

# Tourism and Political Change



Edited by Richard Butler and Wantanee Suntikul

## The European Union: Between the Global and the National, and between Neo-Liberalism and Interventionism

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# 4 The European Union: Between the Global and the National, and Between Neo-Liberalism and Interventionism

Allan M. Williams and Vladimir Baláž

## Introduction

The figures relating to the role of tourism in the economy of the European Union (EU) bear strong testimony to its material significance in terms of production and consumption. The European Union is the most visited region of the World and six European countries ranked among the top ten tourist destinations in 2006 in terms of international tourist receipts (WTO 2007). Most tourism markets in Europe tend to be in the mature stages of development, and have relatively low rates, especially in the face of global competition. Tourism development, partly because of its socially-constructed spatial and temporal polarization, is also associated with a range of cultural and environmental challenges (Shaw and Williams 2002, Chapter 1). And while most tourism activity remains domestic, international tourism is an important component of the industry and most forms of tourism are shaped by the internationalization of capital and labour markets. In other words, tourism and tourism impacts cannot be thought of as bounded or contained by national spaces, so that there is a compelling logic for the EU to be considered a key site for regulation and intervention.

Despite overwhelming evidence of the material significance of tourism, at first sight it seems to be weakly represented in the institutions and policies of the EU. It is not mentioned specifically in the founding treaty of the European Economic Community (as it was then named), the Treaty of Rome. The first policy document which explicitly targeted tourism development was the 1982 'Initial Guidelines on a Community Policy on Tourism' (COM (82) 235). This was the '... first comprehensive attempt to take stock of tourism's importance to the Community and to situate it in the context of other related fields of policy' (Robinson 1993: 13). It addressed several important agendas which still resonate now: the seasonality of tourism, the development of alternatives to beach holidays, and support for social tourism. These issues largely duplicated the policy concerns of national tourism policies (regional development, the environment,

consumer protection, seasonality) and did not make a compelling case for an enhanced and distinctive EU level policy. There were, however, two exceptions to this: the role of the EU in removing barriers to travel and freedom of movement amongst Member States, and the harmonisation of working conditions and provision of freedom of movement for tourism workers. These showed that the EU performed a significant role in shaping the operating environment for tourism, although through its general treaties rather than through tourism specific competences (Williams and Shaw 1998). Indeed, tourism has continued to teeter at the edge of the European agenda, compared to say agriculture, manufacturing or financial services. There is a brief reference to tourism in the Maastricht Treaty (1993), but the development of specific supranational tourist policies has been extremely modest (Anastasiadou 2008).

Although tourism has remained largely the preserve of national and sub-national policies, it has been shaped by the EU in a number of ways, especially in terms of broad regulatory frameworks as already indicated, but also via expenditures in support of tourism within the budgets of the structural, cohesion, cultural and other funds. The role of the EU in tourism has, therefore, been subject to the same tension between competing neo-liberal and interventionist visions of the EU (Lee 1990; Hudson and Williams 1999) as have other economic sectors. These tensions are explored here through a discussion of three main themes: the creation of a common mobility space, growth and competitiveness, and cohesion and interventionism.

## **A common mobility space: enacting a neo-liberal vision of the EU**

Arguably, the fundamentals of modern tourism in Europe were laid down in the era of political stabilisation and rapid economic development in the 1950s and 1960s. Tourist arrivals increased tenfold in Greece, fourfold in Germany, Austria, Portugal and Turkey, threefold in the Netherlands and twofold in the UK, Ireland and Italy between 1950 and 59 (OECD 1989: 15). This international tourism boom was backed by a framework of supportive policies at the national level such as removing barriers to travel (in the form of currency restrictions, visa requirements, etc.) rather than by specific tourism policy actions. In other words, national states took steps towards opening their economies to international mobility for a variety of purposes, including tourism. This was reinforced by state supported marketing campaigns specifically for tourism. Combined with increases in real per capita incomes and leisure time, this laid the foundations for mass tourism growth in Europe (Shaw and Williams 2002). The logic for these measures was mostly couched in terms of the exigencies of needing to generate foreign exchange earnings, but also constituted part of a neo-liberal vision of the European space, defined above by the removal of barriers, whether to trade or human mobility. The limits to this approach were exposed in the late 1960s and early 1970s, when rising unemployment and the first oil shock in 1973/74 sharply decreased international tourist flows. The oil shocks in 1973/74 and 1979/80 negatively impacted on balances of payments in Europe and led to temporary restrictions on foreign exchange availability for tourism purposes; for example, the French government imposed a 2000 franc maximum currency allowance on French citizens in 1983 (Airey 1983: 238). These restrictions were temporary and thereafter there was renewed commitment to the vision of a European mobility space. However, there was to be a more generalised policy shift with greater emphasis on local

#### 4 Part I Unification/Reunification

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economic development priorities, and social and environmental issues, as well as on the quality of tourism provision, rather than simply on growth and exports.

The Treaty of Rome (1957), which brought into existence the European Economic Community, significantly advanced the freedom of travel, removing the right to impose visa or other obstacles to border crossing, and by creating rights of residence and property purchase (the latter was to be important in the growth of international second or holiday homes). While much of the regulation was generic, it was supplemented by tourism specific measures such as the 1968 Council Directive 68/367/EEC which regulated freedom of establishment and freedom to provide services in the hotel and restaurant sector. This was supplemented later by the Schengen agreement, which removed routine passport controls on mobility between members of this elective group of EU countries. The Treaty on European Union, which paved the way for the elective introduction of the euro in January 2002, can also be seen in terms of creating the freedom of mobility space among the initially 12 participating Member States, increasing to 16 by 2009. Other measures include reducing significantly the roaming fees for mobile communications in the EU, introducing a Europe-wide emergency telephone number, and implementing effective aviation safety standards. These measures have contributed, to varying degrees, to creating a single European mobility space, where market forces are played out over a vastly increased and relatively homogeneous economic space, rather than through a mosaic of fragmented national economic spaces.

Secondly, the creation of the EU was driven not only by economic goals, but also by the goal of creating a new political framework which would promote peace and collaboration in Europe. Over time the EU has become the bulwark of political, legal and social stability in Europe, creating an environment conducive to international travel and tourism. Thirdly, the EU has played a major role in the deregulation of international air travel in Europe. Air transport in the EU was liberalised in three stages between 1987 and 1997. The third package of measures, in July 1992, was the most radical: as of April 1997, all EU carriers have had open access to virtually all routes within the EU. Combined with favourable macro economic conditions, and organizational innovations, this has led to a rapid expansion of low-cost air carriers and shifts in the practices of legacy air carriers, significantly changing the geography of accessibility in Europe, while lowering the cost and convenience barriers to mobility in the continent in terms of labour migration, capital and knowledge flows, and tourism (Williams and Baláž 2009). This was further reinforced by EU funding support for transport infrastructures.

Many of the above measures, which are associated with the creation of a single market, represent selective forms of the 'deepening' of European integration. Alongside this there was a different EU agenda of 'widening' by admission of new Member States. The key moments were the Northwestern enlargement in 1972, the Southern enlargement in the 1980s, the Northern and Alpine enlargement in the 1990s, and the Eastern enlargement in the 2000s. Rapid international tourism growth in these countries had commenced prior to accession. For example, there was a tenfold growth in foreign tourist arrivals in Poland, threefold growth in the Czech Republic and Slovakia, and twofold expansion in Hungary between 1989 and 1996 (Baláž and Williams 2005). However, the role of the EU in the transformation of these economies after 1989, especially through the European Agreements and the prospect of future membership (Pridham 2005), was critical in the opening of their economies, and to increased international mobility.