

Political turbulence and business as usual: tourism's future

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Abstract

Purpose – *The purpose of this paper is to discuss the political turbulence of the times and discuss how political movements and political events that appear to be shocking to many are linked with major transformations in the global economy in recent decades. The author shows how the political and economic situation will likely have little impact on tourism inflows in major developed countries in coming years.*

Design/methodology/approach – *The paper explores global changes since the end of the Cold War and how this has impacted upon potential tourists in tourist source markets and host destinations. It is a global analysis, exploring changes since the Cold War.*

Findings – *Western countries will continue to experience all sorts of political and social turbulence for the foreseeable future, as their populations become increasingly bifurcated in terms of their wealth and the fiat currency system and fractional reserve system of banking reaches the limits of what it is capable of. However, this does not necessarily mean that tourists will be deterred from travelling to developed countries, as long as the developed countries shield visitors from social upheaval and politically unpleasant events such as strikes, riots, and demonstrations.*

Practical implications – *The practical implications are that managers in the tourism industry should become increasingly aware of the widening gap between the rich and poor in developed countries and prepare for the political and social shocks of dealing with this phenomenon. The phenomenon will have political expression in political movements that will pay lip service to populist demands but will also have expression in disappointed populations that will take part in social unrest of all sorts. Managers should prepare for various expressions of unrest in developed countries that had not been so widespread, including strikes, demonstrations, and riots.*

Originality/value – *This paper discusses the ascendancy of Donald Trump to the US Presidency and the increasing visibility of other political nonconformist movements in western countries as a possible threat to tourism in developed countries. It links the changing political and social reality of citizens since the end of the Cold War to the future role that developed countries will play in the tourism industry, largely as hosts to the world's affluent class created by globalization.*

Keywords *Economics, Politics, Policy, Globalization*

Paper type *Viewpoint*

In the past few years, there has been more than just a little political and economic turbulence in the international system and within national systems. Just a few years ago (2008), the financial system in the USA suffered a major blow and the USA has not yet fully recovered from this. In addition, the euro and the financial issues linked with it have led to numerous different disruptions financially in Europe, especially in the Eurozone members in the south of Europe. I feel compelled to write about the political turbulence in the West, as I am a US national and a European who also happens to be a trained political scientist, putting me in a unique position in which I can put the changes of Europe and the USA into some sort of meaningful political perspective.

The financial turbulence in different countries has also led to substantial political turbulence. One of the recent political reactions has been that the UK has decided by referendum to leave the European Union (EU), something the pollsters and pro-Europeans have been shocked by. There is also the rise of various right-wing and left-wing political parties/movements in Europe and in other developed countries. Added to this is the strange and meteoric rise of Donald Trump to the presidency in the USA. Had a person gone to bed in 2013 and woken up in 2016, she or

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he would likely be shocked to learn that the billionaire reality TV show star had moved from a popular TV show to the greatest reality show gig in the world, the Oval Office.

As strange as the politics seem to have gotten in Europe and other developed countries, it seems to stem from a shift based upon economic changes, some of which some societies have had a hard time adjusting to. While much of global production has shifted to Asia, there is a substantial aging population in already developed countries who are consuming goods and services and have an expectation for a particular standard of living. The global political stability of the Cold War period has been replaced in recent decades with the uncertainties that a highly financialized economic system based upon a fractional reserve system and easy credit. The pressures that politicians are facing now, more than ever, are reactions to a financial and economic system that is increasingly out of their control.

These crises and other economic changes over recent decades has been substantial and have had considerable implications for people in the West. In Europe, the welfare state has largely shielded the population from the worst of the negative economic aspects of the shifting of the economy to a globalized one. Europeans may have experienced budgetary problems in terms of funding their welfare states, with countries that have had political leadership that has led to different choices. For example, in the UK, privatization since the Thatcher years has been substantial; what is most noteworthy and spoken about in my circles is the increase in university fees. Even in social democratic Denmark, private hospitals have appeared in recent years. Privatization is the general trend and this creates opportunities for some, especially those who have access to money or credit.

In the USA, the welfare state is based less on a statist model and is much less comprehensive than it is for citizens in other developed countries – meaning that US citizens do not enjoy maternity leave rights and that only certain classes of citizens enjoy free or highly subsidized medical care, university education, dental care, or other benefits such as housing. Those classes that enjoy some of the best benefits of the welfare state in the USA are military personnel, prisoners, and retired persons. Unlike other developed countries, the residents of the USA are at risk of losing their homes in the event that they are stricken with a disease such as cancer, even if they have health insurance. So while the welfare state has been undermined in most western countries by the new economic realities, the USA's population is especially under threat since its welfare state is the least comprehensive of all western ones, leading to a substantial class of people left out from whatever economic development is occurring. Many are in high risk/fragile situations and there is very little safety net for them.

The general shift in economics and politics following the Cold War has been toward globalized economies, meaning that production has largely been shifted to Asia. While many Asian countries have gone through substantial development, much of the West has stagnated. One additional factor that has assisted in creating the economic doldrums and political and social tensions is the factor of aging populations and generational conflict. Entitlements for the old are substantial in the West. Alone in the USA, entitlements for the elderly (subsidized medical care and pensions) are massive, accounting for about 60 percent of federal spending, according to the National Priorities Project. In comparison, federal spending on education (an investment in the young) is around 3 percent of federal spending. The USA is not alone, the entitlements for the elderly undermines the opportunities and living standards of the young in the West. However, the situation is probably the worst in the USA, relative to other countries. A large chunk of discretionary spending goes to fund a very expensive military machine, ensuring the USA's global reach and ability to fight two wars simultaneously, an important part of US military strategy.

Since being young comes at a high cost in the West, it is understandable that there is slow population growth. Solutions to slow population growth are the importation of labor from countries with labor to spare or creating opportunities for robotized economies. The importation of labor from other countries will invariably lead to social tensions as foreign people bring with them foreign cultures. The need of western economies to import labor and the social baggage brought by the imported labor has caused some resistance to imported values. More specifically, it seems that some societies cannot absorb foreign cultures as well as others. One indicator of that is that large numbers of Muslims from Belgium, Sweden, and Denmark are estimated to join the ranks of ISIS fighters while very few of those fighters were born in the USA, according to Radio Free Europe/Radio Liberty, suggesting that some European countries are not able to assimilate native born Muslims into their sense of nationality as well as others.

The political shocks in response to various crises in recent years has hit populations hard. From my position, sitting in a university in the USA, the election of Donald Trump as president has been met with all sorts of reactions that I do not remember happening before. On the campus, the Counselling Center has been inundated with students who are suffering from anxiety from the event. Some report that they have a hard time motivating students, as students are depressed and concerned about their futures. In the news, there is a flurry of small-scale hate crimes, such as spray painting swastikas or anti-gay graffiti. These responses show that the results of the election are shocking for many and causing anxiety and unexpected social outcomes that did not occur following more garden variety elections. Sometimes the reactions are even humorous, such as that the Canadian immigration authorities' website became overwhelmed with traffic when Americans went online to look at emigration as an option once it became clear who won the presidential election in the USA.

Since the end of the Cold War and even before the end of the Cold War, there have been economic and demographic changes that have had a deep impact upon the western countries. The old way of doing things has ended. Things that had been programmed, stable, and predictable no longer work. Much manufacturing has moved to Asia, the welfare state has been eroded, imported populations are not always easily assimilated, inequality in wealth widens, and the older generation dominates the financial demands upon countries. The embracing of globalization and the development of economies in Asia has been a key cause of this, although some social changes such as the resistance of populations to having children and coincidental medical oddities, for example the inability of many to bear children, have also played a key role in the economic turbulence that has been a root cause for the political turbulence.

So, while the economic system has changed and we are living through a time in which political turbulence will be commonplace, we have a few political and economic drivers that will continue to play a role in shaping the environment in which global tourism takes place. The major drivers into the future are the reduction of power of the USA in the international arena, the continued rise of the BRICS and other non-western countries, the continuation of instability of countries and their borders, and the continued rise of the liberal world order.

In the foreseeable future, the USA will continue to be largely fixated upon its internal issues and will have less power and resources to exert military and political solutions outside of North America. There are many reasons why the USA is so internally fixated. There are economic woes, generational divisions, ideological divisions, and an internal cultural divide that has the US population divided between "the United States of Canada" and "Jesusland," a cultural division that is quite visible and obvious when a person travels inside of the country. The division between the secular population with some progressive/social democratic ideological elements stands in contrast with the deeply conservative and religious elements in the society. While the USA's military escapades abroad are noteworthy and its military the recipient of massive funding relative to the militaries in other parts of the world, internal needs (pensions, housing, and healthcare for the elderly and services for veterans) will continue to be things that will clash with military spending aspirations. Eventually, the long-discussed imperial overstretch will kick in, causing an abandonment of the obsessive funding of massive military budgets. The alternative is the creation of an economy that will resemble more the economy of North Korea, with all possible resources invested into the military rather than being used on social spending/consumption. It is really a question of how well the political establishment can react to balance the needs/demands of the population and the demands of the military industrial complex.

The rise of the rest of the world is largely unstoppable. It is unimaginable that the development that has occurred in Asia will reverse itself in the near future. While all countries on the rise have problems, weaknesses, and limits, their economic development and social changes that come with it will likely continue, although with occasional hiccups. While the West was the first to benefit from development, many non-western countries have caught up and will continue to catch up.

Another continuing thing that can be expected is the continuation of the liberal order. While politicians all over the world may wish to return to a world in which they hold significant control over their borders, returning to that will be difficult. Politicians will find that it is easier to give up sovereignty than to get it back. In the financialized international liberal economy, taking control of economies will be hard. It is the proverbial condition in which politicians will try to put the toothpaste back into the tube. While Donald Trump speaks about rejecting additional liberal trade agreements and renegotiating NAFTA, it is foolish to think that the political institutions,

corporations, and public will go back to pre-NAFTA trade relations. Likewise, the British exit from the EU does not necessarily mean that everything will change in terms of trade relations between the EU and the UK. Transnational corporations continue to hold significant power and wealth and seizing their wealth and power will be a very hard thing for governments to do.

What all this means for the future of tourism is that while the political changes and developments that appears to be turbulent will continue, tourism will continue in directions and in quantities that fluctuate. The West (Australia, New Zealand, USA, Canada, and Western Europe) hold a great deal of interest to international tourists and will not for the foreseeable future have such massive disruptions on the streets that tourists will be dissuaded from visiting them. As long as protests are localized and generally peaceful, it is unlikely to make a major impact upon tourism flows. Tourists are not necessarily put off by political nor economic crisis, as the high numbers of tourist arrivals to Greece and Cyprus in the past two years testify to.

The difference will be who will be the tourist. The future tourists will be from the fortunate few who hold wealth. This global class of international tourist will be composed of westerners and non-western. The good news is that the tourism industry will continue to grow in the West, as long as the political leadership maintains European castles, chateaus, and picturesque landscapes. The USA, Canada, New Zealand, and Australia may not have as many obvious and physical reminders of their rich cultural history. So what is critical for these “new world” countries is the preservation of landscapes and, more generally, the preservation of an environment that tourists will feel welcome in. In general, the West has a great deal of attractions from the built environment and natural environment, they just have to remain maintained and attractive. In addition, a general environment in which tourists feel welcome has to be maintained, some of this will entail expenditures in infrastructure and some of this will entail security precautions.

Such preservation is not so obvious. Far after Second World War was over, the Soviets dynamited Königsberg Castle, something had been in Königsberg/Kaliningrad since the thirteenth century. The political will to destroy German cultural remnants led the Soviets to destroy a rich piece of history that could have been exploited for tourism purposes. There has been a great deal of history that has been intentionally destroyed or allowed to wither away, making it impossible to exploit for its tourism potential. Saving heritage whether part of the built environment (castles, bridges, statues, etc.) or part of the natural environment (beaches, national parks, forests, etc.) is critical to retaining tourism flows. However, it is also a necessary precondition that the tourist locations are generally shielded from the political chaos that may be occurring in the country. Greece is a good example, selling its beach vacations while downtown Athens experiences frequent political turbulence from strikes and demonstrations in reaction to externally imposed austerity measures. Tourists are unlikely to care too much about the clashes and teargas used in cities, if they are vacationing on the beach.

While many may lament the politically strange environment that we are living in the West, we should remain wary of looking at the superficial elements that make the political reality look strange. The underlying elements of the reduction of the USA's ability to manage the world's economy and political processes, the inability of governments to control transnational corporations and their vast wealth and power, and the collapse of middle-class comfort in the West will continue to be root causes of the political and social changes we will see in the future. In addition, it seems that the use of fiat currencies and fractional reserve method of creating money out of thin air will remain increasingly understood as financial ideas that have caused instabilities. While westerners may be generally poorer and live with a bit more social and political flux in the future, the international tourist will likely continue to look upon their countries as pleasant places to visit, as long as the tourist is shown pleasant scenery and is well-shielded from whatever political and social tumult is in the host country.

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