

Cities or Amusement Parks?

Undoubtedly, the modern globalisation process is one of the main causes in social, cultural, economic and political recent changes observed in many nations worldwide. In this globalised context, Thomas Piketty's book "Le capital au XXI^e siècle" put the focus on income inequality and, since it got published, reducing it has been on the global agenda¹. For instance, a wealth tax has been proposed by many in the academia and have been introduced in the US 2020 Democratic Party presidential primaries debates by the hand of Bernie Sanders and Elizabeth Warren.

The Serbian-American economist Branko Milanović has worked as well extensively on income distribution and inequality². In its book "Global inequality: A New Approach for the Age of Globalization", he distinguishes between two types of inequality: inequality within countries and global inequality between countries.

¹ Emmanuel Saez and Gabriel Zucman have worked on tax heaven and are publishing in October 2019 a book about it, "The triumph of injustice, how the rich dodge taxes and how to make them pay". Thomas Piketty has extended his previous work in a new book "Capital et idéologie".

² Branko Milanović has published in September 2019 his last book on inequality, "Capitalism alone, the future of the system that rules the world".

On the one hand, increased national inequality and how to fight it has been one of the reasons of political turmoil in many developed countries. On the other hand, inequality between countries has been going down for the last decades, led especially by China and India fast-growth. This economic development has lifted hundreds of millions of people out of poverty, resulting in the emerging of a rapid expanding world middle-class and a booming of global tourism demand driven by the purchasing power of this new far-reaching group and by the technological advances that have also led to cheaper airfares.

As shown in figure 1, international tourist arrivals have increased from 385 million in 1988 to 1400 million in 2018, expanding more than 3.5 times in the last three decades and with an acceleration after the global financial crisis which had eventually broke the foregoing trend. In case of being interested on the future of the global tourism, OECD publication, “OECD Tourism Trends and Policies 2018”, evaluates the megatrends that will shape the future of tourism and focuses on four that are identified as the most likely to transform the tourism sector: i) evolving visitor demand; ii) sustainable tourism growth; iii) enabling technologies; and iv) travel mobility.

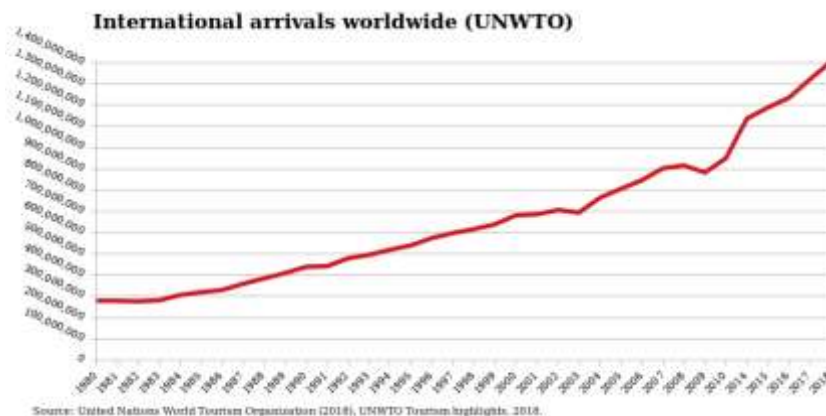


Figure 1.
World
international
visitor arrivals
(1980-2018)

The impact of this unstoppable rise of global tourism on the local communities can already be appreciated in many places and, in the worst cases, even have changed the lifestyle of their inhabitants. Recently, controversy has arisen over the uncontrolled mass tourism which causes environmental damage and puts pressure on the local resources. Moreover, touristic massification can damage cultural heritage, produce a loss of identity, social exclusion and lead to the depopulation of gentrified areas.

The impact of urban tourism on local communities has also been intensified lately by short-term rental platforms like Airbnb. For instance, a recent study³ in University of Barcelona has examined if Airbnb arrival and expansion in the city of Barcelona had an effect on housing rents and prices, finding that the impact in neighborhoods with high Airbnb activity is substantial, estimating a 7% increase of rents and a 19% in transaction prices. As a consequence of these phenomena, local administrations are applying a range of regulatory measures and designing policies that aim to limit the size of the short-term rental market.

Despite that, tourism has huge positive impacts on employment, infrastructure development, conservation of cultural heritage, etc. A consensus must be found among policy-makers to subordinate tourism policies to the long-run needs of local communities and to the conservation of cultural sites, avoiding short-term interest and partisan politics.

³ M.A. Garcia-López, J. Jofre-Monseny, R. Martínez Mazza, M. Segú, “Do short-term rental platforms affect housing markets? Evidence from Airbnb in Barcelona.”. UB Working paper (2019)

However, implementing standing sustainable tourism policies might prove to be a challenge in many Mediterranean countries, where the touristic sector makes up a large percentage of their economies and unemployment has been structurally high.

In fact, the Mediterranean is one of the most visited regions worldwide and its international arrivals has been steadily increasing as is shown in Figure 2. It can be appreciated how southern European tourism has surged over these last years boosted by the recovery of the global economy after the financial crisis and visitors choosing it at the expense of other Mediterranean destinations where social unrest has been a concern lately. Nevertheless, Northern Africa and Middle East Mediterranean destinations are expected to grow in the future as alternative cheaper destinations in the region.

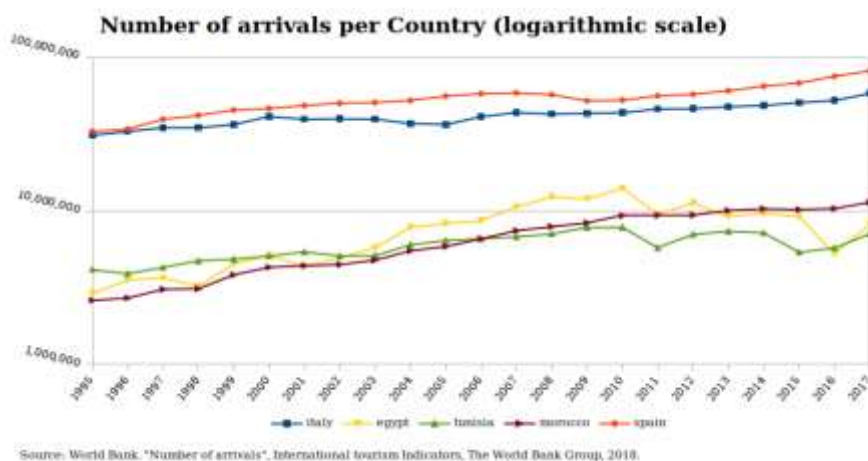


Figure 2. Evolution of international visitors arrivals to several Mediterranean Countries (1995-2017)

To conclude, all actors should take action and get involved in the design of sustainable tourism policies as developing a responsible tourism sector will have many positive effects for the local economies, conservation of cultural heritage and benefits from intercultural exchange. These policies have to be developed and implemented at several levels and local administrations should be allowed and encouraged, given the needed means by national governments or supranational institutions, to act when necessarily to prevent cities of becoming amusement parks.

