Chapter 5

The Political Economy of Mass Tourism and its Contradictions

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**Introduction**

Any attempt to consider the political economy of mass tourism (PEMT) faces two challenges. First, there is the problem of defining mass tourism. The position taken in this chapter is that all forms of tourism have been shaped by the global spread of free market economics and conditioned by variable degrees of capitalist development and political-institutional arrangements within different societies. The ‘niche’ market is itself defined by the overall capitalist context.

Secondly, there are problems in defining political economy, which has been inconsistently applied in tourism development studies. Its origins can be traced back to feudalism and the emergence of industrial capitalism, with its boundaries broadly prescribed by the study of the production, accumulation and distribution of national wealth (Gilpin 2001: 25). However, political economy also encompasses the markets that shape the production of commodities and accumulation of capital (see Mosco, 1996: 27) and, through the lens of neoclassical theory and, later, neoliberalism, has often been barely distinguished from economics; it is thus reduced to an arid, value-neutral technical tool to advise business and government on the optimum strategies for achieving profitability and economic growth, a perspective blind to class and other power relationships that shape development practices (Mason, 2015: 161).

Some have argued that the study of tourism development has been largely disconnected from questions of political economy (Steiner, 2006: 165), whilst political economy has often seemed to epitomise studies critical of tourism and its contribution to economic development, primarily associated with neo-Marxist theories of dependency or underdevelopment theory (Britton, 1980, 1982; Pérez, 1980; Turner, 1976; Lea, 1988: 10). There is some recent evidence this view is being reassessed (Duffy 2013; Fletcher 2011;
Harrison 2015; Hazbun 2008; Lee et al. 2015; Mosedale 2011; Murray Mas 2014; Richter and Steiner 2008; Steiner 2006; Williams 2004) but the sub-discipline nevertheless remains marginal within tourism studies.

Drawing on historical materialism in the Marxian tradition (Perrons, 1999: 94-98), the focus is this chapter on key facets of the political economy of mass tourism (PEMT) and the industrial configurations and political-economic relations that drive the logics of accumulation and development which, in turn, impel its expansion in today’s networked transnational capitalist economy. Nevertheless, this cannot encompass the full spectrum of capitalist diversity and configurations of mass tourism worldwide. The PEMT must thus be examined in context and not ‘read off’ from invariant ‘laws’ of development. The discussion presented here will thus centre on the forces and relations of capitalist development that shape and determine the industrial logics of mass tourism as it expands, diversifies and settles in different parts of the globe, driven by the search for profits and self-expansion of capital.

The ‘industry’ of mass tourism and its discontents

In 2015, international tourism generated US $1.4 trillion in export earnings and, according the UNWTO, tourism ranks third after fuels and chemicals as a worldwide export category, ahead of food and automotive products, and in many developing countries tourism ranks as the first export sector (UNWTO, 2016). It is, therefore, ‘an important avenue of capitalist accumulation (Britton, 1991: 451), albeit one involving a more complex and variable set of productive arrangements and social relations than often acknowledged, for while there is considerable corporate concentration in various tourism and hospitality industry sub-sectors, the productive arrangements of tourism are ‘organisationally but also spatially differentiated’ (Clancy, 2011: 88). Gibson (2009: 529) describes this fragmentation in terms of the ‘kaleidoscopic character of tourism capitalism,’ with a wide range of services provided to different types of tourists, a situation that has led others to question whether or not tourism is an industry at all (de Kadt, 1979: x; Leiper (2008) and which makes it difficult to identify the specific configurations of capitalist development and class relations of power that shape and determine the PEMT.

Tourism is also the only ‘industry’ represented at the highest level of the United Nations system through the UNWTO, and perhaps the only economic activity considered intrinsically problematic, both environmentally and because of its alleged social and cultural
impacts, differing from large-scale extractive, agribusiness and manufacturing industries (which also have negative impacts) because of the sheer scale of mass tourism (see Sharpley, 2015). Ironically, cheap travel and the concomitant democratisation of mass tourism have often been accompanied by the denigration of the travel habits of the masses (Butcher, 2003: 33-49; see also Chapter 4 in this volume). In the UK, for example, travel companies have advertised holidays that avoid contact with ‘chavs’ (an allegedly feckless, violent and vulgar section of British youth) (Savill, 2009: Jones, 2012).

The scale of mass tourism has often detracted attention from the underlying conditions of accumulation that drive and configure particular political-economic formations of mass tourism, and the resultant distribution of surpluses has largely been ignored. Indeed, it has been suggested we should reject the ‘myth of a single and pervasive capitalist market economy’ (Mosedale, 2012: 195). However, many ‘alternative economies’ of niche tourism identified by Mosedale (e.g. home exchange; charitable travel, and worldwide organic farm tourism) exist either parallel to or outside the principal circuits of capital accumulation, neither challenging the dominance of corporate-led, market-driven mass tourism nor indicating a determined shift towards post-capitalist tourism economies.

Mass tourism, capitalism and development

The emergence of international tourism as a catalyst for economic development and modernisation in many ‘Third World’ states has been extensively documented (de Kadt, 1979; Harrison, 2001, 2010, 2015; Sharpley, 2015; Telfer, 2015). From the late 1950s, mass tourism was harnessed as an instrument of economic and social modernisation in many newly independent ‘Third World’ countries and small island developing states (SIDS), particularly those in established trading relationships with former colonial masters. Many such states had already been extensively developed by colonial powers as suppliers of raw materials and agricultural crops, and had seen pockets of expatriate investment in hotels emerge in the major ports-of-entry late in the nineteenth century, and large-scale coastal mass tourism accelerated their incorporation into the global economy.

According to modernisation theory, tourism facilitated the transfer of part of the surplus income of the developed world to developing countries, simultaneously providing pleasure for ever-increasing numbers of Western middle class travellers from the West and propelling ‘developing’ countries further along the path to development (Bond and Ladman,
Missing from this analysis was any recognition of the uneven trading relations and domestic class and power structures that shaped this seemingly benign exchange between destinations and tourist-generating societies.

This optimistic view of tourism was later criticised by scholars drawing upon neo-Marxist theories of dependency and underdevelopment. Rather, they argued, international mass tourism subordinated developing economies within an ‘international division of leisure’ as a ‘single global periphery’ increasingly tied to the interests of rich states (Turner, 1976: 253). For example, Britton suggested the ‘colonial space-economy’ was crucial in shaping economic and socio-spatial relations of inequality in Pacific Island tourism (Britton, 1980; 1982). Generally, most neo-Marxists agreed that international mass tourism had failed to contribute to ‘Third World’ economic development because of ‘monopolistic controls exerted by transnational corporations (TNCs) over the ownership and organizational structure of most countries mass tourism sectors’ (Brohman, 1996: 54).

Despite the unequal distribution of tourism surpluses highlighted by dependency and underdevelopment theory, tourism multipliers often demonstrate high returns from tourism (Gladstone, 2005: 66). Tourism has also been noted for its low entry barriers and entrepreneurial dynamism (d'Hautserre, 2009: 340), and has commonly been regarded as uniquely able to generate business opportunities and jobs across the construction, transport, retail, food and handicraft industries (de Kadt, 1979: 11). Undoubtedly, tourism did provide many low income states with vital foreign exchange, balance of payments surpluses, and an alternative to low-wage or subsistence agriculture and informal industrial sectors (Steiner, 2006: 169-170). Often, too, large-scale tourism development yielded wages higher than traditional agrarian occupations, not least through the boost often provided to the construction sector (Jurdao, 1990: 190).

Between 1950 and 1990, international arrivals in low-income regions grew from 2.3 million to 113.7 million (Gladstone, 2005: 56). This period also saw per capita incomes in low and middle income developing countries grow at an average of 3% per year between 1961 and 1980 (Pollin, 2004: 131). Despite such impressive growth rates, which later declined as many developing states succumbed to the debt crisis and structural adjustment policies imposed by the IMF from the early 1980s, these putative gains often occurred at the expense of the relentless drive to extend the logics of capital accumulation into these societies through policies of trade liberalisation, privatisation and state-subsidised financial incentives (Giampiccoli, 2007; Sreekumar and Parayil, 2002). Furthermore, as Sharpley notes, the
growth in tourist numbers rarely led to wider socio-economic development Sharpley (2009: 338)

Although criticised for being ‘empirically invalid, theoretically inadequate and politically ineffective’ (Harrison, 2015: 57) and for reducing Third World states to the status of victims of metropolitan capitalist tourism companies, the ‘neo-colonial’ perspective countered the view that tourism inevitably enabled ‘developing’ countries to emulate and catch up the more ‘developed’ industrialised countries. It situated the analysis of uneven development within a wider framework of an integrated and unequal capitalist world economy, and raised critical questions about the monopolistic power of Western-based tourism and hotel corporations and the unequal terms of trade that mediated flows of tourists between developed and developing country destinations.

Rather than debating in detail tourism’s contribution to economic development, it is more important to explore the implications of this debate for conceptualising the PEMT. That foreign-owned transnational corporations can generate higher levels of foreign revenue and pay higher wages than locally-owned establishments (Harrison, 2010: 46) is not the issue; rather than simply calibrating the economic returns from tourism, focus should be on the dynamics of capital accumulation and the forces of production and reproduction that shape the industrial structure and organisation of tourism and the consequences this holds for the distribution of surpluses (profits and wages).

In so far as there are broad similarities in the PEMT and the integration of destination economies with wider flows of capital, particularly during the earlier phases of expansion and development (Britton, 1982; Lanfant, 1980), the precise organisation and structure of mass tourism industries across different states was conditioned by variable institutional arrangements and conditions of capitalist development on the ground (cf. Crouch and Streeck, 1997). Equally important is how mass tourism’s expansion after the second World War was profoundly shaped by the relatively stable post-war geopolitical order of interdependent state-managed capitalisms, when the international political economy was underpinned by a system of fixed exchange rates linked to the Gold Standard, which facilitated technological innovation, drove productivity upwards, and stimulated unprecedented rates of economic growth averaging 3.2% per year between 1950 and 1973 in the world’s core industrial economies (Mason, 2015: 79-87). The resultant increase in per capita incomes and falling transportation costs fuelled the expansion of foreign outbound
travel by a new generation of working and middle-class travellers able to afford relatively cheap overseas holidays, in the process easing the difficult economic transition of ‘developing’ countries from colonies to independent states.

Few studies have considered strategies pursued by individual nation states to produce and reproduce the conditions of accumulation in the mass tourism economy in relation to both external forces as well as domestic patterns of class and institutional arrangements. In an avowedly ‘statist’ approach, though, Clancy (1998) shows how state agencies in Mexico actively mobilised state capital, land and domestic private investment to redirect tourism development towards the construction of international mass tourism enclaves on the coast. He suggests that despite the 1980s debt crisis, which forced the sale of state owned assets and led to inward foreign investment in mega-resort enclaves around the country, a pattern of hotel and resort ownership emerged in which the ‘possibility of Mexican private sector participation’ was neither hindered nor foreclosed by the arrival of foreign chains (Clancy, 1998: 16).

Hazbun (2008) and Richter and Steiner (2008) also emphasise how political agencies in North Africa shaped the flow of domestic, transnational and state capital into and from the tourism sector, and affected distribution of the ensuing surpluses or rents. In Tunisia, since the 1970s, after two decades of state-led tourism development, the state encouraged both domestic and foreign private investment to expand and restructure its mass beach resort infrastructure in response to changing external conditions (Hazbun, 2008: 34-35; see also Chapter 17 in this volume). By contrast, contrary to the oft-held view that tourism in low income states is necessarily dominated by transnational capital, from the 1980s, in Egypt economic liberalisation and the selective opening to foreign capital both stabilised the economy, bringing it back into surplus, and bolstered the power of Egypt’s authoritarian regime (Steiner (2006). Such studies go beyond mere description of the state’s role in developing mass tourism infrastructures and show how states sought to construct alliances with different combinations of domestic and foreign capital to mobilise resources and capital for tourism development.

Debates regarding the merits of tourism and economic development were not restricted to the ‘developing’ countries in the Global South. The package holiday dates back to early nineteenth century initiatives in the UK, including some by workers’ organisations, as well as Thomas Cook (Barton, 2005), and in the late 1930s holiday camps were developed, especially by Billy Butlin. Later, in the 1950s, Club Méditerranée, founded as a non-profit
association in Paris by two veterans of the wartime resistance, was to revolutionise the mass package holiday model and launch it as a key driver of capital accumulation in the Mediterranean and beyond (Furlough, 2009; see also Chapter 8). Between the late 1950s and the crises of the mid-1970s, post-war mass tourism across the Mediterranean littoral led to entirely new urban forms, but while large-scale resort enclaves and urban conurbations encompassed myriad different scales and types of firms, they nevertheless exhibited broadly similar patterns in the political economy of their mass tourism industries.

Mass tourism in the Mediterranean was based on a relatively simple formula: a standardised, lean production system with integrated package tour operators, based in tourist generating countries, able to compile basic elements of a holiday package (namely, flights, accommodation, local transit and excursions) and sell them cheaply to tourists (Löfgren, 1999: 195). Employing minimal staff, and owning few productive assets in the destinations, tour operators controlled the principal distributional channels and could therefore gain favourable contract terms by forcing suppliers to reduce costs (Buhalis, 2000; Hazbun, 2008: 15-16). Small-scale local hoteliers and independent apartment owners, who might have borrowed heavily on the expectation of forever rising demand and/or continuous asset price inflation, thus often struggled to maintain profitability and sometimes faced the constant threat of exclusion from package tourism markets altogether by failing to negotiate terms favourable to the tour operators.

In the early 2000s, the rise of on-line travel agencies (OTAs) and web-based booking firms began to partially reconfigure these relationships, allowing small-scale, independent suppliers to contract directly with tourists. However, such specialist independent operators as formerly UK-based Laskarina Holidays and Tapestry, both of which went out of business in 2006, could not withstand the rise of on-line booking and the tough competitive conditions of Mediterranean mass market tourism (Skidmore, 2006). In addition, ongoing consolidation among major European tour operators made it increasingly difficult for small, independent tour operators to secure seating capacity on key Mediterranean charter routes (UNCTAD, 2007: 126). More recently, too, low-cost carriers, which in 2012 accounted for 37% of seat capacity in the EU, made significant inroads into mass tourism markets (ICAO, 2016). Nevertheless, despite the considerable market penetration by low-cost carriers, in some destinations dependent on mass beach tourism, for example, the Canary Islands, 80% of the market is still monopolised by a few mass market tour operators (Blázquez, 2016: 7).
OTAs are nevertheless multi-billion dollar corporate giants able to control suppliers and consumers alike through selling access to a wide portfolio of tourism products and services. Booking.com, a leading online booking firm founded in 1997, is owned by parent company Priceline, whose market value in 2015 was US$68 billion (Moore and Thompson, 2015). Booking.com alone accounts for 41% of Europe’s €44 billion market for air travel and hotel bookings, considerably more than the market share of some of the largest tour operators. Meanwhile, in Hawai’i and elsewhere in the United States, OTAs have exploited this market dominance as an online relay between thousands of accommodation providers and consumers to enlarge their profits by collecting occupancy taxes from consumers at market rates whilst calculating their tax liabilities at discounted wholesale prices (King, 2015).

Clearly, tourism development in the European south, and elsewhere, has facilitated the integration of local economies into wider networks of corporate influence and capital flows but the power of large tour operators and the new digital intermediaries should not be exaggerated. Despite the influence of both state and foreign capital in the construction of hotels and tourist accommodation, and the oligopsonistic powers exercised by north European tour operators and OTAs, a diversity of capitals and ownership arrangements are found in mass tourism destinations in the Mediterranean and, indeed, elsewhere.

At various times over the past sixty years, different capitals, encompassing state finance, private domestic capital of different scale, migrant remittances, overseas including diaspora capital and finally, foreign aid, have provided the investment capital for the construction of hotels, resorts and infrastructure for the tourism sectors in Greece and Spain (Newton, 1996; Leontidou, 1998). At the same time, mass tourism development also led to a new stratum of small-scale entrepreneurs from the ordinary peasant and fishing classes, small merchants and return migrants (Kenna, 1993; Kousis, 1989; Zarkia, 1996). In addition, a new upwardly-mobile class of capitalist tourism entrepreneurs and hoteliers emerged from an earlier generation of petty capitalists to amass substantial business fortunes rivalling those already controlled by an earlier generation of wealthy hoteliers. Grecotel, for example, part of the Daskalantonakis Group, grew from a small Cretan family business started in 1976 to encompass a portfolio of 31 hotels and resorts (Dritsas, 2009: 62-4). Nevertheless, most tourism and hospitality related enterprise in Greece overwhelmingly consists of small, often family-owned firms, comprising less than 10 rooms (Dritsas, 2009: 63).
The role of small-scale local investors in the construction and leasing of apartments to tour operators has also been significant in the Canary Islands (Bianchi and Santana Talavera, 2004; Macleod, 2004; Santana Turégano, 2007) and in other small-scale island economies (Hampton and Christensen, 2007: 1007). In Spain, while there are some parallels, there is also a significant contrast in the scale and external strategic orientation of their major domestically-owned transnational hotel groups (Jacob and Groizard, 2007). Of these, five (Sol Meliá, NH, Riu, Barceló and Iberostar) are among the world’s largest hotel groups, with a particularly strong presence in Latin America and the Caribbean (Murray Mas, 2015: 276).

In particular, Mallorca, which about half a century ago was predominantly rural, with a relatively poor population, is currently home to several mega-corporations whose origins lie in the close ties cultivated with the Franco dictatorship by the island’s patrician families, who manage and control an extensive global portfolio of resorts and hotels (Buades, 2009; see also Chapter 14).

The character of mass tourism in Spain, in particular its two main archipelagos, owes much to the breakup of landed estates and the construction of cheap, high-rise, relatively low-grade tourist accommodation in densely packed units along the littoral (Buswell, 2011: 67, 138). Direct state financing, the acquisition of strategically-placed, land-based assets along the littoral, and access to cheap labour moving from the fields into construction and tourism, was essential for the early cycles of ‘primitive accumulation’ which kick-started the dynamics of capitalist tourism development here and across southern Spain and the Canary Islands. More recently, while there have been attempts by regional governments to curb urban expansion and despoliation of the environment in the name of ‘sustainability,’ an alliance of regional and national politicians, the media, domestic business lobby and sections of academia has forged a tight consensus that negates any sustained critique of the constant growth and expansion of a corporate-capitalist model of tourism development (Blázquez et al. 2011: 12-13).

Trade surpluses and advances in living standards generated by mass tourism in southern Europe are undeniable, but they conceal the underlying weaknesses and inequalities in the PEMT. In 1970s Spain there was a determined switch from hotels to self-catering, followed in the 1990s by a further strategic shift towards ‘niche’ and residential tourism as means of sustaining capital accumulation of capital. However, with neither a strong industrial sector and systematic determination to expand the service sector, there has been a reinforcement of a rentier model of tourism development driven by an insatiable thirst for
profits in banking, construction and real estate speculation (Charnock et al., 2014). The accompanying urbanisation has diverted scarce capital and resources from productive investment and innovation in new technologies and management practices, degraded coastal and marine ecologies, and increasingly intensified the use and organisation of resources as tourism has become more specialized (Hof and Blázquez-Salom, 2015). This has largely benefited a loose alliance of regional authorities, regional banks and property-development companies at the expense of productivity growth and balanced territorial development, and culminated in the recent financial collapse and collapse in living standards (López and Rodríguez, 2011). Descent into recession was aggravated by the European Union, which in 1999 introduced the Euro and thus removed any recourse to competitive currency devaluation as a means of sustaining the competitiveness of cheap, mass package tourism in the Mediterranean. Since then, nearly two decades of strategic government intervention aimed at a more constrained, sustainable model of tourism has failed to alter the fundamentally speculative, rentier nature of Spanish and indeed, Greek capitalism, which are based on anticipated ever-rising asset values rather than productive and innovative investments in tourism enterprise.

**Mass tourism and the dialectics of scale**

By the early 1990s, a consensus had grown among ‘green’ academics and NGOs that the ‘crisis’ of mass tourism and the destructive consequences of large-scale resort development on coastal and other fragile environments could be solved by a new model of sustainable, small-scale, locally-run tourism development (Sharpley, 2015: 429). The emphasis continued, fuelled by unease at the alleged ‘economic invasion of vulnerable countries by multinational corporations,’ and led to the growth of independent, ethical travel, along with NGO-led campaigns against large-scale and/or corporate mass tourism (Pattullo, 2006: 13) and the contrasting portrayal of small-scale, locally-run tourism businesses as more in tune with local cultures and ecologies, which would also ensure the economic benefits of tourism remained within the local community (Ateljevic and Doorne, 2000; Dahles, 1997; Sofield, 2003).

Others have been more circumspect about the material benefits small medium-sized tourism enterprises (SMTEs) and ‘alternatives’ to mass tourism can offer low-income societies (Aramberri, 2010: 323; Harrison, 2010; 2012). Indeed, Aramberri (2010) forcefully
promotes domestic and international mass tourism as an expression of capitalist modernity and a force for progress. However, debates over the relative merits of ‘mass’ versus ‘alternative’ tourism reveal a theoretical weaknesses in tourism development studies. Arguments tend to centre on questions of scale (of tourism enterprise and resort infrastructure) and (the morality of) tourist behaviour, and often ignore issues of power, ownership and political economy. While Butcher, for example (2003: 7), rightly derides the ‘constant denigration of mass package tourism’ and the concomitant exaltation of all manner of allegedly environmentally-benign and culturally-benevolent ‘niche’ tourisms, there is a danger in conflating variable and diverse relations of tourism production in a binary scale pitting [large-scale] ‘mass’ tourism against [small-scale] ‘alternative’ tourisms. As Fletcher (2011) and Duffy (2015) have shown, such labels conceal the forces of accumulation and relations of production behind a façade of supposedly alternative, niche tourisms.

Rather than focusing on the scale of tourism or tourist behaviour, analysis should centre on the dynamic interactions of the forces of accumulation driving the expansion and restructuring of destination and resort economies and the specific configurations of class and power determining the logics of surplus distribution that are of fundamental importance for the PEMT. If this is so, the assertion that ‘the Tenerife and Spanish economies have benefitted greatly from tourism’ (Butcher, 2003: 11) is so generalised that it is impossible to contest. It also downplays the environmental damage and enclosure of waterfront lands and public space resulting from large-scale resort development across the Mediterranean (Boissevain, 2004) and indeed elsewhere (Hodal, 2013; Langenheim, 2016). Additionally, it ignores the class relations of power and the forces of accumulation that drive the expansion and govern the industrial configurations of mass tourism in specific localities and the increasingly vocal responses of citizens and public authorities alike to such phenomena (Angulo, 2016; Fernández, 2016).

From a political economy perspective, small-scale tourism development and enterprise are not intrinsically preferable to large-scale developments, and to laud the former is simply to foreground scale over class relations of power and the logics of surplus extraction. Nevertheless, even capitalist firms may be governed by different values as well as logics of surplus extraction and distribution. SeaCanoe, for example, run by maverick activist-entrepreneur John Gray in Phuket, Thailand, is more than a mere ‘alternative’ low-impact means of experiencing the limestone sea caves of the Andaman Sea; rather, it is a
vehicle for environmental activism, operated on more equitable lines than other private ecotourism operators and ‘green’ imitators in the area (Shepherd, 2002).

Cultural differences may also influence cross-border business transactions between tourism SMTEs, and exacerbate misunderstandings and conflicts between foreign wholesalers and local suppliers (Scherle, 2004). Aggressive competition amongst destination-based firms is also accentuated by low entry barriers and the highly diverse nature of commerce in tourism economies, allowing numerous small-scale entrepreneurial initiatives to emerge (Gibson, 2009: 528). Nor should we expect small businesses to ignore the potential for profit-making or circumvent environmental legislation to expand their business. As Briassoulis notes (2003: 106), local capitalists and developers may resist attempts by public authorities to curb urban development and introduce conservation measures and, once established, SMTEs may accumulate sufficient capital to become larger ‘corporate-based businesses’ and expand beyond the destination in which they emerged (Briassoulis, 2003: 108).

Despite a valid counter to the critique of tourism TNCs and their allegedly negative influence on economic development (Harrison, 2010), increased reliance upon foreign companies to construct or operate luxury resorts can accentuate precarious working conditions and inequality (Lee et al. 2015). Large-scale TNCs may also exercise their considerable market power to influence the domestic regulatory environment, secure privileged access to public space, and purchase commodifiable assets at knock-down prices (Buades, 2009: 69-72; Holden 2011: 110). They may not be omnipresent monoliths exercising monopoly control over all areas of tourism (Reid, 2003: 27-38), but globalisation has been accompanied by an intensification of capitalist social relations enabling TNCs to pursue strategies of growth, territorial expansion and industrial consolidation on a global level, supported by policies aimed at optimising the conditions for capital accumulation (Harvey, 2006: 25-29). In the Caribbean, for example, some states have enacted strategies of trade liberalisation and privatised publically-owned assets, thus intensifying a dominant spatial model of tourism built on the ‘gated, security guarded, even fortified, private enclave of the all-inclusive resort’ and accelerating the growth of new property developments and real estate speculation (Sheller, 2009: 196).

The global expansion of mass tourism is no mere consequence of globalisation; rather, it is a sluice through which capital can flow in search of new and more profitable avenues of accumulation. Following the 1990s deregulation of financial systems in the
advanced capitalist economies, speculative finance and the expansion of consumer credit have assumed greater significance as ways of sustaining corporate profitability and economic growth (Lapavitsas, 2009). Thus, while tourism industries are characterised by diverse forms of proprietorship, profound changes in neoliberal capitalism have precipitated a shift towards complex models of investment in the hotel and resort sectors, driven by a range of new corporate and financial actors (Levy and Scott-Clark, 2008). One consequence has been to further distance employees from a ‘shifting coalition of investors,’ for whom such investments represent little more than a convenient vehicle for profit-making (Grossman and Greenfield, 2006: 5).

Following the global recession of the 1970s, which brought an end to the state-managed capitalisms of the post-war period, and the ensuing debt crisis of the 1980s, indebted states in Latin America, Africa and Asia introduced a swathe of neoliberal reforms. One result was to use tourism to channel surplus capital into hotels and mega-resort development, spurred on by falling oil prices in the 1980s (Blázquez et al. 2011: 6). For Barceló, a Balearic-based hotel and resort TNC, the saturation and declining profitability of mass beach tourism in the Balearics was a spur for its aggressive expansion into the Caribbean and Latin America, channelled through a web of real estate investments and offshore companies which enabled it to maximise profits and minimise its tax burden (Baudes, 2009: 103-111). The proliferation of new financial investment vehicles, namely real estate investment trusts [REITs] and private equity funds (ILO, 2010: 30-31), has also induced a shift towards luxury real estate and resort developments as mobile capital from emerging markets has entered circulation in both existing and new destination economies (Urquhart, 2013).

Mass [package] tourism has been lauded by some academics and commentators as a progressive and democratising force enabling ordinary working families to travel (Aramberri, 2010; Butcher, 2003; Cosslett, 2015). While this has certainly been the case, this ignores the political-economic forces that have enabled the continued expansion of mass travel, premised upon the simultaneous cheapening of travel products and expansion of consumer debt in the advanced capitalist democracies. Putting aside the unique experience of China, which nevertheless conceals stark contradictions of its own (Pollin, 2004: 132-137), this apparent entitlement to travel has offset stagnant or falling wages that has occurred since the 1980s in Western Europe and the USA (Glyn, 2006: 116-117), while public outcry greets any apparent hindrance to travel (Bianchi and Stephenson, 2014: 75). However, the sense of entitlement to
untrammelled freedom of travel rests upon a premise which is contradictory to neoliberalism: that we can all consume and participate in travel without any concomitant rise in real wages (Mason, 2015: 17). This ‘ideology of cheapness’ is a fundamental organising principle of globalised neoliberal capitalism (Varoufakis, 2015: 124) and one that has been accelerated by the steady advance of the digital economy in which OTAs and price comparison search engines help to further reinforce the idea that cheap travel is a right and not a privilege (Pollock, 2013).

**Conclusion: the political economy of mass tourism and post-capitalist futures?**

In this analysis, technical and a-theoretical debates on the role of mass tourism in economic development have been eschewed for a political economy of mass tourism focusing on the contradictions and tensions inherent in the various configurations of capitalist production and institutional arrangements that drive and shape the industrial logics of mass tourism development.

While the critique of mass tourism development has emphasised the scale and reach of corporate enterprise and degrees of foreign ownership, such factors may be exaggerated. Large TNCs and consortia tend to be concentrated at the ‘high’ end of the market, SMTEs exist throughout different sub-sectors of the global tourism industries, and small-scale domestic private capital is locally significant in many mass tourism destinations. Furthermore, as many large firms prefer non-equity modes of proprietary control over direct ownership, levels of FDI in tourism remain low relative to other industrial sectors (Endo, 2006).

A focus on scale and/or the origins of capital often serves to divert attention from the actual locus of power within the contemporary PEMT and, more precisely, from the processes of capital accumulation and class relations of power that determine and shape specific configurations of mass tourism development. Capitalist tourism enterprise coexists and/or collaborates with diverse domestic and foreign, public and private, ownership structures, and capitalistic forms of ownership are found at all levels of tourism enterprise. Different degrees of industrial concentration of international hotels, airlines and cruise ship companies have developed alongside specialist niche travel companies and independent small to medium sized enterprises that are more or less integrated through a variety of different equity and non-equity relations with TNCs. Equally significantly, even as mass tourism
shifts from the beach to the city, the PEMT remains deeply intertwined with the construction and real estate sectors. The fuzziness of mass tourism’s industrial parameters and the opacity of ownership is accentuated by increasingly complex and global models of financing in the tourism and hospitality industries. Consequently, strategically-placed firms continue to capture the lion’s share of revenue from tourism, while new concentrations of power among the loosely articulated networks of financiers and investors are deeply embedded in the global architecture of mass tourism. In an absence of robust democratic restraint on the expansion of markets and corporate power, mass tourism opens up new frontiers for profitable investment and intensifies the existing exploitation of resources (namely, by commoditising public space and reconverting tourist infrastructure into real estate) in established destinations, thus sustaining the expanded reproduction of capital.

Mass tourism, at the very least its modern European and North American incarnation, is arguably premised upon a false promise of abundance and the myth of perpetual consumption. Claims that it is a profound democratising force, while partly true, conceal the inequalities and inefficiencies inscribed in the architecture of destination political economies and gloss over the decline in living standards and the spiralling of household debt that has fuelled mass tourism’s continuous growth. Digital capitalism has opened up new frontiers of accumulation as new online intermediaries and peer-to-peer tech companies make deep inroads into traditional tourist markets, but far from demonstrating a new ‘sharing’ or ‘collaborative’ capitalism, and socially and territorially redistributing tourism revenues, the growth of OTAs (at least for the time being) has accentuated corporate concentration and tax avoidance. In addition, the proliferation of peer-to-peer platforms appear to signal a shift towards a new and more aggressive phase of relentless commoditisation of social relations as formerly ‘non-productive’ assets enter the circuits of capital accumulation. As labour itself is eviscerated from the very process of value creation through digitisation and automation, and private lives enter more deeply into the realm of self-commoditisation and micro-entrepreneurship, the battle-lines between capital and labour in the mass tourism industries will continue to shift and be transformed, just as new alignments of inequality and power will no doubt emerge. It is incumbent upon political economists to provide a coherent explanation and critique of the new and emergent configurations of mass tourism as it continues to unfold across different societies and evolve into new corporate formations, and to connect their analyses to pathways towards non-exploitative forms of tourism development.
References


