

Geography essays - tourism and globalisation in prague



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The economic impact of tourism and globalisation in Prague.

‘Tourism’ is the all-encompassing term for the movement of people to destinations away from their place of residence for any reason other than following an occupation. The World Tourism Organisation, a United Nations body, defines a tourist as “someone who travels at least eighty kilometres (fifty miles) from home for the purpose of recreation” (Frangialli, 2001)

Individuals and communities around the globe are more connected to each other than ever before. Information and money are rapidly transmitted intra- and internationally, goods and services produced in one part of the world are increasingly available universally, and international travel and communication is routine. Advancing technology and leaps of progress in engineering have effectively resulted in a minimised world. Depending on political standpoint, this increasingly interconnected global marketplace either represents an enormous achievement for mankind, or a potentially devastating progression into the twenty-first century. Meetings of bodies such as G8, the International Monetary Fund and the World Bank often generate large demonstrations, as witnessed in Prague in September, 2000, organised by Prague-based International Campaign against Globalization.

Tourism comprises around 5 per cent of the world’s GDP (gross domestic product), and over 200 hundred million people are employed in some form of travel and tourism worldwide (Frangialli, 2001). International tourism is a major export; indeed, in over 150 countries, representing eighty percent of nations worldwide, tourism is one of the five top export earners. In more than sixty countries, tourism is the number one export, and in the Czech

Republic tourism accounts for 7 per cent of overall exports and over 40 per cent of service exports (Eyal, 2003). With nationals of 45 countries spending an average of 1 billion euros annually while travelling abroad, including Germans who spend over 50 billion euros and the Dutch who expend almost 14 billion euros, inbound and domestic tourism is increasingly viewed as a reliable and predominant means of national development.

Historical background

Inhabitants of the Vltava valley are first mentioned in historical documents in 500BC, following the arrival of an unnamed Celtic tribe to the area. One thousand years later, the first Slavonic tribe is referenced as settling in Bohemia. Two of the most spectacular structures have played important roles in the history of Prague: ninth-century Prague Castle, built by Prince Borivoj, and the tenth-century fortress Vysehrad, built on the rock upon the right bank of the river Vltava. Both fortresses became essential for Czech rulers throughout history; Prince Wenceslas, for example, murdered in 935AD and later canonised, valued both strongholds (Eyal, 2003).

Prague, capital city of the Czech Republik, is an intricate municipality of historical monuments depicting many artistic styles. The historical centre of Prague is situated on both banks of the river Vltava, and consists of 6 'quarters', once independent cities and merged during the eighteenth century. Many museums, galleries, and historical buildings still exist in superb condition, and, in 1992, in recognition of this, Prague's historical centre was added to the World Heritage Sites register of UNESCO (Eyal, 2003). Despite the protracted hegemony of the Austrian empire, which had instigated the decline of the Czech culture and language, the reign of <https://assignbuster.com/geography-essays-tourism-and-globalisation-in-prague/>

Empress Maria Teresa, during the eighteenth century, allowed the Czech Republic to rediscover its history, language and ethnicity. This flourish of Czech national pride continued until Czech independence in 1918, and was responsible for the construction of many extravagant public buildings and the restoration of old traditions.

Prague has continually proven itself as a valuable tourist location, and has attracted many prominent personalities throughout the centuries; among them Mozart, von Beethoven, Queen Elisabeth II, and Pope John Paul II.

Economic impact of tourism

One of the most significant forces for change in the world today, tourism is now regarded by many as the world's largest industry. It prompts regular mass migrations of people, processes of development, exploitation of resources, and inevitable repercussions on places, economies, societies and environments (Williams, 1999). Many factors have encouraged the development of both domestic and international forms of tourism, and they exert differing economic, environmental and socio-cultural impacts upon destinations. Both as an industry and as a social phenomenon, tourism can be responsible for a renowned speed and scale of change to a location. But at the dawn of the twenty-first century, the challenges of change can seem more daunting than ever before, especially evident in terms of globalisation, the IT revolution, the democratic challenge, and the new consumer (Shlevkov, 2004).

Globalisation (as discussed later) represents the intensification of relationships between locations, increasingly shaping the phenomenon in

addition to being shaped by it. It denotes the expansion of competition in the tourism industry, as both the reach of transnational capital and the tourist's 'imagined' world are effectively 'globalised'. Although the demise of mass tourism is greatly exaggerated, consumers have become increasingly differentiated, and this has severely influenced the tourist map, with few places escaping the increasingly conflicting demands of diverse groups of tourists (Frangialli, 2001). Similarly, the IT revolution is partially responsible for, and facilitates, globalisation, and promises to transform the productivity of tourism capital, challenging the meaning of tourism itself. Nations are now faced with the task of constructing new democratic models which can both regulate and allow commitment to the challenges and opportunities of an increasingly globalised, technology-driven and discriminating world in which the tourist is king. This has led to a growing interest in models of participatory democracy that, in the realm of tourism, has been especially evident in the debate regarding the construction of effective and impartial partnerships in the pursuit of sustainable tourism (Frangialli, 2001).

An example of a typical response to these challenges, in 1998, the Royal Geographical Society established the Limited Life Working Party on the Geography of British Tourism. Its remit was to review the current state of British tourism, and to determine a research agenda for the challenges of a changing tourist industry. The work of this group was surrounded five working papers on production, consumption, localities, the environment and public policy (GLTRG, 2000), and while neither exclusive nor comprehensive, the papers provided an organisational framework for addressing both the substantive and methodological challenges facing tourism (Eyal, 2003). First

publicly presented at a conference at the University of Exeter in September 1999, the papers resulted in revealing discussions which indicated that the organisational framework discussed possessed a resonance beyond the national arena. It is envisaged by many institutions that these research papers will contribute to the shared efforts of international scholars to engage with and understand the increasingly complex and rapidly changing world of tourism.

Prague is an increasingly popular tourist destination and is already viewed as an abundant location for amateur property developers. The popularity has reaped the Czech Republic rich rewards over the past decade; earnings from tourism have risen steadily since 1989, topping USD 3. 7 billion in 1998, equivalent to six percent of the country's GDP (Shlevkov, 2004). This figure, however, does not begin to reflect the sector's true significance for the Czech economy. Following Skoda cars and beer, tourism is one of the country's leading exports, accounting for 12. 8 percent of all foreign currency earnings. In addition, foreign employers and tourist industries are currently providing jobs for an estimated ten percent of the national labour force. Income from tourism has almost quadrupled over the past six years, more than balancing the outflow of capital that has accompanied the increasing number of Czechs spending their vacations abroad. Following the Velvet Revolution of November and December 1989, industrial exports plummeted and collapsed. Tourism, however, accommodated the excess, providing new jobs and incomes to the otherwise unemployed masses. Indeed, the positive balance from tourism maintained stable, even profitable, accounts during the first half of the 1990s.

Considered one of the most stable and prosperous post-Communist states, the Czech Republic has been recovering from recession since mid-1999. Growth in 2000-2001 was led by exports to the EU, especially Germany, and foreign investment, while domestic demand is reviving. Tourism has played a critical role in the Czech Republic's economic stability, and Prague's magnetism to visitors and investors alike has been crucial.

Tourism in the Czech Republic is overpoweringly focused on the Golden City, and an estimated 70 percent of all foreign visitors stay in the capital, Prague (Frangialli, 2001). But the capital's success in attracting visitors is overwhelming the city. The panorama from Charles Bridge is still breathtakingly beautiful, but these vistas are now suffocated amidst the hordes of tourists. 'Real life', the Eastern European culture which attracts so many tourists in the first place, is gradually being edged out by boutiques and pizza franchises. High streets now resemble American society and have lost the historical European charm that made them so appealing.

The concentration on Prague is ironic considering the plethora of assets the rest of the country has to offer. A handful of places, such as Český Krumlov, Karlovy Vary and Kutná Hora, have established themselves in tourist guides as worthy locations to visit outside of Prague, but the average tourist is oblivious to the castles, chateaux, monasteries and churches that speckle the Czech countryside. The hundreds of wine cellars that litter southern Moravia and the picturesque towns of southern Bohemia are virtually ignored. While wealthy Prague is stifled with tourists, the areas away from the capital could most benefit from hosting visitors.

Tourism can be particularly effective for regional development. It is relatively labour-intensive and involves predominantly small to medium-sized enterprises, employing ten to twenty-five employees, that can respond flexibly to market demands. It also generates a wide number of valuable indirect benefits for local communities, including opportunities for recreation and culture, investments in infrastructure and even a strengthened sense of local identity and pride (Shlevkov, 2004). Reaping these benefits has been frustrated so far by the inadequate tourist infrastructure and poor promotion of most areas outside of Prague. With regard to food and accommodation, the problem is not so much one of quantity as the number of beds and eateries away from Prague is generally sufficient. Quality, however, is generally considered, by visitors, as derisory, with most inns, hotels and restaurants simply not meeting basic Western standards. In an increasingly discriminating tourist world, where competition and quality is generally high, non-capitol locations are principally being overlooked by the veritable goldmine that is the tourist world. Until recently, most regions have had to rely more or less on their own initiatives for self-promotion to potential foreign visitors. The majority have fared badly, and the overall result has been cacophony rather than clear and precise communication (Frangialli, 2001).

For much of the past decade, tourism development in the Czech Republic has been more or less robotic and self-regulated. Under the mantra of purported market liberalism, the government pursued a hands-off policy between 1992 and 1997, during the five years that former Prime Minister Vaclav Klaus was in power (Eyal, 2003). During this period, the equable and

stable increase in tourists and revenues did not inspire any reconsideration of this approach. The first suggestion that a more directed methodology to tourism might be appropriate occurred concurrently as the government realised that its laissez-faire approach was dividing the country into distinct 'haves' and 'have-nots'. The Ministry for was established in 1996 to address the growing imbalance between affluent areas, like Prague, and the many struggling rural backwaters, such as Ostrava. Subsequently, responsibility for overseeing and developing tourism was transferred from the Ministry for Trade and Industry to the new Ministry of Local and Regional Development (Eyal, 2003).

Despite this vague appreciation and recognition that tourism could be an instrument for regional development, the government's dedication has remained limited. In contrast to other countries with substantial and respectable tourist industries, which regularly plough percentages of their tourist profits into further development of the sector, investment by the Czech Republik in tourism development over the past decade has been miniscule. In 1997, for example, an estimated 0.6 percent of GDP from tourism was reinvested into the industry, and as a result, the infrastructure of tourism is suffering. Within the Ministry for Local and Regional Development, for example, only a handful of staff, most in support functions, oversee and coordinate the development of one of the most significant sectors of the Czech economy. This is considered completely insufficient to organise the complex coordination of tourist service providers, carriers, local and regional authorities, state agencies, non-profit factions, and so on,

involved in tourism in the country (Shlevkov, 2004). The majority of the department's budget is consumed by the Czech

Tourism Authority, whose employees and representatives around the world, numbering approximately 70, are charged with promoting the country, domestically and internationally. However, without adequate funding, the tourist authority is unable to retain its most capable employees, and, to date, has achieved little of merit. The organization's unattractive Internet pages and stuffy brochures seem designed to dissuade potential visitors rather than entice them to the country. The Czech Tourism Authority has recently launched a new initiative specifically designed to promote the different regions around the Czech Republic; despite good intentions, however, this essentially ineffective given the weak promotion for the country as a whole and the highly insufficient economic and personnel support for such an enterprise. The Czech Republik remains practically exotic to most nations, even now shrouded in mystery and chiefly unfamiliar to the average tourist. Marketing regions is, therefore, seen as a waste of precious resources and manpower useless – without a deliberate, organised and powerful holistic promotion of the country as a whole, the reputation of Czech Republik within the world of tourism will remain an eclectic and bizarre mixture of castles and beer.

Globalisation

Depending upon the individual's political, or apolitical, viewpoint, 'globalisation' is many things to many people. Many see it as a primarily economic phenomenon, involving the increasing interaction, or integration, of national economic systems through the growth in international trade, <https://assignbuster.com/geography-essays-tourism-and-globalisation-in-prague/>

investment and capital flows. However, it is possible to also point to a rapid increase in cross-border socio-cultural and technological exchange as part of the phenomenon, and to understand the trend in terms broader than purely economical. Sociologist, Anthony Giddens, for example, defines globalisation as a “decoupling of space and time” (Friedman, 2005), emphasising that with virtually instantaneous communications and impressive technological advances, knowledge and culture can be shared around the world simultaneously. “The Era of Globalization” is rapidly becoming the preferred term for describing the current period in history. Just as the Depression, the Cold War Era, the Space Age, and the Roaring 20’s are used to describe particular periods of history; globalization describes the political, economic, and cultural atmosphere of today (Wolf, 2004). While some people think of globalisation as primarily a synonym for global business, or economy, it is much more than that. The same forces that allow businesses to operate as if national borders did not exist also allow social activists, labour organizers, journalists, academics, and many others to work on a global stage, and subsequently, have encouraged the development of the tourist industry. With the average citizen of most developed nations able to travel, transatlantic or transpacific, within the duration of a single day, the majority of consumers are visiting and experiencing cultures and ethnicities unattainable to previous generations. In addition, with technological breakthroughs, virtual tourism is on the increase, with more and more potential tourists initially ‘visiting’ a country via their computer, thereby encouraging the actual physical travel itself.

Globalisation is a modern term used to describe changes in societies and the world economy that result from dramatically increased international trade and cultural exchange, describing the increase of trade and investing due to the falling of barriers and the interdependence of countries. In specifically economic contexts, it is often understood to refer almost exclusively to the effects of trade; particularly trade liberalisation or “ free trade” (reference). Between 1910 and 1950, a series of political and economic upheavals dramatically reduced the volume and importance of international trade flows. However, globalization trends reversed following the creation and establishment of the Bretton Woods institutions, the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT) (WCSDG, 2004). In the post-World War II environment, nurtured by global economic institutions and rebuilding programs, international trade dramatically expanded. During the 1970s, the effects of this trade became increasingly visible, both in terms of the benefits and the disruptive effects.

Although all three aspects are closely interconnected, it is useful to distinguish economic, political and cultural aspects of globalization. In addition, it is important to recognise the key aspect of technological advances, particularly with regard to transportation and communications, which, it is claimed, are responsible for the modern phenomenon of the ‘ global village’. Since the word has both technical and political meanings, different groups will have differing histories of the globalisation phenomenon. In general use, within the field of economics and political economy, however, it is a history of increasing trade between nations based

on stable institutions that allow firms in different nations to exchange goods with minimal friction.

During the inception of globalisation as we understand it today, the term “liberalisation” came to represent the combination of laissez-faire economic theory with the removal of barriers to the movement of goods. This resulted in the increasing specialisation of nations in exports, and the pressure to end protective tariffs and other barriers to trade. The period of the gold standard and liberalisation of the 19th century is often, therefore, termed “The First Era of Globalisation” (Wolf, 2004). In essence, it was argued that, with widespread acceptance of liberalisation, nations would trade effectively, and that any temporary disruptions in supply or demand would correct themselves automatically. The institution of the gold standard appeared in phases in major industrialized nations between approximately 1850 and 1880 (Ralston Saul, 2004), though exactly when various nations were truly on the gold standard remains a matter of contentious debate.

It is understood that the “First Era of Globalisation” began to undergo its initial disintegration as a result of the First World War, and subsequently collapsed entirely with the crisis of the gold standard in the late 1920's and early 1930's. However, countries that engaged in that era of globalisation, including the European core, some of the European periphery and various European offshoots in the Americas and Oceania, prospered. Inequality between those states fell, as goods, capital and labour flowed remarkably freely between nations. Globalisation in the years following World War II has been driven by Trade Negotiation Rounds, originally under the auspices of GATT, which led to a series of agreements to remove restrictions on “free

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trade” (Wolf, 2004). The Uruguay round led to a treaty to create the World Trade Organization (WTO), in an attempt to effectively mediate trade disputes. Other bilateral trade agreements, including sections of Europe’s Maastricht Treaty and the North American Free Trade Agreement have also been signed in pursuit of the goal of reducing tariffs and barriers to trade (WCSDG, 2004).

Despite the surface appearance of remarkable international economic successes as a result of globalisation, not all nations and groups are convinced that globalisation is, indeed, of benefit to their country in particular, or the world stage as a whole. In September, 2000, this was particularly evident in the Czech Republik. Some 20, 000 representatives of global capital, predominantly world bankers, economists and financiers, visited Prague to attend the 55th annual summit of the International Monetary Fund and the World Bank Group. This prestigious meeting of the world economic elite, the first of its kind in the Central and Eastern Europe, was considered to be of great importance. The delegates intended to meet to propose a scheme of further liberalisation of the world economy by defining new loan priorities and structural adjustment conditions. However, events in Seattle at the WTO meeting, November 1999, indicated that a significant wave of global resistance was rising against the expanding power of global capital. The IMF/WB summit in Prague provided adequate opportunity for anti-globalisation movements to express their demands for what they perceived as ‘ global justice’.

The Initiative against Economic Globalization (INPEG) is a loose coalition of various Czech environmental, human rights and autonomist/anarchist
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groups, organizations and individuals who critically oppose the professed world financial oligarchy, and they had planned a series of campaigns that would culminate in ten days of activities during the IMF delegation in Prague. Claiming that transnational economic corporations and organisations deliberately promote globalisation as a means of maximising private profits, anti-globalisation factions routinely argue that pro-globalisation lobbyists and institutions maliciously restrict the “ power of people to protect the environment, determine their economic destiny, and safeguard their human rights” (Stiglitz, 2002). Furthermore, groups such as INPEG assert that world economic organisations are also directly responsible for Third World debt, and that their debt relief policies continue under the harsh conditions of the IMF Structural Adjustment Programmes, and thus resulting in an impossible economic situation for developing nations. With particular regard to the Czech Republik, anti-globalisation organisations endeavour to highlight what they considered to be the debilitating effects of globalisation policies on Central and Eastern Europe, demanding an immediate suspension of these practices leading to environmental destruction, growing social inequality and poverty and curtailing of people’s rights (Stiglitz, 2002).

However, despite the vocal outrage of such anti-globalisation factions, the world increasingly shares problems and challenges that do not obey nation state borders, most notably pollution of the natural environment, and as such the movement previously depicted as the anti-globalisation movement has metamorphosed into a ‘ movement of movements’ for globalization from below; seeking, through experimentation, forms of social organisation that transcend the nation state and representative democracy (Wolf, 2004). So,

whereas the original arguments of anti-global critique can be refuted with stories of internationalisation, the emergence of a global movement is indisputable and, therefore, it is possible to speak of a real process towards a global human society.

Future projections

In 1998, an international cooperative research network was organised, by Volker Bornschier and Christopher Chase-Dunn, for the Fourteenth World Congress of Sociology in Montreal, Canada. This network attempts, theoretically and empirically, to determine the multitude of dimensions relating to globalisation, particularly economic, political, common ecological constraints, cultural values and institutions, and the globalisation of communication (WCSDG, 2004). The first results of this coordinated research were introduced at two sessions at the World Congress of Sociology in Montreal. While the earlier popular discourse on globalisation seemed to suggest, at least implicitly, that globalisation and world economic growth occur in tandem, a more stringent analysis revealed that the various aspects of globalisation became accentuated in the phase of long term sluggish economic growth when compared with long-term economic upswings. It became evident that, despite the remarkable economic growth experienced by several countries during the 1980s and 1990s, overall polarisation in the world did not shrink but actually increased in the latest era of globalisation. Adjectives such as “uneven” and “limits” have increasingly appeared in the titles of academic works on globalization, not only reflecting a critical perspective, but also the obvious need for theoretical clarity and empirical research. To assist with the research conducted by Bornschier *et al*,

researchers from three continents were recruited to examine the diverse phenomena of “ globalisation”, and determine the sustainability of developments and the design of new institutions in order to shape a less polarized and more peaceful social world (Ralston Saul, 2004).

Considering the future of ‘ globalization’, conceived as processes promoting international interconnectedness, contemporary globalisation is not entirely unusual when compared to past episodes, such as that experienced between 1850 and 1914. During that period, there was rapid growth in trade, capital flows and migration comparable to, or greater than, today (Hirst and Thompson, 2002). There was also a policy backlash and the widespread adoption of protectionist policies. In addition, contemporary globalisation processes are not, in evidence, undermining national economies; on the contrary, the major states are reinforced in their role of international actors (Friedman, 2005). However, it is widely accepted that both the global economy and national governments will face crucial challenges during this century, the chief of which is climate change. Such changes will tend to foster conflict and thus reinforce the role of the state, but in a context where supremacy at every level will be harder to achieve. Evidence about the effects of borders and the limits to trade expansion have been presented by a plethora of research groups, and the overwhelming agreement is that data indicate that we could be close to the limits of feasible globalisation (Ralston Saul, 2004).

The World Tourism Organization forecasts that international tourism will continue growing at the average annual rate of 4 percent (WTO, 2001) (

http://www.world-tourism.org/market_research/facts/market_trends.htm).
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By 2020, as forecast, Europe will remain the most popular destination for tourists, but its share will drop from 60 percent in 1995 to 46 percent. It is expected that long-haul will expand slightly faster than intraregional travel, and, by 2020, its share of international tourism will increase from 18 percent in 1995 to 24 percent. Moves to complete banking, telecommunications, and energy privatisation will add to foreign investment, while intensified restructuring among large enterprises and banks and improvements in the financial sector should strengthen output growth. Gradual technological improvements are likely to make air-ship hotels possible, based either on solar-powered airplanes or large dirigibles (WTO, 2001). Widespread popularity of underwater hotels is predicted, and structures such as the Hydropolis, purported to open in Dubai in 2006, will be built to meet growing demand. On the surface of the ocean, tourists will be welcomed by ever larger cruise ships and floating cities, such as the Freedom Ship (construction planned for 2005). Some futurists expect that movable hotel “pods” will be created that could be temporarily erected anywhere on the planet, where building a permanent resort would be unacceptable politically, economically or environmentally (WTO, 2001). As computer technologies advance sufficiently, virtual reality tourism is likely to become extremely popular and affordable, with significant popularity expended around 2010-2015.

Conclusion

Reality may now be catching up with the Czech Republic. Prague hoteliers and merchants are reportedly increasingly disturbed by the shortfalls in the tourist industry, and even government officials are concerned by the drop in

visitors over recent years. The number of foreign visitors rose rapidly in the first seven years after the Velvet Revolution, from 26. 9 million in 1989 to 109. 4 million in 1996. However, subsequently, the numbers have tapered, declining to 107. 9 million in 1997, and 102. 8 million in the following year (the last full year for which statistics are available) (Shlevkov, 2004).

In contrast to the decline in tourists in 1997, predominantly due to the massive flooding that submerged large parts of the country, the recent downturn may signal a greater trend. The country's poor tourism infrastructure, bad service and inept promotion are starting to severely impact on the region's GDP, and, to a lesser extent, national pride and their value to European progress. The afterglow of the Velvet Revolution lasted longer abroad than it did in the Czech lands. Tourists flocked to the Czech Republic for its fabled capitol city and a taste of " Eastern Europe", conveniently located along the Berlin-Vienna train line and within easy reach of Germany and Italy, and not for good food or great service. Ten years later, Prague and the Czech Republic have lost much of their initial aura and are no longer completely uncharted territory. Poor beds, bad board and worse manners now do make a difference for the increasingly discriminating tourist-consumer looking at Prague versus other destinations.

The Czechs may not be considered as friendly and outgoing as the Irish, and the land-locked republik lacks a coast to attract beach-seeking tourists, nevertheless, with a location almost exactly in the middle of Europe, a landscape overflowing with cultural attractions and a fascinating history, and an economy considered still very affordable to most Western tourists, the Czech Republic should be enjoying an enviable tourist reputation. Ireland's <https://assignbuster.com/geography-essays-tourism-and-globalisation-in-prague/>

remarkable success stands as an example for what it is possible to achieve. The Czech authorities are beginning to realise the vast potential tourism has to offer. Tourism has been written into virtually every regional development plan in the country, and the Ministry for Local and Regional Development has drafted a national plan for developing tourism that draws attention to some basic problems and makes a number of proposals for reform (Frangialli, 2001). The establishment of a tourism development fund, passage of a more favourable tax legislation