Political Economy of Tourism: Regulation Theory, Institutions and Governance Networks

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Abstract

Political economy spans various disciplines leading to an array of approaches labeled as such. This chapter provides a very brief overview of the political economy of tourism before concentrating on regulation theory as one approach to analyzing political economy and providing an overview of regulation theory as applied to tourism. A recent increase in awareness of tourism governance offers the opportunity to re-engage with regulation theory. Regulation theory as a critical approach examines the relationships between states, institutions and society, of particular interest to regulation theory has been the shift in institutional regime towards multilevel governance. This chapter illustrates that a shift of focus from institutions as unit of analysis to governance networks requires a more socialized approach to regulation theory and political economy. The chapter concludes by highlighting consumption and discursive analysis as future areas of enquiry for the political economy of tourism.

Keywords: political economy of tourism, institutions, government, governance, regulation, governance networks

Introduction

The challenge of writing an overview of political economy research as applied to tourism lies in a number of issues. Firstly, political economy means different things to different people; it is far from being a unified concept. It spans various disciplines – ranging from economics to anthropology, each entertaining their own interpretations of political economy (economics focuses on individual behavior and rational choice theory, whereas anthropology is interested in culturally determined inequalities), and each discipline has made distinct theoretical contributions to it leading to an array of approaches labeled as political economy. Secondly, although the critical academic discussions of tourism in the 1970s (e.g. de Kadt 1979 and Young 1973) and applications of dependency theory
(Britton 1989, Bryden 1973, Turner 1976) were influenced by political economy, there has not been a particularly strong tradition of applying political economy approaches to tourism (see Mosedale 2011a), leading Williams (2004: 62) to conclude in the previous edition of this companion book that “... fruitful theoretical developments in political economy have largely bypassed tourism”. Many tourism scholars perform research that could be considered as following a political economy approach yet they may not consider themselves to be ‘political economists’ and do political economy. This makes a truly comprehensive overview of the political economy literature in tourism difficult.

At a rudimentary level, political economy is concerned with the commodification of resources (material or symbolic) and the resulting accumulation and distribution of capital (not restricted merely to monetary gains, but including social and natural capital). The economy is embedded in historical, political, socio-cultural and geographical contexts as these influence the structures that organize accumulation and distribution. The emphasis placed on each of these factors differs depending on the disciplinary lens of the researcher and has resulted in different understandings of political economy. Of particular interest to political economy are the roles of structures (social, cultural, political, and economic) that guarantee the reproduction of the organization of production, commodification, distribution, exchange and consumption and how these structures sustain specific power constellations. The concept of power is thus central to political economy as its location determines who gains from capitalist production and who is disadvantaged (Bramwell and Meyer 2007, Coles and Church 2007, MacLeod and Carrier 2010). Bianchi (2002, 2011), for instance, raises the unequal power relations inherent in tourism production, in particular tensions between producers and labor. In a similar spirit, Hall (2011) maintains that class (understood in this as access to holidays and opportunities for mobility) still remains a divisive factor in the political economy of tourism.

Regulation theory is one of several approaches of political economy (see Mosedale 2011a) and examines the relationships between states, governance and society. A recent increase in tourism scholarship on governance offers the opportunity to revive regulation theory in tourism. The aims of this chapter are therefore three-fold: Firstly to provide an overview of the application of regulation theory to the study of tourism, secondly to illustrate that a shift from thinking about government to governance also requires a shift in methods employed in political economy, and thirdly to highlight future areas of enquiry that are currently under-researched in regulationist tourism research.
Tourism and regulation theory

Regulation theory is concerned with analyzing the combination of regime of accumulation - the organization and process of production and consumption - and the mode of regulation - the structures that stabilize the regime of accumulation and guarantee its reproduction (see Cornelissen 2005 and 2011). Much of the tourism literature on regulation to date has focused on the regime of accumulation and on the discussion whether the production and consumption of tourism has experienced a shift from Pre-Fordism (small-scale, artisanal production) to Fordism (mass production of an identical product and mass consumption via package tours – economies of scale), Postfordist (small-scale firms offering individually tailored packages focusing on niche products – economies of scope) and Neo-Fordist (adaptation of Fordist production to become more flexible and appear to be more individual - economies of both scale and scope) regime of accumulation (Ioannides and Debbage 1998). An analysis of the mode of production and consumption in the mass tourism resort of Cancun, Mexico by Torres (2002) demonstrates that the destination comprises features from various modes of productions: new individualized tourism products (e.g., ecotourism and heritage tourism) are offered alongside mass tourism products which have themselves been adapted to cater to different consumer tastes and niche markets. A shift in demand has led to greater diversity in tourism products and further niche market segmentation, therefore resulting in more consumer choice and flexible production (in terms of specialized packaging).

The mode of regulation consists of a collection of formal and informal norms, rules, codes, social practices and institutions which sustain the survival of the regime of accumulation by providing ground rules for economic behavior and for the resolution of conflict. The institutional approach to political economy is concerned with the institutional regime of the economy understood as the institutional environment and specific institutional arrangements. The institutional environment refers to informal structures such as social norms, conventions and customs as well as officially formalized laws and regulations (e.g. competition laws, labor and trade regulations, contract laws, property rights etc.). Institutional arrangement, in contrast, represents the specific configuration of organizations that are involved in regulation and have been the primary focus of tourism research to date, in particular the role of government institutions and public policy on tourism development (e.g., Church 2004, Hall 1994, Hall 1997, Hall and Jenkins 1995). It is indeed important to analyze the organization of institutions and the allocation of roles and responsibilities is important as it influences: “... the process which the policy agenda for tourism is shaped, the way in which tourism problems are defined and alternatives are considered and how choices are made and decisions and actions taken’ (Hall and Jenkins 1995: 19). Institutions play a key role in the configuration of social
processes and are thus responsible for the resulting structural and spatial characteristics of tourism (Britton 1991). However, it is important to analyze not just the institutional arrangement but the entire institutional regime or mode of regulation including more implicit norms, values and discourses.

Institutional political economy recognizes that the organization of capitalism is influenced by the relationship between the socio-political and cultural structures and institutions to create the economic landscape: ‘… economic activity is socially and institutionally situated: it cannot be explained by reference to atomistic individual motives alone, but has to be understood as enmeshed in wider structures of social, economic and political rules, procedures and conventions’ (Martin 2003: 79, original emphasis). Most of the institutional contributions that focus on tourism have concentrated on analyses of the institutional arrangement with very few studies incorporating the explicit institutional environment (e.g. Vail and Heldt 2000) and a dearth of literature on implicit rules and norms.

The most obvious contributions to institutional political economy have been place-specific analyses of political and economic contexts of tourism development mostly approached from a political science perspective. Such studies have been undertaken for Africa (Dieke 2000), Cambodia (Chheang 2008), Egypt (Richter and Steiner 2008), the Gambia (Dieke 1994), the Middle East (Hazbun 2004, 2008), Morocco (Scherle 2011), Syria (Gray 1997), Tunisia, (Poirier and Wright 1993, Hazbun 2007/2008) and Western Europe (Shaw and Williams 1998). These studies offer broad political-historical descriptions of tourism in a national - and sometimes regional - context often with a focus on economies, institutions, infrastructure, policies and plans. They demonstrate that political economies are path-dependent, they are dependent on prior political and economic decisions, institutional structures and social relations: “[tourism] attitudes are heavily influenced by ideas, values, perceptions and beliefs developed over time, and which are deeply embedded in the institutions of local government and are manifested through its structures and practices” (Dredge 2001: 357). Place-specific analyses provide contextual insights into particular local political economies and the importance of tourism to them, explain varieties in both tourism development and national political economies and provide a basis for more detailed, theoretical reflections, for instance on neoliberalism (Scherle 2011) or on the changing role of the state (Coles, Dinan, Hutchison 2012, Dredge 2001).
Comparative political economy takes this a step further and analyses the differences between national political economies (i.e. in terms of political ideologies, political and institutional organization) in order to evaluate the consequences of one particular political economy as opposed to another. Webster, Ivanov and Illum (2011), for instance, analyze the roles and organization of national tourism organizations of two (neo)liberal states (the USA and Canada), two social democratic states (Finland and Sweden) and two mercantilist states (Japan and South Korea) in order to determine whether and how the political ideology of a nation state is reflected in the organization of tourism institutions. The premise being that liberal states follow a free market approach with little state involvement, social democratic states ensure equal social and economic opportunities for their citizens and mercantilist states attend to matters affecting the economy. Their findings demonstrate that despite similar political ideologies the organization of tourism differs slightly amongst the states which could be attributed to different historical paths. This corresponds to findings by Vail and Heldt (2000) who provide a comparative analysis of the institutional environment (rather than the institutional arrangement as Webster, Ivanov and Illum (2011)) of Maine (US) and Dalarna (Sweden). In particular, they analyze labor legislation and participation in collective bargaining; land ownership and property/access rights and value-added taxes and recommend a middle way between the neoliberal institutional environment in Maine and the social-democratic tradition in Dalarna.

*Adapting Institutions: transformations and restructuring*

Institutional regimes are not static but adapt to internal and external changes. Of particular interest to regulationists are the temporal variations of relationships between the institutional environment and the institutional arrangements and their effects on tourism. By its nature, institutions are designed to provide the structural framework that guarantees the stability of economic exchange and thus enables social economic processes and activity over time and space. Institutions are ‘carriers of history’ (David 1994) that have evolved to adapt to different environmental conditions. Yet in a historical analysis of values held by local tourism institutions in New South Wales, Australia, Dredge (2001) demonstrates how the past affects relationships with the community and other state and federal government institutions. Although the legitimacy of local tourism institutions has changed in a legal sense, the overall institutional structures created by the colonial government in 1842 as well as by the general paternalistic attitude of the colonial administration towards local communities has resulted in a continued narrow interpretation of their remit in the present time: “… there are values, ideas and perceptions that have been embedded and
carried through time in institutional structures and practices” (Dredge 2001: 376-377). This demonstrates the influence of cultural processes on institutions as institutional knowledge, behaviors, norms and values are transferred between generations. Thus institutions usually “… evolve incrementally, connecting the past with the present and the future…” (North 1991: 97). It also highlights the path-dependent evolution of institutional structures as they are influenced by particular histories and their place-specific nature as relationships between actors, institutions and communities unfold in particular places.

How modes of regulation either adapt to environmental changes (internal or external) or how societies create new institutional regimes is of particular interest to regulationists. One such example is the transition from planned economies in state socialist countries of Central and Eastern Europe to market economies and democracy in the late 1990s and the role that tourism still plays in the transition period. Despite the limited tourism literature dealing with this phenomenon (Bramwell and Meyer 2007, Coles 2003, Hall 2004, Williams and Balàz 2000, Williams and Balàz 2002) it was an opportunity for institutional political economy to analyze a comprehensive change in the regime of accumulation, to study the problems associated with a relatively sudden shift in the regime of accumulation as experienced by the newly capitalist countries and to examine the creation and evolution of new modes of regulations to deal with these problems. These issues are highlighted by Williams and Balàz (2002) as they examine tourism in the early transition period of the former Czechoslovakia. Even though the regime of accumulation collapsed, the social relations and conflicts of the past remained and influenced the development of new modes of regulation (Williams and Balàz 2002). They conclude that the pace of transition has resulted in limited time for the social and political co-evolution of institutions and that the institutional arrangement will continue to evolve over time.

In contrast to Central and Eastern European states, the governments of Cuba and China are engineering a more gradual and controlled approach towards decentralization (Sharpley and Knight 2009, Yan and Bramwell 2009). How the governments of Cuba and China will attempt to reconcile a gradual shift in the regime of accumulation coupled with changes to the mode of regulation will make for fascinating research for regulationist political economists.

Changes in the relationship between government, economy and society have not been restricted to the transition from state socialism/planned economies to democracy-market economies. The role of the state in market economies has also been challenged and debated during the last decades (Dicken, 1994; Goodwin and Painter, 1996; MacLeod, 1999). The shift to Postfordism production and consumption (although contested as a comprehensive transformation) has resulted in an adaptation
of the mode of regulation as the Keynesian welfare state was not deemed fit to stabilize the relations between capital, government and labor. Due to the failure of Fordism to adequately address the increasing internationalization and interconnectedness of economies, which led to the internationalization of economic crises and the collapse of the welfare state, neoliberalism has widely been adopted as mode of regulation (Jessop 2002). This political theory argues for the primacy of the market to take advantage of comparative advantages without social or political interventions. The application of neoliberal theory has resulted first in a ‘roll-back’ of government as the economy was deregulated – freed of government intervention – and then a ‘roll-out’ of new institutional arrangements, so-called reregulation (Peck and Tickell 2002).

Desforges (2000: 184) offers an analysis of the ‘rolling back’ of the state in Peru as the newly-elected Fujimori government in 1990 implemented their version of the neoliberal project in response to an economic crisis in the 1980s and the ensuing “…maelstrom of political and economic chaos”. Cuts in state spending resulted in the withdrawal of the state from entrepreneurial activities in tourism, the national hotel chain was privatized, and the roles and responsibilities for tourism planning and development were re-organization within a streamlined institutional landscape. A similar situation is described by Clancy (1999) for Mexico, suggesting the contestation of certain roles and responsibilities of nation-states and the increasing decentralization of government (Yüksel, Bramwell and Yüksel 2005).

The restructuring of institutional arrangements (‘roll-out’ neoliberalism) is a dynamic political process that does not necessarily entail a transfer of power away from the national scale, but that leads to the (re)emergence of new or the reinforcing of old forms of governance in a different constellation of state and non-state regulatory organizations across spatial scales includes a rescaling of governance both vertically and horizontally (see Mosedale and Albrecht 2011 for a theoretical discussion of tourism regulation across spatial scales).

Not just the role of ‘the state’ but its composition has changed as new actors have emerged, creating new and complex and dynamic relations between capital, institutions and society. The multitude of actors engaged in the tourism policy process at various scales makes for a complex institutional landscape of national, regional and local state institutions, quangos, NGOs, public-private partnerships and elites: ‘Tourism is a diverse and at times chaotic policy arena . . . [with] numerous policy strands at a variety of geographical scales but without an overall strategic underpinning’ Church et al. (2000: 330). The role of the nation-state may no longer be to actively form policy and
thus to take an active part in the development of tourism but may instead retreat further to coordinate efforts amongst various actors, to ‘... play a central role in mediating the mechanics, ethos and outcomes of this [collaborative governance] process’ (Church et al. 2000: 332). Such a retreat of the state from policy-making raises questions about the democratic legitimacy within the collaborative process. Reregulation and decentralization may lead to increased democratization when decisions are made at more local scales and including a large variety of interest groups, but may at the same time lead to decisions being made outside of democratic processes when special interest groups seize the initiative in public-private partnerships (Yüksel, Bramwell and Yüksel 2005).

Theoretical and Methodological Reflections

Tourism policy and planning now occurs in a new landscape of governance incorporating state and non-state organizations at different scales this has clear implications for tourism research. The complex system of state and non-state actors requires an analysis that extends beyond the notions of government and institutions and needs to incorporate new forms of governance. Also, this view requires the understanding that institutions are embedded in in networks of social relations (Granovetter 1985). In order to fully understand the tourism policy and planning process, it becomes necessary to engage in an analysis of the relational networks in which institutions are embedded and which underpin decision-making processes (Bramwell and Meyer 2007, Dredge 2006). This view of the institutional arrangements as relational networks changes the unit of analysis from individuals, firms, institutions, nation-states etc. to the networks of which they are a part of. An analysis of relational networks therefore requires a deep understanding of the socio-spatial foundation of actors and institutions in order to portray the multiple forms of relationships that constitute the regulatory landscape (Dicken et al. 2001).

Inherent in such a socialised analysis is the consideration of asymmetries within and between social relations that may influence positions in the network: “... the task of a network methodology ... must be to identify the actors in these networks, their power and capacities, and the ways through which they exercise their power through association with networks of relationships” (Dicken et al., 2001: 93). This focus on the practices of individual actors needs to be combined with an analysis of structural power relations as prominent in radical political economy approaches. The network methodology needs to provide a structural perspective, but also needs to take social processes and meanings into account, in order to understand the complex relationships between structures and social relations that frame the production and consumption of tourism and regulates the distribution
of capital. Quantitative social network analysis has been used to identify the networks involved in the creation and formulation of tourism master plans (Pforr 2006) and these have been extended by Bramwell and Meyer (2007) to incorporate a qualitative aspect. Such a mixed methods approach allows political economists to gather structural relational data via mapping of the network as well as to examine the meanings of relational ties governance and thus give a more comprehensive understanding of the governance network.

This chapter has attempted to provide a brief overview of regulation theory in tourism research and will conclude with highlighting two key avenues for further research: a focus on the institutional environment and in particular implicit structures that influence our approach towards tourism development and the inclusion of tourism consumption as part of a regulational analysis of tourism.

To date, tourism scholars have mainly concentrated on understanding the changing institutional arrangements of tourism policy and planning and neglected the overarching institutional environment. Formal laws and regulations (property rights, labor laws etc.) have received some attention (Vail and Heldt 2000, Williams and Baláz 2002), but informal and implicit structures such as social norms, conventions, and customs have yet to be brought to the fore and their influence on the production, consumption and organization of tourism examined. Such an enquiry could draw on contributions in cultural (Jessop 2004) and poststructuralist political economy (Gibson-Graham 2006, Mosedale 2011b) which call for the addition of critical discourse analysis to political economy. Of course there are multiple discourses at any one time and there may be shifts in the acceptance or dominance of one particular discourse over others. Sudden crises are occasions where drastic shifts in discourse occur as shown in the example of tourism discourse during the 2008 economic crisis in Iceland (Jóhannesson and Huijbens 2010). Language is an important aspect of representing regimes of accumulation and modes of regulation and thus equally serves to reproduce dominant projects and the inequalities ingrained in these projects. Not only does a discursive analysis identify the discourse of hegemonic policy projects, it provides space for alternative imaginaries (Aitchison 2001). Critical discourse analysis would greatly contribute to the political economy of tourism by enhancing our understanding of the discursive strategies used to reproduce political projects and would provide opportunities for discussing alternative projects.

Similar to the neglect by tourism regulation theory of the implicit institutional structures that affect tourism policy-making, planning and development, regulationist research to date has mainly focused on production to the detriment of consumption. Changing demand has clear repercussions on
production systems and the organization of production as shown by Torres (2002) in the case of Cancun, but the consequences of consumption practices and choices on the organization of production are underrepresented in contrast to studies of production processes. Market societies provide consumers with certain ‘freedoms’ of consumption: “The simple fact that demand is required before profit can be made, places enormous economic power in consumers’ hands” (Hartwick, 2000: 1184). Invoking this agency to choose ethical consumption influences production processes and their organisation, as ethical consumption practices such as alternative forms of tourism are increasing (Miller, 2003 and Butcher, 2008).

Yet, consumption in itself is of interest as social differentiations no longer seem to be based on production and social class but on cultural status (Mavroudeas 2002) with its emphasis on what is consumed, and how it is consumed. Tourism consumption plays a key role in creating social differences (Hall 2011) and political economists should further engage with the divisive aspect of tourism consumption (in particular in times of crisis).

As discussed, a socio-cultural understanding of regulation that includes consumption is necessary in order to appreciate the complexities of tourism regulation. Research on ethnic food and fashion (Cook and Crang, 1996; Jackson, 1999), for instance, have challenged globalization theories of cultural homogenization, global culture theory or McDonaldization theory (Ritzer, 2000) and demonstrated that consumers actively shape their personal relationship and interaction with goods and thus create their own meanings for commodities (Ateljevic and Doorne 2003).

In order to integrate consumption and production processes, it is therefore necessary to combine a political economy approach (to unravel the complex system of economic actions and regulation) and a cultural approach (to understand the meaning attached to goods and services at different times, places and phases of consumption and production) in order to connect “… two utterly unequal and contrasting real spaces: the world of consumption and the world of production” (Hartwick, 2000: 1182).

The link between tourism production and consumption remains murky. The upcoming challenge for political economy in general and regulation theory in particular is to find ways to include consumption and thus close the gap between the ‘two worlds’.

References


