

Modernisation, Globalisation and Development in Bhutan: Tourism as a Catalyst

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Abstract

Bhutan's narrative of tourism policy guided by the doctrine of Gross National Happiness (GNH), seemingly overrides the contemporary politics of development debate, has earned the country reputation in the tourism map of the world. Founded in the principle of Gross National Happiness (GNH), Bhutan's tourism policy embarks significantly on equitable socio-economic development, environmental conservation, promotion of culture and good governance – the four pillars of GNH. Significant transition took place in 1952 during the reign of 3rd King Jigme Dorji Wangchuck following the introduction of land reform and establishment of National Assembly in 1953, which marked the beginning of modernization of the country. Until the mid-1960s, Bhutan was non monetized economy, operating in isolation from the rest of the world. The birth of tourism industry in 1974 marked another significant era where tourists/visitors from outside the country were allowed for the first time in the country. Bhutan now generates significant amount of its national revenue from tourism industry. The present paper attempts to synthesise tourism development process in the country underpinned by the unique Bhutanese development model and its contribution to the country's economy.

Keywords: Tourism, Globalization, Economic Development, Bhutan

Introduction

The end era of colonial regime in South Asia represented a period of political pandemonium precipitated by partition of India and Pakistan followed by separation of East Pakistan, now called Bangladesh, from Pakistan. It was during these decades of political pandemonium in South Asia that Bhutan found its way to modernisation through transition in its political system, thus becoming one of the last nations in the world to embrace modernity and launch the process of modernization (Phuentsho, 2013). The geopolitics of South Asia, dominated by the logic of reconstruction of nation and territorial expansion, such as, China, India, Pakistan, etc., paved way for redrawing the lines of diplomacy among the nations which subsequently prompted Bhutan to re-evaluate the usefulness of its isolation policy (Choden, 2004).

Apprehension over Chinese invasion of Tibet and given the threats from Chinese over the announcement of absorption of Bhutan into Tibet, Bhutan chose to turn towards India. The influence of India had been significant in the construct of modern Bhutan. In the words of Pradhan (2012:73) the choice of Bhutan to turn towards India has proved to be beneficial for the nation's wellbeing and 'gross national happiness', especially when China was considered hostile to its political survival, at least until then last decade of the 20th century". Since the early 1950s, Bhutan has undoubtedly experienced significant transformation in many aspects of development in which tourism sector has emerged as the key source of foreign exchange earnings (World Bank, 2011).

The Genesis of Tourism Industry in Bhutan

Development of tourism industry in Bhutan is of recent phenomenon tracing back to the event of coronation of the 4th King Jigme Singye Wangchuck, however, the country is now well recognized in the tourist map of the world. Bhutan has been recently listed as one of the top tourist destinations for 2013 in few popular magazines, such as Forbes, the travelers magazine of National Geographic, and New York Times travel magazine (Kuensel, 2013). Bhutan was also among the top three finalists for tourism for "Tomorrow's Destination Stewardship Award, 2013", among 133 applications from 46 countries, by the World Travel and Tourism Council (WTTC) in London. This award is given to organisations that have implemented a sustainable tourism programme at a destination level, while incorporating social, cultural, environmental and economic benefits, as well as engagement amongst multiple stakeholders (WTTC, 2013). Even though 'Peaks of the Balkans – Municipality of Peja, Kosovo' backed the award, making at the top three itself is a great achievement for Bhutan. Introduction of tourism industry in 1974 in Bhutan was taken as a part of visionary modernisation and economic development plan introduced by King Jigme Singye Wangchuck in an effort to raise government revenue, promote the country's unique heritage, and develop relationships with the outside world (Dorji, 2001). Unlike coronation ceremonies of his predecessors, several dignitaries from different countries were invited, bringing an end to the long isolation of the landlocked nation from the rest of the world. This was the first time that the international media were allowed to enter the country. A total of 287 invited guests travelled to Thimphu for the event, and several new hotels were built to accommodate them (Brown et al, 2007). Prior to this, visitors from outside were extremely rare and were allowed access only by invitation of the royal family. Such visitors tended to be of the 'explorer' type, following in the footsteps of the few who entered as early as the 1800s (Ritchiev, 2008). Government constructed two state guest houses, trained staff and also groomed six young men to serve as official hosts and multi-lingual guides.

The Emperor of Japan sent two minibuses to transport official guests as a coronation gift. He further suggested that Bhutan might develop tourism, to use their guest houses, staff and vehicles (Smith, 1981). Number of tourist arrival in the country gradually increases every year since then. Taking cognizance of the negative impact of tourism, only groups of 15 persons were accepted initially on very restrictive pre-set itineraries of seven to ten days with no extensions or deviations possible. A strict quota of 200 (non-Indian) visitors per year and daily tariff of \$130 was placed on tourists for all inclusive package of transport, accommodation, excursions, guide services and meals. Interestingly, this package system has essentially

continued till today on revise basis from time to time. The anticipated quota (200 non-Indian per year) could not be met in the early days due to inaccessibility (Brunet, et al. 2001) and partly due to unfamiliarity of the country to the outside world. Therefore, the government began to advertise in travel magazines for individuals to form composite groups (Smith, 1981). In 1982, the Bhutan Tourism Corporation (BTC) was formed. The BTC was an entirely government-owned and operated enterprise that took care of all tourism operations — visas, travel permits, itineraries, bookings, tours, guides, transport, etc.

Doctrine of 'High-Value and Low-Volume'

Sustainable development praxis buttressed by the logic of balancing human well-being with materialistic philosophical construct of development occupies the core strategy in national development plan. The Bhutanese model, a religious base development model, of sustainable tourism development thus appears distinctive and different from the contemporary development strategy of many countries. Development strategy changes according to the changing circumstances and development situation which follows adoption of newer policies. Yet unlike other countries, Bhutan addresses development challenges meticulously building on the core Buddhist value of the Drukpa tradition, the official religion of Bhutan and branch of tantric Lamaism (Frame, 2005). Protection of environment and preservation of Buddhist culture in its natural state are thus the cores of development policy of the country. This significantly implies a policy of controlled tourism that is grounded on the firm belief that uncontrolled tourism will overburden Bhutan's limited facilities and threaten the traditional culture, values and the environment (Rinzin, et al, 2007). Under such policy of controlled tourism, tourism industry in the country has received a big push during the last few decades.

It is true that tourism can encourage the revival and continuation of traditional cultural practices, fostering understanding, tolerance and cooperation between people and cultures and can also play a significant role in generating income for local communities and finance for conservation practices (Brunet, et al, 2001). However, Royal Government of Bhutan is aware that commodifying cultural traditions can debase them and insensitive visitation can cause colossal damage on the values, cultural, attitudes and behaviour of host communities. Therefore, planners take cautious approach and accord high priority to the conservation of natural resources (Gurung and Seeland, 2008) and socio-cultural protection against the open-market forces. The main concern is that free market enterprise approach to tourism or better known as the mass tourism model, focuses on large scale tourist approach can lead to impacts such as environmental destruction, acculturation and false promise of long term benefit (Teoh, 2012). Embarking on such potential of constructive and destructive factors, Bhutan adopted controlled tourism policy with 'high-value, low-volume impact' in order to strike a balance between securing economic gains and the need to protect and preserve Bhutan's rich cultural, religious and natural heritage (ADC, 2010). The two key objectives of this model are, therefore, to contain the process of acculturation and to protect the country's fragile natural environment.

Controlled tourism policy with 'high-value, low-volume' principle is also a strategy to attract only the affluent, educated and clientele who are willing to spend more time and money for an unusual experience (Smith, 1981). Consequently, the tourists in Bhutan are older, wealthier,

and better educated and are more socially and environmentally responsible compared to tourists in other neighboring countries (Garung and Seeland, 2008). Under 'high value, low impact' guiding policy, the Government of Bhutan set a tariff of USD \$200 per person per night for the months of January, February, June, July, August, and December. USD \$250 per person per night for the months of March, April, May, September, October, and November, that covers daily accommodation all meals, transportation, a licensed Bhutanese tour guide, camping equipment and haulage for trekking tours. It also includes internal taxes and charges and a sustainable tourism Royalty of \$65. This Royalty goes towards free education, free healthcare, poverty alleviation, along with the building infrastructure (TCB). Therefore, Bhutan's controlled tourism model provides direct transparent benefits as a 'common good' to its citizens (Teoh, 2012). This is a minimum daily package for tourists travelling in a group of three persons. Single travelers pay more than the group.

Tourism, Globalization and Economic Development

Globalisation as a worldwide phenomenon has reached and impacted all of the societies and cultures including those traditionally very conservative ones which still can be found in every continent (Hlúšek, 2010). Bhutan is one of such countries with long history of traditional society, characterized by primitive mode of production, enters lately into modern global economy; first negotiating with its tourism potentialities in the 1970s and hydropower in the 1980s onward. Tourism, widely regarded as one of the visible manifestation of globalization (Hołowiecka, et al, 2011) has recently become one of the important drivers of economic development in the country. Recognising tourism as a niche of market (Gurung and Seeland, 2011) and its potential of further development in balance with conservation of its unique culture and environment, the country's unique approach of 'high value, low impact' policy is fairly successful. The revenues generated from tourism constitute an important source of income for the nation. Gurung and Seeland (2011) further asserted that the rural communities are also benefitted from the trickledown effect of tourism revenue by selling local produce, goods and handicrafts and providing food and lodging. In 2004, the annual average local income from tourism was US \$874. Tourism also generates self-employment, hence has the potential to avert urban migration from rural areas and to keep alive the local culture, arts and crafts (Rinzin, et al. 2007).

At the global level, Tourism has grown in number of ways over the last few years. According to WTTC (2013), the total contribution of travel & tourism to global GDP was USD 6,630.4bn (9.3% of GDP) in 2012, and is forecasted to rise by 4.4% per annum to USD10,507.1 bn in 2023. Tourism provides about 101,118,000 jobs (3.4% of total employment) in 2012. This is expected to rise by 2.0% per annum to 125,288,000 jobs (3.7% of total employment) in 2023. There were over 1 billion international tourists in 2012 for the first time, up from just 25 million in 1950. The year 2012 was a remarkable year for Bhutan where the country received unprecedented growth increase in tourist arrivals, peaking at 105407, recorded the highest number of visitor arrivals in the country since its inception. The visitors consisted of 54,685 international visitors and 50,722 regional visitors. The unprecedented growth of +64.63% between 2011 and 2012 is indeed an indication of phenomenal growth of tourism industry in the country guided by it principle of "high value low volume". This ensures higher generation of revenue from tourism

sector. Of the total tourists arrived in 2012, 77,700 visitors were tourists who solely visited Bhutan for the purpose of holidaying (TCB, 2012).

Tourism, a nascent and burgeoning industry, has become significant revenue generating factor during the last few years in the country. The tourism sector has a high potential for Bhutan in terms of foreign revenue and providing employment and income opportunities. Brunet, et al, (2001) asserted that the Bhutanese acknowledged potential of job creation and opportunity in tourism industry in the face of increasing unemployment of its young people. Educated rural youth are beginning to move to Thimphu and other urban centres. There has been increasing number of tour operators and tourist guides since the privatisation of tourism in the country. There were as many as 741 tour operators in the country in 2011. The revenue generation from the tourism sector has increased from over US\$ 2 million in the late 1980's to over US\$ 38 million in 2008. The gross earnings from international tourism also increased to a total USD 35.98 million in 2010 and 47.68 million in 2011, an increase of plus 11.70 (NSB, 2012).

The tourism industry in Bhutan enjoyed continued growth rate with the tourist arrivals in the country increasing every year. Gross earnings from international leisure tourism alone reached USD 62.80 million, an increase of +31.71% between 2011 and 2012. The real benefit of tourism however comes in different ways including many services contributed by indirect tourism players in its supply chain. United Nation World Tourism Organization (UNWTO) has developed a methodology called Tourism Satellite Account (TSA) to measure tourism industry's benefit. However, TSA does not take into account the indirect tourism benefits. Therefore, the gross earning mentioned here does not include the money spent by tourist in other heads of activities. It is a common behavior and manner among the tourists that apart from their regular payment for tour package they spend huge amount of money in other events and activities. Tourism Council of Bhutan, therefore, asserted that in reality, the overall tourism earnings is estimated to be approximately USD 211.5 million including receipts from Drukair, regional tourism, out-of-pocket spending of visitors on shopping and other additional services and products etc. (TCB, 2012).

Tourism sector has made significant contribution to the country's economy. Apart from revenue generation, it has also generated large number of employment directly or indirectly to the people. According to the Accelerated Bhutan's Socio-economic Development (ABSD) initiative, hospitality sector is a key area that will boost economic growth and generate employment opportunities for the youth. It is estimated that the industry employed around 17800-19600 (direct and indirect) people in 2010 (Sharma, et al). The Tourism Council of Bhutan continues to assess and accreditate accommodation providers as per the 'Star Classification'. Properties are classified according to the number of stars they merit based on a set of criteria that ensures and espouses the "high value, low impact" tourism policy. In 2012, there were 123 accredited properties that were divided into 9 '5-Star' category, 8 '4-Star' category, 45 '3-Star' category, 42 '2-Star' category and 19 '1-Star' category properties. The Tourism Council of Bhutan has set a minimum requirement of a '3-star' property for tourism accommodation to encourage quality delivery to justify the tourism policy to promote high-end tourism. In 2012, some 12 '2-Star' hotels were upgraded into 3-Star and above properties (TCB,

2013). This gives opportunity to engage many young people in hospitality industry that directly promotes tourism. In 2011, the tourism industry also claimed to have created 25,987 jobs in various sectors, such as guides, hotels, restaurants, the national airline and handicrafts that surpassed TCBS's target of 25,000 (Kuensel, 2013). The vision 2020 of the Bhutan envisages tourism development, recognizing the nation's tourism potentials being very considerable, by exploring its potentialities in the future. In order to benefit rural communities, tourism activities protected areas and Government reserve forest, the community based ecotourism programmes were identified as priority programmes in the 10th Five Year Plans (Planning Commission, 1999).

Conclusion

Tourism has become undoubtedly a major source of employment and global economic forces. Paradigm shift in theoretical construct of tourism, widening the scope and concept of understanding, has taken its praxis to more complex form and logical discussion embarking on spatial relationship among different spatial features including mankind. The scope of tourism has thus become broader in the process, defining no longer within the concept of leisure and travelling for pleasure but stress on wider issue of economic viability, employability and potentialities to generate benefits to the communities as a whole. Imaging tourism industry under such holistic perspective, one can see complexity of the global–local nexus – and how its economic, cultural and environmental elements interact to create local development outcomes (Milne & Ateljevic, 2001). Placing Bhutan's tourism development history into such theoretical perspective, it is apparent that community-based approach buttressed by development philosophy of Gross National Happiness (GNH) remains central to the success of tourism industry in the country. The effective and insightful plan policy of tourism guided by its unique principle of “high value low volume” has earned the country one of the most successful countries in tourism sector in the world.

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