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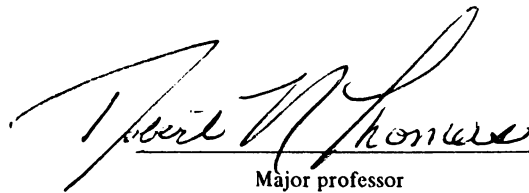
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IN THIRD WORLD RESORTS: THE CASE OF
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Brian MacKelcan Kermath

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Master's degree in Geography


Major professor

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SPATIAL DYNAMICS OF THE FORMAL AND INFORMAL SECTORS IN THIRD
WORLD RESORTS: THE CASE OF SOSUA, DOMINICAN REPUBLIC

By
Brian MacKelcan Kermath

A THESIS

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ABSTRACT

SPATIAL DYNAMICS OF THE FORMAL AND INFORMAL SECTORS IN THIRD WORLD RESORTS: THE CASE OF SOSUA, DOMINICAN REPUBLIC

By

Brian MacKelcan Kermath

While much research has focused on the dual nature of Third World economies, few scholars have addressed duality within the context of tourism development. This author presents a model of formal and informal sector dynamics within the resort community of Sosúa, Dominican Republic. The author illustrates the relationship between, and the spatial dynamics of the two sectors as tourism passes through its growth cycle. Results of this research indicate that the tourism-related informal sector contracts as the tourism-related formal sector expands. The investigation also helps to fill a research gap by combining general theories of development with those of tourism.

To my parents, Lorne R. Kermath and Virginia F. Kermath,
and my daughters, Bailey Ann and Emily Ann.

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CHAPTER I: INTRODUCTION

The Problem

The Benefits of Tourism

Favorable climates, proximity to tourist generating centers, and the belief that tourism strengthens and diversifies their economies have led many Caribbean states to pursue tourism development projects. The economy may strengthen through linkages with other sectors, such as agriculture, handicrafts, and services, and is diversified with the creation of the tourist industry. Foreign investment and tourist expenditures may create local employment opportunities and generate foreign exchange. Indeed, tourism earns more foreign exchange revenues than all other economic activities for many Caribbean nations. Infrastructure improvements benefit the community, as well as the tourism plant.¹ International organizations and tourists themselves introduce new technologies and ideas into resident populations. Finally, interaction between hosts and guests may create an atmosphere of international cooperation and understanding (World Tourism Organization, no date).²

The Costs of Tourism

Benefits to the local community are not, however, without socioeconomic and physical costs. New ideas can threaten the

cultural fabric of resident populations. 'Loose' sexual practices, drug and alcohol abuse, and general ethnocentric visitor attitudes clash with local morals and traditions.³ Cash flows, to and from the local economy, determine economic costs and benefits of the industry and frequently are measured with input-output analyses. While these analyses evaluate the economics of the system, they do not illustrate problems associated with the distribution of revenues. Concentrations of resort complexes, both spatially and in terms of ownership, limit or restrict positive impacts. Leakages of foreign exchange, through the importation of foodstuffs, construction materials, furnishings, and skilled labor, reduce tourist multipliers.⁴ Strong visitor purchasing power and investor speculation increase consumer prices and inflate land values, thereby lowering local resident living standards. Finally, countries may become singularly dependent upon tourism, thus more vulnerable to world economic recessions.⁵ Impacts on the physical environment take various forms. Inadequate sewage systems cause contamination of water supplies. Increased population pressure leads to litter problems, traffic congestion, and noise pollution.⁶ In addition, accessibility for locals to major attractions may be reduced.

General Problem Statement

Although the Dominican Republic entered the lucrative Caribbean tourism market relatively late, currently it is experiencing significant growth. Between 1975 and 1985, annual non-Dominican tourist arrivals increased from 233.1 thousand

to 587 thousand (Secretaría de Estado de Turismo 1986). This research focuses on the relationship between tourism development and the human landscape, specifically on the impact of tourism on the informal economic sector. Drawing from tourism and formal/informal sector theory, the author has constructed a model to illustrate the evolution of the formal and informal sectors within a tourist economy. The tourism literature does not distinguish sub-systems of the economy and the development literature which concentrates on the formal/informal sector interface ignores tourism specifically. This model incorporates both theories and applies primarily to areas of 'resort tourism.'⁷

Sosúa, The Study Area

Situation and Physical Environment

Located east of Cuba and west of Puerto Rico, the Dominican Republic and Haiti share the island of Hispaniola, one of the Greater Antilles. The Atlantic Ocean lies to the north and the Caribbean Sea to the south (Figure 1). Miami and New York are within two hours and three and a half hours from the Dominican Republic, respectively.

The island has a tropical (Aw/Am) climate and the weather is directly under the influence of the Northeast Trades. Precipitation is heaviest in the northeast of the island and lightest in the southwest. The Dominican Republic contains Pico Duarte (10,417 feet), the highest point in the Caribbean islands.

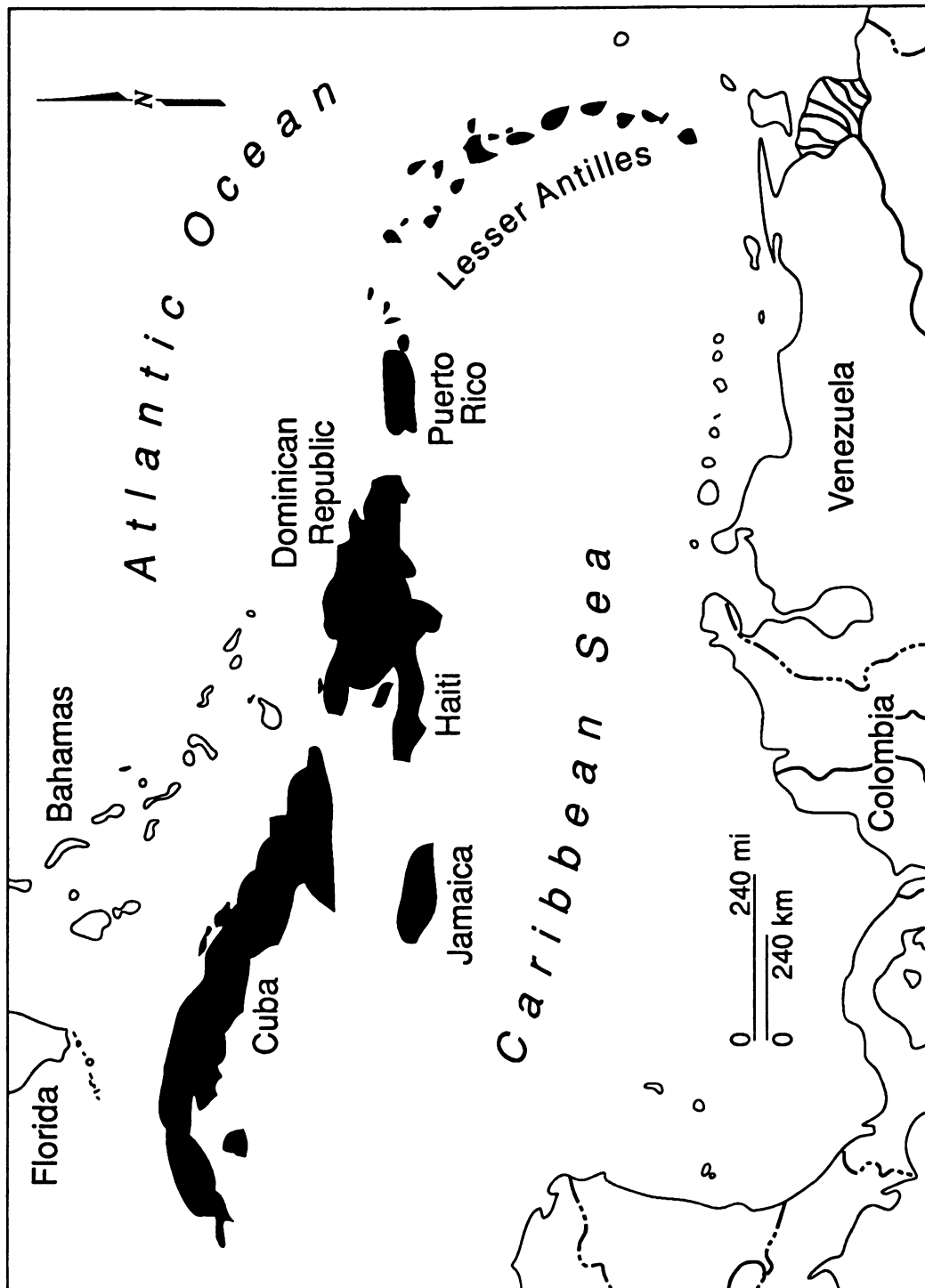


Figure 1: The Caribbean

The town of Sosúa, capital of the municipality of Sosúa in the province of Puerto Plata, contains approximately 11,000 inhabitants (Oficina Nacional de Estadísticas). The city, situated twenty-five kilometers east of Puerto Plata and five kilometers east of Puerto Plata International Airport, lies eighty-six kilometers north of Santiago and 260 kilometers north of Santo Domingo, the nation's capital (Figure 2). The site is a crescent-shaped, well protected bay with a mile long, white-sandy beach trending northeast and southwest.

Three distinct divisions of the city envelop the beach: 'El Batey,' north and east of the beach; 'Los Charamicos,' south and west of the beach at the opposite end from El Batey; and 'Los Cerros,' south of the beach (Figure 3). El Batey, formerly a Jewish colony, currently houses a majority of the town's more exquisite restaurants, discos, and hotels and casts a cosmopolitan ambience. Los Charamicos retains its unsophisticated, yet colorful Dominican demeanor, while Los Cerros, with its chic vacation homes, resembles a North American resort.

Sosúa's Early Development

The city's modern history began just prior to World War II. In 1938, during a world refugee conference at Evian-Les-Bains, France, President Rafael Trujillo of the Dominican Republic offered to admit 100,000 European Jewish refugees into his country (Schoenhals 1985). In 1939, the Dominican Republic Settlement Association was formed by North American Jews to provide support for the colonists. In May 1940, the

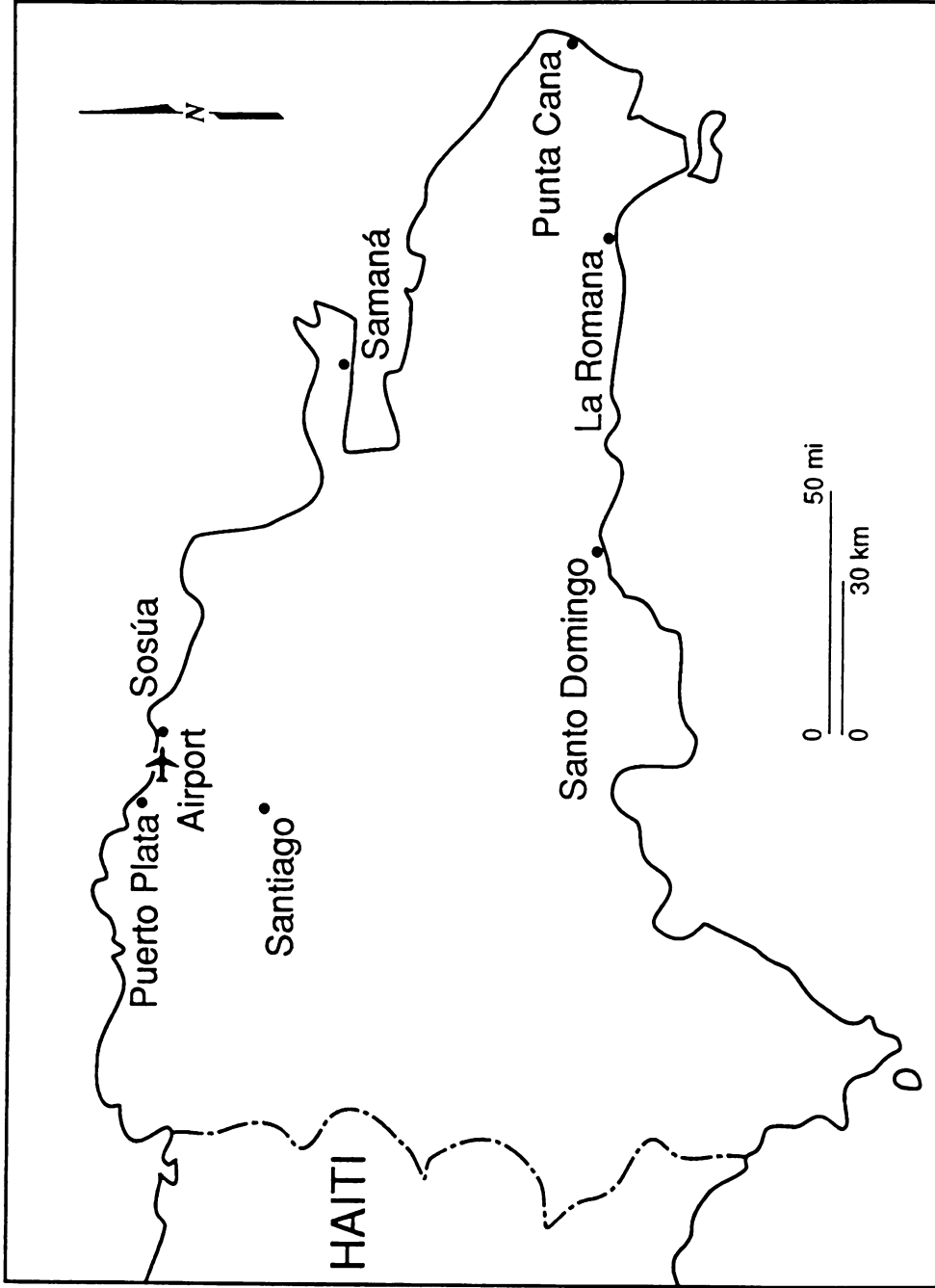


Figure 2: The Dominican Republic

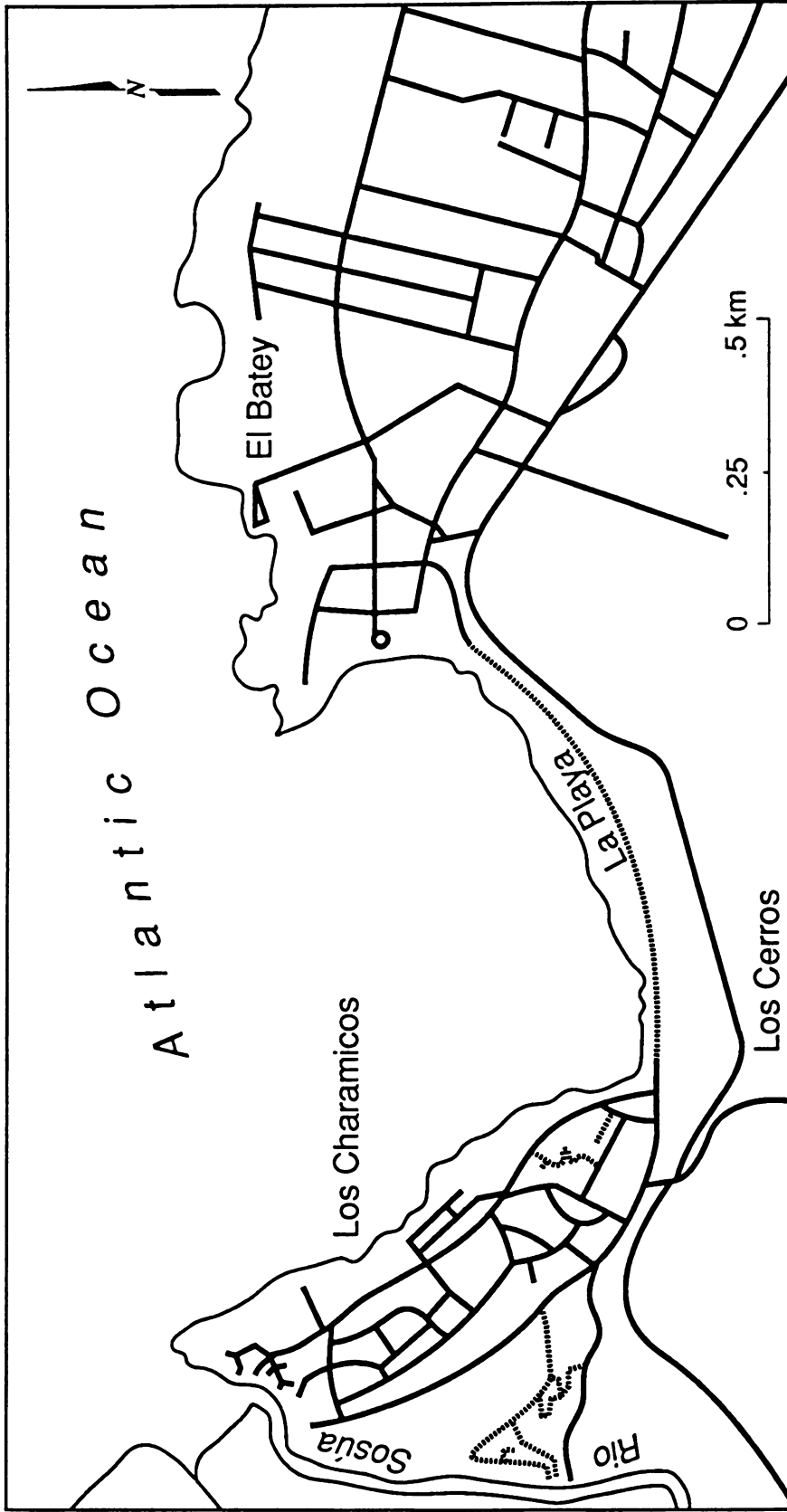


Figure 3: Sosúa

(Source: Weismantel, et al. 1985)

first refugees arrived and quickly established the colony as a major food processing center for their new country. By 1945, three successful cooperatives were operating in Sosúa: the dairy processing plant, Compañía Industrial Lechera C.A.; the meat processing operation, Compañía Industrial Ganadera Sosúa C.A.; and the supermarket, Colmado Cooperativa Sosúa C.A. (Eichen 1980). Approximately 800 refugees arrived in Sosúa during the 1940s, but the largest population at any one time was 476 in 1943 (Elkin 1980). Today, few of the Jewish refugees remain and the majority of their offspring have made homes on the North American mainland. Their legacy, however, has set the stage for the economic and population growth that Sosúa is currently experiencing.

Site Selection

During the seventies, the Dominican government targeted several coastal areas for tourism development (Symanski and Burley 1973; Oficina Nacional de Planificación 1976). The country's north coast presently contains several high-priority tourism nodes in various stages of growth. Sosúa was chosen as the field site due to its dynamic tourism development and its relatively large Dominican population, unlike the enclave projects that dot sparsely populated areas of the coast.

NOTES

1. The tourism plant is defined as the infrastructure that supports the industry including communications, utilities, and transportation. Facilities that cater to tourists, such as hotels, motels, restaurants, travel agencies, exchange banks, tourist information centers, attractions, etc. are characteristics of the plant.
2. For a discussion on the benefits of tourism see Mathieson & Wall (1982).
3. Bryden (1973), Butler (1974), de Kadt (1979), and Mathieson & Wall (1982) all presented discussions of the social costs of tourism in developing countries.
4. For research on foreign exchange leakages in tourism see Bélisle (1983; 1984). A general definition of economic multipliers is found in Johnston, et al. (1981). Detailed presentations of tourist multipliers are found in Bryden & Faber (1971), Archer & Owen (1971), Levitt & Gulati (1974), and Williams (nd).
5. For economic impacts of tourism see Seward & Spinrad (1982) and Mathieson & Wall (1982).
6. For impacts of tourism on the physical environment see Mathieson & Wall (1982).
7. 'Resort tourism,' according to Gray (1982, p. 108,), "...relies upon climate, beaches or mountains and attributes of this kind," where intense competition between resorts exists. Areas of 'enclave development' may fit this definition, but areas of 'resort tourism' are not necessarily enclave developments. While Sosúa is as an area of 'resort tourism,' it is not an enclave.

CHAPTER II: TOURISM AND THE INFORMAL SECTOR

Theoretical Constructs

Formal/Informal Sector Relations

Foreign capital and dependency of the industry on international tourists create a local economy characterized by modern, high-tech development coupled with indigenous elements. In this polarized economy two sectors coexist and compete in a superior/subordinate relationship (Santos 1977).⁸ Santos indicated that the importance of the formal sector relative to the informal sector increases with city size (Figure 4).⁹

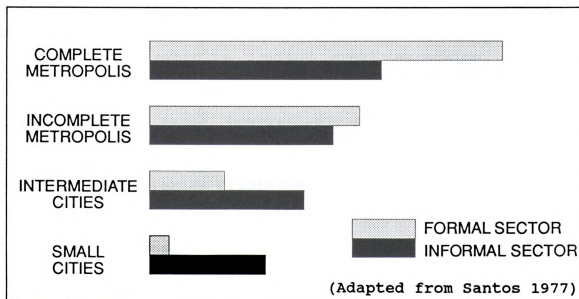


Figure 4: Relative Importance of the Formal & Informal Sectors

The larger a city's population and economic base, the more important the formal sector. Conversely, the relative size of the informal sector increases inversely with city size. In absolute terms, however, both sectors increase with population. Competition between the two sectors for space and economic markets exists.

In higher order cities the influence of the formal sector extends beyond city limits, while the range of the informal sector remains local. For example, cities such as Caracas, Venezuela, contain formal sectors with hinterlands that extend well beyond the city limits and informal sectors directly dependent on local or regional markets.

In lower order cities the opposite occurs. An Andean village, with little or no industry, which relies on livestock or fruit and vegetable markets, exemplifies a lower order center. In this case, the formal sector contributes little to the economy, thus exhibits limited areal extension, consistent with Christaller's (1966) Hexagon Marketing Principal. The informal sector's range, however, may extend beyond the center's legal limits. Christaller's theory applies to the formal sector; its range varies greatly with city size, but the range of the informal sector remains local or regional at best.

International tourism represents an exception to Santos' theory. Informal sector vendors depend directly on overseas markets. Therefore, the informal sector range may equal that of the formal sector, regardless of city size. However, the overall contribution of the informal sector to the economy may

remain considerably less, depending on city function. In internationally renowned market towns the informal sector's contribution may be greater.

The Resort Cycle

Butler (1980) indicated that resort areas undergo an evolutionary cycle of six stages (Figure 5). The 'exploration' stage is characterized by few individual tourists who secure their own travel arrangements. No seasonal visitation pattern exists, nor do facilities distinctly for tourists. Contact between tourists and residents and use of local facilities are important. In stage two, the 'involvement' stage, a seasonal pattern emerges. Local residents increasingly provide facilities and services for guests. Tourists begin to secure travel arrangements through agencies and operators of tourist facilities initiate advertising. During stage three, the 'development' stage, a well-defined tourist market area appears.¹⁰ The now externally owned facilities employ extensive advertising to attract tourists, as industry control leaves local hands. In stage four, 'consolidation,' rates of tourist arrivals decline. The economy depends heavily on tourism and local residents eventually may be excluded from major attractions. Visitor arrivals level off during stage five, 'stagnation.' Local tourism carrying capacities are reached, few new establishments open, and the resort's popularity wanes.¹¹ At this time, the resort may 'decline' (stage six) as fewer tourists arrive, facilities depreciate in value,

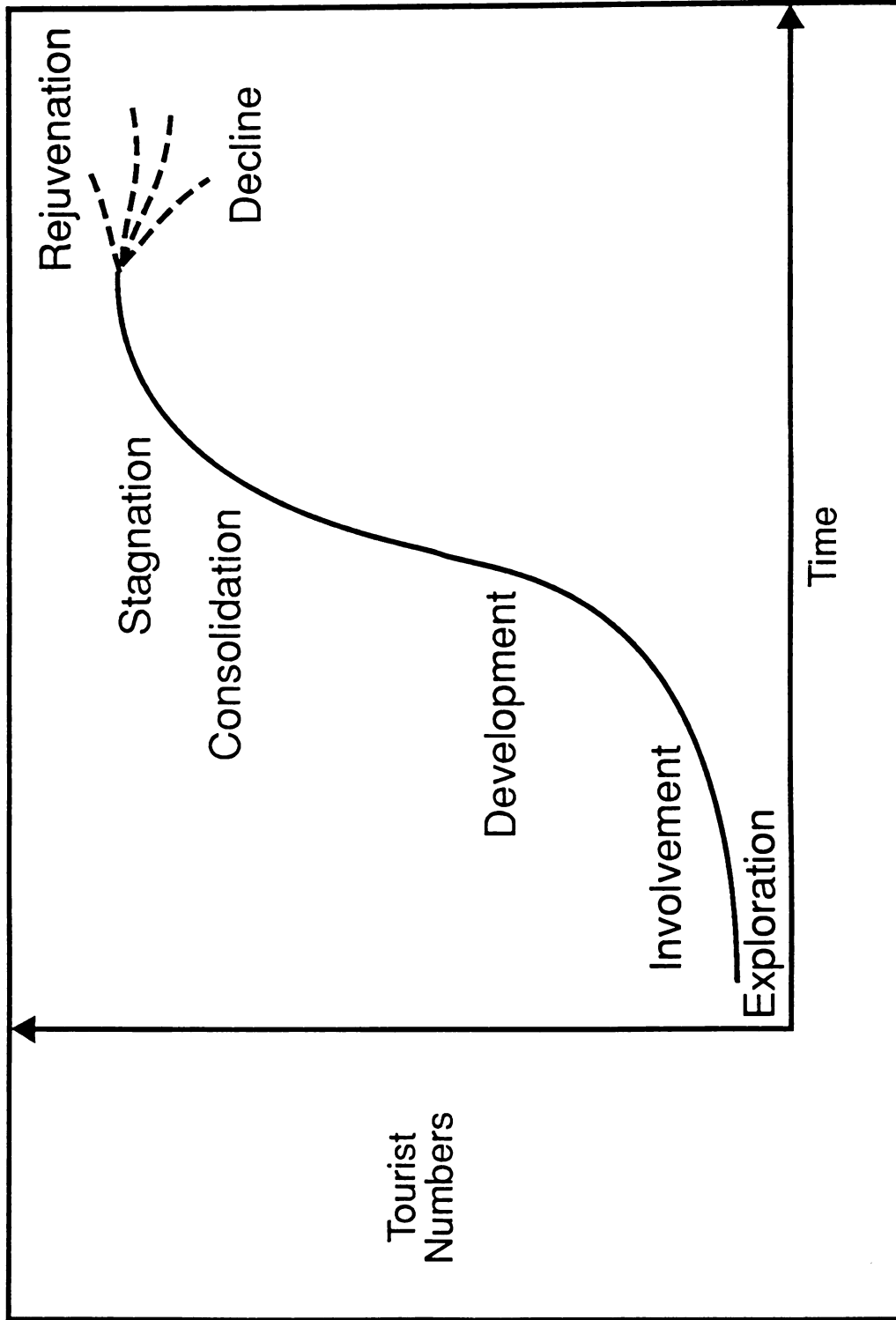


Figure 5: The Resort Cycle

(Source: Butler 1980)

and local ownership increases. The tourism plant may enter 'rejuvenation' through the development of a new artificial attraction, the exploitation of previously untapped resources, or renovation. When rejuvenation occurs after the onset of decline, logically it represents a seventh stage.

A Formal/Informal-Tourism Model

Drawing from the theories of Butler and Santos, the author has constructed a descriptive model to illustrate the process of tourism development within the context of formal/informal sector theory (Figure 6). Butler's model focuses on the entire tourist industry, but does not distinguish sub-systems of the industry. Santos' theory concentrates on the formal/informal sector interface, but ignores tourism specifically. This model incorporates both theories and applies primarily to areas of 'resort tourism' where laissez faire economic development with institutional support of the formal sector by the government occurs. The overall pattern of evolution illustrated by this research model parallels that of Butler, but distinguishes between the formal and informal sectors.

The Model

Theoretically, before the onset of tourism development, an area's infrastructure lacks tourist facilities. With the arrival of the first visitors, a few locals begin to provide basic services and facilities, thus creating an incipient tourist-related informal sector. These early arrivals demand

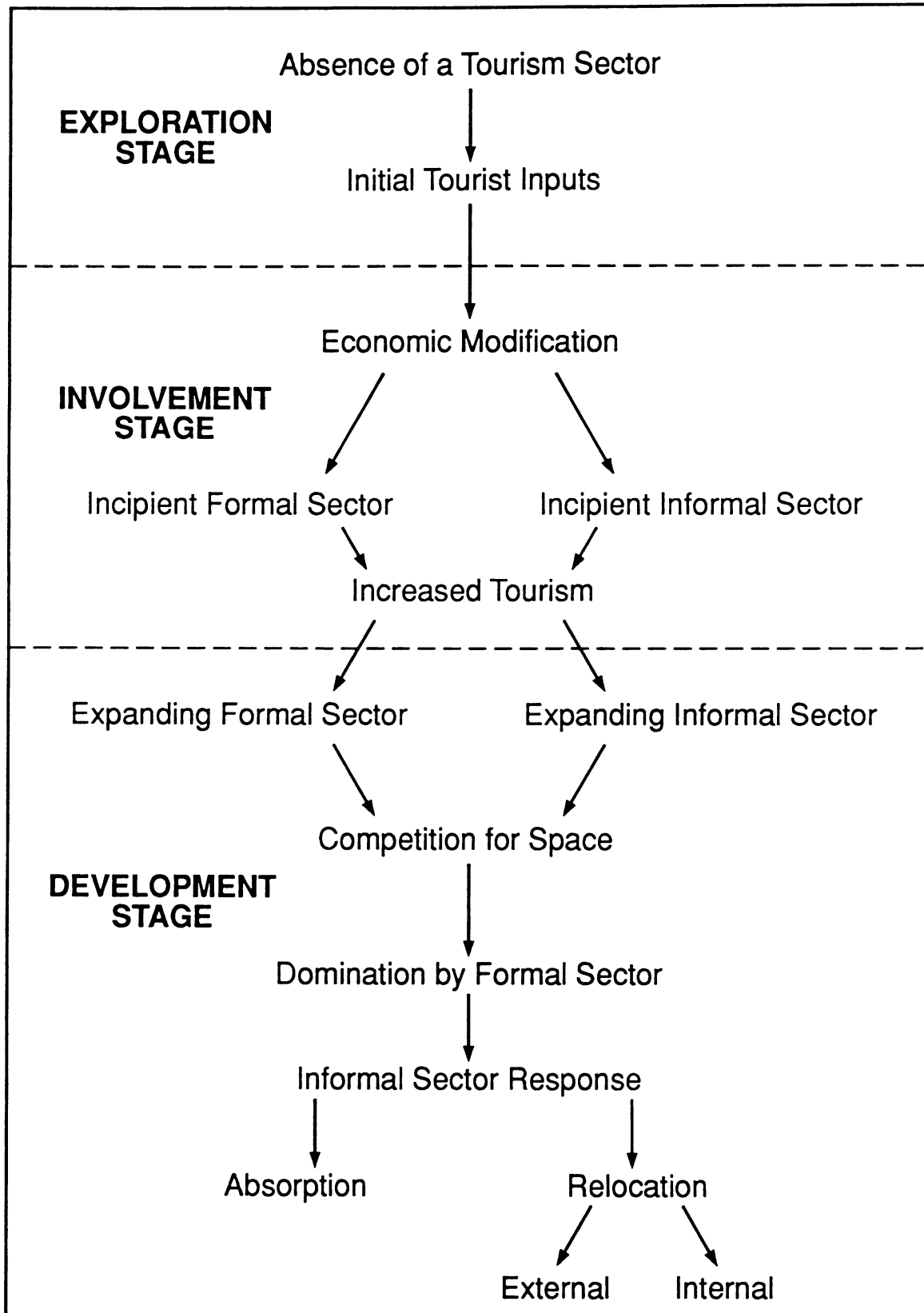


Figure 6: Formal and Informal Sector Dynamics in Resort Areas

only basic services, since they wish to experience the destination in its 'natural' state. They do not deem luxury hotels and gourmet restaurants as genuine. An increase in tourist arrivals eventually leads to an incipient tourist-related formal sector. When demand reaches a sufficient level, investors begin to provide tourist facilities. The inflow of revenues creates opportunities for local entrepreneurs, stimulating an expansion of the tourism-related informal sector (TIS). With time, and an expanding tourism-related formal sector (TFS), tourist arrivals increase. Investor promotion stimulates demand and industry growth continues.

As both the formal and informal sectors expand, competition for space and the local tourist market develops. The result of this competition ranges from mutual coexistence to one sector domination. Under mutual coexistence, the two sectors exist side by side and may compliment each other, but neither sector dominates. When domination does occur, one sector may control and regulate the other, but does not necessarily eliminate it.

Formal sector domination of the informal sector primarily is a response to biased policy and disincentives to informal sector growth. Based on market conditions alone, the informal sector may have potential for dynamic growth, but policy typically results in the gradual restriction and reduction of the informal sector (Tokman 1978). Numbers of informal sector establishments and their land area are reduced and/or limited. In the case of Jamaica, the government and many formal sector

business leaders view the informal sector vendors as a major problem (D'Amico-Samuels 1986). D'Amico-Samuels indicated that governmental policy, through pressure from the formal sector, continually restricts and regulates local informal sector vendors.

TIS response is two-fold, relocation or absorption into the formal sector. When relocation occurs, individuals migrate within the community (internal) or opt for external locations. In either case they may or may not situate in a tourist area. A third possibility exists whereby the government provides alternative locations, thereby diminishing conflicts with the formal sector. When absorption occurs, individuals may be absorbed by TFS facilities, such as hotels, or they may secure employment in formal sector enterprises that are not directly related to tourism.

Exceptions to the Model

Notable exceptions to this model exist. In Third World areas where tourism caters exclusively to locals and their themes are indigenous, control of the pageants remains local (Heenan 1978). Heenan described what he called 'Type I festivals' as possessing religious, ethnic, or historical themes, where xenophobia prevails.

A second exception occurs in market towns, such as Chichicastenango, Guatemala, or Otavalo, Ecuador. Hudman (1978) described the Chichicastenango case where changes in the informal sector occurred, but the sector was not eliminated nor reduced. The nature of the attraction required the

street vendors to remain, since tourists sought to experience the colorful indigenous nature of the open market. Replacement of local Indians by non-Indians occurred, but the informal sector vendors remained. In Otavalo, the informal sector market vendors constitute the major attraction, thus they retain a high degree of autonomy and physically dominate the city.

A third alternative exists in areas of enclave development. For example, Cancún, Mexico was planned for a remote, sparsely populated area (Collins 1979); hence, when the resort opened, no informal sector was present. Informal sector participants have been severely restricted in this tourist ghetto.¹² Areas of enclave development in the Dominican Republic exist along the coast at several locations including Jack Tar Village near Puerto Plata, Club Med at Punta Cana, and Casa de Campo in La Romana. Where international tourism does not depend upon indigenous elements, the informal sector becomes undesirable and there exists a tendency to regulate, restrict, and/or eliminate it.

Problem Statement

This research addresses the problem of competition for space between the formal and informal economic sectors through a case study in Sosúa, Dominican Republic. The investigation focuses on informal sector vendor response to tourism development, specifically to the growth of the formal sector in this area of intense tourism expansion.

Research Questions

This research model indicates that informal sector dynamics depend upon formal sector growth. What occurs in the informal sector when the resort area reaches the formal sector domination stage? As space becomes limited, the informal sector constricts, causing it to physically contract. Where do the individual vendors go when this process occurs? Do they relocate to other tourism zones? If so, do they remain in the same town, or do they leave for another area in an earlier stage of development?

If the model accurately depicts reality, one would expect to find vendors in Sosúa who have relocated from tourist areas both internal and external to Sosúa. Depending on the town's development stage, one also would expect to encounter a reduction in commercial space available to the vendors.

Since the tourist industry has developed over many years in the Dominican Republic and individual nodes evolve independently, the author believes that a redistribution process occurs whereby vendors are forced to vacate specific locations. If they remain in the TIS, they must move to a different part of the same resort (internal) or to another resort entirely (external). Furthermore, if the vendors do not remain in the TIS, are they absorbed into the TFS, or by the non-TFS?

Hypotheses

The following hypotheses address the above research questions:

1. The TIS vendor population is comprised of TIS vendors dislocated from other tourist areas within Sosúa.
2. The TIS vendor population is comprised of TIS vendors dislocated from tourist zones outside of Sosúa.
3. Commercial space available to TIS vendors in Sosúa has been reduced.

To determine the probability of TIS vendor absorption into the TFS the following hypothesis was formulated:

4. Significant socioeconomic profile differences exist between TIS vendors and TFS employees, including age, sex, education level, foreign language ability, and previous job experience.

In addition to these hypotheses this study attempts to determine events likely to occur as tourism evolves.

Comments

The author believes this investigation can provide planners and researchers with useful information concerning the impact of international tourism on the socioeconomic structure of developing countries. Specifically, the study demonstrates how locals participate in tourism and how industry growth affects the informal sector. Understanding tourism dynamics is necessary for planners and policymakers interested in developing a healthy industry. The study also presents useful avenues for future research and demonstrates the lack of work in this neglected, though important field.

NOTES

8. Santos (1977) used the terms 'upper circuit' and 'lower circuit' to describe the two components of the urban economy. In this study the author uses the terms 'formal sector' and 'informal sector' synonymously with those of Santos.
9. For detailed definitions of the formal and informal sectors see International Labour Office (1972), Hart (1973), and Johnston, et al. (1981).
10. The tourist market area is defined as the region, or regions from where tourists originate.
11. Comprehensive discussions of tourism carrying capacities are found in Getz (1983) and Mathieson & Wall (1982).
12. 'Tourist ghetto' is defined as a concentration of tourists and tourist facilities within a larger urban area which characteristically differs from the surrounding area (Metelka 1990). El Batey may be viewed as a developing tourist ghetto in Sosúa.

CHAPTER III: REVIEW OF LITERATURE

Formal/Informal Sector Theory

The Dual Approach

Divergent theories exist within the general development literature concerning the theory of an economic duality, or dichotomy, in developing countries. Boeke's (1953) discussion of Indonesia claimed a dual economy existed, where little or no interaction occurred between the domestically generated 'Eastern' sector and the externally controlled (foreign) 'Western' sector. Lewis (1954) presented the theory of 'capitalist' and 'subsistence' sectors. Eckaus (1955) developed a more elaborate theory incorporating the thesis of a capital-intensive 'modern' sector and a labor-intensive 'traditional' sector. 'Technological dualism' resulted in an economic dichotomy, according to Eckaus.

Cole and Sanders (1972) argued that a four-tiered economy existed with two 'modern' and two 'traditional' sectors, one of each in both the rural and urban economies. Although they acknowledged potential linkages between the two sectors, they maintained that these linkages did not operate in Latin America.



The Subordination Approach

The International Labour Office (ILO; 1972) also viewed the formal and informal sectors as distinct sub-units of the economy. However, the ILO contended that informal sector subordination to the formal sector resulted, in part, from biased governmental policy. The ILO report offered:

Although it [the informal sector] has the potential for dynamic, evolutionary growth, under the existing nexus of restrictions and disincentives, the seeds of involutionary growth have been sown (p. 505).

The report indicated that the informal sector would continue to grow, but, due to improper and biased governmental policy, the gap between the two sectors would widen and employment problems would worsen.

McGee (1973) indicated that developing economies contained a sector based on a 'peasant system of production' which differed characteristically from capitalist and socialist systems. He described the relationship between the 'peasant' and 'modern' sectors as a competition where:

Hawkers of Hong Kong are individuals participating in a peasant system of production which persists in the city... As the capitalist system of production expands, the hawkers will gradually disappear... In addition, there is growing pressure from the government to limit their activities (p. 140)

Clearly, McGee believed that formal sector domination of the informal sector, with institutional support from the government, was imminent. His argument supported that of Santos; a competitive relationship existed, where the subordinate informal sector was expendable.

The Mutual Coexistence Approach

Several researchers have maintained that mutual coexistence of the two economic sectors has persisted. The informal sector feeds off the formal and provides services for the latter that would not otherwise exist (Rakowski 1987). Obregón (1974) characterized Latin America as having contained a 'marginalised labour force' that existed as a distinct, yet not independent sector. Birkbeck (1978) supported the notion of mutual coexistence in his study of garbage dumps in Cali, Colombia. Although the garbage pickers remained marginal, they provided a service for the overall urban economy. In another Cali investigation, Bromley (1978) acknowledged informal sector subordination, but noted that governmental policy stressed street vendor containment, not eradication.

An Integrated Approach

Dick and Rimmer (1980) presented an alternative to the dualistic approach with an integrated framework emphasizing a continuum from 'modern' to 'traditional' economic systems. Although they acknowledged an economic polarization, they argued that both systems were components of one larger system. They believed their theory superior than one of artificial dichotomies which did not recognize interaction among the two sectors. Harriss (1978) viewed the economic system in developing countries as one large system characterized by an organizational continuum from 'unorganized' to 'organized' in character.

With few exceptions, the literature lacks research focused on the formal/informal sector interface within the context of the tourist industry, especially tourism's impact on their relationship. This author contends that identifiable differences, whether quantifiable or not, exist among the two distinct sectors of resort economies in the developing world. Vendors in self-built, poor quality structures clearly differ from capital intensive hotels, restaurants, and other similar establishments. The need exists for a better understanding of local response to, and participation in the tourism development process.

Tourism Development

The literature indicates that typical resort areas proceed through an evolutionary cycle. According to Christaller (1963), tourism evolves as follows:

Painters search out untouched unusual places to paint. Step by step the place develops as a so-called artist colony. Soon a cluster of poets follows... then cinema people, gourmets, and the jeunesse dorée. The place becomes fashionable and the entrepreneur takes note. The fisherman's cottage and the shelter-huts become converted into boarding houses and hotels come on the scene. Meanwhile the painters have fled and sought out another periphery (p. 103).

Although the process described by Christaller may be dated, many regions of the world have experienced this basic development pattern.

Other authors also have suggested that typical resort areas proceed through an evolutionary cycle with an initial discovery stage followed by growth, apex, and decline (Hudman 1978; Stansfield 1978; and Meyer-Arendt 1985). Stansfield and

With few exceptions, the literature lacks research focused on the formal/informal sector interface within the context of the tourist industry, especially tourism's impact on their relationship. This author contends that identifiable differences, whether quantifiable or not, exist among the two distinct sectors of resort economies in the developing world. Vendors in self-built, poor quality structures clearly differ from capital intensive hotels, restaurants, and other similar establishments. The need exists for a better understanding of local response to, and participation in the tourism development process.

Tourism Development

The literature indicates that typical resort areas proceed through an evolutionary cycle. According to Christaller (1963), tourism evolves as follows:

Painters search out untouched unusual places to paint. Step by step the place develops as a so-called artist colony. Soon a cluster of poets follows... then cinema people, gourmets, and the jeunesse dorée. The place becomes fashionable and the entrepreneur takes note. The fisherman's cottage and the shelter-huts become converted into boarding houses and hotels come on the scene. Meanwhile the painters have fled and sought out another periphery (p. 103).

Although the process described by Christaller may be dated, many regions of the world have experienced this basic development pattern.

Other authors also have suggested that typical resort areas proceed through an evolutionary cycle with an initial discovery stage followed by growth, apex, and decline (Hudman 1978; Stansfield 1978; and Meyer-Arendt 1985). Stansfield and

Meyer-Arendt depicted Butler's rejuvenation stage. Stansfield discussed Atlantic City, New Jersey, where the introduction of legalized gambling (an artificial attraction) stimulated rejuvenation in the declining resort. Meyer-Arendt's research of Grand Isle, Louisiana, demonstrated rejuvenation through the reclamation of the natural environment. These investigations benefit planners, as minimizing costs and maximizing benefits in the host community are basic objectives in tourism development.

Hudman (1978) and D'Amico-Samuels (1986) discussed tourism within the context of the local informal sector. While Hudman's work is noteworthy, he concentrated on a particular type of development, one that requires indigenous forms for attracting tourists. D'Amico-Samuels (1986) discussed informal sector vendors within a tourism context and indicated that persistent tension existed between the two sectors. Her study alone focused on the impact of tourism development on the informal sector, from a contemporary perspective. Her work did not, however, focus on spatial processes, but was instead anthropological in nature. Britton (1980a, 1980b, 1982) too has treated tourism within a 'duality' context. He showed how the colonial economy has determined spatial organization and the political economy of tourism in the South Pacific. Although he distinguished between the dominant and subordinate sectors, he did so primarily from an historical perspective; that is, he focused on the historical processes which shaped the present-

day political economy of the region and not on the contemporary process itself.



CHAPTER IV: METHODS AND PROCEDURES

Data Required

The Resort Cycle

Accurate interpretation of the data requires knowledge of Sosúa's stage of development. A variable's relative value varies with resort cycle position. For example, the proportion of foreign ownership in the TFS increases with time until the onset of decline, when local ownership increases. Therefore, numbers of formal sector enterprises, dates of their establishment, and ownership nationality were sought. Butler (1980) indicated that the relative importance of tourism to an area is a feature of his model. He offered:

As the 'consolidation' stage is entered, total visitor numbers exceed the number of permanent residents. A major part of the area's economy will be tied to tourism (p. 8).

Although this analysis does not employ economic indices, it utilizes an alternative measure of tourism's relative economic importance. Defert (1967) argued that the number of tourist beds in an area indicates tourism's overall economic importance. His tourist function index (TF) is calculated with equation one:

$$TF = n(100)/P \quad (1)$$

where: TF = the tourist function index
 n = number of tourist beds in the study area
 P = the total population of the study area

This investigation of Sosúa calculated the TF for the years 1945, 1977, 1980, and 1986. Keogh (1984) developed a more rigorous index incorporating occupancy rate variation as it relates to type of accommodation (e.g. hotels, motels, or cottages). In his study of New Brunswick, Canada, Keogh discovered that occupancy rates vary with the type of overnight facility. As a result, he concluded that facilities similar in character (i.e. hotels and motels) display little occupancy rate variation. In the case of Sosúa, accommodation facilities are sufficiently homogeneous in character to employ the Defert index alone.

Additional criteria of Butler's theory incorporated into this investigation include the notion of seasonality and tourist usage of agencies in securing travel arrangements. Both the existence of seasonal variation of tourist arrivals and the degree to which agencies are solicited for securing travel arrangements are indicative of the resort's stage of development.

Hypotheses One and Two: Vendor Mobility

Data required to test the first two hypotheses include previous vendor employment, prior location, type of establishment, why vendors moved, and whether or not they moved directly to another tourist zone. Since this investigation primarily focuses on formal sector control of the tourist indus-

try, determinations of where the vendor population originated and why they left their previous locations are necessary.

Hypothesis Three: Vendors' Commercial Space

The third hypothesis requires knowledge of where vendors locate and whether or not they once possessed greater amounts of territory within the study area. The model indicates reduction of commercial space available to informal sector vendors as a result of market conditions, governmental regulations, or both.

Hypothesis Four: Vendor and Employee Profiles

The fourth hypothesis requires TIS vendor and TFS employee socioeconomic profiles, as well their perceptions of the industry. The variables include sex, ability to communicate in English or French, education level, and age. Additionally, employment experience in both sectors were evaluated. Perceptions include whether or not vendors view formal sector employment as a career alternative. If vendors leave the informal sector, voluntarily or otherwise, how do they perceive formal sector employment opportunities?

Tourism Prospects

To speculate on tourism's future in Sosúa, requires vendor and formal sector operator perceptions. In addition, the study solicited official development plans and opinions of governmental representatives.

Data Collection

The author collected on-site data in the Dominican Republic during October, November, and December, 1986. Informal sector vendors and formal sector establishment operators were administered questionnaires that sought information concerning previous vendor locations and why they moved.¹³ Specifically the informal sector vendors were asked whether they relocated by choice or faced forced evacuation. Formal sector operators were asked to express their opinions on tourism related problems of the industry, the fate of the vendors, as well as their nationalities and the date their establishments opened. Personal interviews with local and national officials were conducted and the Plan Oficial de Sosúa: 1985-2005 (Gamborena 1985), a comprehensive tourism development plan for the study area, was obtained from the Central Bank of the Dominican Republic. In addition, the author attended the annual conference of the 'Asociación Para el Desarrollo de Sosúa,' where formal sector participants and government officials presented the official plan and discussed present problems and future prospects for tourism development in Sosúa. During personal interviews, informal sector vendors were asked whether they felt tourism development would eventually displace them.

The size of the sample vendor population was determined employing equation two (Sheskin 1984):

$$n = \{[Z(PQ)^{\frac{1}{2}}]/C\}^2 \quad (2)$$

where: Z = 1.96 for 95% confidence that a result lies within a given confidence interval
 P = the percentage about which a confidence interval is computed (expressed as a proportion) (= 0.1 for a 90/10 modal split)
 Q = 1 - P (= 0.9 for this research)
 C = the desired size of the confidence interval expressed as a decimal number (= 0.05)

To adjust for the small vendor population, equation three (Sheskin 1984) was employed:

$$n' = n/[1 + (n/N)] \quad (3)$$

where: n' = minimum sample size from finite population
 n = sample size from equation one
 N = total population size
 n/N = the sampling fraction

The largest vendor population observed at any one time was seventy-nine; therefore, the sample population calculated for questionnaires was fifty. To guard against error, six additional vendors were questioned for a total sample size of fifty-six.

Since the TFS employee universe was not known, a sample was obtained from a minimum sample size of TFS establishments. Operators of thirty facilities, randomly surveyed, provided information on a total sample population of 258 TFS employees. Populations for some variables do not equal 258, since some operators could not provide all variable information for all employees.¹⁴

This study employs Santos' (1975) classification system of formal and informal sector characteristics (Table 1).¹⁵ The questionnaire incorporates characteristics including extension of institutional credit (acceptance of credit cards), exis-

tence of regular wages, and family/non-family employment. Through direct observation and personal interviews, other criteria of Santos' were considered including technology, capital, inventories (quality of), prices and fixed costs, relations with clientele, publicity, and overhead capital. In addition to Santos' characteristics, the study recognizes ILO (1972) criteria including scale of operation (small for the informal sector), where skills were acquired (outside formal school system for informal sector), and the type of market (unregulated and competitive for the informal sector).

Table 1: Characteristics of the Formal and Informal Sectors

<u>Characteristic</u>	<u>Formal Sector</u>	<u>Informal Sector</u>
Technology	capital-intensive	labor-intensive
Organization	bureaucratic	primitive
Capital	abundant	scarce
Work	limited	abundant
Regular wages	normal	not required
Inventories	large quantity	small quantity
Prices	generally fixed	negotiable
Credit	institutional	personal
Clientele relations	impersonal	personal/direct
Fixed costs	important	negligible
Publicity	necessary	negligible
Re-use of goods	none/wasted	frequent
Overhead capital	indispensable	not indispensable
Government aid	important	unimportant
Foreign dependence	great	small or none

(Source: Santos 1975)

Data Analysis

The Resort Cycle

To estimate Sosúa's stage of development in the resort cycle, the author determined tourist establishment numbers from when the Jewish colony began to the present.¹⁶ These data were evaluated by noting trends, increasing or decreasing. The number of beds over time were incorporated into the Defert index calculation. The study noted overall growth patterns, trends in ownership nationalities of TFS establishments, the existence or non-existence of a tourist season, and travel agency usage. To further define the stage of development, Defert's tourist function index was calculated for the years 1945, 1977, 1980, and 1986.

Hypotheses One and Two: Vendor Mobility

Data required to test the first two hypotheses are not amenable to statistical tests. Therefore, descriptive analysis of questionnaire responses and personal interviews were employed. Determining why vendors locate where they do vis-a-vis where they previously located was examined objectively. Evaluation of the first two hypotheses are based on vendor questionnaire response and direct observation. If vendor response indicates forced evacuation from previous locations, then the formal sector, through governmental regulation, places controls on vendor location.

Hypothesis Three: Vendor's Commercial Space

The third hypothesis was evaluated similarly to the previous hypotheses. Commercial space available to vendors was reduced if vendors so indicated, or, conversely, if vendors indicate their commercial space has not been reduced, the third hypothesis would have been rejected.

Hypothesis Four: Vendor and Employee Profiles

Data to test the fourth hypothesis are amenable to statistical analysis. Clark and Hosking (1986) indicated that comparison of a particular variable for two populations can be achieved with the Difference of Proportions and Difference of Means tests. The former is utilized for determining whether the difference of proportions for a given variable between two populations is significant. The latter is employed for determining the significance of difference of means for a specific variable between two populations.

For the fourth hypothesis, the significance of the differences of proportions was determined for the variables SEX, ENGLISH, and FRENCH (the ability to speak English and French). Alpha levels were set at 0.025 for the three variables. For SEX, proportions of males and females of both formal sector employees and informal sector vendors were compared. For the second and third variables, proportions of TFS employees and TIS vendors able to speak English and French were analyzed. Sample sizes equaled 258 for formal sector employees and 56 for informal sector vendors (Table 2).

Table 2: Difference of Proportions Tests for SEX and LANGUAGE

<u>Variable</u>	<u>Sample</u>	<u>n</u>	<u>alpha</u>
SEX	TFS	258	0.025
	VENDORS	56	
ENGLISH	TFS	258	0.025
	VENDORS	56	
FRENCH	TFS	258	0.025
	VENDORS	56	

n = sample size for each variable and population
alpha = level of significance

Mean age and years of education were subjected to statistical analysis employing the Differences of Means test. Alpha levels were set at 0.005 for both variables. Sample sizes for AGE equals 252 for TFS employees and fifty-six for TIS vendors. Sample sizes for EDUCATION are 240 and fifty-six for TFS employees and TIS vendors, respectively. Determination was made of a significant difference between the two populations based on average age and average years of education (Table 3).

In addition to these data, TFS operators provided information on the previous work experience of their employees. Information on 230 TFS employees was provided regarding previous TIS vending experience and on 258 regarding previous TFS experience. Previous experience includes vocational training in post secondary institutions, as well as on-the-job experience.

Table 3: Difference of Means Tests for EDUCATION and AGE

<u>Variable</u>	<u>n</u>	<u>alpha</u>
EDUCATION	240 (TFS) 56 (Vendors)	0.005
AGE	251 (TFS) 56 (Vendors)	0.005
n = sample size alpha = level of significance		

Tourism Prospects

TIS vendors, TFS personnel, and governmental officials perceptions were analyzed to predict Sosúa's tourist industry prospects. To better evaluate these perceptions, the official plan was consulted for comparative purposes. Also included in the descriptive analysis were impacts on vendors as perceived by the vendors themselves and by local TFS business operators.

NOTES

13. See the appendix for questionnaires of the formal and informal sectors.
14. Second hand data were collected for TFS employees and first hand data were collected for the TIS vendor sample population which may create biases in the data. TFS operators providing information on their employees were not always knowledgeable of all individual employee profiles.
15. The informal sector typically is not dependent on foreign markets. Since the foreign market, in effect, comes to the product in international tourism, the tourism-related informal sector may be greatly dependent on the foreign tourists.
16. The stage of development refers to both the new model generated from this research and to Butler's (1980) resort cycle model.

CHAPTER V: RESULTS AND CONCLUSIONS

Results of the Analysis

The Resort Cycle: Formal Sector Growth

This research estimates Sosúa's position in both this author's and Butler's resort cycle models. Sosúa's first restaurant and hotel opened in the early 1940s. By 1970, the hotel had closed, but had been replaced by another. In 1972, a second restaurant opened followed by the second hotel and first rental cottage in 1976.¹⁷ By 1979, prior to the opening of Puerto Plata International Airport, four restaurants and four hotels existed. The Puerto Plata International Airport's opening marked Sosúa's entrance into the development stage, although most construction has occurred since 1983. In 1984, a total of fourteen new hotels and restaurants opened, with sixteen in 1985, and thirty-two in 1986. Eleven units neared completion and numerous additional sites were under construction by 1987 (Figure 7). A 352 unit planned community will open by 1992 and official plans indicate a four- to six-fold areal expansion of the resort by the year 2005. Therefore, it appears that stagnation will not occur for some time. These findings demonstrate Sosúa's position within the development stage of its resort cycle.

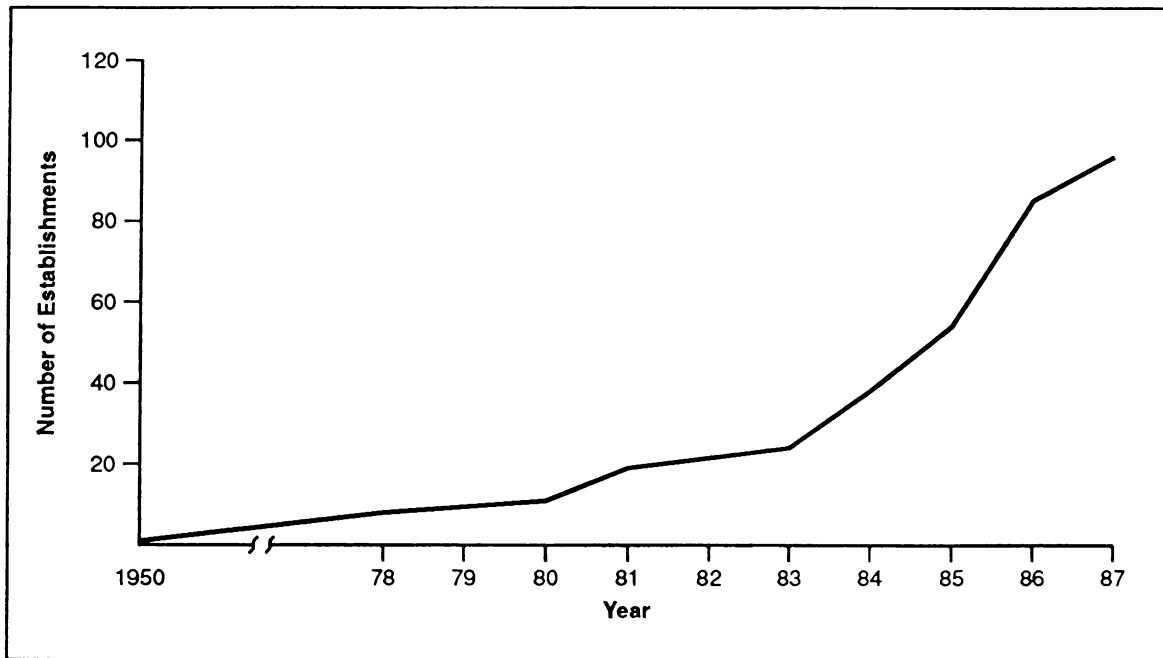


Figure 7: TFS Establishments in Sosúa, 1950-1987

In addition, tourism in the Dominican Republic grew in economic importance from 26.2% of all foreign exchange earnings in 1982 to 33.3% in 1985 (Secretaría de Estado de Turismo 1986). Tourist arrivals for the entire country increased by 25% between 1982 and 1985 (Table 4). Non-Dominican air arrivals in Puerto Plata increased from 22,218 in 1982 to 98,972 in 1985 (Table 5). Non-Dominican maritime arrivals in Puerto Plata decreased slightly between 1982 and 1985, but increased from 56,001 in 1983 to 81,433 in 1985 (Table 5). The government estimated that 1987 would surpass 1986 as a record year for tourist arrivals (Perdomo 1986). While these figures do not represent Sosúa alone, they demonstrate the significant tourism growth experienced by the country as a whole and the north coast region, specifically.

Table 4: Non-Dominican Arrivals in the Dominican Republic

<u>Year</u>	<u>Number of Non-Dominican Tourist Arrivals</u>
1975	232,902
1976	317,886
1977	395,699
1978	413,019
1979	481,983
1980	484,125
1981	502,374
1982	482,308
1983	468,712
1984	512,068
1985	602,445

(Source: Secretaría de Estado de Turismo, 1986)

Table 5: Non-Dominican Air and Sea Arrivals in Puerto Plata

<u>Year</u>	<u>Air Arrivals</u>	<u>Sea Arrivals</u>
1981	22,218	88,245
1982	28,920	79,963
1983	37,512	56,001
1984	71,614	75,456
1985	98,972	81,433

(Source: Secretaría de Estado de Turismo, 1986)



Research findings of the application of Defert's index, support the contention that Sosúa lies within the development stage. With an approximate population of 800 inhabitants in 1945 and ten beds, the TF equaled 1.27. In 1977, with approximately 6,000 residents and thirty-four beds, the TF was only 0.57 and 0.59 in 1980 with approximately 6,750 people and only forty beds. By 1987, the TF equaled 27.3 when the population neared 11,000 persons and the number of beds equalled 3,000. Calculating the TF for Sosúa's current number of beds with the entire 'municipio' population of approximately 18,000, the value remains high (TF=16.7). With the current construction 'boom' and relatively modest population growth, the TF value is expected to increase. By 1992, in one development project alone, the number of beds available for tourists in TFS establishments will increase by nearly thirty-three percent (Figure 8).

Analysis of ownership nationality reveals an increase in the proportion of foreign-owned TFS businesses. Of ten establishments in 1980, one was foreign owned. In 1981, seven facilities opened, only one Dominican owned. By 1987, approximately seventy-five percent of all TFS establishments were foreign owned (Figure 9). These findings further support the contention that the study area falls within the development stage.

Further evidence of Sosúa's resort cycle position was obtained through questionnaire responses and personal interviews. Butler argued that tourist resort areas in the

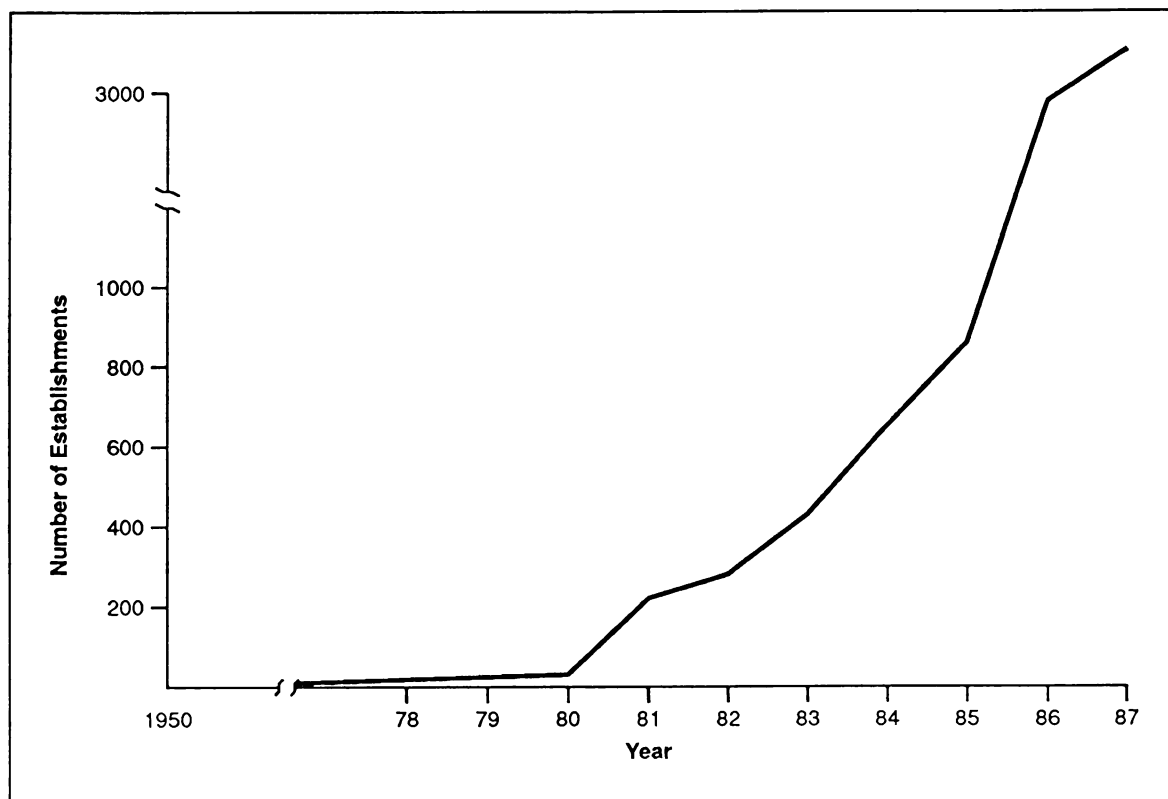


Figure 8: The Number of TFS Beds in Sosúa, 1950-1987

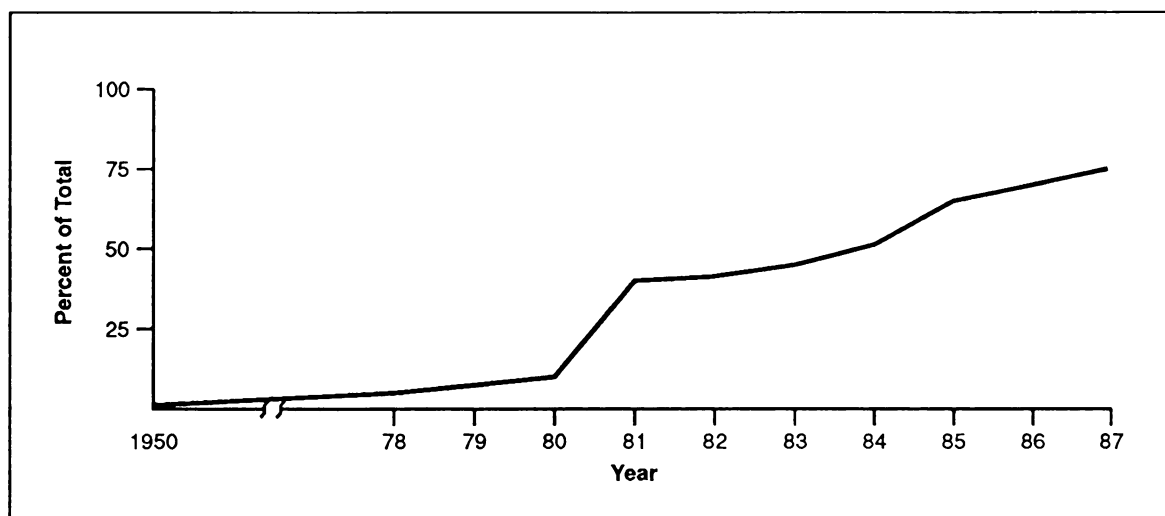


Figure 9: Foreign Ownership in Sosúa's TFS, 1950-1987 (%s)

development stage exhibit distinct tourist seasons. In this survey, nearly 100% of all vendors and formal sector establishment representatives indicate that a tourist season occurs in Sosúa, beginning in mid-December and continuing through the Northern Hemisphere's winter months.

Essentially, all TFS establishments surveyed utilize some form of promotion. Several facilities were affiliated with North American tour operators and most employed local advertising media. Highway billboards and hand-distributed promotional brochures were frequently observed.

Informal Sector Growth

Since no documented statistics on informal sector vendors were available, the author relied on questionnaire responses. Fifteen of the sample vendor population (27%) had been in business prior to the opening of Puerto Plata International Airport's. Clearly, more TIS enterprises existed prior to the resort area's entrance into the development stage than did TFS establishments. In 1976, there were at least thirteen TIS vendors and only five TFS establishments.¹⁸ This finding indicates that the informal sector has, until recently, grown more rapidly than the formal sector, in terms of the number of units. (For the growth in the number of TIS vendors in Sosúa for the period between 1950 and 1987, see Figure 10).

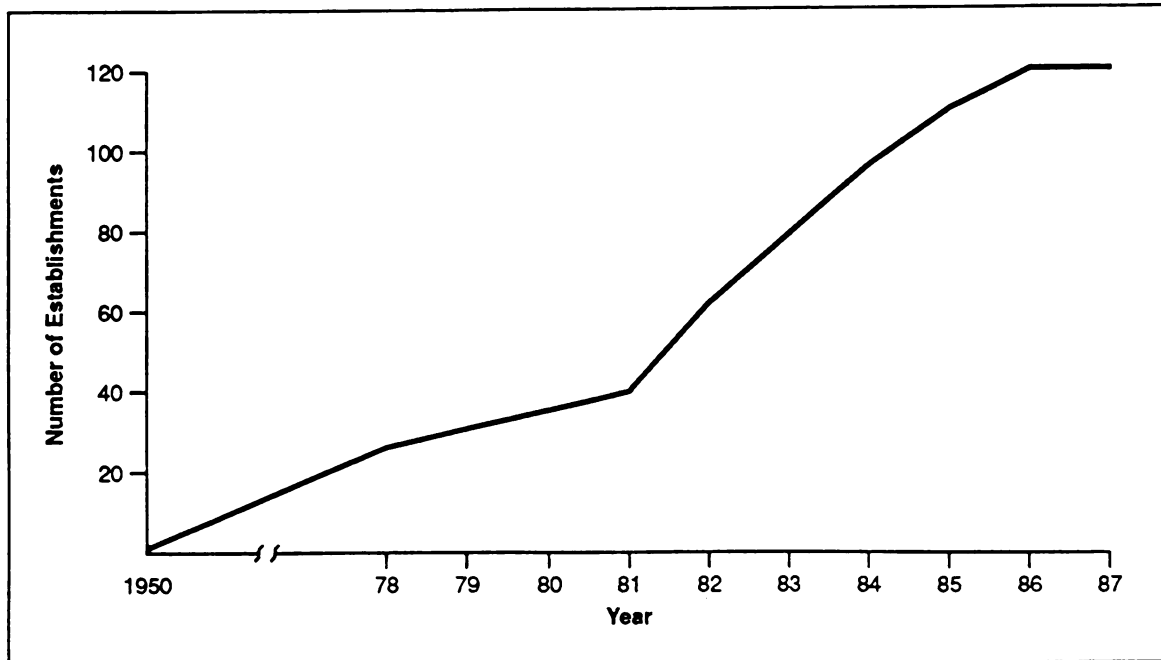


Figure 10: TIS Establishments in Sosúa, 1950-1987

Hypothesis One: Internal Vendor Mobility

Questionnaire responses reveal that almost half (48.9%) of those vendors questioned, previously had located in another section of Sosúa. Of those internal movers, 52%, or about a quarter of the total sample, indicate they were forced from their previous locations.

On the basis of these results, the first hypothesis is accepted. Slightly more than twenty-five of the sampled TIS vendors had previously located in an area now prohibited by regulations. This finding indicates that a process of commercial relocation and regulation occurs in Sosúa. If this example represents other resort areas, one would expect to find similar movement in those areas. Indeed, D'Amico-Samuels illustrated a similar situation has occurred in Jamaica.

Hypothesis Two: External Vendor Mobility

Nineteen percent of all respondents were self-employed street vendors in another town prior to their arrival in Sosúa. Half of those vendors came from tourist zones, while only one vendor indicates forced evacuation as a reason for leaving an external tourist area. Therefore, the second hypothesis is rejected. The possibility exists that this vendor represents others, but no conclusions are drawn, since other developing resort nodes are not considered in this research.

Hypothesis Three: Vendor's Commercial Space

Eighty-one percent of the sampled TIS vendors identifies the beach as an area where vendors previously had located. Slightly less than one-third of the eighty-one percent included El Batey as a prohibited area that previously was available.

The third hypothesis is accepted; the data demonstrate that the beach was once available to the vendors. Although none of the respondents moved from El Batey, they indicate that the area is now prohibited to them and the author observed signs prohibiting vendor occupation.

Hypothesis Four: Vendor and Employee Profiles

Concerning the fourth hypothesis, the following results were obtained: 1) eighty-three percent of the TFS sample was female and only forty-eight percent of the TIS sample was female which indicates that a significant difference, based on sex, exists between the two populations (Table 6); 2) with



twenty-five percent of the TFS sample and only eleven percent of the TIS sample competent in English, there exists a significant difference between the two populations (Table 6); 3) based on the ability to speak French, no significant difference exists between the two populations. With nine percent of the TFS employee sample population and seven percent of the TFS vendor population sample able to communicate in French and a Z-score of only 0.5 (Table 6), the null hypothesis was accepted and the alternative rejected. No significant difference exists between the two populations based on French competency.

Statistical analysis of the variable AGE reveals a significant difference between the two sample populations. The mean age for the TIS vendor sample is thirty-one years and twenty-seven years for the TFS employee sample. With an alpha value of 0.005, a t-score of 3.57 was obtained (degrees of freedom, df , = 306). Since 3.57 is greater than 3.09 (the t-score needed to accept the null hypothesis), the null hypothesis is rejected and the alternative accepted. The two populations are significantly different based on age (Table 7).

Analysis of the EDUCATION variable demonstrates that the TFS employees are better educated than the TIS vendor population. Mean years of education was 8.2 for the former and 6.0 for the vendors (Table 7).

The fourth hypothesis is accepted indicating that in the event of vendor number reductions, few will be absorbed into

Table 6: Results of the Difference of Proportions Tests

<u>Variable</u>	<u>Sample</u>	<u>n</u>	<u>alpha</u>	<u>Z</u>	<u>z</u>
SEX	TFS	258	0.025	2.24	4.68
	VENDORS	56			
ENGLISH	TFS	258	0.025	2.24	2.295
	VENDORS	56			
FRENCH	TFS	258	0.025	2.24	0.5
	Vendors	56			

n = sample size for each of the two populations
 alpha = level of significance
 Z = critical z-value
 z = observed z-value

Table 7: Results of the Difference of Means Tests

<u>Variable</u>	<u>n</u>	<u>\bar{X}</u>	<u>s</u>	<u>alpha</u>	<u>df</u>	<u>T</u>	<u>t</u>
EDUCA- TION	240 (TFS) 56 (Vendors)	8.19 6.04	4.22 4.78	0.005	294	3.09	3.35
AGE	251 (TFS) 56 (Vendors)	27 31	7.4 8.3	0.005	306	3.09	3.57

\bar{X} = mean number of years of education for variable 1 and
 mean age for variable 2
 s = the standard deviation from the mean
 alpha = level of significance
 df = degrees of freedom
 T = critical t-value
 t = observed t-value



the TFS. If the vendors are not absorbed into the TFS and they do not relocate to other developing resort areas, where will they go? Certainly, they may remain in the informal sector, but not in the highly visible tourist areas. Also, they may gravitate to the non-TFS.

Data supporting the thesis that the vendors are not absorbed into the TFS include previous TFS and TIS vendor experience. Of 258 TFS employees, fifty-three percent had previous TFS experience, while only five percent of the TIS vendors had similar experience. Only two percent of the formal sector employees previously were engaged in TIS vending (n=230).

Tourism Prospects

Speculating about future events is difficult, but can greatly benefit planners. The data analysis indicates that 53.2% of the TIS vendors believe they will eventually be forced out of business. Almost three-quarters of these vendors fear being displaced.

Twelve and a half percent of the TFS establishment operators believe that the vendors should be eliminated entirely, while slightly more (12.8%) indicate there is no problem with the present situation. The majority of the operators (72.5%) feel that TIS vendor numbers should be reduced and their area restricted to specific zones. One-quarter suggested the provision of a permanent plaza, or fixed structure, for occupation by a limited number of vendors; surplus vendors would be asked to vacate the area. Although a causal link between formal sector development and the demise of the informal sector is not

established in this research, a definite process of spatial contraction of the informal sector appears. D'Amico-Samuels observed in Negril, Jamaica, continued governmental control of the informal sector vendors, leads to its contraction and relocation.

Although the findings do not demonstrate a reduction of informal sector establishment numbers, it appears that their decline is imminent. Several respondents from both sectors and a government official indicate that vendor reductions are likely. One vendor said that the beach vendors will be eliminated by 1990.

Discussion of Findings

The author has evaluated tourism in Sosúa through a systems approach, recognizing realistic differences between the two economic sectors. Butler's model represents the entire system, without recognizing economic sub-divisions. Letting Butler's model represent formal sector growth and incorporating informal sector development generates a comparative, evolutionary representation of the industry (Figure 11). The solid curve represents TFS growth and the dotted curve depicts TIS growth. With the industry controlled by the formal sector, the informal sector declines late in the development stage. Under typical governmental intervention, policy favors the formal sector, thus restricts the informal sector. If the formal sector enters its own decline, the informal sector may enter rejuvenation.

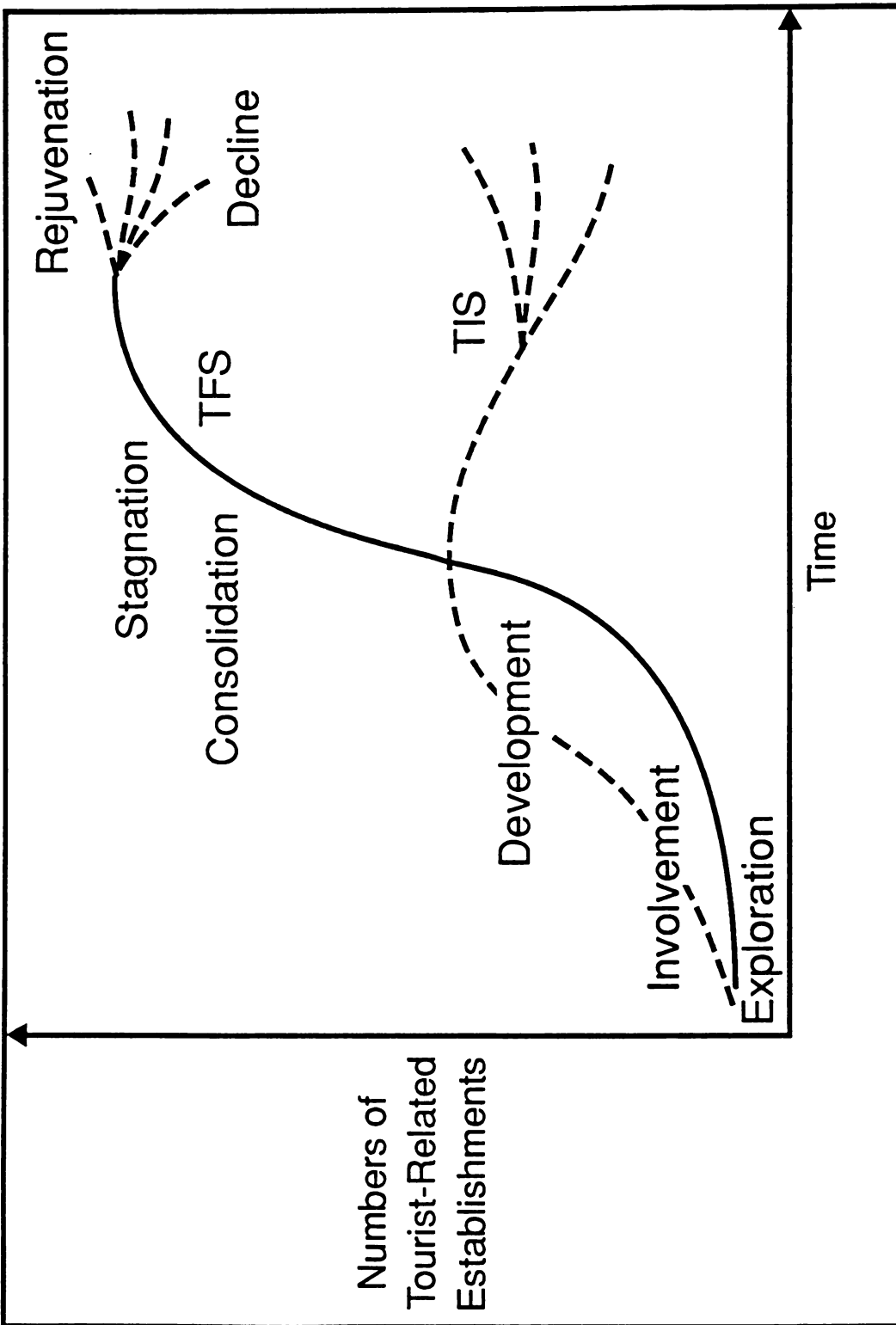


Figure 11: A Formal/Informal Resort Cycle Model

This investigation demonstrates that Sosúa lies within the development stage of both resort cycle models. The data clearly demonstrate the trajectories of the two sectors (Figure 12). This research model indicates that TIS vendors experience a decline during this stage. Based on questionnaire responses, personal interviews, and direct field observations, the author believes that Sosúa's development stage will be relatively short lived. Therefore, the decline in vendor numbers appears imminent; although their numbers may increase for a short time. The Butler model indicates that the development stage evolves through a short time period, relative to the other stages, which supports the contention of a short lived development stage.

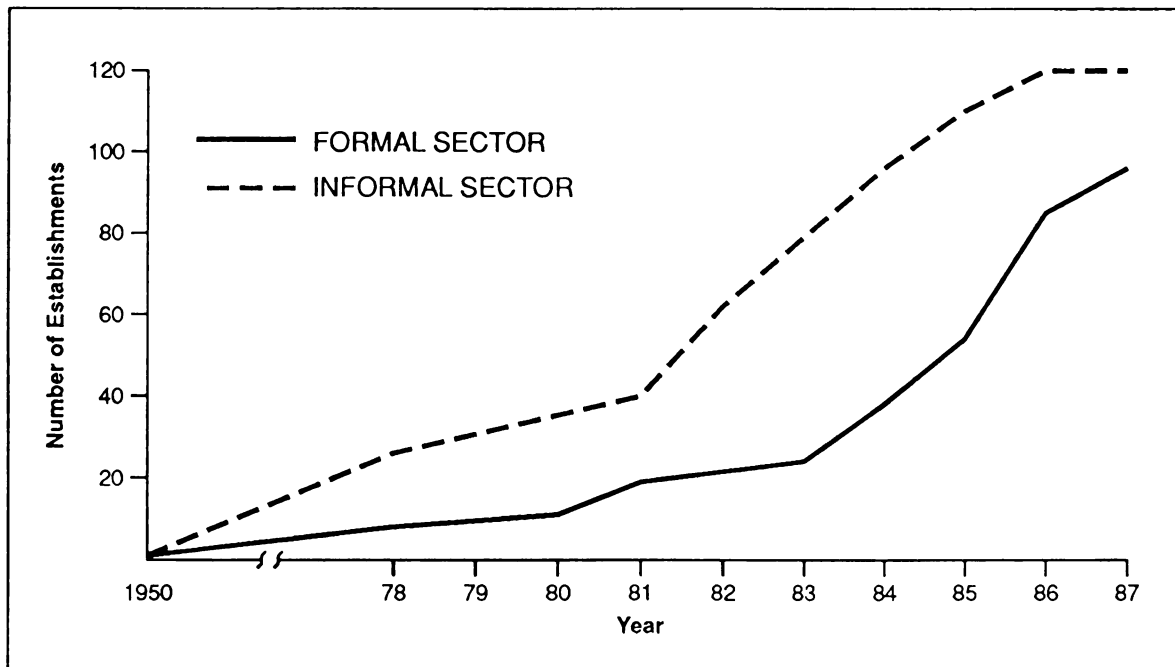


Figure 12: TFS and TIS Growth in Sosúa, 1950-1987

Conclusions

The overall significance of the study is two-fold. First, the investigation indicates that, apart from an historical perspective, the formal/informal sector dynamics within the context of the tourist industry has been neglected by researchers. There exists an exhaustive body of literature on both tourism and formal/informal sector relations. However, the interface between these two broad fields is non-existent. This study helps to fill this research gap.

Second, the findings indicate that the informal sector responds to tourism in a somewhat predictable manner. This disclosure is important, since tourism development projects presumably are initiated for the economic benefit of locals. Therefore, understanding formal and informal sector reactions to the industry is vital to planners concerned with maximizing benefits and minimizing costs. Avoidance of 'metropolitan intrusion,' as Matthews (1977) described, should be a planning priority; otherwise, the result is continued exploitation of the dependent, developing country. He described tourism in the Caribbean as a form of neo-colonialism where wealthy 'metropolitan' Western societies exploit the developing Caribbean states. With improved understanding, planners can implement proper policy; therefore, understanding tourism dynamics is essential.

As Cleverdon (1979) acknowledged the planning effort demands periodic industry evaluation. Determination of the resort cycle stage allows planners to foresee potential con-

flicts and implement corrective strategies. Through early education programs, locals can be informed of likely future events. Mutually beneficial regulations may reduce friction between the formal and informal sectors. Erecting attractive, fixed structures for vendors would maintain local involvement and be aesthetically pleasing to tourists. Vocational training would provide locals with enhanced skills and greater marketability in order to secure formal sector employment, thus further maintaining local resident involvement.

Tourist industry success is dependent upon a healthy image, at home and abroad. In areas where the attraction is generic in nature, such as scenic, white-sandy beaches lined with palm trees and bathed with warm, crystal waters, image is everything. Governments and formal sector operators view dirty vendors serving unsanitary food from unsightly stands as problems with one solution, eliminate them. Erase low-income housing as well. In short, hide and disguise as much poverty as possible to create favorable impressions for international tourists. Elimination of Puerto Plata's 'Malecón' vendors (vendors of the ocean front drive) exemplifies the situation (El Faro 1986), as does the complete destruction of Samaná city for the purpose of constructing a tourist resort (Symanski 1975). Yunén (1977) determined that relocating low income neighborhoods in Samaná accomplished little to improve local resident living standards. The same process is occurring in Sosúa; several hundred to a few thousand residents are being relocated outside Sosúa's boundaries, as the tourism plant

expands. The relocation includes many of the town's beach vendors; thereby, displacing them residentially as well as commercially. This relocation also will displace large numbers of non-TIS establishments.

Planners must understand tourism dynamics in order to implement policies which reduce friction between the industry and local residents. Doxey (1975) indicated that resident attitudes exhibit a cycle beginning with euphoria, followed by apathy, annoyance, and terminating with antagonism. To maintain a level of acceptance among locals, investors must share the fruits of the industry with the local community.



NOTES

17. The first rental cottage opened in 1972, but contained only two beds and was family operated. At that time it was an informal sector operation.
18. Thirteen of the TIS vendor sample indicated they had been engaged in beach vending in 1976. It is possible that more vendors operated at that time, but have since terminated their businesses or relocated away from the study site.

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APPENDIX



APPENDIX

Formal Sector Questionnaire *

1) Type of business.

1=Hotel 2=Restaurant 3=Gift shop
4=Bar 5=Real estate 6=Other

2) When did you begin this business?

3) Ownership nationality.

1=Dominican 2=Canadian 3=U.S.
4=German 5=Italian 6=Other_____

4) Percentage of clients.

1 Dominican____ 2 Canadian____ 3 U.S.____
4 German____ 5 Italian____ 6 Other_____

5) Would you like to see more tourism development in Sosúa?

b) If yes, why?

1=Good for business 2=Good for economy
3=To improve the living standards for locals
4=Good for all 5=Other_____

6) What types of regulations would you like to see implemented in this town?

1=Regulations on the beach/street vendors
2=Construction regulations 3=Pollution regulations
4=Other_____

b) If #1, what kinds of regulations are needed?

1=Total elimination 2=Keep them off the beach
3=Keep them off the streets of El Batey
4=Reduce and limit their numbers
5=Put them in permanent structures

c) If #1, why do they need to be regulated?

1=They compete with my business
2=They bother the tourists
3=They are an eye sore 4=Other_____

7) Number of employees. Number outside of your family.

8) Do you accept credit cards?

9) Do you pay regular wages?

* Spanish and English versions used in the field.

Informal Sector Vendor Questionnaire **

Part One

0) Name (identification purposes only).

1) Sex.

2) Age. b) Month/year of birth.

3) Where were you born? (Town/Municipio/Province)

4) Where did you grow up?

5) What is your education level? b) Number of years_____?

1=Illiterate 2=Primary 3=Intermediate 4=Secondary
5=Technical/Vocational 6=University 7=Other

6) Marital status.

1=Married 2=Free union 3=Single 4=Widowed
5=Divorced 6=Separated

7) Where do you reside?

8) How many children do you have?

Part Two

1) When did you come to Sosúa?

b) Why did you come here?

1=To sell on the beach/street
2=Find a job in a hotel or restaurant
3=To find other work 4=came with family
5=Other

2) Where did you live before you came to Sosúa?

b) Where you employed?

c) If yes, what did you do?

1=TFS job	6=Housewife/maid
2=Technical	7=Student
3=Labor	8=Retail (Permanent structure)
4=Agriculture/Rancher	9=Street/beach vendor
5=Taxi	0=Other

d) Why did you leave?

1=Insufficient wage to support family
 2=Not satisfied with job
 3=To find better work
 4=Better education for yourself
 5=Better education for your children
 6=To marry
 7=Accompany family
 8=Social/family problems
 9=Laws
 0=Other

3) When did you begin your business?

4) Have you ever sold goods on the street/beach in another city?

b) If yes, was it a tourist area?

c) Why did you leave? (same labels as 2 d)

5) Have you always been located right here?

b) If no, where else have you located?

1=On the beach 2=In El Batey
 3=Los Charamicos 4=On the highway
 5=Other location above the beach

c) Why did you move?

1=Construction of buildings 2=Laws
 3=Better opportunity 4=Other

6) When you began, how many vendors were here?

b) How many are here now?

c) Is there room for more?

7) When you began, were there vendors in places where nobody can locate now?

b) If yes, where?

1=El Batey 2=Los Charamicos 3=Beach 4=Other

c) Why are vendors not allowed to locate there now?

1=Building construction 2=Laws 3=Other

d) Where did they go?

1=To work in TFS jobs
2=Other types of jobs in Sosúa
3=Street/beach in other tourist zone
4=Different type of job in other city
5=Unemployed
6=Above the beach

8) What did you sell when you began?

b) What do sell now?

9) When you began what were the percentages of your clients?

b) What are the percentages now?

10) Has your business increased since you began?

b) If yes, why?

1=More tourists 2=Better location
3=Fewer vendors 4=Better strategy 5=Other

c) If no, why?

1=Competition from the formal sector
2=Competition from other vendors
3=Too few tourists 4=Other

11) Are there more hotels, restaurants, gift shops, etc. here now than when you began?

b) If yes, what does this mean for you and your business?

1=More tourists mean more income
2=Less earnings due to increased competition
3=Nothing 4=Other

12) What will more tourism development mean for you and your business?

1=More business 2=Nothing
3=Will wipe out business 4=More competition

- 13) Do you want to see more tourism development in Sosúa?
 - b) If yes, why?
- 14) How many people work with you?
 - b) How many are family members?
 - c) How many receive regular wages?
- 15) Do you accept bank cards?
- 16) Do you know that the Malecón vendors in Puerto Plata are being evacuated?
 - b) What do you think they will do?
- 17) Do you think that you will eventually be forced out of business as a result of tourism development?
 - b) If yes, what will you do?
 - c) If no, why not?

** Only Spanish version used in the field.



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