Halls) it is possible that the total is about 1.500 million pesetas (about 15 million dollars). This represents 225 pesetas per tourist per year (about 2 US dollars). This quantity is in turn 0.4% of the income received by the Balearic Islands and obviously falls greatly below the amount spent by other touristic destinations.

Money Spent by Tourists

During the last five years the money spent by tourists in the Balearic Islands outside their hotels has fallen consecutively in real terms, (that is to say discounting the effect of yearly inflation in the islands). In 1991, for the first time since 1986, it increased by 0.2% per person per day compared to 1990. The decrease in money spent did not only happen in the islands, but all over Spain, and has been attributed to the fact that, although there was an increase in the number of visitors, some of the tourists were from sectors of the population with less purchasing power. Thus, the average spent decreased year after year. However, in reality it is not so simple since important variables also influence the money spent on holidays abroad, like the exchange rate of the currency involved against the peseta (which has been artificially over-valued these last few years), and the high prices of goods in Spain and the Balearic Islands. In tourist areas prices are 10 to 20% dearer for tourists. This happens because the consumer price index for touristic areas is increasing annually and is superior to the normal consumer price index, with the exception of hotel prices. The excessive increase in the price of complementary services in the tourist sector is the largest complaint that tourists had (from

1989 to 1992². It has led to less demand for certain goods and services by the tourists (e.g. soft drinks, excursions, discotheques, taxis, presents and souvenirs etc) regardless of their purchasing power or the rate of exchange of the peseta. In some cases (like taxis, and soft drinks) the price is above the European average. The average amount of pocket money spent by tourists in 1992 was only around 30 U.S. dollars per day³.

The Key of the Sustainable Tourism for the Future

We have seen that tourism in the Balearic Islands is characterized by being:

- Massive (6,4 million tourists in 5,000 square Km² and 710.000 inhabitants)
- Standard quality (less than 1% of the beds belong to 5 stars hotels)
- Very seasonal (84% of visitors come between April and October)
- Predominant hotel lodging (60% of tourists stay in hotels)
- Holiday tourism (the main attractive assets are the beaches, landscapes and weather)
- Commercialized by Tour Operators (80% of tourists, but out of them 10% "seat only")
- Reaching the top limit of environmental burden (estimated 25% excess bed capacity)
- Generating 60% of the Gross Regional Product (no alternative economic sector by now)
- Extraordinary success (still growing year after in numbers not in tourists expenses)
- Lead to the highest renta per capita and the first tourism region of Spain (capacity)
- Lead to a political consensus to limit the growth in quantity and to seek quality
- Lead to an important amount of tourism research done by the University of the Isles.

It is worth commenting the "star" project of Baleares to improve the quality of tourism, mentioned before as "Plan to Regulate Tourism" (first area in Mallorca), nowadays in the phase of public information and appeal, before being a decree:

- the coastal tourism resorts will have a spongement of 500 meters on its hinterland border (green zone buffer in "u" shape.) and only 600 to 1000 persons per square kilometer.
- 7.5 square meters of beach are requested for one tourist bed (limit of capacity of area)
- 200 liters of drink water per day and inhabitant of the area available (minimum request)
- 60 to 120 square meters of land required to build one tourism or second home (normal 60m²)
- only hotels of 3 or 4 stars to be built (consequence of the high price of land to buy)
- prior authorisation to build any tourism business by the by the Ministry of Tourism, before the municipal "green light" (subordination of municipals to regional interests)
- need of previous infrastructure(water sewage, parking, 12 m² of green zone per person).

² From September 1992 till May 1993 the Spanish Peseta depreciated by 30% against the DM, and by 38% against the US \$, but only a 14% against the £. Therefore the expected increase of number of tourists in 1993 is 5% against only 2% in 1992.

³ "El Gasto Turistico en Baleares" U.I.B. for the Departments of Economy and Tourism.

Keys for the Future

In order to improve the model or system of tourism used in the Balearic Islands taking into consideration the challenges of the new bigger EEC, and changes in demand, the following key factors must be considered:

- *Quality*: as in all other areas of production or European services, an improvement in quality is fundamental, whilst retaining value for money. By improving quality, one increases profitability, gains the customers' loyalty and improves the quality of life of residents at the same time. The image of tourism on the islands, in a market which has an increasing number of destinations will then reflect the excellence of a "south" which is becoming more and more standardized.
- *Competitivity*: by this we are referring to the productivity of the sector compared with the pressure of competition imposed by countries outside the EEC due to lower prices, but with inferior quality and lack of security. It is impossible to fight against this type of competition due to high prices both in Spain and the Balearic Islands, caused especially by salary increases without the compensation of an increase in productivity. The only solution is to increase productivity by using know-how, better management, new technology that can be applied to tourism and by improvement in the professional training of staff. In any case in Spain, and especially in the Balearic Islands, one of the few economic sectors which has a guaranteed and profitable future is that of tourism, due to the comparative advantages which it possess, unlike the problems that other industries and service industries have and will continue to have in the Common Market.
- *Ecology*: respect for and the enjoyment of the environment is very important for Europeans and will become more so in the future. Some nationalities such as Germans are more sensitive than others about ecology. This leads to a pressure on touristic areas to improve their environmental policies. In the Balearic Islands the Law Regulating Open Spaces has been in effect since 1991 and protects - in three different ways- 35% of the territory, compared to 5% of the whole of Spain and 7% of the EEC. It is also important to mention the initiative which has been taken by some tour operators, like TUI, who have created the post of "expert in the environment" following the International Federation of tour operators. The latter, with FEC aid, is working on a model of ecological tourism for the Balearic Islands, which as well as being one of the earliest destinations for European tourism will also be a pioneer in this field in the EEC. The project is called ECOMOST and studies Mallorca and Rhodos.
- *Diversification*: Diversification on the one hand means segmentation of demand (in marketing language) and, on the other hand means offering new products. Firstly, it is necessary to try and prevent tourism in the islands from depending to such an extent on only two nationalities. (Added together, they are responsible for 61% of all tourism, the Germans with 31% and the British with 30%). This means that there has to be a promotional campaign in search of other markets, especially aimed at the Nordic countries and Spain. Moreover, it is necessary to look more closely at the different types of clientele, classified according to the type of holiday they are looking for, since demand is no longer simply for sun and sea. For this reason, as mentioned above, new products are being created which will satisfy these new customers; such as golfing holidays, spa holidays incorporating a "health" element, cultural holidays, rural holidays, residential

holidays (for those who want to have second home here) amongst others. Only by offering new products can the Balearic Islands generate new demand, and the latter must be for better quality holidays which involve more expenditure on the part of the tourist.

Communications: It is very important to note that, other than this type of diversification, the chances of changing the economic model of the Balearic Islands (based on tourism and the service industries) is very slim. Despite their island nature, the Balearic Islands have attained a high level of economic development. However, this fact has conditioned the progress of this economic model and diversification, (which should have been facilitated by Spain's membership of the EEC) making it difficult. The EEC is promoting a better system of communications and transport amongst European countries as the most important step towards creating a single market without frontiers. This policy does not benefit the Balearic Islands, which receive no aid from the EEC because of the high rent per capita. For the same reason, neither does the Spanish Government receive any aid -at least as regards infrastructure connected with transport (except airports) -despite its high volume of traffic and image as a holiday resort. Thanks to modern aviation (especially from 1960 onwards, with the popularity of use of jets), the Balearic Islands were already part of "Europe" before Spain's actual membership of the EEC in 1986. However, since then air transport has not improved but rather it has saturated (with control problems, only two routes to Europe etc), being one of the customers' complaints.

Conclusions

The Balearic Isles from 1950 till 1990 had an unsustainable success in tourism development in terms of future opportunities and future nature assets. This new perspective of "sustainable development" derived from the Brutland Report at the ONU in 1987, is the background of the political action taken by the Balearic Isles since 1981 when for the first time the subject of the limits to tourism growth were brought into public opinion and discussion.

One could say that the Balearic Isles were amongst the first tourism destinations to encourage sustainable tourism. Island tourist resorts are more vulnerable to the negative impacts of mass tourism than continental destinations. Therefore the Balearic Isles were not only pioneers in the new types of popular tourism but also in the research and ruling on how to limit further growth in capacity and exploitation of tourism.

In a free trade economy a neo-liberal economy sponsored by the EEC, and in a country like Baleares where land property was almost the only asset possessed by the residents, to restrict the building rights or expectations is not an easy task. Even a very difficult political decision if one considers that there are no alternative opportunities of investment "inside" the islands, that guarantee the level of employment and profitability provided by the tourism and the building sector. Nevertheless a "conservative" Government in the Balearic Isles has dared to do so. The timing is a good one because of the economic depressed situation that restrains the incentive or the prospects of new investments since 1990 and the engineering is a practical one because of the ruling on "minimum" infrastructure and square meters required, which leads to a virtual impossibility of investment where it is neither wanted or needed in terms of making tourism activity sustainable for the future.

In this new world which is much more worried about the future, in planetary perspectives, some new expressions are becoming of popular use: ecological economies, search for excellence, fight for quality, competition and competitiveness, and sustainable development. Tourism does not escape from this turmoil. Tourism has such a recent life that up to now escaped from the "modernisation" or "rationalisation" of other activities, especially industries in Europe. But tourism has now reached the maturity level and the professional degree which leads to pose questions on how to maintain "value for money", quality standards, sustainable development, and a way of living for millions of persons in the whole world, as it has become the human activity which generates more income than any other else.

The Balearic Isles have passed directly from the dependence on primary sector to the dependence on tertiary activities, mainly tourism, without passing through the "normal" intermediate stage (industry) as most of the Europe's advanced communities have done (considering the building activity as depending on tourism rather than depending on industry). This means less social traumas, but at the same time a more self-indulgent society. This means a quick enrichment of the population, but at the same time a lack of high degree of education. Precisely today the brightest prospect for the Balearic Isles comes from the new generations which have passed through the University of the Balearic Isles during its 15 years of existence. This new human factor has a clear advantage over the previous the old generation that built the first hotels early in the 50's.

A society which takes care of the welfare of its citizens, which tries to eliminate speculation, which protects nature, which saves resources that can not be renovate, which takes prior action to ensure good communications, and which prepares new generations for new challenges, has an optimal position to master its tourism and to program its future development. The Balearic Isles, moreover have additional advantages such as the proximity to the continental overpopulated Europe and a well-known reputation as a leader holiday destination, in the Mediterranean. However all these requisites are not enough to guarantee a sustainable tourism if there is not a definite will to make a living out of the tourism activity. And this 'will' must be shared by Government and citizens of the community. With a lot of difficulties, mainly the financial ones, the Balearic Isles are striving for this objective. It is an against the clock race to catch the future.

A deep study of a model for sustainable tourism of the Balearic Isles must be in any case divided in four studies, one for each of the islands. The insularity produces such a noticeable differentiation of the people's identity, economic systems, and level of tourism development, of which no formula may be applied to the whole archipelago. Mallorca island was the first to have bright businessmen to think of tourism as an interesting activity early on the year 1905. Being a 75% of the total tourism and population of Baleares, Mallorca is the leader of all action taken to ensure the success of tourism. Ibiza followed in the 70's with such a "boom" that has now reached its "maturity" even before, despite its shorter period of activity. On the other hand, the small island of Formentera, close to Ibiza, is having its climax since the 90's although its residents are determined to avoid the errors made by the other islands of Baleares. And Menorca is another "world" in this tourism scenario because of its balanced economy where tourism was almost unnoticeable till the 80's. But now Menorca is also developing on a steady pace its tourism activities. The future development of tourism in Menorca will be easier to plan after the recent declaration of "biosphere reserve" by UNESCO.

The success a plan to have sustainable tourism requires an appropriate "mix" of the interests of the geographical areas, the economic systems and people's own identity and traditional philosophy of life. It must be a plan which is made to measure.