The role of crises in the production, destruction and restructuring of tourist spaces. The case of the Balearic Islands

Ivan Murray Mas
ivan.murray@uib.cat
Universitat de les Illes Balears. España

Ismael Yrigoy Cadena
ismael.yrigoy@kultgeog.uu.se
University of Uppsala. Suecia

Macià Blázquez-Salom
mblazquez@uib.cat
Universitat de les Illes Balears. España

ABSTRACT

The outbreak of the Great Crisis in 2008 has awakened the interest in the role of crisis within social sciences. Nevertheless, broadly speaking, tourism studies have given very little attention to the moments of crisis. In the case of the Balearic Islands, while there are important works on the historical evolution of the tourist space, those tend to consider crises as blank moments. For this reason, this article focuses on the role played by crises in the production of the Balearics’ space, by analyzing both moments of destruction and restructuring of the political economy. From the understanding of the different crises, from the Civil War to the present, we can conclude that the booms of the Balearic Islands are the indisputable fruit of those crises.

Keywords: crisis; capitalism; political economy of tourism; Balearic Islands.
El papel de las crisis en la producción, destrucción y reestructuración de los espacios turísticos. El caso de las Islas Baleares

RESUMEN

El estallido de la Gran Crisis en 2008 ha despertado la reflexión sobre las crisis en el seno de las ciencias sociales. Sin embargo, los estudios turísticos han prestado mayoritariamente poca atención a los momentos de crisis. Pese a que en el caso de las Islas Baleares hay importantes trabajos sobre la evolución histórica del espacio turístico, en estos las crisis suelen considerarse como momentos en blanco. Por ello, este artículo se centra en el papel que las crisis han jugado en la producción del espacio balear, analizando tanto los momentos de destrucción como los de reestructuración de la economía política. A partir de la comprensión de las diferentes crisis, desde la Guerra Civil hasta la actual, se concluye que los booms turísticos baleares son fruto indiscutible de aquellas crisis.

Palabras clave: crisis; capitalismo; economía política del turismo; Islas Baleares.

I. INTRODUCTION

In 2012, despite the persistence of the Great Financial Crisis, the UNWTO celebrated that international tourism reached one billion visitors for the first time in history (UNWTO, 2015). The same year, world travel services were the fourth largest export activity accounting 5.2% of global exports (UNCTAD, 2015). Within this context of relative strength of tourism, lobbies have been very active in manufacturing a soft image of this industry (Becker, 2013), up to the point that tourism has been advocated as a ‘global fix’ to the crisis (UNEP/UNWTO, 2012). In this respect, Taleb Rifai, UNWTO Secretary-General, stated that tourism ‘has shown its capacity to adjust to the changing market conditions and is thus one of the pillars that should be supported by governments around the world as part of the solution to stimulating economic growth’ (UNWTO, 2014). In Spain, one of the most important tourist destinations worldwide and one of the most affected by the crisis, tourism has been promoted as a major solution to the crisis (Cuadrado & López, 2014).

The Great Financial Crisis has fueled the everlasting debate on the roots and theories of crisis formation (Harvey, 2014, Holgersen, 2015, Subasat, 2016). While neoclassical approaches identify crisis with momentary market failures that should be solved (i.e. eliminate barriers to capital), critical approaches understand capitalism as a crisis-prone system where crises arise from inner contradictions of capital (Harvey, 2014). Regarding to the theory of crisis formation, two main interpretations can be underlined. On the one hand, David Harvey has largely developed the overaccumulation and overproduction-realization thesis and the role of the built environment and the credit system as ‘spatio-temporal fixes’ (Harvey, 2006a, Harvey, 2016). On the other, the tendency of the rate of profit to fall thesis builds on the fact that capitalist competitive search for surplus drives towards a situation when the rate of profit falls (Roberts, 2016). Despite the large debate among scholars on the validity of the crises formation thesis, it could be argued that both thesis instead of being excluding, mutually reinforce. In any case, crises are violent moments of destruction (of value), where contradictions are temporarily solved and conditions for capital circulation
and accumulation renewed. Indeed, the solutions to one crisis contain the seeds for future crises (Harvey, 2014).

While crisis theory has been a central concern in human geography (Albertos & Sánchez, 2014, Holgersen, 2015), the empirical operationalization of this topic remains almost unexplored in the field of tourism studies (Coles, 2013), although that the debate about how tourism and tourism spaces ‘change’ is nothing but new. In fact, some of the token articles of tourism geography in last decades have dealt with this issue. Butler’s (1980) TALC (Tourist Area Life Cycle), Agarwal’s (2002) ‘restructuring thesis’, or Brouder and Eriksson’s (2013) ‘evolutionary tourism geography’ are theoretical advances in the explanation of the shifts within tourism industry and spaces. However, many of those advances depart from the TALC (Tourist Area Life Cycle) model as the main theoretical basis for the analysis of the evolution of tourist resorts. While these theorizations are inspired by Schumpeterian ideas of ‘innovation’ and Rostow’s conceptualization of the stages of economic growth, their explanations do not focus on how crisis moments unleash processes of ‘creative destruction’ that are key to understand the expansionary moments of tourism and tourism urbanization.

Ritchie et al. (2014) state that most of tourism literature dealing with the topic of crisis considered them as exogenous events. Accordingly, a first group of tourism literature dealing with crisis and tourism focuses on disaster events, reclaiming better planning for avoiding disasters’ impacts on the tourism industry (Hall, 2013). Then, a second group is grounded on neoclassical theory and analyzes the impacts of crisis on tourism demand, while models future scenarios aiming the recovery of tourism economic growth (Papatheodorou et al., 2010, Smeral, 2010, Song et al., 2011). Within this context, it should be highlighted the empirical analysis of the impacts of crises on Spanish tourism from a long-term perspective (Perles Ribes et al., 2016).

A plausible explanation to understand the lack of radical analysis on crisis and tourism might be due to the abandonment of critical approaches within tourism studies. Hall (2010) highlights how the critical dimension diminished with the academization of tourism studies and the neoliberalization of academia, being most of the contributions essentially descriptive with an uncritical ‘problem-solving’ orientation. Moreover, many critical inquiries follow post-structural theories, whereas the political economy of tourism has received much less attention (Bianchi, 2009, Mosedale, 2011).

It is precisely in this context of economic crisis deeply shaping tourism future when Britton (1991, p. 452) explicit appeal to develop “a more rigorous core of theory in order to conceptualize fully its role in capitalist accumulation, its economic dynamics, and its role in creating the materiality and social meaning of places” becomes even more urgent. Following Hall (2013, p. 25) a research agenda to grasp the nexus tourism-crisis “requires taking neoliberal capitalism from the background of tourism and making its interrogation essential to understanding contemporary tourism and its contribution and response to crisis”.

In this regard, as the current crisis has violently impacted Spanish society, Spanish geographers have examined it within economic geography (Albertos & Sánchez, 2014), urban geography (Lois et al., 2016), or tourism geography (Vera et al., 2012).
The aim of this paper is to grasp, from the critical social theory approach, the importance of the moments of capitalist crisis to understand the subsequent processes of production and/or restructuring of tourism capital and tourism space in Spain, and particularly in the Balearic Islands. This perspective considers crisis as inherent elements of capitalism, utilized as opportunities for spatio-temporal fixes of overaccumulated capital and to apply counter tendencies in order to restore the rate of profit. In this regard, despite of considering crises only as moments where tourist demand and macroeconomic indicators fall, as a halt in the political economic history of tourism, we scrutinize this moments with their contradictory dynamics. The political economic arrangements deployed during crisis periods are crucial for preparing the ground for future accumulation rounds. Therefore, instead of moments of passivity and depression they are moments of turbulent activity and social conflict (Klein, 2007). Moreover, from the analysis of those fixes to crises we can detect the potential elements of future crises.

This paper precisely attempts to critically inquire those moments and detect the construction of those logics that would be the driving forces of the so-called tourism booms (Rullan, 1998). Following a historical-geographical materialism and political economy approach, the paper analyzes the impact of three periods of crisis on the production of the tourist space of the Balearic Islands: first, the Civil War and the Second World War shock, before the years of economic expansion (desarrollismo); second, the crisis of the seventies and the long restructuring during the eighties and the neoliberal revolution; and finally, the current Great Financial Crisis (figure 1). Unpublished calculations of socioeconomic indicators and their interpretation are provided for each phase. The role of crises in producing and restructuring tourist space is constructed according to case-study methodology following heterodox theoretical backgrounds such as political economy and historical-geographical materialism (Clifford et al., 2016). Thus, this paper aims to open up multiple research lines, being a starting point to future inquiries on the issue.
Figure 1. Growth and crisis (grey areas) in the Balearic Islands, 1936-2015


II. FROM THE ‘YEARS OF HUNGER’ TO THE ‘TOURIST MIRACLE’

2.1. Francoist political economy: from autarky to liberalism

The troubled thirties were characterized by the ascent of fascism in Europe and Spain. “Francoism”, the authoritarian regime led by the dictator Francisco Franco (1939-1975), has been defined a class project led by Spanish elites against popular classes (Sánchez-Recio & Tascón, 2003). While Franco expected to be part of the winning block, the defeat of the fascist block in the Second World War supposed a radical shift of Franco’s plans. After the end of the Second World War, Spain faced a long period of isolation with a partial blockade from the advanced capitalist countries. Moreover, the decision of Francoist authorities to implement an autarkic economic program created a long depression (Barciela, 2013, Viñas et al. 1979). Whereas, popular classes called that period the ‘years of hunger’ due to basic goods scarcity, the capitalist class reinforced its privileges and some made vast profits (e.g. smugglers like Joan March) (Barciela, 2013, Ferrer, 2008, Sánchez-Recio & Tascón, 2003).

In that context, the Balearic Islands was one of the Spanish regions that suffered harder the effects of the autarkic crisis. The archipelago’s economy, which was specialized in agriculture and light industry addressed towards external markets (Cela-Conde, 1979), experienced a momentary boom during the Civil War, because it was one of the main...
industrial sites of the fascists. But, the economy collapsed with the end of the war and the restoration of industrial activity in the mainland where most industrial regions were under Republican command. Repression and depression had fatal effects on popular classes (Ginard, 2002).

In the late forties, the socioeconomic downturn was so terrific that social unrest against Francoism became a real threat for the regime survival. It was precisely in that moment when the capitalist block started and extended the relations with Franco’s regime. The establishment of new institutional arrangements responded to multiple interests. On the one hand, the US forced the advanced capitalist countries and multilateral institutions to accept Franco’s Dictatorship in the context of the Cold War, considering Spain an ally against communism. On the other, Franco changed the government with the incorporation of technocrats and replaced the autarkic program by a liberal one dictated by international institutions (e.g. IMF, OECE, WB) in order to boost economic growth of the particular Spanish Fordism (Garcés, 2008, Viñas, 2003).

That change in the Spanish political economy peaked with the adoption of the 1959 Stabilization and Liberalization Plan that implied drastic reforms (e.g. monetary, commercial, industrial, labor, etc.) to open Spain to international markets and foreign capitals (Viñas et al., 1979). This plan could be defined as a trial of the subsequent neoliberal adjustment programs. The peculiarities of the first Francoism favored the implementation of the Fordist regime, particularly the devaluation and disciplining of the workforce. Nonetheless, those reforms enabled the expansion of mass consumption with the political effect of reducing at a certain point the anti-Francoist resistance (Babiano, 1993).

2.2. Centrality of tourism in the “Spanish Miracle”

Even if tourist flows started to blossom in the second half of the forties both in Spain and the Balearic region, tourism was not a core political economy in Franco’s project (Esteve & Fuentes, 2000, Buades, 2004). Nonetheless, the adoption of the Liberalization agenda implied the reinforcement of foreign trade and tourism became crucial for the rapid entrance of foreign currency and capitals. Therefore, tourism far from a ‘peaceful invasion’ (Pack, 2006), was essential for sustaining economically the dictatorship, as Manuel Fraga stated, ‘Tourism was our Marshall Plan’ (Fraga, 1962). In fact, migrant remittances and tourist expenditure played a key role in the balance of payments since Spain had a commercial deficit, particularly due to imports of oil and machinery (Murray, 2015).

The new territorial division of labor followed the requirements of the adjustment program that resulted in an increasing concentration of industrial activities and population in the main Spanish metropolitan areas, and tourism specialization of the archipelagos and other coastal peripheral areas. Their growth implied a radical social transformation of the rural Spain and the urban explosion (Fernández-Durán, 2002).

2.3. The production of the Balearic Islands as a tourist space

Following Moore (2015), it could be argued that the boost of the accumulation process is founded on the restoration of the Four Cheap Natures—labor, food, energy, and raw materials—and the expansion of the commodity frontier with the appropriation of new spaces. In that context, coastal peripheral areas played a key role as tourist production
The role of crises in the production, destruction and restructuring of tourist spaces. The case of the Balearic Islands

spaces. According to Fraga (1962), the key for attracting hordes of tourists was to offer cheap services to foreigners, which meant cheap (or unpaid) human and non-human natures. This process was fully supported by multilateral organizations. The IBRD recommended the intensification of Spanish pre-war tourist resorts. And, the Balearics, particularly Mallorca and Ibiza (Buades, 2004, Cirer, 2004), became one of the major European destinations (IBRD, 1962, Murray, 2012).

The case of tourist islands can be conceptualized as a paramount case of monopoly rent, taking profit from the economies of place related to the insular condition (Harvey, 2002, Clark, 2009). The production of space under capitalism presents contradictory tendencies towards geographical differentiation and equalization (Smith, 2010), and the Balearics presented extraordinary social conditions for the accumulation of capital such as cheap labor and sunny beaches at a very low cost. In order to facilitate tourist production, Francoist authorities prepared the conditions for accumulation with the construction of essential infrastructures: international airports, terrestrial transport network and power plants (Buades, 2004, Blázquez & Murray, 2010).

In addition to those policies that sought the Spanish integration into the capitalist world, spatial regulations were adapted to boost tourism with the approval of several acts: Land Act (1956), Act of Centers and Zones of Tourist Interest (1963), and the Coastal Act (1969) (Cals, 1974, Esteve & Fuentes, 2000, Torres, 2010). Local developers enjoyed the benefits of those regulations and paid themselves municipal planning, deciding the locations of future tourist and urban developments (Rullan, 1999).

In the sixties, the Bay of Palma became the main tourist zone, particularly the Playa de Palma because it was located in one of the largest sand beaches, the closest to the airport (Pons et al., 2014). The rest of the archipelago was incorporated into the tourist circuit too, being particularly intensive in Ibiza (Ramón-Fajarnes, 2001), whereas Menorca remained less touristized since capital accumulation coalesced around agribusiness and light industry (Farré et al., 1977).

The rhythm of hotel construction speeded up in the late sixties and early seventies (table 1) and by 1973 the Balearics were the main Spanish region in terms of tourist accommodation capacity (28% of all beds) (Esteve & Fuentes, 2000). A common spatial feature was that most tourism capital was extremely concentrated in little coastal resorts, being that initially crucial for increasing profits due to the economies of agglomeration (Pons et al., 2014).

Most of hotels were built in a very short span of time financed by International Tour Operators who channeled tourist flows with package holidays (Bray & Raitz, 2001, Gaviria, 1974, Picornell, 1978). Nonetheless, the switch from agrarian, industrial or smuggling capitals to the promising tourism industry was quite relevant too (Murray, 2012, Yrigoy, 2015).

On the other hand, cheap oil plus the post-war social agreements of the Welfare State (e.g. paid holidays) paved the way for the fast growth of tourism, with a spectacular increase of tourist arrivals in the Balearics (Table 1). Moreover, according to Fraga (1962), the offer of cheap services to foreigners was fundamental for attracting hordes of tourists. Tour Operators were not interested in the ownership of hotels, but they pressed to frozen
tourist bed prices and therefore secure their high returns. This is to say, they focused their strategy on controlling the circulation of capital, characterized by high turnover, instead of the property of fixed capital.

Table 1 presents the rapid increase of tourist beds in a very short span of time. That growth responded to early symptoms of the Fordist crisis in the core European countries. Accordingly, overaccumulated European capitals seeking for high profit investments financed that boom. Therefore, the hotel boom in the Balearics was related to the widespread property boom of the late sixties (López & Rodríguez, 2010, Smith, 2010), becoming a ‘spatial fix’ for European capitals (Yrigoy, 2015) in a double sense: first, as an absorption of overaccumulated capitals, second, as a way to secure further tourism capital circulation. Nonetheless, local capitalists with good relations with Francoist authorities and allied with the international Tour Operators founded the first hotel chains that would become latter large transnational corporations (e.g. Sol Hotels, Riu Hotels, Barceló Group, Doliga Group, etc.) (Buades, 2009, Murray, 2012).

Table 1. Main tourist indicators of the Balearic Islands, 1959-1973

<table>
<thead>
<tr>
<th>Year</th>
<th>Mallorca Tourist beds</th>
<th>Pitiüses Tourist beds</th>
<th>Menorca Tourist beds</th>
<th>Balearic Islands Tourist beds</th>
<th>Balearic Islands Tourist arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959</td>
<td>12,991</td>
<td>1,250</td>
<td>368</td>
<td>14,609</td>
<td>321,222</td>
</tr>
<tr>
<td>1966</td>
<td>49,393</td>
<td>6,675</td>
<td>1,374</td>
<td>57,442</td>
<td>1,238,083</td>
</tr>
<tr>
<td>1973</td>
<td>170,104</td>
<td>43,069</td>
<td>11,918</td>
<td>225,091</td>
<td>3,571,731</td>
</tr>
</tbody>
</table>


III. THE END OF THE ‘GOLDEN YEARS’ AND THE NEOLIBERAL REVOLUTION

3.1. Fordist crisis and the ascent of neoliberalism

By the early seventies, the Fordist regime was about to end and the internal contradictions crystallized into a global crisis. Multiple and common aspects lie behind the Fordist crisis. The fall of the rate of profit was explained mainly by a situation of overaccumulation combined with a downward pressure on prices because of high competition among capitalist countries (Brenner, 2006, Harvey, 1989). Within this context, neoliberalism arose as the solution to the crisis (Harvey, 2005).

The unilateral decision of Richard Nixon to break the Bretton Woods System and the subsequent dollar devaluation stepped-up global prices and benefited shortly US manufacturers and exports. Inflation increased with the so-called oil shock, and the seventies and eighties constituted a period of global geo-economic and geopolitical restructuring and turbulences that gave way to neoliberalism and the global financial regime of accumulation (Brenner, 2002, Gowan, 1999, Harvey, 2005, Panitch and Gindin, 2012).

As right wing explanations on the crisis focused on the rigidity of the Fordist regime, excessive state interventionism and excess of democracy (Crozier et al. 1975), the solution to the crisis focused on the working class, reducing job creation and real wages, leading subsequently towards under-consumption. This was completed with an attack to the state by capital, in order to shape its role to create an entrepreneurial environment via privatizations and pro-capital regulations (Bowles et al., 1989, Harvey, 1989). The long
The role of crises in the production, destruction and restructuring of tourist spaces. The case of the Balearic Islands

downturn in the advanced capitalist countries was characterized, among others, by a deindustrialization process that run in parallel to the so-called globalization, which entailed the expansion of the commodity frontier to the Global South (Harvey, 2006b). As real wages remained stagnated, mass consumption was relaunched via financialization of daily life (Martin, 2002), and profits has been realized progressively through financial logics and bubble assets (Lapavistas, 2013).

3.2. Modernization or the adoption of the neoliberal agenda in Spain

The crisis of the seventies had severe effects in Spain due to the combination of the international capitalist crisis and Franco’s death in 1975. Social struggles erupted and anti-capitalist movements understood that moment as an extraordinary opportunity for constructing a radical democracy, taking advantage of the crisis (Rodríguez, 2015). Francoist authorities implemented a set of measures to shortly avoid the impact of the crisis and social unrest. Because of those policies, the Spanish crisis was harder than the rest of Europe and unleashed a bit latter (Sudrià, 2013, Rodríguez, 2015). In a first moment, while European countries adopted adjustment programs, with the transference of oil price increases to consumers and limiting the monetary supply, the Spanish government kept oil prices stable and developed a relaxed monetary policy to encourage the domestic demand (Sudrià, 2013). Finally, the Moncloa Pacts (1977) supposed the adoption of an adjustment program to accommodate Spain within the international neoliberal setting of the European Union. The solution to the crisis was shaped under the guise of economic ‘modernization’. Multiple political forces, including the so-called socialists, agreed with the capitalist class that a major problem of Spain was its ‘underdevelopment’ and therefore society had to be ‘modernized’, which meant the adaptation to the neoliberal agenda (Etxezarreta, 1991).

The crisis accentuated some of the main weaknesses of the ‘Spanish miracle’ such as the high external dependence on energy, machinery and capital goods. And, tourism played a crucial role in adjusting the balance of payments (López & Rodríguez, 2010). The tourism-dependent balance of payments was damaged when European countries undertook adjustment programs and neoliberal reforms to face the crisis that resulted in an increase of unemployment, and therefore a reduction of tourist consumption. As a result, tourist flows to the Balearics decreased from 3.5 million in 1973 to 3 million in 1976. In a first moment, the Spanish tourist destinations suffered heavier the impacts of the crisis than other Spanish regions, because of their extreme dependence on foreign economies (Murray, 2015). Nonetheless, tourist flows to the Balearics increased with the restart of economic growth in the European core countries (see figure 1). In this regard, it is important to highlight that German tourists exceeded the British ones and ever since their number has been larger. This fact is related to the different post-crisis policies adopted in West Germany and UK (Jessop, 1989).

With the burst of the crisis and subsequent policies, unemployment rose steadily to a maximum of 14.3% in 1986 at the Balearic Islands. However, Spanish unemployment peaked at 21% the same year, coinciding with the entrance of Spain into the European Union. In front of that social shock, the Spanish government enacted successive labor reforms addressed towards the flexibilization of the workforce (Etxezarreta, 1991). The redefinition of the technical division of labor allowed capital to adopt strategies to increase the rate of
exploitation with the introduction of outsourcing and new and more precarious contractual modalities (Reina, 1998).

Once the crisis was unleashed, unemployment was lower in the Balearics than in other Spanish regions that went under a process of deindustrialization. In fact, since tourist regions are highly vulnerable for their extreme dependence on tourist flows, economic activity and employment is boosted with the restoration of those flows. Furthermore, the Spanish tourist regions were more easily adapted for the next accumulation round, whereas the other regions went under heavy restructuring process (López & Rodríguez, 2010, Alenyà & Navinés, 2010).

3.3. Destruction and restructuring of tourist capital at the Balearic Islands

The crisis had a severe impact on international Tour Operators, which had competed fiercely in prices, and the increase of oil prices drove some of them to bankruptcy. Indeed, the economic crisis triggered the full restructuring of the sector, ending up in an extreme concentrated structure where a handful of Tour Operators controlled most of European tourist flows (Gaviria, 1974, Dunning & McQueen, 1982, Bray & Raitz, 2001, Murray, 2012).

Very soon, several family businesses went into bankruptcy (259 between 1973 and 1980), particularly small hotels closed down (296 hotels and 20.934 beds) (ABC, 1974, Payno, 1985, Murray, 2012). It should be born in mind that capitalist crisis are essential moments in the accumulation process, where destruction is as important as production (Harvey, 2014). Consequently, the burst of the crisis was a paramount moment for the restructuring of hotel corporations with the consolidation of the big hotel chains, from a concentration process via absorption of failed companies. That led to a great transformation of the units of production, from small hotels –‘tourist workshops’– to large hotels –‘tourist factories’– (Sastre, 1995, Murray, 2012).

On the other hand, the Spanish democratic regime implied a shift in power structures with the ascent of new social elites, while most of the members of the Francoist ruling class simply adapted to the new situation (Rodríguez, 2015). The expansion of Sol Hotels reflects the combination of both dynamics with the acquisition of the hotel branch of RUMASA after its expropriation. RUMASA had been one of the chief holdings, shown as a symbol of corporate modernization by fascist authorities in the sixties (Bayón, 1999, Uriol, 2001).

In the Balearics, prior to the crack, some voices had already pointed out the risk of overproduction due to excessive hotel constructions. The tourist lobby reclaimed higher control of tourist supply, in order to avoid the negative effects of excessive competition (Juan et al., 1970). This has constituted a constant along the tourism history of the archipelago. Capitalists’ self-interest crashed with capitalist class-interest in the sense that in moment of high returns, investors built hundreds of hotels at the same place in a very short span of time, willing to grasp each one higher profits. But, in just a few years tourist resorts presented symptoms of degradation, such as the case of Playa de Palma. Therefore, those individual strategies had gone against the interests of the tourism capitalist class as a whole. As a matter of fact, the state attempted to avoid the destructive effects of capitalists’ self-interest, launching the Decree 3787/1970 on minimum infrastructural requirements of tourist accommodations (Rullan, 1999, Esteve & Fuentes, 2000).
Moreover, in the early moments of the crisis, the government established modernization plans and public financial instruments under favorable conditions aiming at solving the important infrastructural deficits of the first tourist resorts (Cals, 1974, Esteve & Fuentes, 2000), still remaining icons of mass tourism and package holidays (Murray, 2012, Yrigoy, 2015).

3.4. New production of tourist space in the Balearic Islands

As early tourist resorts presented symptoms of deterioration and therefore reduction of profitability, capitalist accumulation would concentrate in two main strategies: spatial expansion of the tourist frontier and intensification of tourist production with the incorporation of new productive units (i.e. hotels). Accordingly, coastal areas of the northern bays and the east side of Mallorca were fully integrated into the tourist production system, as well as new coastal resorts in Ibiza and Menorca, supported by the enlargement and improvement of the road network in (Artigues et al., 2006, Pons et al., 2014).

On the other hand, since a classical solution to crisis has been devaluation of labor, the capitalist class opened a new investment frontier which was less labor demanding, tourist apartments (Rullan, 1998). Its rapid growth responded to multiple reasons: first, it was part of the ‘spatial fix’ to the crisis and was embedded into the housing bubble of the eighties (Naredo, 1996); second, those apartments constituted a large tourist ‘black market’, due to the lack of regulation (Parlament de les Illes Balears, 1990); and, finally, tourist apartments implied a reduction of labor costs: 15% of total costs in apartments, while in hotels they were 37% (Aguiló, 1987). Tourist apartments were regulated in the mid-eighties and the increase of tourist accommodation since then is related to them (table 2).

The response of capital to reduce labor power has to be contextualized in a moment after Franco’s death when social conflict erupted across Spain (Rodríguez, 2015). In the Balearics, a wave of strikes and labor demands translated into an increase of tourist wages, from 11,088 pesetas in 1975 to 58,866 in 1986, and the implementation of better working conditions (Aguiló, 1981, Reina, 1998, Ginard, 2005). In front of the workers’ threat, big hoteliers expanded their activity to the mainland where labor organization was weaker (Uriol, 2001). In addition, the environmentalist movement appeared in that context of rising democratic demands, and it has become a key player in the Balearics since the campaign against the urbanization of sa Dragonera in 1977 (Rayó, 2004, Garcia, 2008). From the eighties onwards, environmentalist campaigns have aborted multiple urban-tourist projects and regional policies had to adapt to those social demands. The result was a set of policies that slowed down tourist and urban growth (Rullan, 1999, Amer, 2006, Blázquez et al., 2010).

3.5. Residential tourism and protection of monopoly rents

In the early nineties, Spain went under a short crisis caused by the collapse of the real estate bubble of the eighties (Naredo, 1996) and international turbulences, such as financial crisis at the European Union, German integration, URSS collapse, and the First Gulf War (Fernández-Durán, 1996, Gowan, 1999). Nonetheless, that crisis was just a moment in the neoliberal revolution that enabled the full spread of neoliberalism worldwide (Harvey, 2003). In that time, tourist flows to the Balearics slightly decreased, but the Balkans War benefited
the Balearics with the diversion of tourists to the archipelago. Furthermore, some tourist companies went under bankruptcy, giving pace to the abovementioned process of absorption and consolidation of large companies (Murray, 2012). In that moment, Gabriel Cañellas, president of the Balearic Government (1983-1995) announced that his commitment was to convert the Balearics into Europe’s second home (Amer, 2006).

Again, pro-tourist analysts proposed the reduction of tourist beds due to overproduction capacity, the renewal of old tourist facilities and the promotion of residential tourism (Aguiló, 1990). Precisely, those guidelines were exactly the policies implemented by the regional government. Several coastal resorts went under renewal plans, financed with European funds, in order to adapt the space to host new tourist products and increase tourism revenues (Murray, 2012).

On the other hand, particularly from the mid-eighties and the rapid globalization, the rate of tourist profit at the Balearics decreased (Manera et al., 2016) and was lower than in the new peripheries of pleasure, where adjustment programs encouraged tourism and the entry of foreign capitals. Therefore, since the mid-eighties, Balearics’ hotel chains expanded first to Canarias and then to other Southern regions, particularly the Caribbean, in the search for higher profits (see the decrease of tourist expenditure in table 2) (Blázquez et al., 2011).

In relation to the stated previously, it is remarkable that tourist capitalists did not opposed fiercely to urban and tourism policies enacted by the regional government, because those regulations benefited them. Paradoxically, as those acts protected natural areas and limited the construction of further tourist accommodation, they protected the monopoly rents of the capitalist class (Murray et al., 2010).

Though tourist accommodation and urbanization were certainly limited because of the socio-political struggles throughout the eighties and nineties, built environment grew astonishingly (Table 2). This relates to the Spanish specialization in the secondary circuit of capital within the European territorial division of labor. After the crisis of the late eighties, the Spanish institutional setting was fully adapted to convert Spain into a keystone of the secondary circuit (López & Rodríguez, 2010, Charnock et al., 2014).

3.6. Real estate bubble and tourism nexus

Since the adoption of the euro, Spain became an expensive place and the essential condition of the Four Cheaps interrupted. Tourism could not compensate anymore the commercial account of the balance of payments, and Spain presented the largest deficit worldwide in 2007. However, financial specialization equilibrated the balance of payments, which in turn was associated to the real estate bubble (Carpintero, 2009, Murray & Blázquez, 2009). Spanish tourist destinations became key spaces of the real estate boom due to they were extraordinarily adapted to absorb foreign capitals (López & Rodríguez, 2010). In this regard, the Balearics’ airports were enlarged to double their capacity and tourist inflows increased dramatically (table 2) with the air liberalization and the expansion of low-cost carriers (Bauzà, 2013).

Additionally, the so-called ‘twenty years of cheap oil’ and the EU regulations also reinforced tourist flows with cheap flights and easing mobilities (Fernández-Durán & González-Reyes, 2014). Nonetheless, tourist expenditure stagnated throughout those years, and yet more than half of it was realized in the tourists’ home countries (table 2). To face
that situation, intensified with the adoption of the euro and the end of ‘cheap tourist services’, some hotel companies launched all-inclusive packages, as a means to capture most of the tourist expenditure (Alegre & Pou, 2006). On the other hand, some companies sold part of their assets to other corporations and reinvested in highly profitable spaces abroad. New hotel companies emerged from the acquisition of those assets (e.g. Playasol or Pabisa) (Murray, 2012).

However, an increasing part of the circulation of tourism capital was realized through new means. In this regard, an increasing part of tourists stayed in second homes and foreign capital played an active role in the production of the housing bubble (Seguí, 1998). Moreover, the widespread expansion of credit in times of cheap money fueled the bubble too. In the Balearics, tourism run in parallel to the real estate construction, and both feedbacked. As a result, house construction accelerated and house prices expanded intensely until skyrocketing in 2007 (table 2).

On the other hand, it should be underlined that urban and tourism contention policies were not effective until the mid-nineties as can be checked in variables such as stock of houses or urban land cover, which expanded steadily (table 2). Paradoxically, social struggles and the resulting policies favored the social conditions for protecting capitalists’ rents, and therefore house prices and capital value increased over the Spanish average. In turn, housing became unaffordable for the working class (Murray, 2010). In short, Balearic housing investments were among the most profitable in Spain (table 2).

<table>
<thead>
<tr>
<th>Table 2. Socio-economic variables of the Balearic Islands, 1977-2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>Tourist beds (thousand)</td>
</tr>
<tr>
<td>Tourist arrivals (million)</td>
</tr>
<tr>
<td>Tourist expenditure (euros at 2000 constant prices/tourist)</td>
</tr>
<tr>
<td>House price (euros at 2000 constant prices/m²)</td>
</tr>
<tr>
<td>Endorsed Houses</td>
</tr>
<tr>
<td>Stock of houses*</td>
</tr>
<tr>
<td>Built land cover (% over total surface)**</td>
</tr>
</tbody>
</table>


IV. ‘NEVER LET A GREAT CRISIS GO TO WASTE’. FROM THE REAL ESTATE BUBBLE TO THE TOURISM BUBBLE

4.1. Burst of the real estate bubble

Spain combined the elements for a perfect financial storm: abundant and cheap money with easy access to credit, entrepreneurialist institutional setting, cheap labor, and safe conditions for foreign capitals and tourists in a context of geopolitical turbulence. Those elements crystallized in a peculiar accumulation cycle with elements of crony capitalism, global financial logics, and popular capitalism. The gigantic housing bubble would have not been feasible without the availability of abundant and cheap money thanks to the process of European integration and capital liberalization (López & Rodríguez, 2010, Naredo & Montiel, 2011, Albertoss & Sánchez, 2014, Charnock et al., 2014).

The Spanish bubble run in parallel to other housing bubbles fueled by cheap money (Dorling, 2015). Financialization linked to the secondary circuit of accumulation dragged the real economy and consumption, what is known as the ‘wealth effect’ (Brenner, 2006, López & Rodríguez, 2010). Those bubbles were ‘spatial fixes’ developed to solve the increasing difficulties for the reproduction of capital through the primary circuit at a global scale. The burst of the bubble precipitated the contradictions of capital and the problem of overaccumulation rapidly expanded to the whole economy (Foster & Magdoff, 2009, Harvey, 2010, Subasat, 2016).

The credit crunch implied the disappearance of the financial fuel for housing investments and the previous ‘wealth effect’ turned into a ‘poverty effect’. Real estate speculation could not drag anymore the real economy and consumption, and suddenly the interruption of the housing cycle was translated into a sharp reduction of GDP and an increase of unemployment all over Spain (table 3 for the Balearic Islands) (López & Rodríguez, 2010). The crisis affected seriously the corporate system with multiple bankruptcies, particularly construction companies and real estate agencies, and the banking system, highly exposed to real estate risk, which was latter bailed out (De Juan et al., 2013, De Barrón, 2012). However, the crisis had differential impacts across Spain, being those regions where tourism and real estate speculation were predominant heavily affected (Méndez et al., 2015, OMM, 2013).

The Spanish ruling class immediately pointed the international financial crisis and popular classes’ irresponsibility, for living above their possibilities, as the main causes of the crisis. Authorities faced the crisis in a first stage with a set of asset price Keynesian policies expanding public expenditure to alleviate the impact of the crisis on employment and consumption and bail out the banking system. However, the crisis was longer than forecasted and the real estate crisis mutated into public debt crisis. In May 2010, public policy shifted towards austerity measures with the adoption of budgetary cuts and policy reforms addressed towards satisfying the debt payment. The management of the crisis has been functional for creating new pro-capital conditions, whereas undermining social rights (De Juan et al., 2013, Charnock et al., 2014, Murray, 2015).

Prior to the burst of the crisis, the Spanish tourist lobby Exceltur had complained about the impacts of the real estate bubble and residential tourism, which was seeing as a serious competitor (Deloitte-Exceltur, 2005). On the other hand, that lobby pointed out that
Spanish hotels were obsolete and tourist zones had to be renewed through Proyectos de Reconversión Integral de Destinos Turísticos (PRIDET) under public-private partnerships, financed by the State (Exceltur, 2003). In the Balearics, the Hotel Chains Association presented a study on the obsolescence of the archipelago’s hotels (Bosch et al., 2005), concluding that the regional government should launch a regulatory framework to ease the modernization of accommodation and introduce new management forms, such as condo-hotel, or the conversion of hotels into residential units (Murray, 2012). All those demands would echo in the ruling class, and they will constitute the restructuring roadmap during the crisis.

4.2. The restoration of tourism growth

The demands of the tourist lobby did not have an effect on the regulatory framework during the years of economic euphoria. However, the economic crash altered the social conditions and public policy accommodated those demands to restore growth. Following Mirowski (2013), the crisis could not be wasted and the management of the crisis was shaped under a neoliberal redux aiming the restoration of the Four Cheaps. Since the crisis was heavier than expected and the Spanish state was about to exhaust its means to mitigate the effects of the shock, tourism became again the cornerstone of the Spanish political economy (Murray, 2015). In this regard, the tourist downturn in Northern Africa after the so-called Arab Springs benefited directly the Spanish economy with the diversion of European tourists from the Arab countries.

It is important to highlight that while the crisis affected the European core countries in a first moment, with an increase of unemployment and reduction of consumption, tourist flows to the Balearics dropped to 11.04 million in 2010, but recovered afterwards peaking at 14 million in 2015 (table 3). On the other hand, EU’s policy response to the crisis intensified the uneven development within the EU, displacing the costs of the crisis to the peripheral states, while recovering consumption in central spaces (Lapavitsas, 2012). Consequently, Spanish tourist regions benefited from the increase of tourist consumption.

4.3. Boosting urban growth through resort renewal projects

In order to restore the economic cycle, the Balearic Government shifted radically the spatial planning policy. Since the early eighties, the regional acts passed in the Balearics tended to limit urban growth, reversing the laissez faire approach held in the Francoist period (Rullan, 2011). However, the crisis has been functional to adopt controversial policies aiming to further develop and/or renew tourist spots (i.e. expand the tourist frontier), that otherwise would have been highly contested.

A first shift consisted in the widespread implementation of flexibilization procedures to boost the renewal of tourist spots and ease urban developments. In 2007, just before the burst of the crisis, the Spanish Government launched the Plan Horizonte 2020, reflecting the demands of the tourist lobby, where the renewal of the mature tourist spot of Platja de Palma was strategic. That plan run in parallel to the implementation of financial measures for the renewal and modernization of tourist infrastructures with advantageous credits via ICO (Instituto de Crédito Oficial) (Blázquez et al., 2015, Yrigoy, 2015, González, 2016).
At the very beginning of the crisis, the Balearic government created an administrative instrument –the so-called ‘Regional Interest Statement’– in order to ease legal requirements to boost development projects and attract investments. To put it simply, these new regulations have abolished for certain zones the limits set by the pre-crisis planning procedures (Murray, 2013, Blázquez et al., 2015). A paradigmatic case is the renewal project of Magaluf (Calvià) led by Meliá Hotels International in 2011, currently the Spanish largest hotel corporation. The transnational deployed the Calvià Beach Resort project under the framework of Statement of Regional Interest that entails not only a new branding of the resort, but a full private intervention on the area with the state as a facilitator (Blázquez et al., 2015, González, 2016). Moreover, that project plays a key role in alleviating the financial problems of the company (Casamajor, 2014).

Meliá had become one of the largest debtors of Banco Santander –Spanish largest bank–, and by the time the crisis unfolded, Meliá had €1 billion debt and desperately sought to team up with global investors aiming to invest in the company’s projects (Yrigoy, 2016a). Since Meliá had short financial capacity, but high political influence, and bank credit was restricted, that project materialized through the joint venture between Meliá and the hedge fund Evertaas B.V. (Blázquez et al., 2015). Therefore, that Regional Interest Statement could be conceptualized also as a financial arrangement to rescue the stock market value of the company. This case can be also understood as a hallmark of the increasing role of financial capital within those investment operations (Yrigoy, 2016a).

4.4. Financialization of hotel property assets

A second shift has consisted in regulatory changes (Decree Act 1/2009 and Act 4/2010) and financial mechanisms (Plan Renove Turismo) to encourage tourist buildings reforms and the ex-post legalization of undocumented bed places in tourist buildings, mainly hotels. Under the guise of ‘modernization’, those instruments provided ‘exceptional periods’ by which undocumented tourist beds could be legalized insofar these were renovated, and the establishment of exemptions to urban and tourism planning regulations for ‘modernized’ hotels. Accordingly, the Balearic Parliament passed a new Decree Act 1/2013 of mature tourist zones, which entails a larger flexibilization of the legal requirements in those areas. Actually, these exemptions could imply up to a 20% of increase in the building volume and height (Blázquez et al., 2015). In addition, the Tourism Act 8/2012 signifies the culmination of the new institutional setting to create an entrepreneurialist climate according to the demands of the tourist lobby, such as the flexibilization of uses in tourist accommodation buildings or the adoption of new figures (e.g. condo-hotel) (Murray, 2013, Blázquez et al., 2015). Accordingly, Hotel Associations of the Balearics considered that ‘the Tourist Act has created an investment setting that gives legal security to the companies’ (Hosteltur, 2014).

A third major shift, highly connected with the previous, is the increasing financialization of hotel properties. The combination of those policies with the increase of tourist flows and the lack of investment opportunities, after the collapse of the housing market, created the conditions for positioning hotel assets as investment targets for a wide array of global players such as asset management corporations, hedge funds, private equity funds or sovereign funds (Yrigoy, 2016a). However, at the beginning of the crisis almost all the hotels of the archipelago were at sale at a cheap price because most of them were obsolete and devalued, with decreasing profitability per room (Manso, 2011). This relates to
the fact that most of the Balearics’ hotel chains had placed their investments abroad where they got higher returns, while minimizing investments in the Balearics.

While in a first moment of the crisis the number of tourist beds decreased from 423 thousand in 2008 to 419 thousand in 2010, policy reforms stimulated the construction/legalization of five thousand beds towards 2015 (table 3). Although financialization of hotel companies is not a new process (Buades, 2009), the novelty is the growing interest in hotel property assets by global financial capital (Yrigoy, 2016a). Hotels in the Balearic Islands have become an extraordinary locus for the absorption of capital, with 750.71 million euros in reforms/modernization between 2010 and 2015 (Verger, 2016), and 952 million euros in investment operations (i.e. hotel acquisitions) between 2011 and 2015. However, most of those operations (70%) have realized between 2014 and 2015 (IREA, 2012, 2013, 2014, 2015, and 2016).

Finally, it should be underlined, that 46% of the reforms were realized in 2015, just before the adoption of new restrictive measures by the new Balearic Government (Decree Act 1/2016) (Sáenz, 2015). Nevertheless, while that Decree Act modified some controversial aspects of spatial planning policies, it did not alter the conditions for the modernization/legalization of hotels, and therefore kept a favorable investment climate (Pinya, 2016). Moreover, the Balearic Government approved a tourist tax in 2016 (Act 2/2016, tax on tourist overnights and measures for sustainable tourism), aiming to restore public investments with tourism purposes. The tax would help to revalue tourism capital as it happens in other European destinations (Magro, 2016a, Casamajor, 2016).

4.5. Labor reforms: policies against the working class

A fourth shift corresponds to the drastic labor reforms, attending to the demands of the business class and requirements of the Troika (i.e. European Commission, European Bank and International Monetary Fund). The adjustment plan has consisted not only in budgetary cuts, austerity measures and pro-growth policies, but also policies addressed to force an internal devaluation through both labor reforms in 2010 and 2012 (Banyuls & Recio, 2015, Seminari Taifa, 2016). The tourist industry, long characterized for its precarious labor conditions, has increased the rate of exploitation thanks to the shock labor policies, particularly intensive in the case of hotel maids (Cañada, 2015, Cañada, 2016).

While the ruling class advocated labor reforms as means to fight against unemployment, the rate of unemployment has remained very high, while the number of workers and worked hours shrank and salaries remained stable in the Balearics (table 3). Furthermore, the increase of tourist flows has implied an increase of the rate of exploitation in terms of tourist overnights per tourist worker, passing from 837 in 2010 to 1,001 in 2015. This implies the intensification of the workload, but in contrast, contracts and wages have worsened (Borràs, 2015). On the other hand, the fact that Balearics are a safe tourist destination, within a turbulent Mediterranean, combined with the above-mentioned pro-growth policies have stimulated the increase of the rate of profit per hotel room in terms of RevPar (table 3), which in turn feeds back hotel investment dynamics (Ferrer, 2016). In conclusion, the eruption of the 2007 crisis and its consequences has meant to enter into a historical moment in which the Balearic archipelago has become a ‘spatial tourist fix’ for a wide array of actors.
4.6. Short-term housing rental as the new tourism frontier

In a first moment of the crisis, a major problem for capital was the large idle and underused housing stock, as a result of the interruption of the realization of value via housing selling/purchasing or financial mechanisms. Accordingly, housing, that had been the key driver of the Spanish growth-machine and root of the crisis, has experienced a sharp downturn with a reduction of the endorsed houses, with a minimum of 986 in 2011, and house sales, with a minimum of 7.38 sales/1,000 inhabitants in 2013 at the Balearics (table 3). Besides, the halt of the construction sector run in parallel to the devaluation of the housing market (table 3), reaching a minimum between 2012 and 2013. The burst of the real estate market has been conditioned to the collapse of the financial logics behind it, and the violence of capital in order to avoid further devaluation has been translated into an attack against popular classes, with evictions as the hardest expression (Méndez & Plaza, 2016, Vives et al., 2015).

When tourist flows to the Balearics have increased again, a large portion of visitors has stayed in second homes (40% of tourist overnights in 2015, according to IBESTAT data). In this vein, tourist exploitation of houses has become crucial for the realization of value and the reproduction of capital, which implies in somehow a shift from the secondary circuit of capital (linked to financialization) to the primary (linked to tourism). Homeowners and companies take profit from the tourist circuit that enables the realization of value via tourist rentals. Although the so-called residential tourism is not something new in Spain (Mazón & Aledo, 2005), neither in the Balearics (Mateu, 2003, Riera & Sbert, 2007), its recent rapid diffusion has overflown the urban space and generated multiple conflicts (Novy & Colomb, 2016).

The shift from a selling profit-making strategy towards a tourist rental one has been accentuated via the emergence of online apps renting houses on a daily basis, such as Airbnb. Under the guise of sharing economy and interpersonal encounter, a full new niche of capital accumulation has emerged globally, organized under a complex set of agents, from large transnational corporations to ordinary homeowners. Despite the narrative that tourist short-term rentals add extra income to family rents affected by the crisis, progressively tourist and real estate companies organize the activity in cities such as New York, Barcelona or Palma (Becker, 2013, Yrigoy, 2016b).

In the Balearics, the tourist rental market has disrupted the accommodation sector, competing for the capture of tourism revenues and constituting a huge black market due to under-regulation (Blasco, 2015), which is something common across the globe (Guttentag, 2015). In this regard, the Balearics have become the main Spanish ‘Airbnb’ destination with 45,775 homes in 2016 (174,000 tourist beds approx.), from which 68.8% are illegal (Hosteltur 2016, Magro, 2016c). A paradigmatic case is the old quarter of Palma, which has been revolutionized through tourist commodification of housing (Yrigoy, 2016b).

Paradoxically, the tourist rental boom lives with a situation of social emergency where many people cannot afford a home. Tourist housing owners have constituted a lobby claiming for social privileges such as the legalization of their businesses, thus implying the dispossession of the residential condition of housing. In this regard, less attention has been paid to the social conflicts related to the erosion of the right to housing. According to
FOESSA (2014), Balearic households allocate a larger proportion of their incomes to housing expenditures (35.8%) than the Spanish average, while the rates of social exclusion and poverty (27.8%) are over the Spanish average too. In this context, access to housing becomes a nightmare because there has been a massive transference of assets from the ‘traditional’ rental market to the tourist rental one. In some cases, the situation is so dramatic that even tourist workers cannot afford a place to live in (Garcia, 2016).

Finally, the extraordinary tourist records and the increasing tourist rental market have stimulated again the housing market, particularly the sales, reaching 2008 figures, with a smooth increase of house prices and a soft descent after the current crisis began (tables 2 and 3). Tourist records, new housing and hotel bubbles live with a situation where working class people can hardly breathe. In consequence, the crisis and its policy response have accentuated the contradictions of tourism capital at the Balearics, putting itself at risk by undermining the basic social conditions to secure the reproduction of capital.

<table>
<thead>
<tr>
<th>Table 3. Main socio-economic variables of the Great Crisis, 2008-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economy</strong></td>
</tr>
<tr>
<td>GDP (million euros at 2000 constant prices)</td>
</tr>
<tr>
<td>Average wage (euros at 2000 constant prices)</td>
</tr>
<tr>
<td>Wage labor (1,000 workers)</td>
</tr>
<tr>
<td>Working hours (wage labor)</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
</tr>
<tr>
<td><strong>Tourism</strong></td>
</tr>
<tr>
<td>Tourist beds</td>
</tr>
<tr>
<td>Tourist arrivals (million)</td>
</tr>
<tr>
<td>Tourist expenditure (euros at 2000 constant prices /tourist)</td>
</tr>
<tr>
<td>Workload (overnights/tourist worker)</td>
</tr>
<tr>
<td>RevPar (euros at 2000 constant prices) – Revenue per Available Room-</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
</tr>
<tr>
<td>Average value of house sales (euros at 2000 constant prices)</td>
</tr>
<tr>
<td>House sales/1,000 inhabitants</td>
</tr>
<tr>
<td>House price (euros at 2000 constant prices /m2)</td>
</tr>
<tr>
<td>Endorsed Houses</td>
</tr>
</tbody>
</table>

Source: own elaboration. GDP and Labor statistics from Economic Accounts and Economically Active Population Survey, INE (Spanish National Statistics Institute), Tourism data from IBESTAT (Statistics Institute of the Balearic Islands), Average house value, house sales and house price from Ministry of Public Works and endorsed houses from Statistics of the Professional Association of Architects of the Balearic Islands.

V. CONCLUSIONS

Contrary to mainstream tourism research that focuses on the effect of crisis on tourism demand, we have stressed the multiple dimensions of crisis on tourism spaces. Although, some scholars have neglected the consideration of crises in the tourist transformation of the Balearic Islands, we conclude that crises and policy responses to them are crucial for a better understanding of the production of the tourist space. Accordingly, focusing on crisis might better help to construct critical narratives on the production of the tourist space because when they occur capitalist contradictions emerge.
In the particular case of the Balearics, we can sustain that tourism was a solution to the long Spanish post-war crisis in the mid-20th century, being of crucial importance for Franco’s regime in terms of capturing foreign currency. Ever since, the archipelago has played a key role in the Spanish political economy via tourism specialization. A first pattern detected is that tourism has been a significant ‘fix’ to capitalist crises in Spain and paradoxically tourism specialization has increased steadily to the point to become absolute at the Balearic Islands. In relation to the abovementioned, we can recognize that the Balearics, and other Spanish tourist destinations, while have suffered harder the first effects of crises, they have recovered faster. This is because those spaces did not have to undertake long restructuring processes, but intensified the tourism accumulation strategy that was less costly. Restoration of mass consumption (including tourism) at the core European countries directly benefits the Balearic Islands, as international tourist flows reanimate prior to the whole restructuring of the Spanish economy. In addition, randomness has also been significant in terms of reestablishment of the tourist circuit, due to crises have coincided with serious conflicts in other Mediterranean tourist destinations, resulting into a tourist flows deviation towards the archipelago.

A second pattern is a constant expansion of the tourist commodity frontier with every crisis. New tourist commodity frontiers are a ‘spatial fix’ in early moments of crisis. While in a first moment, tourist production was concentrated in a few resorts, crises have been ‘fixed’ through the gradual incorporation of further coastal resorts, rural spaces and cities. Moreover, Balearics’ capitals have expanded the tourist commodity frontier through hotel offshoring to beaches of the Global South. The expansion of the tourist commodity frontier has also realized through the incorporation of new tourist production units. Accordingly, this process can be conceptualized as a process of appropriation or ‘accumulation by dispossession’ where the massive tourist exploitation of housing is the last frontier. One could argue that the ‘financial-real estate bubble’ have mutated into a ‘tourism-real estate bubble’.

A third pattern is that while newly incorporated tourist spaces and assets have presented rising profits, the old ones have gone under a process of devaluation and degradation. In relation to that, the resulting spaces have presented early symptoms of deterioration and tourist lobbies have claimed that public authorities should promote the urban regeneration of tourist resorts and the modernization of tourist accommodation. Hence, both claims have constituted some of the paramount counter-cyclical policies in the tourist resorts.

A fourth pattern, though apparently contradictorily, consists in the increase of tourist accommodation in times of crisis. In this regard, we can highlight that, on the one hand, tourism capitalists complain about overproduction capacity and demand policies to restrict competition in periods of crisis. However, on the other hand and despite those demands, investments in tourism built environment expand. However, not all capitalists have enjoyed those conditions because many small and medium firms have gone bankrupt with crises and this have paved the way for the concentration of capital, particularly in the hands of large hotel chains.

However, historical processes are not straightforward and we currently face the emergence of new competing actors in the tourism capital arena, such as ‘homeowners-entrepreneurs’ or investment funds. Nonetheless, Balearics’ path-dependent process shows
that large capitals concentrated emergent tourist facilities, firstly owned by small firms. In this regard, large hotel chains that concentrated most hotel beds and tourist apartments previously might reinforce their position via commanding the tourist housing market when legalized.

A fifth pattern is the permanent tension between policies favoring the expansion of the tourist commodity frontier and policies restricting it. These policies have alternated throughout the analyzed period. Accordingly, we can notice that after the Fordist crisis and the rapid construction of illegal tourist beds in the early moments of the crisis, social movements’ demands for limiting tourist accommodation and protecting natural areas coincided with the tourism capitalist class demands to limit competition. When both social demands concurred, policies adapted to a certain extent to those demands. As we have seen, the current crisis has been followed by a mass expansion of tourist beds with a pro-capital regulation. It is plausible to think that civil society and the tourism capitalist class will coincide in the next future claiming the halt of the tourist commodity frontier, which in turn protects capitalists’ monopoly rents.

A sixth pattern is that successive crises have resolved with the adoption of labor policy reforms oriented to flexibilize working conditions and reduce labor costs, whereas new commodity tourist frontiers tended to be less labor intensive. Combination of underpaid tourist labor, social cuts, and increasing unwaged work result into an increasing ‘accumulation by dispossession’ of the collective social work.

Finally, we can ask whether it is reaching the limits to tourism capital in the Balearic Islands. If we consider that crises have been linked to oil price increases and recovery to the restoration of the Four Cheaps, and since there are evidences of peak oil and climate change, that question becomes more troubling. We might face an epochal or systemic crisis, which could imply the uncontrolled rupture of the tourism accumulation strategy in the next future.

Acknowledgements

This research has been funded by the Spanish Ministry of Economy and Competitiveness. Project title: Crisis and restructuring of the Spanish coastal tourism areas (CSO2015-64468-P).

VI. REFERENCES


The role of crises in the production, destruction and restructuring of tourist spaces. The case of the Balearic Islands


Hosteltur (2014). Las inversiones hoteleras en Baleares superarán este año los 400 M €. Hosteltur, 14/08/2014


The role of crises in the production, destruction and restructuring of tourist spaces. The case of the Balearic Islands


