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Towards a New Political Economy of Global Tourism Revisited

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Development must start from the actual conditions and social practices of each people. (Barratt Brown 1995)

Introduction

Despite the continued expansion and diversification of international tourism worldwide and its consolidation as one of the world's leading economic sectors, the international political economy of tourism has yet to achieve the prominence it (arguably) did during an earlier epoch of tourism development studies and continues to remain conspicuous by its absence in the wider development literature, with one or two noteworthy exceptions (Chin 2008; Clancy 1998, 2008; Ferguson, 2010). As argued elsewhere (see Bianchi, 2009), this deficit can be attributed to a number of factors, including, the fact that tourism has predominantly been observed from applied, business-oriented perspectives, as well as, more recently, the turn away from what are loosely described as 'structuralist' analyses of tourism, towards those which tend to foreground the analysis of discourse and culture over that of conflict and inequality rooted in economic and political relations of power, otherwise referred to as the 'critical turn' in tourism studies (see Ateljevic et al. 2007).

Whilst the preponderance of prescriptive and technical studies into tourism's economic impact upon host societies provided some insight into the overall quantitative value of tourism to host economies, during an earlier period of tourism development research (Bryden 1973; Cleverdon 1979), they did little to reveal the

complex articulations between technological change and the social relations of power woven into historically specific modes of tourism development. When the earlier edition of this chapter was written the influence of dependency theories and the 'neo-colonial' model of tourism had already been on the wane for some time, and Britton's (1991) seminal publication on tourism and post-industrial capitalist development had placed the study of tourism development firmly within the 'structuralist' camp. Since then more theoretically-nuanced picture has emerged which eschews both the macro-structural generalisations which did, to some extent, plague many analyses of tourism and (under)development, as well as the more post-structuralist hubris and which condemns all attempts to view processes of tourism development as inter-related parts of a complex whole, as essentialist. A new generation of scholars, influenced by a range of critical and radical development studies perspectives have responded to the changes brought about by globalisation and the reconfiguration of global capitalism since the early 1990s, to provide a more nuanced and empirically-informed picture of the industrial structure and relations of consumption in international tourism (see Mosedale 2011).

The principle objective of this chapter, therefore, is to reflect and elucidate upon the systemic sources of power which serve to reproduce and condition different modes of tourism development, as a basis from which to develop a more theoretically-informed understanding of the structure and dynamics of the political economy of tourism. Where appropriate, it has sought to incorporate new theoretical insights into the international political economy of tourism that have emerged in the past decade, although it remains largely true to the ideas set out in the earlier version. This chapter does not claim to provide a comprehensive study of the international political economy of tourism, but rather presents a particular way of looking at tourism development based on the radical theoretical traditions in political economy (see Dunn 2009; Sherman 1987). The central normative preoccupation of such an approach consists of an analysis of the social relations of power which condition unequal and uneven processes of tourism development, which are reinforced through particular configurations of ideologies and institutions. In this regard, the following section reviews some of the central 'problems' in political economy as well as examining some of the earlier applications of the neo-colonial dependency model in

tourism, before then going on to explore the contemporary tourism political economy in more detail.

Capitalist Development and the Power of Tourism

A radical political economy approach to the analysis of tourism and capitalist development both challenges the neo-classical view of market equilibrium as the central dynamic force of development, as well as reified Marxist models which profess to 'explain' development processes according to a generalised and abstract set of mechanical laws. A radical approach asks how and why asymmetries of power emerge between antagonistic social class interests and the different geographical regions brought together through inter-locking networks of exchange through tourism. In particular it is concerned with the manner in which market relations between different groups of actors in the tourist system conceal the uneven bargaining powers and underlying material interests of different classes. Before considering existing models of political economy in tourism it is important to dwell briefly upon the principal theoretical assumptions which inform the two main paradigms in political economy.

Defining Political Economy

In its broadest sense the essential distinction between the neo-classical and Marxist traditions in political economy lies in the respective emphasis given to the centrality of *cooperative* and *competitive* instincts in the formation of human societies (Barratt Brown 1995: xiii). In turn, this has been mirrored by the normative disputes surrounding the appropriate balance between equity and efficiency in the economy (see Levine 1988: 107-125). The origins of the latter derive from the liberal tradition of economic and political thought in the 18th and 19th centuries, which has consistently emphasised the maximisation of individual liberty (to acquire/dispose of labour and property) as the basis upon which to secure the welfare of society as a whole, in contrast to the former, which is associated with the Marxist tradition, in which it is argued that the formal equality between citizens enshrined within liberal polities, conceals deeper underlying antagonisms brought about by the workings of the market (see Walker 1989: 22-41). Marxist political economy thus places the

emphasis firmly upon the power relations which are constituted by the capitalist *mode of production*,¹ which in turn give rise to the increasingly antagonistic relations between capital and labour. In contrast, scholars in the neoclassical tradition, such as Alfred Marshall, who followed on from the earlier work of Smith and Ricardo (see Larrain 1989: 7-9), tended to reduce political economy to the free play of 'rational' individual economic behaviour in the market.

Whilst the more deterministic aspects of Marxist political economy have been both greatly exaggerated, and where appropriate, extensively criticised from both left and right (see Kiely 1995; Laclau and Mouffe 1985; Popper 1990), the legacy of his work remains central to a radical political economy analysis of the forces of social change and mechanisms of appropriation which condition and structure contemporary patterns of development in the international political economy. Indeed a number of critical scholars, including Cox (1981, 1987, 2002), Rupert and Smith (2002) Sherman (1987), and, Strange (1994a, 1994b), have demonstrated a more open theoretical approach to political economy whilst retaining the central normative preoccupation of examining the systemic sources of power and inequalities at different levels in the global system. In a seminal paper, Cox (1981) developed the concept of *historical structures*, according to which a particular configurations of forces (material capabilities, ideas and institutions) condition rather than determine the range of actions within the international political economy. Thus, the structures of power which both condition and emerge from process of social change vary according to the historical-geographical configuration of material capabilities, institutions and ideological forces in particular "state/society complexes" (Cox 1981: 134-7). Accordingly, Cox argues that, "it [production] has no historical precedence; indeed, the principal structures of production have been, if not actually created by the state, at least encouraged and sustained by the state" (1987: 5).

The political economy of tourism should, therefore, seek to elucidate upon the antagonistic forces and social relations which give rise to and are encompassed within specific modes of tourism development. By 'modes of tourism development' I am referring to the specific historical combination of technologies and power relations which underpin the organisation of tourism production in any given historical-geographic context. A radical approach to the political economy of tourism thus

challenges the realist perspectives which characterise, for example, technical approaches to tourism policy and planning (eg. Gunn 1994). Indeed the weakness of these approaches has been exposed by Hall (1994a: Chapter 1) for underplaying the relations of power and bargaining processes between different groups of collective actors, as a result of its emphasis on rational and overt decision-making processes. It is equally critical of the applied, business-focused school of tourism research whereby the success of tourism is examined in terms of the creativity and innovativeness of individual entrepreneurs and businesses at the expense of analysing the manner in which their ability to do so is constrained and enabled by the prevailing distribution of power in a given historical and societal context (cf. Poon 1993; Go 1997). Where destinations are concerned, the pervasiveness of neoliberal governance and the belief in the self-regulating capacity of the market to allocate investment where it is needed most, is further illustrated by the importance attached to competitiveness as the guiding principle of tourism development policy, as exemplified by the annual publication of the *World Travel and Tourism Competitiveness Index* (World Economic Forum 2011).

The attempt to conceive of market behaviour in isolation from the ideologies and values of the different actors and interest groups, as reflected in the free market notion of *comparative advantage*, underplays both the unequal distribution of incomes and power which may result from 'open' competition in the tourism market, as well as the political nature of markets whereby the state has historically conditioned the activities of economic classes, and furthermore, ignores the uneven consequences of unlimited market competition (see Barratt Brown 1995: 24-28; Held 1995: 59-66). Different economic systems, whether under conditions of capitalist production or centralised planning systems, are inherently political insofar as they serve to mobilise resources and organise people into hierarchical arrangements of power for the purpose of extracting surpluses from a given population (Lummis 1991). Historically, notions of scarcity have been invoked by those at the apex of any given economic system as a powerful means of legitimising the centralised control of resource allocation. This applies as much to centralised systems of planning as it does to the capitalist free market. As demonstrated by Lummis (1991) and Rowbotham (1998), the free market is nothing of the kind, but rather constitutes a clever means of manipulating consumerist desires whilst simultaneously obfuscating the sources of inequality which

arise from the apparent affluence it creates. Thus, the 'free' market traps us in the illusion of choice in so far as we see our assimilated values reflected back at us through a glittering array of consumer items presented to us for our gratification (cf. Williamson 1978).

Notions of scarcity are articulated through tourism in many different ways, as evidenced in Urry's (1995: 133-140) discussion of the socially constructed and contested nature of tourism carrying capacity. It is also particularly relevant in light of today's conventional wisdom amongst governments and international agencies, that competitiveness, innovation and diversification are the cornerstones of sustainable tourism (Yunis 2000). The value assumptions which underpin such views involve the implicit acceptance of the prevailing political-economic framework (i.e., the logic of the capitalist free market) within which tourism operates. Furthermore they ignore the fact that such proposed 'solutions' to unsustainable tourism based on, for example, low volume/high spending so-called 'quality' tourists, may reproduce the systemic inequalities which characterised previous forms of 'mass' tourism development whilst doing little to alleviate pressure on the environment (see Bianchi 2004). Such views coalesce with a market-based conception of scarcity which serve to conceal underlying arrangements of power whereby different social groups are struggling for control over the ability to ascribe 'value' to different types of resources.

The approach to the political economy of tourism adopted here can be summarised as, the examination of the systemic sources of power which both reflect and constitute the competition for resources and the manipulation of scarcity, in the context of converting people, places and histories into objects of tourism consumption. The questions which need to be posed can be summarised as follows: what are the systemic sources of power which condition and reproduce uneven access to the economic, cultural and political means of production in tourism; how are the relationships between universal mechanisms of change and inequality on the one hand, and historical-geographic specificity on the other, manifest within these processes, and, to what extent is it possible to identify alternative structures of tourism development which challenge the prevailing institutional and economic hegemony of existing actors and institutions? As a precursor to a more in-depth consideration of these issues, the following section reviews the concept of core-

periphery relations, one which has played an important part in constructing the neo-colonial model of tourism development.

Tourism and Core-Periphery Relations

Earlier research into the political economy of tourism drew heavily on both the liberal economic paradigm, which emphasises the positive economic effects of tourism and analyses tourism policy in terms of practical solutions to its negative environmental and social consequences, as well as the Marxist tradition, specifically, dependency theory (cf. Frank 1966; Wallerstein 1979). Authors in the latter tradition envisaged tourism as an expression of metropolitan hegemony that subordinates peripheral states to a position of dependence on foreign capital and tourists (Leheny 1995). Although Bryden (1973) and de Kadt (1979) are rightly credited for some of the earliest critical insights into tourism development, the political economy of tourism is perhaps best associated with Britton's (1980, 1982a) pioneering series of articles in which he elaborated upon the manner in which Third World destinations are exploited by metropolitan capitalist enterprises who organise and control the nature and scope of tourism development in the former. According to the enclave model of third world tourism he devised, it was emphasised that tourism both exacerbates social and economic inequalities between the core and periphery as well as within destinations themselves. Britton, along with certain others (Hills and Lundgren 1977; Pérez 1980), focused predominantly on the unequal relations of exchange between destinations in the so-called 'less developed countries' and the rich generator nations which were rooted in the historical structures of the colonial trading system.

Colonialism had distorted the underlying structure of third world economies via the imposition of an externally oriented pattern of trade, organised around specialised commodity export enclaves producing for the metropolitan market, otherwise known as the 'plantation system' (Beckford 1972). This resulted in the disintegration of the endogenous economy and the eventual subordination of peripheral states to a position of 'structural dependency' even after formal political independence had been achieved. Accordingly, critics have argued, the growth of international tourism was predicated upon the superior affluence of the industrialised nations and underpinned by the systemic inequalities in the world economy (Hiller 1976; Davis 1978). Their view offered a stark contrast to the optimistic outlook of developers and governments, who claimed that tourism would help overcome the structural distortions inherited from the

colonial economy and promote economic development in many newly independent states (cf. Krapf 1961; Bond and Ladman 1980). Thus, rather than stimulate an autonomous dynamic of development, tourism contributed directly towards an extension of metropolitan dominance over weaker destination peripheries and ultimately leads to a loss of self-reliance (Hoivik and Heiberg 1980).

It was therefore claimed that tourism accentuated an enclave pattern of development (Freitag 1994). In this respect, authors highlighted the structural similarities between the plantation system of agriculture and mass tourism (Butler 1993; Hall 1994b), to the extent that tourism was sometimes referred to as a "new kind of sugar" (Finney and Watson 1975). Enclave resorts, controlled by metropolitan capital and generating few linkages to local communities, thus came to symbolise the highly unequal economic and cultural relations which structured tourism development in less developed states. In particular, these patterns of tourism development have been more prevalent in small island states characterised by low levels of economic diversification (Wilkinson 1989).

The critical perspectives put forward by proponents of the neo-colonial model also contained a significant spatial dimension. For example, as evidenced in Fiji (Britton 1980) and Antigua (Weaver 1988) the spatial character of tourism development grew out of the pre-existing pattern of the "colonial space-economy". Where tourism takes place in small island states which were previously part of the colonial plantation system, as in the case for many resorts in the Caribbean and the Pacific, large-scale, resorts operated by expatriate capital have often been built on coastal plantation lands, thus reproducing the plantation economy (Hall 1994b). Not only did this segregate the relatively affluent tourists from impoverished locals, and in many cases continues to do so (see Pattullo 1996: 80-82), it also prevented these lands being transferred to smallholders, thereby exacerbating socio-spatial inequalities between the rural interior and coastal areas (Hills and Lundgren 1977: 262; Weaver 1988: 321-328). According to Britton (1982a: 336), this pattern is compounded by the organisational structure of the international tourism industry itself, particularly the monopolistic control exerted by capitalist multinational enterprises within each of the diverse elements which make up the end-product. Their disproportionate control over capital resources, managerial expertise and most importantly, their ability to dictate consumer

demand through marketing and promotion, endows them with an overwhelming competitive advantage compared to local tourism enterprises in the destination countries themselves.

Further to the material relations of unequal exchange perpetuated by tourism in the periphery, others have likened tourism to a form of "cultural imperialism" (Shivji 1975: ix), or rather, the "hedonistic face of neo-colonialism (Crick 1989: 322). Here the emphasis lies on the link between tourism and the objectification of native inhabitants by virtue of their incorporation into a system of generalised commodity exchange much like any other form of merchandise. Moreover it has been argued that tourism and the institutionalisation of hospitality reinforces notions of subservience, particularly where the legacy of colonialism and slavery is strong, as it is in the Caribbean (Husbands 1983). In this respect it is argued that tourism serves to inculcate a sense of psychological inferiority to metropolitan tourists amongst locals, a situation that is materially reinforced through the proliferation of servile employment and a clearly demarcated ethnic division of labour (Samy 1980; Pattullo 1996: 63-65). Erisman (1983), however, warns that these perspectives tend to underplay the ability of Caribbean populations to negotiate and adapt to the penetration of metropolitan cultural forms through tourism. Moreover, international tourism is one amongst numerous mediums through which consumerist values are communicated. It is certainly arguable that the consolidation of a small number of overwhelmingly North American and Western European global media-telecommunications-entertainment corporations, enhances their ability to exercise a far greater degree of influence over local cultural practices and patterns of consumption than does tourism (see Held et al.1999: 341-360).² Nevertheless the historical class and ethnic dimensions of inequality in dependent island economies cannot be ignored, particularly where the symbolism and ideological content of colonial history is refracted through tourism, serving to undermine the emergence of a strong, indigenous, post-colonial identity (cf. Palmer 1994).

What many of these earlier political economy analyses of international tourism had in common was their overly generalised view of macro-structural processes which, some argue, can be attributed to a disproportionate emphasis on international mass tourism (Oppermann 1993). Whilst crucial aspects of local/regional economic development

were certainly overlooked and under-theorised, the neo-colonial model did nevertheless highlight some of the major structural inequalities between markets and destinations in the international tourism political economy. Before moving onto a more detailed critique of the neo-colonial dependency model in tourism, the next section will briefly consider some of the key transformations in the world economy, with an emphasis on the past three decades, and the implications for the international political economy of tourism.

Tourism and the global dynamics of unequal development

In the absence of widespread capitalist industrialisation in the so-called 'Third World', international mass tourism emerged as one of the principal instruments for the diffusion of capitalist modernity into non-industrialised, 'developing' or more commonly known, 'less developed countries' (LDCs), particularly in those parts of the world that have seen a difficult transition from colonial rule to independence, for example, Sub-Saharan Africa. From 1989 to 1997 the proportion of tourist activity accounted for by LDCs rose from 21% to 30.5%, whilst aggregate tourist receipts increased from 26% to 30% (Harrison 2001a: 11). In terms of its contribution to developing country exports, the importance of international tourism as an export sector nevertheless varies considerably from one region to another, as well as between different countries. The economic weight of tourism exports in LDCs, measured as a percentage of GDP, varies from as high as 31.1% in the Maldives, to as low as 1-2% in such countries as Bangladesh, Burkina Faso and Zambia (Sharpley 2009: 340-341). There are many more places where tourist activity is all but non-existent due to long-standing political unrest and violent conflict, as in the case of Afghanistan, Eritrea and the D. R. of Congo, or indeed where for reasons other than conflict, the infrastructure for tourism barely exists, as in Bhutan, the Central African Republic and Equatorial Guinea.

Notwithstanding variations in the scale and characteristics of tourism development across the LDCs, together with the fact that the geographic and social distribution of benefits which have accrued from international tourism are unevenly distributed (see Harrison 1995: 4-8), there is little doubt that tourism has provided many LDCs with a

valuable source of income and employment in the absence of significant levels of industrialisation and a diversified economic base. Such benefits notwithstanding, Sharpley (2009: 338) highlights what he terms the “fundamental paradox” of tourism development in poor countries, especially in those classified by the United Nations as *least* developed countries:³

Despite the apparently successful growth of tourism in a number of LDCs that possess the potential to develop a tourism sector, wider socio-economic development has almost without exception, been limited.

One of the principal advantages of tourism as an export sector resides in the fact that it has traditionally been less subject to the immense array of tariff barriers which often prevent merchandise exports from the developing countries penetrating lucrative Western markets, despite proclamations to the contrary by the World Trade Organisation (see Dasgupta 1998: 151-156). Indeed, international tourism has also been one of the few sectors in which 'less developed' states with weaker, less industrialised economies, have consistently achieved trade surpluses (which rose from US\$6 billion to US\$62.2 billion during the period between 1980 and 1996). Moreover, it has enabled their governments to stabilise their foreign currency receipts and provide some protection against price fluctuations in merchandise export sectors (UNCTAD 1998: 4). Indeed, were it not for earnings from the tourism sector in 1986 Barbados would have registered a net balance of trade deficit of US\$315 million rather than the US\$324 million surplus it actually managed to achieve (Allen 1996: 63).

Yet, according to latest figures from UNDP, much of the Africa and South Asia still suffer from chronic underdevelopment, poverty, famine and reduced life-expectancy (UNDP 1999). In particular, the least developed countries, whose real GDP per capita fell from 4.1% per annum to 2.6% between 2008 to 2011 (UNCTAD 2011: 6), have witnessed very little in the way of economic improvements since their initial inclusion on the list starting in 1971, with the exception of Botswana, Cape Verde and the Maldives, each of which have recently ‘graduated’ from the list. Despite hopes that tourism would provide a means by which they could overcome the structural obstacles to development, many of the ‘least developed countries’ in particular have faced an uphill struggle in seeking to build viable tourism sectors due to a range of internal

constraints which are also conditioned by the precise manner of their historical integration into wider economic systems (see Cater 1987).

In the Caribbean, where a resort-based package tourism industry, with a strong presence of all-inclusives, has predominated since the 1960s, despite the continued growth of international tourist arrivals and earnings from foreign tourism – which saw a 220% increase between 1990-2004 from US\$9.8bn to US\$21.6bn (Caribbean Tourism Organisation 2012), high levels of debt, unemployment and poverty continue to exist in many of the Caribbean's popular tourist destinations, such as Jamaica (Dodman 2009). Attempts by individual Caribbean states to secure their own autonomous paths of economic development have been further undermined since the late 20th century by neoliberal policies aimed at opening up publically-owned infrastructure to private capital, creating new geographies of inequality across the region (Sheller 2009).

This has reinforced a model of tourism development based on large hotels and a “gated, security guarded, even fortified, private enclave of the all-inclusive resort” (Sheller 2009: 196), exacerbating socio-spatial inequalities both within particular islands and across the region as a whole. There have nevertheless been notable signs of improvement in countries such as Uganda, Tanzania and Cambodia which have seen above average rates of growth in tourist arrivals and receipts in recent years. In Egypt, whilst tourism has resulted in considerable economic advancement (until the onset of political unrest in February 2011) as a result of structural reforms carried out in the early 1990s. These reforms enabled the Egyptian authorities to expand the contribution of the tourism to GDP and local employment, and in so doing compensate for declining revenues elsewhere and thus balance their trade deficit (Steiner 2006).

The blame for many of these economic and social ills clearly cannot be solely attributed to tourism, if indeed at all in some cases. Nevertheless, it must be a cause for concern that in those places where tourism has played an instrumental role in economic development (eg. the evidence suggests that it has not brought about the desired/expected benefits for large swathes of the population, as predicted in several well-known studies such as the Zinder and Checchi Reports (see Lea 1988; Wood

1979), and promoted by various international agencies (United Nations 1963). Notwithstanding the expansion of tourism into 'new' destinations, such as Cambodia, Mali, Laos and Myanmar, Uganda and Tanzania (WTO 1998: 12), in many cases tourism does not appear to have resulted in a substantial improvement in overall standards of living or stimulated an autonomous dynamic of development beyond the entrance of a minority of members from amongst the national elites into some positions of management such as, for example, in Kenya (Sindiga 1999: 95).

During the initial phases of post-war tourism expansion, a number of newly independent states deployed a combination of state intervention and limited foreign investment in order to develop tourism, including in Tunisia, where in the space of five years (1960-65) up to 40% of the accommodation capacity was built with state capital (De Kadt 1979: 20). The chief aims of state-led development, manifest for example in Tunisia, which transformed itself into a major Mediterranean beach resort destination by the end of the 1960s via a state-led project of economic modernization through tourism commencing in 1959 (Hazbun 2008), was to harness tourism in order to modernise their societies and encourage a degree of economic self-reliance (Curry 1990). However, despite many of the laudable aims of 'Third World' models of socialism and centrally-planned development which underpinned many of these attempts to develop a state run tourism industry, the long-term developmental consequences of state-run domestic hotel chains were on the whole plagued by bureaucratic inefficiencies and under-investment. As the internal contradictions of their economies collided with the 'perfect storm' of factors associated with the worldwide economic slump of the early 1970s, extensive borrowing linked to large-scale tourism projects soon became encouraged by different lending agencies affiliated to the World Bank between 1969 and 1979, which funded a total of 24 "tourism plants" in 18 countries, amounting to a total investment of US\$1.5 billion (Badger 1996: 21). By 1968, the proportion of the tourism sector controlled by the state in Tunisia had already passed into predominantly (83%) private hands (Hazbun 2008: 11).

From the outset, these large-scale tourism development projects contributed to the accumulating debt burdens amongst many newly-independent states in the 'Third World'.⁴ Many cash-strapped countries such as Turkey, Egypt and The Gambia,

amongst others, which had borrowed substantial amount of funds in order to develop large-scale tourism infrastructures, found themselves at the mercy of IMF/World Bank structural adjustment programmes (SAPs) by the end of the 1970s (see contributions in Badger et al. 1996). The significance of these World Bank assisted projects extended beyond the economic sphere into the ideological baggage that accompanied them. Development was seen as axiomatic, and merely depended on the provision of adequate technical expertise and "a firm belief in economies of scale in relation to infrastructure and communications" (Burns 1999: 333).

In the face of widespread international criticism for its role in exacerbating the debt crisis and economic impoverishment of LDCs via the imposition of SAPs, by the early 1990s the World Bank had started to adopt a different approach to its economic interventions in poor states, switching from the harsh language of structural adjustment to the softer discourses geared towards 'poverty alleviation' (see Harrison 2005). By the time of the publication of the World Bank's flagship 2000/2001 *World Development Report*, 'poverty reduction', along with sustainable development, had become firmly established within official aid and development-related discourse, including of course the Millenium Development Goals (MDGs). However, such programmes belie their underlying neoliberal emphasis on the integration of subordinate sectors of the population into capitalist markets, rather than national economic development (Rowden 2010). Similar contradictions surround the much-touted 'pro-poor tourism' programmes, which despite signifying a notable shift towards incorporating the interests of the poor into tourism development policy, may nonetheless be undermined by an inherent neoliberal emphasis centred on economic liberalisation and market-led growth (see Giampiccoli 2007; Schilcher 2007).

Technocratic models of tourism master planning constituted one component amongst a cluster of tourism-related policies, which aimed to promote a particular kind of tourism rooted in a Western economic rationality. A particularly striking example of the paternalistic arrogance of Western development agencies towards Africa, is provided by the 1973 World Bank/United Nations Development Programme project to develop tourism in The Gambia (Harrell-Bond and Harrell-Bond 1979). The plans included the facilitation of expatriate investment and the provision of expertise which, it was assumed, "the Gambians ostensibly lacked", as well the "total redefinition of

indigenous culture" and wholesale social reorganisation of Gambian society which was deemed necessary for the tourism industry to flourish (Harrell-Bond and Harrell-Bond 1979: 78). Although such explicitly ethnocentric language and inappropriate approaches to tourism planning have to a certain extent given way to the language of 'participatory development', 'poverty reduction' and fair trade, albeit in a rather limited way (see Tosun and Jenkins 1998), the experience of many destinations, including Eritrea (Burns 1999), Zanzibar (Honey 1999), Jordan (Hazbun 2000) and Lombok in Indonesia (Kamsma and Bras 2000), demonstrates that much contemporary tourism planning advice is still driven by a technocratic rationality, albeit articulated through a neo-liberal vision of economic liberalisation and deregulation. In a different context altogether, the legacy of a Soviet bureaucratic political culture combined with the aggressive eastward expansion of neoliberal capitalism, has reinforced the application of top-down (supra-national) models of tourism spatial planning in the Baltic region, despite paying lip-service to local and regional perspectives (Jaakson 2000).

The historical timing of insertion of many 'developing' countries into the circuits of tourism trade was a key factor conditioning the 'success' of these tourism development projects. As Curry (1982) has demonstrated in the case of Tanzania, the twin effects of the oil shocks and declining commodity prices during the 1970s, combined with a high proportion of investment 'locked into' fixed costs associated with tourism-related infrastructural development, led to worsening terms of tourism trade precisely at the moment when international tourism was beginning to expand in many other countries, thus intensifying competition. Despite the fact that countries with more diversified economies such as Kenya have been able to reduce the leakages from tourism to some extent (Dieke 1995: 79), Sindiga (1999) warns that it is important to disaggregate tourism by sector in order to get a more accurate picture of the manner in which income accrues to the local population. Thus, for example, foreign leakages in the all-inclusive beach tourism sector are generally higher (62-78%) than, for example, safari tourism (34-45%) which relies more on independent, locally-run tour companies, tour guides and rangers (Madeley 1996: 21). These disparities are also reflected in the polarisation of the territorial distribution of benefits. In Kenya 91% of tourism revenues accrued to Nairobi and Mombasa in 1981, leaving a mere 9% for the rest of the country (Rajotte 1987: 84-85). Leakages have been further exacerbated by

neoliberal policies designed to favour growth and competitiveness via the attraction of inward FDI and increased economic integration of developing countries into global markets. In Fiji, leakages remain in excess of 60% whilst the majority of tourism ventures are either foreign owned or indeed joint ventures (Schilcher 2007: 181).

Notwithstanding the increased regionalisation of investment flows and the varying degrees of participation by an indigenous capitalist bourgeoisie in their domestic tourism industries, notably in Zambia (Teye 1986), and Zanzibar (Meyer 2011), Brown (1998) argues that a combination of oligopolistic corporate control by transnational tourism corporations (TTCs) and ineffectual state intervention/regulation continues to sustain an unequal model of tourism development in whose benefits flow predominantly to a privileged minority of state officials and well-placed local capitalists in the host countries and TTCs based in the 'north'. Indeed by 1975, 47% of all hotels under transnational control were located in LDCs, and by 1978, only one hotel chain (the Indian-based *Oberoi* chain) out of the top 26 hotel chains was based outside the advanced capitalist countries (Dunning and McQueen 1982: 72-74). By the mid-1990s, an estimated 13 TTCs, encompassing tour operations, airlines, travel agencies and hotels, exerted a substantial degree of control much of the global tourism industry (Madeley 1996: 8). Sinclair et al. (1995: 60) also point out that despite significant moves towards the *indigenisation* of hotel ownership in Kenya, the majority of middle and upper-category hotels are still predominantly run as joint ventures with foreign companies. By the early 21st century, there was foreign equity participation in up to 70-80% of major hotels in Kenya's principal tourist locations even if less than 20% of these were owned outright by foreign capital (Endo 2006: 602).

Despite continued high levels of foreign ownership and/or management of tourism facilities in Sub-Saharan Africa and indeed elsewhere across developing state economies (Sindiga 1999: 23-31), there *are* signs that patterns of ownership in tourism have become increasingly differentiated at a regional level. Meyer's (2011) research on FDI in tourism in Zanzibar demonstrates that although the authorities began to remove obstacles to inward investment in 1985, attracting US\$440 million of foreign investment between 1986 and 2002, much of this capital came from outside the 'traditional' generating regions of Britain, Germany and Italy. Rather it originated

in Bahrain, Mauritius and the UAE, as well as from within Africa itself (e.g., Kenya and South Africa), thus also confirming emerging patterns of south-south trade and economies linkages on a wider scale (see UNCTAD 2011: 4). Meyer (2011: 163) does nevertheless point out that African owned properties nevertheless still have a tendency to be commercially tied (but not owned) to European based tour operators, thus confirming the argument that any analysis of the configuration of ownership in tourism, must take into consideration its inherently diverse supply-chain (see Leiper 2008). The then also begs the question, notwithstanding the ability of 'south-south' FDI to potentially offset a decline in FDI flows from the 'north', as to the extent to which the increased geographical diversification of trade and FDI constitutes a sign of a more equitable tourism order that will enable LDCs to overcome the structural constraints on economic development through tourism?

The first signs that the Western-inspired model of tourism development in the non-industrialised countries concealed a number of underlying antagonisms, occurred as a result of the combined effects of the 1970s oil crises, extensive over-borrowing from both multilateral and private institutions,⁵ and declining commodity prices in key export sectors. The principal and most devastating outcome for poorer countries in Africa and Latin America was to precipitate the 'debt crisis' which was to precipitate a dramatic shift in the balance of power between state and market. The subsequent imposition of structural adjustment programmes by the IMF/World Bank (see Dasgupta 1998: 66-136), ostensibly in order to ease their balance of payment deficits and alleviate their debt-burdens through export-led economic growth, reflected an ideological shift to the right amongst creditors, who hoped to return these states to a " 'proper' economic development path" (Dieke 1995: 81). This involved an aggressive mix of reforms designed to dismantle state intervention in the economy and promote export-led growth and competitiveness. However, by the end of the 1999, regional GNP per capita in Sub-Saharan Africa had fallen from 17.6% of world GNP per capita in 1975, to 10.5% (Arrighi 2002: 3)

During the 1980s, the architects of the neo-liberal capitalist hegemony (the IMF/World Bank, private banks, transnational corporations, globalising politicians, state bureaucrats, various professional actors and journalists) stressed the imperatives of economic growth, deregulation and privatisation. In order to reduce public deficits

IMF/World Bank sponsored SAPS encouraged the sell-off of state-owned enterprises, which included government-run tourism enterprises in well-known destinations such as The Gambia (Sharpley and Sharpley 1996: 32) and Kenya (Dieke 1995). Privatisation programmes also stimulated a massive influx of capital into developing nations, precipitating the shift of assets from the public sector into the hands of foreign investors and domestic economic and political elites. In Costa Rica, for example, structural adjustment has led to the displacement of indigenous village entrepreneurs in nature-based tourism, and budget cuts in a number of state-funded conservation services (Place 1998). Countries in Sub-Saharan Africa and Latin America arguably suffered the most from the social, economic and political upheaval as a result of rising debt burdens and the austerity measures imposed by the IMF and World Bank during the 1980s. Where the state had previously played a key interventionist role in the development and planning of tourism resorts in countries such as Mexico (Clancy 1999) and Peru (Desforges 2000), the combined influence of the debt crisis and deregulation of global financial markets signalled the decline of state-controlled tourism development. By 1987, it was estimated that 71% of the top two classes of hotel chain in Mexico were operated by TTCs (Clancy 1999: 13), and in Peru, the state tourist board had its budget reduced to zero (Desforges 2000: 186). The extent of neoliberal ideological influence on tourism policy extended to conservation, as manifest by the privatisation of 13 national parks in Thailand (Honey 1999: 39). Similar proposals were put forward by Peru's national tourism director who argued that national parks (including the famous Inca ruins and World Heritage Site of Machu Picchu) should be franchised to private investors (Desforges 2000: 186).

Indeed, the prevailing neo-liberal economic order is clearly reflected in tourism, in which hotels and other strategic assets in the tourism-hospitality sector are seen as, "part of the essential business infrastructure necessary to attract potential investors and to establish a modern market economy" (Pryce 1998: 81). Notwithstanding the participation of powerful cliques of Mexican investors in three of the largest Mexican-based hotels chains, each with a considerable presence in other parts of Latin America, by 1994 the USA and Canada were responsible for 70% of total investment in tourism-related activities in Mexico, even before the effects of trade liberalisation under NAFTA had begun to have an effect (Rodríguez and Portales 1994: 320).

Similarly, the move towards a more liberalised international trading regime in tandem with the consolidation of regional trading blocs (NAFTA, EU) further threatens the survival of small-scale Caribbean agricultural and manufacturing producers, as well domestic tourism businesses, thus intensifying regional dependence on TTC-controlled tourism (Pattullo 1996: 7). Although, it has been argued by some (eg. Harrison 2001b: 33-39), that governments have not been particularly effective managers of tourism enterprises, it is rarely mentioned that where attempts by the state to harness productive capital for tourism have failed, it has usually occurred in countries where productive forces were at a low level of development. In addition, the shortcomings of state-led development in certain parts of the world must not only be seen against the backdrop of widespread domestic corruption and political clientelism, but also the failure of capitalist forms of development to institutionalise themselves in places like Sub-Saharan Africa, as opposed to any inherent shortcomings of state intervention, as the relatively successful experiences of state-led development in East Asia demonstrate (see Cox and Negri 2010; Rowden 2010; Wade 1990), and arguably Mexico (Clancy 1999).

Notwithstanding the disproportionate dominance of national political and economic elites in tourism destinations in LDCs, there have traditionally been higher levels of indigenous entrepreneurship and ownership of tourism in many Asian tourism destinations, particularly in peripheral regions beyond the principal circuits of corporate capital exchange and accumulation (eg. Michaud 1991, 1997; Dahles 1997). Even on the island of Bali itself, there has historically been a clear spatial differentiation in the ownership of tourism accommodation facilities. Whilst indigenous entrepreneurial involvement in the former fishing village of Kuta and the inland village of Ubud, particularly in the handicrafts and lodgings sector, has traditionally been high, in nearby Sanur, the coastal strip of hotels has been dominated by external metropolitan capital (Wood 1979: 285).

Despite the moves towards an increasingly deregulated global capitalist economy the structures of ownership and control in tourism cannot simply be read off as linear expansion of capital, or indeed, an expression of neo-colonialism. Local and regional conditions of development vary considerably in their relation to globalising capital, which has clear implications for an understanding of the manner in which tourism

becomes embedded within and transforms particular social structures. Indeed, Ioannides and Debbage (1998) argue that tourism is characterised by a polyglot of production forms and strategic alliances in which increased levels of industrial concentration (within transnational corporations) have arisen in tandem with the proliferation of a loosely federated structure of specialist tour operator subsidiaries, contractors and independent small to medium sized enterprises providing a variety of services at different levels. For example, where both informal working practices and production configured predominantly around the family household prevails, as it is in many southern European regions where tourism has a strong presence, capital/labour relations may be quite diverse (e.g. van der Werff 1980). Moreover, in many of the sub-sectors which make up the tourism industry, including accommodation, retail and local transport services, horizontal distinctions between owners and workers are more often than not intersected by the affiliations of ethnicity, gender, religion and kinship (see Michaud 1991; Galani-Moutafi 1993; Zarkia 1996).

In this regard, entrepreneurial agency also needs to be examined in the context of diverse systems of social obligation and relations of trust which are mediated by culturally-defined loyalties to kinship and ethnic groups, rather than impersonal market forces alone (Dahles and Bras 1997). This pattern can be seen, for example, in the historical presence of an overseas Chinese commercial diaspora in many South-East Asian economies (Arrighi 1998). Although they comprise distinctive clan groups, the strong presence of ethnic Chinese tourism businesses in Malaysia (particularly in urban areas and along the west coast) and southern Thailand (Phuket) has been identified by Din (1982) and Cohen (1982). The deepening penetration of capitalist accumulation into local, indeed, household handicraft production processes in for example the small-scale workshops of rural China, is heavily mediated by both Chinese state discourses of modernization, as well as the ethnic and gender differences that cut across the capital/labour antagonisms one typically associates with the logics of capital accumulation (see Ateljevic and Doorne 2003).

The manifold non-class ties which characterise much local tourism enterprise must not be seen as mere epi-phenomena, but rather, highlight the need to distinguish between different forms of ownership and control from the point of production to the point of exchange if we are to accurately assess the social relations of power

embedded within tourism economic development processes (see Narotzky 1997: 196-197). Where there is a high degree of entrepreneurial independence within the family enterprise, particularly with regard to the control over the labour process, this power may diminish with regard to the production process as a whole. However, at a wider level small-scale entrepreneurs are little able to effect change in the overall relations of production once they enter into market transactions in order to sell their services to tourists (see Bianchi 1999: 251-257), a situation which is exacerbated where intermediary agencies (tour operators) are involved (see Buhalis 2000).

The 1997 Asian financial crisis served to highlight the fragile foundations of the apparently impregnable East Asian 'Tiger' economies which impacted severely upon small businesses in particular (see Wade and Veneroso 1998). As the value of Asian currencies collapsed against the US dollar, unemployment soared as 13 million people lost their jobs, real wages fell (by up to 40-60% in Indonesia), and many small businesses went bankrupt due to the escalating value of their debt (UNDP 1999: 4; 40). Although most East Asian economies and their tourism industries are on their way to recovery (Prideaux 1999), this has been achieved at the cost of greater foreign involvement (principally Japanese and US firms and banks) in their economies (although it is not clear to what extent tourism assets are implicated) underwritten by IMF-sponsored restructuring initiatives (Wade and Veneroso 1998: 14-15). Moreover, the rapid growth in tourism and associated infrastructural developments, has also been achieved at the expense of considerable ecological and social costs, as demonstrated by the experience of Thailand (Kontogeorgopoulos 1999). Clearly then, the geographically uneven nature of capitalist development and its articulation with regional and local socioeconomic formations calls into question the continued validity of a neo-colonial dependency model, which envisages an international tourism economy based on the uneven trade between discrete national economies. How then can we summarise its conceptual-theoretical shortcomings and what alternative models of analysis can be proposed?

Farewell to the Neo-Colonial Model of Tourism?

In a recent piece on the Guardian's Poverty Matters blog, Glennie (2012) posed the question, 'is dependency theory dead', on the basis that the 'long predicted convergence between rich and poor countries appears to be occurring'? He

nevertheless contests this commonly-held view amongst many development analysts and aid advocates alike, on two grounds. On the one hand, despite the fact that some countries appear to have broken out of the 'dependency trap', it still provides a useful lens through which to analyse the recent history of economic development. On the other hand, although there does in fact appear to be some indication of a narrowing gap between rich and poor states (largely due to the rapid growth of incomes in China), the geographies of global economic inequality that have emerged in the era of neoliberal economic restructuring are far more complex than previous 'north-south' divisions once implied (Pollin 2005: 130-138).

With regard to its continued relevance for our understanding of the international relations of trade and development in tourism, according to the neo-colonial model of tourism, the international organisation of production was conceptualised in predominantly geographical terms in which the organisation and control of the international tourism industry resided in the *northern* metropolitan core countries. Thus, it followed, that the 'less developed' countries in the *south* became progressively subordinated to meeting the needs of foreign tourists in return for meagre economic benefits, principally in the form of low wage employment (Turner 1976). However, in very few cases were attempts made to theorise the "concrete situations of dependency" in their historical-geographic context (cf. Cardoso & Faletto 1979). Most critics tended to accept the essential causal link between high levels of foreign ownership and the leakage of economic surpluses back to the metropolitan economy and the underdevelopment of peripheral tourism destinations. For the most part the neo-colonial model of the international tourism system postulated an excessively deterministic relationship between local commercial interests at the destination level, and the metropolitan-controlled agencies higher up the supply chain, whereby the former are rendered functional to the latter by virtue of the disproportionate control exercised by the metropolitan core economies over the overall direction of capital accumulation within the international tourism system (Britton 1982b: 261). Thus receiving societies are portrayed as inert objects or "sub-systems" (Hills and Lundgren 1977: 255), unable to resist the hegemonic power of metropolitan tourist capital.

These conceptual weaknesses, arguably, stem from two related assumptions which lie at the heart of the dependency model. First of all, there is an *a priori* assumption that

underdevelopment is principally the result of the transfer of economic surpluses from the periphery to the core through a process of *unequal exchange* (see Larrain 1989: 115-145; Kiely 1995 48-53). On the one hand, foreign exchange leakages vary widely and are notoriously hard to estimate with any degree of accuracy due to the unreliability of statistical data provided by governments (which tend to play down any negative indicators), On the other hand, a systematic and generalised chain of exploitation is taken for granted where leakages occur, rather than examined in the context of the specific nature of capitalist social relations and class alliances which condition the different forms of foreign capital penetration in the periphery. Although leakages in tourism are typically higher in small island micro-states (50-70% according to the WTO 1998: 70), than in larger island states such as Jamaica (foreign leakages of 37% in 1994), and continental states such as Kenya (net earnings were equal to 65% of gross foreign exchange earnings in 1992), where higher levels of local ownership and schemes to link local agricultural suppliers with hotels may account for lower import contents (see Sinclair et al. 1995: 59; Dieke 1995: 79; Pattullo 1996: 39, 43-46), this does not explain why, for example, many of the poorer states in the Caribbean are those whose tourism trade is weakest.⁶

The second principal shortcoming of the neo-colonial model derives from the fact that it tends to overlook the systematic variations in the local conditions of development within which tourism is inserted and to which it contributes. Although Britton (1991: 455) later emphasised that "the [tourism] production system is not exclusively capitalistic", for the most part, these studies devoted insufficient room for the exploration alternative tourism projects, varied strategies of local adaptation and response to metropolitan-driven tourism development. Related to this, has been the lack of attention paid to significant internal inequalities and core-periphery relations *within* countries, particularly where uneven patterns of development emerge between dominant islands/continental states and peripheral islands. This has been addressed by Weaver (1998) who demonstrates how domestic tourism in two peripheral islands within archipelagic states (Tobago and Barbuda), exacerbated historical animosities and disparities in the levels of economic development between the dominant and subordinate islands. Other instances of intra-regional and internal core-periphery relationships include the historically important role played by South Africa in the tourist industries of Lesotho and Swaziland, as a supplier of both capital and tourists

(Crush and Wellings 1983), the targetting of the French-dominated tourism sector by Corsican nationalists seeking independence from the French mainland (Richez 1994), and the enforced dependence of North Cyprus on Turkey since the partition of the island in 1974 (Scott 1999).

To summarise, the neo-colonial dependency model tended to conflate a generalised system of domination between metropolitan and peripheral states with a specifically unequal capitalist mode of (tourism) production. The inherent tension between theoretical generalisation and historical-geographical specificity has mediated an incomplete understanding of the manner in which the local and regional experiences tourism development articulate with wider circuits of capital and decision-making. Insight into the diverse articulations between tourism capital, national states and local enterprise has also been hindered by the conception of tourism development conditioned predominantly by discrete national economies trading with each other, thus obscuring the increasingly transnational social relations which cut across national boundaries (cf. Hoogvelt 1997; Sklair 2001). Increasingly, therefore, we need to examine the differentiated architecture of tourism trade and inequality that has emerged as a result of global capitalist restructuring over the past two decades, in which some regions do well out of tourism and others do not, for reasons that are not entirely to do with geographic location, or indeed, economic dependence on tourism.

Thus we need to ask ourselves to what extent and in what ways have the social alignments of power and geographies of inequality in tourism been transformed a result of nearly three decades of economic globalisation. Indeed, as the southern European and in particular Greek economies, implode under unsustainable mountains of debt revealing the precarious foundations of the property-tourism fuelled booms of the previous two decades, new patterns of economic development and territorializations of power will emerge that will surely leave the structure of the regional tourism economies unscathed. As well as the concentration of financial muscle amongst an increasing number of transnational tourism corporations with considerable global reach, one must also consider the consequences of the shifting centre of gravity of the world's economy (and indeed international tourism) towards 'newly industrializing' countries and emerging economies of Brazil, India, China, Russia (BRIC), and others, a process that is mediated, if not necessarily accelerated,

by the financial crisis centred on Europe and North America. Such questions are vital if we are not to be led into the *cul-de-sac* of market fundamentalism and/or culturalist analyses which either ignore or dismiss altogether, the structural bases of globalisation and inequality.

Economic Globalisation and Transnational Relations in Tourism

In 2010, travel and tourism were estimated to represent around 30% of world exports of commercial services and around 6% of total exports of goods and services (ILO 2011). According to the World Travel and Tourism Council (WTTC), tourism's *direct* contribution to world GDP amounted to US\$2 trillion or 2.8% of world GDP (WTTC 2012), whilst figures cited by the UNWTO in May 2012, suggest that international receipts from tourism exceeded US\$1 trillion for the first time, confirming its positioning as one of the world's leading economic sectors, notwithstanding ongoing disagreements regarding its precise industrial classification (Leiper 2008). With regard to LDCs or 'emergent economies' in particular, over 50% of the total inward stock of FDI is absorbed by services of which tourism and related sectors comprise a substantial part (UNCTAD 2002, cited in Jacob and Groizard 2007). There has also been a parallel transformation in the geometries of global travel as the centres of wealth and power in the global economy are reconfigured, ebbing away from the advanced industrialised states towards the emergent nations of the G20. For the most part this is being driven by the continued rise of China, which has moved up to 3rd and 4th place in the world rankings of international tourist arrivals and receipts respectively, up from 5th in 2002 (UNWTO 2011).

At a theoretical level, there are a number of contrasting interpretations regarding the meaning and scope of globalisation as well as the degree to which powers of the state have receded in the face of global capitalist restructuring (see Hirst and Thompson 1996; Kiely 1998; Robertson and Khondker 1998). It would be hard to deny, however, that a combination of market liberalisation, financial deregulation and technological change have precipitated a dramatic shift towards ever greater economic globalisation and the reconfiguration of power relations within the international political economy. Although manifest in a geographically uneven manner, the process

of capitalist economic globalisation principally refers to the emergence of highly integrated cross-border networks of production and finance at many different levels in the global economy.

Although ostensibly conditioned by the rigidities of the Fordist mass production model which became increasingly apparent in the late-1960s, particularly in the form of economic stagnation and declining corporate profitability, the shift towards new transnational geographies of production and flows of investment is not reducible to the intrinsic logic of capital accumulation. The processes of economic restructuring and securing a neoliberal capitalist hegemony constitute a political project in which a coalition of neoliberal corporate, financial and political interests have sought to reorganise the ownership of productive assets, and thereby shift power away from labour towards capital (Henwood 1998: 14-15). While international tourism activities have been affected by the process of economic globalisation in much the same way as other economic activities, there are significant qualitative differences in the social and geographical organisation of production within and between different branches of the global tourism industry. Much has already been said in this respect by Britton (1991), Clancy (1998; 2011), Hjalager (2007), Ioannides and Debbage (1998), Reid (2003), Williams (1995), and Williams and Shaw (2011). However the intention here is to review the implications of these changes in the context of the emerging architecture of power relations which flow from these industrial realignments, rather than to subject these arguments to detailed scrutiny.

The Power and Shape of Transnational Tourism Corporations

Despite the fact that tourism represents such a major component of world exports in commercial services, few if any corporations from the tourism industries are listed in the amongst the world's top 100 corporations ranked according to their turnover, with the exception of media entertainment groups (*Disney*) and airlines (*Air France-KLM*, *Delta* and *Lufthansa*). With an annual turnover in 2010 of US\$22 billion, the TUI group is currently the world's largest travel and leisure company, ranked 439 in the Fortune 500 listings (CNN Money 2012).⁷ The fact that the measurement of the international trade in tourism services is plagued by definitional vagueness is compounded by the manifold and complex network of agents involved in the provision of tourism-related products and services. The difficulty of delineating the

precise organisational structure and fragmentation of tourism "commodity chains" (cf. Clancy 1998)⁸ is particularly illustrated where, for example, parent companies such as *Bass*, which at one time owned several major transnational hotel chains, including Holiday Inn and InterContinental Hotels, has investments spread across different economic activities ranging from brewing, catering, entertainment and hotels (Griffin 2000: 27). In addition, the growing involvement of real estate investment trusts (REITs) and private equity firms in the international hotel industry, including the *Blackstone Group*, which in 2006 raised US\$26 billion as part of its leveraged buyout of Hilton Hotels Corp. (Wei and Hudson 2008), has resulted in the separation of the business of hotels from the underlying real estate assets, as well as increasing the turnover of property sales and acquisitions as REITs seek to maximise the profits paid out to shareholders (ILO, 2010: 29-32).

According to the new international division of labour theory the internationalisation of manufacturing production was strongly influenced by the squeeze on profits within industrialised countries which resulted in a shift of investment southwards in search of cheap labour, a process often referred to as "peripheral Fordism" (Frobel et al. 1980). While the squeeze on corporate profitability, and to a lesser extent demand for cheap labour, did play a part in precipitating the geographical expansion of tourism investment into new destinations from the late 1970s onwards, the drivers of the globalisation of tourism have less to do with trends seen elsewhere in the transnational corporate sectors towards out-sourcing and search for cheap labour. Rather, the location of tourist activities has always been somewhat constrained by the intrinsic natural, historical and cultural attributes of the destination locale and the possibilities afforded by the development of transportation infrastructures both globally and regionally. Even where ostensibly little product differentiation between places exists, tour operators are not as footloose as it is often assumed, particularly where tourist loyalties are enhanced by historical familiarity with a destination (e.g. the Balearic Islands). Moreover, destination image and customer identification with a particular place are to some governed by forces beyond the control of corporate marketeers. Certain resorts may develop an iconic status by virtue of their identification with emergent cultural trends (e.g. clubbing in Ibiza and Ayia Napa), thus in effect, becoming extensions of the very metropolitan centres from where the majority of

tourists originate (a trend, which nevertheless needs to be seen in the context of the growth of powerful club 'empires' and record company merchandising).

Nevertheless, the industrial organisation of the international tourism industries has been subject to a series of significant transformations in the face of economic globalisation and neoliberal policies over the past two decades. These changes have been driven by both external economic factors as well as the competitive forces and technological innovations within the various business sectors that comprise the tourism industry. For example, Hazbun (2008: 13) illustrates the impact of corporate concentration amongst Western European tour operators, on the supply-side of tourism in Tunisia, one of the 'laboratories' of the Mediterranean package tourist industry:

As tourism development became both highly standardized and increasingly competitive, large transitional corporations sought to expand their profits by increasing the scale of operations, thus expanding to new destinations, as well as vertically integrating by increasing their stake in hotel ownership.

These competitive pressures would have a profound effect on the structure of both the Tunisian and Mediterranean tourism industries, precipitating a greater influx of foreign capital as tour operators pressured destinations to upgrade the standard of resorts, or threaten to direct their clients elsewhere (Hazbun 2008: 15). However, although globalisation has been accompanied by the increased levels of business concentration amongst a few globally-integrated TTCs, the precise scope and scale of transnational capital involvement in tourism varies according to the particular sector(s) of the tourism industry involved (i.e. tour operations, hotel, airlines, cruising, shopping and attractions), as well as the historical conditions under which specific destinations have become progressively integrated with global markets.

Over the past four decades, international tour operators emerged as the principal fulcrum through which different elements of the tourism commodity chain, principally charter airlines and accommodation, could be coordinated and controlled. A combination of *technological advances*, from the commercial exploitation of the potential of jet aircraft in the early 1960s to the increased use of computer reservation systems (CRSs) in the 1970s, *organisational innovation* and *business concentration* amongst tour operators, was the launching pad for the growth and expansion of a

globally-integrated package holiday/'inclusive-tour' industry dominated by TTCs in the 1980s, which progressively extended their reach throughout a worldwide network of affiliated companies and contracted suppliers. Where tour operations are concerned, transnational companies derive considerable oligopsonistic powers through their ability to negotiate favourable contractual terms from a relatively undifferentiated mass of local accommodation suppliers in the destinations, as evidenced by Mosedale's (2006) research into the structural organisation of the UK package tour industry in St Lucia, rather than through the accumulation and control of assets.

The market power of TTCs is clearly demonstrated, for example, in the case of Mediterranean package tourism industry where tourist flows and accommodation capacity has traditionally been far more controlled by a small number of outbound tour operators than say for example in the US (Clancy 2011: 88). Nevertheless, in the US, there are areas of significant corporate concentration in the hospitality sector, where for example, the ten largest hotel chains account for 40% of market share (Gladstone 2005: 42). As Lyth's (2009) informative history of British air package tours illustrates, the corporate concentration of UK outbound tour operators, has its origins in the combination of economic, social and technological changes that took place in the first decade after the Second World War, which created the conditions for the emergence of the British package tourism industry. These factors of course benefitted greatly from the economic weakness of southern European states in the European political economy which rendered them susceptible to the superior economic power and commercial know-how of Western European tour operators (Gaviria 1974; Boissevain 1977; Oglethorpe 1984; Jurdao 1990).

Whereas approximately 30% of UK tourists travelling to France do so through a tour operator, this figure rises to 80% in the case of UK tourists travelling to Greece (Ioannides 1998: 142). Thus, the historical dependence of Greece, which derives nearly one fifth of its GDP from tourism, on a relatively undifferentiated market controlled by a small number of tour operators served to undermine the bargaining power of local hoteliers who have few alternatives but to accept the contractual conditions demanded by the tour operator for fear of losing their custom (Buhalis 2000). Many Greek hoteliers suffer significant losses as a result of this power

imbalance and indeed, according to Evans (1999: 9), some may make as little as £10 per bed if revenues are spread across the year. More devastating still has been the impact of the current Greek sovereign debt crisis which has left many island administrations facing crippling debts and the pressure to sell off a range of public assets in order to repay them (Moya 2011). Recent reports also suggest that the German-based giant TUI has urged Greek resorts to drop their prices by up to 35% for the 2012 summer season (Smith and Connolly 2012).

Whilst earlier periods of post-war tourism expansion were marked by high levels of FDI, since the mid-1970s transnational hotel chains increasingly substituted non-equity forms of ownership, such as management contracts and franchise agreements, for direct ownership of properties (Wood 1979: 282). In this way, hotel chains sell or rent their firm-specific proprietary expertise and brand name in return for guaranteed levels and quality of accommodation capacity at minimum levels of risk in order to minimise the risk to investors and to guarantee quality and maintain brand reputation to an increasingly discerning clientele (see Clancy 1998: 132-133). Castells (2000: 15) has suggested that the new globalised economy characterised by *networks* rather than hierarchies, will lead to a greater de-centralisation and coordination of decision-making. In a similar vein Poon (1993) has argued that information technologies could enhance the creativity and innovativeness of small and medium sized tourism enterprises.

Notwithstanding the expansion of internet-based travel companies over the past decade as well as the emergence of internet travel review companies with considerable influence over travel purchasing decisions like *TripAdvisor*, arguably the scope and scale of transnational capital involvement in tourism and hospitality industries worldwide has dramatically increased, not least with the entrance of private equity firms and real estate investment trusts into these sectors (see ILO 2010: 29-32). Furthermore, notwithstanding the growth of 'South-South' FDI in tourism as well as the emergence of non-European /North American based transnational firms based in Latin America (*Grupo Posadas* in Mexico), the Middle East (*Kingdom Hotel Investments*), Africa (*Southern Sun*), South-East Asia (*New World/Renaissance Hotels*, *Shangri-La*) and of course China (*Jin Jiang International*), US-based TTCs remain dominant in key sub-sectors of the global tourism industries, as the global

ranking of hotel groups (by number of rooms) continues to demonstrate (ILO 2010: 9-10). Nevertheless, it is important to note, that whilst hotels may be operated by well-known transnational chains, the assets themselves are often owned by wealthy domestic firms or individuals under license or through various contractual agreements (Gladstone 2005: 40). In addition, one of the most significant changes in the past two years has been the rapid rise of Chinese hotel groups up the global rankings, four of which have entered the top 25 hotels by number of rooms (*Hotels* 2011). Although Chinese capital in general continues to make significant inroads into the highest echelons of global corporate activity, particularly in mining and other heavy industries, it is particularly significant that these brands are still predominantly focused on the Chinese domestic market. In terms of their global reach, therefore, the US hotel chains, together with the *Inter-Continental Hotels Group* (UK) and *Accor SA* (France), still predominate although this is likely to change as Chinese and other tourist markets in the emerging economies begin to spread their tentacles overseas.

Whilst there are signs of a shift in the balance of investment capital in the hotel industries from West to East as emerging Asian hotel groups target key investments in Europe and Australia (Jones Lang LaSalle Hotels 2010), European/North American corporate dominance of the global airline industry remains particularly marked. Here the rapid expansion of strategic global alliances (allowing airline corporations to avoid anti-trust legislation) has consolidated the centralisation of control in the hands of a few mega-carriers based in Europe and North America (with the exception of *Singapore Airlines*). Airline deregulation in the USA in 1978, and more recently in Europe in 1997, brought with it a proliferation of computer reservation systems, such as SABRE which is owned by American Airlines, through which large mega-carriers derive considerable revenue and market share (Clancy 1998: 138).

Thus, despite the existence of almost 400 alliances involving 170 different airlines, four ‘mega-alliances’ control around 70% of the world market (Endo 2006: 605). The largest of these, the Star Alliance (whose 25 member airlines include three of the world’s largest airlines: *Lufthansa*, *Singapore Airlines* and *United Airlines*) carries nearly 650m passengers to 190 countries, and has combined revenues of US\$161 billion (Star Alliance 2012). As recently as the late 1990s, 14 of the world's top 20 airlines, ranked by passenger-kilometres flown, were based in rich industrialised

countries. The remaining six were all based in East Asia (*Cathay Pacific* and *Singapore Airlines* are also amongst the top 100 TNCs headquartered outside core the industrialised countries in the West (UNCTAD 1999). Despite the existence of regional carriers in the Caribbean (*BWIA*, *Air Jamaica*), *American Airlines* sold 65% of tickets to this region in 1995 (Honey 1999: 37). In addition to growing competition from ‘low cost-carriers’ such as *Ryanair*, which now represent 26% of the global market (Centre for Aviation 2012), there are signs that the North Atlantic dominance has started to wane as a result of the rapid growth of global players in China and the oil-rich Gulf states. Indeed, the growing strength of China’s aviation industry was signalled by the continued refusal of Chinese airlines to comply with the EU’s Emissions Trading Scheme (Wang 2012). According to IATA 50% of the global aviation industry’s aggregate profits in 2011 were earned by Chinese airlines, whilst three of the world’s 10 largest IATA member airlines, ranked by passenger kilometres flown, are now based there (IATA 2012).

The concentration of ownership has also proceeded apace in the European tour operator sector in the context of widening and deepening EU integration and the associated (yet uneven) regulatory convergence (Bywater 1998). In 2000 72% of charter seats were controlled by just four airlines (*Airtours International* 18%, *Britannia* 22%, *Air 2000* 16%, *JMC Airlines* 16%, as well as *Monarch*, whose 18% is increasingly controlled by *Cosmos*), each of which is affiliated to one of four major tour operators (*Travel Weekly* 24/7/00: 8). Such dominance is a reflection of the wider European tour operations sector in which it is estimated that up to 80% of the outbound package travel market continues to be controlled by a small number of EU-based companies (Endo 2006: 604). The UK outbound market alone is currently dominated by just two giant corporate entities, with a combined turnover of around €26 in 2011, the *Thomas Cook Group*, which absorbed *My Travel* (formerly *Airtours*) in 2007, and *TUI Travel* (part of the German *TUI AG* group), which absorbed both *Thomson Holidays* (in 2000) and *First Choice* (in 2007).

The net effect is to deny this seat capacity to independent tour companies, who only have access to those remaining seats which have not been sold to the customers of the parent company through their integrated supply-chain. Moreover, whereas until recently *Club Méditerranée* was one of the few European tourism companies to

operate outside of its own domestic market, increasingly, leading tour operators have begun to establish a commercial presence in non-domestic markets and organise their marketing/sales activities at a trans-continental level. Hence, the declining significance of the nationality of shareholders, particularly within the EU, is also reflected in an increasingly transnational orientation to the development of tourism products and services. For the most part, this has been achieved via the direct acquisition of strategically-placed assets (travel agencies, tour operators, hotels and cruise companies) based outside the country of origin of particular TTCs. In addition, the penetration of transnational capital into new markets has been driven by TTCs based in what were previously predominantly destination regions, such as Spain. Since 1985, Balearic hotel chains in particular began to expand the scope of their investment and operations throughout Latin America (Bywater 1998). By the middle of the first decade of the twenty-first century there were around 800 hotels being operated by Balearic hotel chains worldwide, of which approximately 25% are located in Latin America and the Caribbean (Jacob and Groizard 2007: 977).

Many large integrated tour operators have also sought to consolidate their market share via the acquisition of leading specialist tour operators.⁹ In this way they have been able to capitalise on the specialist knowledge of particular destinations as well as the loyal client base built up over the years by the smaller companies who may not be aware of the change in ownership at the top (O'Connor 2000). However, it also leaves independent hoteliers in the destination at the mercy of even fewer companies. Although it is estimated that 2.5 million SMEs are involved in the European tourism industry (ILO 2010: 8). and as much as 96% the European accommodation sector remains in the hands of independent proprietors (Smeral 1998), leading tour operators have invested directly in the purchase of holdings in luxury hotels, in order to guarantee access to high quality accommodation capacity in a highly competitive market.¹⁰ Paradoxically, it has been suggested that this reversal of stance towards the direct acquisition of assets in the Mediterranean may well also have been precipitated by an increasingly strict regulatory environment in many regions (e.g. Mallorca) thus heightening competition over scarce capacity (Walters 2000).

Rather than precipitate a flourishing of independent networked enterprises, the evidence suggest that deregulation and economic globalisation has in fact

strengthened the asymmetrical structures of corporate control in tourism in key destinations and tourism sub-sectors, albeit through diverse contractual and proprietary relations. Moreover, the adoption and monopolisation of (costly) distributional technologies by mega-corporations has reinforced the growth of industrial concentration and transnational corporate power, while at the same time enabling these same globalised firms to provide individually-tailored products to their clients (Milne and Gill 1998). In some respects, such globally-oriented mega-corporations often preside over mini-fiefdoms with regard to their relationship with certain destinations as for example demonstrated in Cyprus where at one time 20-30% of its tourism industry was controlled by *Preussag-Thomson* (now TUI) alone (O'Connor 2000: 4). Unsurprisingly Mander (1999: 171) has referred to such competitive technologies, as the "central nervous system" through which increasingly centralised corporate power operates. Together with the fluidity of capital movements, they constitute the foundations upon which an increasingly globalised and transnational tourism political economy has emerged.

Nevertheless, as Williams (2011) argues, we would be wrong to associate globalisation exclusively with large, vertically-integrated transnational firms or indeed to assume that small to medium-sized tourism enterprises (SMTEs) will necessarily be subsumed by transnational capital or forced out of business altogether. Indeed, in many low-income developing countries, it is usually small, informal sector enterprises that comprise the majority of tourism businesses, although the lion's share of receipts will often accrue to large commercial operators, foreign *and* domestic (see Edensor, 2004). It is however, beyond the remit of this chapter to analyse the full scope of business involvement and the industrial organisation of the tourism industries in a globalised economy. It is nevertheless clear that despite the precipitous expansion and growth of the tourism industries over the past three decades, much of the day-to-day business of providing services to tourists, is still rooted in distinctly localised business environments and cultures. Thus, the answer to the question as to the degree to which TTCs have both extended their global reach and control over geographically-dispersed commodity chains, lies in further detailed, research into the interplay between the logics of globalisation and the historical geography of regional and local capitalist development, as well as the nature of labour relations that emerges from the interactions of various enterprises involved in the provision of tourism.

Patterns of Work and Labour Relations in Global Tourism

The realignments of corporate power associated with globalisation and the changing configurations of the economic power of states, has had manifold implications for the organisation of work and labour relations across the global tourism industries. Whilst the degree of integration of different regions into capitalist markets and the scope of transnational corporate penetration is nonetheless differentiated and uneven, the ever-growing complexity of globalised tourism commodity chains is clearly demonstrated by the increasingly opaque and complex layers of out-sourcing that make up particular firms. Most international airlines routinely use external contractors to provide routine maintenance, reservations and in-flight catering services (Ioannides and Debbage 1998; Whitelegg 2003). Similarly, many leading airlines have sought to shift ancillary services to cheaper 'off-shore' locations, as in the case of British Airways who took the lead in contracting out their ticketing services to India (Blyton et al. 1998). Labour is one of the few variable costs in this sector and has therefore received the brunt of the cost-cutting exercises (Blyton et al. 1998). Attempts to reduce costs in this manner led to the sacking of nearly 300 LSG Lufthansa Services/SKYCHEF workers in November 1998, prompting a three-month long strike (International Transport Worker's Federation 1999).¹¹ Since the early 1980s, particularly in Europe and North America, successive waves of deregulation and privatisation increased the competitive pressures on airlines. This paved the way for the emergence of low-cost carriers, which in turn placed further downward pressure on wages and led to the progressive erosion of job security and working conditions, in what nevertheless continues to be a relatively unionised workforce as compared to other areas of the tourism and hospitality industries.

Notwithstanding the argument that tourism and hospitality employment has always been characterised by flexible working arrangements (see Bagguley 1990) the downward pressure on wages and deterioration of working conditions has increased as a result of economic restructuring and rationalisation that have become the hallmark of neoliberal economic policy and globalization. Such trends are particularly marked in the labour-intensive tourism and hospitality sectors in the advanced capitalist countries and increasingly, elsewhere, where work at the lower-end of the labour market is often characterised by low wages, long and anti-social hours, a lack of job security, a high incidence of part-time and seasonal work, health and safety concerns,

and in some cases, outright abuse and exploitation (ILO 2010; Zampoukos and Ioannides 2011). The UK hospitality sector, in which only 10 per cent of workers belonged to a trade union in 1996, was at the forefront of the Conservative government's attempt to re-engineer the balance of power in favour of capital through ever greater flexibilisation of labour (Thomas 1996). Furthermore, several studies point to an immediate decline in wages across the UK hotel sector since the abolition of wage councils in 1993 (Radiven and Lucas 1997). Although low rates of pay continue to exist, this needs to be set against, for example, the introduction of the Minimum Wage in 1997, as well as other forces, including the increased 'professionalization' of some aspects of tourism and hospitality work, which may serve to mitigate certain aspects of inequality and further differentiate the labour market (Church and Frost 2004).

Increasingly, employees in the hotel industry, in the UK and worldwide, recruit a significant proportion of their workforce through (often unlicensed) agencies, in which migrant workers and women in particular are susceptible to abuse and exploitation (Sheikh 2009; Zampoukos and Ioannides 2010). Whilst there are advantages to this for both employer and workers alike, enabling the former to reduce costs during periods of low demand and workers greater flexibility to adapt their schedule around their lifestyle (Lai et al. 2008), such agencies have also been accused of facilitating the circumvention of the statutory responsibilities of hotel employers towards employees (e.g. pensions, sick pay). It also renders the ability of the workforce to bargain collectively, increasingly difficult. However, it should also be stressed that these characteristics overwhelmingly apply to the 20% of the global tourism and hospitality workforce located within TTCs and not necessarily the remainder, most of whom work in SMEs of fewer than 250 workers, and often far less (ILO 2010: 8). That is not to say of course, that the exploitation of workers and poor working conditions are not prevalent amongst SMEs (see Harrison 2001b: 33).

What these illustrations suggest is, to some extent, the reduced significance of geographic boundaries in the constitution of contemporary alignments of inequality and occurrences of exploitation in certain quarters of the tourism and hospitality industries. Increasingly, the adjustment to global competitiveness has exerted downward pressure on wages in the advanced capitalist countries, thus leading to a

situation where job insecurity and increasing levels of income disparity has also become more prevalent in the advanced capitalist countries (UNDP 1999: 36-39). In the city of Los Angeles, for example, a combination of state budget cuts during the 1980s and industrial restructuring (particularly the closure of aerospace plants and the shift of many labour-intensive manufacturing industries across the border into Mexico), has underpinned the emergence of a low-wage service economy in which a disproportionate number of Mexican immigrants are employed (Davis 1993: 45-47).

Whilst immigrant workers have traditionally been attracted to work in the hospitality and catering sectors in major world cities, such as London, Paris and New York (Harris 1996: 35), the up-take of migrant workers in tourism and hospitality has not only increased on the back of intensified global market integration and new waves of cross-border migration (permanent and itinerant) since the mid-1990s, but the composition of such flows and indeed the tourism/hospitality workforce, has become increasingly diverse (Joppe 2012; Stalker 2000). Tourism is increasingly “central to the character of the world city”, which now of course include new centres of global capital accumulation outside the traditional capitalist heartlands of Europe and North America (for example, Dubai), whilst migrant workers, of which there are an estimated 105 million worldwide (ILO 2010: 36), are the lifeblood of such globalised hubs of hospitality work (Llewlyn Davies et al. 1996, cited in Church and Frost 2004: 210).

More so perhaps than other sub-sectors in the global tourism industries, the organisational structure of the cruise ship industry both reflects and reproduces increasingly transnational relations of ownership and labour relations. By 1996 three of the world's largest companies, *Royal Caribbean*, *Carnival Corporation* and *Princess Cruises* controlled nearly 50% of the market (Ioannides and Debbage 1998: 112). However, although most of the major cruise companies have their headquarters in the USA, the ability to sail under 'flags of convenience' has enabled them to register in countries where labour laws, taxes, and maritime regulations are far more lax (Wood 2000: 351). Moreover, given the physical mobility of its primary asset, Wood describes cruise ships as mobile chunks of nomadic capital which are able to avoid state regulations (particularly where labour is concerned) wherever possible. Thus cruise liners draw on a global pool of migrant labour who benefit from far fewer rights than their land-based counterparts. This is of particular concern for the local

workforce in the Caribbean, which according to Wood (2000: 354), is mostly unionised and enjoys higher levels of pay, thus deterring cruise companies from recruiting in the region. The ethnic and social stratification of the workforce within cruise ships also points to a substantial reconfiguration of class relations that cuts across national and geographic boundaries. However, Wood (2000: 353-358) demonstrates how the workforce is drawn from cheaper labour markets across the world and segmented according to ethnicity, thus enabling cruise companies to reinforce an internal division of labour which exploits the precarious nature of employment in their respective countries of origin whilst being subject to the labour regulations of none.

With the exception perhaps of the cruise ship industry, the overwhelming proportion of the global tourism workforce is nevertheless drawn from local and regional labour markets, as indeed do workers in most sectors in the global economy (see Castells 1996: 234-235). Notwithstanding the intensification of capitalist social relations and the global reach of TTCs, many tourist destination areas, are characterised by the prevalence of informal tourist enterprise and the persistence of localised labour markets in even amongst large formal-sector resorts. Often workers may move between the informal and formal sectors, depending upon seasonal fluctuations in demand for labour. However, as Madsen-Camacho (1996) describes in her study of resort development in Mexico, as does Edensor (2004) in the case of the numerous local businesses at the Taj Mahal, the survival of small, independent informal sector enterprises is often threatened the construction of large hotel complexes and attempts by large, external tour operators to monopolise the flow of tourists to honey-pot tourist attractions. Eventually, the decline in the number of tourists using local facilities may result in the abandonment of these informal enterprises as the former owners are forced to seek wage labour in the larger, commercial resorts and tour companies, or else face unemployment.

As the second edition of this chapter goes to press, in the midst of the worst global downturn for nearly a century, and crippling austerity measures are leading to a jump in rates of unemployment across southern Europe in particular, what scope remains therefore, for strategic state intervention to challenge the markets and create a business environment in which local tourism enterprise can prosper alongside

transnational capital, in accordance with domestic/national social and economic priorities, and flexible labour regimes are not merely used simply as a means of retaining a lid on wages in the tourism and hospitality industries?

Tourism, Capital and the State

In recent years, much has been made of the impotence of governments in the face of volatile financial markets and footloose investors, a perspective that is understandably reinforced by the crippling austerity currently being imposed throughout advanced industrialised economies in response to the 2008 financial crisis. The extension and consolidation of the power of transnational capital and TTCs cannot however be explained simply as the inevitable result of the forces of economic restructuring brought about by Post-Fordist capitalism and economic globalisation. The industrial organisation of tourism is conditioned by the actions of governments and in particular, dominant political classes within the state. However, whilst it is often assumed that the primary role of the state in a deregulated capitalist market is to ensure an appropriate investment climate for business (Pryce 1998: 86), this confuses the fact that while states may legislate in the interests of capital it does not necessarily follow that they are merely 'executive agents' of TTCs (Sklair 2001: 14-15).

State involvement in tourism varies considerably according to the domestic political and ideological conditions which structure the institutional organisation of state bureaucracies. Direct state intervention usually involves the provision of large-scale infrastructure projects, such as airports and transport networks, which precede and prepare the terrain for tourism development, as well as the establishment of legal and regulatory frameworks within which tourism can operate. Governments in developing states have traditionally deployed a range of investment incentives in order to attract investment capital (see Jenkins 1982), as evidenced by the Gambia's decision to reinstate all-inclusive resort holidays (Bird 2000: 4). More often than not, however, national governments may incur considerable financial burdens where the state itself contributes a substantial proportion of investment capital. In Senegal, for example, the state contributed 90% of the capital invested in tourism as part of its Fourth Tourism Plan, as well 52% of capital to a hotel managed by the French transnational hotel chain, Meridien (Brown 1998: 240). Government investment incentives can also, however, be directed towards the strengthening of a local capitalist class as

occurred in Cyprus after partition in 1974, when refugee hoteliers from the north were given incentives to invest in hotels in the south (Ioannides 1992: 721).

Both the direct and indirect involvement of the state in tourism perform an important role in the regulation of the conditions of public and private accumulation of capital. Although it is increasingly rare to find places where the state exercises almost complete control over productive capital in the tourism sector, particularly since the transition towards market economies in Eastern Europe (see Hall 1991), there is clearly still scope for the state to guide and regulate tourism economic development processes in accordance with domestic political priorities. Thus, we need to go further than to merely label particular states as either favourable or antagonistic towards tourism, but rather, seek to identify how and why different fractions within the state respond and adapt to the market, and in particular, the investment decisions of TTCs.

During the early 1990s, the municipal government of Calvià on the Balearic island of Mallorca, which plays host to one of the densest concentrations of tourism development in the Mediterranean, developed a strategy of strategic local intervention into the tourism economy in order to alleviate some of the worst excesses of over-construction and speculative, property-drive tourism development (see Selwyn 2000). At the same time, however, the involvement of the conservative-led regional government in numerous fraudulent practices and high-level corruption related to the construction of roads and associated tourism infrastructure, a process mirrored across Spanish resort areas during the 1990s and 2000s, culminated in the resignation, in 1995, of the region's long-standing prime minister on corruption charges (Fidalgo 1996). In 2001, a 'left-green' regional government coalition oversaw the implementation of a levy on all overnight stays, which became popularly known as the "eco-tax", the revenues from which were then channelled into a variety of environmental and cultural heritage projects. The eco-tax was subsequently revoked in 2003 by a new conservative administration with stronger leanings towards the private sector and in particular the construction and property development sectors. Upon reflection the eco-tax can be seen both as a fiscal instrument to mediate the impact of international tourism on the regional economy, as well as a symbol of regional pride and as means of reinforcing autonomous control over sovereign *Balearic* territory in the face of external 'interference' from both the conservative-led

central government and international tour operators (Morell 2001: 56). Both this and the current conflict surrounding the potential opening up the resort-free beach of Es Trenc in western Mallorca to tourism development (see Manresa 2012), illustrate how developmental outcomes are shaped by a complex and shifting alliance of forces embracing a range of state, private and non-governmental actors.

In contrast, the failure of state-led development programmes in Sub-Saharan Africa has severely compromised their ability to secure even the most basic conditions of economic development and facilitate even modest redistributions of income for the populace as a whole. However, whilst a sustained agenda of structural adjustment and neoliberal reforms further weakened the state, and led to the ruination of small producers and widespread poverty throughout much of the region (see Davis 2004), it has paradoxically reinforced the rise of a new, wealthy upper-middle class, with substantial investment capital both at home and abroad as well as tied closely to the regional hubs of transnational firms, whose lives barely resemble those of the vast majority of their fellow citizens (Hoogvelt 1997: 83-84; Mark 2012). In a sign of the growing prosperity of Africa's 'new middle classes' the founder of *Easyjet* has recently announced plans to launch a low-cost airline in Africa that will operate out of Kenya, Tanzania, Ghana and Angola, thus covering much of the continent (Milmo 2012).

Dominant factions within the state apparatuses are able to negotiate aid, loans and direct investment within a network of transnational capital flows which may strengthen their own position whilst inhibit the flourishing of viable indigenous tourism enterprises (see Dieke 1995: 87-91; Dahles and Bras 1997: 65). Policy instruments, such as the Land Acquisition Act in the Indian state of Tamil Nadu, rather than promote balanced development, are often deployed in order to appropriate land from the poor in anticipation of large-scale tourism development programmes (Seifert-Granzin and Jesupatham 1999: 18). Examples of the restriction of informal working practices in tourism abound (Wahnschafft 1982; Kermath and Thomas 1992; Kamsma and Bras 2000), however, the key distinction here is that local elites are complicit in the underdevelopment of their states not as instruments of capital, but as a result of the prevailing neoliberal market logic, in which the range of developmental options available to them has become even more constrained. In Zanzibar, for

example, this pattern has become evident as a result of the move by the Zanzibari Government to encourage greater involvement of private capital in the tourism sector since 1985. The historical absence of a robust democracy in Zanzibar has enabled the state to implement a strategy of economic liberalisation with little opposition, and at the expense of the indigenous hotel sector and small-scale entrepreneurs (Honey 1999: 265-69).

Whilst there is little doubt that structural adjustment programmes in the 1980s and the coercive logic of increasingly competitive capitalist markets in the 1990s and 2000s severely undermined and constrained the ability of states to build viable national economies, this should not blind us to the continued ability of states to direct the accumulation process, as indicated above. Moreover, one should not assume that 'Third World' states are merely parasitic institutions, riddled with endemic corruption, constraining the latent potential within their economies. Given the high proportion of informal economic activity¹² and the precariousness of small-scale entrepreneurship, both of which are prevalent where tourism is concerned, the imposition of tariffs on international trade is often one of the few sources of revenue for governing elites (Carter 1995: 608). Given highly competitive external market conditions, securing the involvement of foreign and transnational capital in the national economy may be one of the few ways a cash-strapped host government can obtain valuable technical, managerial and financial resources, notwithstanding the deleterious effects on smaller-scale local enterprise (see Farver 1984: 261).

Despite the recent proliferation of tourism in places such as Zanzibar, the benefits which accrue from tourism are still monopolised by a select few countries, and capital cities within them (Harrison 2000: 47). The structural obstacles to development faced by many weaker economies are compounded by the lack of an integrated domestic or regional tourist market (few amongst the tourism workforce in developing states are themselves tourists)¹³ thus reinforcing what development economists often refer to as the "low equilibrium trap" (Hazbun 2000: 195-196). This places an enormous burden on the scarce resources of poorer states, who, in order to generate a sufficient level of tourism demand that would sustain the cost of developing a tourism-related infrastructure, have little choice other than to impose externally-oriented growth policies. Moreover, those countries that are too poor even to provide basic

infrastructure for tourism may become 'structurally irrelevant' to mobile tourist capital, as demonstrated by the historically low levels of tourist visitation to countries in Sub-Saharan Africa which are considered 'unbankable' and unsafe for tourists, thus further entrenching the dominance of the more powerful regional centres of accumulation. This brings us to the final question to be considered in this chapter. To what extent is a truly global tourism economy emerging, in which capital and decision-making powers are monopolised by a few TTCs? Or rather, as some of the evidence suggests, are regional imbalances in the nature and scope of a globalising tourism dynamic becoming more entrenched in the context of further market liberalisation?

The Global and Regional Alignments of Tourism Development

Despite the fallout from the 2008 financial crisis, neo-liberalizing policies continue to exert a stranglehold, albeit to a greater or lesser extent, on governments across different states worldwide. Nevertheless, both the global reach of capital and the degree to which local, household economies have become integrated into wider circuits of production and exchange, is still, differentiated by geographical variances in economic systems and political ideologies. Equally, whilst there is evidence to suggest a divergence of interests between transnationals and the countries in which they are based (Cohen 2011), claims for the existence of a coherent 'transnational capitalist class' (Sklair 1991), in which the nationality of the shareholders and corporate executives who control the 'commanding heights' of the global tourism industry is of less importance than their corporate affiliations, must be treated with a degree of caution.

Indeed, 75% of foreign direct investment (FDI) flows are concentrated in North America, Europe Union and Japan, while at the same time, 70% of FDI outside these blocs is absorbed by only 12 countries (Hoogvelt 1997: 77). Even the precipitous rise of the so-called BRIC economies has so far failed to considerably reverse this figure: in 2008 the combined outward FDI from these states amounted to less than that of the Netherlands (Nolan and Zhang 2010: 101). Where tourism is concerned (mainly concentrated in hotels and restaurants), it is estimated that it only accounts for 2-3% of total outward FDI from the advanced industrialised nations (indeed outward FDI from within the developing and emergent markets is rising more quickly) whilst by far

the large proportion is absorbed by the large emergent economies such as Argentina, Brazil and Mexico (Endo 2006). Similarly, it has been argued here that economic globalisation and the transnational restructuring of ownership and labour relations in tourism has not been an even process. It is apparent therefore that parallel to the processes of market concentration at a global level, the geographical unevenness of development creates the potential for the peripheralisation of regions and populations that cuts across national boundaries.

There thus needs to be an element of caution when considering the precise magnitude and scope of globalisation and transnational corporate penetration into regional tourism industries as well as the degree to which the expansion of tourism in the 1990s and 2000s has been evenly distributed both worldwide and within specific regions. During the early stages of mass tourism expansion in the 1950s and 1960s the geographic distribution of tourism production to a large extent mirrored former colonial trading networks, as indicated by Britton (1980) and others (e.g. Harrison 2001b: 29). Yet, although the past twenty years has witnessed the opening up of new tourism regions (e.g. the expansion of tourism and capital into Eastern Europe), the dominant tendency has arguably been the growing importance of destinations and intensification of market forces within *existing* tourism regions such as the Mediterranean and Caribbean. This therefore represents the 'thickening' of exchanges within particular regions in tandem with the partial widening and deepening of tourist flows to new and emergent regions.

The uneven geographical distribution and economic weight of tourism worldwide is illustrated by regional patterns of expansion and contraction in the growth/decline of international tourist arrivals and tourism receipts. Whilst East Asia and the Pacific, witnessed growth in its market share of international tourist arrivals from 7.5% to 14.4% during the period 1980-97, Africa experienced a far less impressive rise from 2.6% to 3.7%, during the same period (WTO 1999). In contrast, the recent political turbulence along the southern Mediterranean shore and Syria in particular has temporarily halted the recent resurgence of tourism in the Eastern Mediterranean which registered as rise of between 17% in Lebanon and 40% in Syria during the period 2008-9 (UNWTO 2011).

Despite some signs of change with regard to the territorial distribution of tourism in Africa – principally related to the rapid growth of international tourist arrivals in Mozambique - there has been little change with regard to the fact that six countries account for 65-70% of the region's arrivals, notwithstanding the fact that both South Africa's and Zimbabwe's arrivals figures are inflated by the vast number of migrant labourers who cross the borders on a daily basis (see Harrison 2001a: 15; UNWTO 2011: 9). More recently, spurred by periods of relative political stability in parts of Sub-Saharan Africa, along with increasing inward investment from China and other countries outside the traditional capitalist heartlands, Africa's market share of international tourist arrivals in 2010 reached 5.2%, and its share of international tourism receipts 3.4% (UNWTO, 2011). Whilst still very low by international standards, not least given the size of the continent, Sub-Saharan Africa has been one of the few regions to show consistent signs of growth in the midst of the financial crisis centred in the advanced capitalist states of the OECD.

The growth of business travel and inward FDI in these countries continues however to be concentrated in urban areas, particularly in capital cities and the growing centres of regional capital accumulation in emergent economies. The geographical concentration of tourism in urban centres and a few established coastal destination areas (eg. Mombasa, Kenya) reinforces the view that new investment tends to gravitate towards already established tourism destinations with an existing infrastructure provision, a trained workforce, and more often than not, amenable governments.¹⁴ Elsewhere, despite the diversification of international tourism into new destinations and the rise of Brazil, the majority of international tourist arrivals in the Americas remain concentrated in the USA, Canada and Mexico, although their overall share has fallen from 73% in 2007 to 65% in 2011 (UNWTO 2011). Meanwhile India's emergence as a regional economic powerhouse and the principal hub of tourism in South Asia, can be partly attributed to policies of economic liberalisation enacted since 1985, helping to partly fuel economic growth rates in excess of 8 per cent and further integrating India into the world economy (Hannam and Diekmann 2011: 4). Such is India's importance for tourism, that the WTTC opened a regional office in New Delhi in 2000 (<http://www.wttc.org> 13/12/00). India, of course, along with other 'semi-industrialised' and emergent economies, has witnessed the steady growth of its domestic hotel chains, such as the *Tata Group*,

which operates 93 hotels across 53 domestic locations in India under the *Taj Hotels Resorts and Palaces* brand, together with an additional 16 international hotels in the Maldives, Malaysia, Australia, UK, US, Bhutan, Sri Lanka, Africa and the Middle East (www.tata.com, 31st August 2012).

Whilst the past two decades have witnessed a dramatic increase in the role of transnational capital investments in tourism as ever more destinations are integrated into global circuits of capital,¹⁵ this does not represent the linear diffusion of the hegemonic power of any one particular nation-state, notwithstanding the fact that global capitalism is still strongly associated with the globalisation of US business culture (Arrighi 1998), as indeed is the "culture of international hospitality" (Baum 1996: 207). Rather, as emphasised by Hoogvelt (1997: 125) what has become evident is the intensification of a "global market discipline" to which states, regions, companies and workers must respond in order to remain competitive. Increased cross-border corporate ownership and the globalisation of market discipline has serious implications for countries seeking to define an independent path of national economic development, outside the circuits of neoliberal market ideology, as well as the survival of an independent, domestic-based entrepreneurial class, who Sklair (1991: 120-121) argues, will increasingly become, "trapped in a spiral of declining markets, low technology and uncompetitiveness."

Indeed, the neoliberal emphasis on open markets, private enterprise and competitiveness does not discriminate between states, but rather, permeates numerous trade agreements, government policies and the workings of a range of intergovernmental bodies (see Balanyá et al. 2000). For a clear exposition of the neoliberal ideological thrust which shapes and directs the activities of both government and TTCs, one need look no further than the increasingly intertwined discourses of the UNWTO, ostensibly an inter-governmental public body which represents the broad interests of the tourism industry worldwide, and the World Travel and Tourism Commission, whose role it is to promote the interests of TTCs through public opinion formation, lobbying and policy formulation (see Ferguson 2007). Deregulation and market liberalisation have increased the capacity for TTCs to hide behind the façade of self-regulation, whilst vigorously promoting the growth of tourism at all costs. This stance is evidenced both by the persistent lobbying of the

WTTC (e.g., to reduce the overall tax burden on tourism enterprises) as well as the UNWTO's forceful promotion of the idea "tourism liberalization with a human face" as a means of bracketing its work to accelerate the liberalization of tourism services worldwide in cooperation with the World Trade Organisation in Geneva (Frangialli 2003).

Nowhere is the de-territorialisation of transnational capital perhaps more evident than in the context of the global cruise ship industry. Liberated them from territorial constraints as well as of state regulation and unionisation, these "mobile chunks of capital" as Wood has referred to them, constitute "destination resorts" in themselves (Wood 2000: 349).¹⁶ However, not only are many of land-based disembarkation points controlled by large businesses linked to the cruise companies themselves (Pattullo 1996: 164-168), there is even a growing tendency for cruise ships to dock at their own private 'themed' islands (Wood 2000: 361). Thus rather than disperse capital and tourists amongst different island destinations, cruise ships are able to deprive ports of valuable revenue as well as enable tourists to indulge their fantasies of an island paradise free from local inhabitants and the random and unpredictable nature of public spaces of interaction. In this regard, economic globalisation in and through tourism signals the fulfillment of a utopian neoliberal vision of a borderless, albeit striated, global tourism economy unencumbered by the intrusion of the state and cleansed of all uncertainties which enrich the experience of travel.

The structural implications of a global market discipline are also poignantly illustrated by the degree to which (Western) standards of service quality, have increasingly permeated a variety of areas of tourism service provision, from luxury hotels to small-scale ecotourism lodges. Indeed, the power of transnational hotel corporations is derived from their capacity to sell or rent out their firm-specific reputation for quality (Clancy 1998: 132-133), which enforces a particular business model on local operators. Where local infrastructure or accommodation standards are said to be below international criteria, local hoteliers struggle to compete with better equipped expatriate investors who are familiar with the desired standards of international service, as is the case in Zanzibar where economic liberalisation since the mid-1980s has led to the proliferation of luxury 'ecotourism' constructions built by foreign capital (Honey 1999: Chapter 8). Elsewhere, as part of the broader structural changes

in the global economy, Duffy (2006) points to the integration of ecotourism into neoliberalizing policies in LDCs which are deemed to be particularly abundant in biodiversity. This has been accompanied by the increased intervention of consortia made up of international financial institutions, donor agencies and foreign private capital, thus contradicting the notion that ecotourism offers a more principled, sustainable and usually locally-run alternative to a tourism industry subordinated to the interests of TTCs.

Nowhere perhaps has the intersection and tensions between contrasting national economies and the discipline of global markets become more apparent, than it has in the European Union and in particular Eurozone countries, since the onset of the 2008 financial crisis. The major thrust of EU policy, evidenced in its various treaties and policies, such as the White Paper on *Growth, Competitiveness and Employment* (CEC 1999) has been "to promote a more business-friendly legislative and regulatory climate" as a means of promoting economic growth and development through tourism (EESC 2000: 3). As the EU has continued to expand, integrating a raft of new East European and Mediterranean States in 2004,¹⁷ it has continued to pursue of path of market fundamentalism centred on a neoliberal recipe of competitiveness, low inflation, low taxation, deregulation and flexible labour markets which now threatens to unravel the European project itself as the contradictions of monetary union and the unresolved dislocations between the structures of distinctive national capitalisms, become increasingly apparent.

In parts of the Mediterranean, which accounts for approximately 30 per cent of international tourist arrivals and 26% of receipts (Pierret 2012) a combination of widening and deepening economic integration, product innovation and the reconfiguration of a failing coastal mass tourism model since the early 1990s, has precipitated the territorial redistribution of tourist activity and capital into areas hitherto beyond wider circuits of tourism production and exchange, leading to the expansion of new tourist activities in smaller urban centres and lesser islands, as well as the rural hinterlands (Marchena Gómez 1995). In Spain, the autonomous communities, led by the Balearic Islands, Catalunya and the Valencian Region, and subsequently the Canary Islands, began to devise their own strategic direction with regard to tourism in conjunction with territorial development plans which in theory

were to take into account regional differences in culture, territory and economic needs (Pearce 1997). Whilst there is no denying the unprecedented growth in tourist arrivals and receipts in these regional centres over the past two decades, and a degree of success in terms of promoting less environmentally-destructive forms of tourism (see Hughes 1994), the unfolding Eurozone crisis has brought the underlying structural weaknesses and distortions of the southern European growth model starkly into the light, highlighting the rift between the productive/competitive core and the south, much of which relies heavily upon tourism and agricultural exports.

When joining the Euro in 1999 and 2001 respectively, Spain and Greece, two Mediterranean countries with major tourism industries, suddenly found that they had access to cheap credit in addition to the substantial structural funds which had been previously disbursed by the EU in order to stimulate improved productivity, competitiveness and the convergence of their economies. In Spain in particular, an unholy alliance emerged between regional governments, developers and the banking sector, fuelling a construction frenzy and the rapid spread of tourism resorts and establishments along every available valley and coastline, notwithstanding the putative planning restrictions that had been put in place during the late 1990s as well as widespread environmental protests (Bianchi 2004; López and Rodríguez 2011: 17).

The political consensus within national governments, the EU as a whole and of course throughout the various international financial institutions and corporate lobbying organisations such as the WTTC, is nevertheless that further market integration and neoliberal policies designed to stimulate growth and competitiveness, will continue engender economic growth and spread employment creation to where it is needed. However, if anything, what the Eurozone crisis has brutally demonstrated, is that the benefits of market integration and economic liberalisation are more likely to accrue to technologically-advanced countries and regions endowed with a well-educated and diversified workforce, sufficient domestic capital, superior productivity as well as locational advantages (see Dunford 1994; Hudson 2003). Despite attempts to reduce spatial variations in the levels of economic development through the redistribution of structural funds, deepening (and widening) market integration in the EU has forced the weaker less productive economies of the south and more recently, the east, to align themselves to the logic of market forces without undermining the leading

position of the more prosperous regions (Perrons 1999: 189).¹⁸ In addition, it is estimated that fiscal transfers through the disbursement of structural funds in the 1990s contributed to a 4% rise in Spain's GDP, and as much as 10% to Greece and Portugal (CEC 1999: 12), these figures do little to highlight the skewed internal socio-economic distribution of wealth and persistence of significant pockets of poverty.

Thus, whilst regional specialisation has to a certain extent benefited networks of dynamic regional economies and major metropolitan centres in which different layers of capital investment, high status jobs and political control functions intersect, this has been at the expense of those regions and cities which are disconnected from "processes of accumulation and consumption that characterise the informational/global economy" (Castells 1996: 102-103). On the other hand, integration of the former East European states stimulated the take-off of mass tourism in major urban centres such as Prague and Budapest (with the associated problems of urban congestion and pollution), and at the same time it has also intensified regional territorial imbalances in economic development (Hall 2004). However, behind the seemingly glowing facade of two decades of unprecedented expansion in the scale and diversity of tourism development in tourism dependent regions across the Mediterranean, arguably the most successful tourism destination(s) in the world in terms of the sheer scale of its industries, lies a legacy of uncontrolled debt-financed construction and a progressive loss of competitiveness that seemingly can only be counteracted by more of the same.

Conclusion

Notwithstanding the remarkable expansion and diversification of tourism worldwide over the past two decades, and the entrance of China into the fray, the overall hierarchy between winners and losers in tourism development has remained relatively unchanged. Together Europe and North America continue to absorb nearly two thirds of international arrivals and over half of global receipts from tourism. However, their combined market dominance has been in progressive decline as emergent destinations absorb tourism faster than the overall pace of aggregate growth. Elsewhere, even in successful emerging destinations such as Mexico, which rapidly rise to become one of the world's leading destinations in the 1990s, growth in market share was combined with plummeting receipts as result of a collapse in the value of its

currency in 1994 and the imposition of IMF structural adjustment policies (Gladstone 2005: 63).

In this chapter, it has been argued that over the past two to three decades capitalist restructuring and economic globalisation has precipitated a reconfiguration of power relations that challenges the validity of state-centric approaches to the political economy of tourism, epitomised by the *neo-colonial* dependency model. Central to these changes has been the increasing dominance of transnational tourism corporations and the growing structural power of market forces at a global and regional level. Thus, an increasingly complex and differentiated geography of tourism production, distribution and exchange has emerged, underwritten by the forces of economic globalisation and market liberalisation which challenges the straightforward north-south geometries of power articulated in the neo-colonial/dependency model of international tourism.

Such transformations in the complex geographies of tourism are manifest in terms of the simultaneous globalisation and regionalisation of tourism, as cross-border FDI and transnational corporate investment in key tourism sub-industries takes place alongside growing participation of regions and regional growth triangles as relatively autonomous actors competing for a share of mobile tourism capital. Furthermore, the dominant power and influence of TTCs over particular tourism sub-sectors and in particular distribution chains, must be seen in the context of the diverse arrangements of enterprise and capital/labour relations within regional and local destination economies. Amongst other things, what the 2011-2012 Eurozone crisis has demonstrated, is the degree of economic and social differentiation that exists between the southern European 'tourism' economies and the northern core in which the majority of creditors and indeed tour operators, when thinking specifically in relation to this industry, are based.

In addition, it is clear that the role of the state, both at regional and national levels, remains significant. Many proponents of globalisation have argued that nearly three decades of deregulation and privatisation have reduced the role of the state to that of a mere conduit for geographically-mobile transnational investment capital. The autonomous role of the state has indeed given way to over-lapping structures of

decision-making authority as well as been challenged by the power of TTCs. However, as the interplay of the EU, national states and regional governments in the remaking of Spanish destinations over the past 20 years had demonstrated, state actors have played a central role in the restructuring of places in accordance with the interests of tourism capital. The efforts of regional and national cliques to direct and influence the flow and intervention of capital into tourism destinations has been given further impetus by a cluster of global institutions, including the EU, UNWTO, WTTC, and World Trade Organisation.

Whilst many parts of the world, including the considerable swathes of household enterprise in southern Europe which paradoxically has enabled many people to endure the ferocity of the Eurozone crisis, remain only partially integrated into, or indeed, may be entirely marginal to the orbits of transnational tourism capital, examples of alternative economic paths and models of power-sharing which challenge the commodified spheres of marketised economic production and exchange are still few and far between, as Duffy (2002; 2006) work on ecotourism all too vividly demonstrates. The ability of TTCs to dictate the terms and scope of product diversification and innovation within a wider context of resort restructuring, whilst externalising risk as far as possible via a system of contractual relations with suppliers, continues to distribute the balance of power in favour of capital rather than local destination businesses and workers, particularly when exposed to the kind of brutal economic restructuring currently being witnessed across key southern European destination economies. Indeed, rather than challenge the structural logic of market forces and destructive waves of competition between barely distinguishable destinations, the shift towards ostensibly sustainable forms of tourism at the beginning of the 1990s through product diversification, innovation and branding, became a convenient vehicle for speculative real estate driven model of tourism whose legacy will be the ravaged coastline and precarious livelihoods of Greek and Spanish coastal communities, for many years to come.

It is becoming clear that the world is in the midst of a major transition in terms of the relative balance of power between tourism generating and receiving nations as the geographies of tourism production, exchange and consumption shift and change in tandem with the rise of new and emergent centres of capital accumulation and

political power. There is little doubt that China and other emergent markets will continue their vertiginous rise (see Jacques 2012: 2-3), yet one must remain circumspect with regard to the degree to which this constitutes a definitive shift of the global economy's 'nerve centre' from west to east in terms of the rise of a new global hegemon. For one thing, China's tourism sector remains overwhelmingly regulated by the state whilst the majority of outbound tourism is absorbed by Hong Kong and Macao. What is of perhaps even greater concern will be the terms on which weaker regions, such as Sub-Saharan Africa, for whom tourism continues to offer one of few economic development options, will continue to be integrated into wider circuits of tourism capital, wherever these may originate.

Whilst tourism development research has long since transcended crude cost-benefit analyses of the overall economic contribution of tourism to destinations, there remains an overwhelmingly positivist tendency to frame the study of tourism development in terms of its overall contribution to LDC economies in particular. Whilst they remain important considerations, the central concern for the international political economy of tourism should not be directed primarily to whether or not national incomes and employment are rising thanks to tourism, or indeed, whether or not TTCs provide a decent wage for their workers, but rather, to what extent are the emergent industrial and geographical configurations of tourism production, exchange and consumption challenging or reinforcing the prevailing global distributions of power and inequality. Only then can we begin to claim, that the international political economy of tourism has come of age.

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¹ The concept of *mode of production* refers to the particular constellation of productive forces and social relations which structure the manner in which human beings confront nature in order to secure their material subsistence, and the dynamic consequences which flow from these relations (see Wolf 1982: 386-387; Hindness and Hirst 1975: 9-12).

² Nearly 80% of the television content in the Caribbean is controlled by Western multi-media and satellite television corporations (Brown 1995: 48).

³ According to the United Nations, *least developed countries*, of which there are currently 48, must satisfy three criteria, including a threshold of US\$905 GNI per capita for inclusion and US\$1,086 for graduation) (see UNCTAD 2011).

⁴ During the period 1982-90, US\$1345 billion in debt repayments alone were transferred from the developing countries to the creditor nations in the north. After taking into consideration other north-south resource flows the total net transfer of wealth from north to south is calculated at US\$418 billion (George 1992: xv).

⁵ By 1998 private flows of investment amount to five times the size of official development assistance to developing countries (Pryce 1998: 78).

⁶ Despite relatively low leakages, considerable local ownership in the hotel sector as well as strong linkages to local agricultural suppliers, Jamaica still ranks lower than many other Caribbean states in terms of per capita income levels (US\$3,440) and poverty (in 1997 Jamaica's Human Development Index was 0.734, compared to 0.828 in Antigua and 0.857 in Barbados), a fact which is undoubtedly connected to high levels of debt-servicing which amount to 98% of GNP (Pattullo 1996: 21, 39, 47; UNDP 1999).

⁷ The Canadian based *Thomson Corporation* (turnover £5bn), which had a 19% stake in the *Thomson Travel Group* which was subsequently sold to *Preussag AG* in 2000, at one time occupied 64th place (UNCTAD 1997: 29-30).

⁸ The concept of a global commodity chain is deployed by Clancy (1998) as a means of identifying the complex and differentiated organizational structures of the international tourism industry. They are a useful means of understanding the articulations between different stages of production at local, regional and international levels, and the power relations which ensue from these processes.

⁹ In the flurry of merger and acquisition activity in the UK travel industry during the mid to late 1990s, the UK-based specialist hiking and rafting tour company, *Headwater*, was acquired by the *Simply Travel Group* for nearly £5 million (Balmer 1999). In turn, *Headwater* was subsequently purchased by *Thomson Holidays* for £29 million before Thomson itself was merged into the German travel giant *TUI AG* in 2000 (See http://www.tui-com/en/konzern/tui_profile/portrait). In the summer of 2007, TUI spent nearly £82 million on the acquisition of 9 businesses within various niche specialist areas (Travel Mole 2007).

¹⁰ Before being re-branded as *My Travel* and then becoming part of *Thomas Cook plc*, *Airtours plc* acquired the Spanish hotel chain, *Hoteles Don Pedro*, and also purchased land in the Canary Islands for the purpose of developing luxury hotels. In 1999 they invested £335m in new acquisitions, which added 17,000 beds to their in-house' bed capacity.

(<http://www.hemscott.com/equities/company/ar/id/016111/htm>, 24th July 2000).

During the late 1990s the German tour operator TUI set about acquiring a portfolio of luxury hotels (including *Riu*, *Iberohotel*, *Grecohotel*, *Grupotel*, *Club Robinson*, and *Dorfhotel*) based predominantly in the Mediterranean and Spain (<http://www.tui.com>. 24th July 2000)

¹¹ LSG Lufthansa Services/SKYCHEFS are one of the world's leading in-flight catering contractors. In 1993 they serviced nearly 200 carriers in 72 different locations (Ioannides and Debbage 1998: 117).

¹² According to Davis (2004: 25) informal economic activity accounts for up to 60% of urban employment in Africa. In Ethiopia, where 61% of employment is in the informal sector, 42% of those working in the informal sector are found in the hotel and restaurant business (Demissie 2008: 521)

¹³ Domestic and regional tourism flows do exist in certain parts of Africa (Sindiga 1999: 119-123; 159-161) and Asia (eg. Goa, Wilson (1996)), for example, however indigenous demand for travel is often restricted to VFR and work-related migration.

¹⁴ Historically lower levels of transnational capital intervention in countries such as Tunisia and Tanzania (Harrison 2000b), stems from explicit policies by their respective governments to restrict the involvement of expatriate private capital and encourage state-run tourism during the 1960s and 1970s (see Shivji 1975; Poirier 1995; Honey 1999: chapter seven)

¹⁵ Overall, the number of transnational corporations operating in the global economy increased from approximately 10,000 in 1980 to nearly 40,000 in the early 1990s (Madeley 1996: 8; Arrighi 1998: 69)

¹⁶ The power of transnational cruise companies to resist the regulatory powers of the state was forcefully illustrated in 1993 when Royal Caribbean Cruise Lines threatened to drop St. Lucia from their itinerary in response to proposals to implement a standard passenger head-tax for all ports (Pattullo 1996: 159-160).

¹⁷ On May 1st 2004, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, the so-called AC10 states, became members of the European Union. Of these, Cyprus, Estonia, Malta, Slovakia and Slovenia currently use the Euro.

¹⁸ Although structural funds represented nearly a third of total community spending at the time when the southern European economies were seeking 'convergence' with the EU average, they comprised less than 0.5% of Community GDP (Hudson and Williams 1999: 13).