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# Neoliberal Politics and the Fate of Tourism

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## Introduction

This chapter commences with brief commentaries on governance and the broad role of governments in human societies. It then turns to address how these are played out in terms of tourism production and consumption. Tourism, certainly in its mass forms, has emerged particularly in the last 50 years to be a major force in many economies through both local movements of citizens and through international trade, evidenced in international visitor movements and arrivals. Set in these terms tourism cannot be separated from globalisation, trade, resource allocations and development policies and practices – be they domestic or international. As such tourism is ineluctably intertwined with the global political economy.

The shift in political economic theory has itself continued to evolve across the recent past. The general evolution from a Keynesian welfare based framework in the first half of the last century – which initially emerged to counter the pervasive liberal (market oriented and mercantile views) of Adam Smith – has given way to the rise of a neo-liberalism which now needs to be examined for the ways in which it both challenges and shapes contemporary tourism policy.

In the chapter, *Politics and Tourism*, which introduced the first edition of this text, Hall (2010) provides an excellent overview of political concepts and frameworks. He draws attention to two aspects that provide the starting point for this chapter. These are the need to understand “the way that theories of politics and policy making are inextricably linked to what is identified as important to understand change” (Hall, 2010:10). Later in that chapter he draws attention to the then continued adoption of ‘new right’ or ‘neo-liberal’ politics and their implications for tourism planning and development. The continued, almost unquestioning, adoption of this (initially western-world) political framework and its consequences for tourism are the focus of this chapter. To do so it steps back from Hall’s analysis and examines the world views behind the neo-liberal agenda and the theoretical underpinnings of this model of human behaviour and its manifestation on the global political economy.

## Neoliberalism

The concept of neoliberalisation is itself contested, and subject to constant challenge. Its definition and practice are therefore still evolving. Debate and commentary

range from quite technical discussions focussed on individual freedoms and decision making processes and their relationships with the market, though to a rallying call from the political left advocating for more inclusive, social welfare focussed economic policy.

Given this ongoing debate, this chapter commences by providing a short historical review of the concept, as well as addressing the range of current descriptions. From here a set of policy orientations can be drawn that influence its role in governance, and allow a clearer focus on its role in the politics of, and governance for, tourism.

To unpick these discussions, it is useful to commence our discussion with the concepts of liberal economic policy. Liberal economic philosophy is underpinned by a particular view of human motivation and behaviour – and how these in turn influence markets. Liberal economic thought is commonly traced back to the ‘founder of modern economics’ Adam Smith, as expressed in his seminal work *The Wealth of Nations* (1776). In his framework the central tenets are that (individual) man is a self-optimiser, and the market is the purest form by which to seek efficiency. Competition therefore is the key driver of economic ‘progress’. These ideas steered the development of western economies, through the industrial revolution, for a century and a half until the late 1920s.

A significant challenge to this well accepted liberal, market oriented view came with the onset of the Great Depression of 1929. As investment markets fell rapidly, production and employment also fell, and most liberal economic (western) democracies wallowed in stagflation. The demise of the seemingly stable systems of production and consumption was in significant part attributed to ‘unfettered capitalism’.

What emerged was a new economic order, anchored around a broader perspective of social welfare formed on the notion that full employment was necessary to balance economic and social objectives. To ‘grow out of’ the recession, governments were compelled to take on debt to promote additional economic activity and through this create employment rather than ‘retrench’ (cut back further on spending), and further diminish market activity. By doing so it was argued governments hold a central role in providing both social stability and, through spending and wages, a return to economic growth. This interventionist view saw governments step forward to ensure a broader set of ‘social welfare’ goals and avoid the worst effects of the failing market.

This framework is known as Keynesian welfare economics, after its key proponent Lord Maynard Keynes. The central tenant is that the state is a necessary investor to balance and regulate (‘steer’) the economy. Markets were seen to have no social conscience and governments are required to bring a social (welfare) lens to the markets through addressing the situations where markets fail. Keynesian welfarism advocated government monetary and fiscal programmes to moderate market failures by stimulating business activity and, if needs be, directly increasing employment (Ingram, 2008).

For some six or so decades of the 20th century Keynesian based welfare economics became the norm – with even more controlled and interventionist ideas of communist

and socialist social and economic and social orders trialled elsewhere. This was also the period in which the modern era of travel and tourism had its origins (Burkart and Medlik, 1979). Major development vehicles, such the US Marshall Plan, the International Monetary Fund, and the World and Asia Development Banks, were embedded the broad ideas of Keynesian welfare economic ideology and these were evident within global tourism development initiatives.

The Keynesian period of economic (and political) thought itself came under challenge with the oil shocks of the late 1970s and the so-called 'global financial crisis' at the end of the millennium. The intervening period had also seen the decline of the nation state as international firms, and then consumers themselves, exploited new communications, trade and payment channels. This new set of functions and structures within production and consumption can be grouped under the banner of 'globalisation'. Economic thought questioned the interventionist model established under the Keynesian framework and advocated a move back to a more market oriented economic policy framework – albeit to a 'new' or rather 'neo-liberal' mind set. In contrast, neo-liberalism is in the first instance a theory of political economic practices predicated on the advancement of human well-being through the liberation of individual entrepreneurial freedoms and skills (Harvey, 2007). In many respects it represents a return to Adam Smith's psychological foundations of man as a self-optimiser. This liberal philosophy is extended within institutional frameworks characterised by strong private property rights, free markets and free trade (Shone *et al.*, 2016).

In short, neoliberalism can be seen as a form of liberal economics whose advocates support privatisation, deregulation, and reductions in government spending in order to enhance the role of the private sector in the economy. In terms of international trade, they also advocate open markets, via free trade.

## A third way?

To refine our focus further it is also useful to distinguish between liberal economic theory and a liberal social policy – with the latter referring to a progressive stance on social justice alongside liberty of thought and action. In the early evolution of neoliberal practice this ideal was promoted as a market economy under the guidance and rules of a strong state model, a model which came to be variously known as the social market economy or 'third way' (a term originating from the German Rostow (Hartwich, 2009: 13) but popularised in the recent past by Blair in the UK and Clinton in the USA. More recent commentators (Monbiot, 2016a, b) argue however, that the social lens afforded by the third way has been successively squeezed off the political agenda and collectively economies have continued to move further to the right and back to laissez-faire principles. Today it could be argued that neoliberalism has become a dominant policy platform for most major governments, including many that carry social democratic and even socialist labels.

For tourism, these ideas shaped a new policy environment. The privatisation agenda which sits comfortably within a neoliberal platform has been at play in tourism development. This agenda has been subsequently widely supported by leading