MUNICIPAL INVESTMENTS PROMOTING TOURISM IN LOWER SAXONY (FEDERAL REPUBLIC OF GERMANY)
Their allocation and structure in reference to the state's tourist policy (1974-1978)

Hans Georg MOLLER
HANNOVER

I. TOURISM, TOURIST AREAS AND MAIN ASPECTS OF TOURIST POLICY IN LOWER SAXONY

The state of Lower Saxony is situated in the north of the Federal Republic of Germany and has several tourist areas which are shown by fig.1. The most important areas are the islands and the coast of the southern North Sea and the Harz mountains. Together both areas come to 68% of total 28 million bed-nights spent by tourists within the state's borders in 1977/78 (1).

Most of Lower Saxony's tourist areas are situated at the periphery of the agglomerations and industrialized regions of Hannover, Salzgitter and Braunschweig. The Lüneburger Heide, the coast of the North Sea and the Arz economically are backward areas in comparison with the whole state or the Federal Republic.

The following tourist regions are administrative areas defined by the state for measures of tourist policy.

Tab. 1 - Date of Economic structure of tourist regions (Fremdenverkehrsgebiete) in Lower Saxony (1970)

<table>
<thead>
<tr>
<th>Area</th>
<th>km²</th>
<th>Population 1000</th>
<th>%</th>
<th>GDP %</th>
<th>% -difference of GDP (per capital of residential population) from average of state... of Fed. Rep.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordsee</td>
<td>4 220</td>
<td>430</td>
<td>6,1</td>
<td>4</td>
<td>- 27,4 - 36,0</td>
</tr>
<tr>
<td>Lüneburger Heide</td>
<td>9 224</td>
<td>673</td>
<td>9,5</td>
<td>6</td>
<td>- 34,0 - 41,8</td>
</tr>
<tr>
<td>Weserbergland</td>
<td>4 353</td>
<td>741</td>
<td>10,5</td>
<td>9</td>
<td>- 13,8 - 24,0</td>
</tr>
<tr>
<td>Harz</td>
<td>1 087</td>
<td>151</td>
<td>2,1</td>
<td>2</td>
<td>- 24,1 - 33,2</td>
</tr>
<tr>
<td>all tourist regions</td>
<td>18 884</td>
<td>1995</td>
<td>28,2</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>State of Lower Saxony</td>
<td>47 408</td>
<td>7082</td>
<td>100</td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

+ GDP: Gross Domestic Product
Sources: Niedersächsischer Minister für Wirtschaft und Öffentliche Arbeiten (1974, p. 10)
M. Meyer (1979, p. 29)

+ Address of the author: Dr Hans-Georg Mölle, Geographisches Institut der Universität Hannover, Schneiderbert 50, D 3000 Hannover.

Especially the regions of Nordsee and Lüneburger Heide show large negative deviations of such statistical key data as population and Gross Domestic Product. On the other hand tourism contributes most to the GDP of the Nordsee (14.8%) and Harz (14.5%) regions, while its share in the GDP of the state only is 1.2% (1). As the tourist regions are less industrialized than the whole state and are monostructural areas too, tourism seems to provide a possibility of economic growth within these regions.

In the Federal Republic of Germany tourist policy nearly exclusively belongs to the duties of state-governments (2); therefore the recent development of tourism in Lower Saxony was considerably influenced by the state's regional and economic policies. Both contribute to the tourist policy, which is determined by the following targets (3):

a) to secure existing and to add new employment,
b) to secure existing and to find new possibilities of additional income,
c) to reduce regional disparities in personal income,
d) to provide recreational facilities for the demand of the population living in the agglomerations of Lower Saxony and neighbouring countries.

To come true with these rather common targets and to use public funds efficiently, it was necessary to concentrate the public furtherance on special recipients, projects and areas.

Tab. 2 Distribution of public subsidies to promote tourism in Lower Saxony as proposed by the state's tourist programm (1974-1978).

<table>
<thead>
<tr>
<th>Application of public grants and loans, subsidies to...</th>
<th>Furtherance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private enterprise operating in tourism</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>Communal tourist infrastructure</td>
<td>90</td>
<td>75</td>
</tr>
<tr>
<td>Public relation, advertising</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>Thereof: federal funds</td>
<td>50</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: M. MEYER (1979, p. 31).

Tab. 2 shows the furtherance of projects improving communal infrastructure predominate clearly. Therefore the municipalities got a key position profiting by the public furtherance. The total of subsidies granted to them by far exceeded the planned figures. Instead of the proposed 90 million DM municipalities got more than 250 million DM as grants and loans. It should be added that subsidies in most cases did not exceed 50% of total investments (4) and that municipalities at the same time financed additional

(1) NIEDERSACHSISCHER MINISTER... (1974, p. 11).

(2) The federal government has the possibility to influence states's tourist policy by granting subsidies exclusively to projects according to the federal tourist policy.

(3) NIEDERSACHSISCHER MINISTER... (1974, p. 13)

(4) Subsidies of more than 50% (see p. 10) result from possibilities to use additional funds of regional policy.
measures stimulating tourism by their own funds. On the other hand private enterprises investing in tourism only should get one fifth of total public subsidies.

Which were the municipal projects to be subsidized according to the state's tourist policy?

Tab. 3 shows a large demand of municipalities for the construction of high class tourist infrastructure. During three out of four years swimming pools, festival and sports-halls together with multifunctional communication houses (Haus des Gastes) came to more than 50% of all subsidies. Spa-facilities were outstanding objects of public furtherance too. On the other hand the economical less effective improvement or construction of camping grounds and open-air sports facilities stayed behind and grew at the last two years only.

Tab. 3 Types of Municipal tourist infrastructure promoted by government grands and loans* according to the tourist development policy of Lower Saxony 1974-1978 (figures of total subsidized investments).

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Indoor and open-air swimming pools</td>
<td>36200</td>
<td>36032</td>
<td>17136</td>
<td>43790</td>
<td>14316</td>
<td>35</td>
</tr>
<tr>
<td>Festival-halls, communication centers (Haus des Gastes)...</td>
<td>22524</td>
<td>23484</td>
<td>23617</td>
<td>33866</td>
<td>4049</td>
<td>26</td>
</tr>
<tr>
<td>spa-equipment, spa-houses, curist parks</td>
<td>20875</td>
<td>20361</td>
<td>12072</td>
<td>3144</td>
<td>9779</td>
<td>16</td>
</tr>
<tr>
<td>Improvement of beaches, lakes with bathing facilities</td>
<td>6765</td>
<td>1935</td>
<td>938</td>
<td>1428</td>
<td>769</td>
<td>3</td>
</tr>
<tr>
<td>Recreational and sports facilities</td>
<td>7024</td>
<td>4662</td>
<td>1112</td>
<td>10362</td>
<td>6263</td>
<td>7</td>
</tr>
<tr>
<td>parks, public gardens, hiking paths, access roads</td>
<td>2629</td>
<td>2225</td>
<td>1758</td>
<td>14702</td>
<td>2900</td>
<td>5</td>
</tr>
<tr>
<td>camping grounds</td>
<td>193</td>
<td>2159</td>
<td>320</td>
<td>6849</td>
<td>1827</td>
<td>3</td>
</tr>
<tr>
<td>Others</td>
<td>8459</td>
<td>5087</td>
<td>1268</td>
<td>5359</td>
<td>3381</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>104669</td>
<td>95945</td>
<td>58223</td>
<td>195500</td>
<td>43284</td>
<td>100</td>
</tr>
</tbody>
</table>

* Out of 421.6 million DM subsidized investments in tourism loans only made up for 6.4 million DM or 1.5%. The total amount of furtherance (257.3 million DM) included 2.5% of means given as loans;

Source: M. MEYER (1979, p. 32f).
The state of Lower Saxony concentrated the furtherance of tourism not only to special projects but also to selected municipalities and areas. Out of more than 800 communal applicants 60 municipalities were granted first priority and 166 second priority to public subsidies on tourism. Of the public grants and loans to improve tourist infrastructure, which totaled more than 250 million DM, 157.5 million DM (63%) were assigned to first priority municipalities. Municipalities without any priority only got 30 million DM or 12% of public subsidies.

Fig. 1 shows the pattern of priorities concerning municipal tourist development. Whereas municipalities with second priority are to be found all over the state, here are clusters of municipalities granted first priority. The latter concentrate at the mainland resorts of the North Sea coastal area—a region with a fast development of tourism—and in the Harz mountains. There the new tourist spots of Zorge and Hohegeiß got first priority as well as well-known health resorts and spas like Bad Harzburg, Bad Grund and Rahnklee.

Generally the regional concentration of municipalities with first priority clearly favoured the existing and established tourist areas. In some cases it strengthened existing monostructures of tourism as for example in the spa region south of Osnabrück. The spatial coincidence of municipalities granted first priority on future tourist development and of well-known and established tourist areas resulted from the modalities and principles of state's furtherance of tourism. The evaluation of municipalities' worthiness to get state subsidies especially had regards to the applicants' high recreational potential, a relative good existing tourist infrastructure and a high economic impact of tourism to the private sector. These conditions clearly show the target of Lower Saxony's tourist policy, which is rather to improve the competitive situation of well established tourist municipalities than to develop new ones.

2. THE REGIONAL DISTRIBUTION AND DIFFERENCES OF MUNICIPAL INVESTMENTS TO IMPROVE TOURIST INFRASTRUCTURE BY THE STATE'S SUBSIDIES.

Spatial concentrations of different measures to improve the municipal tourist infrastructure as they are shown by fig. 2 intensely correspond to the clusters of municipalities granted first priority in public subsidies to promote tourism. Whereas the open-air and indoor swimming pools show a disperse allocation all over the state's territory, the main tourist areas are characterized by a spatial concentration of different measures to improve tourist infrastructure.

As the North Sea the well established and well equipped island resorts started to improve their spa-equipment and transport facilities, three small tourist

(2) In future the state will further concentrate the subsidies by furthering fewer municipalities. Especially the number of municipalities granted second priority will be reduced and will not exceed 117.
airports were under construction there. The seaside resorts at the mainland showed a large demand for different types of tourist infrastructure resulting from their lower level of equipment.

While the spa region south of Osnabrück was characterized by a very clear preference of additional spa facilities there were different types of infrastructure localized at the Weserbergland and the Harz. At the eastern border of Lower Saxony there is a relative new tourist development in an area called the Wendland. In that region two municipalities of first priority to public subsidies also took efforts to improve their infrastructure by different new tourist facilities. In the Lüneburger Heide – a tourist region between the agglomerations of Hambourg and Hannover – municipalities mainly invested in indoor and open-air swimming pools.

According to the policy of the subsidizing state all the furthered projects mainly appeal to long-term tourists staying at Lower Saxony for holidays or health and recreational reasons. Weekend tourism and short-term outdoor recreation are considered economically less effective and therefore are exempt of state subsidies (1).

3. Case study: MUNICIPAL INVESTMENTS PROMOTING IN THE HARZ TOURIST AREA (2).

In the Harz tourists spent 9,5 million bed-nights in 1977/78. On the contrary to the coast of Lower Saxony, where the summer season dominates by far (1978 (3): 90% of the tourist year's bed-nights), in the Harz only 62% of total bed-nights were spent during summer season. Fig. 1 shows the larger skiing resorts; with heights of more than 600 m in the main parts and over 800 m near the eastern border the Harz provides Germany's most northerly skiing facilities.

Under the aspect of strong competition existing between German mountainous tourist areas the attraction of additional tourist demand became a chief task of municipalities engaged in tourism development. Therefore they focussed upon the supply of pretentious facilities of tourist infrastructure within the Harz area.

Additionally accommodation at the Harz grew very fast from 37 600 beds (1970/71) to 62 300 bds (1977/78). 13 750 new beds were due to 16 holiday centers which began to operate between 1971 and 1973 (4). The growth of accommodation by the holiday centers, which usually had been constructed at municipalities dynamic and active in tourism development, added the new factor of intraregional competition.

The holiday centers offered not only accommodation (apartments) but also advanced facilities of tourist infrastructure, especially indoor and outdoor heated swimming pools. Therefore the disparity of infrastructure equipment grew within tourist area.

(1) On the rather small scale municipal investments improving infrastructure for week-end tourism are furthered by public funds of regional authorities like the Verband Großraum Hannover.
(2) All data refer to the area of the regional tourist federation the Harzer Verkehrsverband.
(3) 1.4 – 30.9
(4) D. UTHOFF (1974, p. 15).
MUNICIPAL INVESTMENTS
IMPROVING TOURIST INFRASTRUCTURE IN THE
HARZ RECREATION AREA 1972-78

Important Roads
Railway
National Park
Forest

Sign INVESTMENTS:
black 100% Financed by the Municipality
blue 50% Financed by Municipality Funds
white <50% Financed by Municipality Funds

● Sea-Equipment, Sea-Center
● Curist's House, Park
● Open-Air Swimming-Pool
● Indoor Swimming-Pool
● Parking Lot, Hiking Path
● Skiing Facilities
● Tennis Court
● Ice-Sports-Hall, Tennis-Hall
● Minigolf, Vitaparcours, Sports Facilities
● Other Improvements of Tourist Infrastructure

TOTAL INVESTMENT:
1) □ less than 100,000 DM
2) □ 100,000 - 499,000 DM
3) □ 500,000 - 999,000 DM
4) □ 1,000,000 - 4,999,000 DM
5) □ 5,000,000 DM

Source: Harz Verkehrsverband Unbelastete Sonntags Reise 1978
This situation strengthened municipal efforts to improve the tourist infrastructure of less developed tourist places too.

Fig. 3 shows the effects of the municipal activities. Nearly all municipalities of the Harz area had to create new tourist infrastructure. During the last decade it seemed to be impossible for well-known spas or health resorts not to invest in additional facilities.

But it is obvious that the most expensive objects concentrate in the southern and eastern part of the Harz, where spa-equipment, swimming pools and ice-sports or tennis halls came to a high percentage of total investment. The various measures improving spa facilities are directed to a still important part of tourists (1) who during their stay concentrate on activities of recreation and health improvement.

At the higher levels of the mountains municipalities invested in skiing facilities too. But it has to be mentioned that municipal investments as they are shown by fig. 3 only represent a small part of total investments in wintersports, the construction of skiing facilities in most cases was performed by private enterprises.

The spatial structure of investments as they are represented by fig. 3 not only reflects the comprehensive activities of municipalities but also the spatial consequences of state tourist policy.

According to their first priority to state's furtherance of tourism some municipalities like bad-Grund and Wieda were granted nearly the total amount of investments for tourist infrastructure. Bad Sachsa and the fast growing health resort of Zorge also took profit from their priority to public subsidies.

On the other hand there are municipalities profiting far less from state's grants and loans which have to invest by their own funds to keep up with the others. Examples are Lautenthal and Herzberg.

A third type of local activities is represented by Braunlage, a municipality which combined large subsidies of the state with a broad scale of investments in tourist infrastructure totally financed by municipal funds.

\( (1) \) The statistics of the HARZER VERKEHRSVERBAND show 64% of total tourists (1977/78) to make use of spa and recreation facilities.
Tab. 4: Bed-occupancy figures (Days of total bed-occupancy) of Main Harz resorts

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad Harzburg</td>
<td>54</td>
<td>198</td>
<td>39</td>
<td>78</td>
</tr>
<tr>
<td>Bad Lauterberg</td>
<td>126</td>
<td>157</td>
<td>75</td>
<td>104</td>
</tr>
<tr>
<td>Wildemann</td>
<td>69</td>
<td>122</td>
<td>87</td>
<td>112</td>
</tr>
<tr>
<td>Bad Grund</td>
<td>57</td>
<td>121</td>
<td>55</td>
<td>121</td>
</tr>
<tr>
<td>Hahnenklee</td>
<td>70</td>
<td>162</td>
<td>72</td>
<td>112</td>
</tr>
<tr>
<td>Altenau</td>
<td>58</td>
<td>96</td>
<td>64</td>
<td>84</td>
</tr>
<tr>
<td>Bad Sachsa</td>
<td>118</td>
<td>158</td>
<td>66</td>
<td>110</td>
</tr>
<tr>
<td>HohegeiB</td>
<td>86</td>
<td>144</td>
<td>61</td>
<td>64</td>
</tr>
<tr>
<td>Braunlage</td>
<td>66</td>
<td>102</td>
<td>64</td>
<td>74</td>
</tr>
<tr>
<td>St Andreasberg</td>
<td>68</td>
<td>118</td>
<td>84</td>
<td>92</td>
</tr>
<tr>
<td>Zorge</td>
<td>62</td>
<td>153</td>
<td>76</td>
<td>155</td>
</tr>
</tbody>
</table>

+ Maximum possible days: 182  ++ Maximum possible days: 183


Tab. 4 shows the economical background of municipal activities to attract additional tourist demand by improving tourist infrastructure intensely. During the last decade a heavy increase of accommodation led to a remarkable reduction of bed-occupancy all over the Harz. With only few exceptions the occupancy strongly decreased in the summer. For the winter the evidence of tab. 4 is more different. Some of the municipalities show clear increases resulting from good quality of skiing facilities as well as from availability of appropriate infrastructure and accommodation. Notwithstanding the increase of total bed-nights in the Harz from 6.9 million (1970/71) to 9.5 million (1977/78) tab. 4 illustrates the economical problem of an extended but widely not occupied accommodation, which shows full-occupancy only in the main tourist seasons.

By improving their tourist infrastructure and according to state's policy municipalities try to attract additional tourists especially beyond the main seasons. But they are not only looking out for economical interests, their targets also result from backlog demand due to failures of public planning.

The increase of accommodation provided by private enterprises creating holiday centers took place during a period which has to be characterized by its total lack of valid communal and regional public planning concerning the development of tourism. Holiday centers were constructed in 10 municipalities of which only 3 had a valid master plan (1). On the contrary to the situation at the Languedoc-Roussillon, where infrastructure is

provided parallel to the creation of accommodation, in the municipalities of the Harz
important parts of infrastructure (1) have to follow the completion of accommodation
in a distance of several years.

Which is the political room for action of municipalities promoting tourist
development?

Formally municipalities are the initiators and owners of all projects belonging
to communal infrastructure (2). But Fig. 3 as well as tab.4 clearly show municipal investments surpass the financial potential of the municipalities by far.

Tab. 5: Type and structure of tourist investments by municipalities in the Harz area 1972-1978.

<table>
<thead>
<tr>
<th>Investments</th>
<th>Measures Number</th>
<th>%</th>
<th>Total amount in 1000 DM</th>
<th>%</th>
<th>Share of municipalities 1000 DM</th>
<th>%</th>
<th>average amount per measure 1000 DM</th>
</tr>
</thead>
<tbody>
<tr>
<td>spa-equipment, spa-jouses, curists'parks</td>
<td>22</td>
<td>31</td>
<td>50 323</td>
<td>55,4</td>
<td>18 371</td>
<td>36,5</td>
<td>2207</td>
</tr>
<tr>
<td>Indoor and open-air swimming-pools</td>
<td>9</td>
<td>12</td>
<td>26 548</td>
<td>29,2</td>
<td>9 311</td>
<td>35,1</td>
<td>2950</td>
</tr>
<tr>
<td>Skiing facility</td>
<td>8</td>
<td>11</td>
<td>431</td>
<td>0,5</td>
<td>282</td>
<td>65,4</td>
<td>54</td>
</tr>
<tr>
<td>Tennis court, tennis hall, ice-sports-hall</td>
<td>3</td>
<td>4</td>
<td>8 709</td>
<td>9,6</td>
<td>3 242</td>
<td>37,2</td>
<td>2903</td>
</tr>
<tr>
<td>Other sports, facilities, parking lots, hiking paths</td>
<td>4</td>
<td>6</td>
<td>130</td>
<td>0,1</td>
<td>120</td>
<td>92,3</td>
<td>33</td>
</tr>
<tr>
<td>Other improvements of tourist infrastructure</td>
<td>26</td>
<td>36</td>
<td>4 770</td>
<td>5,2</td>
<td>3 319</td>
<td>69,6</td>
<td>183</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>100</td>
<td>90 911</td>
<td>100</td>
<td>34645</td>
<td>100</td>
<td>1263</td>
</tr>
</tbody>
</table>

+ Including communication centers (Haus des Gastes)
Source: HARZER VERKEHRSVERBAND, unpublished inquiry 1979

The most expensive facilities like spa-equipment and swimming-pools, which
came to 85% of total investments but only to 43% of total projects, mainly were financed
by subsidies. Municipalities concentrated their funds to such measures as to improve
skiing facilities, sports facilities, hiking paths and other less expensive investments,
which counted for 52% of number of measures but only for 5,8% of total investments.

By their structure the expenditures of tourist investments clearly indicate
that the municipalities'ability to direct the local development of tourism by means of
infrastructure practically are rather narrow. The dimension of subsidies and the practice

(1) This refers to all kinds of infrastructures to be provided by the municipalities.
For example there were severe shortcomings of roads and sewerage resulting sudden
increase of tourist numbers due to the opening of holiday centers.

(2) Therefore municipalities often have problems with the operating costs which are not
subsidized by the state.
of allotting them according to the priorities of state policy curtail the role of municipalities in tourist policy and development.

4. SUMMARY

In the state of Lower Saxony furtherance of tourist development generally concentrates on municipal measures to improve local tourist infrastructure. Municipalities prefer to finance especially expensive projects by these subsidies.

The state’s subsidies to local tourist development mainly are reserved to selected municipalities which were granted first priority to furtherance. These municipalities regionally concentrate at the coast of the North Sea and in the Harz mountains. The furtherance shows the target of rather improving the competitive situation of existing and well established tourist resorts than of developing new ones. While the structure of municipal investments differs regionally at all areas only projects serving long-term tourism are furthered.

In the Harz municipalities try to better off-season bed-occupancy by improving tourist infrastructure. Resulting from shortcomings of tourist planning there was a deficit of municipal infrastructure too. In addition the case study illustrates the high dependence of municipalities on the state’s subsidies resulting from the structure and financial volume of their local tourist investments.

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Résumé :

Dans l'État de Basse Saxe, l'effort de soutien au développement touristique porte essentiellement sur des mesures municipales propres à améliorer l'infrastructure touristique. Les municipalités préfèrent financer spécialement les projets coûteux.

Les subventions d'État au développement touristique local sont réservées surtout aux municipalités choisies comme prioritaires parce qu'elles témoignent d'une volonté d'amélioration de la situation concurrentielle en s'appuyant davantage sur l'exploitation des ressources touristiques existantes que sur des ressources nouvelles.

En dépit de la grande diversification régionale de la structure des investissements municipaux, seuls les projets en faveur d'un développement touristique à long terme sont soutenus.

Les municipalités du Harz essaient d'améliorer le taux d'occupation hors-saison par une meilleure adaptation de l'infrastructure touristique. Le cas étudié illustre cependant la grande dépendance des municipalités à l'égard des subventions de l'État.