

**Between Global Flows & Territorial Control:
The State, Tourism Development, and the Politics of Reterritorialization
in the Middle East**

by

Waleed Hazbun

A.B. Politics
Princeton University, 1990

Submitted to the Department of Political Science in partial fulfillment of the
requirements for the degree of

Doctor of Philosophy
at the
Massachusetts Institute of Technology

February 2002

© Waleed Hazbun. All rights reserved. The author hereby grants to MIT the
permission to reproduce and to distribute publicly paper and electronic copies of this
thesis document in whole or in part.

Signature of the Author:

Department of Political Science
January 10, 2002

Certified by:

Nazli Choucri
Thesis Supervisor
Professor of Political Science

Accepted by:

Thomas J. Christensen
Associate Professor of Political Science
Chairman, Graduate Program Committee

Between Global Flows & Territorial Control: The State, Tourism Development,
and the Politics of Reterritorialization in the Middle East

by
Waleed Hazbun

Submitted to the Department of Political Science in partial fulfillment of the
requirements for the degree of Doctor of Philosophy.

ABSTRACT

This dissertation presents a new type of theory about the impact of increased transnational capital flows on state building processes. Most of the political science literature about globalization has been focused on debating the question of deterritorialization where the powers of territorial nation-states are viewed as being eroded by the increased transnational mobility of capital. This dissertation, in contrast, demonstrates how international tourism development—like many other aspects of globalization—can also produce “reterritorialization” characterized by the *increased* relevance of “place” for global economic activity. With increased globalization firms often seek to locate themselves in specific territories in order to capture what I call locational rents and external economies. In contrast to the dislocating effects of deterritorialization, reterritorialization can increase the political influence of state, societal, and transnational agents able to create localities that generate locational rents and external economies.

The dissertation explores how states in the Middle East have promoted reterritorialization through tourism development in an attempt to enhance their control over capital and cultural flows as they promote economic liberalization and the incorporation of their economies into global markets. My fieldwork explored two national case studies with different configurations of territorial control. In Tunisia, I found that centralized state control over the territorially defined resources and institutions driving the reterritorialization process allowed the state to extend its control over transnational capital flows, the local private sector, and the location of tourism development within Tunisia. In Jordan, by contrast, control over tourism spaces has been highly fragmented between rival state organizations, private firms and land holders, non-governmental organizations, and transnational actors such as environmentalists and heritage preservation experts. This situation has required the state to contend with societal resistance, organizational obstacles, and unfavorable bargains with societal actors.

Thesis Supervisor: Nazli Choucri
Title: Professor of Political Science

Biographical Note

One of the many motivations for embarking on this study of tourism in the Middle East is that my family for at least the last few hundred years has been located in the town of Bethlehem in Palestine, which has long been a center of international pilgrimage and tourism. It has even been suggested that the family was established in Bethlehem by descendents of one of the Christian tribes of Wadi Musa, near Petra in Jordan. I, however, was born in Berkeley, California in 1968 and have since traveled, lived, and studied in several locations across Latin America, Western Europe, and the Middle East. Before entering the Ph.D. program in the Department of Political Science at MIT, I studied political economy and Near East Studies at Princeton University. In the fall of 2002 I begin teaching international political economy and Middle East politics in the Department of Political Science at the Johns Hopkins University in Baltimore, Maryland.

Table of Contents

List of Tables	7
List of Map, Charts, and Photos	8
Acknowledgements	9
Prologue	11
INTRODUCTION	15
PART I:	
GEOGRAPHIES OF TOURISM DEVELOPMENT, GLOBALIZATION, AND STATE BUILDING	
1 The rise of the Mediterranean tourism economy.....	32
2 Mapping the literature on globalization and the nation-state.....	47
3 The politics of tourism development.....	67
PART II:	
MASS TOURISM, STATE BUILDING, AND THE CHALLENGE OF DETERRITORIALIZATION IN TUNISIA	
Introduction to Part II	86
4 The state, private capital, and deterritorialization in Tunisia: Establishing a position within the international division of leisure, 1956- 1973.....	93
5 Constructing a factory for tourism development:	116
The expansion of state capacity and international capital flows, 1973-1981	

6 Shifting external capital flows, loss of territorial control, and the crisis of state formation, 1981-1987.....	104
7 State building under Ben Ali: Economic liberalization, rent creation, and the reconstruction of state power	106
8 The role of tourism in Ben Ali's consolidation of state power, 1987-1988	184
9 Tourism, state building, and territorial control: The reterritorialization of tourism development, 1987-2001	202
 PART III:	
 RETERRITORIALIZATION, FRAGMENTED TERRITORIAL CONTROL, AND THE POLITICS OF TOURISM DEVELOPMENT IN JORDAN	
 Introduction to Part III.....	 242
10 Territory, external rents, and the foundations of state building in Jordan, 1946-1991.....	251
11 Reconstructing the foundations of state building in Jordan: Economic development, tourism, and the peace process, 1991-1995.....	278
12 The state, fragmented territorial control, and the politics of tourism planning.....	299
13 The commodification of Petra: Territorial control and rent-seeking in Wadi Musa	328
14 The politics of tourism spaces: Private firms, civil society, and enclave tourism.....	368
 CONCLUSION.....	 384
 References.....	 412

List of Tables

Table 1.1	World Tourism Growth, 1950-1975.....	42
TUNISIA		
Table 4.1	Hotel Building, 1962-1973.....	103
Table 4.2	Tourism and the nationaleconomy, 1964-1972.....	108
Table 4.3	Tourism demand: non-resident visitors, 1962-1974.....	109
Table 4.4	German Tourism, 1971-1975	114
Table 5.1	Tourism Growth 1975-1981.....	125
Table 5.2	Hotel building 1973-1989.....	126
Table 5.3	Tourism investment from external sources, 1962-1986.....	129
Table 5.4	Value of the Tunisian Tourism Product, 1975-1981.....	131
Table 6.1	External Capital Flows and the National Economy, 1970-85...145	
Table 6.2	The decline of external capital flows 1980-1985.....	148
Table 6.3	The comparative rise and decline of mass tourism,1965-85....	160
Table 6.4	The decline of the Tunisian tourism product, 1982-1986.....	161
Table 7.1	Tourism and the National Economy in Tunisia, 1985-1989.....	187
Table 7.2	Value of the dinar and the tourism product, 1985-1989.....	188
Table 7.3	Tourism development, 1986-2000.....	198
Table 9.1	Tourism sector performance 1990-2000.....	233
JORDAN		
Table 10.1	Jordan's Rentier Economy 1972-1981.....	258
Table 10.2	Tourism Receipts, 1954-1970	263
Table 10.3	Tourism and the Oil Boom, 1972-1988.....	265
Table 10.4	The decline of rentier incomes, 1979-1988.....	271
Table 13.1	The growth of package tourism to Jordan, 1989-1998.....	333
Table 13.2	Visitors to Petra 1985-1998.....	335
Table 13.3	Petra Rents: Revenue from the entrance fee, 1985-1998.....	340
Table 13.4	Hotel Development in Wadi Musa 1990-2000.....	346
Table 13.5	Hotel ratings in Petra, 1999.....	354
Table 14.1	Petra hotels room occupancy rates.....	369
Table 14.2	Amman Hotel rates.....	370

List of Map, Charts, and Photos

Figure 1	Net international tourism receipts.....	43
Figure 2	Tourism development in Tunisia, 1970s.....	104
Figure 3	Port El Kantaoui (postcard of marina)	134
Figure 4	Port El Kantaoui (plan of marina)	135
Figure 5	Port El Kantaoui (layout)	136
Figure 6	The mass tourism/new tourism lifecycle.....	159
Figure 7	Tunisia, sources of income.....	194
Figure 8	Tourism development in Tunisia, 1990s.....	222
Figure 9	Tunisia, tourism receipts per visitor.....	232
Figure 10	Map of Jordan.....	250
Figure 11	Touristic sites in Jordan.....	310
Figure 12	Map of Wadi Musa.....	330
Figure 13	Overview of hotel developments near Petra entrance gate...	349
Figure 14	Hotels near Petra gate.....	350
Figure 15	Wadi Musa, Saheed Roundabout.....	351
Figure 16	Map of Petra Planning Area.....	358
Figure 17	Zonal Changes in Wadi Musa.....	361
Figure 18	Tourist Park Zone.....	362
Figure 19	Tourist Park Land Use Zones.....	363
Figure 20	Kan Zaman.....	377
Figure 21	Taybet Zaman (photo)	379
Figure 22	Taybet Zaman (layout)	380
Figure 23	Dana Campsite.....	402

Acknowledgements

“We can do this the hard way, or...Actually, there’s just the hard way.”
-Buffy The Vampire Slayer

Not only has working on this thesis allowed me to combine my interest in a wide range of global processes and particular places, but by taking me across the globe I have been able to see my friends in new contexts and to make new friends in foreign contexts. The two lists, which have since become merged, include Alicia Dwyer, Matthew Hull, Dawn Opstad, Pablo Policzer, Ram Manikkalingam, Megan Perry, Michaele Browsers, Najib Hourani, George Whitesides, and Jamie Altshule.

My fieldwork was aided by many people who shared with me their knowledge and insight about tourism in Tunisia and Jordan. I would particularly like to thank Laurie Brand, Bill Lawrence, Ridha Boukra, Habis Samawi, Charles Reineke, and Matthew Teller.

For their advice and support during the course of writing this thesis I would like to thank my generous thesis committee of Nazli Choucri, Suzanne Berger, and Malik Mufti, as well as Jeannie Sowers, Philip S. Khoury, and the Political Science faculty of the Johns Hopkins University.

The completion of this project would never have been possible without the very generous financial support—in the form of travel grants, subsidized housing, living expenses—supplied by Albert and Lily Hazbun, the American Center for Oriental Research, the American Institute for Maghribi Studies, Rita Hazboun, Joe and Berta Hazbun, Tabitha and Bosco Wilson’s Thesis Editing Retreat, and a Resident Fellowship from the Arborway Center for the Study of Art, Culture, and Food under the direction of Anthony Apesos and Natasha Seaman.

This thesis is dedicated to:

- My mother, my first tour guide in the world who has taught by example how to seek and why always to value experiences of “authenticity;”.
- The memory of Joseph Hazbun, whose deep knowledge of the Arab world and humanitarian work in Palestine and Iraq for the World Health Organization always inspired me; and
- Michelle Woodward, the steadfast slayer of all my demons (those real, imagined, or produced by incoherent writing), as well as, my travel and adventure partner across several continents whose intrepid, inquisitive vision and gracious, humanist photography continually helps me to better see and understand the true nature of both the world and myself.

Prologue

Standing amidst the glittering shopping arcades of Amsterdam's Schiphol Airport the international traveler feels as if hovering at the vortex of the experience of globalization.¹ From this vantage point people, currencies, and commodities from around the world appear to glide effortlessly across the globe unconstrained by the geographies of distance or the territorial borders of national economies and nation-states. Moving through the airport from one terminal to the other about to board another international flight it takes little reflection to realize that international tourism is a key force driving the expansion of globalization. A quick glance at the numbers supports this observation made on the run. The international tourism² industry is one of the largest and fastest growing sectors of economic activity in the world. Between 1950 and 1998 international tourism arrivals grew from 25.3 million to 625 million.³ Throughout the 1980s and 1990s international tourism receipts grew at an annual rate of 9% and they now total over \$440 billion a year.⁴ By one estimate international and domestic tourism indirectly generates over \$3.6 trillion, accounting for 10.6% of gross world product and one out of every 10 jobs globally.⁵

These numbers alone can only begin to hint at how intimately tied tourism is to the processes of global economic change and the politics of social transformation

¹For a tour of Schiphol, see David Wickers, "Runway Success," *Sunday Times* (London), August 13, 1995, Kloos and de Maar (1996), or visit yourself at <http://www.Schiphol.nl>.

² This study is concerned primarily with "international tourism" and references to tourism generally imply international tourism (in contrast to domestic tourism) defined the World Tourism Organization as the activities of "any person visiting, for at least 24 hours, a country other than that in which he or she usually resides, for any reason other than following an occupation remunerated from within the country visited."

³ Milne and Ateljevic (2001, p. 371)

⁴ Sinclair (1998, p. 3), Milne and Ateljevic (2001, p. 371)

⁵"Travel and Tourism Survey," in *The Economist*, January 10, 1998, p. S3. This figure was for the year 1996. Milne and Ateljevic (2001) note that in 1998 tourism generated 200 million jobs across the world economy.

and state building. The explosive growth of global tourist activity in the period after the Second World War was a product of the industrialization and organized labor struggles experienced during that period. Through productivity gains and labor legislation, this period of industrial development led to the expansion and standardization of middle class leisure consumption in Europe and North America while reducing the costs of travel thus forging the market for popular “mass tourism.” Moreover, the expansion and transformation of international tourism exhibits many of the core features of what has now come to be described as globalization. Tourism drives transnational flows of people, commodities, and capital which circulate in globally coordinated production networks governed by large transnational firms such as airlines, tour operators, and hotel management companies. International tourism also operates literally on the leading edge of globalization in terms of continually transferring consumer tastes, cultural practices, business people, and capital into unconquered spaces across the globe.⁶ Driving such large, complex transnational flows tourism, however, remains one of the most overlooked sectors in the vast political science literature on globalization. While economists and geographers have already begun exploring the economic and spatial impacts of tourism development, political scientists have yet to examine the possibility that politics and processes of state formation can be influenced by the transnational flows of people and capital from tourism.⁷ The field has failed to

⁶ For example, the Inter-Continental Hotel chain was established by Pan American World Airways in the late 1940s, with U.S. government support, for the purpose of fostering trade with Latin America. See the corporation's official history, Potter (1996). The U.S. government also viewed tourism development abroad as critical to its effort for European reconstruction, see OEEC (1951), Randall (1958). Focusing on the case of the Hilton International hotel chain Wharton (2001) argues that hotel architecture functioned as a tool in the cold war by helping to promote across the globe images of material success generated by capitalist development in the North Atlantic economies. See also, Michael Z. Wise, “A cold war weapon disguised as a place to spend the night,” *New York Times*, July 21, 2001, p. B11.

⁷ For surveys, see Eadington and Redman (1991), Sinclair and Stabler (1997), Sinclair (1998) on economics, and Ioannides (1995) on geography. Tourists themselves and their cultural impacts have been more widely studied in sociology and anthropology, see Cohen (1984), Crick (1989), Smith (1989), Nash (1995), MacCannell (1999). On the neglect of tourism by the field of political science, see Richter (1983), Hall (1994).

notice, as critic Jonathan Culler observes, that “there are few clearer indicators of shifting lines of force within the economic order than changes in the flow of tourists” (1988, p. 167).

Through a study of the development of the international tourism across the Mediterranean basin, this dissertation analyzes the interaction between the politics of state building and the political economy of globalization in developing states. It addresses the question of how these states have sought to counteract the challenges that economic liberalization and the incorporation of their domestic economies into global markets pose to state power. With a focus on the period since the decline of oil incomes in the mid 1980s, I show how state institutions in the Middle East have promoted tourism development in order to seek new ways to enhance their control over the generation of wealth as they began to promote economic liberalization and the incorporation of their economies into the global markets and flows.

While the political science literature on globalization has had little to say about tourism, a look around the airport can help set the terms of a debate about the intersection of international tourism development and the politics of state formation. “The international airport” observes Walter Russell Mead, “is both an agent and a symbol of the new global economy that is eclipsing the nation-state” (1995/6, p. 13). Travel writer Pico Iyer adds that airports are “the new epicenters and paradigms of our dawning post-nationalist age” (1995, p. 51). From this perspective the expansion of the transnational flows of people and capital associated with international tourism seem to be eclipsing the regulatory capacities of the contemporary nation-state to govern its territorially defined national economy. At the same time, however, Mead also notices that “from passport and customs control to air traffic control and international aviation agreements, the airport is one of the places in our society where the nation-state's power is most keenly felt” (1995/6, p. 13). This alternative reading of the airport suggests that as the volume of international travel expands, states may be able to use their sovereign powers over

their national territory and border crossing points as means of increasing regulatory control over these transnational flows and extracting rents from them.⁸

Either way, as they look up at their departure times on the ubiquitous video monitors most tourists waiting for a flight at Schiphol probably think of themselves and their leisure activity as too insignificant a force to affect the domestic politics, national autonomy, or state formation process in the countries listed in the “Destination” column. This dissertation seeks to convince them otherwise. It shows how shifts in travel patterns, cultural tastes, and buying habits of politically unaware tourists are shaping the distribution of wealth, deployment of capital, and disposition of territory in the nations they visit. And these factors have helped to reshape processes of state formation and the nature of the political order in those states. Based on fieldwork across the region, this dissertation explores the struggles between state agencies, private firms, indigenous populations, and non-governmental organizations to influence and exploit tourism flows and to shape the process of producing tourism experiences and commodities. As a result, the tourism spaces visited by tourists are not defined only by the local natural landscapes, architectural remains, or indigenous cultural practices but are themselves political constructions and the products historical and contemporary political struggles over the nature of the tourism development process. Tourism, in other words, *is* political.

⁸ Airports have traditionally gained the majority of their revenues from rent extraction from landing charges, passenger taxes, and car park fees, see Bauml (1974), Doganis (1992).

INTRODUCTION

This dissertation explores how and why international tourism development increasingly became a critical factor in the politics of state building in the Arab states of the Middle East and North Africa as these state began responding to the challenges of globalization. State building is understood to include both the establishment and ongoing structural transformation of the set of rules, institutions, and techniques used to govern territories and populations (see Steinmetz 1999, pp. 8-9). My concern is not so much with the initial phase of the establishment and centralization of state structures and institutions in the region. That era, addressed by other studies, included the centralization of political power, the elimination of domestic rivals, the forging of a unified national identity, and the fending off of external threats. As in most other developing states, the establishment of centralized political control was generally followed by state-led industrialization efforts which required the “bordering” of national economies, the forging of unified national markets, and the construction of national regulatory institutions. Instead, this dissertation explores how these structures and institutions have reacted and adapted to economic liberalization and the incorporation of national economies into global economic flows. Does economic liberalization and economic incorporation help promote the retreat of the state from control over the economy? Or might these processes be able to give authoritarian states, which have exhausted inward-oriented development and rentier state models, new means to consolidate and extend the autonomy, capacity, and legitimacy of state institutions and policies?

Why study tourism in the Middle East?

I have focused this study on tourism development in the Middle East because tourism has too long been ignored in the study of globalization and the Middle East context provides a set of comparable cases to explore the politics of globalization represented in the struggle over tourism development. Heeding the warning of Ian Lustick (2000), this study does not aim to simply show how models of political economy and comparative politics generated outside the region are relevant for explaining patterns in the region but instead it seeks to use the region from which to draw a set of most similar cases for comparative analysis in order to generate general theories about the political economy of tourism development and the politics of state building in the context of increasing globalization.

The region of the Middle East offers a set of comparable cases where tourism is most likely to have a substantial and illustrative impact on the processes of state formation and economic development.⁹ In few other regions has so much effort ever been invested in promoting tourism as an engine of national growth and tool for state building as in the Middle East towards the close of the 20th century. For the period since the 1970s, with the exception of island economies, Middle Eastern states constitute the largest regional cluster near the top of the world ranking of tourism receipts as a share of total exports and gross national product (GNP). In many states, tourism development was first fed by the rise of oil wealth, but the decline of oil-based incomes had an even wider impact of regional economic change. In the 1980s most of these states, facing near simultaneous economic downturns resulting from rapid drops in the price of oil, turned towards promoting tourism as a means to replace these incomes. Moreover, as pressures for structural adjustment increased these states have used international tourism development as a means to

⁹ This is excluding specialized cases, such as island economies, where tourism is nearly the only source of national income.

promote economic liberalization, private sector development, and incorporation of their economies into global economic flows.

The Middle East, however, is often viewed as being “left behind” by the process of globalization.¹⁰ Arab states in the region are also often portrayed as resisting integration into the global economy by maintaining highly insulated economies and societies as their peoples cling to “primordial attachments” instead of engaging with global values and processes.¹¹ Many scholars and media observers explain this “Arab exceptionalism” by resorting to residual categories such as claiming that the region’s politics are shaped by some sort of backwards, premodern Arab culture¹² or else that the region’s oil resources and access to strategic aid have created so called “rentier states” which are able to forgo both democratization and globally competitive production. Others like *New York Times* ubercolumnist Thomas Friedman explain this seeming exceptionalism by suggesting that Arab leaders have long failed to understand globalization and, at their peril, they refuse to appeal to the “global herd” mentality driving transnational flows of capital (see Friedman 1999). But by the mid 1990s several states of the Mediterranean Basin, beginning with Tunisia, began negotiating a series of free trade agreements with the European Union (EU) seeking to create a “zone of peace and prosperity” (Joffé 1999, p. 1). At the same time Jordan, while a member of this group, signed a peace treaty with Israel and sought to forge increased economic cooperation and free trade with both Israel and the United States. While full open markets between the EU and selected Arab states will come into effect during the first decade of the 21st century, in the meantime tourism development has become one of the main vehicles driving cross-border currency and investment flows. In other words, Middle Eastern states have generally sought to follow what Louis Turner and John Ash (1975) call the “golden hordes” of tourists driving currency and investment flows across the

¹⁰ See Barkey (1995), World Bank (1995a), Hakimian and Moshaver (2001).

¹¹ For two different explanations for this, see Lewis (1990), Barber (1997)

¹² For critiques for this view, see Said (1979, p. 284-328), Anderson (1995).

globe rather than the “global herd” of investments driven by international capital markets which Friedman (1999) suggests should form a “straight jacket” for economic policy makers guiding them towards the promotion of open markets, free flows of information, and the avoidance of deadly conflict.

Moreover, while Middle Eastern states seeking increased integration into the global economy are rarely incorporated into comparative studies of globalization, these states represent critical cases to test key hypotheses about the effects of globalization on state building. In the wake of declines in external capital inflows in the mid 1980s, many states in the region experienced brief periods of political liberalization as they increasingly emphasized tourism as a new means to promote economic liberalization and private sector development. However, in the 1990s all experienced reverses in their nascent experiments with political liberalization and democratization just as they have moved towards increased economic openness led by success in developing their tourism economies. By drawing contrasts between the processes of tourism development in different national cases, sub-regions within the same countries, and historical periods (reflecting the changes in the global context for international tourism development) within the Middle East region I seek to develop a comparative framework through which to draw generalizable insights about the causes and consequences of tourism development on economic development and state building.

State building in the Middle East

The argument of this dissertation is rooted in a political economy analysis of the foundations of state building in the Middle East where state building and the expansion and consolidation of state power are viewed in terms of the expansion of state capacity to govern and control people, territories, and capital. The strategies and resources used to build and rebuild these state powers and capacities in the

face of challenges such as globalization and economic reform, I will suggest, go far in explaining the fate of economic and political liberalization in the region.

The development of state power consists of how states convert their various physical, cultural, and human resources into resources for building state autonomy, capacity, and legitimacy. State autonomy is understood as the establishment and maintenance of rules, institutions, and techniques used to govern a state's national territory and population as well as being able to ensure that these remain free from effective challenge by domestic and foreign rivals. State capacity refers to the coercive, bureaucratic, and material resources available to state agencies to formulate and implement policies governing these rules, institutions, and techniques. Legitimacy, following Malik Mufti, "means that the state (as opposed to a specific regime) enjoys general societal consent and support. It captures the normative element in state building and identity formation" (1996, pp. 12-3).

The study of state building has long been guided by a model drawn from European experiences where centralized authorities extracted resources from their citizens in exchange for political representation and public goods like security for persons and property (Tilly 1975; Tilly 1992). In the Middle East, authoritarian state formation is generally understood as having been founded on "broad based corporatist coalitions that were party to 'social contracts,' according to which regimes pledged welfare benefits in exchange for political discipline and quiescence" (Waterbury 1997, pp. 141-2). Middle Eastern states sustained these "inclusionary social contracts" by providing public sector jobs, consumer subsidies, and private sector contracts (1997, pp. 141). While most states in the Middle East¹³ experimented with import substitution industrialization (ISI) in the 1960s, throughout the 1970s and early 1980s these economies increasingly relied on flows of external or "rentier" incomes to finance what Lisa Anderson calls "pre-industrial welfare states" (1997). These incomes included oil and gas revenues, Western

¹³ The exceptions are generally the smaller, oil rich Gulf states.

strategic aid, and labor remittances, as well as aid and investment from oil exporting states.¹⁴ These external incomes have played a significant role in shaping the political economy of Arab states resulting in the formulation of a theory of “the rentier state” which argues that the ability of central authorities to gain revenues from external sources, based on a country’s strategic location or geological endowments, bypasses the need for domestic resource extraction giving the state greater autonomy from societal forces.¹⁵ This theory became popular in the late 1980s to help explain the exceptional lack of democratization in the Arab world by arguing that rentier states have been insulated from the political pressures of domestic forces by foregoing the need for both taxation and representation (Beblawi 1987; Luciani 1988).

However, in the mid 1980s declines in access to external incomes strained the ability of most Middle Eastern states to maintain these broad-based welfare provisions. Most of the political economy literature on the Middle East in the 1990s focused on 1) analyzing the ensuing pressures for structural adjustment ¹⁶ and 2) explaining why in some cases these economic pressures have led to state-initiated

¹⁴ On the theory of the rentier state, see Mahdavi (1970), Skocpol (1982), Beblawi (1987), Brand (1992), Luciani (1995).

¹⁵ This theory was formulated as an application of state-centrist theory to the Middle East and considers the effects of transnational flows of capital and labor on the nature of state building. While the first focus of studies, such as Mahdavi (1970), Delacroix (1980), Skocpol (1982), was on states with high oil revenues, many scholars have come to consider other external incomes as rentier such as foreign aid, external borrowing, expropriation of foreign holdings, and transit fees from oil pipelines and the Suez Canal, see Richards (1984), Beblawi (1987), Brand (1992), Anderson (1997). Either way, removal from the burden of taxation, according to the theory, allows the state to become disconnected from the need to promote efficient private production. Instead the state is able to maintain direct control over domestic economic production and property while leaving a weak private sector dependent on the state for access to profits, see Luciani (1988, p. 463). Meanwhile the state allocation of wealth and patronage helps insure regime stability and political acquiescence, see Anderson (1997, p. 130).

¹⁶ Waterbury (1985), Brand (1992), Harik and Sullivan (1992), Heydemann (1993), Niblock and Murphy (1993), Chaudhry (1994), Walton and Seddon (1994b), Waterbury (1994), Brumberg (1995), Farsoun and Zacharia (1995), Luciani (1995).

experiments with limited political liberalization and effective challenges to state legitimacy by Islamist political forces.¹⁷

In all cases, though, the theory can only explain the onset of a reform process not its outcome. In fact, most of the political openings attributable to declines in external rent—such as Algeria, Tunisia, and Jordan—were limited, state-managed efforts which did not open the door to fundamental transformations in the foundations of the state, the circulation of power, or even the institutionalization of political pluralism and civil liberties. In all three cases Islamists were best able to take advantage of the political opening¹⁸ and progress towards increases liberalization has been highly restricted in Jordan, while halted and reversed in Tunisia and Algeria.¹⁹

¹⁷ See Anderson), Brand (1992), Brynen (1992), Anderson (1997). A careful reading of these studies and their critics, however, shows that the theory cannot specify nor explain the path of reaction to a crisis of rentier income. For example, Anderson (1997, p. 132) suggests that in reaction to a rent crisis states might institute political liberalization as a means to preemptively grant political concessions to groups that would soon be targeted for taxation while Waterbury (1997, p. 143-144) notes that political liberalization might be used as a tool to displace the political burden of welfare cuts from the regime onto elements of civil society represented in a parliament Political liberalization might even be an attempt by rentier states squeezed by an economic crisis into currying favor with Western donors for more aid, see Anderson (1997, p. 132). The path from rent crisis to liberalization can also be quite indirect. Political liberalization might be a reactive move used as a tool to create an outlet for social protest in order to head off a political crisis being provoked by the implementation of economic austerity measures which had been imposed as a result of economic crises caused by declines in rent, see Brand (1992), Brynen (1992). It has also been suggested that political liberalization may even be an unintended consequence of economic reform provoked by rent crises. In such a case the state may begin to bargain with the private sector in order to establish conditions for increased private investment whereby this legitimates the process of state-society bargaining after which other elements of civil society mobilize and engaged the state in similar bargains, see Waterbury (1997, p. 161).

¹⁸ For political economy explanations of why this is so, see Chaudhry (1993), Anderson (1997), Tessler (1997). Also relevant is Khoury (1983).

¹⁹ In response, advocates of the rentier state theory have argued that based on the institutions and patterns of rule established under rentier influence Arab states are seeking access to new sources of rentier income (usually aid) or as Luciani (1994, p. 131) notes “pursuing a policy of adapting to a smaller rent rather than accepting the need to change the economic foundation of the state, precisely in order to avoid changing the institutional system.” Others, such as Heydemann (1993), Brumberg (1995), have suggested that the state can promote selective economic liberalization and the development of a controlled private sector without altering its authoritarian-statist structures. Furthermore, Leftists critiques, such as Walton and Seddon (1994a), Farsoun and Zacharia (1995), have argue that rent crises by provoking economic liberalization and privatization will lead to increased repression and class inequality.

By the year 2000 it had become clear that, unlike the states of Latin American and Eastern Europe states, authoritarian rule in most every Arab state weathered the state building crises of the late 1980s and 1990s caused of the decline of rentier incomes, globalization, the threat of Islamist revolution, and the question of succession. While economic crisis, external pressure, or societal forces have reshaped the rules, institutions, and techniques used to govern territories and populations, by the end of the 1990s Arab states were able to manipulate, contain and/or reshape the emerging political pressures and forces—such as non-governmental organizations, private sector industrialists, human rights activists, Islamist movements—in order to retain, for the most part, patterns of centralized authoritarian rule institutionalized by the postcolonial phase of state building in the region. To help explain these patterns of state building this dissertation focuses on another major feature which has come to define Middle Eastern political economies but has rarely been analyzed thus far. Since the late 1980s, in the wake of declines in external incomes and the rise in global tourism flows, these states have sought to promote tourism development as their new “engine” of national economic development.

The argument

In short, this dissertation argues that the extensive state-led tourism planning efforts in the Middle East can be read as attempts at developing a non-repressive survival strategy for states undergoing the pressures of globalization. Tourism has not only become an increasingly important means for generating and controlling national wealth and state revenue in the region, but through the promotion of tourism development states in the region have become increasingly engaged in the regulation of transnational flows of people and capital, the disposition of national territory, and the construction of symbolic representations of national identity. At the same time, however, this process has also created new,

unexpected challenges for state building by engaging a new set of local and transnational actors in struggles to define the scope of state powers over the economy, society, and landscape. As a result the physical and cultural landscape tourists inhabit in the Middle East is a political construction. It is the product of struggles between state, societal, and transnational actors over the control of transnational flows, the use of space, and the nature of cultural representations.

The formulation of this argument requires a revision in the current political science debate about the political impact of the expansion of transnational flows of people and capital on the territorial powers of nation-states and their governance over national economies. Globalization is primarily understood in the political science literature as meaning “deterritorialization.” This process is where state powers, based on national territorial control built in the initial phase of state building, are eroded by changes in the global economy where the increased transnational mobility of people, capital, and commodities leads to the detachment of production systems and political identities from specific national territories. Simply put, deterritorialization implies that as distances and national barriers become easier and cheaper to traverse, location and territoriality matter less to economic activity.

This often recited narrative, though, is only one aspect within the larger, more complex story of globalization. This dissertation explains how tourism development, like other aspects of globalization, has also led to a process called “reterritorialization.” In this process increases in the transnational mobility of people, capital, and information result in the *increased* relevance of “place” for global economic activity. The relevance of place for economic activity is defined by contexts where location in relation to other firms, spatially fixed assets, and territorially based institutions, are critical to firms for maintaining globally comparative production. For example, as firms increase their ability to access resources and to distribute their products across greater distances, seek to locate themselves in specific localities in order to capture what I call *locational rents and*

external economies based on regional specialization and inter-firm relationships that require geographic proximity. Examples of this process are found in many of the key forms of economic development which have been critical to driving global economic production in the last two decades, such as the emergence of regional economies, world cities, and high tech clusters.

The process of reterritorialization is even evident at the airport. Wandering through the many terminals at Schiphol airport, the traveler quickly notices how this airlink hub in the heart of the new borderless Europe has come to operate as a multifaceted high tech “shopping mall-with-planes.” While globalization has led to increases in the transnational mobility of peoples around the globe boosting the volume of international air travel, it has at the same time led to the refashioning of the airport from a generic monofunctional space²⁰ into a new sort of “place” set within the geography of global flows. Beginning with its expansion in the early 1990s, Schiphol airport has come to offer travelers easy, around the clock access to a wide range of services and activities—from a casino to a fully stocked grocery store—in what its designers call an “AirportCity.” The success of Schiphol’s “AirportCity” model is based on the ability of transportation planners and architects to reimagine the function of airports from efficient air travel gateways to commercial complexes anchoring intermodal transportation webs and regional business clusters. Supported by the demand for goods and services generated within a confined space by the flow of travelers airports are now increasingly locations where the worlds of tourism, business, and shopping are fused together. Schiphol airport even exerts a powerful influence over shaping the Dutch economy by fostering the regional territorialization of capital inside and nearby the airport

²⁰ On the evolution of the airport as “a unique space and singular form of modernity” see Pascoe (2001).

where firms seek to exploit the external economies generated by the airport complex.²¹

The politics of tourism development (and globalization, more generally), I will argue, are shaped by how changes in the global tourism economy shift the location and dynamics of tourism development between processes which promote deterritorialization and others which promote reterritorialization. In contrast to the dislocation often caused by deterritorialization on nationally based institutions and production systems, the reterritorialization of economic production can increase the political influence of state, societal, and transnational agents which are able to exert control over the specific territorially defined resources and institutions driving the reterritorialization process. And within each location, different and changing configurations of control over these resources and institutions can be explained with reference to historical state building patterns, shifts in patterns of transnational economic and cultural flows, and contemporary political struggles and policy choices.

This dissertation studies state policies towards tourism development and the expansion of international tourism flows to the Middle East, beginning in the 1960s, with reference to both the changing structure of the global tourism economy and shifting patterns of state building. With a focus on the period since the decline of oil

²¹ Conceived as an "AirportCity" offering travelers and business people a wide range of services 24 hours a day and an intermodal European "mainport" anchoring a greenbelt zone of office, logistics, and business parks. The airport provides a steady demand for products and services as well as the clustering of firms around the airport provides a pool of skilled workers and close linkages to other firms. See Schiphol Group (1998, p. 5), Kloos and de Maar (1996), Arthur Reed, "Roulette 'round the runway," *Air Transport World*, September 1993, p. 95; One sign of the critical mass achieved by the commercial space in the airport itself is that the bustling Food Village Supermarket inside the airport does 70% of its business with airport workers. See Terry Hennessy, "Pilot Program," *Progressive Grocer* (February 2000), pp. 41-42. Schiphol is estimated by its planners to produce added value equivalent to 3.2% of the Dutch GNP. See Karen E. Thuermer, "Netherlands Scores, luring U.S. companies with industrial clusters, efficient transport," *Traffic World* (June 17, 1996), p. 19. On future trends in airport architecture, see: Neil MacFaquhar, "A Mall with Planes," *International Herald Tribune*, May 15, 1997; Thomas Hine, "Where the Shopper Can Also Catch a

incomes in the mid 1980s I show how state institutions have sought new ways to enhance their control over the generation of wealth, the use of territory, and the construction of national cultural representations which boost state legitimacy as they began to promote economic liberalization and the incorporation of their economies into the global markets and flows. By promoting tourism as a key element in these efforts, I argue, the ability of states to suppress or deflect pressures for increased political liberalization can be enhanced by the rebuilding of state autonomy, capacity, and legitimacy. Through tourism development states in the Middle East and elsewhere have sought access to foreign exchange, locational rents, new tools to represent their claims for legitimacy, and stronger private sector allies, in an effort to ease the transition from a pattern of state building supported by broad-based distributive coalitions towards an exclusive one supported by a more narrow coalition of economic and political elites. The process of state building through tourism development, at the same time, has also created new challenges for state building. Societal actors, such as indigenous populations and private land owners near tourist sites, may seek to assert the local territorial control to obstruct or exploit the plans of state authorities and private firms to development tourism sites. Tourism development also often requires the technical and financial assistance experts and international organizations—such as archaeologists, environmental activists, heritage preservation organizations, and international development agencies—to help convert cultural and natural features into tourism spaces able to generate rents and externalities and sustainable economic development. These agents, stakeholders without property rights, often have rival interests and conceptions of the goals and value of tourism development. And, not to be forgotten, the tourists themselves may present challenges and burdens for local states through their disruptive interaction with local populations, practices of

Plane,” *New York Times*, April 25, 1999; and Westfield Corp. “Boston Landing: Shopping and Dinning Guide” pamphlet, 2000.

conspicuous consumption, and high use of scarce resources, or most brutally, their choice to decide not to visit at all.

The cases

Based on fieldwork in Tunisia and Jordan, this dissertation recounts the recent political struggles between centralized state agencies, societal actors, and transnational forces over the control of economic benefits and cultural aspects of tourism. Tunisia and Jordan have been singled out for comparative national case studies because both states are relatively small economies with limited natural resources and internal markets and thus have limited means to insulate and isolate themselves from the impacts of globalization. At the same time, their experiences of state building, economic development, and tourism development promotion span the spectrum of experiences in the Middle East. On the one hand, postcolonial Tunisia emerged in the wake of a nationalist struggle against French colonialism as a republic with a homogenous population, clearly defined national territory, and a well-developed centralized state bureaucracy. These factors helped Tunisia implement an import substitution industrialization project in the 1960s. On the other hand, Jordan emerged from British rule as a Monarchy with weaker state institutions governing a socially fragmented territory with artificially constructed territorial boundaries. Both the birth of the state and the economy and their evolution in the 1960s and 1970s were heavily dependent on rentier incomes sources such as foreign aid and remittances. The study of tourism development in both these cases also allows me to compare the politics of different tourism strategies, types of tourism, and experiences within the global tourism economy. In Tunisia the state's tourism development efforts have been highly centralized and focused on beach tourism, while in Jordan a fragmented set of state, private sector, and non-governmental have promoted through different means regionally diverse forms of heritage, culture, and nature-based tourism.

At pivotal moments of potential state crisis both Tunisia and Jordan attempted to develop state building resources derived from tourism development to orient their reconstruction of state autonomy, capacity, and legitimacy. Tourism development played a similarly critical role in each state's response to new challenges in the 1980s when both promoted tourism development as a survival strategy in the context of increased incorporation into the global economy. In the mid 1990s, Tunisia was the first country to sign an EU partnership agreement outlining a path towards a nearly complete opening of trade within ten years, while Jordan forged plans for extensive economic cooperation with Israel and by 2001 implemented a free trade pact with the United States. At these junctures the political stakes of tourism development were at their most critical, revealing how with the influx of global tourism flows differing configurations of control over territorially defined resources and institutions shaped the political impact of tourism development in each case.

In the case of Tunisia, I trace the transformation of patterns of tourism development which shift from emphasizing deterritorialization, based on high place substitutability, to reterritorialization, which exploit specific territorial locations. I argue that centralized state control over the territorially defined resources and institutions driving the reterritorialization process allowed the state to extend its control over transnational capital flows, the local private sector, and the location of tourism development within Tunisia.

In Jordan, by contrast, tourism development has long been characterized by reterritorialization and control over tourism spaces has been highly fragmented between rival state organization, private firms and land holders, non-governmental organizations, and transnational actors ranging from aid organization to heritage preservation experts. This situation has required the state to contend with societal resistance, organizational obstacles, and unfavorable bargains in its effort to promote tourism development.

This work draws on nearly two years of reading, interviewing, traveling, and photographing throughout the Middle East, a lifetime of global travel, and a recent interest in airport design and the history of regional and urban tourism development in North America. The dissertation seeks not only to explain how patterns of tourism development have been shaped by state policies and global economic forces. It seeks to contribute to a better understanding of the stakes involved in the tourism development process so as to encourage a broader range of local and international voices to participate in the debates over the future course of tourism development. Doing so will require the development of more inclusive political institutions and decentralized modes of governance over tourism development. Open a guide book and you can read about the beauty and heritage represented at tourist sites, the cost and quality of hotel accommodations, and the accessibility and reach of public services. This picture is a static one. It offers little understanding of how the tourism landscape became that way and how it might change in the future. The dissertation hopes to display this picture operating in motion, explaining why—based on the actions of state agencies, global tourism market trends, and shifts in cultural tastes—the guide book now reads as it does. In doing so, I hope to lay the foundations for explaining how—with the help of dynamic state policies, inventive local tourism promoters, and adventurous travelers—the guide book might be rewritten.

PART I

**GEOGRAPHIES OF TOURISM DEVELOPMENT, GLOBALIZATION,
AND STATE BUILDING**

Chapter 1

The rise of the Mediterranean tourism economy

Tourism is a particularly important but little studied feature of Middle East political economy. While the tales of travelers and pilgrims are important staples of the historical and cultural analysis of the region,²² the sizable economic and political impacts of tourism on the state and society have been long over-looked in the social sciences.²³ This omission is perhaps striking since international news coverage of the Middle East is often dominated by images of political struggles for control over tourism spaces such as Holy Land pilgrimage sites, or warnings about security threats to international tourists visiting the region.²⁴ Moreover, the modern international tourism firm, the practice of organized or “packaged” tourism, and the overseas “tourist enclave” were first developed in the context of the Middle East. Long before airports were nodes of transnational tourism, the Middle East was a crossroads of global travel, exploration, trade, and pilgrimage.

It was upon the images and tales brought back by these early “tourists” that in the 1860s the British firm Thomas Cook and Sons was able to construct the beginnings of the international tourism industry by bringing wealthy British and American tourists on organized group tours up the Nile and across the Holy Land.²⁵ Thomas Cook and Sons established an economic model based on insulating the

²² Such as in Said (1979).

²³ Some English language exceptions include Poirier (1995), Vitalis (1995), Gray (1997), Apostolopoulos *et al.* (2001). On Israel see, Stock (1977), Stein (1999).

²⁴ For example, “U.S. tells nationals in Jordan of terrorist threat,” *Reuters News Service (Amman)* June 22, 2000; and Judith Miller, “Dissecting a Terror Plot From Boston to Amman,” *New York Times* January 15, 2001.

²⁵ On the history of the tourism fostered by Thomas Cook, see Brendon (1991), Withey (1997). Mark Twain provides a popular, irreverent account of the first Cook tour of the Holy Land in his *The Innocents Abroad*.

tourist from the burdens and risks of local economic transactions and other forms of uncertainty such as trusting local guides. By arranging to provide the transportation, accommodation, and other needs of a group of tourists Cook could have them prepay for the whole package. This also had the effect of sharply reducing the price of tourism, while at the same time eliminating the extraction of rents by local providers of tourism goods and services. In doing so Cook institutionalized the method for modern tourism firms to capture economies of scale and laid the foundations for popular mass tourism. The Cooks vertically integrated their operations by buying up Nile transport boats and building their own hotels in Luxor creating a cultural as well as economic enclave tourism economy.²⁶ The nature of the cultural and economic relationship constructed between Western travelers and the indigenous society and economy in this era (a construction which might be called “enclave orientalism”) became institutionalized in this economic model which has continued until today to be reproduced in many forms of tourism in the region.

A century later the jet plane and the expanding affluence of the working and middle classes in Europe and North America led to development of lower cost mass tourism. Due to its natural and cultural geography and proximity to industrialized Europe, Mediterranean basin emerged as the central region for the expansion tourism development. The entry of the Middle East and North Africa into the international tourism economy and the evolution of tourism development across the Mediterranean basin has been heavily shaped by three interconnected factors: the sustained postwar growth in the demand for mass tourism in Northern Europe, the standardization of the mass tourism product represented by popularization of the beach holiday, and the evolution of international firms called tour operators which bought and sold wholesale packages of tourism services. These factors led to the expansion of mass tourism first along the Northern Mediterranean

²⁶ For more on the business practices of Thomas Cook and Sons in Egypt, see Rae (1891), Rae (1892).

coast in the 1950s, and then to its replication and spread along the Southern shore of the Mediterranean beginning in the 1960s.

The other side of Fordism: Leisure time, mass consumerism, and tourism

The driving force behind all three of these processes was the post-war economic boom across Western Europe lasting from 1945 to 1973 which saw the simultaneous development of Fordist mass production and the social welfare state supported by Keynesian macroeconomic policies (Harvey 1989a, p.124-140). This era produced sustained growth in middle and working class incomes resulting in the rise of modern mass consumer society. The development of mass tourism can be viewed as an extension of these processes from the world of work and production to leisure and consumption. As Williams and Shaw explain, “Tourism benefited from a one-off redistribution of income, expanded public expenditure, and the success of organised labor in enhancing entitlements to paid annual leave. In addition, workplace and work-time constraints were relaxed, so that not only did the majority of workers in Northern Europe have more free time but there were able to spend more time away from their home areas” (1998, p. 4). In France, for example, the annual rate of departure grew from 15 percent in 1950 to over 50 percent by 1974 (Furlough 1998, p. 262).

Economists have generally viewed tourism as what they call a “luxury good.” This means that it “is characterised by a positive income elasticity of demand, whereby demand rises proportionately greater than income level” (Shaw and Williams 1998, p. 19). This econometric observation about post World War II Europe, however, masks the possibility that increased free time and income could have just as easily been spent at home, on other consumer items, on non-commercial forms of tourism, or even saved for future use. In fact, as cultural historian Ellen Furlough explains, “With the onset of the eight-hour day after World War I elites feared that workers would dissipate their ‘free’ time in drink or

other morally irresponsible behaviors, in commercial entertainment such as cinema, or even worse, on political or labor militancy” (Furlough 1998, p. 253). Trade unions and socialist governments from the 1930s onward backed efforts to organize affordable mass vacations for the working class “designed to express social democratic ideals” (see Furlough 1998, p. 253) and the act of tourism might be viewed as a universal middle class expression of modernity (MacCannell 1999). However, the most powerful driver behind the expansion of mass tourism was most likely the expanding economic interests behind the tourism and travel industry supported by government policies encouraging the expansion of both the supply and demand of domestic tourism. With new marketing techniques and technologies, the growing tourism industry aided by regional boosters, were able to commodify leisure experiences and market them through widespread mass advertising and other promotional means.²⁷ Needless to say, tourism as a cultural practice has become so deeply engrained in North Atlantic middle class culture that Jost Krippendorf notes “whether it is travel we want to fill our spare time with is a question nobody asks anymore” (Krippendorf 1987, p. 19).

The spread of industrialization and technological innovations in the area of transportation—aided by public sector road and airport building and direct and indirect subsidies given to private firms in the automobile and air craft industries—helped to translate the growth in middle class incomes and lower costs of travel into increased mass travel. Domestic tourism in Europe first expanded through wider automobile ownership. In the late 1950s the radius of annual summertime vacation destinations increased with the development of commercial jet travel and the introduction of the “economy fare” ticket (Pearce 1989, pp. 28-29; Poon 1993, p. 42). By the mid 1960s the affordability of flying to tourist destination was greatly increased by the development of charter flights and reduced fares resulting from airline price wars. By 1970 the number of passengers traveling by

²⁷ See Rojek (1990), Furlough (1998), Löfgren (1999), Baranowski and Furlough (2001).

charter flights grew past those traveling by scheduled airlines (Williams and Shaw 1998, p. 4).

While the ability for tourists to travel farther distances more cheaply helped lead to the rise of tourism industries globally, the growth of the tourism industry across the Mediterranean cannot be understood with reference to the cultural dynamic shaping trends in leisure consumption in Europe. Before the rise of mass consumerism, leisure travel was generally a form of elite education (as in the Grand Tour) or functioned as a form of conspicuous consumption by the *nouveau riches* marking their entry into the leisure class.²⁸ These forms of proto-tourism directed travel to a narrow set of specific sites making patterns of tourism development highly territorial. In contrast, the rise of mass tourism in the 1950s was driven by a new sort of psychology and sociology which combined with the introduction of Fordist organizing techniques that allowed for the standardization and deterritorialization of tourism development. In this era one of the dominant destinations for mass tourism became the beach with leisure activities centered around the sun, sand, and sea (and, many would add, sex). While the beach had become increasingly accessible to wider segments of society since the 19th century (Urry 1990, pp. 16-39), in the post-war period the experience of a vacation at the beach became a central feature of middle class consumer culture.²⁹

²⁸ While published in 1899 Thorstein Veblen's *The Theory of the Leisure Class* seems to me indispensable for understanding the early evolution of tourism patterns which until the Second World War were still patterned on the Grand Tour of the 19th century. For a detailed study of the ("high") culture of early "(anti-)tourist" traveling, see Buzard (1993). Two rival readings of the cultural meaning of the rise of tourism motivated by more seemingly shallow pursuits are Boorstin (1971) and MacCannell (1999). They remain discussed and debated in the field of tourism studies. Note however, that neither author views beach tourism within their analysis of tourism trends.

²⁹ The study of the political and economic dynamics of beach tourism is often neglected by works in the field of tourism studies. Löfgren (1999) and Rojek (1990) are two of the only studies to successfully incorporate beach tourism within the larger patterns of the evolution of global tourism history. Urry (1990) begins his book with a discussion of the rise and fall of the British seaside resort before the Second World War but then moves on to discuss other forms of tourism. Most other monographs on beach tourism have been written by non-academic writers of social history, such as Lencek and Bosker (1998).

Fordism on the beach: Mass production, middle class consumerism, and the rise of the Mediterranean tourism economy

The motivation for the rise of beach tourism is often described as the desire to escape the routine of industrial and bureaucratic work, expressed well in the slogan of the *Club Méditerranée* (Club Med) which professed to be an “antidote to civilization” (Furlough 1993, pp. 65-66). Chris Rojek explains that writers have often described the beach as associated with “relaxation and rest” as well as “a site of transgression, a place of license, bodily disclosures and excess” (Rojek 1990, pp. 189). Moreover, I would suggest that it is also possible to read the rise of beach tourism along the shores of the Mediterranean as shaped by the economically “backward” nature of the rural regions of Southern Europe. That is, for Northern Europeans living through an era of rapid industrialization in the 1950s regions of Southern Spain, Italy, and Greece, by contrast, were generally viewed by tourists as less developed with lower costs of living and a more relaxed (read pre-modern) pace of life. This temporal/cultural distance between guest and host might suggest that some of the dynamics driving the rise of mass beach tourism in Europe might be closely related to those driving both historical tourism in Europe (such as visiting 19th century factory towns in depressed region of England) and cultural tourism in the non-industrialized world (such as visiting indigenous villages in Central America).

Another factor driving the expansion of beach tourism was that, as it became increasingly standardized, its production could reap greater economies of scale further reducing the price. Piore and Sabel suggest that the development of mass production “consumption patterns result from the interplay of culture and relative costs” where the consumers “acceptance [of standardized goods] facilitated the extension of the market and the reduction of prices, through increasing economies of scale; and thus the growing gap between the price of mass-produced goods and that of customized goods further encouraged the clustering of demand around

homogeneous products” (Piore and Sabel 1984, p. 190-191). Moreover, even as beach vacations became highly standardized products “many tourists did not mind being like everyone else” (Poon 1993, p. 39) because gaining access to similarly standardized goods, such as prefabricated houses and washing machines, both marked ones inclusion into the growing middle class as well as allowed one to mimic leisure practices which a generation ago were limited to the social and economic elites.³⁰ Beach tourism, additionally, exhibited a special feature not common to all standardized goods. With the same coastal territory and limited investment in fixed capital formation the highly standardized beach tourism product could provide a versatile and eclectic range of leisure experiences to suit a wide range of consumers.³¹

The beach soon became a site of Fordist production as the production of beach holidays were able to reap economies of scale as well as be replicated in a wide range of coastal locations. Driven by more homogenized consumer tastes, cheaper mass produced building materials, and the business strategies of hotel chains (Rojek 1990) the architecture of beach hotels became highly standardized, cheaper, and easy to replicate. As tourism flows grew hotels were built with larger capacities and requiring larger amounts of capital. Coastal towns and villages in and around the Mediterranean where previously a few family run hotels existed soon saw multinational corporations coming in to build and manage large resort complexes.

³⁰ Furlough (1998, p. 248) explains that “Mass tourism’s success and appeal from the middle of the twentieth century was due to its ability both to be popularly accessible and to express social distinction and cultural difference. This paradox of seeming both obtainable and exclusive was a central engine in the making of mass consumer culture and society of which vacations were a part.”

³¹ For example, leisure experiences at the beach—depending on the desires and tastes of the tourist—could center around athletic activities, experiences of nature, restful lethargy, or excessive gluttony and inebriation. The beach could be a family-friendly vacation option for parents where parents relax by the pool while their children take part in numerous recreation activities all within the confined plot of the hotel grounds. At the same time, the beach resort could also serve as a venue to for new forms of sexual expression, experimentation, and adventure in a world removed from the everyday life.

Globally organized production: The development of international tour operators

While developments in popular culture, hotel architecture, airline capacity, and labor legislation were increasing the volume of tourism demand and decreasing the price of tourism supply, the expanding supply markets needed to be coordinated with the increasing demand markets, as in mass production factories (see Piore and Sabel 1984). Following in the footsteps of Thomas Cook, more firms—called tour operators—sprang up accelerating the development of mass tourism by aggregating ever larger number of tourists and negotiating contracts for the large-scale supply of transportation, lodging, and other services by local providers which led to an overall reduction in the cost of tourism.

The building of the international tourism economy as a whole required many large-scale fixed costs capital projects, particularly in the airline sector, airport building and maintenance operations, and road infrastructure. These costs were generally covered or highly subsidized by national governments, often with the help of international lending agencies. The next largest fixed-cost capital requirement was the hotel sector, which was usually carried out by a large number of investors, such that ownership in the hotel sector is often dominated a large number of medium-sized investors.³² The large-scale capacity created by these firms with large fixed costs, but much lower marginal variable cost, created opportunities for tour operators.³³ This began with the advent of passenger jet aircraft in the late 1950s

³² Large transnational corporations, however, dominate the hotel management sector, which are responsible for the design, organization, and day to day operation of these establishments. These name brand firms, such as Hilton, Holiday Inn, and Inter Continental, generally do not own the physical hotels or the land they are built on, but are paid fees or commissions by the individual owners of each hotel. See UN (1982), Jones and Lockwood (1989).

³³ This problem is analogous to the one faced by Hungarian railroad operators in the late 19th century who were struck by the great underused capacity of their trains. Because of the high capital costs of the railroad, tickets priced at the average marginal cost per passenger-distance could only be afforded by the wealthy. In response they replaced their ticket system based on the distance traveled by each passenger (requiring tickets be sold and checked at each station), reflecting marginal costs, with a “zone-tariff system” with a fixed maximum rate making long distance travel much cheaper and greatly standardizing the ticketing system. The result was to increase their total passenger

which resulted initially in excess capacity and the “airline companies realized that tour operators could help achieve higher passenger load factors by filling empty seats and providing these at significantly discounted fares in various combinations with other elements that make up packaged inclusive tours” (Ioannides 1998, p. 141). Being able to insure a high volume of sale was critical. For a regular airline flight to break even requires that 60% of the plane be filled, but a charter company needs to fill 90% of their capacity to break even (Feifer 1985, p. 222). At the same time, tour operators became the life blood of independent hotel operators which had limited means to market directly to their potential clients.

What is critical to note about tour operators is that, unlike many transnational corporations, while they thrive on economies of scale they do not require large initial amounts of capital. As travelers are required to pay a deposit, which the tour operator rarely does to its suppliers, it can often be assured steady cash flows. The low cost of entry into the tour operator business increased competition and drove prices even lower. Profit margins in the early 1970s became razor thin encouraging the development of even larger economies of scale, often accomplished through the merger of failing firms (Burkart and Medlik 1981, pp. 186-7). Increasingly tourism providers improved their efficiency and lowered their costs by creating dedicated systems of Fordist production such as specialized charter flights and large beach hotels with stripped down generic services (such as buffet meals). Large hotel chains emerged to provide accommodation services. They often did not own but managed hotel operations, providing hotel investors with a internationally recognized “brand.” And “as a result, the chains occupy the most lucrative links of the commodity chain while simultaneously minimizing their own risk (Clancy 1998, p. 134). At the height of the mass tourism market in the early

traffic and revenues, while not increasing operating costs (since previously the cars were only a third full) and in some cases even allowing them to reduce the number of ticket offices. For a study of this experiment in railroad management, see James (1890). Translations of the relevant Hungarian railroad and Austrian government documents can be found at: General Traffic Manager of the Austrian State Railways (1890), Austrian Government (1891).

1970s, large segments of the low-cost destinations had nearly all sense of place removed. As Burkart and Medlik note “To judge from the tour operators’ brochures, the product being demanded by the consumer is a fortnight’s holiday in a modern white concrete hotel with a swimming pool and a bar, the whole bathed in sunlight under a cloudless sky. Little or no concern is shown about the country in which the resort is situated, and it may be inferred that the international tourism passenger is quite indifferent to the nature or status of that country” (Burkart and Medlik 1981, p. 189).

In search of new shores: expansion across the tourism periphery

In the 1960s and 1970s, as the beaches of Southern Europe became more crowded and overdeveloped³⁴ and the demand for tourism continued to increase, tour operators searched out new locations for expansion as well as to find cheaper suppliers. The extra distance to new destinations such as Morocco, Cyprus, Turkey and Tunisia was often outweighed by the lower labor costs and government incentives. Table 1.1 below displays the rapid growth of world tourism from 1950 to 1975. As a rough index of the development of tourism markets on the periphery of Europe consider the tourism figures for Africa. Since the 1960s tourism to the African continent has been dominated by mass tourism flows to Morocco and Tunisia. Through 1970 the growth in tourism arrivals and receipts to Africa trails the world growth rates. But by 1975 Africa had made up and exceeded the relative world growth index in tourist arrivals. While index for total receipts to Africa also expanded rapidly from 1970 to 1975 the level is not as large as the world index, suggesting that the relative price of tourism services was lower than that of

³⁴ On the evolution cycle of resorts see the influential model first presented by Butler (1980). See also the attempt by Smith (1990) to model the patterns of spatial evolution and urbanization of beach resorts.

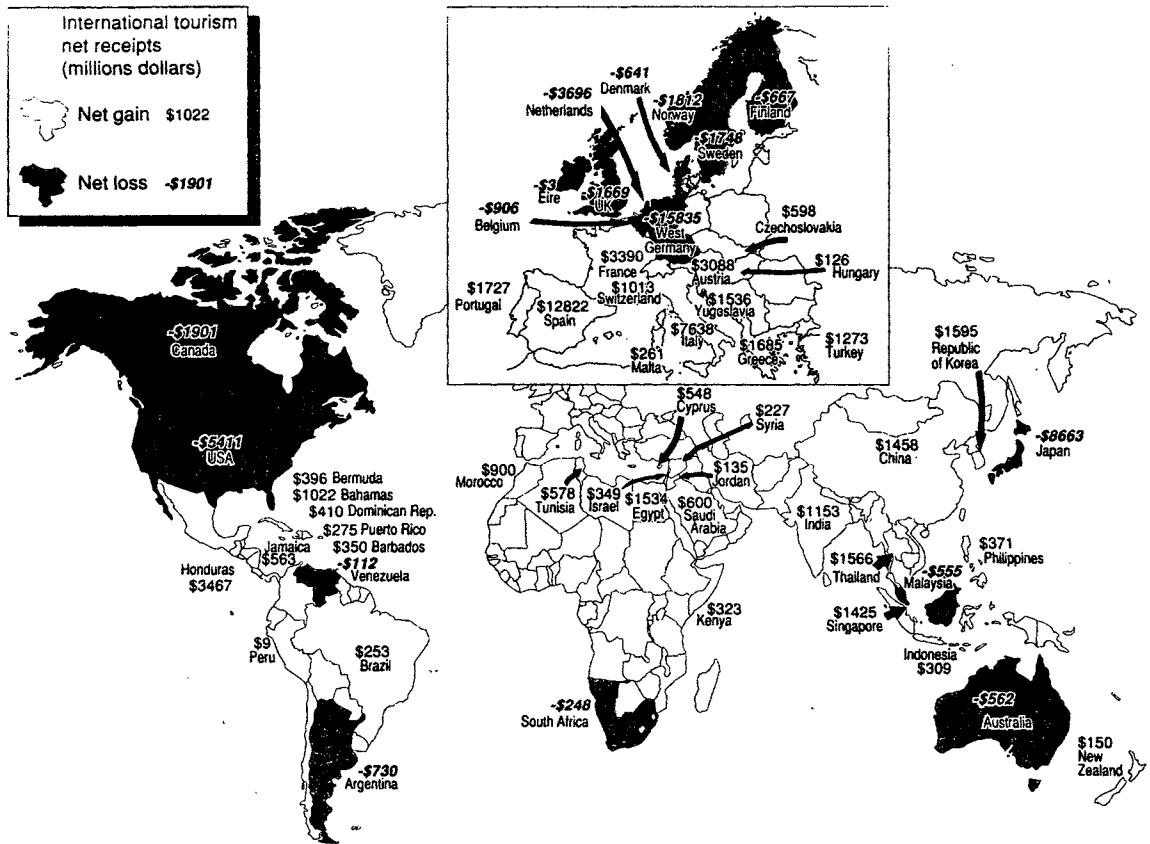
European and North American tourism which has generally represented about three quarters of world tourism.

Table 1.1 World Tourism Growth, 1950-1975
(Index 1950=100)

Year	Arrivals		Receipts	
	World	Africa	World	Africa
1950	100	100	100	100
1960	274	143	327	276
1965	446	272	553	318
1970	656	459	852	548
1975	879	888	1938	1442

Source: (WTO 1999)

Figure 1 Net international tourism receipts
Source: (Shaw and Williams 1994, p. 32)



Net international tourism receipts, 1987

Mass tourism, economic liberalization, and globalization

The birth of modern tourism industries in the Middle East came about soon after these states had established independence and were seeking to forge national economies and promote industrialization. On the one hand, cultural tourism grew out of the legacies of the “grand tour” where Northern European aristocrats would visit the centers of classical and Renaissance culture in Greece and Italy and religious pilgrimage to places such as Rome, Lourdes, and biblical lands of the Near East.³⁵ On the other hand, beachside tourism, which emerged as the major form of mass tourism in the 1950s and 1960s, spread out along the sandy northern shores of the Mediterranean. In the 1960s and 1970s, both these forms of tourism then expanded across the Mediterranean's southern shore incorporating Arab North Africa into the global tourism economy.³⁶ In Egypt, Tunisia, and Morocco the major expansion of mass tourism and foreign investment in the tourist sector coincided with their first efforts of trade and capital flow liberalization in the 1970s. Tourism development expanded throughout the 1980s, such that international tourist arrivals almost doubled in Egypt and Tunisia, and nearly tripled in Morocco. This expansion occurred at over twice the world growth rate for the decade when the decline in oil prices gave a boost to the international tourism sector as it depleted the other sources these states had depended on for income. By 1990 international tourism receipts as a percent of gross national product (GNP) in Tunisia were 8.4%, in Egypt 6.6%, in Morocco 5.1%, and in Jordan it was 12.5%.

Constrained by declines in external incomes and structural adjustment regimes implemented after ensuing economic crises, states across the Middle East sought to exploit the expansion of global tourism flows in the 1980s sparked by

³⁵ On the rise of religious pilgrimage, see Hunt (1984), Theilmann (1987). The Grand Tour and its evolution are covered by Turner and Ash (1975, pp. 29-59), Tower (1985), Buzard (1993), Withey (1997).

declines in oil prices. In promoting tourism as a new development strategy they were reviving the notion popular in the 1950s that international tourism could assist national economic development. That era saw the rapid expansion of global tourism spurred on by northern European industrial growth. Tourism development is generally understood as helping southern European states in their post-war efforts to modernize their economies by diversifying their sources of foreign exchange and by generating job growth in underdeveloped regions (EIU 1973, p. 53; Sinclair and Gómez 1996). However, tourism promotion efforts in the Arab world have been embedded in a much more ambitious rhetoric of tourism becoming one of the main sources of national income and acting as a “propulsive” sector driving growth in other sectors of the economy.

The argument of tourism's boosters is that the Arab world's warm climates, sunny beaches, vast deserts, exotic cultures, historical monuments, and native hospitality should be used to generate new sources of national wealth. This industry has been touted as a means to help these developing economies provide jobs and economic opportunities to replace those lost in the wake of the declines in oil prices during the late 1980s. The expansion of tourism development has recently spread to the Gulf region where Dubai holds a festival of “shopping tourism” and is building amusement parks while Oman is now a popular destination for package nature tours. Even Libya, Algeria, Iraq, and even Lebanon's Hizballah have held conferences and developed marketing slogans in attempts to draw in hard currency from international tourists.

This dissertation seeks to understand not only why tourism has played such a large role in state building and national economic development efforts across the region, but also to explain the results these policy choices have had on the course of political liberalization and economic development. While tourism is widely viewed as a key foreign exchange earner in most states in the region, it is less clear how the

³⁶ For a rare, early account of this process, see Gallagher (1963).

sector can best contribute to economic development. Many of the major state-led tourism development efforts took place just as the dominant sources of income for the economies of the region—oil revenues and labor remittances from the export of workers to oil states—were in sharp decline and we need to ask if tourism can now or in the future come to effectively replace them. Moreover, while the Second Gulf War forced a pause in tourism development efforts, in the wake of the war tourism flows increased across previously impenetrable borders as part of new efforts at developing regional ties based on highly uncertain commitments to regional peace and cooperation. What is certain, though, is that how tourism is developed is a critical policy question facing these states as it will affect their economies, patterns of state building, natural and built landscapes, public spaces, representation of national identity, and relations with other states.

Chapter 2

Mapping the literature on globalization and the nation-state

To understand the political impact of the development and transformation of the global tourism industry, the tourism sector must be viewed in the context of changes in the overall global economy. Towards the end of the twentieth century increases in the scale, scope, and complexity of transnational flows of people and capital spawned wide interest in a process which came to be called *globalization*. Most elements of this process can be traced back to the first oil shock of the early 1970s which most political economists agree marked a systemic shift in the international political economy eventually encompassing a range of phenomena from the deregulation of international financial activity to shifts in the organization, location, and production techniques of manufacturing firms.³⁷ This shift came at the end of a long post-war boom which, as economic geographer Allen J. Scott notes, “represents the zenith of the fordist mass production system as a whole, and, concomitantly, of the phenomenon of the national economy as a distinctive social structure” (1998a, pp. 19-20).

This transformation was initiated by a number of disruptions to the Fordist system including the social unrest of the late 1960s, the abandonment of fixed exchange rates in the early 1970s, and the oil price induced shocks leading to recessions in 1973-4 and the early 1980s (Piore and Sabel 1984, pp. 166-183). Meanwhile, markets for standardized goods were becoming saturated and their rate of expansion diminished just as the advanced industrial countries were facing increased competition from the newly industrializing economies of East Asia and

³⁷ See, for example, Piore and Sabel (1984), Lash and Urry (1987), Harvey (1989a).

Latin America (Sabel 1986, p. 38). “The shocks and increasing international competition destroyed the Keynesian confidence in the stability of the mass-production economies” (Sabel 1986, p. 38) resulting in wide-scale transformations of the global economy which led to shifts in patterns of demand and the restructuring of systems of production seeking to overcome “the rigidity of long-term and large-scale fixed capital investments in mass-production systems that precluded much flexibility of design and presumed stable growth in invariant consumer market” (Harvey 1989a, p. 142).

Consumer demand began to shift away from standardized goods towards a wider range of specialized goods resulting in the segmentation of mass markets into a larger number of more rapidly changing regional and specialized niche markets (Sabel 1982; Piore and Sabel 1984). Meanwhile, more advanced factories were being built in third world economies, such as in Latin America and East Asia, by taking advantage of lower production costs and the global diffusion of technology and manufacturing processes. As a response production systems became increasingly flexible often using skilled workers and reprogrammable machines. At the same time—as the ability to capture economies of scale was widely complimented or replaced by the ability to achieve economies of scope—larger corporations were forced to close down many out-dated large-scale mass production factories with burdensome inventory stocks and learn to develop a wider range of products often with innovations initially coming from their small-scale competitors, subcontractors, or their own shop floors. To integrate these new elements and configurations of production “new system of co-ordination have been put in place either through an intricate variety of sub-contracting arrangements through the formation of new production ensembles in which agglomeration economies have become of increased significance, or through the domination and integration of small businesses under the aegis of powerful financial or marketing organizations” (Harvey 1989a, p. 158). The emergence of these new forms of organizations were aided by public policy measures at the national and international level in the 1980s

which decreased systems of national control and regulation and increased global financial integration leading to a new, global, systems of production and distribution.

Since the 1980s not only have the volume of cross-border flows increased,³⁸ but there has been an intensification of economic and cultural interaction between peoples across the globe.³⁹ As the costs and barriers off transnational flows have decreased the speed and complexity of transnational interaction have increased leading to the formation of global production networks and consumer markets. While there is considerable agreement on the presence of these cultural and economic trends, what impact they are having on the territorial-based process of state formation remains an ongoing debate.

Two readings of globalization

In the 1990s a growing chorus of political economists and environmental activists warned that as globalization created new patterns of economic activity it was disrupting and eroding the regulatory features of the contemporary nation-state.⁴⁰ In this view, global networks of economic activity are seen as dominated by increasingly powerful non-state actors such as transnational corporations, diasporic tribes of ethnic entrepreneurs, and shadowy underground mafia networks which are able to evade or directly challenge the territorially-based capacities of nation-states to regulate economic activity and insulate their national economies. Kiren Aziz Chaudhry adds that “the globalization of capital also curtails the overall ability of all governments to tax, regulate, and gather information.... Even advanced

³⁸ The increased flow of capital and goods between national markets is often termed “internationalization.” On the general distinction between internationalization and globalization, see Jones (2000).

³⁹ For an introductory overview, see Waters (1995). For a more sophisticated review, see Held *et al.* (1999). On economic flows, see Gereffi (1993), Dicken (1998), and on cultural flows, see Appadurai (1990).

⁴⁰ See Reich (1991), Cable (1995), Ohmae (1995), Mander and Goldsmith (1996), Strange (1997) .

industrial states are unable to control large swaths of their alleged economies” (1993, p. 259). Moreover, globalization is also accused of eroding state legitimacy by reducing state control over regulatory, material, and symbolic resources. As Suzanne Berger notes in her review of the globalization literature, these observers claim that “globalization destroys national control of information flows, hence weakens a government's ability to influence its public” thereby “reducing government's legitimacy and authority in the eyes of the public”(2000). “The global spread of neoliberal doctrines,” Berger also notes citing Evans (1997), “has everywhere reduced the legitimacy of broad state involvement in the economy and reduced governments' ability to shape or to protect against market outcomes”(2000).

These claims, however, provoked a wide range of critics and correctives. Many political economists looking at global trade figures suggest that the scale of the economic trends have often been overstated (Wade 1996; Weiss 1997, pp. 6-13), while others studying firms and regulatory institutions downplay the impact globalization emphasizing that “governments...retain the authority to tax, regulate, and otherwise influence business activities” (Keller and Pauly 1997, p. 370). Moreover, a growing school of statist-oriented political scientists argue that through interventionist industrial policy and domestic social policy, states are conditioning their national economies and societies to the globalization of production while retaining or even increasing their powers to guide economic activities and their social consequences within their territories.⁴¹ And for their part, neorealist theorists in the field of international relations generally maintain that the states with the largest capabilities, based on their national wealth and military power, are firmly at the helm of the processes restructuring the global economy and actively

⁴¹See Hirst and Thompson (1996), Wade (1996), Evans (1997), Keller and Pauly (1997), Weiss (1997) Garrett (1998). Note, though, that these critics limit their strong arguments to advanced industrial economies in the North Atlantic and East Asia, and some, Weiss (1997, p. 8) for example, even notes that much of the transnational flows which are said by others to be eroding the regulatory power of the nation-state are in non-productive assets such as tourism.

shaping multinational institutions for global economic regulation to serve their interests (Thomson and Krasner 1989; Waltz 1999).

International tourism and the nation-state through the lens of the globalization debate

Viewing tourism through these opposing perspectives it is possible to frame two diverging views about the political consequences of tourism development for the nation-state. From one perspective the expansion of the transnational flows of people and capital associated with international tourism seem to be eclipsing the autonomy, regulatory capacities, and legitimacy of the contemporary nation-state to govern over its territorially defined national economy.⁴² As international tourism expands to more countries and in larger volumes the economic, social, and environmental impacts are seen by many as becoming overwhelming challenges for nation-states to cope with. Even though North America and Europe generally account for three quarters of international tourism arrivals, the impact that tourism has on developing states is likely to be far more profound. These younger states generally have weaker institutional capacities to regulate powerful transnational corporations and promote economic development. Meanwhile, they are often desperate for foreign exchange, inward investment, and employment creation while they must, at the same time, cope with expanding informal economies, protect fragile environments, provide public services, and contain indigenous cultural reactions against globalization. This view has its foundation in the early critical academic literature about the political economy of tourism which, inspired by the

⁴² In the case of international tourism states generally have little recourse to international regimes as adjustment strategies. On international regimes as adjustment strategies, see Ikenberry (1988, pp. 16-19). The main exception to this is international airline regulation, but for the most part before "Open Skies" deregulation these rules were limited to protecting national carriers from competition. International regimes indirectly related to tourism, such as in the areas of environmental protection and the preservation of world heritage sites (to be discussed in a later chapters), may effect tourism development projects but do not directly control the flows of tourists.

dependency school, saw local states becoming overpowered by global tourism firms which quickly dominated the local tourism economy displacing local firms.⁴³

The alternative perspective, however, suggests that as the volume of international travel expands, states may be able to use their sovereign powers over their national territory and border crossing points as means of increasing regulatory control over these transnational flows and extracting rents from them. The tourism industry, especially in developing countries, is often confined to developing around other territorially defined spaces such narrow strips of beach front property, transportation hubs, and tourist site attractions which in many cases are located on state-owned land. States can extract revenues from visitors to state owned tourist sites, like national museums, and they often control the property rights to land desired by tourism developers. In fact, several studies of Arab political economy have suggested that tourism receipts be counted as a “rentier” income source which, like oil revenues and aid, has helped maintain authoritarian political economies by financing the state's ability to continually supply welfare benefits and evade the structural pressures for economic liberalization.⁴⁴ This view suggests that private firms engaged in tourism development are primarily rent-seekers, that promoting tourism development requires a minimum of state regulatory capacities, and that tourism inflows yield incomes directly controlled by the state which bolster its power and autonomy.

⁴³ Turner and Ash (1975), Turner (1976), Britton (1978), Matthews (1978), Britton (1982), Nash (1989), Britton (1991). While this framework still dominates much of the literature critical of the economic and environmental impacts of tourism development these studies primarily focus on small island economies with few other economic resources, see Pleumarom (1994), Pattullo (1996). A much more sophisticated framework to understand the global tourism industry which highlights the ability of transnational corporations to dominate tourism development in developing economies is presented by Clancy (1998), which uses a “commodity chain” framework.

⁴⁴ Beblawi (1987, p. 61). For other references to tourism as a source of rentier income, see Richards (1984, p. 332), Waterbury (1985, p. 67), Bromley (1993, p. 394).

Rereading globalization: the state and territorial control

As I will show in my comparative national case studies, both these perspectives capture aspects of how tourism has created challenges and opportunities for state formation in the Middle East. Neither perspective, however, can specify how and when which trend will dominate the dynamic of tourism development, nor do they incorporate the agency of local societal actors into their frameworks. To fully understand the politics of tourism development (as well as other aspects of globalization), we need to explore the changing role of *territorial* factors in economic production and state governance of economic activity.

By “territorial” factors I mean the degree to which economic activity depends on resources, markets, or suppliers which are place specific.⁴⁵ In the language of institutional economics, highly territorial economic activity implies “high spatially dependent transactions costs” where costs increase greatly with distance (Scott 1998a, pp. 83-7).⁴⁶ Mineral extraction, for example, is heavily place dependent, so much so that transportation infrastructures are usually built to serve the location of mineral deposits. Subcontracting operations that involve transporting large volumes of supplies between the firms or require regular face to face meetings with the contractor similarly have high spatially dependent transaction costs. In this case subcontractors, such as large parts manufactures in the auto industry, would likely be found in clusters near the contractor.

Our understanding of the role of territorial factors in production is a product of the study of the industrial location. Much of traditional economic geography has analyzed the factors which shape the locational patterns of economic activity based on a simplified model where “the only variable retaining an active influence on the spatial form of the economic system is the cost of overcoming the friction of distance” (Lloyd and Dicken 1972, p. 9). Within this work, the geography of

⁴⁵ This definition is derived from Storper (1997b, p. 20-1).

⁴⁶ On transaction costs economics, see Coase (1937), North (1981), Williamson (1985), North (1990).

transportation and communications infrastructures, national tariff barriers, available markets, and rival firms are viewed as defining where firms locate in order to minimize costs and maximize benefits.⁴⁷ By literally mapping out the location of functionally equivalent firms, economic geographers have been able to develop and evaluate rival theories of locational patterns showing, among other things, how different forms of production produce different locational patterns.

By the same token, the process of *detritorialization* refers to the condition of economic activity becoming less dependent on resources and markets which are place specific, or in the language of institutional economics when spatially dependent transaction costs are decreased. The increased locational substitutability of production in many sectors has been caused by the diffusion of finance capital, production technologies, and consumer habits across the globe combined with the lowering of tariff barriers and transportation costs. For example, beginning in the 1970s many light manufacturing firms relocated from advanced industrial economies to developing countries where the cost of labor, a much more territorially bound factor of production, was lower. This process also leads to the detachment of production systems from specific national territories.

Following the lead of geographer Michael Storper (1997b), it is possible to reread the competing political science perspectives on globalization presented above in order to map the territorial assumptions embedded in each perspective which lead them to formulate equally reductionist views of globalization. Those who argue that increases in the scale and scope of transnational flows are eroding the regulatory powers of the nation-state emphasize the increasing deterritorial nature of economic activity. As spatially dependent transactions costs are lowered the organization of production is viewed as being increasingly reformulated in alternative locations by transnational corporations evading the territorially bound institutions of nation-state control and regulation. At the same time, others who

⁴⁷ For overviews of locational theory in economic geography, see Chapman and Walker (1987), Dicken and Lloyd (1990).

suggest that state power is enhanced by globalization do so by arguing that states are able to use their territorially-based coercive and regulatory institutions to promote export-oriented national development. This perspective emphasizes the degree to which either economic activity has retained territorial dimensions since most forms of global production depend on, to some degree, territorially-bound resources and institutions which are controlled and regulated by nation-states, such as property rights regimes, tax codes, and trade barriers. Or alternatively, states retain control over domestic social and economy policy such that “the coupling of openness with domestic compensation remains a robust and desirable solution to the problem of reaping the efficiency benefits of capitalism while mitigating its costs in terms of social dislocation and inequality” (Garrett 1998, p. 824).⁴⁸

A more nuanced understanding of the political effects of globalization requires focusing on the degree to which—from the perspective of a given territorial unit—different aspects of economic activity fostered by increased transnational flows are territorial or deterritorial in nature. To do this we need 1) to integrated into a single political economy framework the possible political consequences of both territorial and deterritorial economic activity, and 2) consider the regulatory capacities and institutions which regulate territorial scales other than the national economy.

The contrast between the political impact on the state of territorial and deterritorial forms of production can be seen in Chaudhry's study of the differing effects of inflows of labor remittances and oil revenues on business-state relations and state capacities.⁴⁹ As Saudi Arabia exported oil and Yemen exported labor to oil

⁴⁸ Economic activity can also be viewed as increasingly subject to international institutions and regimes, constructed by nation-states to serve the their interests, which define the rules for global trade. French prime minister Lionel Jospin “told a foreign ministry audience that it was only at first sight that globalisation reduced the role of the state. Look closer, and who but the state can provide the necessary rules for trading standards, the environment, social rights and so on? ‘Globalisation gives a new legitimacy to modern states,’ he said.” *The Economist*, August 4th 2001, p. 43.

⁴⁹ The results of this work were first published in Chaudhry (1989), and later elaborated in Chaudhry (1997). Her explanatory matrix is illustrated in Table 1 of Chaudhry (1989, p. 105), and the results of her study are summarized in Table 2 of Chaudhry (1989, p. 112).

rich countries, both economies experienced the same boom and bust cycles of the oil market but, Chaudhry explains, with differing results on the nature of business-state relations in each country. While the flow of oil revenues are centralized and go directly to the state, she notes, the flows of labor remittances are decentralized and are channeled through the private sector (Chaudhry 1989, p. 103). During “oil boom” years in the 1970s the Saudi state's access to oil resources allowed it considerable autonomy and enabled it to sponsor a dependent private sector, to which it had social and economic ties, and to spend considerable amounts for the purpose of seeking national integration and political acquiescence. In contrast, during these years in Yemen where the inflows were in the form of labor remittances to the private sector an autonomous private sector developed to which the state had neither social or economic ties.⁵⁰ Chaudhry explains that the political impact of capital inflows is determined in each case by “the degree of control different public- or private-sector groups exercise over their allocation, and the extent to which that control is dispersed or centralized within those groups” (1997, p. 24). A careful reading of her study shows that territorial factors undergird her argument as the territoriality of oil production and the deterritoriality of labor remittances are fixed and taken as givens. The “territoriality” factor determines in each case the role each plays as independent variables in the explanatory framework.⁵¹

⁵⁰ The second movement of her argument (which examines the politics of extraction rather than production), explains how the politics of the state-business relations shifted after the decline of oil prices which drastically diminished oil revenues and remittances. When the inflows dried up in 1983-1984, Chaudhry argues, the political effects were reversed. The Saudi state which had relied on oil revenues and developed distributive state capacities was then caught with a private sector to which it had social ties and over which it had little institutional capacity to tax and regulate. Meanwhile, the Yemeni state, without the same social ties between the state and private sector, developed institutional capacities to regulate the fixed assets holdings in which the capital inflows (remittances) were now invested in through which it could extract tax revenues. For an overview of alternative explanations, see Ross (1999), Cooley (2001).

⁵¹ In fact, the politics of business-state relations in Yemen hinge precisely on to what degree remittance flows are channeled by formal, territorially-rooted financial institutions, or informal, highly deterritorial ones. On the formal and informal institutions which govern remittance flows, see Choucri (1986).

By choosing forms of capital flows with fixed positions at opposite ends of the spectrum between highly territorial and highly deterritorial forms of economic activity Chaudhry's study allows us to highlight the influence of territorial factors in shaping the political impact of transnational flows on the state. To expand upon this insight we need to also consider the case of foreign investment, ignored in Chaudhry's study, and view it through a similar matrix framed by the contrast between territorial and deterritorial economic activity. In a 1987 essay Peter Evans surveys recent studies on the impact of foreign investment in developing countries which took up the challenge of advocates of dependency theory who in the 1970s had argued that "the penetration of foreign capital should result in the contraction of the economic role of the state in the third world" (Evans 1987b, p. 321). Evans introduces his essay by noting that this issue is framed by "the contradiction between the geographic character of state power and the transnational character of economic power has consequences for political development" (p. 319). "Sovereignty," he writes "entails jurisdiction over economic activities within a state's geographic boundaries while the economic power of transnational corporations (TNCs) and international capital more generally is global, extending beyond the jurisdiction of any particular state" (p. 319). The essay goes on to outline how the relative power of the state over foreign capital increases as capital investment becomes (though not stated explicitly as such) more territorial rooted. This relationship is most evident in the extractive industry sector where "once the TNC has sunk the substantial initial investments necessary to begin exploiting the raw materials, it has a great deal to lose, and the bargaining position of the state improves" (p. 315). By the same token foreign capital in a sector (such as light manufacturing) which has low fixed costs, limited skilled labor requirements, and a large number of alternative locations for investment—that is where economic activity is highly deterritorialized—has relatively more power in its bargaining with the state. The state's bargaining power in this case rests more heavily on the development of the technical knowledge and capacity of state bureaucracy to regulate the local market.

At the same time, as Evans notes, the state in such cases can gain greater power over territorially confined local capital by “creating space” for it through protecting local markets from external competition or insisting that foreign corporations develop more backwards and forwards linkages to local firms. Moreover, the development of these institutional capacities have generally been viewed as critical for the success of states shifting from inward-oriented growth within protected markets to outward-oriented growth strategies driven by foreign investment which became the basis for the increased globalization of production.⁵²

In the wake of critiques of dependency theory and the experience of the newly industrialized economies of East Asia, most scholars working in the field of political economy have come to view the relative ability of the state to regulate transnational flows in order to promote local development and other state objectives as shaped by the nature of the institutional capacities of the state and the relative power of international capital and domestic firms, labor, and the state bourgeoisie to reshape the formation or implementation of state policy to serve their interests.⁵³ As Peter Evans argues, in the context of globalization economic development “outcomes are fundamentally determined by the institutional context at the national level...The character of the state and its relations to society are principle elements of that institutional context” (Evans 1998, p. 210).

While the work of both Chaudhry and Evans exhibit an understanding of how globalization involves both territorial and deterritorial forms of production, these territorial factors are understood in terms of the territorial unit of the nation-state. In fact, most work in political science frames its analysis nearly exclusively in terms of territorial units defined by the boundaries of the nation-state and national economies.⁵⁴ This convention derives from the fact that the

⁵² See Evans (1987a), Haggard (1990), Evans (1992), Evans (1998).

⁵³ See, for example, Evans (1987a), Haggard (1990), Wade (1990), Evans (1995), Chaudhry (1997), Evans (1998).

⁵⁴ On the state-nation as the territorial unit framing most political science discourse, see Taylor (1996), Brenner (1999). Note that neoclassical economics is also generally “placeless” where distance

construction of the national territorial unit (with border controls, a unified national market, and national institutions of economic regulation), has been the hallmark of the state building process in most country and the institutional foundation on which most state-led industrialization efforts were launched.⁵⁵ Limiting their analyses to the use of this single territorial unit, however, much of political science literature, fails to fully appreciate the all territorial aspects of globalization.

Introducing reterritorialization

A critical aspect of globalization, overlooked in much of the political science literature, is that deterritorialization does not necessarily diminish the importance of territorial factors for organizing social, cultural, and economic activity. In fact, globalization often leads to an intensification of the importance of location and territory for global production. Geographer David Harvey, who observes in his book *The Condition of Postmodernity* that since the 1970s global society has experienced the compression of distances in space and time, also notes that “as spatial barriers diminish so we have become much more sensitized to what the world’s spaces contain” (1989a, p. 294). And as John Rennie Short notes “locations constitute both space and place...The popular view is that that globalization lead to space. The particularities of place are overwhelmed by globalization to create a bland space that covers most of the world. I contend that globalization is a dialectic process that creates both space and place. The connection between location and globalization is not simply the creation of space; it is the formation of new forms of a space-place nexus” (Short 2001, pp. 17-8).

To fully analyze the dynamics of globalization, I suggest, it is critical to understand how decreases in the costs and barriers to transnational economic and

and national borders are represented as transaction costs which lead to suboptimal efficiency. On this point and efforts within economics to overcome it, see Krugman (1991), Krugman (1995), Krugman (2000).

cultural flows can result in the *reterritorialization* of forms of economic production. As firms increase their ability to access resources and to distribute their products across greater distances, their location of production often becomes less shaped by their proximity to dispersed consumer markets defined by the boundaries of national economies and the pathways of infrastructure grids, or else limited to the unique locations of raw materials. Instead, they often seek to locate themselves in specific localities—such as midst clusters interdependent networks of firms or in the nexus points of global cities—in order to capture what I call *locational economies* based on regional specialization and inter-firm relationships that require geographic proximity. Examples of this process are found in many of the key forms of economic development which have been critical to driving global economic production in the last two decades, such as the emergence of regional economies, world cities, and high tech clusters.⁵⁶

Locational economies are defined by access to territorial resources which, as Michael Storper explains, “can range from asset specificities available only from a certain place or, more importantly, assets that are available only in the context of certain inter-organizational or firm-market relationships that involve geographic proximity, or where relations of proximity are markedly more efficient than other ways of generating these asset specifics” (Storper 1997b, p. 20). This process is a recursive one where the locational benefits increase as more firms come into the regional, urban, or industrial cluster.

The study of locational economies dates back to Alfred Marshall's work on industrial districts (see Harrison 1992). He and others have studied the numerous ways in which such spatially defined external economies can be generated from labor market pooling and technology spillovers to increased ease of cooperation and learning between firms which are located in the same geographic cluster. The experience of the “Third Italy” where the development of flexible specialization

⁵⁵ See Chaudhry (1993), Keyder (1993).

⁵⁶ See Krugman (1991), Saxenian (1994), Cox (1997), Storper (1997a), Scott (1998a), Sassen (2001).

technologies by clusters of small firms—resulting in “a decisive geographical re-concentration of production” and the “resurgence of the industrial district” (Storper and Walker 1989, p. 152)—was critical for the revival of this line of study beginning in the late 1970s. The attempt to theoretically generalize the Italian experience and incorporate the experiences of other regions (such as high tech clusters in the United States) produced two major schools of political economy in the 1980s. The “MIT School” anchored by the work of Charles Sabel and Michael Piore focused on the issues of product design, manufacturing technologies, and labor relation practices (Sabel 1982; Piore and Sabel 1984; Sabel 1989). This approach can be viewed as having investigated regional economies from the inside-out focusing on changes internal to the firm which led to new forms of inter-firm networking and socially embedded forms of cooperation and trust. On the other hand the “California School” of economic geographers anchored by the work of Allen Scott and Michael Storper can be viewed as exploring the same process from the outside-in (Scott 1986; Storper 1989). They focused on how firms began to externalize aspects of production and then sought to decrease inter-firm transaction costs through regional agglomeration.⁵⁷

Reterritorialization, as I use the term, refers to forms of territorialized production where decreases in some spatially dependent transaction costs enable the reorganization of production based on increased dependence on transactions with spatially dependent transaction costs which allow for the exploitation of locationally defined positive *external economies* and *rents*.⁵⁸

As David Harvey notes “Rent is the theoretical concept through which political economy (of whatever stripe) traditionally confronts the problem of spatial organization and the value to users of naturally occurring or humanly created differentials in fertility” (Harvey 1989b, p. 90). Technically, economists understand

⁵⁷ For a review of these related lines of inquiry, see Storper (1997a, pp. 5-22). On the fate of the “Third Italy” in the context of increasing globalization, see Berger and Locke (2001), Sabel (2001).

rents to be incomes gained by holders of scarce property rights in excess of what would otherwise be earned (under perfect market conditions) without the addition or improvement of existing factors of production.⁵⁹ In contrast, an economic externality as Allen Scott explains, “is any occurrence or activity that lies outside the range of control of the individual firm, but that then has definite effects on the firm’s internal production function” (1998a, p. 81).

As I use the terms locational rents and locational external economies are related aspects of the same phenomenon where differentials in the fertility of territorial resources and locations are products of the spatial organization of productive assets. On the one hand, “locational rents” refer to aspects of the marginal differential fertility, which can be privatized and directly controlled by ownership, while on the other hand, “locational external economies” refers to the aspects which are essentially public goods and common pool resources, that can be regulated by control over the infrastructure which sustains them.⁶⁰

Reterritorialization, economic liberalization and state building: The rescaling of territorial control

While globalization can lead to the reterritorialization of capital flows based on where firms and investors perceive they can best capture rents and external economies, the territorial scope of these rents and external economies do not generally coincide with the territorially boundaries of national economies. National borders often did define the location and territorial scope of production in the era of national capitalism because states defined national markets by creating barriers to the flow of goods, capital, and labor at their borders (Krugman 1991, p. 71).

⁵⁸ This formulations drawn on the Allen Scott analysis of the locational economies and the regional foundations of economic performance, see Scott (1998a, pp. 75-100), Scott (1999).

⁵⁹ For a general introduction to economic rent seeking, see Buchanan (1980). On the role of rents in economic development under the condition of increased globalization, see Kaplinsky (1998).

⁶⁰ It can also be a club good where rents can be extracted for access to the external economies.

However with increased economic openness and deregulation, factors which have fostered globalization, the ability of nation-states to establish and protect these frontiers of their national economies has diminished.

Chaudhry notes that “Economic liberalization programs in many countries [such as those in the Middle East] were initiated in response to fiscal crises prior to the construction of effective regulatory and extractive institutions that would undergird a market economy” (1993, p. 262). This leads her to argue that in “late developers” relinquishing of control over their national economies in the context of increasing economic globalization “has resulted in the fragmentation of administrative, legal, political jurisdictions within already constituted 'national' economies....Even in advanced industrial states fragmentation cuts at the administrative basis of the territorial national state, destroying the institutional infrastructure through which large national economies reduced transaction costs and enforced regulation at an earlier period” (Chaudhry 1993, p. 262).

The process of “fragmentation,” however, has not necessarily eliminated the powers of government to promote development but has required a *rescaling* of governance regimes and the arenas in which the interaction between the state, local actors, and transnational flows occurs. For example, in reference to the highly globalized information industries, sociologist Saskia Sassen writes, “this would be a type of regulation focused not on the outputs of information industries—which are indeed hypermobile and circulate in electronic spaces—but on the material and socioeconomic infrastructure” (1998, p. 202) which are territorially bound. Such a regulatory process does not require the integrative, extractive, and boundary establishment activities which have long been seen as the mainstay of centralized state formation (Levi 1988; Tilly 1992; Chaudhry 1993), since it does not rely on

states' ability to exert control over entire national territories, markets, populations, or cross-border flows.⁶¹

In the context of globalized production networks characterized by reterritorialization—which combine operations with low spatially dependent transaction costs (such as product distribution) and high spatially dependent transaction costs (such frequent face-to-face meetings between highly skilled workers of cooperating firms)—the promotion of economic development requires that states rescale their regulatory efforts from primarily national regulatory systems towards fostering both global and regional systems of regulation. This means, for example, on the one hand developing efficient global communication and transportation systems to keep marketing and distribution costs down, while on the other had, building the regionally-based social and technical institutions required to attract and train highly skilled professional workers.

By being able to establish the conditions and infrastructures that generate spatially defined external economies and rents state agencies can encourage decentralized, highly mobile global flows to become reterritorialized within their territory. Defining the specific policies and institutions required to do this is one of the current challenges facing the fields of economic development and industrial organization. Much of this literature has highlighted worker education and training, technological development and diffusion, benchmarking and unifying quality standards, rotating capital funds, regional marketing services, and institutions which foster more intense networking, collaboration and trust between firms.⁶² This work and the empirical findings from which it is derived show that public agencies *can* form alternative structures for reducing transaction costs and enforcing regulation over economic activity.

⁶¹Another sort of rescaling is the formation of new regulatory schemes and trade pacts between states on regional and global multilateral bases to ease the global coordination of production and distribution, see Cerny (1995).

⁶² For a sampling of this work, see Harrison (1992), Sabel (1993), Sabel (1995), Willis (1996), Storper (1997a), Scott (1998a), Jessop (1999), Scott (1999).

Centralized state agencies, however, cannot support the building of these institutions and infrastructures without adequate cooperation from local firms and other societal actors which shape the nature of these regional economies and create the networks which sustain the generation of positive externalities or create opportunities for the creation of rents. Recognizing this challenge has led some to conclude that the power of governments to regulate economic activity is being eclipsed. On closer inspection, though, the powers and capacities of nation-states are often not being eclipsed by non-state actors as much as being rescaled, decentralized, or regionally fragmented.

In many industrialized economies economic liberalization and globalization has often led to the enhancement of the responsibility and authority of local-level governments and to the decentralization of the administrative techniques of central governments.⁶³ Highly centralized authoritarian states in the developing world, however, generally lack institutionalized forms of representative local and regional government.⁶⁴ As a consequence, instead of administrative decentralization, many observers have noted that territorial reassertion has led to the fragmentation and erosion of centralized political authority and legitimacy as it results in “the emergence of smaller administrative jurisdictions that often coincide with radically different economic endowments, difference ethnic groups, religious, or linguistic groups, or some combination thereof” (Chaudhry 1993, p. 262) and the reassertion of local, tribal, and primordial identities (Chaudhry 1993; Anderson 1997; Barber 1997). Meanwhile, transnational flows in these states occur through informal and underground economies further marginalizing the economic power and control of states (Azarya and Chazan 1987; Roy 1992; Kaplan 1994).

⁶³ This process is often referred to in the U.S. context as the “New Federalism,” see Sabel (1995), Jessop (1999). Chaudhry (1993, p. 261) observes the same trend in political organization, but emphasizes that this represents a breakup of the national economy and the nation-states' tools for reducing transaction costs and enforcing regulation. For a review of some relevant literature see Bolton *et al.* (1996).

⁶⁴ On the process of decentralization in the more democratic federal states in Latin American, see Garman *et al.* (2001).

In the 1980s most Middle Eastern states faced both the increasing deterritorialization of production together with economic crises which generated pressures for the liberalization of state control over their national economies and the cutting back of efforts to insulate their population from the social dislocation caused by globalization. It was in this context that tourism development was viewed by state agencies as offering a counterweight to these trends. As explained in the following chapter, states would be able to turn to tourism development as a means to aid state building because they often maintained greater control over the transnational flows, territory, economic resources, and symbolic representations involved in tourism development than other forms of global production.

Chapter 3

The politics of tourism development and state building

This dissertation maps the politics of tourism and state building in the Middle East by assessing how state access and control over territorial, economic, and symbolic resources are used to build and sustain state autonomy, capacity, and legitimacy. The ability of the state and other social actors to access these resources is rooted in the spatial features of tourist attractions and tourism development which generate territorial rents and externalities and the reterritorialization of economic activity. This chapter presents a framework for the study of the politics of tourism development by outlining how the configuration of control over these resources and institutions—the product of global tourism economy and local political struggles—shape the extent of state control over societal actors and the ability to regulate transnational flows as well as the local political power of societal actors and the ability of transnational organizations and corporations to shape the domestic economy.

The spatial economies of tourism development: Territorial rents and externalities

Tourism development is the process of turning spatially defined experiences into commodities by the deployment of physical and human capital to create or enhance such experiences and provide visitors with goods, services, and information. Thus in contrast to building industrial districts, high tech clusters, regional economies, or world cities, tourism development in the context of developing states, generally does not require the same high level of technical knowledge and institutional capacities nor the same cooperation from firms and

other local actors to initially create positive externalities or rents. As a consequence, as I describe in this chapter, the spatial dynamics of tourism economies turn on its head the economic geographers' understanding of the spatial construction of agglomeration economies, or what I have called reterritorialization.

The driving force behind agglomeration economies, in what Michael Storper terms the "California School" of economic geography, is the "externalization" of economic transactions where production processes become decomposed into a number of smaller, more specialized tasks performed by separate firms (Storper 1997a, p. 9).⁶⁵ These geographers argue that firms form locational clusters in order to minimize the costs of these external transactions and to capture the external economies which these clusters then generate. In this model consumers are viewed as spatially fixed but—in a context of increased globalization—decreases in transportation and communication costs and the lowering of national barriers to trade make locating closer to consumer markets less important than it was in the era of national production. Firms instead, they argue, are increasingly driven to reap positive supply-side externalities by locating in clusters near other related firms.

In contrast, tourism economies are constructed by highly mobile consumers visiting tourism sites which are territorially bound spaces developed by spatially fixed deployments of capital. This results in three major inversions of the standard geography model of reterritorialization each relating to a different aspect of the tourism development process:

Tourist sites and attractions: Together the global mobility of international tourists and the spatially fixed nature of tourism development intersect to form two

⁶⁵ It should be noted here that Michael Storper has noted that California School's emphasis on the externalization of production and the cost reduction benefits of locational proximity as the explanation for "observed agglomeration of productive activity" in the 1980s was "an explanation, but it was partial" Storper (1997a, p. 14). His more recent work has centered on investigating the dynamics of innovation and learning.

interconnected systems of locational rent creation. The property rights holders of these tourism spaces can extract rents from the developers of tourism facilities, and in turn, these private or state owned tourism facilities can extract rents from the tourists (Grey 1982, p. 108-112; Britton 1991, p. 455). As Harvey argues, rent “forms the basis of various forms of social control over spatial organization” (Harvey 1989b). Furthermore, he explains:

All rent is based on the monopoly power of private owners of certain portions of the globe. Monopoly rent arises because social actors can realize an enhanced income-stream over an extended time by virtue of their exclusive control over some directly or indirectly tradable item which is in some crucial respects unique and non-replicable. (Harvey 2001a, p. 395)

Moreover, the spatial fixity of tourism sites also generate positive external economies in the spaces made available for tourism development in and around such sites and along the flows of tourists to them. These external economies are economic opportunities generated indirectly by tourism flows or tourism development activity but to which the firm or organization engaged in that activity does not own the property rights.

Tourism infrastructures and public goods: In the geographers’ model, as more firms join the cluster they generate “Marshallian” external economies based access to “pools of common factors of production” (Harrison 1992, p. 473) such as labor and infrastructure. But many of these common pools in the case of tourism are public goods or excludable club goods such as marketing, infrastructure, tourism site development which states can usually provide. The clustering of tourists and tourism firms allows the state or private developers to provide these services more cheaply as well as exploit the firms dependence on their provision as means to monitor and regulate the firms.

Constructed tourism spaces and commodities: Marshall also discusses technology spillovers by famously remarking that “the mysteries of the trade

historical, cultural, or environmental traits or else at least represented or evoked these geographic proximate features. Even early beachside mass tourism development sought to augment the natural environment of the sea coast with themed hotel designs, recreational activities, and evening entertainment.⁶⁸ Since the 1970s tourism spaces, especially in urban areas, have increasingly followed the trends of “postmodern architecture” (Harvey 1989a) where functionality and authenticity of design is replaced by commercially-driven efforts to artificially manufacture experiences of place, culture, and experience.⁶⁹ This form of tourism development occurs by giving otherwise unrelated commodities and experiences added cultural and symbolic meaning by associating them with particular places as well as by “places” being artificially constructed with little relationship to the local geography, such as theme parks.⁷⁰

In the geographers’ model rents and external economies are generated by the activities of firms and reterritorialization is a recursive process driven by autonomous, private actors, where state agencies and private developers can only attempt to create infrastructures and institutions to help encourage this process. In contrast, reterritorialization in the field of tourism development has increasingly involved the construction of “places” and the commodification of landscapes, cultures and experiences that help generate rents and external economies for firms. By asserting centralized control over spaces and institutions which help create these senses of place and the commodification of places, cultures, and experiences, social actors and organization—such as states, local communities, or transnational corporations—are able to drive the reterritorialization process and control the generation of rents and external economies which draws both tourists and capital investment.

⁶⁸ For example, the French firm *Club Méditerranée*, its name notwithstanding, built vacation villages in all parts of the globe with a Polynesian theme, see Furlough (1993).

⁶⁹ Eco (1986), Urry (1990), Britton (1991), Hannigan (1998). See also the epilogue of MacCannell (1999).

⁷⁰ See also Harvey (2001a).

Tourism development and resources for state building

The impact of tourism development of the state building process and state-society struggles is based on the ability of state agents, institutions, and policies to expand their access—in relation to the ability of other actors—to construct, define, and direct the proceeds of rents and external economies. These “proceeds” will primarily be measured in terms of material resources and the state’s regulatory power over the economy.

State power over the tourism economy can generally be measured by the ability of state agents to control the economic benefits of tourism and the definition of property rights relating to tourism. This control includes not only direct state ownership over tourism sites and tourism related firms but also control over the shaping and distribution of the economic benefits tourism generate. This state building resource can be measured in terms of state revenues accumulated and foreign exchange earned, as well as in terms of access to property and resources valued by tourism developers, power to regulate tourism firms, responsibility over foreign aid and investment in the sector, and influence over how tourism products are shaped and how tourism resources are commodified.

Another aspect of tourism development connected to state building processes is the developed of the bureaucratic capacity of the state and other institutions to formulate and implement policies relating the tourism development. Critical to this function is the gathering and assessment of information about firms, people, and territories as well as technical knowledge about how to transform them. This aspect of state building will be traced through the formation of state agencies for information gathering, policy formulation, and policy implementation. I will also consider what the relative scope for action and access to resources tourism-related state agents have within the hierarchy of state authority.

Tourism development will also often lead states expand their control over natural resources, national heritage sites, environment, and public space. It is understood, however, that how these resources are used to promote state goals is a matter of political struggle and choice. The state, for example, may choose to gain foreign currency by giving tourists access to these resources, to limit tourist access to preserve biodiversity, or to allow the livestock of an indigenous tribe graze on them. Each of these may advance state interests, depending on the context. I will examine both the state's increased accesses to these resources as well as how they are deployed.

Lastly, tourism development involves a wide array of forms of symbolic representation—from international advertising campaigns to the plaques narrating tourism sites—which are read by international tourists as well as domestic visitors. Influence over how these representations are constructed can be used to promote state interests such as legitimacy by, for example, increasing tourism flows, projecting an image of domestic tranquility for foreign investors, or promoting national mythologies.

Territorial control and the politics of tourism development

With the control of state building resources at stake, the process of tourism development is subject to political struggles between state agents and societal ones. As such, the ability to construct, define, and direct the proceeds of rents and external economies can be viewed in the same way that Joel Migdal understands the issue of *social control* as playing a critical role in the process of state formation (Migdal 1988). For Migdal “state social control involves the successful subordination of people’s own inclinations of social behavior or behavior sought by other social organizations in favor of the behavior prescribed by state rules” (Migdal 1988, p. 22). “Increased capabilities of states include and rest upon increased state social control” (Migdal 1988, p. 22-3) which “includes the ability to appropriate resources

for particular purposes and to regulate people's daily behavior" (Migdal 1988, p. 261).

Increased state access to tourism development resources, however, often involves cooperation and contention with a number of actors and forces, such as local tourism developers, transnational firms, indigenous populations, technical experts, and other state institutions. As a result, as Migdal writes:

The form of the state, its goals, its capabilities, its scope, its domination by particular social forces or its autonomy, as well as the form, systems of meaning, capabilities, and autonomy of other social forces—all these have been determined through the critical struggles and accommodations in the multiple areas of society and the relationships among the areas. (1994, p. 29).

Working from this premise, the first task of this dissertation is to map these struggles over the arena of tourism development. The second task of this dissertation, following Migdal's plea that "scholars need to ask if and how the struggles in arenas carry over to other arenas and, possibly to domination in the society as a whole" (1994, p. 29), is to assess the importance of the control and development of tourism to the overall struggle between state, societal, and transnational forces.

In Migdal's model of state building, as a result of colonialism and modernization in many Third World countries, fragmented patterns of social control—where local "strong men," societal organizations, and state subordinates retain high levels of local social control—debilitated the efforts of political elites to promote the centralization of state social control. This explains, he suggests, the diminished capacity of many postcolonial states, such as those in the Middle East, to promote industrialization, modern social transformation, and popular acceptance of state-generated myths and symbols.

In the following chapters I examine the politics of tourism development by tracing the ability of state institutions and policies to control the generation of territorial rents and externalities. This ability is shaped by the context of the global tourism economy, the nature of state tourism development capacities, the

configuration of control over tourism resources, and the choice between centralized and decentralized modes of tourism promotion.

The most fundamental factor shaping patterns of international tourism development is the contrast between contexts where tourism development is characterized by deterritorialization, on the one hand, and reterritorialization, on the other hand. The context of the global tourism economy shifts between increasing deterritorial forms of tourism development in the 1960s and 1970s, where locations are more substitutable such as beach tourism, to forms based on increased reterritorialization in the 1980s and 1990s, such as heritage tourism and theme parks.

Increases in the deterritorialization of tourism increase the ability of mobile transnational firms shape the tourism development process in relation to the territorial bound nation-state and local capital. In this context the ability of the state to effectively promote tourism development requires the development of strong institutional capacities measured in terms of the three elements outlined above: 1) Territorial control over tourist sites and attractions, 2) Control over tourism infrastructures and the provision of public goods, and 3) The commodification of tourism experiences and the construction of successful tourism spaces. These capacities increase the ability of the state to territorialize transnational capital investments and “make room” as Evans argues for local capital. In either case local firms will be subordinate to both transnational capital and the state.

The increasing reterritorialization of tourism, in contrast, increases the relative position of territorial bound nation-states and local firms thereby intensifying the importance of control over the territorial resources required for tourism development, as these territorial resources become less interchangeable. As a consequence, access to tourism development resources and the development of tourism development capacities requires the increased cooperation and acquiescence of tourism developers, indigenous populations, technical experts, and other state institutions and subordinates each with control over the territorial, technical, and

economic resources required for tourism development. Control over the territorial, technical, and economic resources required for tourism development in some cases will be highly centralized within hierarchical state organization. In other cases, it will be highly fragmented which various resources wielded by a number of actors. Following Migdal (1988), I suggest that degree of fragmentation will shape the nature of politics in the tourism sector.

To effectively promote tourism development, that is successfully match domestic tourism supply based on local and foreign capital to global flows of tourism demand, in the context of fragmented control over these resources requires that either the state is able to centralize control over these resources, or that control over the tourism development process is decentralized or devolved to the actors wielding this control. By this I mean state tourism development policy is governed by regional tourism authorities or else by regionally based private sector tourism associations. By the same token, tourism development efforts are likely to fail where the state attempts to retain centralized control over the tourism development process but fails to centralize control over tourism development resources, or where control over the tourism development authority is not devolved while local actors retain control over tourism. In other words, in the context of a global tourism economy which characterized by reterritorialization, authoritarian states are more likely to increase their ability to regulate transnational flows only when control over tourism resources is centralized within state agencies and thus will seek to increase centralized control over these resources.

The itinerary ahead

The dissertation is organized in three parts. You are currently near the end of **Part I** (Chapters 1-3) which has overviewed the rise of the international tourism economy across the Mediterranean basin, reviewed the literature on globalization, and presented a theoretical framework for the study. It will shortly overview the

national case studies. Parts Two and Three, representing the bulk of the dissertation, present the national cases studies for Tunisia and Jordan.

Part II (Chapters 4-9) explores the case of Tunisia and the struggle of the state to respond to the deterritorializing effects of globalization while seeking to increasingly integrate its national economy into global markets and economic flows. These chapters explore state policies towards tourism development and the expansion of the sector since the 1960s in reference to the changing structure of the global tourism economy and the relative capacity of the state to develop mechanisms to regulate these flows. The Tunisian experience allows us to explore how an experienced, centralized bureaucracy built during the expansion of global mass tourism faced the challenge of adapting its tourism economy to changing global markets and a period of state building crisis. In the early 1980s Tunisia was faced with the challenge of deterritorialization eroding the state's regulatory control over its national economy, society, and tourism sector. The new phase of state building, begun in the wake of a change of regime, was characterized by efforts to promote the reterritorialization of domestic and international capital as well as tourists flows requiring the commodification of new spaces, cultural practices, and experiencing expanding state control into new arenas of society. Even as the state was privatizing its tourism holdings, such as hotels and travel agencies, the state was gaining increased regulatory power over the domestic economy and society, consolidating its control over the burgeoning private sector.

The historical background for the Tunisian case was established in Chapter 1 which traced the origin of mass beach tourism in southern Europe explaining how the deterritorialization of the tourism development led to the expansion of tourism development across the Mediterranean. Chapter 4 examines how Tunisia first built its tourism economy as mass tourism expanded globally in the 1960s and 1970s. Located on the southern shore of the Mediterranean Sea, Tunisia's proximity to European tourism markets and the similarity of its climate and geography to the

major standardized beach tourism destinations of southern Europe made Tunisia an attractive location for European tourists and tour operators looking for new destinations. This early era of mass tourism expansion coincided with Tunisian's phase of centralized state formation and its brief experiment with socialist-style economic organization and planning. Tourism flows grew at a rapid rates and once controls over foreign capital were lifted in an effort to expand capacity, external actors and transnational corporations quickly dominated investment in many regions eclipsing the state's limited abilities to regulate tourism development. In the 1970s, however, the state embarked on a project of infrastructure and institution building which allowed it to territorialize capital flows, much of it from the Arab oil states and European investors. This effort, examined in Chapter 5, included the creation of the tourism agency, a land management agency, and an extensive infrastructure development program. This capacity building effort established the basis for centralized state control over the tourism development process.

Not soon after these projects were realized, however, the market for mass beach tourism became increasingly saturated and a new wave of tourism global tourism expansion began marked by diversified and segmented markets for specialized activities such as heritage tourism and ecotourism. This shift in the global tourism market, examined in Chapter 6, coincided with the breakdown of Tunisia's inward oriented industrialization, its first efforts at economic liberalization, and the increasing inability of the state to regulate the growing volumes of transnational flows of people and capital through its territory. The instability caused by this breakdown in the state's economic regulatory abilities led to the events of the November 7th 1987 when a near senile president Habib Bourguiba was replaced in a "medical coup" by the military officer Ben Ali. In the mid 1980s state power had been challenged by the exhaustion of its short-lived oil income, drops in foreign investment and worker remittances, and a growing popular Islamist movement. While Bourguiba's inability to respond to these challenges is

generally viewed as the motivation behind the coup and the reason for Ben Ali's initial popular support, as I will show how in Chapters 7 and 8, the expansion of tourism development—in particular the attempt to diversify Tunisia's tourism product—was central to Ben Ali's survival strategy, the reestablishment of tighter state control over Tunisia's society and economy, and the closer integration of the Tunisian economy into the global economy. With a focus on the period since the mid 1980s, Chapter 9 shows how state institutions sought new ways to enhance their control over the generation of wealth, the use of space, and the construction of cultural representations in a context of increasing globalization. I conclude that by promoting tourism Tunisia gained access to foreign exchange, locational rents, new tools to represent its claims for legitimacy, and stronger private sector allies, thereby easing the transition from a pattern of state building supported by broad-based distributive coalitions towards an exclusive one supported by a more narrow coalition of economic and political elites.

Part III (Chapters 10-14) explores how in Jordan, a fragmented set of state agencies attempted to promote reterritorialization but feared ceding too much power and authority to societal and transnational actors over the governance of the tourism economy. While Part II seeks to explore the effect of shifts between periods when tourism development was characterized by deterritorialization and reterritorialization forms of tourism development, Part III looks into the effects of when territorially-defined resources and institutions driving the reterritorialization process and capacities to promote tourism development are fragmented between state, societal, and transnational agents.

The fragmentation of Jordan's state institutions is a product of both the means the Hashimite monarchs, after claiming the throne with the assistance of Britain, chose to initially construct the state as well as a legacy of the various other (non-tourism) purposes which each agency was established. Chapter 10 explores the politics of land ownership, foreign aid, and social heterogeneity which shaped the

state building process in Jordan leading to the fragmented of state governance structures. Meanwhile, Jordan's experience of tourism, punctured by periods of rapid tourism expansion followed by deep declines, never created pressures for the development of centralized state capacity in the sector until the early 1990s. After the June War of 1967, Jordan lost control over the Palestinian territory of the West Bank including the valuable Holy Land pilgrimage sites of Jerusalem and Bethlehem. This territorial loss brought about a shift in tourism policy focusing on the ancient ruins on the East Bank. However, the political instability of the region prevented tourism from being viewed as a viable engine of economic development until the 1994 peace treaty signing with Israel.

The state in Jordan faced a critical challenge in the wake of the rapid decline of remittances and aid in the late 1980s leading to nearly defaulting on its debt repayment. Economic crisis lead to the implementation of a structural adjustment program in 1989 which provoked severe riots within the states own traditional support base of Transjordanians⁷¹ who make up much of the army and state bureaucracy. Moreover, the signing of a peace treaty with Israel in 1994—while critical for the states' geostrategic interests—threaten to generate widespread political opposition, especially from the Palestinian dominated professional and business classes. At the same time an oppositional Islamist movement was building feeding off of the disenchantment caused by a weak, stagnant economy. Tourism development, I argue in Chapter 11, played a pivotal role in the efforts to “sell the peace” and reconstruct Jordan's national interests and economic structure towards greater integration with Israel and the global economy.

However, the tourism boom of 1994 and 1995 failed to promote sustained economic development in the tourism sector and Chapters 12, 13 and 14 explore how that unlike the case of Tunisia the state in Jordan lacked control over the reterritorialization process.

⁷¹ This term is used to imply that ones family roots are from the east bank of the Jordan river, i.e. ones family is not of Palestinian origin.

While the state had ownership over many existing and potential tourist sites, it was only able to extract a limited amount of rent from these assets, usually in the form of tourist fees, which by increasing the cost of tourism dampens tourism demand. Most of the economic benefits of tourism consisted of territorially defined economic rents and externalities that the state was unable to control. They were instead controlled by various land owners near tourism sites and the local and international firms—tour operators and travel agencies—which regulated the flow of tourists through the country. And the state's limited administrative control over territorial tourism assets, tourism firms, tourism development organizations was fragmented between different state institutions, organized regionally and functional. Nor did the state have much advantage over capital financing as funding for tourism development planning and implementation relied on external donor funds as and private sector investors. Moreover, tourism development also required mobilizing private sector actors without territorial assets such as travel agencies and tour guides which sought to exploit the rents and externalities generated by tourism flows.

These chapters also explore the political struggles between centralized state agencies and societal actors (that is, besides private firms) over the control of economic benefits and cultural aspects of tourism. The Jordanian case allows me to study the process of the planning of a rapid expansion of a national tourism economy by a highly fragmented set of state agencies aided by a number of aid and development organizations, foreign governments, and non-governmental organizations. Just as the Monarchy was experimenting with increased political liberalization in the late 1980s, the state struggled to expand its centralized control over the many aspects of the tourism sector but was forced to encounter both the limits of its capacity as well as numerous societal and transnational actors with superior knowledge and skills engaged in various aspects of tourism development. This experience demonstrates how the process of state building through tourism development can also created new challenges for state building by engaging a new

set of local and transnational actors, such as environmentalists and archeologists, in struggles to define the scope of state powers over the economy, society, and landscape.

As a result during the tourism boom the states' fragmented control over the territory and institutions governing tourism development led to a period of rapid rent seeking behavior by the rival private interests which controlled these assets, failing to generate sustainable external economies. The efforts of state institutions to try to extent centralized state control over tourism firms, where different private sector and local indigenous communities already are able to assert local territorial control, often faced resistance, challenge, or delay. In Chapter 12, after reviewing the state's development plans I explore the politics of tourism development in practice through three case studies. The first focuses on the efforts of the United States Agency for International Development (USAID) to help Jordan establish a private sector run, but partially state financed, national tourism board, the Jordan Tourism Board (JTB). The efforts of state institutions to try to extent centralized state control over tourism firms in this case, where different private sector and local indigenous communities already are able to assert local control, failed.

Chapter 13 presents an in-depth case study of the Wadi Muss region near the world heritage site of Petra exploring the dynamics of tourism development during the boom years and the subsequent efforts of the state institutions to extend centralized control over the tourism in the region through the expansion of the authorities of the Ministry of Tourism.

Chapter 14 notes how that most successful tourism development in Jordan however has been the result of a few large private sector firms which have developed luxury "enclave" tourism circuits. Through vertical and horizontal integration these firms are able to control enough territory and other tourism resources allowing them to control and exploit the rents and externalities generated by tourism flows within narrow spaces of the tourism economy. In this case the

state only gains minimal resources for state building while other firms in the economy are marginalized from the proceeds of these tourism flows.

Finally, the **conclusions** of the dissertation are surveyed. I argue that in both Tunisia and Jordan the state's tourism development policies chose to forego possible increases in the scale and scope of the economic benefits of tourism development in order to maximize the potential political gains for the state. I then suggest avenues for further research to advance the theoretical claims made in the dissertation and suggest how the struggle for alternatives paths of tourism might best be forged.

PART II

**MASS TOURISM, STATE FORMATION, AND THE CHALLENGE OF
DETERRITORIALIZATION: THE CASE OF TUNISIA**

Introduction

In the following chapters I recount how the Tunisian state constructed and reconstructed a series of regulatory regimes to manage the transnational flows of people, capital, and information and domestic deployment of capital, labor, and space within the tourism sector. By regulatory regimes I mean institutions which help secure a workable match between the supply and production of tourism products.⁷² The primary function of state regulatory efforts has been the accumulation of institutional, material, environmental, and symbolic resources for centralized state building which includes bolstering state autonomy, capacity, and legitimacy. The Tunisia state, however, has had a highly restricted ability to influence consumption patterns or even the institutions which govern the transnational flows. Most of the state's efforts have been focused on shaping domestic production patterns in an effort to match the changing patterns of international investment and tourist flows. This includes providing public goods such a infrastructure, encouraging investment through various incentives, as well as defining the nature of the Tunisian tourist product though planing, marketing, and tourist site development in an effort to match local supply to the volume,

⁷² This political economy language is indebted to the work of the Marxist inspired regulation school which seeks to understand the history of capitalist development as progressing though a series of regimes of accumulation governed by sets of institutions and practices which shape the behavior of economic agents in order to facilitate the process of capital accumulation. In this view, periods of stable accumulation are punctuated by periods of crisis in which the mode of regulation breaks down, requiring the establishment of new patterns of production and consumption in order to rehabilitate the process of capital accumulation. My conceptualization of the regulation process, however, differs from those existing frameworks primarily because I view regulatory regimes as driven by the imperatives of state building rather than capital accumulation. Key texts of the French regulation school include Aglietta (1979), Lipietz (1987), Boyer (1990). Efforts to apply regulation theory to the case of Tunisia include Dimassi (1984), Zaiem (1993), Ben Hammouda (1995). A related school, with a more American flavor, is the social structure of accumulation (SSA) approach. For an attempt to apply the SSA approach to the study of economic development in North Africa, see Pfeifer (1996), Vandewalle and Pfeifer (1996).

quality, and style demanded by international markets at a competitive price. Beginning in the 1980s, as the state sought to diversify the Tunisian tourism product, this increasingly called for state policies to regulate not only economic agents and resources, but also cultural practices, media representations and spatial patterns.

While government officials, tourism boosters and international development agencies have often referred to tourism promotion efforts as a manifestation of the state's commitment to privatization and private sector-led economic development, left-wing critics and Islamists have viewed it as another step towards increased dependency and neo-colonialism. I argue that the dynamics of state-economy relations in the tourism sector are better understood in terms of how the expansion of international tourism flows and tourism development capital has led to the expansion of the state's institutional control and regulation over Tunisia's natural and cultural tourism resources and the property rights, credit allocations, and flows of tourist images which shape the process of tourism development.

Progressively since the 1960s the Tunisian state using a number of government bureaucracies, public sector firms, and nominally private organizations has shifted its means of control over the sector, from building hotels and controlling prices to managing what I call the territorial and institutional landscape of tourism development while relying increasingly on external capital to finance development. In the 1990s new forms of tourism development—which relied more heavily on place specific cultural, heritage, and natural resources—have increased the scope of state action for the generation of territorially based rents and external economies. This reterritorialization of tourism flows has led to the development of new means and techniques for state control over space, capital, and social transformation. By drawing on and extending the state's territorial powers, state-led tourism development has helped to supply institutional, economic, and symbolic resources for state building to compliment the coercive ones provided by the security apparatus. As a consequence economic liberalization, in the tourism sector at least,

failed to help sustain pressures for political liberalization and instead has come to support a reconstruction of authoritarian state building in Tunisia.

This presentation will explore the limitations of both the Tunisian and French language work on tourism development in Tunisia, as well as the Anglo-American political economy literature on transnational flows and development. In contrast to the discourse of local tourism officials and private sector boosters, much of the Tunisian and French language academic literature on tourism development in Tunisia has viewed this process through the lens of external dependency.⁷³ These studies argue that economic development in Tunisia has increasingly been dominated by and has catered to the needs and interests of international capital and sometimes argue the case for a more autonomous model of development oriented towards the internal market.⁷⁴ International tourism development, almost by definition, requires that the local economy opens up to global flows of capital, people, and commodities and gears the local production of tourist products to match these flows. This increasing external dependency, however, does not necessarily have to distort the local economy such as to limit local development and capital accumulation as is often the case in small island economies (Pleumarom 1994; Pattullo 1996).

While acknowledging the powerful effect of transnational capital, global tour operators, and changes in international tourism trends, I will attempt to construct for the case of Tunisia an argument for a pattern of state-managed development—somewhat similar to what Peter Evans (1979) termed “dependent development”—in the field of tourism development by tracing the evolution of state institutions for regulating the process of tourism development. As Peter Evans argues, in addressing how dependent development is affected by globalization, economic development “outcomes are [still] fundamentally determined by the

⁷³ As noted in Chapter 2, this is also a perspective dominant in much of the early academic literature on tourism development in the Third World.

institutional context at the national level...The character of the state and its relations to society are principle elements of that institutional context” (Evans 1998, p. 210).

However, what these perspectives lack, I argue, is a territorial contextualization of the factors that shape the relative power of the state to regulate transnational flows over time. Focusing on the growth of transnational flows, on the one hand, and state capacity building efforts, on the other hand, fails to fully explain the changing nature of this relationship in the context of tourism development in Tunisia. Drawing on the theoretical framework presented in Chapters 2 and 3, I will argue that the shifting relationship of transnational tourism flows and state formation cannot be understood without reference also to the shifting territorial nature of international tourism development which itself has been shaped by an interplay of global cultural and economic factors. The politics of international tourism development in Tunisia prefigured the politics of what we now call globalization. Tourism, much earlier than other sectors such as manufacturing and agriculture, was a sector where transnational flows of people and capital met few national barriers, production processes were globally organized, and the local private sector faced market pressures to produce services which competed in a global market place. Mass tourism flows were first to exhibit some of the travel habits which have come to be mastered by what Tom Friedman calls “the electronic herd” (Friedman 1999, p. 93-119), making and changing itineraries based on shifts in relative currency rate adjusted prices and unexpected political events. As such, the Tunisian state was not able to ever regulate the tourism sector or effectively promote tourism development with protectionist barriers, Keynesian fiscal policies, price control, or through negotiating international regimes.

Instead, tourism regulation in Tunisia has involved reshaping domestic institutions and territory in order to promote the generation of spatially defined

⁷⁴ See Mzabi (1978a), Sethom (1979), Cazes (1983), Signoles (1985, pp. 885-892), Sethom (1990), Belhedi (1992), Sethom (1992), Miossec (1997).

rents and positive economic externalities in the context of the changing territorial nature of global flows. For Tunisia the territorial nature of tourism development has been shaped by the arc of the rise and decline of the Northern European market for mass beach tourism. The geographical proximity and similarity of Tunisia to Southern Europe (the core region for beach tourism development) and the relatively small size of its economy makes it a critical case in which to assess these trends as marginal shifts in the territorial nature of the global tourism economy are immediately felt in Tunisia where their impact is amplified in comparison to the larger tourism destinations which line the Mediterranean coast.

Chapter 4 below begins by explaining how the deterritorialization of tourism development—a result of the standardization of the sun, sand, and sea tourism product, explained in Chapter 1—allowed Tunisia to expand its tourism economy in the 1960s by quickly becoming a substitute destination for mass beach tourism along the Northern Mediterranean coast. In the early phase, as emphasized by the advocates of the dependency perspective, international capital in both the hotel and tour operator sectors quickly came to dominate Tunisian tourism space, channeling the efforts and goals of state tourism policy. This experience was met by an institutional capacity building effort in the 1970s. By reshaping domestic institutions, as emphasized by the statist Anglo-American political economists, and territory (a means not fully explored by them) in Tunisia, the state was able to promote the generation of spatially defined rents and positive economic externalities which allowed this developmentalist state to forge a new form of tripartite alliances between state, local, and foreign capital (Chapter 6).

In the 1980s, just as these institutions for tourism development were in place, the market for Tunisia's highly standardized mass tourism product peaked and Tunisia was soon lacking the international image and flexible domestic institutions required to quickly reshape its tourism product to compete with the increasing reterritorialization driving tourism development (Chapter 7). This diminished the economic value of tourism and eroded the support tourism

development provided state building, in particular, by providing hard currency, jobs, and attracting foreign capital.

In the mid 1980s, due to a recessionary period in Europe, a decline in oil incomes, and the challenge of increasing globalization to its manufacturing sector, Tunisia faced economic crisis and pressures for economic liberalization while nearing a breakdown of the ability of the state to regulate economic and social change within its territory. This erosion was one of the features that led to a crisis of state building in Tunisia in the 1980s resulting in a change of leadership and a reformulation of state survival strategy based on increased, but better managed, economic liberalization and global economic integration (Chapter 8). As a result, in the late 1980s and 1990s the Tunisian state has sought to expand tourism development and rely more heavily on this sector as an engine of national development and a means to increasingly integrate the Tunisian national economy into global markets and economic flows. At the same time changes in the global tourism economy in the 1980s and 1990s led to a new wave of global travel focusing not simply on beaches and sun, but culture, heritage, and unique experiences of place. Seeking to exploit these trends, one of the central elements of the state's political reorientation, I will argue, was a reformulation of its tourism development strategy which increasingly sought to promote reterritorialization (Chapter 9). Less than three years after *Le Changement* a foreign correspondent in Tunis would report that "Along the capital's palm-lined boulevard, new banks and hotels are being built. At the same time, white-washed resort complexes are springing up beside Tunisia's Mediterranean beaches. These projects are the most tangible sign of this North African country's economic awakening after nearly five years of hardship and decline."⁷⁵ This effort not only contributed to increasing national

⁷⁵ Howard LaFranchi, "Tunisia Beats Economic Doldrums," *Christian Science Monitor*, October 10, 1990. p. 4.

wealth and state revenues, but also led to the generation of new modes of regulation and management of space, capital, and society.

Chapter 4

The state, private capital, and deterritorialization in Tunisia: Establishing a position within the international division of leisure, 1956- 1973

In 1956 as Tunisia emerged from colonial rule, a centralized state ruled over a well-defined national territory and population. Under the authority of the French protectorate from 1881 to 1956, Tunisian state building included the development of a centralized administrative structure and the implementation of wide-scale conscription, taxation, and economic commercialization, such that even the tribal organizations of the hinterlands of Tunisia no longer posed a threat to the autonomy or capacity of the centralized state (Anderson 1986). Moreover, the anti-colonial struggle in Tunisia consisted of episodes of mass popular mobilization organized by the nationalist party, the *Neo-Destour* (New Constitution), led by a pragmatic, French educated lawyer named Habib Bourguiba. While seeking to displace the urban bourgeoisie of the less reform-mined *Destour* party, the Neo-Destour was successful at drawing into the nationalist struggle rural elites, the intelligentsia, peasants, and through an alliance with the powerful *Union Général des Travailleurs Tunisiens* (UGTT) trade union movement, the working class.⁷⁶ Even after banishing its rivals, diminishing the power and public role of religious institutions, and subduing the autonomy of the trade union movement, the Tunisian regime under Bourguiba was one of the few states in the region to be widely viewed as having attained broad legitimacy and political stability (Moore 1965; Rudebeck 1967; Hudson 1977).

⁷⁶ On the politics of the anti-colonial struggle, see Brown (1964), Moore (1964), Ahmad (1967), Anderson (1986), Hazbun (1994).

After capturing the state, consolidating its power, and finding replacements for the departed French civil servants, the new elite drawn from the rural towns along the *sahel* (or central eastern coast of Tunisia) was driven by the objective of using state resources to reverse the socioeconomic effects of colonialism by promoting industrialization. At first, under Bourguiba's guidance the state adopted a liberal approach to economic development, rejecting the socialist model proposed at the time by leftist elites (in particular the UGTT leadership). Bourguiba's initial hope was to encourage Europeans to keep their sizable investments in Tunisia free from the fear of expropriation and nationalization (cf. Egypt). Nevertheless, in the first three years of independence between 1956 and 1958 "investment dropped sharply, and the flight of capital was uncontrolled," as "the new Tunisian authorities, deprived of all control over currency and exchange, watched helplessly as the massive outflow of funds continued." (Amin 1970, p. 145-6). The state then moved to create a national currency, exchange controls, and an indigenous banking system. These policies began the process through which the Tunisian economy—which had once been fully incorporated into French consumer markets, monetary and banking systems, and capital investment patterns—would, like many other developing states (Chaudhry 1993; Keyder 1993; Chaudhry 1997, pp. 43-100), establish controls over transnational flows and begin to develop and insulate the national economy as a setting for state-led import-substitution industrialization (ISI).⁷⁷

⁷⁷ The experience of state-led industrialization in the Middle East is surveyed by Richards and Waterbury (1990, pp. 184-218). For an alternative account of the rise of ISI in the Middle East, focusing on wartime intervention in the cases of Egypt and Syria, see Vitalis and Heydemann (2000). My own effort to explain the role of nationalism, centralized state formation, and imported organizational models in shaping the politics of industrialization in Tunisia by eliminating alternatives to state-led mass production is suggested in Hazbun (1994, pp. 97-8) and more fully

The beginnings of state-led tourism development

In the context of an overall strategy of inward-oriented development, the period from 1959 to 1973 also marks the first phase of tourism development in Tunisia. In this period a tourism development regime evolved shaped by the increasing standardization of the mass tourism product and the deterritorialization of global tourism development. Tourism development in Tunisia would expand rapidly through the 1960s, requiring the state to mobilize private capital to increase local supply capacity but by 1973 this process would face its first crisis of regulation.

As the European settlers streamed out of the country following independence, their assets were taken over by the state or bought up by indigenous Tunisians. Tunisia, however, had “nothing or next to nothing” in the way of hotels, facilities, and tourism infrastructure (ONTT, p. 1). The founding of the national airline, Tunisair, had taken place under the French Protectorate in 1948. Most hotel capacity was located in Tunis while a Club Med colony was built on the island of Jerba in 1954. A handful of private resort hotels also date back to this era.⁷⁸

The official state-led promotion of tourism development began in 1959, with the establishment of a parastatal corporation, the *Société Nationale Hôtelière et Touristique* (SHTT). The state directly owned 92% of it while the rest was owned by public institutions such as state-owned banks, Tunisair, and various municipalities.

outlined in “Manufacturing Artifacts: Artisans, Small-Scale Production, and Factories in the Discourses of Modernization in Tunisia,” unpublished manuscript.

⁷⁸ Besides being an occasional destination for various intellectual and artistic travelers such as Gide, Flaubert, and Klee, Tunisia was often a health or winter retreat or a peripheral stop on a Grand Tour. Thomas Cook had included Tunisia as part of its North African tour in 1895 organized tourism. At the time of Tunisian independence tourism was widely viewed as a luxury of European colonialists and a means to advance the colonial project. During the colonial era heritage preservation and tourism promotion worked to increase colonial control over indigenous urban communities and drawing Europeans to settle the land. At the same time tourism also played a large indirect colonial role as travelogues became the dominant means for the transmission of representations of Arab peoples and places to the West. On tourism in the era before independence,

The SHTT efforts began with a TD 10 million⁷⁹ investment in hotel construction. The first efforts included several large, luxury hotels such as the Miramar in Hammamet and Ulysse Palace in Jerba. Many construction projects sought to mark the new prestige of the regime and to house party and trade union officials and their conferences. The headquarters of the SHTT was located in Monastir, the home town of Bourguiba and the home region of much of the Neo-Destour elite. Other developments were set in non-coastal areas (such as Gafsa, Kairouan and Kasserine) for the purpose of symbolizing a regional balance and spreading out the spending, prestige and jobs (Moudoud 1989, p. 152).

In the early 1960s tourism began to play a larger role in the state's project for national development. This new role reflected the overall shift in the state-led effort to promote economic development in Tunisia led by Ahmed Ben Salah who was promoted by Bourguiba's authority the head of the National Economy superministry carrying the portfolios for Finance, Commerce and Industry, and Agriculture. Ahmed Ben Salah at the time said "it is...highly essential to consider investments in tourism as a means to expand the country's economy and to use the benefits derived from this sector to create and consolidate the foundations of a new Tunisia" (Group Huit 1979, p. 286). Ben Salah helped to initiate an ambitious socialist inspired development decade (1961-1971) based on "socialist" central planning. Reflecting this effort, in 1964 the Neo-Destour changed its name to the *Parti Socialiste Destourien* (PSD). The party and the trade union came to function as agents for political socialization within the increasingly corporatist state promoting the legitimacy of the elites effort to promote rapid growth and social change as well as increase centralized state control over all the economic resources and agents within its territory (Anderson 1986, pp. 237-240; Moudoud 1989, p. 135-154; Murphy 1999). During this effort the state "collectivized every existing

see Bergaoui (1996) Boukraa (1993), and Lynne Robertson, "One Legacy of Love and Luxury," *The Herald* (UK) February 22, 1997.

⁷⁹ TD= Tunisian dinars, given in current values unless otherwise noted.

economic activity in the country, including shoeshine boys and street peddlers” (Grissa 1991, p. 111) . The state’s goal was not to eliminate the private sector but, as Eve Bellin explains, “to chase propertied but speculative Tunisians out of the commercial sector and into more productive activities like industry” (Bellin 1991, p. 50). The tourism sector, however, was never nationalized mainly because in the early 1960s there was so few hotels in the country able to cater to international tourists and most of these were already owned by the state. In 1962 the SHTT controlled over 90% of national hotel capacity but this share would quickly drop to 20% in a few years as private sector building began (Jedidi 1990, p. 155). Moreover, unlike the agricultural, manufacturing, and commercial sectors in which small-scale producers and retailers were seen to have a strong influence in the shaping of regional prices and distribution patterns (Bourguiba 1973), in the field of tourism development it was the international tour operators who acted as the middle men between supply and demand. These actors operated outside of the territorial powers of the Tunisian state.

In the early 1960s there is an interesting contrast in the way state authorities conceived economic models for tourism and the other sectors which were so widely nationalized and governed through centralized socialist planning. One reason for this contrast is that the process of tourism development in Tunisia was yet to be standardized. Investors, be it the state or the private sector, still had to guess at what type of product to produce and what market segment to appeal to. As a report about tourism development in Tunisia would later explain, from 1961 to 1965 “new investments have been concentrated in the beach type of very high, luxurious standard” (TERPLAN 1970), but the Tunisian market generally failed to attract large numbers of higher paying tourists. The choice of hotel design was complicated by the uncertain existing and future condition of infrastructures for water, communication, and power, the availability of skilled labor, and the nature of amenities and attractions. These factors were acknowledged in a report seeking to solicit American and other foreign investment in the sector: “The Tunisian

Government realizes that the development of tourism is a costly undertaking and that entrepreneurs who bear the financial burden of creating the necessary accommodations, are entitled to commensurate return” (National Office of Tourism and Société Tunisienne de Banque 1964, p. 2). This report considers seaside beach tourism as only one of the many possible tourism development options but these other tourism attractions, such as archeological sites, provincial towns, and the desert, would soon be overshadowed by highly standardized beach tourism and remain neglected by the government, private investors, and most tourists for the next two decades.

A decade after European settlers had fled Tunisia with their capital and investments, a new tourism policy was enacted aimed at drawing European currency back in the form of tourism spending. The SHTT embarked on an effort to promote Tunisia as a beach resort tourist destination for Northern European tourists. This program started off modestly in 1964 with preliminary tourism studies commissioned under the office for national economic development.⁸⁰ Then in 1965, under the first comprehensive 4 year development plan (1965-1968) the state started planning and managing the tourist sector by setting growth targets for both the public and private sector. The plan envisioned a capacity of 19,000 beds, 280,000 tourist visits, and over TD 10 million in investment in the sector (Commission National Sectorielle du Tourisme et du Thermalisme 1972, p. 10). By 1966 the SHTT completed the “Tanit” series of hotels in the major resort towns of Hammamet, Djerba, and Monastir. These were large scale two star hotels with 500-600 beds each. Giving the SHTT a total of about 3500 bed under its control (Sethom 1979). These hotels, while they are some of last major projects built and managed by the SHTT, began to redefine what soon would become the basis of the standardized Tunisian tourism product: large mid-range hotels which were cheap to

⁸⁰ The state also began its own travel agency Tourafriq which arranged ground operators for tour operators such as organizing domestic transportation and excursions to cultural sites and markets. It was owned by the SHTT, Tunisair and various state-owned banks, see Cazes (1983, p. 117).

build and used mostly locally produced materials (Hamouda 1970).⁸¹ For example, the Ulysse Palace in Jerba cost TD 7,141 per bed, while the Tanit, also built by the SHTT in Jerba cost only TD 2,652 per bed (Mzabi 1978a, pp. 37-8). It is worth repeating here, while rephrasing it, a point made in chapter 1. The increased demand for mass tourism “facilitated the extension of the market and the reduction of prices, through increasing economies of scale; and thus the growing gap between the [cost] of mass-produced [tourism] and that of customized [specialty tourism] further encouraged the clustering of [supply] around homogeneous products.” (Piore and Sabel 1984, p. 190-191). These large beach hotels were able to cater to the cheaper “all inclusive” package tours being offered in the mid-1960s driven by the expansion of the charter airlines (Burkart and Medlik 1981, p. 185). By 1966 “it was estimated that 70 percent of all tourists came in group tours while 14 per cent were on agency-run inclusive tours” (EIU 1972, p. 31). The seasonality of the tourism product became highly pronounced with a June-September high season peaking in July and August. The vast majority were Northern Europeans, with the bulk being from the French, German, and British markets.

Mobilizing private capital and the expansion of the tourism sector

As the shape of the tourism product was becoming increasingly standardized and global demand for mass tourism continued to increase, the critical task of the state became to mobilize more capital in the sector in order to expand national hotel capacity. In 1966, under UN auspices, the Tunisian state commissioned a Czech firm to design a sector planning model for Tunisian tourism. The plan concluded that “the country could be successful on the tourist market even in the very strong

⁸¹ In a parallel development, by 1965 the mass production factory model was so thoroughly and ideologically backed by the state that, as Auerbach (1978, p. 19) demonstrates, government policies included “active attempts to destroy non-industrial modes of production (1965-1969)” while a careful study by of alternative available manufacturing technologies at the time (such as the Arab loom and

international competition in the Mediterranean” and called for the mobilization of resources, materials, and goods into the tourism sector (TERPLAN 1970). The SHTT was never expected to meet this capacity itself, but its projects provided the catalyst for private sector development by demonstrating the potential profitability of investments in the sector. At the same time, the new SHTT hotels provided the model for future developments both in terms of the type of hotels and their location, thereby initiating mass tourism development in three zones where tourism development would be focused nearly exclusively until the 1990s. These were Nabeul-Hammamet, Sousse-Monastir, and Jerba. The share of bed capacity in these three zones would go from 46.4% in 1965 to 82.0% in 1973, (ONTT 1975b, p. 14) while between 1965 and 1969 the share of total bed nights spent in these zones would go from 57.5% to 76.5% and by 1974 it would go up to 82.6% (ONTT 1975b, p. 13).

In September 1966, to meet the need for increased supply, the state established a series of incentives for the private sector which included subsidizing the cost of feasibility studies for hotel development, helping to secure loans from local banks, and granting rebates on the duties paid on imported equipment (Sethom 1992, p. 158). In the context of the vast collectivization program of the rest of the economy, tourism became a refuge sector for private capital (ONTT 1975b, p. 15). In this period “many landowners withdrew capital from agriculture and reinvested it in the expanding tourism industry” (Gant and Smith 1992, p. 331). Between 1962 and 1970 investment in tourism grew 380% while in industry it grew only 130% and in agriculture it grew even less, 90% (Sethom 1979, p. 28). Tourism investments by the SHTT were soon outpaced by the private sector which, beginning in 1966, replaced the SHTT as the main source of tourism investment.⁸² Leading this effort were commercial families such as the Fourati, Khéchine, and

the Jaquart loom) shows that workers could gain equal or higher wages using the hand looms compared to working in the textile factories.

Miled who have been in the business of the production and selling of carpets from their home region of Kairouan (located inland from the Sousse-Monastir tourism zone). Members of these families, often after getting their start by working in the state-owned hotels (Boukraa 1993, p. 87), set out to develop the first privately owned chains of hotels in Tunisia. They were assisted by the state owned bank, the *Société Tunisienne de Banque* (STB). In fact most medium term loans (64%) of the STB went toward tourism at this time. The bank itself also controlled Ulysse Tour, a travel agency, and a hotel project in Jerba. By 1968 about 83% of the bed capacity in the country was privately owned (Jedidi 1990, p. 155).

The period of the second development plan (1969-1972) marks the transition of tourism development—as the Tunisian geographer Nouredine Sethom describes it—from the “artisan” to the “industrial” phase (Sethom 1979, p. 31). In this period the process of tourism development takes on a well defined, replicable pattern. This consolidation of a tourism development regime was shaped by the standardization and the achievement of economies of scale in both the organization of demand, governed by European tour operators, and the organization of supply, increasingly driven by private capital. These two aspects of the tourism economy were driven by a recursive logic in which tour operators sought to expand their volume to gain economies of scale, lower their prices, and thus promote the increased demand for mass tourism, driving the further achievement of economies of scale. At the same time, the development of rival tour operators in Europe led to increased competition and a squeezing of profit margins, leading tour operators to search out new destinations that could be developed with lower material and labor costs. Meanwhile, mass tourism resorts along the northern shore of the Mediterranean become more crowded, decreasing their draw but also making further expansion more expensive as wages began to rise in Southern Europe. This led to the

⁸² The SHTT would continue to be budgeted sizeable funds for the hotel sector, but these were mostly for upkeep, capacity expansion, and to cover losses not for the building of new hotels.

development of an international division of leisure (Turner 1976), mimicking what some saw as the new international division of labor, where the ability to standardize mass production processes pushes firms to seek out alternative locations with lower wage levels and production costs, leaving firms in the advanced industrial economies to specialize in production with higher skill, capital and technological requirements. It is in this context in which Tunisia builds its tourism economy.

As the tourism product became increasingly standardized, mass produced, and rigidly packaged, these changes were reflected in hotel architectures. The share of hotel capacity in the middle range *2eme catégorie* hotels made a drastic shift from 29% in 1968 to 68% in 1972, while the share in the more luxurious *1ere catégorie* hotels dropped from 38% to 10 % over the same four years (Sethom 1979, p. 26). Ninety percent of capacity was concentrated in the coastal areas of Nabeul-Hammamet, Sousse-Monastir, and the island of Jerba. The average size of all existing hotels grew from 55 beds in 1962 and 155 in 1969 to 191 in 1972. In the 1963 - 1970 period the average capacity of new hotels each year ranged 100 to 350, while in the 1971 to 1973 period it ranged from 300 to 500. Calculated in 1970 TDs, the average investment in the hotel sector for each new hotel grew from about TD 665,000 in 1969 to TD 1.362 million in 1972, while the cost per bed dropped after 1965 from over TD 10,000 to between TD 2,000 in 1966 and TD 4,300 in 1972.

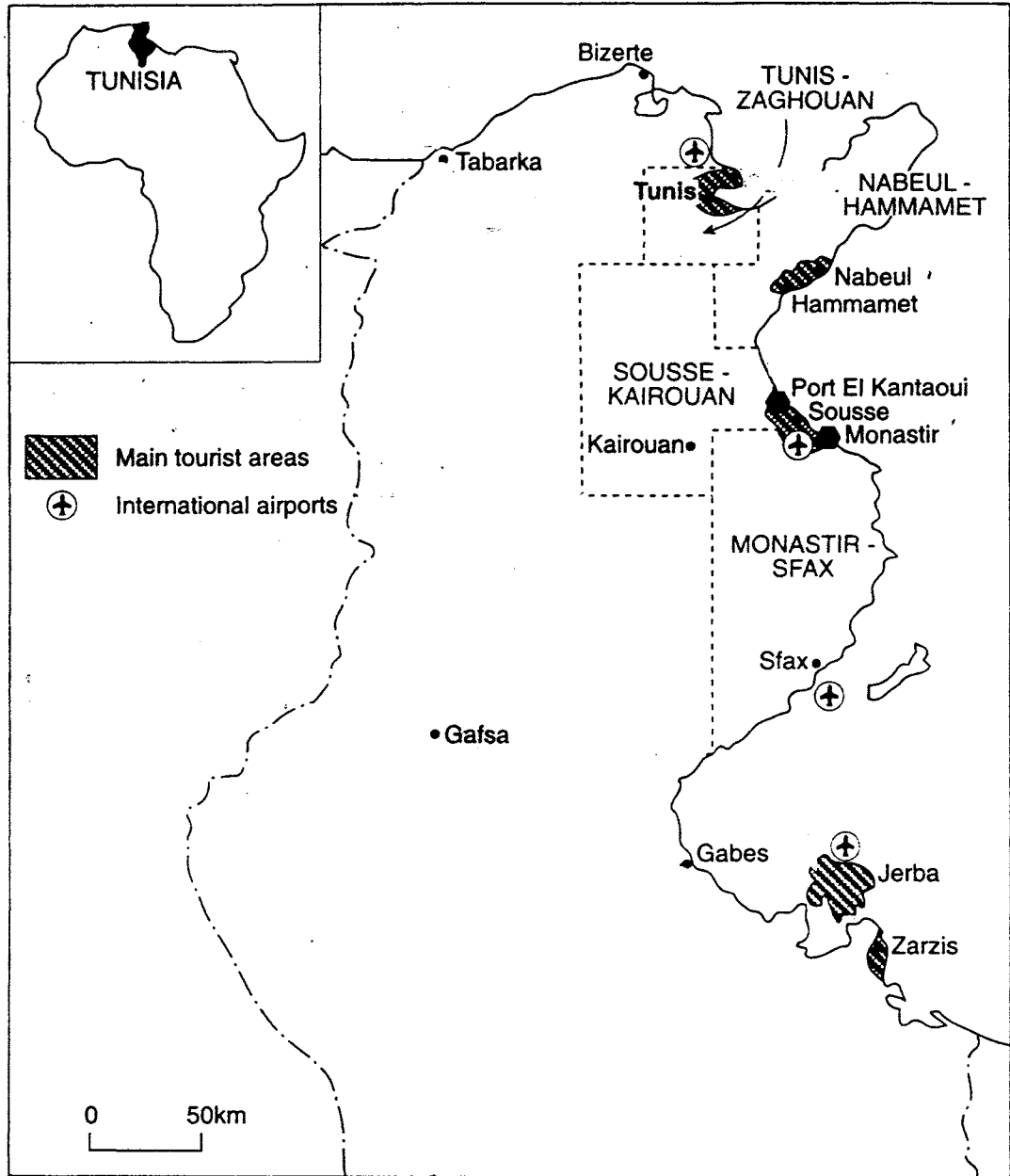
Table 4.1 Hotel Building, 1962-1973

Year	New Hotels	Total Hotel capacity (beds)	Investment per new hotel bed (in 1970 TDs) ⁸³	Ave capacity of new hotels (beds)
1962	3	4,077	—	43
1963	10	5,743	4,819	167
1964	7	7,573	8,290	261
1965	11	8,726	10,880	105
1966	39	14,484	2,008	148
1967	10	17,996	3,391	351
1968	25	23,263	3,447	211
1969	25	30,421	2,138	286
1970	17	35,297	2,973	287
1971	15	41,252	2,836	397
1972	16	46,306	4,314	316
1973	12	52,924	3,159	552

Source: Calculated from (Commission National Sectorielle du Tourisme et du Thermalisme 1972, p. 11; World Bank 1980; ONTT 1991, p. 72).

⁸³ Note: As investment figures include spending on new hotels and the expansion of existing hotels and hotels are not always begun and finished within the same calendar year (thus additional beds are often the result on spending in previous years) the investment per new hotel beds should only be taken as a rough guide to overall trends. More detailed information about costs of hotel building can be found in Hamouda (1970), Mzabi (1978a, pp. 37-8), Sethom (1979, pp. 29), ONTT (1986, p. 5).

Figure 2 Tourism development in Tunisia, 1970s



To encourage the private sector to invest in tourism the state subsidized the costs of equipment and would insure that the state owned banks would provide substantial portions of the capital needed for what was becoming increasingly larger and more costly hotels.⁸⁴ Moreover, in 1969 the socialist experiment came to an abrupt halt due to bad weather, growing internal and external political opposition to the plan, and the state exceeding its ability to directly control production. Tourism, nevertheless, remained for the time being an attractive sector to the detriment of agriculture and manufacturing. Moreover, European tour operators in the early 1970s were expanding rapidly at this time and were in need of more accommodation capacity. They often did not only reserve a large allotment of beds each season, but many also offered cash advances to those interested in expanding their hotel capacity (Commission National Sectorielle du Tourisme et du Thermalisme 1972, p. 51; Mansour 1997). Between 1962 and 1969 foreign investment contributed only 3 MD⁸⁵ or about 10% to the tourism sector (Signoles 1985, p. 771) while in 1968 did not control more than 4%-5% of capital in hotel firms (Signoles 1985, p. 886), but in 1969 the incentives given to the local private sector (Signoles 1985, p. 791) were extended to foreign capitalists (Sethom 1979, p. 111). And in 1970 the *Compagnie financière et touristique* or COFITOUR was formed to begin soliciting external capital for tourism projects.⁸⁶ The COFITOUR helped organize financing and partnerships for the new large-scale tourism projects as well as feasibility studies and technical assistance (Cazes 1983, p. 120; Sethom 1992, p. 157).

⁸⁴ Local banks generally provided 38% of funds for investments in long and medium term loans. Another 38% often came from various short term loans such as overdrafts, advances from agencies, and supplier credits. These had higher interest rates from 8% to even 10 or 12%, see Sethom (1979, p. 31). The owners might up front 20-30% of the total cost, see Sethom (1979, p. 99).

⁸⁵ MD= 1 million TD.

⁸⁶ Its initial capital of \$10 million was underwritten by the International Financial Corporation of the World Bank (20%), various European and American banks and financial institutions (28.5%) the *Société Nationale d'Investment* (SNI) (16%) a public loan granting institutions, various institutional investors in Tunisia, and even local private investors (20.5%), see Sethom (1992, p. 157).

With the Tunisian tourism market dominated by European tourists and European tourism operators it is not surprising that the first external source of capital that helped realize the new larger projects came from Europe. This began with such companies as Carthago established in 1966 which in 1971 and 1972 built two hotels managed by Club Med, the Djerba La Douce with 661 beds, and the Calypso with 470 beds. Three quarters of the 3.5 MD of this investment came from European banks and insurance companies (Mzabi 1978a, pp. 40-3; Jedidi 1990, p. 159). In 1972 with 6.5 MD, a pension fund for public works workers in France established the 1200 bed vacation village Résidence Shems-CNRO in Monastir (Jedidi 1990, p. 159; Sethom 1992, p. 322). This two star hotel has 3 restaurants and a mini-golf. Moreover, as tourism development became both highly standardized and increasingly competitive, large transnational tourism corporations sought to expand their profits by both increasing the scale of the operations, thus expanding to new destinations, as well as through vertical integration by increasing their stake in hotel ownership (UN 1982). In Hammamet the German tour operator Neckerman built the Phénicia with 720 beds, while the American transnational corporation with tourism interests ITT built the Sheraton (Signoles 1985, p. 887). Club Med, which organizes all inclusive tours and manages hotels owned by others, built in Nabeul a new vacation village Korba with 1200 beds (Signoles 1985, p. 887).

The power of European and American capital and firms along the Tunisian beaches led the tourism industry (and Tunisian society at large) to feel that by 1973 external capital had come to dominate Tunisian tourism. The fear of external capital must have been exaggerated since, outside of the hydrocarbon sector, Tunisia had experienced little external investment and had seen few foreign firms on Tunisian soil since independence. Meanwhile, the economy had come to be dominated by the state sector. The impact of European and American capital, however was in fact most dominant along the Hammamet-Nabeul shoreline south of

Tunis. Unlike most of the Tunisian territory which would be converted into tourism space, the evolution of this region into a popular tourist destination began during the era of European colonialism. Its proximity to Tunis and its long stretch of sandy coastline has made it accessible to both foreign travelers and Tunisians. European and American firms, subsidiaries of such tourism transnationals as ITT, Neckerman, and Club Med, provided almost a third of the 10 MD to build 5000 beds in the Hammamet-Nabuel tourism zone (Sethom 1992, pp. 218, 320) and by 1973 American and European corporations owned one third of the bed capacity in the Hammamet tourism zone (Sethom 1979, p. 95). These new foreign-backed hotels often displaced the smaller, older ones and required more management expertise than the traditional basic hotels. Club Med was soon managing a number of hotels and vacation villages from Jerba to Cap Bon, as were Meridian, Novotel, and Hilton (Sethom 1992, p. 218-219). The widespread presence of European and American capital in the building of hotels, brand-name transnationals managing hotel operations, and ever larger European tour operators organizing the flows of tourists to Tunisia, resulted in a situation where the flows of capital between firms, often subsidiaries of the same corporation, was often not open to regulation by local authorities. This situation raised suspicions of transfer pricing and other techniques to limit the local economic benefit of these tourism developments (see Sethom 1979, pp. 95-7; Signoles 1985, p. 887). At the same time, hotel development also began requiring more land and resources such as water and transforming the social character of the community, disarticulating the urban focus of the towns' layout as hotels began to stretch further down the coast (Boukraa 1993).

Meanwhile, by the beginning of the 1970s, Tunisian state-led industrial development had failed to meet the ambitious goals (such as guaranteeing a minimum income of TD 50) which it had set for itself at the beginning of the 1960s. However, the 3.3% growth rate of production achieved between 1960 and 1968 (Amin 1970) and the 2.3% annual rate of growth on per-capita income cannot be considered marks of outright failure. Moreover, considerable progress had been

made in the areas of infrastructure development, poverty reduction, and progress in social development such as education, health, and housing (Zouari 1993, pp. 6-7). One of the limits of ISI, however, was a foreign exchange gap (Hirschman 1968) as shown in the table below. The impact of tourism on the national economy and its role in assisting development can likewise be viewed in the table below which shows the share of the growing gap between merchandised exports and imports which tourism receipts, as the leading foreign currency earner, was able to cover. With the help of tourism “between 1969 and 1974 the country ran its first balance-of-payments surplus” (Anderson 1986, p. 243-4).

Table 4.2 Tourism and the national economy, 1964-1972

Year	Tourism Receipts TD	Exports TD	Imports TD	Tourism Receipts as % of gap
1964	5,300	57,300	110,800	10%
1968	22,168	82,800	114,500	70%
1972	68,437	150,300	222,200	95%

Source: (Findlay 1984, pp. 233, 235; ONTT 1991, p. 72)

Note: figures given in 1000s of current TD.

As in other developing countries Tunisian’s socialist planning targets for industrialization were too ambitious and hardly met, but in contrast, the tourism targets for these years were generally *exceeded*. Among the objectives set in the second development plan, 1969-1972, were reaching a capacity of 42,00 beds, bring in 450,00 tourists a year, and achieving a total of TD 60 million in investment (Sethom 1979, p. 21). As shown in Table 4.1 above and 4.3 below, all the demand-side targets were met, while the supply-side expectation was leaped over. From 1969 to 1972 capacity grew from 30,421 to 46,306 beds, the number of visitors grew from 373,320 to 780,350 and investment expanded from TD 14.9 to TD 23.7 million per year making the total over the period reach TD 71 million (ONTT 1991, p. 72). These numbers reflect both the extraordinary growth of the global tourism industry as well as the fact that the Tunisian state could neither anticipate or control these

flows. The pace and direction of tourism sector growth (on the supply side) was not directed by any model of development. Instead, it was shaped by the supply and demand of the global tourism market, the desire of private capital to invest in a sector with seemingly easier returns, and the European sand and sea lust which European tour operators were able to cater to.

Table: 4.3 Tourism demand: non-resident visitors, 1962-1974

Year	Visitors		Bed nights		Receipts		TD*	
		growth		growth	1000sTD*	growth	per night	growth
1962	52,752		395,777		2,450		6.2	
1963	104,731	99%	540,759	37%	4,479	83%	8.3	
1964	138,238	32%	694,374	28%	6,250	40%	9.0	9%
1965	165,840	20%	1,129,416	63%	10,455	67%	9.3	3%
1966	218,817	32%	1,636,881	45%	15,179	45%	9.3	0%
1967	231,088	6%	2,030,086	24%	17,613	16%	8.7	-6%
1968	330,284	43%	3,082,313	52%	23,684	34%	7.7	-11%
1969	373,320	13%	3,406,422	11%	26,825	13%	7.9	2%
1970	410,749	10%	3,819,616	12%	31,600	18%	8.3	5%
1971	608,206	48%	5,821,090	52%	51,044	62%	8.8	6%
1972	780,350	28%	6,777,779	16%	62,960	23%	9.3	6%
1973	721,897	-7%	5,882,497	-13%	62,035	-1%	10.5	14%
1974	716,003	-1%	5,636,385	-4%	57,561	-7%	10.2	-3%

Source: (ONTT 1991, p. 72),

*real figures given in 1970 TDs using GDP deflator (World Bank 1980)

After a decade of rapid tourism growth, Tunisian tourism experienced its first major crisis over the 1973 and 1974 seasons. As highlighted in Table 4.3 above, in 1973 tourism arrivals and real tourism receipts both fell for the first time since at least 1962. Overall non-resident or tourist entries⁸⁷ in 1973 dropped 7% (after a 28% increase the previous year) while tourist nights dropped almost 13% (after a 16% increase the previous year). Occupancy rates dropped from 57.6% in 1972 to 43.7% in 1973, and to 41.2% in 1974 (ONTT 1991, p. 72). These were the lowest seen in Tunisia, except for the year 1966 when a record 39 hotels were completed. This

⁸⁷ Note that the figure for non-resident (or tourist) entries includes expatriate workers (not a significant amount) and short term visitors from Algeria and Libya (at times reaching one third the total). For this reason I place more emphasis on the figures for hotel bed nights to track tourism flows.

episode marks a rupture in the tourism development process in Tunisia exposing the fragile structure of the industry and the pressing need to reconstruct the state's regulatory regime over tourism development. Additionally, though not necessarily clear at the time, this period also marks the peaking of the maturity of the product cycle for mass resort beach tourism (see Poon 1993).⁸⁸

The limits of Tunisia's position in the international division of leisure

While tourism development was booming in Tunisia at the start of the 1970s, there were many other regions around the Mediterranean, which meanwhile were developing mass beach tourism facilities. Within this context the SHTT had secured a strong position in this market for Tunisia by defining and marketing the Tunisian tourism product and by orchestrating the negotiations between international tour operators, charter airline companies, and local hotels. As an internal SHTT report dated February 1972 explained, the state's goal had been to "grant to the tour operators very attractive prices...in order to capture a relatively significant share of clients and permit Tunisia to solidly establish itself in the international market relative to the other countries in the Mediterranean basin" (cited in Cazes 1983, p. 122). The local hotel operators had little choice but to accept these prices because filling their large capacity hotels depended on such international contracts which reserved large allotments of their capacity over long durations. For example, in 1970-71 the West German tour operator Neckerman/NUR reserved 4,600 beds for the tourist season for use by the 45,000 clients it brought to Tunisia (Cazes 1983, p. 96). This contract alone filled one out of every seven beds in the country. Moreover, these contracts often included advances and in some cases the tour operators would buy ownership stakes in hotels (Cazes 1983, p. 122). These contracts are what made

⁸⁸ The 1973-4 watershed is also generally viewed as the peak of the development of mass production leading to new forms of flexible/postfordist as well as neofordist production, see Piore and Sabel (1984), Harvey (1989a).

large scale mass tourism development feasible, by reducing the risks of building hotels with large capacities, since these hotels could not rely on the local market or reservations made by local travel agents with independent travelers to fill their excess capacity.

While reducing the long term risks of large scale hotel development, Tunisia's position within the international division of leisure as a low cost, mass tourism destination, also exposed Tunisia to a potential vulnerability. In 1972 a national commission was assigned to report on the evolution of the tourism sector over the development decade 1961-1971. Its report, released in May 1972, reflected the consequences of these policies for the local tourism sector and its future. It noted that prices were being set by factors defined by external conditions and this did not reflect in any direct way the local market costs for the hotel sector (Commission Nationale Sectorielle du Tourisme et du Thermalisme 1972, p. 49, 51). Just as the supply in Tunisia increased to match the growth in demand, the hotel sector in Tunisia began to lose what bargaining power they once had because meanwhile, hotel development had expanded not only in Spain and Italy, but in other new lower cost destinations such as Morocco, Yugoslavia, Bulgaria, and Romania.⁸⁹ Moreover, in the early 1970s the "trend to group tours was accelerating" while "the brand of tourism offered is the classic combination of sun, sand, and sea" (EIU 1972). To the degree that Tunisia could be promoted as adding an "exotic" flavor to ones mass tourism beach vacation, this product variation was quite minimal and it likely helped put Tunisia on the tourism map as an alternate Mediterranean destination, but tourists on package tours were generally not looking to experience the indigenous culture and heritage of Tunisia. The forward of *Fodor's* 1975 guide to Tunisia portrays how most tourists were likely to explore this added flavor: "It has, perhaps above all else, vast expanses of lovely beaches, where you may ride camels between dips in the sea (with a little organizing)" (Fodor's 1975, p. 5). As even a

⁸⁹ On the expansion of tourism development in Morocco at this time, see Stafford *et al.* (1996, p. 61-68).

reader of this guidebook would know, Tunisia has numerous amazing cultural, historical, and inland natural features, but these were little developed and promoted by the state and tour operators.⁹⁰ The percent of tourists who came to Tunisia specially for these sites *and willing to pay a premium for them* was very limited. Thus the “exotic” flavoring of the Tunisian product added little to the ability of Tunisia to bargain with tour operators for higher prices.⁹¹

Tour operators could use the existence of excess capacity in any number of other similar resort destinations as a form of bargaining power in negotiating their contracts with hotels in Tunisia. The standardization and deterritorialization of tourism led to tourism demand being very sensitive to price while much less discriminating about destination. With these downward pressures on price, the profitability of hotels could not always be assured which could be a desperate problem for hotels, most of which existed on borrowed money. At the same time the power of the European tour operators increased as they grew in size and developed more vertical and horizontal integration across the global tourism industry (UN 1982; Cazes 1983, pp. 122-3).

The 1973/1974 crisis was caused by many factors. An official report by the Tunisian tourism office lists the weak European economy, increases in transportation costs, higher airline tickets, oil crises, the 1973 Arab-Israeli war, the Cyprus crisis, currency devaluation in home countries, and the psychological

⁹⁰ In a report about possibilities for regional development in Tunisia, Wall (1977, p. 74) reports in his summary of what he is told by a tourism official: “The large majority (90%) of the European tourists are interested in what she calls the three S’s (sand, sea, sun), i.e., Tunisian beaches. The European tourists have more than enough ‘cultural’ and archeological sites in their respective countries.”

⁹¹ An “exotic” location identity attempts to draw visitors into gazing on the unknown and unfamiliar. In these locales tourist likely stay at a resort by the beach and experience highly mediated forms of cultural interaction such as hotel shows, a walk through a local market, or an organized bus tour to a local archaeological sites. Cultural interaction is not the focus of their leisure activity. In contrast, cultural or heritage tourism is where visitors are seeking to experience places and cultures which interest them. Moreover the degree to which a destination is viewed as “exotic” and how much tourist value this quality differs by national market. In the early 1980s “An ONTT survey observed that further expansion in the British tourist market was hampered by Tunisia’s image as an exotic Middle Eastern—rather than Mediterranean—destination.” EIU (1988a, p. 25).

reactions of potential tourists to all these developments (ONTT 1975b, p. 8). While these factors did lead to a decline in international tourism growth, that is only true for the 1974 season when world arrivals growth slowed from 5.2% in 1973 to 3.4 % in 1974, while the growth in receipts dropped from 26.1% in 1973 to 9.2% in 1974 (WTO 1999). Holiday visits from the UK to Western Europe were up in 1973 to 6.58 million from 6.18 million in 1972, but they did drop in 1974, to 5.47 million (Burkart and Medlik 1981, p. 179). Thus to explain the drop in summer tourism during the 1973 season we have to look elsewhere. Nouredine Sethom plainly suggests “the explanation appears evident: the Tunisian market was the object of a veritable boycott on the part of German clients” (Sethom 1992, p. 159). The director of the ONTT said as much at the time in an interview with the Tunisian daily *La Presse* on 29 June 1973 where he “accused the foreign tour operators and Neckerman in particular, [of] organizing a veritable ‘sabotage of the Tunisian market’ directing their clients towards other destinations” (Signoles 1985, p. 892). West German tourist entries dropped from about 169,000 in 1972 to 105,000 in 1973. A careful reading of the numbers helps to elaborate the story. In 1973 the SHTT and the recently formed *Office National du Tourisme et Thermaliseme* (ONTT)⁹² worried about the downward pressure on prices and the strain this was having on the profitability of hotels and attempted to raise hotel rates in their negotiating with the German tour operators which, as we have seen, represented a third of the international tourism market for Tunisia. The rate increase for the 1973 season is reflected in the table below as is the drastic drop in entries from the German market.

⁹² In December 1970 the *Office National du Tourisme et Thermalisem* was created out of the *Commissariat Général au Tourisme et au Thermalisme* formed in 1965. In July 1971 the ONTT was established with its own administration, budget and given the powers to oversee and promotion national tourism development. ONTT (1975a, pp. 1-7).

Table 4.4 German Tourism, 1971-1975

Year	Entries		TD/night		TD/visit	
1971	153,826		6.4		90	
1972	168,939	9%	6.5	2%	84	-7%
1973	104,847	-61%	7.5	12%	100	15%
1974	90,527	-16%	10.0	25%	126	21%
1975	139,957	35%	8.9	-12%	111	-13%

Source: Calculated from (Taamallah 1978; World Bank 1980)

Note: Receipts in 1970 TD.

Looking closely at the bottom few lines of Table 4.3, we see data consistent with mass tourism's high price elasticity. When the cost per bed nights grew at 6% we see a 16% increase in bed nights, while a 14% increase in price coincided with a 13% drop in bed nights. Suggesting that Tunisia was demanding a relatively high price for its highly standardized mass tourism product, this data is also consistent with Louis Turner's explanation that Tunisia fell out of favor in 1973 and 1974 "because tourists resented paying astronomical prices for food and drinks and got bored with the lack of entertainment facilities" (Turner 1976, p. 254).

As a result, in 1975 Tunisia was forced to lower its overall rates "to avoid the collapse of a sector which had become absolutely indispensable for the economy of the country" (Sethom 1992, p. 159). This experience proved that the state had yet to grasp how to regulate and promote tourism within the increasingly competitive global marketplace. It also exposed the dependence the Tunisian economy had on world tourism demand and the organized power of the European tour operators who controlled virtually all the tourism infrastructure from the clients' homes to their landing at the airport. The lack of local experience in Tunisia was clearly evident. The new ONTT and the SHTT proved their amateurism as regulatory agencies and the very fragile nature of their guidance of the sector which had inserted itself in a global market simply by offering cheaper prices for a new and non-differentiated destination. The process of planning, development, and marketing was still unorganized and the state brought limited skills and tools to the massive coordination which would soon be needed to plan, finance, and promote the sector.

Local hotel development itself was becoming bogged down with the lack of order and coordination in the system. For example, while hotel building expanded in 1972 and 1973, its growth was 8000 beds short in 1972 due to lack of cement and other difficulties encountered by some developers (Sethom 1979, p. 25). Insufficient infrastructure, low quality of service, and lack of personal training also limited the ability of Tunisia to negotiate more competitively with other destinations (Mzabi 1978b, p. 225).

Chapter 5

Constructing a factory for tourism development:

The expansion of state capacity and international capital flows, 1973-1981

By the early 1970s the Tunisian shorelines around Hammamet, Sousse, and on the island of Jerba were dotted with strings of hotel development poorly integrated into the local urban fabric. In the wake of such rapid, unplanned hotel growth, the water, power, and transportation infrastructures of these regions were soon stretched to exhaustion. Not only did these factors threaten to diminish the attractiveness of the Tunisian tourism product to potential tourists, but they also hampered the ability of hotel developers and hotel managers to expand hotel capacity and improve the Tunisian tourism product by creating more tourist amenities and a more appealing built environment.⁹³ Meanwhile, from the point of view of the hotel managers in this market, the costs of inputs were often higher than anticipated, exacerbated by the inflation caused by the increased demand in tourism material, supplies, and labor (Sethom 1979, pp. 102). In the wake of the 1973 and 1974 seasons “Tunisian authorities on tourism have come to full grasp of the difficulties threatening this industry” (Tunisian Secretariat of State for Information 1976, p. 194) and “the uncertainty of the profitability of investments in hotels, which required considerable amounts of capital and highly dependent on a fluctuating demand” (ONTT 1975b, p. 15).

The decreased attractiveness of investment in tourism was exacerbated by the end of the “socialist planning” era and its replacement by an economic *infitaḥ* or

⁹³ Part of the previous success of Tunisian tourism development was that many hotels had been built with a higher class tourists in mind, and thus middle class and lower middle class mass tourists

opening. Hédi Nourra, who was made Prime Minister at the end of 1970, “argues that Tunisia’s growth and prosperity depended on tightening economic links with Europe” (Hopkins 1981, p. 387) In this first phase of economic liberalization, the state legitimated the development of a new class of industrialist-entrepreneurs and began encouraging private investment in small-scale export-oriented industry. While the state continued to control and invest in heavy industry, the lighter industrial sectors such as textiles were given generous tax breaks, easy credit, and protection.⁹⁴ As Eva Bellin writes “these measures, it was hoped, would lure risk-adverse entrepreneurs into the *terra incognita* of industry” (Bellin 1994, p. 428). As such private capital no longer needed to use tourism as a refuge sector.

Institution building, territorial commodification, and tourism development

The crisis of 1973 made it apparent to tourism officials that they had limited power to influence the price negotiations with the international tour operators. In other words, the sovereign powers of the territorial state used to insulate and regulate the national market were ineffective in regulating the globalized tourism sector. Two decades before global finance and trade liberalization would create truly global markets for many other forms of capital and commodity flows, tourism development in Tunisia was already competing for tourists and tourism investment in something approaching a single global marketplace. In the context of the deterritorialized nature of tourism development the state was unable, in Peter Evan’s formula, to “create space” for local investment through the territorial state’s control over access to the national market. The state could however create space for investors by more efficiently producing tourism spaces in Tunisia in order to limit the internally generated risks and obstacles which local developers were

were often treated to more luxurious and grander hotels than they would have found for the same price elsewhere.

increasingly facing. This effort was the basis for the formation of Tunisia's second tourism development regime, and "with the new policy, tourism becomes therefore a type of reform, subject to continuous improvement but always within the limits of a fundamental principle, that is, the deliberate choice of tourism as one of the country's leading industries" (Tunisian Secretariat of State for Information 1976, p. 196). Besides providing public goods which firms individually would underproduce—such as a transportation infrastructure and overseas marketing⁹⁵—this new regime standardize the tourism development process by tightly defining the Tunisian tourism product and mapping out a template for developers to fill in. While reducing the state's direct control over the sector (as in building, owning and managing hotels and travel agencies or setting prices) this policy nevertheless increased the state's indirect management of the overall tourism economy giving it more power to set Tunisia's location within the global tourism economy.

At the center of the institutional capacity building effort was the expansion of the *Office National du Tourisme Tunisien* (ONTT).⁹⁶ The ONTT was formally created in 1971 with the purpose of elaborating and executing state tourism policy in the context of the national development planning (ONTT 1975a). It was soon empowered with the task of planning and managing Tunisia's tourism resources to maximize the benefits for the national economy while avoiding the degradation of Tunisia's physical resources which might compromise the possibilities for future development (ONTT 1975b, p. 21). It was also given the task of managing and coordinating the activities of the diverse public and private actors in the sector, such as travel agencies and tour guides. Its functions were further defined and

⁹⁴ See Falise and Masson (1976), Kamelgarn (1978), Dimassi and Zaiem (1987), Bellin (1991), Bellin (1994).

⁹⁵ On the role of the state in tourism development viewed as the provider of public goods, see IUOTO (1974), Grey (1982), Jenkins and Henry (1982).

⁹⁶ Note that until 1975 that the final "T" in ONTT still stood for *thermalisme*. After that date it comes to stand for *Tunisine* reflecting the demotion of hot spring and spa tourism in the face of sun and beach tourism.

elaborated in 1973 in terms of planning, financing, and regulating hotel development (*L'Officiel du Tourisme* 1996, p. 255-260).

A central task of the ONTT was the collection and analysis of data which allowed central planners to represent the tourism economy. As James C. Scott observes, states do not rule directly but must rely on representations of society, the economy, territory and even nature to monitor and direct social and economic transformations (Scott 1998b). Much of state building entails the process of making society legible and measurable by making it conform to universal (or government designed) indices and templates. Furthermore, the structure of both firms and the economy need to be representable for them to be altered. Organization charts, balance sheets, and gross national product flows all help nation-states monitor and govern the firms and the national economy (Buck-Morss 1995). The highly developed institutional capacity of the Tunisian state in general and the fact that mapping the flow of mass tourism involved measuring highly indefinable objects against highly legible indexes⁹⁷ resulted in the ONTT being able to produce highly detailed pictures of the sector. The Economist Intelligence Unit (EIU) would even exclaim that “If the preparation of tourist statistics, and the effective practical use of these, are criteria for judging the standard of an official organisation, then the ONTT also must rank highly in world circles” (EIU 1972, p. 37). This data “will gradually enable experts to adjust the supply to the demand, and perhaps, through a more rational advertising policy, adjust demand to the supply as well.” (Tunisian Secretariat of State for Information 1976, p. 196). By tracking the national origin of tourists visiting Tunisia and eventually conducting surveys of tourism impressions of their stay as well as the “image” of Tunisia, ONTT studies of source markets would help guide and monitor promotional efforts to increase demand. While still modest compared to the efforts of the larger tourist destinations in Southern Europe, beginning in the 1972 Tunisia was increasingly able to influence its target

⁹⁷ For example, measuring visitor bed nights and hotel capacities would generate hotel occupancy figures, a good index of the profitability of the sector.

markets through a number of promotional campaigns in external markets and increased efforts by ONTT representatives stationed abroad (ONTT 1975b, p. 31; Signoles 1985, p. 794). During the 4th national plan (1973-76) the state would spend 4.1 MD on external promotion and in the 5th national plan (1977-81) 5 MD (Jedidi 1990, p. 157).

Ten years of rapid tourism growth in terms of the circulation of tourists and the development of hotels had not been matched with adequate infrastructure development straining the existing system of water, power, and roads. The existing pattern of hotel development had haphazardly ate up land. The result was often “a privatization of the seashore” where the potential economic value of inland spaces was diminished by having access to the beach blocked by ill-planned and uncoordinated developments (ONTT 1975b, p. 20). With little planning and foresight hotels were often built without adjoining facilities, thus the costs and risks of such developments limited their expansion while the linear configuration of hotels along the coast made infrastructure development costly. In 1971 the ONTT asked the World Bank to assess the prospects for expanding Tunisia’s coastal tourism development (Miossec 1972, p. 174). The firm ItalConsult was commissioned to design an infrastructure plan that would be put into action during the course of the 4th national plan 1973-1976. The implementation of the plan was financed by long terms loans from the World Bank, USAID, and a German bank (Sethom 1979, p. 38). The project was billed at 26.6 MD but in the end cost 31.5 MD. The plan defined and demarcated tourist zones and created a system of development planning and management of these spaces. The new tourism zones consisted of strips of coastal land in the following areas: Tunis-North, Tunis-South, Nabeul-Hammamet, Sousse-Monastir, and Jerba-Zarzis. A planning code for resource and space utilization was established restricting the distance to the beach for new developments to avoid further beach erosion. In the various zones target densities were established to try to keep the beaches from becoming too crowded as

well as to control the total amount of additional coastal territory consumed by hotel development.

This plan established a network of roads, additional water resources, electrical connections and telecommunications lines (ONTT 1975b, pp. 24-25). Focused on supplying the tourist zones, this infrastructure project eliminated the existing gaps in the national system and provided a better basis for future development. Not only were these zones used as tools for planning, but also once signage was put up they would become enclaves of publicly marked off tourism spaces, centrally state managed and tightly integrated into global economic and cultural flows.

Tunisia's airport structure reflected the dominant tourism zones with its three international airports located in Tunis (serving the Tunis and Hammamet regions), Monastir (built in 1969), and Jerba (built in 1964). As the share of tourist arrivals arriving by air (expanded from 75% to 80% from 1969 to 1971) a new air terminal was built at Tunis-Carthage airport, finance by loans totaling \$15 million expanding capacity to 1 million passengers a year with a plan to double this by 1975 (EIU 1972, p. 34). Between 1970 to 1979 non-resident air arrivals would multiply from 241,000 to 1,069,000 per year with the airports at Monastir and Jerba taking over and the main arrival points for tourists with 390,000 and 125,00 (respectively) international arrivals in 1979 (Signoles 1985, p. 862).

Before 1972 there was no special set of rules governing tourism development, leading to imbalances in resource and infrastructure demand, uncontrolled land speculation, unprofitable hotels, and hotel developments too close to beach and built without adjoining facilities. In 1973 the *Agence Foncière Touristique* (AFT), a land management agency, was established to govern the newly defined tourist zones and help meet the ONTT targets for the expansion of tourism capacity as outlined in the 4-year (and soon 5-year) national plans. The AFT goals included ending land speculation and rationalizing the hotel development process. All land transfers concerning tourist facilities would now be conducted under AFT authorities. It set

out buying up the land in the tourist zones. It was given the power to either buy it amicably, to invoke its right to expropriate at a determined price, or to confiscate outright for the cause of the public good. Sethom claims that “in all cases, the price of land was absurdly low”(Sethom 1992, p. 158). In Hammamet, for example the AFT bought land for between .1 to .3 TD per m² (Sethom 1992, p. 158). At an average price of 0.480 TD per m² , between 1974 and 1980 the AFT made 1500 acquisitions amounting to 800 hectares (1 hectare =10,000 m²) of land at a cost of TD 3.5 million (Signoles 1985, p. 793; Jedidi 1990, p. 157). By 1981 the AFT had resold 450 hectares to the private sector for 1.93 MD, at an average price of 0.425 TD per m² (Signoles 1985, p. 793)

The result was to create what James C. Scott calls a “geometric order” which allowed the state’s project of tourism development as a whole to be imagined and centrally planned using the tools of miniaturization and mapmaking (Scott 1998b, p. 58). Mirroring the French Protectorate’s policy of privatizing communal rural land and codifying a private property regime—in order to promote colonial settlement and increase agricultural production⁹⁸—another result of creating “homogenous, geometrical, uniform property” units out of the coastline was to increase “its convenience as a standardized commodity for the market” (Scott 1998b, p. 59). In other words, the Tunisian state would now have the tools to commodify the main asset of the Tunisian tourism product and with territorial control over these tourism spaces control the extraction of rents from them.

The AFT also established a procedure for governing the process of new hotel development. A developer has to first choose a desired plot from the available ones designated by the AFT for tourist development. He or she then goes to the ONTT and asks for the right to develop the lot at an approved quality rating and bed capacity. These are guided by the ONTT development plan. The developer must then draw up a floor plan and overall architecture for hotel that follows established

⁹⁸ See Anderson (1986, p. 151-7), Moudoud (1989, pp. 112-116), Hazbun (1994, pp. 84-5).

ONTT codes and standards for the designated class and size of hotel. Beginning in 1973 the ONTT established a 5 star hotel classification scheme that specifies detailed requirements for each level, including features such as room size, hallway layout, and restaurant capacity (ONTT 1975b, p. 26).⁹⁹ The developer is also required to conduct a feasibility studies and present a financing plan to the ONTT for approval before work begins.¹⁰⁰

Operating within this structure governing private investment, in 1972 an export promotion law (Falise and Masson 1976, p. 163), which covered the tourism sector, expanded the existing encouragement for tourism investment put in place in 1966 and 1969(Signoles 1985, p. 791). Hédi Dziri has calculated that from 1965 to 1973 alone, the total value of direct state support to hotel developers in the form of tax breaks on duties, interest payments, subsidies for architectural costs, or infrastructure spending, amounted to 9.5 MD (cited in Jedidi 1990, p. 156). The total hotel investment over these years amounts to 95 MD, making the state's tourism development incentives equivalent to a 10% subsidy In addition, parastatal banks have provided the backbone for investment in the sector. Between 1961 and 1980 the *Banque Nationale de Développement Economique de Tunisie* (BDET) advanced 65 MD of long and medium term credit for tourism development. From its creation in 1969 through 1985 the COFITOUR (which later becomes the *Banque Nationale de Développement Touristique*, or BNDDT) had financed a total of 330 tourism projects amounting to 210 MD (EIU 1988a, p. 38).

Another major deficiency of the tourism sector was its lack of trained personnel (ONTT 1975b, pp. 28-30). Before 1970, while some senior staff would be educated abroad (Smaoui 1979, p. 107), there was no formal training system other than training on the job. A 1971 employment survey found a drastic lack of trained

⁹⁹ The first scheme rated hotels from "no stars" to "4 star deluxe." Later the 4 star deluxe category was relabeled "5 star." As in many other developing countries, however, the 4 and 5 star ratings were often not consistently up to comparable international standards, especially when they were not managed by global brand name management companies.

¹⁰⁰ See "Comment Construit un hôtel," *Information Touristique* Mars 1990, p. 34.

personnel staffing the hotels, which by 1972 employed over 18,000. A fifth of all employees had no formal education and only a third had attended secondary school. Training would be needed to efficiently and effectively run the hotel as well as to maintain their value, improve their quality and eventually help reshape the tourism product in Tunisia. Each planing zone also included space dedicated for a tourism school each with an eventual capacity of about 250. In 1973 the total capacity of these schools was only 900 and plans were established to expand the Monastir school and build new ones in Nabeul and Jerba (Sethom 1979, p. 148). The volume, however, was still greatly deficient of the sectors needs and by 1976 “we may say that of the full-time employees in the hotel industry, only 8,000 have received a proper training” (Tunisian Secretariat of State for Information 1976, p. 192).

Tourism and the national economy

The new regime of centralized policy formation, extensive infrastructure outlays, and regulatory institutions provided the foundations for the transformation of the tourism development process in Tunisia. While Tunisia’s mass tourism product was vulnerable to foreign exchange swings and economic stagnation in Europe, the development of a new tourism regime allowed Tunisia to continue to generate critically needed hard currency while extending state control over what would prove to be the one of the national most valuable economic resources for decades to come. In 1972 the Minister of the National Economy, said that tourism would become “one of the principle pillars of the Tunisian economy”.¹⁰¹ The contribution of tourism to the national economy is displayed in Table 5.1 below. By the end of the decade tourism receipts represented 7%-8% of GNP while the tourism sector directly employed over 28,600 workers often at an average wage higher than

¹⁰¹ M. C. Ayari quoted in *La Presse de Tunisie*, 19 décembre 1972, cited in Signoles (1985, p. 797).

those in the rapidly growing textile industry sector (Group Huit 1979, p. 292; Smaoui 1979, p. 106). In addition, tourism indirectly promoted increased employment in other sectors such as construction, agriculture, and handicrafts.

Table 5.1 Tourism Growth 1975-1981

	Non-Resident Visitors	Receipts (1000s of 1987 DTs)	growth	as Share of GNP	as share of trade deficit	Direct employment
1975	1,013,851	302,252	36%	6.8%		24,959
1976	977,818	323,770	7%	6.8%		25,333
1977	1,015,966	324,277	0%	6.6%	36.3%	25,689
1978	1,141,942	371,315	15%	7.1%	38.6%	26,424
1979	1,355,951	434,032	17%	7.8%	50.9%	27,537
1980	1,602,054	455,619	5%	7.6%	53.9%	28,612
1981	2,150,996	464,882	2%	7.4%	44.2%	

Source: (Cazes 1983, p. 90; EIU 1983, p. 31; ONTT 1991, p. 72; World Bank 1991)

Moreover, “Because of the considerable investment required and the size of the turnover and profits, tourism in Tunisia has helped to create and strengthen a clearly defined class of entrepreneurs. Many of these were originally merchants, farmers, and owners of small handicrafts factories who have initiated tourism projects. They had a little capital to start with, but thanks to the system of credit and state aid and the facilities granted for land purchase they have found themselves catapulted into the position of heads of large-scale businesses” (Smaoui 1979, p. 109; see also Boukraa 1993).

The success of tourism development in the 1970s hinged on the formation of a quasi-Fordist mode of mass production increasing both the number and size of hotels in Tunisia, capturing economies of scale, and lowering prices. Even after recovering from the dip in 1974, arrivals from France, the UK, and Scandinavia increased. To continue this growth, however, Tunisia had to offered cut rate prices to draw increased demand from the international tour operators. For example, as the EIU reported “Tunisia’s tourist officials see in the UK market increased proof of their conviction that attention to cost and the development of the right package tour to fit the individual market conditions can overcome austere economic conditions

abroad.” (EIU 1977, p. 31). Providing low cost tourism products required that Tunisia’s tourism development and production system become hyper-standardized and be able reap larger economies of scale. The average capacity of new hotels had been rapidly climbing (though, with wide fluctuations) from 219 in 1968 to 511 in 1975. The overall capacity of all hotels rose steadily from 55 in 1962 and 103 in 1965, to 162 in 1970 and 229 in 1975 where it remained until the 1990s (ONTT 1991, p. 72). A 1974 ONTT study found that the rate of return on capital investment varied geometrically with increased size: 2% for hotels under 200 beds, 8.3 for those with 400 beds, and 18% for those with 600 (cited in Signoles 1985, p. 889).

Table 5.2 Hotel building 1973-1989

YEAR	new hotel investment (1000s 1987 TDs)	new hotels	total capacity (beds)	growth	New Investment per New Hotel Bed (1987TDs)	Mean Capacity All Hotels (beds)	Mean Capacity Per New Hotel (beds)
1973	83,562	12	52,924		12,626	208	552
1974	36,364	6	55,748	5%	12,877	214	471
1975	21,785	13	62,397	12%	3,276	229	511
1976	24,235	12	63,333	2%	25,892	222	78
1977	24,419	3	64,097	1%	31,962	223	255
1978	37,637	2	66,059	3%	19,183	228	981
1979	19,802	16	68,843	4%	7,113	225	174
1980	55,505	13	71,529	4%	20,665	224	207
1981	53,008	17	75,847	6%	12,276	226	254
1982	58,424	28	80,227	6%	13,339	220	156
1983	92,547	0	82,162	2%	47,828	226	-
1984	131,182	8	84,264	3%	62,408	227	263
1985	109,504	48	93,275	11%	12,152	222	188
1986	91,496	14	98,668	6%	16,966	227	385
1987	63,000	9	100,456	2%	35,235	227	199
1988	73,705	22	104,854	4%	16,759	225	200
1989	95,290	11	109,771	5%	19,380	231	447

Source: (ONTT 1991, p. 72; World Bank 1991)

While targeted government policies had given external capital incentives to invest in the tourism sector since the late 1960, by the mid-1970s the economic and territorial contexts for investment and development had been transformed. Tourism

development had become a cookie-cutter operation churning out huge, nearly identical, white and blue boxes along the sandy coast lines. Moreover, this process was guided by a series of government institutions which designed hotel plots, helped finance development, and promoted Tunisian tourism overseas. However, the development of large scale hotel projects would progressively require larger sums of capital. In the first wave of mass tourism hotel development (1966-1971) the average additional bed cost TD 10,500 (all figures in 1987 dinars). This marginal cost went up to TD 13,000 in the 1972 to 1982 period. Over the 1983 to 1989 period it would go up to 22,000. While these numbers reflect general trends, the figures in Table 5.2 highlight the fact that for many projects, such as those undertaken between 1976 and 1978, the costs were much higher. Even in the 1970s while most local entrepreneurs were investing in small-scale light industrial or food processing plants requiring smaller capital costs. The new scale and style of development led to a stronger efforts by the state to solicit external investment.

Petrodollars and the beginnings of the reterritorialization of tourism development

As a result of the rise in oil prices in the mid and late 1970s the oil rich regions of the Gulf began recycling a significant portion of their petrodollars in tourism development around the Arab world.¹⁰² While this era also saw a rise in the number of visitors from the Gulf, these tourism flows would never challenge the dominance of mass tourism from Europe. What this new source of capital did provide was funding for projects of larger size and often of higher quality which remained highly controlled for the most part by state and public sector officials. The new infrastructure works, policy making institution, and hotel planning system gave the state new bargain powers when it came to foreign investment. Ahead of

¹⁰² Questioning the political and cultural influence of the new oil wealth, Edward Said asked the annual meeting of the Arab-American University Graduates "Don't you wish you could wake up one

the pack of Gulf Arab capital which came to dominate these developments in the mid 1970s, the *Société Tourgueness* which was a subsidiary of the Tunisian bank STB built in 1972 the luxurious 250 bed vacation village in Jerba “Dar Jerba” with almost half Libyan capital and Italian credit (Jedidi 1990, p. 159; Sethom 1992, p. 219). In the wake of the 1973/4 tourism crisis in Tunisia and economic recession in Europe, European and American direct investment dropped off. Moreover, transnational tourism companies retreated from direct ownership of foreign assets such as hotels, and limited their activities to tour operating and hotel management.

The rise to dominance of Arab capital was initiated in the mid 1970s. One of the firms which would come to dominant the higher end of tourism was formed when the Tunisian government signed a 30 MD tourism development deal with the *Consortium Koweitien d'Investissement Immobilier* (CKII) (Sethom 1992, p. 219). This led to the creation of the *Consortium Tuniso-Koweitien de Développement* (CTKD) with 60% Arab capital and 40% coming from the Tunisian state and public banks. This project began by building tourism complexes in Sousse, Nejima and the Dar An-Andalous in Port el Kantaoui. In the early 1980s, after signing a 50 MD agreement with the state, the CTKD went on to built a chain of grand 4 and 5 star complexes from Tabarka to Jerba under the “Abou Nawas” brand name, as well as establish a travel agency with external representation (Sethom 1992, p. 220). There were other channels of oil money such as the *Compagnie Touristique Arabe* which was started in 1981 by Saudi businessman Ghaith Fharaoun with 10 MD. It was able to mobilize 120 MD for the construction of projects in Gammarth and Monastir. And the *Société de Tourism et de Congrès* with 40% Kuwaiti capital was formed to plan to build a 15 MD international convention center in Tunis. Others tourism ventured fianced by capital from the Gulf would include *Fonds Saoudien de Développement Economique*, *Société Tuniso-Saoudienne d'Investissement et de Développement* (STUSID) and the *Banque Tuniso-Qatari* (Sethom 1992, p. 221-3).

day and read that the plans are afoot to build a great Arab library instead of a new hotel?” Said (1978, p. 5)

An ONTT study found between 1962 -1984 out of the 540 MD capital invested in the sector, 35% came from state sources, 55% from private Tunisian sources, and 10% from external sources. At that time, however, 200 MD from external sources was in the course of planning. (Sethom 1992, p. 217). The 6th national development plan called for 415 MD to be invested between 1982-1986. In 1982 11% of the capital and 14.2% of the credit was to come from external sources, while by 1986 14.5% of the capital and 20.5% of the credit was to come from external source (Ministere de L'Economie Nationale 1982, p. 11)

Table 5.3 Share of investment in the Tourism sector from external sources, 1962-1986

Years	
1962-1969	3.4%
1970-1972	10.1%
1973-1976	1.9%
1977-1980	11.7%
1982-1986	32.0%

Source: (Signoles 1985, pp. 879,; ONTT 1986, p. 30)

While tourism growth rates would never again match the sustained rapid climbs of the 1960s and early 1970s, the mature Tunisian market continued to grow significantly after 1974. As noted above, this growth was achieved by a deliberate pricing policy which sought to hold down rates, reducing the receipt per night in 1975 to TD 35.6 from TD 42 in 1973 (in 1987 DTs). The value in real terms of the average receipts per bed night would not regain its 1973 level until 1978 but then sink back down (World Bank 1980; ONTT 1991, p. 72; World Bank 1991). Reflecting this strategy, the rapid expansion of the Tunisian model of packaged tourism resulted in landscape dominated by mid range three star hotels clustered in tourism zones along the coasts. These concrete blocks or “tourist cages,” as one research report calls them, were built with “an easily recognizable similarity with the ‘modern’ international style of architecture” (Group Huit 1979, p. 298). The

workings of the hyper-standardized packaged tourism systems had tourists “recruited en mass by travel agencies, shuttled over on charter flights, transferred in a group by motor coach from the airport, and then left in their hotel.”(Group Huit 1979, p. 299). At the same time, these cheaply and rapidly transported tourists were otherwise not very mobile once they arrived at their hotels where they would spend “an average of twenty-two hours a day. This includes four hours on the beach, three hours at the pool, and fifteen hours within the actual hotel” (Group Huit 1979, p. 299). Moreover by attracting the deal-hunting tourist, the result was that, as one study of tourism in Sousse found, “most visitors to Tunisia, and to Sousse in particular, are middle-income tourists, many of them cannot afford to make excursions inland, or even to lay out the fares to go from their hotel to the center of town...Sousse is visited on an average for only two hours a day, and 65 percent of the tourists do not visit it at all!” (Group Huit 1979, p. 299).

The current deterritorial nature (i.e. high place substitutability) of the mass tourism development model adopted in Tunisia allowed global competition to drive down prices and thus the amount of rent which could be extracted from Tunisian tourism spaces. As such these spaces produced limited positive external economies. The contrast between these tourism spaces and the global travelers whisking through Schiphol airport introduced in the prologue to Part One is a stark one. The transnational mobility of the mass tourist visiting Tunisia had been defined by the low costs achieved by economies of scale. Their travel patterns were not driven by notions of place, but shaped by the geography of cost. Tunisia had carved out its own niche as a low cost, mildly exotic packaged tourism destination. As such it was soon apparent to those working in the Tunisian tourism sector that their tourism development policy was likely leading them into a low equilibrium trap where the Tunisian tourism product would be stuck always underpricing the going rate at other destinations unless they could establish new products, new markets, or at least a new image. And even if unable to radically transform their product, they had to at least keep up with changes in mass tourism markets elsewhere.

Table 5.4 Value of the Tunisian Tourism Product, 1975-1981

	Tourist		Receipts	
	Bed nights	growth	DT/night	growth
1973	5,882,497	-13%	42.1	12%
1974	5,636,385	-4%	39.5	-6%
1975	8,652,556	54%	34.9	-12%
1976	8,898,029	3%	36.4	4%
1977	8,117,577	-9%	39.9	10%
1978	8,804,945	8%	42.2	6%
1979	11,170,943	27%	38.9	-8%
1980	12,097,984	8%	37.7	-3%
1981	12,507,186	3%	37.2	-1%

Source: (ONTT 1991, p. 72; World Bank 1991), real values

In the wake of the 1973 crisis public authorities had come to realize the limits of the current product cycle. With the help of local and foreign consultants in 1977 they set about studying the marketing of the Tunisian tourism product. They soon saw the need to “diversify” the Tunisian tourism product. The term “diversify” would appear in all followings tourism reports and planning documents, but how the term was operationalized would evolve and become more elaborate over the years. The first trend was based on the judgment that the linear model of tourism development, where long strings of hotels were spaced along stretches of otherwise undeveloped coastline, needed to be replaced by a “nuclear model.” Tunisia needed to imitate a feature that was appearing along the Spanish coast, the integrated tourism complex.

The layout of the integrated station is defined by clustering a number of hotels close together within a landscaped campus surrounded by a number of amenities (such as golfing, boating, restaurants and night clubs) as well as other commercial boutique shops and special services (such as clothiers and travel agencies). This model has a number advantages over the linear model. First, the design of the complex as a whole can be centrally planned and its implementation coordinated by a single developer or development authority. Second, compactness

helps to limit the environment damage cause by tourism and it makes the building of infrastructure and facilities more cost effective. Third, this spatial design allows the tourist space to generate territorial rents and positive economic externalities, as it gives more ready access for tourist to other activities such as sports, recreation, shopping, and entertainment which allow the project to generate increased spending.

The birth of the integrated station in Tunisia: Port El Kantaoui

This new diversification policy was promoted by the 4th and 5th national development plans which set out a new strategy for the promotion of larger clusters of hotels, vacation villages, and the flagship of the integrated tourism complexes: **Port El Kantaoui**, located north of the town of Sousse. The idea for the tourism new tourism complex was based on an ItalConsult feasibility study and plan for the Sousse-North region completed in 1971. The development of the project was initiated by the establishment in 1974 of the *Société d'études et de développement de Sousse-Nord*. The cost of the project was estimated at 42 MD (Cazes 1983, pp. 144). The financing of this consortium was organized by the COFITOUR and financed by 33% state capital, 24% by the Abu Dhabi Fund for Arab Economic Development, 18% by COFITOUR, 11% by the public development bank BDET, 6% by the International Financial Corporation of the World Bank, 4% by the Arab Bank International (Cairo), 1% by the ONTT, and 3% by other local entities (Sharp 1981, p.94).¹⁰³ The state took charge of developing the infrastructure and purchasing the over 300 hectares of land which amounted to 22% of cost of project (Cazes 1983, pp. 144) The hotel zones were then planned and large hotel promoters, such as the Kuwaiti-Tunisian Abu Nawas, were eventually recruited to develop the numerous hotels for the project (Sethom 1992, p. 323).

¹⁰³ The figures in Sethom (1992, p. 323) show slight variation, which might reflect changing breakdown in the shares as more capital in needed for the project.

The site for the complex was built well north of the city, past the string of hotels built trailing north along the coast. This isolated location allowed the building to be done on an open site. The land, at the time zoned for agriculture, was expropriated from the local land owners, paying them 0.400 to 0.500 TD per m² (Huxley 1990, p. 144; Sethom 1992, p. 577) . The design is centered around a landscaped artificial marina which the ONTT calls “the premier port-garden of the Mediterranean” (*L'Officiel du Tourisme* 1996, p. 124). The promotional literature for Port El Kantaoui describes the project as “built like a real Tunisian village, whitewashed houses, arches and arcades” with “the charm of a typical small port” (cited in Sharp 1981, p. 89). The walkway along the marina is lined with restaurants, cafes, a night club, and various tourist shops, such as an artisan shop, a bank, food shops, a car rental, an art gallery, and a hair salon (Sharp 1981, p. 95). The total space for the 65 commercial units is 5000 m² (Sharp 1981, p. 90). Clustered immediately around this center is a complex of timeshare condominiums. This core represents the nucleus of the larger complex which will eventually stretch out 5.5 km down the coast occupying 310 landscaped hectares with a series of 12 hotels of various classes with a total capacity of 15,000 beds (the original plan outlined a capacity 20,000). Behind the marina is an area with 500 deluxe villas and beach houses amounting to over 1000 beds. Crossing inland from the beach amidst the hotels are 27 golf course holes and 50 tennis courts. Attached to the plot is a tourism school and accommodations for the local staff. The complex employs over 6,000 people.

Figure 3 Port El Kantaoui (postcard of marina)

PORT EL KANTAOUI



Figure 4 Port El Kantaoui (plan of marina)

Source: Sharp 1981, p. 95

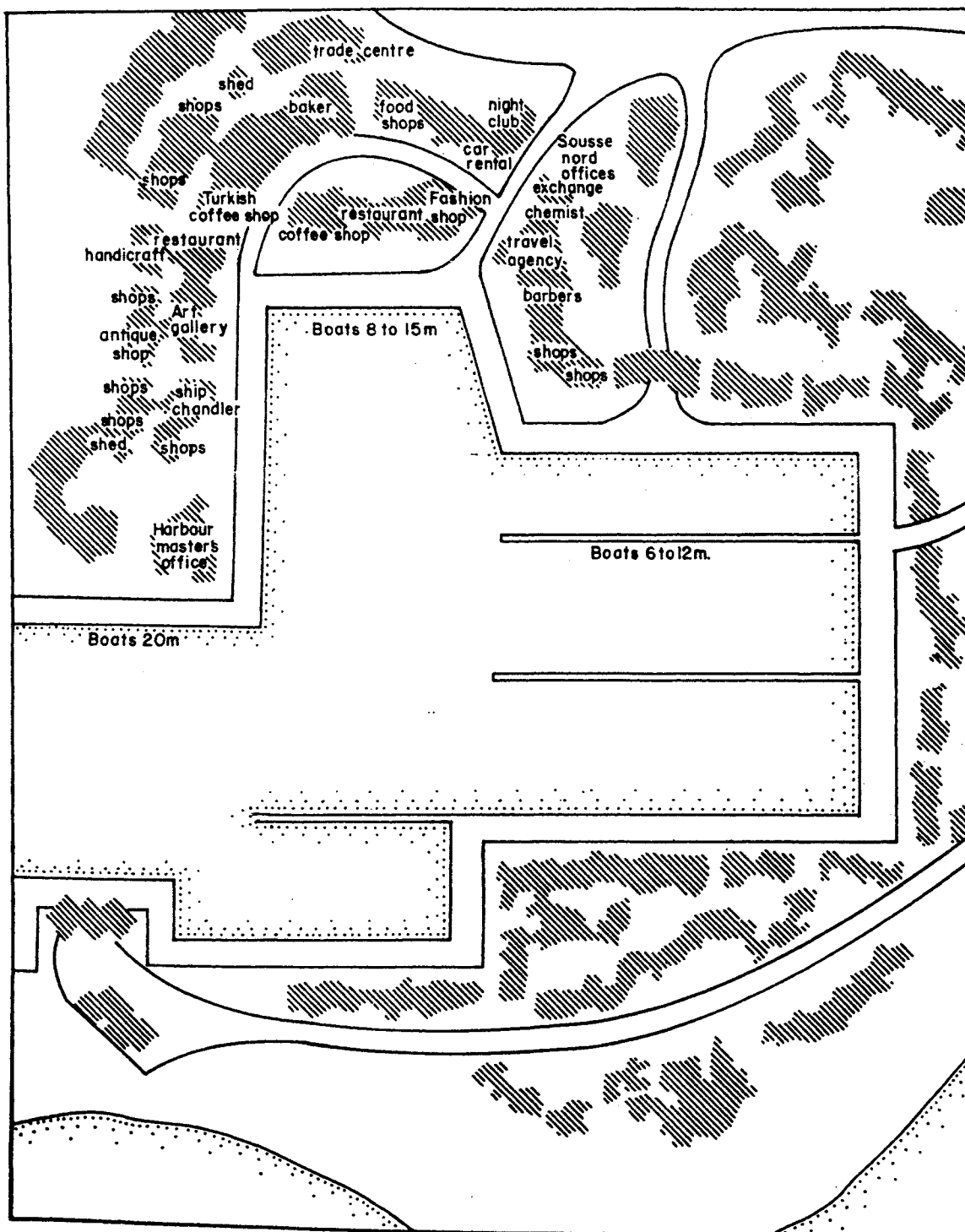
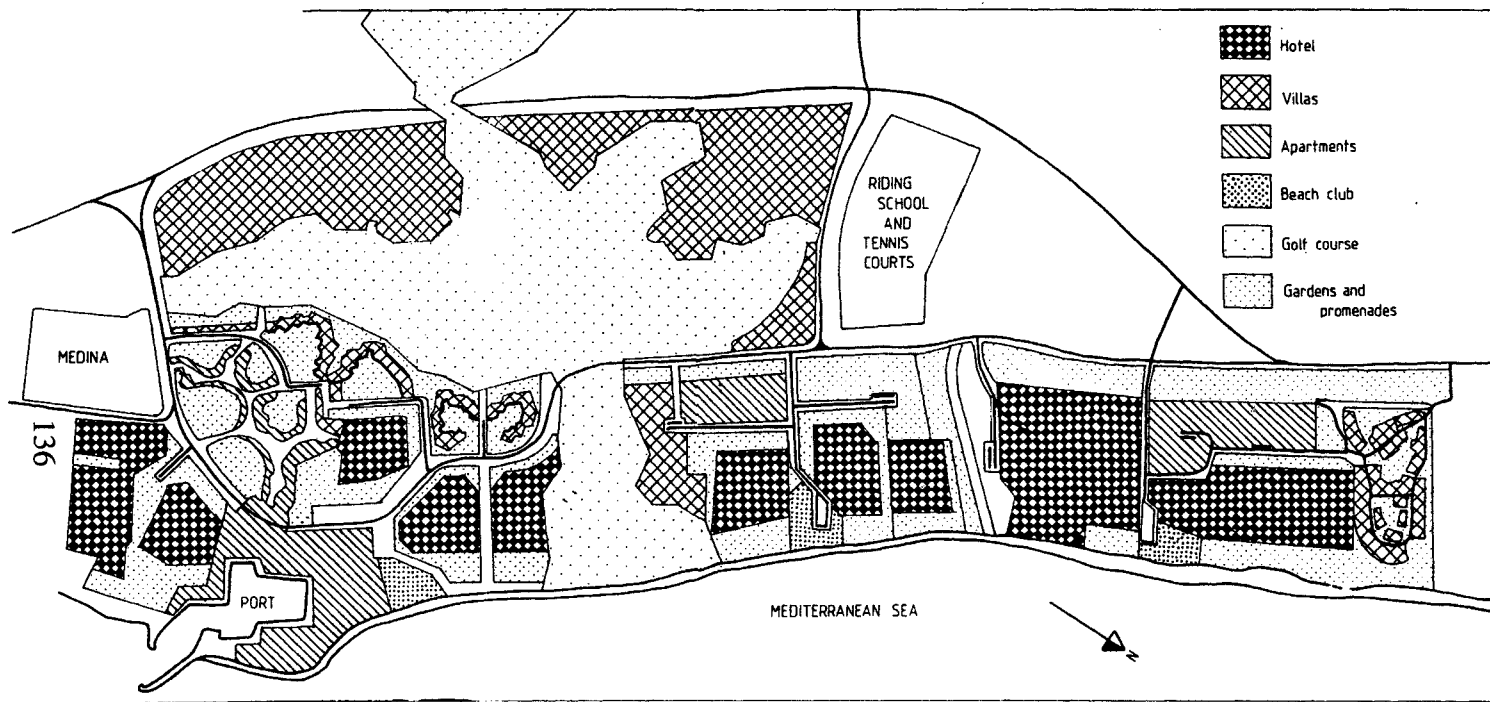


Figure 5 Port El Kantaoui (layout)
Source: Shafp 1981, p. 96



Original development plan of Port El Kantaoui

Port El-Kantaoui represented what the ONTT had planned to become the new face of Tunisian tourism over the 1980s and 1990s encompassing a transformation of the economic, territorial, and political dynamics of tourism development. This project was the first of several larger, more capital intensive projects, which included efforts to build more luxury accommodations, promote increased income generation by making available for tourists better quality recreational and commercial activities, and support higher class “branding” efforts by Tunisian and Arab firms such as CTKD’s Abu Nawas. When Port El Kantaoui opened its first hotel and apartments in 1979 (a phase which was suppose to cost 13 MD but ended totaling 35 MD) the 5 star hotel rooms were not sold as part of discounted packed deals, but at the higher rates individual bookings rates (Sharp 1981, p. 89). The complex also sought to hold business conferences and attract wealthy visitors to lease apartments and villas as second homes. The layout of Port El Kantaoui with high class hotel accommodations, a marina, commercial complex, golf course, and beach club, was an effort to design a tourism space which would be able to generate more territorial based rents and positive externalities by creating a high class image for the Tunisian tourist product as well as include increased spending on auxiliary activities. One sign of the success of this was that while in the 1970s the land for the project was expropriated at 0.514 m² by the state(Sethom 1992, p. 577), by 1984 land near Sousse would sell for over TD 22 m².¹⁰⁴

The marina area, the condos next to them, and several of the hotels are adorned with decorated stone carved façades, wrought ironwork, and touches of the color green. This architecture is proudly represented by tourism officials as built in an “authentic” Andalusian style. While the architecture clearly stands out from the whitewashed cages of the typical international style hotels which cover the coast lines, the complex nevertheless is one of “stark outlines and detachment from the

¹⁰⁴ Financial Times Survey: Tunisia, “Tourism faces major Changes: The industry must move-up market to continue to attract holiday makers,” *Financial Times*, March 16, 1984.

surrounding countryside” (Sharp 1981, p. 93) often described as “artificial, soulless, even anemic” (Morris and Jacobs 1995, p. 182). Nevertheless, the effort to construct an atmosphere for the tourism space marks a critical move towards reterritorialization in Tunisian tourism development. The attempt at mimicking Andalusian style and creating a sense of place for Tunisian tourism has the strange irony of evoking both contemporary regional Spanish tourism destinations (which Port El Kantaoui was built to compete against), as well as, the Islamic-Andalusian history and culture of Spain from which segments of Tunisia society—most notably its urban artisans, elite political and intellectual classes, and Jewish community—trace their roots. With a little reflection, it becomes clear how this tourism project only palely reflects the depth of cultural and historical resources which Tunisia could draw upon in reshaping the “image” of its territory.

This new direction of development relied heavily on funding from the Gulf (recycled oil rents). By the mid 1980s a quarter of all investment would be coming from foreign sources such as Kuwait and Saudi Arabia.¹⁰⁵ Such developments like Port El Kantaoui—which became a model for other projects in Gammarth, Hammamet-Sud, and Tabarka—defined the encompassing state role in controlling capital, space, and tourist flows. The integrated complex sets up more tasks for the state to control and regulate. They also make the developers more dependent and vulnerable to the state authorities as they define not just the plots of land, but the context of each project. While the SHTT had stopped building and managing hotels in the 1970s, the rise of the integrated complex set out a larger and more defined role for the state in the planning, financing, building, and managing these project. They were built on what had become large tracts of government owned land on which the state was responsible for building a centrally-planned infrastructure network. The state maintained ownership of shares of these projects, directly through government institutions, or indirectly through public development banks of

¹⁰⁵ Financial Times Survey: Tunisia, “Tourism faces major Changes: The industry must move-up market to continue to attract holiday makers,” *Financial Times*, March 16, 1984.

which they owned major shares. This project also introduced a new phase of the centralized enclave development which was from the start to finish under the tight control of the planning and regulation agencies of the state. Port El Kantaoui also represented the formation of stronger political connections between tourism development and centralized state power. Most plainly the location of the site in the Sahel, near the cluster of towns from where most of the nationalist leader hailed, reflected the consolidation of power of this group as the state elite.

Chapter 6

Shifting external capital flows, loss of territorial control, and the crisis of state formation, 1981-1987

In the time between the start of planning for Port El Kantaoui in 1974 and the opening of its first luxury hotel in 1979 the foundations of Tunisian state formation were beginning to deteriorate. As in most other postcolonial Arab states “power and legitimacy in the Tunisian state have traditionally relied upon a powerful combination of at least two factors: the ideology of nationalism—linked symbiotically to the single party and to independence—and the government’s ability to support wide-ranging networks of patronage” (Vandewalle 1992, p.108). Throughout the 1970s and into the 1980s, however, the one-party corporatist state in Tunisia grew less and less able to govern and meet the growing material and political demands of an increasingly complex society and economy. Ever while the centralized political mechanisms of the state and the PSD, which trace their formation and *raison d’être* to the nationalist struggle, grew less responsive to the needs of Tunisian society economy. Meanwhile, the aging and increasingly despotic Bourguiba proved increasingly incapable of addressing the growing problems facing the country.¹⁰⁶

While there was no single cause of the crisis of Tunisian state building in the mid 1980s, the infitah of the 1970s which led to the closer integration of the Tunisian economy into the global economy played a major role in both shaping the crisis and the eventual policies the state chose to respond to it by leading to a transformation of the relationship between the state and the national economy, one

¹⁰⁶ On the political break down of these institutions and the growing instability caused by the question of who would succeed Bourguiba as president, see Larif-Beatrix (1987), Moore (1988), Vandewalle (1988), Anderson (1990).

the one hand, and the national economy and transnational flows on the other hand. As the nature and movement of transnational flows in the international economy shifted in the early 1980s, Tunisia became less able to draw capital inflows and less able to adjust its economy or the nature of state building to compensate. In the mid 1980s a political crisis of regulation emerged when declines in oil revenues, remittances, export manufacturing, and most critically tourism receipts left the state unable to sustain consumer subsidies and led to increased external borrowing. As a result in 1986 Tunisia faced a severe economic crisis leading to an IMF bailout, a structural adjustment program, and the dismantling of the “patron state” (Harik 1992). Meanwhile the effects of increasing incorporation into global capital, population, and cultural flows had created social pressures and led to social dislocation which economic reform and austerity measures only made worse leading to rising support amongst urban shanty towns and the rural poor for the Islamist movement which quickly became the leading political force challenging the secular authoritarian state. Thus by 1987, the state had lost both its power and legitimacy as the material and ideological foundations on which it was founded had been eroded.

Explaining the connection between transnational flows and the crisis of state building

The connection between Tunisia’s crisis of state building and external capital flows, however, cannot be simply characterized as a process of neocolonialism, as many on the left have argued,¹⁰⁷ nor as the unwillingness of the Tunisian state to liberalize its economy enough to allow it to fully adjust to global price signals, as

¹⁰⁷ This critique is most commonly heard from those political factions which have been progressively marginalized from political power since the fall of Ben Salah in 1969. See, for example, Abou Tarak (1977) and other citations listed by Moudoud (1989, p. 98).

has been suggested by World Bank officials.¹⁰⁸ The charge of neocolonialism, fails to fully recognize the autonomous nature of the Tunisia state as well as the constraints placed on the state building process by both the global economy and the limitations of inward-oriented development.¹⁰⁹ At the same time, the suggestion that economic reform in the 1970s and early 1980s did not proceed rapidly enough to avoid the crisis of the mid 1980s fails to recognize that Tunisia was several years ahead of other Arab states in adjusting course after its “socialist experiment” towards increased economic liberalization. Indeed, it “was portrayed at the beginning of the 1980s as a successful developing country” (Pfeifer 1996, p. 44).¹¹⁰

The economic opening of the 1970s (and its impact on the crisis of state building in the 1980s) is best understood, I argue, as an effort at adapting the state building process in Tunisia to the limits of inward-oriented growth while exploiting the opportunities provided by new forms of transnational capital flows such as oil revenues, remittances, foreign direct investment, and tourism.¹¹¹ Externally-oriented development required that Tunisian territory become more open to transnational flows making the Tunisian economy become more asymmetrically sensitive as well as vulnerable (Nye 2000, pp. 182-4) to economic developments in the advanced industrial economies in Europe. While increased openness to transnational capital flows gave the Tunisian state and economy increased access to investment and revenues in the 1970s, by the late 1970s and into the early

¹⁰⁸ See the discussion by Murphy (1999, p. 69) about the leaked 1995 World Bank report which “dismissed government claims that its balance of payments crisis was due to international factors” and the studies mentioned by Pfeifer (1996, p. 45).

¹⁰⁹ Evidence cited for the claim that the Tunisian state was operating under the tutelage of international capital often includes the reports of the direct pressure by the World Bank, see references in Cason and White (1998). The impression is also reinforced by the neoliberal and “Washington consensus” rhetoric and policies adopted by government officials, see Ben Romdhane (1987, pp. 151-9), Harik (1992, p. 213). But, Bourguiba famous for his pragmatism and moderation, had long surrounded himself with an ideologically diverse group of political elites and technocrats among whom included strong advocates of increased markets and economic liberalization.

¹¹⁰ See, for example, the assessment by Nellis (1983) referred to by Pfeifer (1996, p. 44).

¹¹¹ In a comparative study of export promotion in Brazil and Tunisia, Cason and White (1998, p. 53) note that “In contrast, therefore, to Brazil’s efforts to reduce dependency through export promotion,

1980s—when the advanced industrial economies went through a period of recession and radical economic restructuring—the transnational flows of people, capital, and cheap finance to which the Tunisian economy had become accustomed became highly unstable. I suggest, however, that a focus simply on the dependence of the Tunisian economy on these unstable and declining flows, does not fully capture the nature of their impact on the state and economy in Tunisia. What is also critical to note is how through the 1970s (even before these flows decline in the 1980s) the Tunisian state's *territorial control* over these flows had begun decreasing as the domestic landscape in Tunisia was being reshaped by these flows leading to increased regional inequality, unsustainable urbanization, labor discontent, and growing Islamist reaction against external cultural influences. By the early 1980s the impact of international market forces, external capital flows, and population movements was rapidly reshaping the national economic terrain faster than the Tunisia state could control for or adjust to the political consequences.

The increasing reliance on external markets and capital flows had the effect of limiting the ability of the state to regulate economic growth and to control the distribution of its proceeds while concerns about labor actions, growing economic inequality, and the threat of popular street riots—products of proceeding too rapidly with economic liberalization—limited the ability of the state to implement increased economic liberalization. As Dirk Vandewalle suggests, “the subtle but growing impact of transnational capital and rapid population growth combined with declining growth rates limited the extent to which patronage could continue to play its traditional role in the country’s one party system” (1992, p. 109). Thus state building in Tunisia would soon require a new formula for governing society and the economy which was compatible with increased incorporation in the global economy. At the time Clement Henry Moore observed that “Tunisia currently faces...a crisis of regulation: the strengthening of state authority requires a diminishing of its control

Tunisia’s state elite sought to deepen ties with the international economy as a strategy of furthering economy growth.”

over civil society” (Moore 1988, p. 177). But as external and internal economic and social change occurred through the 1970s and 1980s the worn-out corporatist and patronage systems of the Tunisian were unable to adapt “to resolve the problem of regulation” in which “the state must negotiate the transfer of its responsibilities for prices and markets to the various public and private enterprises without losing the confidence of either its foreign financiers or its own cadre” (Moore 1988, p. 180). In the late 1980s and early 1990s, to analysts following the “Washington Consensus” the path out of this crisis seemed clear. Many Western government officials, international development agencies, and academic economist argued that in the Middle East the only way to cope with the current economic needs of the region is through a program of general decentralization and liberalization enacted in order to attract capital which includes opening markets, securing property rights, establishing an independent judiciary, and insuring the autonomy of the private sector. Moreover these economic imperatives combined with the decline in external incomes were viewed as likely to lead to or require increased political participation throughout the region.¹¹²

In retrospect the crisis of the mid 1980s marked a period of adjustment to a new pattern of state building with new techniques for territorial control combined with much more extensive privatization, market reforms, and externally oriented private sector led growth. In other words, the increasingly narrow Tunisian ruling elite was seeking an *illiberal* means to promote what had been at the time defined as economic and political liberalization (free markets and multi-party elections). This combination of market reform *and* increased political control over the economy would emerge to revitalize authoritarianism in Tunisia in the late 1990s (Murphy 1999; Belev 2000; Dillman 2001). More than a decade earlier, as I will show in Chapter 9, similar techniques of state control over externally oriented, market

¹¹² See, for example, Richards (1993).

driven economic development were being developed and implemented in the tourism sector.

External flows, economic growth, and state building in the 1970s

The economic liberalization policies of the 1970s led to a period of sustained economic growth based on increased foreign investment, an expansion of small-scale export oriented manufacturing, and mass tourism development. From 1972 to 1976 foreign direct investment grew from \$31 million to \$110 million per year, and with the expansion of the oil sector, it increased to \$235 million by 1980 (Ben Hammouda 1995, p. 170). Manufacturing exports and tourism receipts combined grew from 6% of GNP to 17 % of GNP. At the same time, while the rise in oil prices in the 1970s and early 1980s gave a negative external shock to the advanced industrial economies, for oil exporting economies it resulted in a large influx of external capital. With modest oil reserves in Tunisia, the Tunisian economy was insulated from the oil price shock and it became a net oil exporter. Increased income and trade liberalization, combined with the growing need of the manufacturing sector for capital goods and inputs from Europe drove up the volume of Tunisian imports. Overall, between 1970 and 1980 total exports and imports grew from 50% to 88% of GNP.

Table 6.1 External Capital Flows and the National Economic, 1970-1985

	(share of GNP)			
	1970	1975	1980	1985
Imports and Exports	50%	69%	88%	79%
Fuel Exports	3%	9%	14%	10%
Export Manufactures	2%	4%	9%	11%
Tourism Receipts	4%	7%	8%	6%
Remittances	1%	3%	3%	4%

Source: Calculated from World Bank 1991, pp. 584-7, ONTT 1991, p. 72

These transnational flows helped to sustain state building throughout the 1970s leading to the growth of the state sector and the maintenance of the social contract—where “regimes pledged welfare benefits in exchange for political discipline and quiescence” (Waterbury 1997, pp. 141-2)—on which the highly inclusive populist-authoritarian state building since independence had been founded. The increase in oil prices and the availability of international credit at lower interest rates allowed the Tunisian state to increased investments and employment in the loss generating state sector and subsidized consumer goods (Grissa 1991, p. 112). While the state attempted to limit wage growth in make Tunisian territory more attractive to foreign investors—leading to several waves of militant trade union activity and wildcat strikes—this external revenue, combined with increased borrowing, allowed the Tunisian state to maintain the disbursement of welfare benefits and patronage throughout the 1970s and early 1980s.

The decline of external incomes and economic crises in the 1980s

Meanwhile, through the 1970s as Tunisia was reshaping its political economy to become more integrated with and dependent on European markets and transnational capital flows profound economic and social changes began transforming the landscape built by Fordism in the advanced industrial economies. This process was initiated by a number of disruptions to the Fordism mode of regulation including the social unrest of the late 1960s, the abandonment of fixed exchange rates in the early 1970s, and the oil price induced shocks leading to recessions in 1973-4 and the early 1980s (Piore and Sabel 1984, pp. 166-183). Meanwhile, markets for standardized goods were becoming saturated just as the advanced industrial countries were facing increased competition from the newly industrializing economies of East Asia and Latin America (Sabel 1986, p. 38). “The shocks and increasing international competition destroyed the Keynesian

confidence in the stability of the mass-production economies” (Sabel 1986, p. 38) resulting in wide-scale transformations of the global economy which led to shifts in patterns of demand and the restructuring of systems of production seeking to overcome “the rigidity of long-term and large-scale fixed capital investments in mass-production systems that precluded much flexibility of design and presumed stable growth in invariant consumer markets” (Harvey 1989a, p. 142).¹¹³

As a result of these changes in the advanced industrial economies the income sources which Tunisia developed in the 1970s became increasingly volatile in the early 1980s and soon they progressively declined provoking a crisis for the national economy and state building in Tunisia. In the early 1980s the production of crude oil declined for technical reasons¹¹⁴ and then with the decline in oil prices in the mid and late 1980s—where “every \$1 fall in the price of a barrel of oil costs the Tunisian budget \$7.9 million”(a Tunisian minister cited in Murphy 1999, p. 94)—Tunisia lost this critical source of national income and state revenue. With the decline in oil revenues, remittances, and exports on the near horizon, in the 1982-86 national plan “Tourism, which was now considered to be a key sector for the country’s future, was to increase its share of the investment budget from 2.6 to 5.5 per cent” (Murphy 1999, p. 93). Tourism, however, “suffered badly, growing at just 1.4 per cent per annum on average instead of the hoped for 5.6 percent” (Murphy 1999, p. 94).

¹¹³ For more on this transition, refer back to the discussion at the beginning of Chapter 2.

¹¹⁴ Francis Ghiles, “Oil: Tunisia’s blessing in disguise,” *Financial Times*, February 23, 1983.

Table 6.2 The decline of external capital flows 1980-1985

(growth rates of real values)

	Exports of Fuels	Workers' Remittances	Exports of Manufactures	Direct Foreign Investment	Tourism Receipts
1980	16%	-2%	14%	313%	5%
1981	27%	24%	15%	36%	2%
1982	-30%	10%	2%	21%	0%
1983	-2%	2%	4%	-43%	4%
1984	0%	-7%	-1%	-34%	-14%
1985	-12%	-14%	-2%	-8%	11%

Source: Calculated from ONTT 1991, p. 72 and World Bank 1991, pp. 584-5

These economic changes had a powerful impact on Tunisian state building. Muhammad Mzali, appointed Prime Minister in the spring of 1980, led a government which experimented with increased political openness and multiparty representation (Ruf 1984; Anderson 1990). In the face of the changing economic circumstances in the early 1980s Mzali resisted breaking the social contract and used the tools still at the state's disposal to insulate the population from economic pressures and avoid labor unrest. His government had hoped to turn a new page after labor unrest in 1978 and a Libyan-backed invasion of the southern mining town of Gafsa two years later. As a result, however, the state was forced to increase external borrowing further and "between 1980 and 1984, the budget deficit more than doubled as a percentage of GDP" (Murphy 1999, p. 93). In 1982-84 the government, an IMF report explains, "relied on price controls and tightened import restrictions and investment controls, which resulted in a growing rigidity of the economic system and increasingly severe distortions." (Nsouli *et al.* 1993, p. 3) Increased consumption "was fueled by the large wage bill in the economy and the substantial transfer payments by the Government in enterprises and households" (Nsouli *et al.* 1993, p. 3). From 1976 to 1986 the state spent 5% of GDP (which

represented over 15% of total state expenditure and 45% of total investment) on transfers to public sector industries to keep them afloat (Grissa 1991, p. 119).

Recognizing the economic constraints, however, Tunisia's Minister of Planning and Finance Mansour Moalla "forced Tunisian officials to face the classic dilemma of managing an outward-oriented economic policy and internal control" (Vandewalle 1988, p. 609). In late 1983 Prime Minister Mzali, after much delay because of wanting to avoid more confrontations with the labor movement, cut critical consumer subsidies, doubling the price of the bread. This led to nation-wide "bread riots" first mobilizing villagers from the impoverished south and south-west who were hardest hit by the price rises, and then reaching students and the unemployed in Tunis and other littoral regions who had felt increasingly alienated from the state and the once inclusive political system (Seddon 1989, p. 119). Even before the economic stagnation of the mid 1980s, the gains of economic growth of the 1970s had increased, not reduced, class inequality and by 1986 the poorest 20% of Tunisian households accounted for 5.6% of total consumption while the richest 20% accounted for half (Zouari 1993, p. 16). The army was called out to bring order "after the worst rioting since independence" which "left at least 120 dead and considerable damage to property."¹¹⁵ In early 1984 the hikes were rescinded but not after it was clear that the social contract on which authoritarian state building since independence had been founded had been broken.

When oil revenues and worker remittances crashed in 1985, surrounded by dips in 1984 and 1986 in tourism revenues, the Tunisian government was faced with a major economic crisis. Lacking reserves to cover about half its \$1.2 billion payments on its \$5 billion debt and after replacing Mzali with Richard Sfar, a finance specialist, the government turned to the IMF in the summer of 1986 for a structural adjustment loan. This program negotiated in the fall of 1986 consisted of extensive price and trade liberalization, as well as a freeing up of foreign

¹¹⁵ Francis Ghiles, "Peace at a price for feuding Tunisian regime," *Financial Times*, February 1, 1984.

investment and foreign exchange with a 10% currency devaluation. It also required a cutting back of subsidies and transfers to failing public sector enterprises (Moore 1988, p. 181; Murphy 1999, p. 74).

The challenge of implementing structural adjustment, eliminating subsidies, privatizing the public sector, and liberalizing trade while dealing with the social and political consequences of these changes quickly became the central challenge for the state (Vandewalle 1992; Bedoui 1995). These challenges alone, however, do not explain the final breakdown of state building under Bourguiba. To understand the other pressures which the aging Bourguiba proved unable to deal with and the challenges faced by his successor we need explore the other causes intimately tied up with Tunisia's exposure to transnational capital flows and markets and the loss of territorial control this entailed.

The infitah, globalization, and the loss of territorial control

The political consequences of the Tunisian economy being increasingly shaped by transnational flows was not limited to the decline in state incomes and hard currency which forced changes in state investment and social spending, critical for disbursing patronage. Growing reliance on external market forces also eroded the state's territorial control over the process of national economic development, the spatial distribution of wealth and employment, and the domestic and transnational flow of people, capital, and goods through the formal and informal economies.

Much of the success of the infitah was based on the growth of the textile sector. In the 1960s the state established a large number of state-owned import-oriented textile and clothing factories. While these created a substantial number of jobs, they were heavily dependent on the import of materials and by the 1980s were draining state funds to keep them afloat (Grissa 1991, p. 117). After 1969 the split of public/private investment in the sector reversed from 83% public 1962-1969, to 82% private from 1970-1976 (Bellin 1991, p. 52). Export-led manufacturing growth

in the 1970s allowed Tunisia to capture some of the new opportunities presented by the “new international division of labor” which was characterized by the “delocalization” of factories using simple mass production technologies from Europe to countries with lower wages, such as Tunisia, to produce for export back to Europe. Encouraged by the 1972-38 law granting off-shore status to firms set up in Tunisia for export, German, French and Italian capital rushed in to establish textile and clothing factories (Hamil 1989, pp. 101-2). European firms also helped increase Tunisian production and exports by subcontracting work out to small-scale Tunisian firms established with state encouragement (Signoles 1985; Hamil 1989, pp. 101-2). Investment in the textile and clothing sector totaled 100 MD during the 1970s growing from only 20 MD in the 1960s. Textile and clothing output grew 26.4% (Hamil 1991, p. 102) between 1971 and 1981, while between 1974 and 1980 textile and clothing exports to OECD countries, which accounted for 97.7 % of its market (Hamil 1991, p.103) grew 832% becoming a larger share of GNP than tourism.

However, in the next six year period from 1980 to 1986 textile exports grew only 35.3% (Hamil 1991, p.103) depressed by slack demand in Europe. And as Hakim Ben Hammouda argues, once Tunisian manufacturing was no longer geared mostly for the internal market but invested in a highly deterritorialized production sector, the state’s ability to regulate production and consumption in the sector was eroded, as raising wages—which was the cost of maintaining the political support of the trade unions—was no longer enough to sustain demand for Tunisian manufacturing (Ben Hammouda 1995; Ben Hammouda 1998). Moreover, throughout the 1980s real wages in Tunisia increased, as payoff to the UGTT, while they declined in many other South European, Mediterranean and Asia economies (Hamil 1989, p. 144; Ben Hammouda 1995, p. 175) eroding the comparative advantage in relative labor costs which supported the growth on the sector in the 1970s. At the same time while low tech, labor intensive production was being further delocalized to developing nations with lower labor costs, the 1980s saw the

“relocalization” of significant multinational production back to home territory due to increases in protectionist measures in the advanced industrial economies as well as due to increased automation in labor intensive industries which limited the gains over overseas production in low wage, capital poor economies (Mouhoud 1989; Mody and Wheeler 1990, pp. 25-65). While foreign direct investment to Tunisia grew rapidly in the 1970s, it declined in the 1980s because of the inability of the Tunisian textile sector to expand the skills of its work force and keep up with the diffusion of technological change and flexible production systems in the global textile industry (Signoles 1985; Ben Hammouda 1998). As a result “the 1990 textile crisis hit the Tunisian economy severely, thus also affecting its capacity to attract additional foreign investment in the textile sector” (Cassarino 2000, p. 172).

The loss of territorial control was not limited to flows of investment and demand across borders, but also in the repositioning of people and capital within Tunisian territory caused by the economic transformations of the 1970s. By losing significant control over investment allocations to the private sector and foreign capital, the state also lost territorial control over the location of investment and job creation. In the 1960s the state established a large number of state-owned import-oriented industrial and manufacturing in Tunisia. While most were placed in coastal locations such as Tunis and the sahel there was also an effort to establish heavy industry in interior locations (Moudoud 1989) with the hope of creating “growth poles” following the theories of François Perroux (Polenske 1988). By 1972 about 23% of industrial investment and 24% of the jobs created in the industrial sector were in the interior regions of the north west, center west, and south west (Moudoud 1989, pp. 140-1). In the 1970s the rapid expansion of the textile sector took place almost exclusively in the littoral regions with developed infrastructure and better access to external markets. From 1973 to 1979 over 90% of the investment and jobs created in the export sector took place in the western littoral regions (Signoles 1985, p. 900). Through the 1970s regional inequalities were extended such that the economic geography of Tunisia was “cut in two” (Signoles

1983) with Tunis and the sahel benefiting from new public and private investments while “southern and central regions remained very poor” (Anderson 1990, p. 198)¹¹⁶ Even after implementing a policy to encourage regional investment in order to combat regional disparities (Moudoud 1989), in 1986 the south east region which accounted for 9.3 % of the population received only 6.1% of total (public and private) investment while the north east region with 33.9% of the population received 47% of public and 51.2% of private investment (Zouari 1993, p. 28).

This pattern of investment “through accentuating spatial variations in employment opportunities has contributed towards encouraging further population migrations towards the already congested north-east region of Tunisia” (Findlay 1984, p. 229). Like most developing countries, Tunisia experienced an explosion of urbanization in the early 1960s when a third of the population moved from rural to urban areas (Findlay 1980, p. 1), But between 1979-1984 a new wave of internal migration amounted to 274,000 Tunisian or 3.9% of the total population with the main destination being Tunis which received an influx of 65,000 people between 1972 to 1987 according to the 1984 census of the *Institut national des Statistiques* (Zouari 1993, p. 27). At the same time the development boom of the 1970s led to a greater demand of office space in central Tunis which pushed land prices and rents up resulting in “the loss of important residential accommodations” (Lawless and Findlay 1981, p. 103) which the state was unable to replace. And by the late 1980s in greater Tunis roughly 21% of the population lives in shanty town areas (Seddon 1989, p. 125). The housing and social welfare difficulties of these people were exacerbated by the elimination of subsidies and private sector jobs in the 1980s. As a response the urban populations in the medina of Tunis and the surrounding new neighborhoods developed survival strategies consisting of unlicensed building and the expansion of informal and black market economic activity, which was aided by the a new form of “*commerce à la valise*” driven by the consumer goods brought back

¹¹⁶ See also Moudoud (1989), Belhedi (1992)

by the seasonal visits of Tunisians working abroad.¹¹⁷ While the informal economy can be viewed as a “safety valve” for generating household income outside of the public sector and the formal private sector¹¹⁸ it also means that more of the population is experiencing life outside of the social contract. These high concentrations of urban poor and unemployed have also functioned as recruiting grounds for the development of Islamist movements in the 1980s which complimented the urban dwellers informal survival strategies by providing social services and patronage networks to assist these classes increasingly marginalized by the state and national economy (Vasile 1997a). The political effect of these socioeconomic changes were most evident in 1984 when the bread riots were triggered by two main social groups, the rural poor in the south and inland regions of the country, and the urban poor and unemployed aided by the Islamist movements which developed from within these communities and came to dominate politics on the university campus (Seddon 1989, p. 124).

The “crisis” of mass tourism in Tunisia

As noted above, with the decline in oil revenues, remittances, and exports on the near horizon, in the 6th national plan for 1982-86 “Tourism, which was now considered to be a key sector for the country’s future, was to increase its share of the investment budget from 2.6 to 5.5 per cent” (Murphy 1999, p. 93). The budget of the ONTT was to go up from 52.6 MD (in the 5th Plan) to 68.5 MD which included nearly a doubling of the promotion budget (Ministere de L'Economie Nationale 1982, p. 12). The plan states that “tourism activity constitutes one of the priorities of the 6th plan (1982-6) and it ought to contribute in a large way to the realization of the objectives of the plan” (Ministere de L'Economie Nationale 1982, p. 2) . The plan

¹¹⁷ See Charmes (1987), Lobban (1997), Vasile (1997b), Vasile (1997a). For an in depth study of the “resource mobilization, networks, and hidden disaffection” of Tunisians who returned predominantly to set up businesses, see Cassarino (2000).

originally called for building 40,000 new hotel beds. By the end of 1986, however, only about an additional 23,000 beds were built and tourism demand “suffered badly, growing at just 1.4 per cent per annum on average instead of the hoped for 5.6 percent” (Murphy 1999, p. 94).¹¹⁹

Unsurprisingly, the recession of the early 1980s in Europe dampened demand for mass tourism in Tunisia. A somber 1986 ONTT report began by explaining that the declines in Tunisian tourism from 1983-1985 were a product of a decline in economic growth in Europe which then led European countries to promote restrictive monetary policies and protectionist measures to combat budget deficits (ONTT 1986, pp. 1-2) The report also notes that these countries also sought to promote domestic tourism to avoid the loss of currency abroad. But just as critical in the long run for the fate of tourism development in Tunisia was the changing background conditions which reshaped trends in the global tourism industry leading in the 1990 to new forms and patterns of tourism demand in Europe and tourism development globally. In the same way the rise of mass tourism along the Mediterranean was intimately connected to the development of mass production and Keynesian-Fordism, the crisis faced by these systems in the 1970s and the emergence of new ones in the 1980s and 1990s, sometimes called “flexible” or “post-Fordist,” profoundly transformed the landscape of international tourism development.

The foremost effect of the crisis of mass production was the destabilization of the work and leisure patterns that had given rise to mass tourism in the 1960s. This transformation was initiated by a general recession in the early 1980s, followed by increasing pressure for economies to develop flexible labor markets. At the same time as flexible systems of production developed there was an increasing

¹¹⁸ Francis Ghiles, “An unofficial safety valve” *Financial Times*, July 27, 1990. p. 28.

¹¹⁹ While the decline of tourism in the 1986 tourism season is often blamed on the Israeli bombing raid of the headquarters of the Palestinian Liberation Organization in Hammam Plage near Tunis, Hopkins (1989, p. 72) suggests that “If 1986 was a poor year for tourism, this mainly reflected a drop

segmentation and fluidity of consumer preferences which would soon similarly reshape and segment patterns of tourism demand. Widespread deindustrialization also led to many local efforts in Europe to promote new forms of urban and rural tourism in the hope of rebuilding their regional economies. Moreover, the rise of global systems of production and exchange became driving forces behind the process of globalization which soon encompassed cultural and political as well as economic transformations. By the 1990s global travel, for work, leisure, and migration, would become far more common, promoting new forms of tourism as well as making older forms less appealing (Lash and Urry 1994).

At the same time, related to these changes but following their own logic and timing (as well as spatial patterns) the global system of sun, sand, and sea mass tourism production was reaching its own limits. On the demand side there was a gradual saturation of the market for mass beach tourism in North European economies. More particularly, there was a waning of sun lust, as “around the beginning of the 1980s the novelty of these original [beach] resorts was wearing thin for the holiday maker” (Jenner and Smith 1993, p. 10). This trend was driven by many factors such as the fact that the experience of the beach vacation had become too common. The rapid expansion of supply at decreasing prices had led to ever wider segments of industrialized society having experienced the sun, sand, and sea holiday and it no longer functioned as a “positional good” which consumers used as a marker of social status and cultural taste. Moreover, there was a growing awareness of the negative effects of too much exposure to the sun. This sentiment was increased by the awareness of the impact of CO² emissions the depletion the ozone layer which absorbs ultraviolet light (Poon 1993, p. 124-5).¹²⁰

in the number of Algerian visitors (suffering from new exchange controls) and Libyans (affected by the poor relations between the two governments).”

¹²⁰ Perry (2000) also notes that “limited evidence does suggest that climate warming might alter the competitive balance of holiday destinations with adverse effects on high season tourism in the Mediterranean.”

Another factor which began to shift the market for mass tourism was that the baby boom generation born in the late 1940s and 1950s—which dominated the mass tourism sector in the 1960s and 1970s—grew up and by the 1980s and 1990s the bulk of the traveling population became older, more experienced, and was seeking new destinations with different sorts of appeal. Mass tourism meanwhile became vulnerable to the ideological critiques of generations which were not so interested in reproducing the consumption habits of their parents and becoming aware of negative cultural impacts of mass tourism.¹²¹ Tourism patterns were also being reshaped by a growing awareness of the environmental impacts of mass tourism development which included crowding, over burdened infrastructure works, destruction of natural formations such as coral reefs and nature reserves (Poon 1993, p. 64-65) As a consequence there was also a growing environmental consciousness which began to value nature as “wilderness” instead of viewing it a playground which led to new form of environmentally sensitive eco-tourism.

The waning of the era of mass beach tourism was also driven by changes on the supply side. Many beach resorts had become worn out and over developed. The price competition which drove the industry to narrow profit margins often limited the available cash hotel and resort owners had to invest in resort upkeep. In the mid 1980s “the big British tour operators took more than 2m packaged holidays (or about a fifth of their total) off the market.”¹²² And by 1989, faced “cut throat discounting,” the average profit per holiday for British tour operators dropped below £1.20 from £1.57 the previous year.¹²³ This “cycle of low prices and low investment” resulted in “customers complaining that, for the first time since mass tourism was

¹²¹ In an analogously symbolic event to the smashing of a Starbucks shop during the World Trade Organization meeting in 1999, in the midst of the student riots in Paris in May 1968 the glass windows of the headquarters of Club Med were shattered. As Ellen Furlough remarks “Club Med epitomized all they had rejected in French consumer culture.” The response of Club Med officials was to offer student free visits to their vacations villages “insisting that student would realize that Club Med was an ‘antidote to civilization.’” The offer, however, was not deemed a success and never repeated Furlough (1993, p. 66).

¹²² Michael Elliott, “Travel and Tourism Survey” *The Economist*, March 23, 1991, p. 16.

¹²³ John Harlow, “Tour firms to axe million cheap holidays” *The Daily Telegraph* August 31, 1989.

born in the 1960s, hotels are shabbier and less inviting than their own homes.”¹²⁴ Even top quality brand such as Club Med After showing “losses for three successive years in the 1990s, Harvard Business School chillingly used the firm as a study to illustrate ‘the death of a brand’”¹²⁵

It is oversimplifying the case to suggest that there ever was a generalized “crisis of mass tourism” because as a global industry the changes occurred over a number of seasons and at different times in different places throughout the globe. This allowed time for markets to shift, tour operators found new clients and suppliers while mass tourism suppliers made modifications or remodeled their facilities. As Williams and Shaw note “Even at its peak in the 1970s and early 1980s, mass tourism in Europe co-existed with other forms of more individualized tourism” (Williams and Shaw 1998, p.5) while members of the international middle class could be found into the 21st century lounging in the sun in front other their white-washed international style hotels across the Mediterranean.

¹²⁴ John Harlow, “Tour firms to axe million cheap holidays” *The Daily Telegraph* August 31, 1989.

¹²⁵ “Obituary: Gilbert Trigano” *The Economist* February 10, 2001, p. 89.

The transition however was the most jarring for the developers of tourism spaces in places like Tunisia which having so exploited the economies of scale of mass tourism supply creation they lacked the means to adjust easily as the tourism product they supplied was tied down to the territorial space they occupied and the image it had produced for Tunisia.

Table 6.3 The comparative rise and decline of mass tourism, 1965-1985

Growth in bed nights

Years	Mediterranean	Tunisia
1965-1970	8.8%	27%
1970-1975	5%	20%
1975-1980	6%	6%
1980-1985	3%	1.8%

Source: (ONTT 1986, pp. 24-25)

This sinking demand coupled with the image of Tunisia as a discount sun, sand, and sea destination made Tunisia need to sink its prices ever lower to maintain its pricing policy of insuring the destination was highly competitive (Ministere de L'Economie Nationale 1982, p. 1). As a result Tunisia felt the vicious circle where “the growing habit of selling four star hotels for the price of two” was leading to where “services tend to deteriorate fast.”¹²⁶ In 1985 62 % of hotel beds in Tunisia had been built at least 12 years ago, while 32% were more than 17 years old.(ONTT 1986, p. 7)

¹²⁶ Francis Ghiles “Tunisia: Decline of the dinar benefits visitors from Europe,” *Financial Times*, November 2, 1987.

Table 6.4 The decline of the Tunisian tourism product, 1982-1986

	Receipts (1000s 1987 DTs)		Bed nights		DT/night (1987 TDs)	
1982	462,908	0%	11,160,209	-11%	41.5	12%
1983	483,478	4%	10,330,408	-7%	46.8	13%
1984	414,484	-14%	10,251,787	-1%	40.4	-14%
1985	459,071	11%	12,671,218	24%	36.2	-10%
1986	415,285	-10%	12,549,689	-1%	33.1	-9%

Source: (ONTT 1991, p. 71; World Bank 1991)

Not only did services deteriorate, but so did environmental conditions. In 1986 an ONTT report cited the poor state of public hygiene and crime and concluded that “in the country in general, and in the tourist regions and communities, the physical and human environment does not contribute to the amelioration of the image of Tunisia” (ONTT 1986, p. 9). These effects were at their worse in the oldest tourism regions such that in 1992 the British “Consumers’ Association” drawing on the 1200 letters sent to them named “the world’s nine nastiest holiday resorts” which included the citation of Nabeul as “a beach which is ‘filthy, strewn with litter and bordered by stinking open sewers. The sea contained human excrement and other flotsam’”¹²⁷

The fall of the first republic

The declining income which tourism was able to provide was a critical structural factor leading to the economic crisis faced by the Tunisian state in 1986. It would however be other tourism related events which would lead to the final political crisis for Tunisia’s first republic. Through out the 1970s and 1980s there was growing social concern about the cultural impact of the expansion of Western

¹²⁷ John Harlow, “Report on Package Holidays” *The Daily Telegraph* January 7, 1992.

beach tourism which was widely viewed as an affront to Islamic values as it brought scantily clad woman to Tunisian urban areas as well as topless bathers to its beaches.¹²⁸ The middle class beach tourism which dominated Tunisian tourism brought excesses which were widely viewed as undesired. Most offensive to many was the growing *Bezness* scene where foreign woman would come to Tunisia for liaisons with local men usually in exchange for material gifts. While these issues found their way into Islamist tracts attacking other westernizing and secularizing trends in Tunisia¹²⁹ they were issues that generated concerns widely shared across the population—even among the Europeanized-elite—showing up in popular media and movies.

In July 1981 the Club Med at Korba was ransacked “following a cultural evening in which the [Jewish] anthem ‘Hatikvah’ was sung by vacationers” (Waltz 1986, p. 653). This event occurred in a year when after a number of militant Islamist demonstrations—which led to confrontations with the police—the government attempted to repress the movement by arresting of much of the leadership of the *Movement de la Tendence Islamique* (MTI). The MTI had emerged in 1981 as the leading political force within the Islamist movement and had sought formal recognition as an opposition party.¹³⁰ However, the attacks on the tourists were never viewed as perpetrated by the MTI and the Minister of the Interior Driss Guiga in a statement about the arrests “specifically denied suggestions that these arrests might be linked to the incident at the resort in Korba. Significantly, at the

¹²⁸ Note, for what it is worth, that a tract defending Ben Ali crack down on the Islamists written by the a former justice minister reports “a Department of Social Research opinion poll on the attitudes of Tunisians towards tourism (1994) shows a clear rejection on their part of the politicization of religion and of violence. Only 6% of them thought tourism incompatible with our customs—a proportion that is little smaller than the 1989 fundamentalist electoral base. As for the violence against tourists in Egypt by the armed group, Tunisians were against it, 83% to 2.3%, while 6.5% felt they could understand it,” see Chaabane (1997, p. 43).

¹²⁹ Pranay B. Gupte, “Moslem Militants worrying Tunisia” *New York Times*, November 11, 1981.

¹³⁰ On the role of the Islamist movement in the crisis of Tunisian state building, see Waltz (1986), Salem (1988), Vandewalle (1988), Ware (1988), Hamdi (1998).

time of the trial in August, the government made no charge of violence against any of the 61 defendants” (Waltz 1986, p. 654).

As noted above, support for the Islamist movement grew throughout the early 1980s drawing particularly on a critique of the failure of the state and the party to meet the needs of the growing population. Exploiting the 1984 bread riots with much effect allowed the Islamist movement to replace the once militant trade union movement as the leading force of opposition to state authority and the Bourguiba regime. The Islamist movement and the Bourguibist state came to a head on the night of Sunday August 2, 1987 when bombs simultaneously exploded at four hotels in the Monastir and Sousse tourism region. More than just an attack against symbols of western decadence, the location and timing of the bombs implied a more direct political statement. The bombs were placed in Bourguiba’s hometown on the day before his birthday in the midst of a month long ceremony in which Bourguiba was signalled that he was still in control of the state (Hamdi 1998, p. 53).

Thirteen people including tourists from Britain and Italy were injured in the attack. Bourguiba quickly ordered his Interior Minister Ben Ali, the leader of the 1984 crack down after the bread riots, to crack down on the MTI and find those responsible. Former MTI activist Mohamed Elhachmi Hamdi notes that “the entire state apparatus was mobilized in the battle” while the MTI responded with demonstrations and an information campaign. Ninety Islamist activists, including two fingered as the planters of the bombs as well as most prominent leaders of the MTI—including its leader Mohammed Ghannouchi—were put on trial (Hamdi 1998, p. 53).

Bourguiba broke off relations with Iran in an effort to discredit the MTI and claim it was an Iranian revolutionary export attempting to overthrow the Tunisian government. In the trial, however, the government failed to connect the MTI to the hotel attacks, which had nevertheless been claimed as the work of the more militant *Islamic Jihad*. While at the trial Mehriz Boudagga, who was later hanged, “admitted he had made the bombs, which went off in four tourist hotels in Sousse

and Monastir on August 2, as a protest against scantily-clad tourist,”¹³¹ the MTI, according to Hamdi, was able to show they had denounced the attacks at the time in statements distributed in Paris and claimed that Mr. Boudagga was in no way connected to the MTI (Hamdi 1998, p. 53). However the Tunisian Minister of Justice, Sadok Chaabane, claims that “the perpetrator of the bombing in Monastir confessed that his instructions had come from the [MTI] hierarchy, meaning that the leader [Ghannouchi] gave the authorization for this act, The judge found that there were many circumstances indicating that the leadership was advocating damage to tourists to damage the economy and to incite the anger of religious leaders against tourists.”¹³² But the Minister also notes that “the British Judiciary decided differently.”¹³³ Nevertheless, the European media covering the events in Tunisia, Western governments who long viewed Tunisia as an ally, and even leftist elements of the Tunisian opposition—all forces generally unsympathetic to Islamist causes—remained highly critical of the state’s repressive campaign and trial. When the verdict was announced on September 27, 1987 seven were given death sentence which included 5 militants who had been tried in absentia and two others (included Mr Boudagga) who were directly tied to the making and planting of the bombs. The others were given various prison and hard labor sentences. Ghannouchi, who had not been shown to be connected with the attacks, was give a life sentence.

Bourguiba, acting increasingly erratic and forgetful, was furious having taken the attack and the Islamist movement as a whole as a great affront to this lifelong effort of secular state building. Five days later he appointed his law and order interior minister Ben Ali as Prime Minister and demanded he insure that the Islamist were retried and give death sentences. After attempting to convince Bourguiba to change his mind, Ben Ali began to take steps to take advantage of the

¹³¹ Simon Ingram, “Tunisian bomber hanged” *The Guardian*, October 9, 1987.

¹³² See Richard H. Curtiss, “Justice Minister Describes Tunisia’s Battle Against Islamist Takeover,” *Washington Report on Middle East Affairs*, November/December 1996, as well as Chaabane (1997).

¹³³ See Richard H. Curtiss, “Justice Minister Describes Tunisia’s Battle Against Islamist Takeover,” *Washington Report on Middle East Affairs*, November/December 1996.

recent change in the constitution which states that if the President is incapacitated and unable to fulfill his duties the Prime Minister would be empowered to take over the office of the president. On the night of November 6, Ben Ali gathered a panel of doctors and mental experts to attest to the mental incapacity of 84 year old Bourguiba.

Tunisians woke up on Saturday November 7, 1987 to an announcement from General Ben Ali. The message stated that in accordance with article 57 of the Constitution, Ben Ali was exercising his responsibility as prime minister to assume the presidency and command of the armed forces (Chaabane 1997, p. 17). The new president's first statement included pledges to increase political pluralism, end corruption, and revamp the political system. At the same time, in contrast to Bourguiba's modern secular style, Ben Ali began his statement with the now commonplace Quranic expression of invocation and emphasized in the statement the Arab and Islamic character of the state. Ben Ali had established what he called the "New Era" and would quickly set about reshaping and rebuilding the Tunisian state.

Chapter 7

State building under Ben Ali: Economic liberalization, rent creation, and the reconstruction of state power, 1987-2001

Ben Ali took power clearly committed to increasing Tunisia's integration into the global economy as a means to promote economic development and reconstruct state power. He declared that "We have chosen, with firm conviction, to open our country to the outside world, in order to strengthen our chances for achieving sustainable development and joining the ranks of developed nations." (cited in Testas 2000, p. 23). Within a year of taking power—in a move reflecting his desire to expand and diversify Tunisia's mass tourism economy—Ben Ali chose Mohamed Jegham, head of the Port El Kantaoui tourism authority, to become Minister of Tourism with orders to revitalize the tourism sector. Jegham's tenure saw the expansion of tourism development and tourist flows as well as the gradual spatial and cultural diversification of the Tunisian tourism product. In 1995 Jegham would be moved from the Ministry of Tourism to head the Ministry of the Interior. This appointment—leading to other top level political posts such as Minister of Defense and chief of the presidential office—was a recognition of the critical role that tourism development, under Jegham, had played in Tunisian state building. It also symbolized a connection between what had become two central pillars of contemporary state—both headquartered in buildings visible from *Place du 7 Novembre*—as by the early 1990s Ben Ali's "new era" of pluralism had given way to an era of increased political repression and intolerance of dissent which the Ministry of the Interior played a central role in implementing.

Tourism development has functioned as a much different sort of tool for state building than the coercive tool wielded by the Ministry of the Interior and the

security forces. The remaining chapters of Part Two seek to explain the role tourism development in the Ben Ali era has played as a non-repressive strategy for state building which has helped to generate resources of building state autonomy, capacity, and legitimacy. I argue that globalization and the continuing expansion and forms of international tourism has led to the reterritorialization of tourism development increasing the ability of state action to generate territorially-based rents and external economies. This processes has supported the development of new means and techniques for state control over space, capital, and social transformation. By extending the state's institutional and territorial control over Tunisia's natural and cultural tourism resources and tourism capital, state-led tourism development has helped to supply institutional, economic, and symbolic resources for state building to compliment the coercive ones provided by the security apparatus.

However, in order to explore the role of tourism development in the state building process since the mid 1980s (as I do in Chapters 8 and 9, below), I first need to explain in this Chapter how the state building process under Ben Ali and his efforts—in particular polices which create various sources of rents—to promote economic liberalization and global economic integration have not led to pressure for political liberalization but instead has come to reflect a reconstruction the state's powers of centralized territorial control in Tunisia.

Ben Ali's "new era" and the rhetoric of liberalization

From leftist politicians to exiled members of the Islamist movement Ben Ali's "medical" coup was widely applauded, not only because it bloodlessly (and one could add constitutionally) ended the uncertainty caused by Bourguiba poor health, erratic behavior, and refusal to resolve the question of succession, but also because from his opening November 7th declaration Ben Ali signaled the importance of making a clear break from the despotic aspects of Bourguiba's rule setting Tunisia

on the road to pluralism (Chaabane 1997, p. 17-8). Ben Ali's immediate call for an end to the "life presidency" and for bills to insure greater press freedom and political participation were viewed as a signal that the leadership of Tunisia was returning to its pragmatist reformist roots established by Bourguiba himself thirty years ago.¹³⁴

Ben Ali quickly defused the growing crisis with the Islamist movement, which had been feared to be one of political forces planning a coup, by commuting some of the sentences passed on the MTI and making very visible moves to reverse some of Bourguiba policies of state secularization by, for example, instituting that the call to prayer be broadcast on government media. These actions singled the possibility in the future of a dialogue with moderate elements of the Islamist movement.

One of Ben Ali's first major accomplishments was to gather diverse members of Tunisia's fractured and diverse civil society¹³⁵ for open discussion leading to the signing of a "National Pact" on the first anniversary of *Le Changement*. Noting the inclusionary nature of the National Pact and how this contrasted with those forged in the controlled transition of Latin American states away from authoritarianism, Lisa Anderson at the time wrote that "far from introducing a conservative bias into subsequent political relations, this pact may be better understood as an effort to foster the tolerance of dissent and opposition which is a cornerstone of democratic politics" (Anderson 1991b, p. 260).¹³⁶ In a similar vein, other American observers noted a new course of state building in Ben Ali's Tunisia suggesting that "A friendly

¹³⁴ See the optimistic views of Moudoud (1989, pp. 201-5), Anderson (1991b), Vandewalle (1992). Note that the pragmatic, reformist tradition in Tunisia can be traced even father back to figures such as Kheireddine.

¹³⁵ The pact did include an non-MTI Islamist as a signer, however, the MTI was not a party to the debate.

¹³⁶ For a telling reflection on the failure of this essay—as well as much of the misguided, "wishful thinking" work in Middle East studies on political liberalization—to explain, rather than to superficially describe, what was going on at the time see, Anderson (1999).

country has been saved from probable chaos and set on the road to pluralism and economic openness.”¹³⁷

This political opening was also viewed by many political economists as a critically needed step in solving the national economic crisis caused in part by a crisis of state building because “in the 1980s Tunisia’s economic problems remained in part unaddressed because the state could no longer determine public policy unilaterally and refused to come to terms with the new reality” (Vandewalle 1988, p. 617). On the one hand, the corporatist-style agreements the state forged with the UGTT to help prevent further social unrest contributed to increased indebtedness and eventual fiscal crisis, while on the other hand, the closer linkages which the state and elements of the PSD had forged with the bourgeoisie had limited the ability of the state to relieve the fiscal burden by increased taxing of the middle class. By the summer of 1986 once the economic crisis could no longer be avoided or delayed, the *plan de refressement économique*, designed in consultation with the IMF, was enacted which, if fully implemented, was to help insure macroeconomic stability (Moore 1988). The reforms called for in the plan, however, “threatened to affect either the political or economic interests of virtually all the clients or interest groups in Tunisian society” (Vandewalle 1992, p. 117). At the same time this program of reform called for the disengagement of the state from its control of economy as well as the privatization of the public sector. In other words, it implied the eventual liquidation of the social contract and authoritarian corporatism in Tunisia—the foundations of state building—for the sake of rebuilding the national economy through increased integration into the global economy. Thus, the bold move towards forging a highly inclusionary political order could be viewed as a means to defuse the social discontent and resistance to economic reform as it signaled that no social group was going to be politically marginalized by the eventual dismantling of the patron state and the insulation of the national

¹³⁷ Michael Collins Dunn, “Tunisia: Untold story from the Arab World” *Los Angeles Times*, August 28, 1988.

economy. It seemed to signal the beginning of the replacement of the postcolonial social contract by what might be called an “extraction contract” (Waterbury 1997) based on increased political representation and a more accountable state.

Vandewalle notes that “Ben Ali clearly indicated that the structural adjustment policies could only succeed if some sort of political liberalization—what he consistently referred to as democracy—was well instituted” (1992, p. 119).

Under Ben Ali’s leadership Tunisia set out on the road of extensive economic reform, often preempting IMF recommendations, while other Arab states such as Egypt continued to stall reforms processes while seeking new sources of external rent (Richards 1991; Luciani 1994, pp. 149-5). As the World Bank would often note, “In the mid-1980s Tunisia made the strategic choice to become a modern, market-oriented, and internationally integrated economy” (World Bank 1996, p. xiii). Over the next two development plans, the 7th plan covering 1987-1991 and 8th plan covering 1992-1996, the Tunisian economy was overhauled. The first plan focused on achieving macroeconomic stability, while the second phase furthered structural adjustment and liberalization: “Thus a sharp reduction in the budget deficit, the control of inflation, financial sector reform and trade liberalization, would be followed by legislative arrangements to encourage foreign investment, an accelerated privatization programme, development of capital and equity markets, closer integration of Tunisian trade into world, and especially European, markets” (Murphy 2001, p. 142). As a result between 1987 and the year 2000 Tunisian GNP achieved a growth of 5.7% while this external orientation would then been consolidated by Tunisia joining GATT, making its currency convertible, and signing a free trade agreement with the European Union.¹³⁸ While the *infatih* policies of the 1970s and early 1980s in Tunisia (and elsewhere) were provoked by economic crises and implemented as strategies to allow the retrenchment of over-extended states, the signing of 1998 Euro-Tunisian Association Agreement marked a clearly new

¹³⁸ Anver Versi, “The triumph of pragmatism,” *The Middle East*, March 1999, “special report” pp. 4-6.

phase of development with Tunisia's commitment to a complete dismantling of all tariff barriers by 2010 and full embrace of economic globalization (Jbili and Enders 1996; Ben Romdhane 1997; Jilani 1997; Cassarino 1999). In the year 2000 the IMF routinely referred to Tunisia's "strategic decision to open the economy to foreign competition and to the opportunities offered by global integration." (IMF 2000, p. 7).

Having succeeded in going this far down the path of economic liberalization most observers in the 1980s might have also expected Tunisia to have made serious strides down a path of political liberalization or at least see a weakening of the state's control over the economy. As Bradford Dillman explains, it seemed that "at the very least, from a structural point of view, the state's 'retreat' from the economy, along with the growth of the private sector and a middle class, weakens state autonomy and leads to more political challenges" (2001, p. 201).¹³⁹

However, a closer look beyond what is now viewed by many as "the illusion of national harmony and consensus" (Murphy 2001, p. 146) shows that underlying the success of Tunisia's self-styled "economic miracle," has been a far more illiberal and authoritarian pattern of state building. Instead of forging of a new "extraction contract" based on increased political participation and accountability, throughout the 1990s just as Tunisia's economy was seeking greater openness and integration into the global economy Tunisian state building saw a sharp return to political authoritarianism. In the early 1990s political liberalization and reform were diverted by an all out effort to crush the Islamist movement after the outbreak of clashes with Islamist activist, the discovery of caches of arms in the Bab Souika quarter of Tunis, and an armed attack on RCD headquarters.¹⁴⁰ These

¹³⁹ Moreover, in the eyes of the European Union the association "economic liberalization is viewed as a means to achieve the democratization of the political system" in Tunisia since it will require increase transparency, promote private sector entrepreneurship, and is expected to lead to the "strengthening of democracy and human rights." See Agence Europe, *Europe Documents*, no. 1974 (9 February 1996), p. 1 cited in Cassarino (1999, p. 63).

¹⁴⁰ The MTI changed its name to *Hizb Al-Nahda* (Renaissance party) in a bid to attempt to attain legal status as a political party by eliminating the Islamic reference from its name. Ben Ali, however, refused to legalize the party. See Gasirowski (1992). Moreover, for the official view of this effort see Chaabane (1997), while for a view by a former Islamist activist, see Hamdi (1998).

confrontations began playing out in the context of the descent into civil war next door in Algeria. Civil freedoms and the legitimacy of civil society discourse were soon sacrificed to this internal war with the regime banking on the middle classes, the left, women's rights activists, and the trade union movements to support the government and marginalize the Islamist challenge from mainstream support (Denoeux 1999, pp. 34-35). Meanwhile, Ben Ali moved aside the old guard of the PSD by remaking the party in his own image and renaming it the *Rassemblement Constitutionnel Démocratique* (RCD).¹⁴¹ Thusly "Ben Ali advanced the relative autonomy of the state from class interests" (Murphy 2001, p. 145). While periodic elections continued to take place, they occur in an environment where Ben Ali's forces had eliminated all traces of autonomy and divergence in the UGTT leadership,¹⁴² the existing opposition political parties, the press,¹⁴³ and all other civil society organizations such as the *Ligue tunisienne des driots de l'homme* (Guiter 1997; Denoeux 1999; Murphy 1999, pp. 193-220).

After taking power Ben Ali initially rebuilt state autonomy through political reforms and the creation of the appearance of tolerance for pluralism, both backed by a new style of clientalism (Waltz 1991). State autonomy in the 1990s, however, was expanded through the introduction of the *muhabarar* (security policy) state where the number of police expanded from 20,000 under Bourguiba to 80,000 less than ten years later.¹⁴⁴ Long considered one of the most open states in the Arab world with a long history as a meeting point for intellectual and cultural flows across the Mediterranean, by 2000 *The Economist* was suggesting that "with the exception of

¹⁴¹ Zyad Liman, "Ben Ali a enfin son parti" *Jeune Afrique*, no. 1701-2, 12-25 Août 1993. In a telling move, not only was the outdated word "socialist" taken out, but the term "destour" which harkened back to the colonial-era nationalist movement led by Bourguiba, would now only appear in Arabic usages while in official French usages the term would be translated as "Constitutionnelle."

¹⁴² As the largest organized element of the state's social support base, the material interests of labor have generally been met within the increasing constraints of economic liberalization, but the movements political autonomy has been sharply cut down. On the room left for maneuver, see Alexander (1996), Zghal (1998).

¹⁴³ See Christophe Ayad, "Tunisie: la press esclave du Président," *Liberation* (Paris), 29-30 November 1997, p. 34.

¹⁴⁴ "Tunisia: Behind the beaches," *The Economist*, January 13th 1996.

Syria and Libya, Tunisia has the most closed society on the Mediterranean.”¹⁴⁵ As a result of this switch in tactics of political reforms, all the while economic liberalization was being accelerated, many observers of Tunisian politics in the early 1990s began suggesting that “the government has seemingly been intent on combining what Clifford Geertz, writing about developing countries in general, has called ‘a Smithean idea of how to get rich with a Hobbesian idea of how to govern’” (Vandewalle 1992, p. 122).¹⁴⁶ Emma Murphy argues that “An on going state process of state-managed democratization has concealed the reality of a retreat into an authoritarian mode of government, giving the regime the ability to implement economic liberalization and compensating for the consequent loss of direct economic control by increasing its political powers through a re-constructed state apparatus” (Murphy 2001, p. 136). In this view economic liberalization has been made possible by a return to authoritarian repression which has insured the increased autonomy of the state. Daniel Brumberg elaborates this view by explaining that “At some point in 1990, Tunisia’s economic plight prompted a decision to shift from limited economic reforms to structural adjustment. The regime, however, postponed this decision in order to crush the Islamic al-Nahda party, which the regime apparently feared would mobilize public support in opposition to reforms. Having achieved this goal by the close of 1992, the regime began a far-reaching structural adjustment program backed by the fist of exclusionary authoritarianism” (1995, p. 244).

Of rents and rule: Explaining the limits of liberalization in the context of globalization

While “one could hazard the hypothesis that authoritarianism is in large part a logical consequence of the strategic choice of insertion into globalization”

¹⁴⁵ “Tunisia: Under the shadow” *The Economist*, April 15th 2000, p. 41.

(Denoeux 1999, p. 50), such a view places too much emphasis on the role of the “fist” as a tactic for implementing economic reform and global economic integration. Moreover, this view threatens to suggest there was an economic imperative for the development of state building processes undergirded by repressive tactics.¹⁴⁷ But as Guilain Denoeux has argued, “Certainly, the stability enjoyed in Tunisia is not only a result of a police system. One should not minimize the accomplishments of the regime, notable in education, the rights of women, economic growth, and the assistance given to the most disadvantaged classes and regions” (cited in King 1998, p. 77). Moreover, economic liberalization under Ben Ali represents not an extension of the 1970s *infatih* which exploited the global deterritorialization of mass production. To a large degree “laissez-faire” liberalization in the 1970s—while limited to a only few sectors and types of transnational flows—is what help lead to the destabilization of state building as the institutions and policies were unable to effectively manage the increased deterritorialization of production within Tunisian territory. In contrast, Ben Ali’s regime has been able to construct the markets through which the national economy has been integrated into transnational economic flows in order to avoid such loss of state control. The result has led to 1) increased state capacity by developing institutional mechanisms to regulate the production and spatial distribution of wealth, and 2) to wider state legitimacy, by creating new private sector and middle class partners to bolster its fragmented political support coalition¹⁴⁸ and by being able to more effectively attempt to mitigate regional disparities.¹⁴⁹ As Denoeux explains, “Under Ben Ali, the regime

¹⁴⁶ Geertz’s clever quote, which is often cited in writing about the political economy of Tunisia, was made as a comment at the Plenary Session of “A World to Make: Development in perspective,” in *Daedalus* 118, 1(Winter 1989), pp. 238-9.

¹⁴⁷ Viewing the political economy of Tunisia in terms of a “Hobbesian” state supporting a “Smithian” economy also seems too reminiscent of the mechanistic aspects of O’Donnell’s theory of the Bureaucratic-Authoritarianism, see the essays collected in Collier (1979).

¹⁴⁸ Eva Bellin (1994, p. 432) notes that “Industrialists had never been an important part of the regime’s sustaining political coalition and so the regime could afford to compromise their interests for the sake of IMF-enunciated (and funded) rationality.”

¹⁴⁹ In a related tactic, Ben Ali has created what he calls a “national solidarity fund” which is commonly referred to by the by the account number to which donations to the fund are sent to

has been shown capable of correcting a part of the important disequilibriums which had become apparent under Bourguiba, not only between social classes, but between cities and the countryside, between coastal and interior regions, and between the north-east of the country and the south and south-west” (1999, p. 48). This result has been accomplished, not through a “Smithian” free-market policy, but through the development of administrative techniques to *increase* state control over the economy and society.

This pattern of state building is not unique to Tunisia. As Bradford Dillman argues, “Despite facing constraints from global market actors backed by powerful states, North African regimes have managed to adapt their economies selectively, using reforms and repression to mitigate many of the presumed regime-challenging effects of economic globalization... What is important in the process is the extent to which regimes are able to extract from greater capital inflows and, through partial economic liberalization, to generate administrative efficiencies, control access to profits and rents, and substitute for some declining resources” (2001, p. 200). To explain the divergence of this picture from the one expected to result from the supposed structural effects of economic reforms and laissez-faire policies but consistent with the demands of economic globalization, Dillman suggests we separate how we understand the dynamics of market economies from how we understand the dynamics of *the transition to market economies*. He argues that “during the transition, the impersonal, competitive market is often not determining

“2626.” This fund is used to support needy families, low income housing, and development project in poor and underdeveloped “shadow zone” of Tunisia. Besides the highly personalized patronage effects of the aid given, state legitimacy is furthered by Ben Ali’s frequent visits to these zones which create numerous public relations and photo opportunities propagated by the national media. Another aspect of the political brilliance of this idea is that world famous celebrities, from Michael Jackson to Fairuz, have been invited to give local concerts to which the proceeds are donated to the national solidarity fund. Not only do these events further the exposure of the program and generate proceeds to benefit the least well off (but also political loyal) elements of society, but such events also create opportunities for the increasingly consumerist middle class (who have been able to exploit the economic opportunities provided by economic liberalization) to be viewed as contributing to the maintenance of a sense of national solidarity. See Zamiti (1996), Berry-Chikhaoui (1997), Belhedi

the allocation of resources. *The new 'rules' are either not known, not followed, or are bent in order to preserve rents and tap new ones.*"(2001, p. 201).¹⁵⁰

The concept of "rent" and the ability of states to preserve or create rents while undergoing processes of economic reform are commonly used to explain the self-limiting nature of much of economic liberalization and the impact of economic liberalization on patterns of state building in the Arab world.¹⁵¹ As discussed in Chapter 2, to economists rents are technically incomes gained by holders of scarce property rights in excess of what would be earned otherwise (under perfect market conditions) without the addition or improvement of existing factors of production. More broadly to political economists, they signal politically constructed or territorially shaped differentials in the fertility of resources, assets, or factors which grant their owners excess or exceptionally high returns.¹⁵²

The most commonly discussed type of rents in Arab economies are those produced by external capital flows, such as oil revenues and in some cases strategic aid. While oil rents have declined as a share of GNP since the oil boom, they continue to play a significant role as a source of state income and foreign exchange as well as dominate foreign direct investment into the region (Luciani 1994; Luciani 1995; Dillman 2001, pp. 202-4). In Tunisia oil and gas revenues and foreign investment in the sector declined in the mid 1980s, but grew again in the early 1990s bolstered by new exploration. In the 1994-1996 period the petroleum sector provided revenues equal to about 2% of GDP, energy products amounted to 10% of exports and about 3/4 of all foreign investment (IMF 2000, pp. 65, 71; Dillman 2001, p. 204). These incomes, however, are not enough to sustain economic development or allow the state to forgo income generation schemes such as direct taxation, which

(1998, pp. 329-344), Borowiec (1998), and Anver Versi "Making dreams come true" *The Middle East*, March 1999 "special report" p. 18.

¹⁵⁰ Emphasis added.

¹⁵¹ See, for example, Richards (1984), Waterbury (1985), Richards (1991), Luciani (1994), Luciani (1995), Anderson (1997).

¹⁵² On the political economist's vs the economist's usage of the concept of rentier, see Bellin (1994, p. 429).

has increased in Tunisia since the mid 1980s. Furthermore, since 1996 these incomes have halved to representing 1% of GDP and one quarter of foreign investment,¹⁵³ which would have suggested, according to the theory of the rentier state, another period of political liberalization.

Another category of rent, however, is created by state managed market distortions, monopolies, or barriers to market entry which foster a politically dependent private sector. Peter Evans explains the view about these rents drawn from the perspective of neoclassical economics: “ [Political] incumbents may either distribute resources directly to supporters...or use their rule-making authority to create rents for favored groups by restricting the ability of market forces to operate. Rationing foreign exchange, restricting entry through licensing producers, and imposing tariffs or quantitative restrictions on imports are all ways of creating rents” (Evans 1992, p. 142).¹⁵⁴ For example, Eva Bellin notes that in Tunisia “private sector industrialists still rely on tariff barriers, tax concessions, and subsidized credit from the state; hence structural adjustment has not entirely vitiated their dependence” (1995, p. 143).

While politically constructed rents are viewed by neoclassical economists as distortions in market economies leading to suboptimal or unproductive economic activity and bureaucratic development, I will argue that politically constructed rents can instead be viewed as means which states use to guide private sector behavior while assisting firms in making profits,¹⁵⁵ which under certain conditions can be consistent with the promotion of economic development. As such the concept to rent, broadly defined, can help explain both how economic liberalization has been consistent with increased state control over the production and spatial distribution

¹⁵³ See IMF (2000, pp 65, 71) and Anver Versi, “Gearing up to the EU level,” *The Middle East*, March 1999, “special report” pp. 10.

¹⁵⁴ See also Buchanan (1980), Srinivasan (1985).

¹⁵⁵ In fact, this analysis should be considered valid for the discussion of the creation of positive external economies. The related two categories are differentiated by if and how property rights over the politically constructed economic rewards are defined. This line is clearly fuzzy in most instances

of wealth, *as well as*, how the state has helped guide the economy into becoming more stable and competitive within the context of increasing globalization.

Following the observations of Bellin (1994), Dillman (2001), and Cassarino (1999), who note that the Tunisian state has resembled more of a developmental state than a predatory one,¹⁵⁶ I will suggest that as Tunisia has embraced globalization and economic liberalization the state has developed infrastructures and trade agreement to increase transnational flows while creating politically constructed rents for firms in order to assist them in making profits. As a result, economic development in Tunisia in the context of globalization and economic liberalization has led to continuing direct dependence of both local and foreign private firms on state actions.

Firstly, investment projects which require special entitlements from the state (which can be viewed as rents since they grant firms monopolies or rights to rental incomes) and involve large sunk costs increase the dependence of international private capital on the state. Echoing my territorial reading in Chapter 2 of the literature on the political economy of foreign capital and the third world state (Evans 1987b) Dillman notes that “North African governments are increasingly discovering that foreign direct investment is a non-threatening source of manna. Foreign investors need to cooperate with state officials if they want the special entitlements that will allow their investments to reach fruition” (Dillman 2001, p. 204). Unlike the highly deterritorialized textile sector, the projects Dillman refers to are “the build-operate-transfer (BOT) type in power generation,

but both concepts seek to analytically describe the politically construction nature of economic systems—that is the non-market and extra-market aspects of economic development.

¹⁵⁶ For definitions of these types of state see Evans (1992). North (1981, p. 24) views these two types as alternative path-dependent models of state building. On the one hand is the predatory state, which creates property rights regimes which maximize rents to the state, and on the other hand, there are developmental states which define private sector property rights and create institutions in order to lower transaction costs which promotes increased economic activity which only indirectly generates more tax revenues for the state. But as Chaudhry (1997, pp. 9-14) points out North, and the work of the New Institutional Economists generally, has little to say about where institutions come from and how they evolve, that is what determines which path state building goes down and why.

telecommunications, and transportation” (p. 204) which are governed by the territorial powers of the nation-state over its national economy. Moreover, after the firm gains their profit the project is turned over to the state expanding its infrastructural capacity.

Secondly, as Cassarino (1999) argues, the economic integration which Tunisia has committed to under the EU-Tunisia Association Agreement generates similar opportunities to create rents for favored groups and increase private sector dependence on state authorities. In order to ready Tunisian firms the state has instituted a *mise à niveau* upgrading and modernizing program in which firms receive government support “to get up to the level” of international competition. While many small labor-intensive firms emerged in the 1970s, Tunisian firms by the 1990s were no longer able to achieve comparative advantages through lower wages but had to learn to upgrade skill and technology levels created firms which created internationally competitive goods and/or provide the subcontracting operations needed by European firms in the high tech, business services, and flexible manufacturing sectors. The “logic” behind this method of industrial policy is common to economic development elsewhere and it critically does not require any deeply embedded cultural or institutional preconditions. In an effort to understand and theorize the “institutions of economic development” Charles Sabel draws on Albert Hirschman’s theory of “unbalanced growth” (see Hirschman 1958) to suggest a method for public agencies to assist firms meet the challenges of economic globalization by inducing what he calls *disequilibrium learning*. In this model, the state, “...instigates the firms to set goals with reference to some prevailing standard so that shortfalls in performance are apparent to those with the incentive and capacity to remedy them—the firms themselves—and new targets are set accordingly.” (Sabel 1993, p. 149) In exchange for the firm’s commitment to this process of self-improvement leading to the ability to produce goods which are competitive in the international market, the state provides various forms of inducements to these firm such as subsidies, tax breaks, government purchase

orders, low interest financing, monopoly rights, or temporary protection. While this might include “distortions” in the local market, in the end the adherence to global specifications and quality standards (e.g. ISO 9000¹⁵⁷) and competitiveness in the global market place (including the ability eventually to withstand foreign competition) mitigates the risk of unproductive rent-seeking by firms and predatory behavior by states. However, as Cassarino argues, in the case of Tunisia “for the private sector the [*mise à niveau*] program represents a selective adjustment...its purpose is not to rescue business concerns as a whole, but to buttress the ability of a select number of private firms to survive international competition, by modernizing and optimizing their production lines, developing vocational training, and promoting their export capacity” (Cassarino 1999, p. 65). Additionally, the program requires “that companies open their books in exchange for government and EU assistance, making businessmen potentially more vulnerable to regulators and tax collectors” (Dillman 2001, p. 213).

The above permutations of “rent” spread the concept out too broadly to form a parsimonious theory of the structural effects of economic liberalization on state building and the maintenance of state control over the economy. Once we realize that rents are not only the product of exogenous factors, it becomes obvious that the decline of one sort of rent can usually be subsisted for another, politically constructed kind. Moreover, politically constructed rents are compatible with liberal economies, democratic political systems, and sustainable economic growth and thus even in less authoritarian political economies we should not expect rent creation always to diminish. In fact, as we have seen, increased globalization offers new opportunities for rent creation. Another limitation of most applications of the theory of the rentier state is that the political impact of rents and rent creation is viewed solely in terms of the revue generated, just as in Margaret Levi’s (1988) *Of Rule and*

¹⁵⁷ See Sabel (1995).

Revenue. The history of the oil states in the Middle East, however, demonstrates the limitations of such a framework for understanding of patterns of state building.¹⁵⁸

State building and the expansion and consolidation of state power and institutions, I suggest, also need to be viewed in terms of the expansion of state capacity to govern and control people, territories, and capital which are just as useful, if not more so at times, to state elites as wealth. The development of these capacities better explain how states convert their various physical resources, such as oil or tourist sites, into resources for building state autonomy, capacity, and legitimacy. And the strategies and resources used to build these capacities in the face of challenges such as globalization and economic reform, go far in explaining the fate of liberalization in the region.

Before moving on, I should note that this discussion provokes the question of how and when is economic liberalization and private sector development likely to lead to the decline of authoritarianism and increased political liberalization. Change will occur, I suggest, only when the state building system can no longer reproduce itself and when it can no retreat from its periodic liberalization “experiments.” As a case in point, Tunisia first experimented with encouraging the development of political pluralism and the internet, but then when there was the fear that these could not be controlled they were both effectively eliminated. Seeking increased economic globalization and integration, Ben Ali has brought them both back but under sever restraint and surveillance.

A critical condition for change is likely to be decreased private sector dependence on the state to make profits or at least a renegotiation of the state-business relationship. Using South Korea as a case in point, Bellin (2000, p. 191) describes how the regime distanced itself from big business at a time when these firms had become competitive enough on global markets such that “alongside the

¹⁵⁸ See, for example, Skocpol (1982) on the case of the fall of the Shah in Iran. Or consider the security and manpower weaknesses and vulnerabilities of the Gulf states such as Kuwait.

reality of declining state support, the private sector's declining *need* for that support also made it more receptive to democratization." Such a path might be somewhere in the Tunisian future. Henry (1997) suggests that the banking sector in becoming more structurally autonomous from the state (though bank managers are still vulnerable to retribution for speaking out publicly). Meanwhile, Henry (1998) argues that external markets are likely to punish information-shy (and potentially politically and fiscally unstable) regimes which might induce them to allow greater private sector autonomy. But in the year 2001 these pressures still seem a long way off. The fate of Algeria combined by healthy growth in the Tunisian economy has kept most business owners and middle class professionals willing to stick with Ben Ali for the time being. Furthermore, closer economic integration is likely to lead state elites to increase means of control in order to compensate for the unpredictable global influence increased globalization will bring.

More generally, one way to mark the possible room for change is to measure, not the size of rents, but to what degree the construction of rents are shaped by interest group pressures or used as incentives to encourage private sector behavior deemed in the national interest as shaped by a transparent and politically accountable process. Such powers might also be dispersed to regional, local, or city government institutions or even to non-governmental organization. In the case of Tunisia and most of the Arab world, there is little evidence of any of these alternative means for shaping the process of rent creation. Instead, the various means of rent creation listed above have each been used by state elites to forge a pattern of state building—under the conditions of increased economic liberalization and global economic integration—where state institutions maintain mechanisms for control over the economy used to shape the economic behavior and limit the political autonomy of private sector actors.

Unlike the states of Latin American and Eastern Europe states, authoritarian rule in most every Arab state weathered the state building crises of the late 1980s and 1990s caused by the decline of rentier incomes, globalization, and

the question of succession. While economic crisis, external pressure, or societal forces have reshaped the rules, institutions, and techniques used to govern territories and populations, by the end of the 1990s Arab states proved able to manipulate, contain and/or reshape the emerging political pressures and forces—such as non-governmental organizations, private sector industrialists, human rights activists, Islamist movements¹⁵⁹—in order to retain, for the most part, patterns of centralized authoritarian rule institutionalized by the postcolonial phase of state building in the region.

¹⁵⁹ See Bellin (1991), Waltz (1995), Brand (1998), Abdalla (2000), Wiktorowicz (2000).

Chapter 8

The role of tourism in Ben Ali's consolidation of state power, 1987-1988

This chapter argues that tourism development proved critical for Ben Ali effort's to reconstruct state legitimacy and capacity after his coup while maintaining his commitment to economic liberalization required to maintain IMF financing. The year after Ben Ali assumed power Tunisia had a record tourism season. The income, revenues, and hard currency generated by these flows helped to sustain the Tunisian economy through the transitional phase between the initial 1986 stabilization program and the more extensive liberalization and structural adjustment implemented in the mid 1990s, and furthermore, they bolstered the state's claim that tourism development could be a motor for growth in the new externally oriented economy . Meanwhile, during the last year of Bourguiba's rule and in the early period after *le Changement* the privatization of the state's tourism assets did not diminish the state's ability to supply welfare benefits nor limit the state's influence over the sector. The privatization process proceeded rapidly in the tourism sector, demonstrating Tunisia's commitment to economic liberalization at little political or social cost.

While tourism has been an important element of the Tunisian national economy since the 1970s, its impact was never more critical than at the time of Ben Ali's coup. A year before the coup in 1986, after experiencing the economic downturn of the early 1980s, state planners were looking to tourism development to sustain the development of the national economy. The 7th tourism development plan (1987-1991) stated that: "Today, the development of tourism in Tunisia has become an economic necessity to which there is little alternative. As a generator of foreign

exchange, added value, and employment the Tunisian tourism industry must be considered as a priority becoming one of the assets upholding the external equilibrium of the Tunisian economy” (ONTT 1986, p. 14). With declining oil incomes and textile exports, in 1987 tourism became the national economy’s leading source of foreign exchange.¹⁶⁰ Meanwhile, at the time of coup, Tunisia was implementing the 1986 economic stabilization plan which many feared would exacerbate the current economic hardships and social tensions facing the population¹⁶¹ before economic growth could return to Tunisia and these gains would filter through to the unemployed, the urban poor, and the disadvantaged hinterlands suffering years of poor harvests. Thus, during the summer of 1987 it seemed that while tourism—as always—was viewed as contingent on political stability in Tunisia, at the same time, political stability at that moment, more than ever, was contingent on a healthy tourism season. As if mapping out a means to collapse the regime, the Economist Intelligence Unit reported in mid 1987 that “The experience of 1986 has shown that the tourist trade is vulnerable to fluctuations caused by political instability and so any widespread outbreak of unrest would be liable to have significant economic repercussions through its effect on tourism. The politically sensitive austerity measures that are part of the economic adjustment programme thus risk contributing to a collapse in a key sector should dissent get out of hand” (EIU 1987b, p. 26). Knowing what happened next, on August 2 in Monastir, this statement should give the reader pause.

In his highly uncritical study of the Ben Ali regime, journalist Andrew Borowiec¹⁶² begins his chapter on the November 7 coup with this scene expressing the political vulnerability engendered by an economy dependent on the international tourism trade: “On August 2, 1987 bombs exploded at four hotels in Monastir: Habib Bourguiba’s birthplace...marring the celebrations of the Tunisian

¹⁶⁰ In fact, as textile manufacturing requires substantial imports, it is fair to say that “in 1986...tourism became the country’s primary earner of foreign exchange,” see EIU (1987b, p. 27).

¹⁶¹ On the expected social effects of structure adjustment, see Ferchiou (1991), Bedoui (1995).

president's birthday. It was also the height of the tourist season, and, to the outside world, the explosions signaled a warning that Tunisia was no longer a safe haven from the turmoil then affecting much of the Arab world" (Borowiec 1998, p. 39).

Borowiec then explains:

The scenario, as outlined later by Tunisian officials¹⁶³ and historians, could have been disastrous: more strikes at universities, street demonstrations directed from radicalized mosques, and [an Islamist] putsch set for November 8, exploiting the deteriorating economic situation and a growing dissatisfaction in the face of a lack of firm and enlightened leadership. Following the nomination of Zine Al Abidine Ben Ali as interior minister and then prime minister the events took another, salutary, turn, sparing Tunisia the fate of Iran, Sudan, and Afghanistan—or the savage terror of Algeria" (Borowiec 1998, p. 39).

While much has been written about the vulnerability of the tourist trade to political instability¹⁶⁴ and the possibility for tourism to promote peace between nations,¹⁶⁵ there has been far less written about the ability of tourism development to help a new regime consolidate and build state autonomy and capacity.¹⁶⁶ I suggest that it is not farfetched to suggest that resuscitation of tourism contributed to the consolidation of Ben Ali's power and political stability and helped to initiate non-coercive state building processes to rebuild state autonomy, capacity, and legitimacy after the November 7 coup.

Within a year of the coup, the Economist Intelligence Unit would report that "In contrast to the parched wheatfields in the hinterlands, grass grows luxuriant under the whirling sprinklers at the seaside hotel resort area of Port El Kantoaui,

¹⁶² See Angrist (1999).

¹⁶³ Such a picture of the pre-coup situation—reminiscent in way of the way Nasser and the Free Officers viewed Egypt before their coup as portrayed in *The Philosophy of the Revolution*—is reflected in interviews with Ben Ali, such as in Borowiec (1998, p. 147), as well as in Chaabane (1997) which paints the picture in detail viewing it through "the academic paradigms of political change which [he] was accustomed to discussing at the University" (p. 1).

¹⁶⁴ See Mansfeld (1994), Hall and O'Sullivan (1996), Wahab (1996).

¹⁶⁵ As I discuss in chapter 11, tourism is often viewed as a means to promote peace, see also D'Amore (1988), Peres (1993), Var *et al.* (1994), Peres (1995), but survey experiences of Egypt, Jordan, Israel, as well as survey research from tourism between North and South Korea and Greece and Turkey fails to show that tourism between the former combatants helped to support peaceful co-existence.

¹⁶⁶ It has often been suggested that tourism can help promote the international legitimacy of an authoritarian regime. See, for example, Richter (1989, pp. 51-81) for a recounting of the efforts of President Marcos to use "tourism to sell martial law" in the Philippines.

the successful development adjacent to Sousse, and other tourist complexes” (EIU 1988b, p. 16). As shown in the Table 7.1 below, the 1988 tourism season was by far the largest Tunisia had ever seen with tourism receipts almost doubling to over one billion dinars representing over 13% of GNP and nearly matching the economy’s growing trade deficit that year. This tourism activity—occurring during the year the government instituted a new value-added-tax system (VAT) with a high 29% rate on luxury goods—helped delay the need to take another IMF loan as well as compensate for the growth of the state’s consumer goods subsidies bill (despite a roll back of subsidy rates) caused by the drought that same year (Murphy 1999, p. 106, 114-5).

Table 7.1 Tourism and the National Economy in Tunisia, 1985-1989

Year	Tourism Receipts TDs	Textile Exports TDs	Petroleum Exports TDs	Tourism Receipts coverage of trade deficit	Tourism Receipts as Share of GNP
1985	415.0	283.4	568.7	59.6%	6.3%
1986	385.8	388.4	339.5	42.9%	5.8%
1987	568.9	496.2	418.3	77.0%	7.5%
1988	1086.1	614.3	330.7	97.7%	13.2%
1989	880.7	816.0	555.5	64.3%	9.7%

Source: (ONTT 1995, pp. 70, 73; World Bank 1995b, p. 677)

Much of the success of the tourism season was due to exogenous factors such as the resumption of economic growth in Northern Europe. In addition, the increased attractiveness of the destination of Tunisia that year was due to the devaluation of the dinar in August 1986 and its downward slide over the course of 1987 and 1988 which made the price of the Tunisian tourism product more competitive. As the decline in the cost of the dinar was a product of the structural adjustment plan, tourism also proved a ready means to covert, relatively quickly, otherwise painful economic reforms into a means for economic growth. We should note that even with

the devaluation of dinar,¹⁶⁷ the real value of tourism receipts per bed night grew by over 50% with non-resident bed nights climbing 12% after a 40% increase the year before (ONTT 1995, p. 75). In the high season of 1988 hotel occupancy rates for July were 90% in July and 95% in August, leading many hotels to turn away overbookings (ONTT 1990, p. 63). Overall, occupancy rates hit 62.3% in 1988 up from 58.8% the year before and coming after hotels saw rates of around 45% for three of the previous four years (ONTT 1995, p. 75).

Table 7.2 Value of the dinar and the tourism product, 1985-1989

Year	DT/Bed Night (real growth)	Change in \$ value of TD	Bed Nights (growth)
1985	-10%	-6.9%	24%
1986	-9%	5.1%	-1%
1987	-2%	-4.2%	40%
1988	57%	-3.4%	12%
1989	-22%	-9.6%	-3%

Source: (World Bank 1991; EIU 1993, p. 7; ONTT 1995)

The 8th Tourism Plan for 1992-1996, published in 1991, suggests that in 1988 tourism in Tunisia expanded significantly because “the advent of 7 November ameliorated the external political image of Tunisia as well as gave confidence to tourism promoters and foreign visitors” (Ministere du Tourisme et de L'Artisanat 1991, p. 11). But I would like to argue that the success of the tourism season helped to consolidate the legitimacy and stability of the new regime by making the *Le Changment* appear to make good quickly on its promises of restarted national economic development. And meanwhile, the expansion of tourism revenues and the state’s institutional structures for promoting tourism development increased state autonomy and capacity. Political stability and tourism growth, in fact, must be viewed as mutually reinforcing. A successful tourism season, for example, can be expected to have a positive effect on Tunisia’s international political and tourist

¹⁶⁷ These are calculated from yearly averages. Gant and Smith (1992, p. 333) note a “28%

image leading to more tourists “since tourism is critically dependent on law and order, tourist arrivals then are a commentary on the political stability of a society and its desirability as a destination” (Richter 1987, p. 216).

To evaluate this circularly-causal loop of claims (that political stability promoted tourism growth which consolidated political stability and expanded political capacity and then furthered tourism development and state building etc...) we should also note that the mutually reinforcing connection between political stability and tourism growth works both ways. Political instability and the decline of the tourism industry can form a viscous downward spiral as attacks on tourism interests cause a crash of the tourism industry, which leads to economic decline leading to social unrest. An equilibrium might be reestablished only by state forces resorting to repressive, authoritarian measures, which might then bring back the tourists but the sector is likely to remain highly vulnerable. But in contrast to the dire warning before the 1987 bomb blasts at four hotels in the Sahel, Ben Ali was able to reverse this potential downward spiral such that after the tourism boom in 1988 an EIU report by Michael Hopkins could suggest “that political and terrorist incidents in and around Tunisia do not seriously affect Tunisia’s image as an attractive and relatively safe holiday location in the same mould of Spain, Greece, and Italy” (Hopkins 1989, p. 72). But such an image must be understood to be a very volatile and fragile one, as shown by the drop in tourism caused by the Gulf crisis in 1990-91. Thus there should be little doubt that any negative effect caused by the bomb blasts in Monastir were offset by the popular reaction to Ben Ali’s re-establishment of political order, with no bloodshed, and his pledge to promote political pluralism. State policy measures also had a major role in reversing the downward spiral and converting it into an upward one. One policy element responsible for mitigating the negative effect of the bomb blasts on tourism growth was possibly a new marketing campaign in Europe, planed before the coup, which

devaluation of the Tunisian currency in 1986/7.”

sought to define Tunisia as a “Mediterranean” rather than a “Middle Eastern” destination (EIU 1987b, p. 26). This was coupled with limiting international media coverage of the bombing events and replacing them within a week of news of a new political leader in Tunisia bent on returning order to the country while opening it up politically.¹⁶⁸ Another major way in which state policy helped promote tourism was that in replacing Bourguiba, Ben Ali emphasized Tunisia’s Arab identity and opened the door for a rapprochement between Tunisia and Libya which allowed for the reopening of the border eight years after the Gafsa insurrection which had resulted in cutting off employment opportunities for Tunisians in Libya. A majority of the increase in tourist arrivals to Tunisia in 1988 and much of the gain in tourism revenues was due to the opening of the border with Libya which led to 4000 visitors a day “filling up hotels in the Sfax area” and “buying (predominantly in dollars) large quantities of clothes, automobile spare parts and other goods that are unobtainable or overpriced in Libya” (EIU 1988b, p. 17).¹⁶⁹ Note, however that the daily spending of all Libyan visitors was TD 35.7 for 1988, though the average for all visitors that year was TD 55. The ONTT estimates that the total value of tourism receipts excluding the Libyan visitors was MD 680 which still results in a gain of 14% in real terms over 1987 which exceeded the provisions of the 6th tourism development plan (Ministere du Tourisme et de L'Artisanat 1991, pp. 21-22).

The return of political stability and the state’s policy measures in the first year after the coup also gave local and foreign investors and professionals in the tourism sector reasons to expect the sector to grow and generate stable profits under Ben Ali’s new regime. These measures included immediate steps to kick-start the tourism sector as well as signs from Ben Ali that in the longer term the sector would be sustained by active government involvement. In particular, the tourism private sector, locally and globally, was encouraged by the successful privatization

¹⁶⁸ Even after the bomb blasts maimed British tourists, and the leader of the MTI help responsible for the attack (though the connection was never proved) went into exile in England, British tourists continued to visit Tunisia in record numbers.

of the state's tourism assets. As it turned out, 1988 was a good year to forward the state's privatization program with the sale of SHTT owned hotels. The decision to privatize had been made in 1985 predating the 1986 crisis as the SHTT was viewed as having long ago fulfilled its duty to initialize tourism development in Tunisia. While some of its hotels were profitable, the SHTT as whole was a drain on state resources. In 1983, for example, the state owned assets in the tourism sector had losses of almost 5.3 MD with profits of only about 1.2 MD (Grissa 1991, p. 117). And Harik reports that "the government had to spend 27.5 MD in 1984 alone to tidy up the corporation financially, according to a high-ranking official in the Ministry of Finance"(Harik 1992, p. 216). By mid 1988 the SHTT had sold the Ulysse Palace in Djerba and the Hotel Miramar in Hammamet to the BTKD for 3.2 and 3.32 MD. It also sold the Hannibal Palace at Port El Kantaoui for 12 MD to the local M'Henni group (EIU 1988a, p. 35-6). By 1988 the SHTT was left with 2,370 rooms, about 45% of its original capacity (Harik 1992, p. 217). In 1988 the president of the Société Tunisien de Banque, to which the SHTT owned some of its debts, could declare "By the end of this [privatization] program, SHTT should be in a position to repay all of its debts and perhaps even show a surplus. Furthermore, thanks to the present scope of the sector, its restructuring should entail almost no disruption of the hotel and tourist trade" (Bouaouaja 1989, p. 244) Furthermore, besides sending positive signals to international lending agencies, these sales helped build support for the privatization program and gave backing to the efforts by the director of ONTT Ahmed Samoui to promote the attractiveness of investment in the tourism sector aided by the new tourism investment code enacted in 1986 which gave additional tax breaks to private investors (EIU 1988a, p. 37; EIU 1988b, p. 17). Investment in the sector would jump from a low of 63 MD in 1987 to 109 MD in 1989 and reach over 250 MD by 1992 (ONTT 1995, p. 75).

¹⁶⁹ On the evolution of transborder commerce since, see Boubakri (2000).

Meanwhile, confidence in the tourism sector was bolstered by Ben Ali's immediate attention to the sector and efforts to promote the state's institutional capacity in tourism development. It was a sign of Ben Ali's concern for the tourism sector that diversifying the sector was discussed during the first council of ministers meeting 5 days into the New Era. And in Ben Ali's first government, a ministerial level tourism portfolio was formed and given to the Minister of Transportation, Abderrazak Kéfi. Then in 1988 a secretariat of state for tourism was established and given to tourism expert Ahmed Smaoui. And within a year of taking office Ben Ali created a free standing Ministry of Tourism and Handicrafts and chose Mohamed Jegham to head it. Mohamed Jegham was the country's first Minister of Tourism and Handicrafts, a post which would be one of the most stable, only changing hand once more within Ben Ali's first decade in power. Jegham, whose tenure lasted until 1995, was an active advocate of tourism development and his close ties to Ben Ali helped increase the political profile and administrative clout of the sector.

Jegham's Ministry of Tourism governed over the existing specialized tourism related institutions, including, the ONTT, the AFT, and the *Office National de l'Artisanat Tunisien* (ONAT). Building on these institutions governing land ownership and development, financing, and the regulation and monitoring of styles and quality, tourism development would be directed and controlled by a growing number of state councils, institutions, and land management policies.¹⁷⁰ In the 1990s tourism bureaucracies expand their power, access to resources, and influence within the wider circles of state power. For example, the resources available for marketing tourism abroad—long a weak spot of the state's promotion efforts—were expanded. These resources allowed for an increase in the number of ONTT representatives stationed abroad and in the number of media campaigns launched in foreign markets (included many on television). When the Gulf War depressed

¹⁷⁰ See *L'Officiel du Tourisme en Tunisie* (1996) for more details about the legal codes and government regulations.

tourism flows, Jegham was even sent to tour European capitals. Tourism quickly rebounded. And by 1997, all tourism firms were taxed 1% on their turnover to create a special fund to sustain a marketing budget.

In addition, tourism related issues became a more critical function of other executive agencies, such as the Ministry of Transportation, in charge of road building and airport upgrading. And in 1991, Tunisia created the Arab world's first Ministry of the Environment following the concerns of the 8th tourism development plan which declared, "today, the environment is considered more and more as an essential component of the tourism product and it conditions in a large measure the success of all tourism development policy" (Ministere du Tourisme et de L'Artisanat 1991). Several years later, the Minister would claim that not a drop of waste reaches the beaches. Commenting on these developments one analyst remarks "the government was seemingly more concerned with the environment's impact on the tourism industry than the [impact of the tourism industry on the environment]." (Poirier 1997, p. 58).

Tourism development as the new “engine of economic growth”

While the 1987 and 1988 tourism seasons, in a short time and under highly contingent factors, were able to contribute to the national economy and Ben Ali’s state building efforts, in the years to follow tourism development would evolve into an indispensable structural element of the state building process in the context of increased global economic integration. As the global demand for tourism expanded, especially for more diverse types of tourism products and experiences, under Ben Ali the state would forge Tunisia’s third tourism development regime geared to expanding national hotel capacity while attempting to diversify the Tunisian tourism product. These new forms of tourism development—which rely more heavily on place-specific cultural, heritage, and natural resources—have increased the scope of state action for the generation of territorially based rents and external economies. This reterritorialization of tourism flows has led to the development of new means and techniques for state control over space, capital, and social transformation. By drawing on and extending the state’s territorial powers, state-led tourism development has helped to supply institutional, economic, and symbolic resources for state building to compliment the coercive ones provided by the security apparatus.

Tunisia was led into a strategy of tourism development—as respected economic journalist Hédi Mechri observes after cataloguing the limits and failures of past postcolonial development strategies—because “of all the choices past and present, the tourism option is undeniably the one which has been least blemished with mistakes.”¹⁷¹ He goes on to note that “The global growth of demand, the explosion of debt, the decline of oil incomes, the stagnation of industry, and the persistence of drought have propelled tourism to the front of the stage. The blue

¹⁷¹ Hédi Mechri, “Tourisme Tunisien: Un choix irréversible,” *Realités* Supplement No. 1 of July 7, 1989: (Les Dossiers de Realités: Spécial tourisme), p. 4

gold [tourism] has dethroned the black gold [oil] and all the others”¹⁷² Summarizing contemporary sentiments about tourism in Tunisia at the time, he states: “This infatuation [for tourism development] represents the new national spirit.”¹⁷³

The logic of this policy direction was supported by trends in international tourism growth. In aggregate numbers the period of 1987-1990 saw a revival of global tourism where the growth in world tourist arrivals averaged about 8%, while tourism receipts often expanded by 20% (WTO 1999). Much of this expansion was a reflection of the reduction of crossnational barriers and the costs of international travel caused by the decline of oil prices and the fall of the Berlin wall in the late 1980s. The increase in tourist arrivals was also due to the expansion of business and leisure travel produced by increased global trade and the economic advancement of the newly industrializing countries of East Asia. The Director of Marketing for the ONTT noted that “the expanding globalization of tourist activities, the lowering of barriers, geographic as well as cultural, due to technological developments”¹⁷⁴ was opening new markets for Tunisian tourism and Tunisia should commit itself to a new promotional strategy with the goal of “seriously conquering” markets in North America, the Middle East, and Japan. Moreover, while in the late 1980s and into the 1990s the value of the basic packaged mass beach was declining in the markets of the advanced industrial economies, there was a growing demand for this product from the emerging middle classes of East Europe which were increasingly being incorporated into global mass consumerist trends. Meanwhile, in the advanced industrial economies there was a growing demand for cultural, heritage, and nature-based tourism for which Tunisia has considerable untapped resources for exploitation.

¹⁷² Editors comments, *Realités* Supplement No. 1 of July 7, 1989: (Les Dossiers de Realités: Spécial tourisme), p. 7

¹⁷³ Hédi Mechri, “Tourisme Tunisien: Un choix irréversible,” *Realités* Supplement No. 1 of July 7, 1989: (Les Dossiers de Realités: Spécial tourisme), p. 4

¹⁷⁴ Tahar Saihi, “la Tunisie et les nouveaux marchés touristique,” Paper presented at *Le tourisme tunisien face aux défis de l’an 2000* colloquium sponsored by Centre de Recherches et d’Études Administratives and *Information Touristique*, 19 May, 1989, Tunis. p. 7

A new vision of tourism development was eventually codified in the 8th national development plan, covering 1992-1997, in which tourism played a far more critical role than it had ever played in the past: “tourism has become an important sector of the Tunisian economy and the pursuit of its development is a necessity for which few worthwhile alternatives exists” (Ministere du Tourisme et de L'Artisanat 1991, p. 38). Moreover, the national development strategy stated that “Tourism has become an important industry generating a flow of foreign currency enabling a consolidation of Tunisia’s policy of openness with regard to the outside world” (Tunisian External Communication Agency 1994, p. 22). While “Exports are expected to continue to increase 9.1 % during the coming development stage from 1992 to 1996” the 8th development plan states that “This will be achieved through the sustained development of the tourism industry, in light of a 35,000 bed increase in accommodation capacity.” It lists as “the second factor” the “anticipated increase in exports in the field of manufacturing industries and agriculture” (Tunisian External Communication Agency 1994, p. 12).

Table 7.3 Tourism development, 1986-2000

Year	Tourism Receipts (in 2000 TDs)	Real growth	Tourism investment % total capital formation	Tourism sector added value % GDP	Direct Employment in Tourism sector
1986	802,402		4.9%	3.1%	39,467
1987	1,099,212	37%	4.0%	4.0%	40,182
1988	1,936,808	76%	4.4%	6.9%	41,941
1989	1,456,155	-25%	5.9%	5.1%	43,908
1990	1,299,944	-11%	5.3%	4.2%	46,614
1991	927,278	-29%	4.6%	3.0%	49,275
1992	1,305,801	41%	6.8%	4.0%	54,224
1993	1,472,363	13%	8.7%	4.2%	57,603
1994	1,669,353	13%	8.5%	4.5%	61,173
1995	1,589,414	-5%	10.3%	4.3%	64,598
1996	1,573,973	-1%			
1997	1,730,114	10%			
1998	1,829,690	6%			
1999	2,016,528	10%			
2000	2,100,000	4%			

Source: (ONTT 1995, p. 74, 5; World Bank 1995b; IMF 2000)

Throughout the 1990s, tourism receipts would continue to play a critical role as a source of hard currency, state revenue, and national income. Over these years valued added in the tourism sector generally represented over 4% of GDP. And between the mid 1980s and mid 1990s the contribution of investment in the tourism sector to total capital formation would double from under 5% to over 10%. By the mid 1990s, of the resources which had long covered Tunisia's trade deficit, oil incomes and remittances were not expected to grow further and thus economist Karen Pfeifer concludes, "Tunisia will be under constant pressure to expand tourism" (1996, p. 51). And while manufactured exports would continue to expand, based on their access to European markets assured by the Euro-Tunisian Association Agreement, the condition placed on their access to the European market was that by 2010 Tunisia would eliminate the remaining protectionist measures it maintains for European products. The tourism sector, while it faced challenges, did

not suffer from the same protectionist threats from Europe, or fear the final limitation of the free trade pact with the European Union. If anything, closer economic integration might draw more visitors and open up the conference and business travel market for Tunisia. Additionally, “the introduction of the euro has benefited Tunisia by ruling out devaluation in rival tourist destinations Spain and Portugal, making Tunisia more competitive” (EIU 1999, p. 27).

To sustain this growth in tourism receipts, state tourism policy had to “allow the sector to improve its position in the international tourism market with a view to continue to contribute to the economic and social development of the country” (Ministere du Tourisme et de L'Artisanat 1991, p. 37). In a speech in May 1989 Tourism Minister Jegham—in addition to citing the TD 1 billion receipts of 1988 (which represented almost 29% of all exports) and pointing out that the sector has created more than 45,000 jobs directly and close to 100,000 indirectly—outlined the new vision for the development of the sector in which tourism would play a more vital and central role in economic development.¹⁷⁵ He noted that “tourism can generate development in different sectors of production and services and play a fundamental role at the level of improving the basic infrastructure of the country as well as its urban fabric.” To accomplish these development goals, Tunisia would have to diversify its tourism product by creating new sorts of tourism products and by commodifying new aspects of Tunisian territory and culture such as opening the southern desert region up to tourism, and encouraging leisure activities such as hunting and boating. Moreover, Tunisia would have to “construct theaters, museums, cinemas, cultural and sporting centers” as well as improve and promote archaeological sites to create new attractions for clients. At the same time, Tunisia would have to vastly upgrade the quality and amenities of its coastal tourism base, such that , in his words, eventually Tunisia would have “integrated tourism stations

¹⁷⁵ Mohamed Jegham, Closing remarks on the subject of “Le tourisme tunisien face aux défis de l’an 2000” at *Le tourisme tunisien face aux défis de l’an 2000* colloquium sponsored by Centre de Recherches et d’Études Administratives and *Information Touristique*, 19 May, 1989, Tunis. pp. 46-7.

that cause a stir in the Mediterranean basin and the world.” These tasks would demand considerable financial resources and “a considerable effort, equally on the part of promoters, the banks, and the state to attain these objectives.”

At the heart of this strategy is the view that tourism is no longer simply a source of hard currency or even capital accumulations used to funnel into industrial development, but beginning in the 1990s “it constitutes henceforth the motor and the locomotive of the Tunisian economy.”¹⁷⁶ As a mechanism of export-led growth¹⁷⁷ tourism had to induce economic development promoting demand for items produced in Tunisia and generating more jobs in related fields.¹⁷⁸ To accomplish these tasks, in the context of changes in the global tourism economy, required that the tourism product in Tunisia continually be enhanced and further diversified. The state would have to promote new forms of tourism development—which rely more heavily on place specific cultural, heritage, and natural resources—and which could lead to the reterritorialization of tourism flows. At the same time, this form of tourism development increased the scope of state action for the generation of territorially based rents and external economies. This reterritorialization of tourism flows defined a new regime of state guided tourism regulation which has led to the development of new means and techniques for state control over space, capital, and social transformation. As a result of this strategy, tourism development functions as a means 1) to increase state capacity by developing institutional mechanisms to regulate the production and spatial distribution of wealth and tourism space, and 2) to widen state legitimacy, by being able to more effectively attempt to mitigate regional disparities, by creating new private sector and middle class partners to

¹⁷⁶ Hédi Mechri, “Tourisme Tunisien: Un choix irréversible,” *Realités* Supplement No. 1 of July 7, 1989: (Les Dossiers de Realités: Spécial tourisme), p. 4

¹⁷⁷ On the global trend within developing countries of tourism being viewed as an export-oriented strategy, see Brohman (1996).

¹⁷⁸ On how Tunisian tourism can promote linkages to other sectors of the economy, especially export-oriented activities, see Mounir Ben Miled, “Le tourisme sector de promotion des exportations,” and André Abitbol, “Le tourisme tunisien; secteur exportateur et promoteur d’exportations,” Papers presented at *Le tourisme tunisien face aux défis de l’an 2000* colloquium sponsored by Centre de Recherches et d’Études Administratives and *Information Touristique*, 19 May, 1989, Tunis.

bolster its fragmented political support coalition, and by increasing state governance over the construction and manipulation of icons, symbols, and cultural practices which shape the national identity of the state and its citizens. In the late 1980s and 1990s such techniques in the field of tourism emerged throughout the Arab world for quite similar reasons. In the following chapter I will survey some of the most critical features of the Tunisian experience of tourism development.

Chapter 9

Tourism, state building, territorial control: The reterritorialization of tourism development

In the growing literature about the limits or illiberal nature of economic reform and global economic integration in Tunisia and other Arab states, political economists have given little attention to the role that state-led *tourism development* has played as one of the means which the state has used to mitigate “the presumed regime-challenging effects of economic globalization” (Dillman 2001, p. 200). In this chapter I will argue that tourism development has become a central tool for state building that since the late 1980s has increasingly sought to adapt to increased economic liberalization and global economic integration while maintaining state control over the economy. By drawing on and extending the state’s territorial powers, state-led tourism development has helped to supply institutional, economic, and symbolic resources for state building to compliment the coercive ones provided by the security apparatus. As a consequence, economic liberalization—in the tourism sector at least—has had little effect on sustaining pressure for political liberalization and instead has come to reflect the reconstruction of centralized state building in Tunisia.

This chapter argues that following Ben Ali’s consolidation of power in 1988 the new leadership continued to advocate a greater role for tourism development in shaping the nature of the ongoing structural transformation of the set of rules, institutions, and techniques used to govern territory and population. The core of this argument is rooted in the ability of the state to generate locational and territorial rents and external economies by promoting tourism development and the

construction of tourism spaces which promote reterritorialization. The institutional tools to accomplish these task were established in the mid 1970s through the development of land management, financing, and tourism policy formation bureaucracies. I argue that the continuing expansion of international tourism flows and tourism development capital in the Ben Ali era has led to the further expansion of the state's institutional control and regulation over Tunisia's natural and cultural tourism resources and the property rights, credit allocations, and flows of tourist images which shape the process of tourism development. In the late 1980s and early 1990s the usefulness of these tools for state building were enhance, on the one hand, by the explosion of new forms of tourism encourage by declines in oil prices, an increased economic growth in the advanced industrial economies, and the emergence of what we now call globalization. On the other hand, new forms of tourism development—which relied more heavily on place specific cultural, heritage, and natural resources—have lead to the reterritorialization of tourism flows increasing the scope of state action for the generation of territorially based rents and external economies. This reterritorialization of tourism flows defined a new regime of state guided tourism regulation which has led to the development of new means and techniques for state control over space, capital, and social transformation. The state has increased its ability to control and regulate the tourism sector and tourism-related flows of capital, people, and information through forms of territorial mapping, control, and commodification which extend the regulatory powers of the state past the realm of state enterprises, its direct ownership of assets, or even its ability to intervene in and “distort” market signals. Notably, this regulatory power is not diminished by economic liberalization, privatization, or the lowering of national barriers which global economic integration entails.

Expanding tourism development into the southern desert

Ben Ali personally imprinted his concern for diversifying the Tunisian tourism product in the minds of tourism officials and promoters by convening his first council of ministers meeting on November 12, 1987,¹⁷⁹ five days after assuming the presidency, at which time he instructed state agencies to promote the development of tourism in the southeastern part of the country and called for the granting of incentives for investors to develop hotels and other facilities throughout the region (Ministere du Tourisme et de L'Artisanat 1991). Ben Ali seemed well aware of the potentially destabilizing effect of the economic and political marginalization of the region and that tourism development would be fastest means to create jobs and development opportunities in the region furthest away from the capital and other more politically and economically dominant cities along the central and northeast coastline. Moreover, the development of tourism in this desert region, home to many natural and cultural tourism resources, could help augment the tourist image of Tunisia “consolidating Tunisia’s place in the market whilst also tapping into the expanding market for holidays that are a bit more adventurous” (Bleasdale and Tapsell 1996).

The south-east quadrant of Tunisia is where the boundary of its national territory cuts into the northern edge of the Sahara desert making it one of the most accessible parts of the vast desert which stretches across the continent of Africa. Traveling inland from the southern Tunisian town of Gabès the landscape consists of semi-desert plains which merge into sand dunes and rocky hills. The desert is dotted with green patches of palm groves surrounding the numerous oases found in the region, most notable of which is Tozeur located along the large salt lake of Chott el Jerid. (Bleasdale and Tapsell 1996, p. 30). While located on what many tourists

¹⁷⁹ November 12 would later become the “National day of Saharan tourism”, see “L’Appel de l’Histoire: Journée Nationale du Tourisme Saharien,” *Tourisme Info* no. 23, 1-15 Decembre, 1998. p. 16.

consider the edge of civilization, Tozeur was long ago a Roman border post, a stop on the Saharan caravan trade, and a major site of date harvesting from its palm trees. The nearby town of Nefta remains an important pilgrimage center for Sufis. In the precolonial era the general region was under only nominal control from state authorities in Tunis, while under the French protectorate it was a militarized territory, that is “a zone of occupation referred to by the euphemism, ‘a zone of pacification’”(Tajina 1991, p. 138). Heading back towards Tunis from Tozeur is the town of Gafsa located near a large phosphate mining operation. The discovery of the mine in Metlaoui during the colonial-era led to the building of a rail link to the region. This rail line, however, connected the town to Tunisia’s port cities and foreign markets rather than helped sustain the existing regional trade routes. Regional development ever since has been limited to the mining operation, viewed locally as benefiting the industrialists in Tunis and Sfax rather than the local population. Harsh economic conditions and the wage labor employed by the mining work led to the south becoming the home of trade union militancy which formed the early back bone of the labor movement. While under Bourguiba there had been state efforts to create poles of development in several interior towns (Moudoud 1989), there was little value for investors to set up factories in these underdeveloped out of the way locations with little supporting facilities and limited infrastructure connecting them to the more populous and developed littoral regions. Since independence little development reached the area and it progressively has felt more marginalised, explaining to a large degree why Gafsa was the location for the Libyan backed take over of the town in 1980 which took the Tunisian army several days to retake (Bleasdale and Tapsell 1996).

Under Ben Ali’s direct injunction state agencies set out to extend tourist development into the region by defining the tourist product, constructing the tourism infrastructure, and providing other public goods to private firms. While individual hotel developers, tour operators, and other local entrepreneurs would play crucial roles in realizing the development of tourism in the region, state

require unique locations and tourists often viewed resort locations as highly interchangeable. The limited overseas propagation of a Tunisian territorial identity, I suggest, was the product of a successful Tunisian state tourism policy that constructed a “sun, sand, and sea” identity as the Tunisian mass tourism product. In the wake of the decline of mass tourism globally, however, the limited nature of Tunisia’s place-image has been a major challenge for the state’s effort to reterritorialize tourism development in Tunisia.

The 8th national tourism development plan noted the need for Tunisia to create “thematic tourism products” and it called, in particular, for making desert tourism “*le must*” [i.e. the must see] of Tunisian tourism (Ministere du Tourisme et de L'Artisanat 1991, p. 67). The tourist development of the south was Tunisia’s first major effort to use its territorial features to fashion a more unique “place-image” to augment its image as a cut-rate beach tourism destination and generate tourist flows seeking not just another idyllic sandy beach (which could be found in any number of locales around the globe), but an highly territorial experience of place.

The ONTT defined the new element of the Tunisian tourist product, *Le tourisme saharien* in order to evoke romantic images of the desert popularized in books and films (Bleasdale and Tapsell 1996, p. 29). The label helps to exoticize the tourism product without demanding the tourist have any prior knowledge of Tunisia’s cultural past nor the specific complex histories of the region which are little known outside of the North African hinterlands. The invention of the desert tourism product was an attempt to fashion a highly territorial place-image for Tunisia which placed the Tunisian tourist product in a physical and psychological space beyond the reach of the sun, sand, and sea vacation which had long formed Tunisia’s highly deterritorial image as a Mediterranean beach destination. While the adventurous traveler to Tunisia decades ago could have explored these desert

towns,¹⁸³ now they would be packaged into an easily accessible commodity which even beach tourists could add to spice up their holiday package. The ONTT brochure for the region notes that the region now provides comfortable modern accommodations and welcomes “visitors who are eager to experience feelings of disorientation and exoticism.”¹⁸⁴ Moreover, a taste of the Sahara was a rare commodity at the time, as in the late 1980s most routes to the Sahara, such as those though Algeria and Libya, were effectively cut off to European and American tourists while in most other states modern tourist infrastructures into the desert did not exist.

Many of the state policies and institutions used to promote the development of the Saharan tourism product were the same as those used to promote beach tourism, such as the AFT’s purchase and management of space as well as a commitment to develop an adequate infrastructure for tourism development throughout the region. To allow the Sahara to become the focus of international tours or at least function as gateway city for international tourists¹⁸⁵ an airport at Tozeur was upgraded to allow international flights beginning in October 1990. By 1996 there were 12 direct flights a week on Tunisair to European cities including Paris, Milan, and Zurich. Access to the region from Tunisia also increased with almost 20 flights a week to the Tunis-Carthage airport.¹⁸⁶ The state also set out improving road access to the smaller towns across the desert. As Gant and Smith note, “In 1989 a TD 15 million project was initiated to create a ‘Chaîne Hôtelière Caravanesérail’ throughout Southern Tunisia. When completed, this scheme will

¹⁸³ Fodor's (1975, p. 259) notes “You don’t need a have a jeep to go down as far as the oases. A road connects Gafsa, Tozeur and Nefts where all your vacation dreams will materialize—water, perfumed breezes, and rustling plams.”

¹⁸⁴ Tunisian National Tourism Office, “Tunisia: The Oases,” pamphlet. These themes also reflect Albert Camus’ portrait of Arab North Africa as presented in *L’Etranger* at the moment Meurault shoots the Arab. The same motifs are found in the song “Killing an Arab,” by the British band *The Cure* inspired by the novel. Note that these images are not of the desert but of the beach, however the experience of mass tourism on the beach in Tunisia had never been able to convey the senses “disorientation and exoticism.”

¹⁸⁵ This means it is the point of arrival or departure in a string of places visited.

¹⁸⁶ Profession Tourisme No. 43 10 Novembre 1996.p. 23

provide overseas visitors with an integrated tour including the Sahara, the oasis towns surrounding the Chott el Jerid and the mountain oasis of Tamerza” (1992, p. 335). Additionally, after a TD 500,000 restoration project the national train company began running a special trainline *le Léopard Rouge* complete with red wood-paneled cars (dating back to the Ottoman Bey) with interiors decorated in fancy leather, red velvet, and wood carved details making it “a distant cousin of the legendary Orient express.”¹⁸⁷ The state also built electricity connections for hotels and provided them wells to supply their water needs (Tajina 1991, pp. 169-70; Bleasdale and Tapsell 1996, p. 31).

Under the development plan the Gafsa-Tozeur region became defined as its own tourism planning region, the only one without access to the coastline. Within the major towns of the region the AFT created locational rents by establishing “zones touristiques” set on the edges of town with good views of the outlying scenery. As in the coastal tourism zones, a tourism development plan guided how these zones were divided into plots of land which the AFT acquired and would sell to developers to build hotels according to ONTT specifications (Tajina 1991, p. 148-151). The land was sold at prices considerably lower than any other development zone in Tunisia. Hotel development was also encouraged by a large package of incentives which demonstrated the state’s commitment to seeing tourism flourish in the region. These included a reduction in the land tax, a 10 year exemption from import duties and profits taxes, increasing the rebate the state pays for feasibility study and architecture costs, lowering of the rate at which projects must be self-financed from 40 down to 30 percent, an improvement in the ability of firms to repatriate profits, and subsidization of employee insurance. Special encouragement was given to young, inexperienced entrepreneurs (*nouveaux promoteurs*) by insuring that they would be able to get bank loans. (EIU 1988c, p. 24; Tajina 1991, p. 157; Bleasdale and Tapsell 1996, p. 31-2)

¹⁸⁷ “Sahara: Oasis et sable,” *Tourisme Info* No. 23, 1-15 December, 1998.

The reaction from local hotel developers was strong. By 1990, in the three years since Ben Ali made his call to develop tourism in the region, the capacity of the region expanded from about 3000 beds to 5084 beds (Bleasdale and Tapsell 1996, p. 44). By 1991, in addition to the joint Tunisian-Gulf development funds, almost 15% of the total investment in the sector was from foreign sources including tour operators such as Neckerman, Thomson, Nouvelles Frontières, as well as Club Med (Tajina 1991, p. 173) Tourists were also quick to take advantage of one and two day visits to the region such that “while the total nights in residence declined nationally by 3% between 1988 and 1990, the Tozeur-Gafsa region recorded a 33% increase” (Gant and Smith 1992, p. 335). More critically, between 1987 and 1994 not only did tourism receipts expand from 14 MD to 49.9 MD but the spending per tourist arrival grew from TD 37 per night to TD 63.6 per night, representing 114% and 119% of the national average (calculated from Bleasdale and Tapsell 1996, p. 44-5). Investment continued to expand and in 1995 the amount invested in the Saharan tourism zone reached 27.9 MD (ONTT 1995). And in the first decade of growth “the hotel capacity [in the Sahara region] has evolved in number and quality passing from 2980 bed in 1987, consisting essentially of small hotels, to 10,000 in 1998 consisting of quality hotels offering all the facilities and features need for long stays.”¹⁸⁸ By 1995 share of bed capacity in the region had climbed from 3% in 1987 to 6% of the national capacity supplying 3,600 jobs directly and about 8,000 indirectly. Additionally, about 5% of all travel agencies were located in the region (ONTT 1995).

The investment and job creation in the hotel sector is only one aspect of the economic development brought to the region by tourism, Saharan tourism development also sought to promote regional external economies for other entrepreneurs. These effort to promote Saharan tourism led to an expansion of the

¹⁸⁸ “Sahara: Oasis et sable,” *Tourisme Info* No. 23, 1-15 December, 1998.

types of policies and promotional efforts the state would implement, and these have since become more common in other efforts to diversify the tourist product:

One effort unique to the promotion of desert tourism was the opening up to certified tourism firms parts of the desert near the Algerian border otherwise considered security zones so they could take tourists on four-wheel drive “adventures” through the sand dunes.

Expanding on the very limited effort to construct a culturally identified spatial atmosphere at Port El Kantaoui, in order to promote Saharan tourism the 8th tourism development plan called for “the adoption of architecture and decoration inspired by the local traditions and use motifs and materials from the region” (Ministere du Tourisme et de L'Artisanat 1991, p. 67). There has also been increased concern about maintaining the traditional quality and characteristics of buildings and markets of the old city centers so they will remain a draw for tourists.

To support these efforts the plan also calls for the organized training and education of tourism workers and handicraft artisans geared to the Saharan product. As part of this effort a hotel training school was developed in Tozeur. Through various regional organizations, generally accountable to authorities in Tunis, numerous cultural institutions were set up to promote and commodify the cultural practices, productions, and identities of the indigenous people of Southern Tunisia. Tozeur has built a Museum of Regional Culture in the old town center with a local focus on “traditional jewelry, Roman architecture, and a display which explains the local water distribution system” (Bleasdale and Tapsell 1996, p. 36). The *Sahara Festival* in Douz is an annual, international event in celebration of local culture. Events include the reenactment of traditional ceremonies of local nomadic tribes such as weddings, camel fights, pottery making, singing, and poetry reading. Also in Douz is the *Musée du Sahara* which represents traditional artifacts and practices. Additionally, Tataouine holds an annual festival to celebrate the local popular arts and traditions. While these festivals draw tourists to fill up all the hotels to capacity, they also help integrate or at least represent the peoples and

cultures of this region within the national identity. Though as anthropologist Nicolas Puig argues based on ethnographic fieldwork in the region, these activities in fact “traditionalize” the regional cultures as they are presented in displays, reenacted ceremonies, or turned into commodities for tourist consumption. They also have little to do with the lived culture of the region (Bleasdale and Tapsell 1996, p. 37-8; Puig 1997) and, at best, they are a product of what Dean MacCannell calls “staged authenticity” where cultural displays and artifacts are constructed specifically for the tourism market with only a minimal resemblance or reference to what were once authentic practices (MacCannell 1999). These practices and institutions are also forms of depoliticized cultural representation. In other words, the role of culture has become commercialized, with tourism now increasing the demand for the production of items such as carpets and dates which have been produced in the region for decades. In addition to the government museums, private ones, such as the *Musée Dar Chariet* in Tozeur,¹⁸⁹ have sprung up often in the zones touristiques. These, of course, are driven by commercial motives, often connected to specific hotels and/or gift shops. Most curious is the *Médina de 1001 nuits*, (translated as the “Museum of 1001 Arabian Nights”) while located next to the *Musée Dar Chariet*, it is in fact an amusement park built around the themes of the classic work of Arabic fiction, though there is little connection between this location and the Abbasid-era collection of stories (Puig 2000).

The growth of tourism into the region has also increased the demand for locally produced handicrafts, such as “carpets, rugs, blankets and basket-ware” and “it can also be argued that tourists are helping to keep traditional skills alive” (Bleasdale and Tapsell 1996, p. 37). Moreover, the distinctive motifs found in these crafts, unlike the cheaper, practically mass produced crafts sold in the tourist shops on the beach, help create a unique “brand” for Tunisian tourism. While most other sectors of the Tunisian economy are increasingly being faced with having to

¹⁸⁹ Visit yourself at: www.darcherait.com

compete in global markets shaped by increasingly deterritorialized production—facing the possibility of protectionist measures shutting down foreign markets while being undercut by cheap imports in the local market—products produced and sold for tourists benefit from reterritorialization. Tourists are often willing to pay more for products bought in association with tourist experiences. This local purchase of goods also limits the profits skimmed off by distributors, as well as bypasses protectionary efforts faced when exporting the very same products. This is evident in the production of products such as dates, which exist in a special variety in Tozeur (called “figures of light”), such that “date sales may contribute to the continued well-being of oasis agriculture and may be more lucrative than export production which is becoming more difficult” (Bleasdale and Tapsell 1996, p. 37). As a result “The development of tourism in the south” claims Anver Versi “has not only halted the urban drift, it is attracting many young people back from the cities. ‘With income from tourism,’ says Mohamed Essayem, head of the south-west tourism sector, ‘we have been able to win the war against desertification and multiply the agricultural output.’”¹⁹⁰

Image, territory, and filmmaking

After its initial spurt in the late 1980s, tourism development in the Tozeur region grew apace of tourism development in Tunisia nationally. But in 1997 the Saharan component of the Tunisian tourism product came to play a major role in fashioning a more distinct place-image for Tunisia in its marketing efforts. In November 1996, the movie *The English Patient*, based on the novel by Canadian author (of Sri Lankan descent) Michael Ondaatje was released in the United States.

¹⁹⁰ Anver Versi, “Destination made in heaven” *The Middle East*, March 1999, “special report” p. 14. It should be noted that a many “special reports” published in *The Middle East* magazine tend to uncritically present and unendingly praise the success of Tunisian government efforts. If nothing else these reports represent the image of success being presented to external investors and

One of the major interwoven story lines of the movie is set in late 1930s Egypt, however these scenes were shot predominantly in several locations throughout Tunisia. While many movies had been shot in Tunisia—from Monty Python’s *Life of Brian* to Spielberg’s *Raiders of the Lost Ark*—*The English Patient* predominately featured the stunning sand dunes of southern Tunisia while evoking—maybe better than any other film—the romantic, disorienting psychology commonly associated with the desert in European and American popular culture. The movie, backed by the marketing and promotion of the Disney-owned film house Miramax, became an international blockbuster by the spring of 1997.

On the 13th of March 1997 the film was released in France, one of Tunisia’s largest tourist markets. While the initial reviews in the French press failed to mention that the film was shot in Tunisia,¹⁹¹ the ONTT representatives in Europe were mobilizing for a public relations campaign to coincide with the 15 April release in other European markets.¹⁹² Tourism promoters and officials from Tunisia’s European markets were invited to tour the locations in Tunisia where the film was shot. And in the meantime, the film—which had been nominated for twelve—won nine Academy Awards. In an internationally broadcast ceremony, which included many clips of the movie showing scenes shot in Tunisia, the film won awards for best picture, director, cinematography, art direction sound, music, and costume while the French actress Juliette Binoche picked up an award for her supporting role. Soon the ONTT was running ads in the French and other European markets with photos of the stars from the film passionately kissing next to a panoramic view of the sand dune landscape under the title “The English Patient: A 10th Oscar for

governments, which would mean the projects were able to serve one of their most important purposes.

¹⁹¹ This omission even promoted one of the film’s technical services producers in Tunisia to call up the *Agence France Presse* news agency. In the Tunisian press the film is never mentioned without adding that “nearly 80% of which was filmed in Tunisia” which Tunisians generally claim as the reason the film won the Academy Award for best picture. See *Profession Tourisme* No. 53 15 Avril 1997.

¹⁹² See Guillemette Mansour, “Du Cinéma au Tourisme: ‘Le Patient Anglais’: Dans Le sillage d’un grand film” *Profession Tourisme* No. 53 15 Avril 1997, pp. 21-23

the Tunisian desert?”¹⁹³ In the UK market the Dynamo Promotional Marketing agency was hired by the ONTT with a budget of approximately 2 million pounds to “update its image.”¹⁹⁴ While the campaign promoted the diversification of the Tunisian product using the endline “More from the Mediterranean,” the climax of the campaign was centered around the sponsorship of the premier of the film when Dynamo leafleted cinemas and produced Tunisia’s first TV ad campaign in a decade. The firm’s magazine ads used the title “Tunisia: unforgettable memories” intermixed with photos of the movie stars, sand dunes, datepalms, and a 4-wheel drive vehicle. The ONTT and Dynamo worked with Foresight, the promoter of the film in the UK, to include a revised ONTT logo on *The English Patient* ads along with details for entering a sweepstakes offering a trip for two to Tunisia for a “desert excursion into *The English Patient* country.” That year bookings from the UK and Ireland were up 30% and the Tunisian Tourist Board was voted the Best in the UK by the trade magazine *Travel Weekly*. These techniques were later replicated for other national premiers of *The English Patient* as well as later used for other films shot in Tunisia. The timing of the European release and the Academy Awards broadcast together with the successful marketing campaign helped Tunisian tourism rebound after declines in real tourist receipts of 5% in 1995 and 1% in 1996, to achieve a 10% growth in 1997.

The American market has never been large enough for a serious ad campaign, but in the spring of 1997 after the film was released in the United States the Tunisian embassy saw a “boost of nearly 50%” in the number of requests a day for travel information.¹⁹⁵ Americans had been made aware of the Tunisia connection with a number of newspaper travel articles which came out at the time, but neither these nor any ONTT marketing efforts, could match the market saturation achieved from an unlikely source: the top rated television situation comedy show *Sienfeld*.

¹⁹³ The slogan in French is more precisely “‘Le Patient Anglais’ : 10^{ème} Oscar pour Le Grand Sud Tunisien?”.

¹⁹⁴ This case study is presented in “Integrated: Tunisia” *Marketing* September 10, 1988.

The show, broadcast on NBC, ran an episode in the spring of 1997 where the character “Elaine,” an employee of an adventure clothing catalogue seller, gets into trouble with her boss for not liking the movie *The English Patient* which she and most other characters in the episode enjoy.¹⁹⁶ Elaine however does not buy into the 3 hour overdrawn romantic plot (called “weepy” by *The Economist*). Her boss considers firing her but allows her to make it up to him by going to Tunisia so she can learn to appreciate the Tunisian desert where, he notes, the film was shot.¹⁹⁷

Not only did the movie help in overseas marketing and branding of the Tunisian tourism product, but the shooting of the movie which took place in a number of locations around Tunisia spent a total of about \$5 million. The spending of this film crew, like other films and made for television movies shot in Tunisia, includes not only tourist items such as hotel rooms, food, and transportation costs but film production in Tunisia also employs a number of local technicians, producers and actors as well as purchases of other supporting services and items such as costumes and props. The considerable yearly demand for these products and services has helped to sustain a growing local sector of film production and technical services firms which can offer the “region-specific uncodified knowledge” in Tunisia at a competitive price which, as Michael Storper explains has helped maintain in Los Angeles the regional concentration of small independent specialized firms

¹⁹⁵ Laura Bly, “A healthy interest in Tunisia,” *USA Today*, March 21, 1997, p. 8D.

¹⁹⁶ The episode is titled “THE ENGLISH PATIENT,” and listed as number 143. It first aired on March 13, 1997. For an synopsis, see <http://www.geocities.com/TelevisionCity/Studio/6329/episode7.html>.

¹⁹⁷ A Tunisian tourism consultant complaining about the feebleness of official marketing efforts suggested to me that the *Seinfeld* “*The English Patient*” episode has done more for Tunisian tourism [I assume he meant in regards to the North American market] than anything the Tunisian tourist agency has been able to accomplish. I had not seen or even heard about the *Seinfeld* episode until this interview as I was in Tunisia at the time (older episodes of the series could be viewed in Tunisia via the French Canal+ channel). Later found that in the episode Elaine never actually makes it to Tunisia, and in fact the guidebook she is reading on the plane right before it is hijacked to Cuba is a doctored up copy of “Israel & Egypt” edition of the *Let’s Go* guide with pictures of the Pyramids and the dome of the Rock on the cover.

which has sustained Hollywood filmmaking since the fall of the studio system (Storper 1997a, p. 103).¹⁹⁸

By the mid 1980s Tunisia had become a major location for filmmaking. One reason is the terrain, like the terrain of Southern California, provides a wide range of natural and urban settings within an easy distance. While the green rocky northern coast doubled as Japan in *Madame Butterfly*, both the sand dunes and aspects of vernacular architecture and dress from the southern desert regions have been used several times to create Tatooine, the distant homeworld of *Star Wars*' Luke Skywalker. But other locals, such as Egypt and Morocco, have many similar geographic features, and even cheaper labor costs and a more developed local film market and yet have not developed into a major center for Hollywood filmmaking.

Before the 1980s "movie makers used to go to Tunisia for a few location shots, then would head back for home to shoot everything else" but in 1975 Carthago Films was set up to provide modern filmmaking facilities and services in Tunisia.¹⁹⁹ Carthago even built sound stages to allow directors to film interiors while on location. By 1984 the firm had an annual turnover of \$30 million. The constant presence of film production crews from North American and European crews—providing Tunisians the opportunity to work on sets directed by the likes of Lucas, Spielberg, Rossellini, Zeffirelli, and Polanski—has led to the development of a supply of technicians as well as production designers able to produce quality wardrobes and sets at much lower prices than those found in Europe or North America.

While the aunt of the founder of Carthago was married to President Bourguiba, the Tunisian government has encouraged the development of other private modern studios (Shabon 1985, p. 47). In addition to Maison Carthago, by the mid 1990s other technical services firms in Tunisia included the parastatal International Monastir Film Services which worked on *The English Patient*,

¹⁹⁸ For more on the economic geography of the Hollywood film industry see, Storper (1989).

¹⁹⁹ See Shawn Tully, "The Off-Price Film Capital" *Fortune*, September 2, 1985, pp. 38-40.

Cinétéléfilm, Intermedia, Phénicia Film, Alia Film,²⁰⁰ as well as Ciné Télé-vidéo (CTV) which worked on *Star Wars*.

In contrast to the locations such as Egypt which have a much longer history and large volume of indigenous film production, the Tunisian government has proved to be very supportive of film production.²⁰¹ During the making of *The English Patient*, for example, the Ministry of Culture helped with authorizations, while the Ministry of the Interior helped get equipment past customs and even the Ministry of Defense “provided experts on explosives, arms and war plans.”²⁰² The Tunisian government has also supported local producers and directors, often trained on the sets of European and Hollywood pictures filmed in Tunisia, leading to a growing crop of locally made films gaining international exposure. Founded in 1966 the Carthage International Film Festival, which takes place every other year and fills the local movie houses with Arab and African films, is the oldest film festival in the developing world.

The experience of *The English Patient* was soon followed by the filming of the *Star Wars* prequel *Episode I: The Phantom Menace* which spent about \$2 million in Tunisia. George Lucas, the creator and executive producer of the *Star Wars* movies, had first come to Tunisia in 1977 to shoot his first *Star Wars* feature “*A New Hope*”²⁰³ because, as he told the Tunisia media in 1997, “I found in Tunisia the ideal country for filming: beautiful countryside, unique architecture, a very high level of technical sophistication.”²⁰⁴ One of the most technically advanced filmmaking

²⁰⁰ Fawzia Zouari, “Entente cordiale à la tunisienne,” *Jeune Afrique* No. 1891 2-8 Avril 1997, p. 38-40.

²⁰¹ See Andrew Hammond “Stopping the shooting” *Cairo Times*, 1 May 1997.

²⁰² Anver Versi, “Oscar-winning film backdrops” *The Middle East*, March 1999, “special report” p. 22.

²⁰³ Originally released as simply *Star Wars*, but once the success of the film allowed Mr. Lucas to go one and make his previously envisioned sequels and prequels, the first released movie was renamed “*Episode IV: A New Hope*.”

²⁰⁴ Such statements and most developments in his shooting plans are generally covered by press releases by the Tunisian Agency for External Communication (which calls Tunisia “the Hollywood of North Africa”) and posted in on their official news website <http://www.tunisiaonline.com/news>. Lucas, in fact, will even hold press conferences in Tunisia to announce his local shooting plans. Tunisian officials also maintain their own *Star Wars* website at www.tunisiaonline.com/starwars.

outfits, the LucasFilms shoot in Tunisia used a crew of 330 people, 250 of whom were Tunisian. The large media presence and continuing production of *Star Wars* films will long outlive the role of *The English Patient* in Tunisian tourism promotion. While the ONTT was able to build tourism campaigns around *The English Patient* and the desert images of the film fit well into its plans to promote Saharan tourism, *Star Wars* has led to the emergence of a specialized niche market for devoted fans. Many European tour operators which ran *The English Patient* tours were able to quickly convert them into *Star Wars* tourism when *The Phantom Menace* was released, while the few American tour operators who had been programming Tunisia saw a boom of clients for their new specialty *Star Wars* packages.²⁰⁵ In fact roads built by the crew to get to their locations and even many of the papier-mache sets such as “Mos Espa,” the space port from *The Phantom Menace*, were left standing “due to the popularity of the *Star Wars* films and what the Tunisian tourist board sees as an opportunity for business.”²⁰⁶ Many of the most devoted *Star Wars* fans do not opt for the luxury packaged tours but seek out their own adventures—or chose the *very* highly specialized firms such as Tataouine Tours—into a land they view as the planet of Tatoonie itself.²⁰⁷ This is a land where the Tunisian town of Tataouine,²⁰⁸ woolen Berber capes, and crater homes which the troglodyte Berbers have cut into the soft sandstone in the southern Mountain

²⁰⁵ See Jill Crawshaw, “Film fans drawn to the Force,” *The Times* (London), April 10, 1999; and David Barton, “Location, location ...: Popular movies such as ‘Star Wars,’ ‘Notting Hill’ can convert obscure places into tourism hot spots,” *Sacramento Bee*, June 27, 1999.

²⁰⁶ Jon Levy, “Seen the movie now visit Tunisia and buy the props.” *The Daily Telegraph*, July 24, 1999.

²⁰⁷ This point is supported by the numbers fan and commercial web sites devolved to Tatoonie travel adventures, see for example, <http://www.tataouinetouris.com>, <http://www.infomaniak.ch/~lionel/starwars/default.htm>, and <http://toysrgus.com/travel/tunisia>. See Andrew Smith “Archeologist digs ‘Star wars’, turns up trove for fans” *The Commercial Appeal* (Memphis, TN) September 5, 1999. See also the published report of the first archeological field survey of *Star Wars* shooting in Tunisia, David West Reynolds, “Return to Tatoonie,” *The Insider* (The *Star Wars* Fan Club magazine) Issue #27 (1996). An extract appears at www.tataouinetouris.com/articles/return.asp.

²⁰⁸ One traveler notes that “Interestingly enough, Tataouine is one of the very few places in Tunisia with signs in French, Arabic, and English. Almost all signs in Tunisia are exclusively in Arabic and French.” See <http://toysrgus.com/travel/tunisia/tataouine/tataouine.html>.

town of Matmata,²⁰⁹ double in the mind of fans as Tataoonie, the outfits of Jedi Knights, and the house of Luke Skywalker.²¹⁰ Based on this interest one local entrepreneur, Kamel Souilah even made a deal with the local production outfit hired by Lucas, CTV, to clean up the sets and props left behind by this and other crews. While many *Star Wars* products are sold on the E-Bay website every day to fans across the globe, Souilah's shop with "no end of electronic paraphernalia" is located in Nefta. The value of such a shop would have been of no logical value in the late 1970s when the first *Star Wars* feature hit the screens, but in the 1990s its existence is a reflection of the reach and scope of globalization combining increased global mobility, the desire by tourists to add cultural experiences into their vacation, and the world-wide marketing saturation and market-convergence generated by the Hollywood "blockbuster" film.

The expansion of tourism complexes: reterritorialization, regional development, and the diversification of the Tunisian tourism product

While state sponsored tourism development opened up the desert south to tourism development and the sand dunes and datepalms of the region helped to spruce up the images used in marketing campaigns, for most tourists to Tunisia the far desert destinations represent little more than a possible day or two outing as part of the their otherwise coastal beach vacation.²¹¹ Building on the existing

²⁰⁹ The location used to shoot Luke's home was already a hotel. Popular interest in this unique form of vernacular architecture dates back much further, See for example the many articles published in *National Geographic Magazine*, such as Maynard Owen Williams, "Time's Footprints In Tunisian Sands," Vol LXXI, No. 3, March 1937.

²¹⁰ Several names from the movie, such as Moff Jerrjerrod, were mutated versions of Tunisian towns and geographic features (Chott el Djerid, in this case). David West Reynolds also notes that "Jawas [in the film an android salvaging people] were a common brand of moped of Yugoslavian make, of a type often seen old and rusty yet still motoring, sustained with improvised repairs over many many years," see his "T Minus 8 Days and Counting," posted at <http://www.decipher.com/archives/1997/journey1.html>.

²¹¹ The average nights per visitor for the region have remained under 2.0.

placement of hotel development and infrastructure networks, the coast would remain the core space of tourism development.

The backbone of Tunisian tourism development in the 1990s consisted of an extension and replication of the integrated tourism complex model first developed at Port El Kantaoui. One major reason for this emphasis on high end tourism complexes was that Tunisia was trying to refashion its image from a slightly exotic low-cost beach tourism destination into a Mediterranean coast destination seeking to compete with the tourism complexes along the northern coast of the Mediterranean and the islands found in and near the western Mediterranean instead of destinations such as Morocco or Egypt. Tourism complexes were key factors in revitalizing beach tourism resorts in Southern Europe and the Mediterranean islands (Morgan 1998). Tourism complexes (also called integrated stations) allow resorts to create specialized facilities catering to niche markets while integrating a number of these services into nearly self-contained tourism spaces. Specialized facilities include features such as conference halls, gourmet restaurants, extensive athletic and sporting facilities, medical and health services, and a variety of entertainment establishments. The standardized beach resort of the 1960s and 1970s offered a stripped down, generic versions of these features from the buffets in the dining halls to the disco and/or karioke on offer in the entertainment room of each hotel. The standardized features allowed resorts to capture economies of scale and offer lower prices to gain more clients. Offering specialized features, such as a state-of-the-art athletic center would be considered too expensive to build, staff, and maintain and would be unwarranted economically by the fact that most visitors would not be interested in using the facilities. Integrated stations, however, offered the ability to present collections of specialized features within a larger complex consisting of numerous varied hotels which allows them, through the different specialized packages sold by tour operators, to appeal to a number of compatible niche markets.

The integrated station turns inside out the spatial logic of the construction of mass tourism experiences. Simple beach hotels are focused outward as their tourist value is based on their proximity to the beach. By having control of this scarce resource they extract rents from tourists who value the sand, sun, and sea tourist experience. The integrated station, in contrast, is focused inward. While proximity to the beach and location with a warm climate still matters, the added value of the tourism experience being constructed in large part is determined by the quality and variety of features and services provided within the enclave of the resort itself. This shift in focus alters the territorial dynamics of tourism development. In the linear model of beach tourism development a developer could buy or lease the next property lot down the coast within a known and already accessible tourism zone and seek to capture a share of the locational rents and externalities generated by the draw of the beach. Integrated stations, in contrast, require that all the elements of the tourism complex be planned out ahead of time giving the planner, before the complex is opened and drawing tourists, considerable power to extract rents from potential developers seeking the locational value accorded to the facilities within the complex. Moreover, the geographic location of a complex as a whole is less place-specific. That is to say, the whole complex can be built in a number of places. Proximity to tourist attractions is still valued, but it is not the controlling factor it is for single hotel developments. This dynamic follows the logic of reterritorialization as the locational rents are created more by proximity to other firms than through the ownership of scarce assets. Note that once a complex becomes successful, such as Port El Kantaoui, the complex generates external economies in land proximate to it which previously would have been too isolated to support solitary hotel development. By the 1990s the price on land near Port El Kantaoui rose and a string of hotels appeared along the coast next to it.

This new trend in tourism development opened up new possibilities for state-led tourism development in Tunisia in the late 1980s and 1990s. First, the tourism

complex became the framework through which the Tunisian tourism product would be diversified. Integrated stations could be built with marinas, golf courses, night clubs, and even gambling casinos. Secondly, while the first tourism complex, Port El Kantaoui, was built in the sahel within a core region of tourism development, the self-contained nature of the tourism complex allowed for such a model to be built in regions which had not yet attracted international tourists, nor sizeable industrial investment for that matter.

Both tactics are evident, for example, in the state's promotion of golf tourism. Building on the experience of Port El Kantaoui, in the 1990s the Tunisian government set out to build a golf course every year eventually providing at least one golf course for every major tourism development area. Each usually had a neighboring hotel. The prices for using these courses have been far lower than those found in "exotic" golfing locations such as Morocco not to mention Bermuda or the Pacific islands. While these golf courses allowed Tunisia to enter the niche market for golf tourism, they also added more of a "country-club" and business affairs image to the Tunisian tourism product which help promote business/conference tourism as well as allow Tunisia to better welcome prospective foreign investors, especially those from North America.

Throughout the 1990s the Tunisian government built three massive tourism complexes. The most regionally isolated is the one located in the north-western coastal town of Tabarka which sits close to the Algerian border. The northwest region is one of the least developed regions of Tunisia, which has seen heavy out migration to Tunis. To make the project feasible, first an airport was built in the late 1980s. It was later named the "International November 7th Airport of Tabarka." Ben Ali would eventually order Tunisair to fly regular flight out of the airport. The state also invested heavily in other infrastructure works such as roads and water supply. Like Port El Kantaoui the "Montazah Tabarka" project is a self-contained "zone touristique" which is planned to include a number of more expensive hotels amounting to 10,000 beds, a yachting harbor, a golf course, and

facilities for diving and fishing. Unlike most of the developed tourism zones in Tunisia, this remote section of the northern coast, a very different—much greener—landscape than the rest of the country, has seen little development and is referred to in official literature as “pristine.” The coastline is covered with coral, while up from the rocky shore pine and cork trees cover the gentle mountain slopes replete with wildlife not found elsewhere in the country (sustaining yet another market segment the ONTT is eager to promote, game hunting). The stark contrast of this region was expected to counter the image of Tunisia as consisting of endless beaches lined with white hotels, packed with sunburned Germans and other middle class tourists. To promote the northern region the state initiated an annual international jazz festival²¹² as well as an international festival of the underwater image.²¹³ The state also envisioned that this complex would anchor a “economic and political pole” anchoring regional ecologically and culturally oriented tourism activities and providing hotel jobs as well as work for local handicraft manufacturers.²¹⁴

Another major tourism project of the 1990s was the building of “Cap-Gammarth” situated on a cape just past the far northern suburbs of Tunis.²¹⁵ While the construction of the project was stalled for about a decade until 1994, the design of the 400 MD complex includes a 584 bed five-star hotel, an apartment hotel, a

²¹² The festival is said to be dedicated to Jazz greats such as Louis Armstrong and Dizzy Gillespie and “all the other arts of world renown who enlivened the crazy nights of Tabarka in 1973-74-75-76.” see “Tabarka, capital mondiale du jazz et de l’image sous-marine” *La Presse de Tunisie*, 23 février 1997. The jazz standard “A night in Tunisia” by Dizzy Gillespie owes its name, in large part, to the fact that in the early 1940s Tunisia was the site of the battles between the Allies and Axis for control of Africa and eventually would function as a staging ground from the invasion of Italy. For more on the evolution of African themes in the playing of the song, see Weinstein (1992, pp 48-59).

²¹³ “Tabarka, capital mondiale du jazz et de l’image sous-marine” *La Presse de Tunisie*, 23 février 1997.

²¹⁴ See “Tabarka, capital mondiale du jazz et de l’image sous-marine” *La Presse de Tunisie*, 23 février 1997, and Mahmoud Hosni, “Tourisme: Le Nord-Ouest devrait se prendre en charge” *La Presse de Tunisie*, 16 juin 1997, p. 3. For more on the project, see .

²¹⁵ See “Le Palace-Gammarth: À La recherche du produit complete,” *Profession Tourisme*, No. 45, 15 Décembre 1996, p. 18, “Tunisia’s Cleopatra’s World, Inc.” *RGT Online Articles* December 1, 1996 from <http://www.rgtforums.com>, Nuoasis Resorts Inc, Annual Report Form 10KSB filing for 6/30/0 SEC file 0-18377, Accession Nnumber 848296-0-4,EIU (1996b, p. 21), and EIU (1995a, p 21).

health and sports center, a beach club, as well as a casino and Las Vegas-style showroom. Exclusive villas and apartments and a “Mediterranean village” a 54 unit shopping mall with shops and conference centers. The project includes a joint venture of Tunisian, Kuwaiti and Saudi Arabian investors. The project is managed by the American “Cleopatra’s World” casino and resort operator. In 1997 two more hotels were being built (EIU 1997c, p. 23) and in the year 2000 the construction of yet another complex was begun by a Tunisian-Singaporean venture at the cost of 60 MD, which is to include a golf course, 257 villas, a sports and leisure complex and a shopping area (EIU 2001, p. 29). Until the 1990s the national capital city of Tunis had played a very limited role in national tourism development planning. The town had long had a number of lower quality hotels for Tunisian and a few internationally managed high end hotels used for business travelers and international officials. The Gammarth project was an effort to promote a tourism complex within the Tunis region which could expand the role of the capital in tourism development as well as attract higher spending tourists. Gammarth is also located close to the picturesque port of Sidi Bou Said, the archaeological park of Carthage, and the wealthy suburbs of the north side of Tunis where many foreigners live and where well to do Tunisians have summer villas. The complex is also close enough to the capital to function as a business hotel and conference center or host parties by the Tunisian business and government elites as well as provide an exclusive vacation stop for international tourists visiting Tunis as part of a leisure holiday or business trip.

The third major project built during the 1990s is the massive Hammamet-Sud complex, located down the coast from the main center of Hammamet with its long string of hotels spread along the beach front. With an understanding of the damage inflicted by the older hotels and dirty beaches of the Hammamet-Nebeul

region,²¹⁶ the development of the Hammamet-Sud complex was part of a program to reshape the built environment of the region with “the goal of creating an integrated and harmonious tourism zone going from Soliman to Hammamet.”²¹⁷ Hammamet-Sud was planned to be Tunisia’s largest tourism complex. It will be “a veritable modern city with its feet in the water” consisting of 43 hotels and hundreds of apartment units to accommodate up to 30,000 people within the 270 hectare complex.²¹⁸ The complex will also include a shopping center, a marina, golf course and clubhouse. With the hope that the venture will be able launch Tunisia into the deluxe tourism circuit of the global jet-set the first units to be built were deluxe five star “palaces,” some of the most luxurious ever built in Tunisia, and of the planned 43 hotels, 30 are expected to be four or five stars.²¹⁹ While the overall plan is state-managed, the marina costing 110 MD itself will be self-financed with the Tunisian and Gulf Arab hotel developers and bank involved in the project covering the cost. The size of the marina will make it one of the largest boating harbors in the Mediterranean and, according to ONTT officials, help establish Tunisia as part of the international boating circuit. In addition to its Gammarth project, Cleopatra’s World will run a hotel-entertainment center with a theater and casino (EIU 1994, p. 18).

²¹⁶ This is particular true of the of the Nabeul area, which Tourism Minister Slaheddine Maâoui was frank enough to admit “has seen a certain declined in recent years,” see “Grand rencontre sur la commercialisation de produit tunisien en septembre,” *La Presse de Tunisie*, Juin 7, 1997.

²¹⁷ See “Grand rencontre sur la commercialisation de produit tunisien en septembre,” *La Presse de Tunisie*, Juin 7, 1997.

²¹⁸ M’hamed Jaibi, “Hammamet-Sud, La marina: c’est parti!,” *La Presse de Tunisie*. 12 mai 1997, “Le nouveau joyau de Hammamet Sud,” *Tourisme Info*, no. 18, 16-30 Septembre, 1997, p. 23, and EIU (1994, p. 18).

²¹⁹ See Mark Huband, “Industry shifting focus to quality,” *Financial Times*, September 22, 1997.

The political logic of tourism development: Capital flows, rent creation, and state control in Tunisia

While it is possible to see the trend of developing high class tourism complexes and planning the construction of numerous new hotels each year as a reflection of market driven globalization—that is responding to changes in the flows of international tourists and global capital investment—the development of integrated stations and the vast increase in hotel bed capacity in Tunisia are better understood as a product of a series of state policies which in the Ben Ali era forged a regulatory regime for tourism development primarily geared to the needs and choices of state institutions seeking to consolidate and expand their capacity and autonomy.

Within the prevailing patterns of international and domestic tourism flows, the profit driven goals of local and international investors, and the natural, cultural, and historical tourism assets of Tunisia a number of relatively more stable matchings of supply to demand were possible but unrealized in the 1990s. For one, the ONTT and AFT could have mandated that fewer hotels be built, increasing overall occupancy rates and profit margins on the existing hotels. Secondly, state planning efforts could have shifted from a focus on “hôtélocentrisme”²²⁰ and not only built exclusive self-contained tourism complexes but coordinated the development of auxiliary tourism-related services, devising alternative schemes for their feasibility. Thirdly, Tunisia could have allowed foreign capital more autonomy and access in shaping the nature of the complexes such as including more international franchises to generate more of a draw for commercial developments.²²¹ Such

²²⁰ I adopt this term from the thesis of Helioui Hatem, “L’Hôtélocentrisme de tourisme tunisien,” Mémoire de Fin d’Etudes D.E.S.S., Gestions Hôtelière & Touristique, Université Tunis III, Institut Des Haute Etudes Commerciales, Carthage-Présidence, Année Universitaire 1994/1995.

²²¹ One sign of the control state regulation has over globalization and international capital flows is that as late as 1997 Tunisia did not have a single McDonald’s. Nor were international name brand

alternative tourism development policies will be elaborated and explained in chapter 14 and the conclusion. For now, it is clear enough that the regulatory regime implemented by Tunisian authorities did not seek to insure the profit margins of local or foreign investors, was not dictated by the demands of tour operators, nor even sought to maximize the potential which tourism could play as a “motor” of economic development.

By the late 1990s many of the hotel developers who in the south and/or in the new development projects along the coast would suffer both low occupancy rates and be forced to cut their prices such that they would go bankrupt or otherwise be rescued only by a presidential order for the banks to reschedule their loans.²²² For many in the hotel sector the over-capacity of supply and the desperate quest for revenues has made paying back loans impossible while eroding their efforts to improve the quality of their products and services. Some international investors unhappy with the terms and support offered by the state’s tourism planning and coordination efforts would pull out their investments while others would have their options to develop the plots of land they acquired from the AFT revoked because

products from beer and wine to gourmet coffee readily available. This has had a serious effect on limiting the scaling up of it high class tourist product as high class global travelers are increasingly coming to expect familiar global brands wherever they go. While it is unclear what will happen when the association agreement goes into effect, but until then the state has allowed 100% foreign ownership of such franchisees—as is much of the Middle East, these are owned by Saudi investment groups—when they are declared tourist enterprises but has created and rigorously enforced a set of quality standard and price approval regulations such that in 1997 the existing two Pizza Hut restaurants were repeatedly closed by the government. Others potential investors have been discouraged by such regulations as well as the fear that they will lose their franchise license if they do not also meet the regulations, often requiring imported goods, of their franchiser. The best explanation for this is that name brand products compete against local and sometimes state-owned firms, moreover as the *Financial Times* reports “the government sees little benefit in allowing franchises, which it says will hurt small business, import at least some of the products, and take foreign currency out of the country in the form of franchise fees.” Mohammed Ghannouchi—not the Islamist leader but the long time minister of external commerce and later current prime minister—replies, “Do we need a McDonald’s? It is not our priority, it does not transfer technology, and it does not create exports.” See Roula Khalaf, “Franchises: Long Wait for fast food,” *Financial Times*, September 22, 1997.

²²² See “Les hôtel en banqueroute,” and “Jeunes promoteurs hôteliers: Pourquoi sont-ils incapables de rembourser leurs créances?” in *Realités* 18-24 Fev. 1999, and Mahdi Ben Maryam, “Nouveaux

they failed to develop their hotels within the ONTT's designated time frame.²²³ Moreover, hotel developers would often view state agencies such as the ONTT as overbearing and demanding too much control over the course of tourism development, while at the same time complain that officials do little to help hotel operators keep prices from falling. A major complaint heard from hotel builders is annoyance at the rigid specifications the ONTT lays out for hotel architectures, published as a long list of minimum requirements for the size of rooms, the required equipment, and ratios of restaurant places to hotel beds for each star rating. In an interview with a major trade publication in 1994 ONTT director Wahid Brahim defended the requirements saying he needed to insure that Tunisian hotels are up to international norms and that "The specifications concerning the size of the reception hall, for example, correspond to the expectations of the client. The interventionism of the ONTT at this level does nothing but protect the hotel developer against himself."²²⁴ At the same time, echoing the critique of the Cassarino (1999) about the *mise à niveau* program, even the largest and most influential of tourism developers, namely Aziz Miled, would complain that "I believe that there still exists a reticence in the heart of the ONTT to have the participation of the FTH [the hotel owners federation] in the discussions and the decisions relative to the competitive funds."²²⁵

While increased marketing efforts and the diversification of the Tunisian tourism product have helped to gradually increase the receipts per total bed capacity, the state has been less successful in increasing the value of the tourism product and the profitability of most tourism firms. By the end of the decade, there were widespread concerns about the health of the sector. For example, one business

promoteurs, la porte est étroite: Du rêve à déception," *Profession Tourisme* No. 4 October 1994, p. 4-5.

²²³ See EIU (1995b, p. 22) and "Tabarka: La Ruée des Investisseurs Italiens N'a pas eu Lieu," *Profession Tourisme*, No. 5 Octobre 1994, p. 11

²²⁴ "Interview: Wahid Brahim, dg de l'ONTT" *Profession Tourisme*, No. 7 Décembre 1994, p. 10. See also the commentary by Lotfi Mansour, the magazine's editor, "L'ONTT en fait-il trop ou pas assez?" in the same issue.

review of Tunisia noted that “A concern for the longer-term sustainability of the GDP growth is the tourism sector... Many hotels are reporting occupancy rates of less than 50 per cent, and it is proving difficult for the sector to move beyond the traditional base of low-margin charter holidays. With five star hotel rooms available for less than US \$20 per night, and plans to increase the number of hotel rooms...there are widespread doubts that current growth and profit margins are sustainable in the medium-term.”²²⁶

²²⁵ See “Le point avec...Aziz Miled, PGD de TTS,” *Profession Tourisme*, No. 48 Février 1997, p.7.

²²⁶ “Tunisia: Review 2000” *African Review World of Information*, August 30, 2000.

The fact that four and five star rooms are often sold for about a tenth of their top “rack” rate is supported by considerable anecdotal evidence as well as consistent with the declining average real value of receipts per tourist night—even after a decade in which most new hotels were of the four and five star variety—and lower than needed occupancy rates.²²⁷ This degradation of overall performance contrasts markedly from the picture that is drawn from the steep slope up of total tourism receipts.

Table 9.1 Tourism sector performance 1990-2000

Year	DT/night	change	index	Tourism Receipts	change	index	Occupancy rate
1990	69.0	-10%	100	1,299,944	-11%	100	54%
1991	74.5	8%	108	927,278	-29%	71	38%
1992	64.6	-13%	94	1,305,801	41%	100	52%
1993	66.6	3%	97	1,472,363	13%	113	52%
1994	67.6	2%	98	1,669,353	13%	128	53%
1995	66.5	-2%	96	1,589,414	-5%	122	49%
1996	65.2	-2%	94	1,573,973	-1%	121	49%
1997	62.5	-4%	91	1,730,114	10%	133	53%
1998	63.6	2%	92	1,829,690	6%	141	55%
1999	60.8	-4%	88	2,016,528	10%	155	57%
2000	61.8	2%	90	2,100,000	4%	162	56%

Source: (ONTT 1995; World Bank 1995b; IMF 2000)
Calculated in real 2000 DTs.

In regards to the development of the new tourism complexes, one tourism professional reported to the *Financial Times* that “My own view is that we don’t need Hammamet Sud. We haven’t even filled up the hotels that we have in Hammamet. When you can’t fill up a hotel, the first thing you do is lower the price, and the prices have now become a catastrophe. We are in the process of selling

²²⁷ Note that in rough terms a new 4* hotels needs to maintain an occupancy rate of 65-70% to become, while an older 3* hotel which no longer has to pay off creditors might be able to be profitable at a rate closer to 40%. Interview with manager of a hotel-owning travel agency, Tunis, March 3, 1997.

rooms in hotels next to the sea for TD 12 (\$10) for half-board. Over the past three years prices have dropped by 50 per cent, because of the lack of demand. Even in five-star hotels you can find a room for \$18 a night. With Hammamet Sud its a case of buying the carpet before building the house.”²²⁸ In other words, the building of such massive, luxurious complexes was accomplished before and without successfully reshaping the “image” of Tunisia as a high class destination.

What explains the continuing push by the state to expand tourism capacity and support the creations of massive integrated stations or tourism complexes?

As in the case of Saharan tourism, one reason for these projects is the desire by the state to promote a more diverse image for Tunisia. The irony of the tourism boost sponsored by *The English Patient* marketing campaigns, however, is that most of the increase in tourist arrivals which followed those marketing campaigns still spent most of their time on the beach, which remains the core value of the Tunisian product enabling it to hold a competitive position in what is called the price/quality ratio. Most tourists drawn to Tunisia are not looking for a third rate casino or yacht club, though these features help present an image in brochures and in advertisements of the Tunisian product as more than sun, sand, and sea.

A second motivation for these developments, as noted in the discussion of Port El Kantaoui, is the self-contained nature of the complexes which helps to isolate the negative social, cultural and environmental impacts of tourism development. The increasingly ubiquitous police lining roads and highways and intersections will often redirect cars which are not tourist vehicles away from tourist complexes.²²⁹ Moreover, combining a desire for control over the local

²²⁸ Cited in Mark Huband, “Industry shifting focus to quality,” *Financial Times*, September 22, 1997.

²²⁹ The traffic police will often stop foreigners, especially journalists, and Tunisians alike, often suggesting that the driver might want to consider “buying” a calendar produced by the Tunisian Prisons Authority. See “Tunisia: Behind the beaches,” *The Economist*, January 13th 1996; and Stephan Wilkinson, “Great Drives: Looking for an oasis,” *Condé Nast TRAVELLER*, March 1997, p. 72. A British guide book writer traveling in the south was found himself being dragged to a police station for questioning after asking a police officer for direction.

ownership of hard currency and an attempt to mitigate the negative reaction of the religious, gambling casinos are technically off limits to Tunisian nationals.

A third reason, related to the second, is that these projects give state agencies considerable control over the deployment and location of local and transnational capital within the national territory. The creation of the tourism complexes have the potential to create more rents than the extending additional plots linearly. By the integration of auxiliary services and activities they also generate external economies from the flow of tourists in the hotels.

A fourth reason for many of the least profitable projects is the state's desire to promote regional development. One professional in the tourism sector explained to me the politics of tourism development in the following way: "The promotion of Tabarka is very much a political thing. While the government expends considerable amounts on airports and infrastructure, the private sector bears most of the risk of capital development, like building hotels, which is very expensive fixed capital with little flexible use. But the government still gets some credit and provides jobs."²³⁰

A fifth factor is simply that the state has an interest in creating a large total volume of bed capacity and tourist spending in the country, as this generates more jobs and foreign exchange, while it is less concerned with the profitability of individual firms. The politics of state-business relations in the tourism sector stands in interesting contrast to the dynamic of economic reform in other sectors. As noted in Chapter 7 the signing of the EU-Tunisian Association Agreement has forced firms to modernize their operations because "According to a study carried out for the EU, an uncontrolled removal of such protection could have devastating consequences. As many as 2,000 local companies could go bankrupt and the continued viability of 2,000 more would be 'questionable.'"²³¹ The Tunisian government, with help from the EU, has established and funded institutions to

²³⁰ From my written summary of a conversation with travel agency manager on March 21, 1997.

“help local companies to modernise their management and technology and to compete with incoming multinational and smaller European firms,”²³² but such assistance generally has come at the price of closer monitoring and dependence on and/or direction from state institutions. Moreover, Cassarino (1999) argues, “the government has been keen on encouraging entrepreneurs to concentrate their production activities. As one Tunisian official suggested, ‘it is necessary to help Tunisian corporate groups develop their sizes, also through the processes of mergers and take-overs’” (p. 71). In what is a reversal of the “official rhetoric of the late 1980s” the state has encouraged the development of Tunisian conglomerates because “transaction costs are reduced due to economies of scale” and “the acquisition of state-of-the-art production technologies, and improved human resources, should reinforce their ability to face international competition as tariffs come down” (p. 71). In addition, the Association agreement is also expected to lead to increased capital and goods inflows and these conglomerates “are the most important actors in such economic alliances with foreign firms” (p. 74). Politically, Cassarino explains, “as for the government there is no question that by mobilizing the ‘Captains’ of these corporate groups, it enhances its control over economic liberalization, in the interest of securing social order” (p. 71).

Interestingly Cassarino notes after listing some of the captains of Tunisian industry, that “It has to be said, *however*, that the most emblematic figure of the ‘Captains’ is perhaps ‘Aziz Milad, who manages one of the most profitable private export-businesses in Tunisia, namely Tunisian Travel Service (TTS).” (Cassarino 1999, p. 69ff, emphasis added). While Cassarino notes that Milad’s interests are not confined to tourism, it should be no surprise that he has become one of the most successful and celebrated entrepreneurs in Tunisia. Never having the benefit of

²³¹ Jon Marks, “Special Report: Tunisia, “High Stakes on the road into Europe,” *Middle East Economic Digest*, November 17, 1995, p. 12; see also “Cover Story” *Middle East Economic Digest*, April 19, 1995.

²³² Jon Marks, “Special Report: Tunisia, “High Stakes on the road into Europe,” *Middle East Economic Digest*, November 17, 1995, p. 12

operating within a protected environment or relying on overly generous government contracts, Milad's success from the 1970s on has been built by expanding the scale and scope of his operations and forging a large network of vertically-integrated tourism service related firms. TTS by far services the most package tourist visitors in Tunisia, and Milad has even bought into the airline businesses and owns a piece of a British tour operator. He has achieved forms of horizontal and vertical coordination which the numerous hotel owners have never been able to because of collection actions problems, conflicting interests, the state's unwillingness to allow for a well-organized powerful and autonomous hotel association. Each individual hotel has more of an interest in limiting the number of new hotels while the state has an interest (and the ability) to expand total capacity as well as total tourist inflow.

While Milad's success might serve as a model for Tunisian entrepreneurs facing increased global competition, his strategy is atypical of tourism investors. Most tourism investments are undertaken by investors and banks in search of diversification, young entrepreneurs who have moved out of working as hotel managers or ONTT officials, or foreign investment groups, banks, and wealthy individuals. These investments are driven by the development of complementary services within a vertically integrated network which allows the firms to gain the maximum profit from each visitor and achieve ever greater economies of scale as are Milad's investments. Instead, at the core of most tourism investments is the capture of locational rents and externalities achieved by controlling tourism spaces. The private sector is beholden to state planning efforts which generate locational rents and external economies by giving them access to tourism development rights. The drive for such locational rents and externalities help explain how, unlike other sectors, investment can continue at such a driving rate while the business often tends to be risky and profitability unpredictable.

Banks are willing to support this policy as they view their considerable investments as backed by the value of the hotel and land.²³³ In other words, land that once was of little value, become more valuable by being zoned with a tourism complex. When a bank agrees to finance a hotel development, they are often willing to put up over 70% of the capital for the project. The reason for otherwise conservative banks to take such a “risk” is that unlike factory equipment and land in industrial zones, the assets built in tourism zones help create places with their own locational rents and externalities, usually supported by state land planning and infrastructure development. Banks find in hotels, even in unprofitable or un-built hotels, assets with assured present values. That is they act as vehicles to extract rents from tourists and other tourism firms. A plot of land in a hotel zone (bought at a lower state-set rate) can be assured as a source of income, from tourists, from another buyer, or from the profits an international management company would be able to extract from the plot by drawing on their international marketing and promotion networks.

At the same time, without a *mise à niveau* program the state maintains control over the tourism sector by its power to create and promote such tourism zones. And the private sector is beholden to state planning efforts which generate locational rents and external economies by giving them access to tourism development rights. With less concern for the profitability of firms in the sector, state tourism policy—such as in the development of large tourism complexes or encouraging young inexperienced entrepreneurs to develop hotels—is geared towards increasing capacity and thus total gross receipts, even if this requires lower prices to maintain. With lower marginal costs, unlike large factories, hotels almost never shut down until they grow old and dilapidated. Hotel owner/mangers are generally always willing to lower prices to fill unused capacity, thus excess supply

²³³ Interview with representative from ATL Leasing (Arab Tunisian Lease) during the international tourism convention, Le Kram, Tunis May 7-11, 1997.

in the country generally leads to decreased prices and profit margins while nevertheless boosting the total inflow of foreign exchange and investment.

PART III

**RETERRITORIALIZATION, FRAGMENTED TERRITORIAL CONTROL,
AND THE POLITICS OF TOURISM DEVELOPMENT IN JORDAN**

Introduction

Part II of this dissertation explored how shifts between deterritorialization and reterritorialization reshape the politics of tourism development. The analysis focused on the case of Tunisia where the state developed centralized control over the territorially defined resources and institutions driving the reterritorialization process. Part III, in contrast, explores the politics of the reterritorialization of tourism development in Jordan where territorial control is fragmented between state, societal, and transnational actors. The two parts compliment each other. Put together they map out a territorial theory of the impact of globalization on state building with deterritorialization and reterritorialization as essential intermediate variables.

Before introducing the second case study, I will first recap the elements of the theory presented so far based on the first case study. In the context of highly deterritorial forms of tourism development, as I showed in Part II, the state's institutional capacity to regulate the sector—including centralized territorial control—is the most critical factor in shaping the impact of tourism on state-society relations and the powers of the state. In the early 1970s Tunisian state control over the tourism economy was threatened by the dominance of transnational tourism capital after the state had opened the sector to external investment but before its land management and infrastructure development program had been implemented. But as a result of these capacity building programs, beginning in the mid 1970s, state institutions were able to promote a form of “dependent development” in the tourism sector by coordinating the relationship between local and transnational capital. This period of tourism development continued into the early 1980s until a decline of tourism flows and a crisis in the state's ability to regulate deterritorialized transnational flows. In the late 1980s and 1990s, the state to

moved towards greater economic liberalization and integration of the domestic economy into global markets. Having attained autonomous centralized control over the territorial resources required for tourism development the reterritorialization of tourism development helped the state to extend its control over transnational capital flows, the generation of wealth, and the location of tourism development within Tunisia.

Part III asks what happens when the state, in contrast, does not have centralized territorial control over the resources and institutions that drive the reterritorialization of tourism? To answer this question I explore the case of Jordan. In Jordan control over tourism spaces and the resources and institutions that drive reterritorialization has been highly fragmented between the state, indigenous populations, private firms, non-governmental organization, and various transnational actors ranging from donor institutions to heritage preservation experts. As I show in the following chapters this situation has required the state contend with societal resistance, organizational obstacles, and unfavorable bargains in its effort to promote tourism development. As a result the state's efforts to control the tourism development process have been constrained, limiting its ability to use tourism flows as a means to gain resources for state building.

Tourism development in Jordan has always been highly territorial. Most tourism spaces in Jordan are place-specific attractions, consisting mostly of the archaeological and architectural remains of historical cities, natural landscape, and built structures markings the traditionally designated locations of Biblical events. Since at least the 19th century these spaces have generated locational rents and externalities from international travelers for those controlling access to those

serving as guides and providing information about them.²³⁴ With increased tourism flows in the 1990s, these spaces became locations of intense reterritorialization.

At the same time, the history of state building in Jordan has left a fragmented landscape of territorial control over its tourism development spaces. Christian biblical sites in the Palestinian West Bank (part of Jordan between 1948/50-1967) and a few on the East Bank have long been under the authority of religious institutions—most with external state sponsors—long predating the authority of the Jordanian state.²³⁵ In addition to Jordan's very short coastline in Aqaba and the unique setting of the Dead Sea, most of Jordan's tourist sites are based on archaeological ruins. While the sites themselves have often been claimed as state property, the process of turning them into valuable tourist attractions has often relied on the work of archaeological digs funded and conducted by foreign archaeologists and their governments. Moreover, the land around archaeological sites, which became potentially valuable for tourism development in the 1980s and 1990s, was often owned by one or more tribal groups and the state could never easily manipulate patterns of land ownership over them. As Michael Fischbach shows, the British-conceived land program of 1927-52, by allowing indigenous inhabitants secure ownership rights over land, "helped define for ordinary Jordanians the spatial dimensions of their property, their villages, and their new country" (2000, p. 207). State legitimacy was built through this mutually beneficial arrangement where the state encouraged the increased agricultural production by villagers (and thus more tax revenues) and the settlement of formerly nomadic, warring tribes. The program insured the livelihood of small-scale cultivators as well as established the state recognition of the power of tribal leaders and wealthy

²³⁴ Travelers through the region in the 19th century generally hired guides and paid "protection" monies to local tribes. Russell (1993) recounts the evolution from the 19th century of the rights to guide and provide services to travelers to Petra. See also Shoup (1985).

²³⁵ See Silberman (1982), Hunt (1984). On Jordanian laws concerning attempts to limit the selling of land near holy sites in the Jerusalem area, see Aruri (1972, pp. 42-3).

merchant families.²³⁶ Social groups in Jordan would link their identities, as well wealth, to specific terrains both protecting their tribal organization and identity while gaining the new state widespread loyalty. Moreover, when the state began a concerted effort at tourism development, tourism spaces and the tourism sector more generally were never under the authority of single state institutions but governance over them was divided both regional as well as functionally.

The following chapters explore state efforts in Jordan to plan and implement, and then attempt to control the process of tourism development. In constructing institutions that commodify the experience of the Jordanian landscape, built heritage and local culture for consumption by international tourists, the Jordanian state sought to create a new engine for economic development. These efforts sought to reconstruct the economic foundations of the state in order to maintain state autonomy, legitimacy and capacity for promoting economic growth while implementing economic liberalization and the integration of the Jordanian economy into regional and global markets. In a context of fragmented territorial control, as in Jordan, societal actors—such as indigenous populations and private land owners near tourist sites—in pursuing their own economic and political interests have been able to assert their local territorial control over tourism spaces to obstruct or exploit the plans of state authorities and authorized private firms to development tourism according to state plans and wishes. Thus, in contrast to the Tunisian case, tourism development in Jordan has led to political struggles between the state, private firms, and local communities resulting in either the suppression of societal actors creating political cleavages in society or else to the debilitation of state autonomy and capacity by the assertiveness of local societal actors.

Chapter 10 describes the rentier foundations of state building in Jordan while explaining how Jordan's experience of tourism development has been

²³⁶ Aruri (1972, p. 53) notes that at the founding of the state, state domain land (*miri*) amounted to 90% of the country, while by "today" which based on his source could mean the mid 1950s, it constituted only 29.6% of the country.

punctured by periods of rapid tourism expansion followed by deep declines which never created pressures for the development of centralized state capacity in the sector until the early 1990s. After the June War of 1967, Jordan lost control over the Palestinian territory of the West Bank including the valuable Holy Land pilgrimage sites of Jerusalem and Bethlehem. This territorial loss brought about a shift in tourism policy which increasingly focused on the ancient ruins and other attractions on the East Bank. However, the political instability of the region prevented tourism from being viewed as a viable engine of economic development until 1994 when Jordan signed a comprehensive peace treaty with Israel.

The role of tourism development in the effort of Jordan to forge a post-rentier mode of state building is the subject of Chapter 11. The rentier mode of state building in Jordan was severely challenged by the rapid decline of remittances and aid in the late 1980s. Economic crisis led to the implementation of a structural adjustment program in 1989 which provoked severe riots within the state's own traditional support base of Transjordanians who make up much of the army and state bureaucracy. Moreover, the signing of a peace treaty with Israel in 1994—while critical to the state's geostrategic interests—threaten to generate widespread political opposition, especially from the Palestinian dominated professional and business classes. At the same time an oppositional Islamist movement was building feeding off of the disenchantment caused by a weak, stagnant economy. The tourism boom of 1994 and 1995 and the future prospects for tourism development, I argue, played a pivotal role in the efforts to “sell the peace” and reconstruct Jordan's national interests and economic structure towards greater integration with Israel and the global economy.

The tourism booms, however, failed to promote sustained economic development in the tourism sector. Chapters 12, 13, and 14 explain how the state's fragmented control over the territory and institutions governing tourism development led to a period of rapid rent seeking by the rival private interests which controlled these assets, failing to generate sustainable external economies. In

the case of Tunisia the continuing reliance on mass beach tourism through the 1980s allowed the state to limit its reliance on these actors which were further alienated by the resurgence of authoritarianism in the 1990s. This ability to maintain state autonomy, however, has not been the experience of states such as Jordan which have come later to tourism development, not having already established powerful centralized institutions for tourism development. Moreover, the nature of tourism assets in Jordan required the assistance of technical experts to help convert cultural and natural features into tourism spaces able to generate rents and externalities.

Unlike Tunisia, the Jordanian state had only partial control over the territorial resources and institutions that drove the reterritorialization process. Most of the economic benefits of the new tourism flows consisted of territorially defined economic rents and externalities controlled by various land owners near tourism sites and the local and international firms—such as tour operators, travel agencies, tourism developers—which regulated the flow of tourists through the country and developed tourism spaces which created atmospheres for tourist experiences where tourists and tourism firms could cluster. The expansion of state control over the national tourism economy proceeded through the implementation of a number of tourism development plans which were to develop the state's control over the territorial resources and institutions that promote reterritorialization. The state's limited administrative control over territorial tourism assets, tourism firms, tourism development organizations was fragmented between different state institutions, organized regionally and functionally. Meanwhile, tourism development required mobilizing private sector actors without territorial assets such as travel agencies and tour guides which sought to exploit the rents and externalities generated by tourism flows. In addition, once new investment laws were in place, the state had little leverage over private capital and financing as funding for tourism development planning and implementation relied on external donor funds and private sector investors.

As a result, during the tourism boom the state's fragmented control over the territory and institutions governing tourism development led to a period of rapid rent seeking behavior by the rival private interests which controlled these assets, failing to generate sustainable external economies. The efforts of state institutions to try to extend centralized state control over tourism firms, where different private sector and local indigenous communities already were asserting local territorial control, faced resistance, challenge, or delay. The regulation of the behavior of private sector firms, however, proved particularly difficult where the state did not have control over resources and institutions that the firms had to rely on to access rents and external economies. Moreover, state efforts to centralize control over aspects of tourism development, such as marketing, even jeopardized its ability to access the aid the technical expertise needed to develop tourism.

In promoting tourism development the state was also constrained by the limits of its capacity and numerous societal and transnational actors with superior knowledge and skills engaged in various aspects of tourism development. This experience demonstrates how the process of state building through tourism development can also create new challenges for state building by engaging a new set of local and transnational actors, such as environmentalists and archeologists, in struggles to define the scope of state powers over the economy, society, and landscape.

The most successful tourism development in Jordan, however, has been the result of a few large private sector firms that have developed luxury "enclave" tourism circuits. I explain how private firms have bought territorial rights from the local holders of this property (often at very high costs) and were able to develop tourism spaces in which they monopolized control over the locational rents and externalities. Through vertical and horizontal integration these firms are able to further control and exploit the rents and externalities generated by tourism flows within narrow spaces of the tourism economy. Under this condition transnationally-linked private firms and outside developers (i.e. not linked to local social groups)

have been able to gain nearly autonomous control over self-contained segments of the tourism economy. These firms are less beholden to the state than the Tunisian firms are and thus they are able to limit state capacity and autonomy over the tourism sector even as they serve other state interests by generating hard currency flows and marketing the destination overseas. In this case the state only gains minimal resources for state building while other firms in the economy are marginalized from the proceeds of these tourism flows.

Chapter 10

Territory, external rents, and the foundations of state building in Jordan, 1946-1991

This chapter outlines the foundations of state building in Jordan and the limited, but slowly increasing role tourism development has played in the state building process. It begins by tracing the development of a British-backed military force used to subdue the independence of rural tribes, the establishment of the state's social support based through the co-optation of local elites and disbursement of patronage, and the critical role which external income sources played in sustaining the state's narrowly defined capacities and functions. With the oil boom of the 1970s the Jordanian state undertook widescale social and economic development projects and the development of a social welfare system. Its citizens began to look to the state to help insure their economic wellbeing. The funds for these efforts were predominantly drawn from external sources and, except for mineral extraction, the state did not enact an extensive development effort through industrialization or tourism development.

Within this understanding of rentier state building in Jordan, the chapter recounts how Jordan's experience of tourism development between 1948 to 1988, punctured by periods of rapid tourism expansion followed by deep declines, never created pressures for the development of centralized state capacity in the field of tourism development. A turning point was reached in the late 1980s when the state faced a critical challenge in the wake of the rapid decline of remittances and aid. This economic crisis led to a political liberalization experiment in the late 1980s creating room once again for political discourse and mobilization, as well as the

implementation of a structural adjustment program which threatened to erode the state's own traditional support base.

The rentier foundations of state building in Jordan, 1946-1972

Transjordan, as the state was first called, was established as a political entity after World War I by Britain on the territory east of the Jordan River originally designated as part of its Palestine Mandate. More than any other Arab state Transjordan was an artificial creation whose “existence hinged on European interests rather than on a local or regional rationale.” (Wilson 1987, p. 58). British geostrategic concerns, not cultural or economic factors, defined the territorial borders of the state.²³⁷ The territory possessed little in the way of natural resources, cultivatable land, or built infrastructure and did not even include a major urban center to serve as a its political or economic center. To sustain the state the British provided Emir Abdullah, the state's first ruler, with an annual subsidy while they “handled all matters related to defense, finance, and foreign affairs” (Brand 1995, p. 153). With a combination of coercion and careful negotiation Emir Abdullah's embryonic state was able to secured control over the territory of Jordan through the co-optation of local elites and the subjugation of bedouin tribes.²³⁸ The main tool used for this subjugation was the Arab Legion, a military force established with the aid of the British military, which learned to recruit its soldiers from the bedouin tribes forming a central patronage structure which has since helped insured the loyalty and allegiance of the tribes to Abdullah. Subjugation, in this case, did not mean dismemberment. Tribal societal groups were not eliminated, “rather, tribes were fully integrated into the state and formed part and parcel of it” (Alon 1999, p. 25). The state recognized a political role for tribal *shaykhs* as community leaders

²³⁷ The story Jordan's boundary negotiations and how they serve to served British interests is recounted in Wilson (1987).

and local state officials while, in exchanged, the tribes pledged overriding allegiance to Abdullah and the Hashemites, originally from the Hijaz region of the Arabian peninsula, allowing Abdullah and his successors to fashion themselves an identity within the bedouin's tribal frame of reference.

Transjordan was granted independence shortly after World War Two. At that time Abdullah declared himself king and renamed the state the Hashemite Kingdom of Jordan. The British, however, still retained influence over the country, most notable through the British head of the Arab Legion, General John Glubb who retained the post until 1956. Unlike the case of Tunisia, postcolonial state building in Jordan was focused on the establishment and protection of a loyal social base for the monarchy rather than with integrating all elements of the population into a hegemonic national identity. The state's social base was built amongst the Transjordanian population—mostly of villagers, settled agriculturists and pastoralists, and nomadic bedouin—through various patronage systems involving land ownership, army recruitment, and civil service employment.²³⁹ Abdullah's state has acquired a degree of autonomy and substantial legitimacy, but its capacity was clearly limited and, for the most part, owed much to external funds and leadership.

State building in the period after formal independence was not linked to national economic development in the same way as it was in most other postcolonial states, such as Tunisia, where economic benefits were disbursed at the expense of the landed and industrial bourgeoisie (often of minority or foreign origin) through land reform and projects of public sector industrialization. State involvement in the economy was mostly relegated to the state-owned enterprises in the extractive sector over which the state had territorial control over and could use as a vehicle for

²³⁸Aruri (1972), Wilson (1987), Rogen and Tell (1994), Salibi (1998), Alon (1999), Tell (2000), Massad (2001).

²³⁹Wilson (1987), Brand (1995), Alon (1999), Fischbach (2000).

resources, the state depended heavily on external sources of income. Jordan's main asset was its geopolitical location, which allowed it to draw strategic rent. From the time of the state's creation the British provided over half of the state's budget and the amounts gradually increased until the flow was cut off in the wake of the dismissal of Glubb in 1956 (Lenczowski 1980, pp. 472, 479; Brand 1994). The United States which sought to maintain Jordan as a Pro-Western ally soon replaced Britain as the state's main source of external funding. US aid was joined by Arab aid in the wake of the oil boom, but US aid diminished in 1980 when Jordan refused to sign on to the Camp David peace process. The United Nations also sustained the Jordanian budget through funding food, education, and health care projects for the Palestinians refugee committee. Brand calculates that from 1964 to 1988 foreign loans and assistance paid for an average of 43% of the state's expenses (Brand 1994, p. 43). The trend gradually diminished from 50% in 1973 to just under 30% in 1988 (Brand 1994, p. 48). Brand also notes that "locational rents—payments received for pipeline crossage, transit fees, and the like—have been particularly critical for Jordan" (Brand 1992, p. 168).

While Jordan's borders were increasingly policed by the Arab Legion, its geographic position and underdeveloped institutional capacities limited its ability to control the transnational flow of people, goods, and currency. The state had even weaker, nearly non-existent, control over the regional crossborder flow of political ideologies, information, and broadcast media. Nevertheless, recalling my presentation of Chaudhry (1989; 1997) in Chapter 2, the state did have centralized control over the flows of strategic aid and what locational income flows which it could use to disburse patronage to sustain the loyalty of its social support base. Government bureaucratic tools were developed to channel these funds into employment opportunities in the civil service as well as military and security organizations.

The greatest challenge to the state's legitimacy came with Abdullah's management of his relations with the new Israeli state and the fate of the

Palestinian people and lands. In the wake of the 1948 war and Jordan's annexation of the West Bank, Jordan was subject to a large influx of Palestinians. Jordan was the only Arab state to grant citizenship to the Palestinian refugees and worked to integrate them and the territory of the West Bank into the state of Jordan. As part of this effort, however, state building in Jordan required the suppression or displacement of the Palestinian national identity and political mobilization, heightening the state's concern for internal security (Brand 1995, p. 154). While the annexation was a source of resentment for many Palestinians (leading to the assassination of Abdullah in 1951), much of this resentment was channeled into opposition to the close ties between the state and Britain and against what was viewed as the unequal terms under which the integration of the two banks occurred (Abu-Odeh 1999, pp. 58-60). The growth of Palestinian nationalism, however, was fostered by regional politics and the establishment of the Palestine Liberation Organization (PLO) in the 1960s, both of which drove political mobilization within Jordan. The militancy of these movements increased after the 1967 War when Israel occupied the West Bank leading to another wave of Palestinians fleeing to the East Bank. Soon Palestinian militias were established in Jordan, anti-Hashmite Palestinian nationalism grew within Palestinian population centers such as the refugee camps, and the PLO established a rival state-like authority within Jordanian territory. The growing political and military assertiveness of the Palestinian movement in Jordan led the greatest challenge to the Jordanian state under Abdullah's grandson Hussein. Fearing a destabilization of his regime, in September 1970 King Hussein ordered the expulsion of these forces. These event caused a split within much of the Palestinian-Jordanian population, many of whom who supported the Palestinian national struggle, but also valued the stability of the livelihoods they were able to maintain as Jordanian citizens, while it provoked a defensive reaction from East Bank "Transjordanian" nationalists (Abu-Odeh 1999). After having successfully suppressed Palestinian nationalism within Jordan and with the beginning of a period of relative stability within the region, the state would

now set about finding ways to peacefully integrate into the Hashemite Kingdom the majority population of Palestinians.

The new oil wealth: transforming the role of the state, 1972-1981

The political challenges to state building faced in 1950s and 1960s were eased in the 1970s by the ability of the state to gain increased aid while much of the Palestinian-Jordanian population was able to attain a higher standing of living for themselves. With the oil boom in the 1970s the Jordanian economy became bolstered by an influx of capital derived from the new oil wealth of the Gulf states. Robert Satloff notes that “between 1973 and 1981 direct Arab budget support rose more than 16-fold, from \$71.8 million to \$1.179 billion,” (1986, p. 8). Aid from the Gulf countries and the United States allowed Jordan to implement its first sustained social and economic development efforts beginning in the mid 1970s. Health and educational facilities were vastly expanded (Kana'an 1990, p. 12), as were public sector industrial projects. Additionally, the state now could afford to provide direct and indirect consumer subsidies and price supports on basic food stuff and fuel (Satloff 1986, p. 16-7, 19; Brynen 1992, p. 81). Meanwhile, the oil boom led to the employment of 100,000s of skilled and semi-skilled Jordanians (most of Palestinian origin) in the labor poor, capital rich Gulf economies. “By 1981, gross worker remittances [channeled through the banking system] were estimated at more than \$1 billion” while the unofficial flows are likely included much more (Satloff 1986, p. 9).²⁴³ The table below overviews the rise of the “rentier economy” in Jordan when the share of GNP from external sources, including the mineral exports of state owned firms, foreign aid, and labor remittances, rose from below 40% in 1972 to 70% in 1975, remaining roughly between 60% and 70% into the early 1980s. Supported

²⁴³ See also Choucri (1986).

by these external incomes the gross domestic product maintained growth rate of 8.5% during the 1976-1980 planning period.²⁴⁴

Table 10.1 Jordan's Rentier Economy 1972-1981

Year	(Share of GNP)			=Total
	Mineral Exports	Labor Remittances	Foreign Aid	
1972	4%	3%	31%	38%
1973	5%	7%	29%	41%
1974	13%	10%	35%	58%
1975	10%	17%	43%	70%
1976	9%	30%	20%	59%
1977	8%	29%	24%	61%
1978	7%	26%	31%	64%
1979	8%	23%	45%	76%
1980	8%	22%	41%	71%
1981	8%	25%	34%	67%

Source: calculated from (World Bank 1980; Brand 1994)

This “rentier” wealth sustained a consumer boom including “western clothes, foods, and appliances” (Satloff 1986, p. 9) creating skyrocketing import bills for the national economy. An urban-based consumerist middle class formed in Amman built on this newfound, though likely unsustainable, income. Meanwhile, modernization, urbanization, and inflationary pressures adversely effected many of the elements of the state’s traditional social support such as those of rural and bedouin origin. The social and economic changes, as well as states policies of “detrribalization” put pressures on the social organization of the tribes (Jureidini and Mclaurin 1984), while those who had fixed income jobs in the civil service and military saw the real value of the income decline. To compensate the state raised their salaries, provide them access to consumer goods at discount prices, gave special treatment to their children at the new universities, and built special housing units for many of them (Satloff 1986, p. 19).

²⁴⁴ Anthony McDermott, “Jordan Survey: Plan aims to quadruple investment,” *Financial Times*, August 13, 1982 p. 24.

While the state began to develop elements of a social welfare state, state building gradually began incorporating efforts towards progressive social reform and income redistribution. In his review of development policy in Jordan former minister of planning Taher Kana'an notes that in the late 1960s state economic policy focused on reducing the trade imbalance, but in the early 1970s greater emphasis was placed on achieving the highest growth rate possible as well as, in the words of a planning document "the useful distribution of public services and the benefits of development among all the regions of the kingdom and all groups and strata of society" (cited in Kana'an 1990, p. 10). The oil boom changed the nature of economic problems in the kingdom as, for example, unemployment, by some accounts, nearly vanished. By the late 1970s the state saw the opportunity to "to bring about a fundamental change in the economic infrastructure through the development of the manufacturing sector"(cited in Kana'an 1990, p. 11). Meanwhile "the planners' concerns in conceptualizing their national and sectoral plans was thus limited to preventing any of their strategies and policies from excising any negative effects on social justice" (Kana'an 1990, p. 11). In his 1977 book about the "politics of legitimization" Michael Hudson notes that while "there was little progress made towards greater social justice or redistribution of wealth" and "despite the considerable material inequalities in income and land distribution, there are been little manifest public dissatisfaction with social conditions" (1977, p. 215). He concludes that "the regimes unprogressiveness in this domain, therefore, has probably not seriously eroded system legitimacy" (Hudson 1977, p. 215).

By the early 1980s, however, a combination of shifts in international development thinking, the increased wealth of the Kingdom, and a growing awareness of the potential political impact of social changes,²⁴⁵ led to Jordanian development plans, Kana'an notes which "were to include for the first time, 'the provision of all basic needs and services, especially water, housing, health,

²⁴⁵ See, for example Jureidini and McLaurin (1984), Satloff (1986).

education and transportation,' in addition to 'limiting disparities in the levels on income' and 'narrowing disparities amount the various regions of the country,'" (Kana'an 1990, p. 11).

The tourism economy as a passive rentier income source

Throughout these changes in the economic structure and the direction of state building in Jordan, tourism until the 1980s played a quiet role as a passive source of hard currency and, to a lesser degree, government revenue. The economic resources were valued, but they were much less important than other external sources and more difficult and costly to control and expand. Between 1948 to 1988 tourism development in Jordan was punctured by periods of rapid tourism expansion followed by sharp declines. In short, throughout this period there was never enough stable tourism demand to create enough incentives for the state or pressure from the private sector for the state to expend the resources and develop the centralized state capacity needed promote extensive tourism development. Tourism development faced the dilemma oh how to escape from what economists call a "low equilibrium trap."²⁴⁶ Tourism economy was at a roughly stable market point with a low level of tourism demand to match a low level of tourism supply. Jordan received only a limited number of tourists interested enough and wealthy enough to visit a high cost destination with limited tourist attractions or facilities. At the same time there was too little tourist expenditure to warrant on the part of the state costly large-scale investments to develop public goods and services and make tourist sites more accessible and attractive. Meanwhile, the firms operating in the sector were unable to capture economies of scale, so the price of tourism

²⁴⁶ This problem looks very similar to the issues faced by postwar development economics considering the challenge of traditional economies trying to escape from low productivity, low income equilibrium traps. On notion of low equilibrium traps in development economics see Hirschman (1981), Sabel (1993).

products remained relatively high and subject to high rent extraction which limited the scope for the growth in tourist demand.

Jordan's domestic tourist infrastructure slowly evolved with its general road expansion efforts, but it was only in the 1950s that air travel to the region opened the possibility for the promotion of tourism to Jordan (Gray 2001). Jordan's tourism potential was widely acknowledged. For example, in the King Hussein's 1962 autobiography much of his one slim chapter devoted to economic affairs discussed, with a focus on the East Bank, the tourism potential of the country. He even went so far as to exclaim, "I believe that when our tourist program really starts properly... the tourist income to Jordan may well equal the fabulous oil revenues of other Arab states." (Hussein ibn Talal 1962, p. 280). However, the tourist program never "really started properly." The main attraction for non-Arab tourists to Jordan between 1948 until the 1967 was to visit the biblical Holy Land, including most importantly the old city of Jerusalem and the town of Bethlehem. But in keeping with the limited effort the Jordanian state placed in developing the economy of the West Bank and with the limited interest the state had in intervening in the Palestinian-dominated private sector economy, the tourism sector received little promotion outside the development of a national airline. While tourism was surely limited by the periodic instability that struck the region (see Kovach 1959, annex F), ten years after Jordan took over control of the West Bank, while a Tourist Department based in Jerusalem was established in 1953, not nearly had been done in Jordan to exploit the economic potential for tourism development such as site development or hotel promotion. Another factor limited the state's interest in tourism development was that Jordan mostly drew visitors who came to see the biblical sites on the West Bank and "were not interested enough in antiquities to go visit Jerash and Petra" on the East Bank (Goichon 1972, p. 507)²⁴⁷ where the state

²⁴⁷ While not as heavily visited as Palestine in the 19th century, Transjordan was a destination for many adventures, pilgrims, and travels. The main impediment for Western travelers was safety and lack of information, requiring them to pay heavily for guides and protection. These "rents" were

had been allocating funds for tourism site planning and development (Kanovsky 1977, p. 83).

In the early 1960s tourism provided the kingdom's with its largest source of foreign currency and generated a substantial source of state tax revenue, but received only limited attention from state authorities. The lack of state capacity in the sector was reported by a number of studies commissioned by the Jordanians and American government assessing the tourist potential of the country. A US government technical assistance report written by a US government tourism advisor based in Lebanon wrote in 1959 that "THERE IS NO REASON" that Jordan could not match the economic Lebanon or even Greece "provided the government realizes the necessary support and the hotels cooperate in a joint effort to this end" (Kovach 1959, p. 4). However the report notes that at the time the existing tourism authority "does not answer [the] need" for "a strong central development authority" and "should be abolished" (Kovach 1959, p. 10). The report observes the current lack of rest houses, signage, and training facilities, but was most critical of the lack of institutional capacity noting, for example, the vast inaccuracy of the tourism data being collected and that the plans for hotel currently under construction showed "a number of glaring mistakes" (Kovach 1959, p. 22).

mostly paid to local bedouin tribes. The ability to extract rents was gradually decreased by the building of roads and the suppression of bedouin raiding by the Arab Legion. The main purpose of these efforts was to expand the reach the state. They were not to help promote tourism enterprises, though Jordan remained a route or pilgrims making the Hajj to Mecca and Madina. While the land east of the Jordan River contained many biblical sites, after the publication of the account of the "discovery" by the Swiss traveler Johann Ludwig Burckhardt of the ancient rock carved city of Petra, see Burckhardt (1822, pp. 418-434), tourist flows to the southern Jordanian region increased and eventually Thomas Cook organized tourist ventures, see Shoup (1985, p. 280).

Table 10.2 Tourism Receipts, 1954-1970

Year	million JDs	% GNP
1954	2.2	4.2%
1955	2.5	4.9%
1956	1.5	2.2%
1957	1.2	1.7%
1958	1.2	1.6%
1959	2.9	2.9%
1960	3.2	3.1%
1961	4.3	3.4%
1962	5.1	3.9%
1963	6.0	4.4%
1964	8.0	5.0%
1965	9.8	5.4%
1966	11.3	6.1%
1967	6.8	3.3%
1968	4.6	2.3%
1969	4.5	2.0%
1970	4.9	2.4%

Source: (Odeh 1972, appendix 1, 6)

As the table above shows, the tourism sector slowly expanded in the mid 1960s but was dealt a stunning blow in 1967 which “resulted in the effective collapse of the tourist trade”(EIU 1987a, p. 37). In addition to the violence and regional instability unleashed by the 1967 Arab-Israeli war, the Israeli occupation of the West Bank robbed Jordan of its most vital tourism assets. Israel soon annexed Arab East Jerusalem and the Old City and institutionalized its occupation over the rest of the West Bank, including Bethlehem. Since that time the Israeli tourism industry has come to dominate Holy Land tourism. An “open crossing” policy with Israel, however, allowed many tourists to visit the West Bank sites from Jordan but these numbers would not soon reach the pre-1967 figures which peaked in 1966.

It was only with the oil boom in the mid 1970s that the number of visitors to Jordan began to expand again. Most of this growth (possibly three-quarters) consisted of visits by Arabs from the Gulf spending their summers in Jordan,

especially in the wake of the outbreak of the civil war in Lebanon (Day 1986, p. 102). Much of the tourist traffic consisted of Americans and Europeans visiting Jordan as part of the multi-country tour and thus the bed-nights per visitors remained low. The oil-based income boom, more than a concerted state effort, led to increased investment in the tourism sector. In Amman, for example, a new slew of hotels sprung up in the late 1970s and early 1980s, some with indirect government finance (EIU 1987a, p. 45). While many of the smaller hotels were owned and operated by Palestinian businessmen, the most notable addition to the hotel landscape was the opening in 1982 of the American-style Amman Marriott Hotel financed by a wealthy East Bank merchant families. The result, however, was a glut of international standard hotel capacity. To make matters worse the instability and seasonality of tourist demand made “it difficult to mount a satisfactory operation without losing money. This has discouraged the private sector from investing in accommodations and has discouraged the government from further investment and improvement” nor even the establishment of an official grading system for hotels (EIU 1987a, p. 46). For its part, the government owned Inter-Continental Hotel, built in 1962, was expanded while the state also built the Queen Alia airport and other infrastructure structure projects. These projects, however, were not directed as promoting tourist flows but were needed to meet the general increase in business, media, and migrant traffic, as well as to display the new “wealth” of the kingdom. While new airport did facilitated the development of a stopover market for travelers to Iraq or the other Gulf states (Gray 2001), the Gulf states however soon developed their own airline capacities to match their growing importance in the global economy.

Table 10.3 Tourism and the Oil Boom, 1972-1988

Year	Tourism Receipts (share of GNP)
1972	4%
1973	5%
1974	8%
1975	12%
1976	16%
1977	19%
1978	19%
1979	19%
1980	17%
1981	15%
1982	12%
1983	11%
1984	11%
1985	10%
1986	9%
1987	9%
1988	9%

Source: (World Bank 1980; Brand 1994; Cental Bank of Jordan 1994, pp. 28-31)

The expansion of tourism flows in the late 1970s and early 1980s helped offset Jordan's growing volume of imports, but this growth in tourism flow—even as the state was gaining greater access to development funds—did not provoke an concerted tourism development effort by the state. In the local press, commentator such as the economist Fahd Fanik complained that “apparently, tourism is not sufficiently appreciated by our decision makers, and accordingly is not given a high position in the scale of priorities.”²⁴⁸ Fanik also makes note that while “many think of the high volume of foreign receipts as a contribution to the national income, and conclude that the tourist sector is too large to need further support from the government” the value added of tourism as it is currently structured amounts to “hardly above 35 percent of the gross receipts.”²⁴⁹ The many reports and feasibility

²⁴⁸ Fahd Fanik, “Tourism to Jordan takes a beating,” *Jordan Times*, July 8, 1984.

²⁴⁹ Fahd Fanik, “Tourism to Jordan takes a beating,” *Jordan Times*, July 8, 1984.

studies commissioned by Jordan and the US also attest to both the well understood potential of the tourism sector and the lack of state commitment and capacity. Noting that even as “the need to restructure and realign the tourist endowments on the east bank is firmly established” a 1986 report argued that “little purposeful actions has been taken by the Jordanian government to direct significant economic resources to the sector” (Pannell Kerr Forester 1986, p. II-2). The consultants recommend firstly that “greater emphasis on tourism need to be reflected in a corresponding elevation of the position of the tourism sector within the government hierarchy” (p. I-1). The rest houses built by the government, for example, were not operated by a government agency which was responsible directly to the tourism authority and they “no longer provide adequate service and appear to be money losers” (Pannell Kerr Forester 1986, p. III-11). The report also notes that the marketing of Jordan, a critical part of any effort to expand tourism flows, has been “passive” and “Jordan is still little known and does not project a touristic image to the travel industry” (Pannell Kerr Forester 1986, p. VII-1).

Tourist promotion as nation-building

Before the 1980s, to the degree that tourist development was actively directed to serve the interests of state building, this occurred mostly at the symbolic and representational level. After the incorporation of the West Bank in 1950 the Jordanian government made efforts, not only “to suppress or erase all reference to Palestine” in government documents and the names of political organization and civil society institutions (Brand 1995, p. 158) but the state also sought to “appropriate certain Palestinian symbols, such as the Dome of the Rock and traditional embroidery, and claim them as Jordanian” (Brand 1995, p. 159). While such efforts are often portrayed as the suppression of a national-identity and the usurpation of the political interests of the Palestinian people in Jordan and elsewhere, they should also be viewed, on the one hand, as an effort by the state at

constructing a national identity based on the existing territorial map of Jordan, while on the other hand, viewed as part of Jordan's effort to project its touristic identity as the territory of the "Biblical Holy Land" to Western tourists (Katz 1998).

While the Israeli occupation of the West Bank quickly shifted regional tourism flows, with most Holy Land tourists now passing through Israeli territory and tourist firms, Jordan's nation-building strategy did not immediately change. King Hussein still struggled to assert control over the representation of the people and political future of the West Bank and the Palestinian community. Conflict grew, however, between the state and the PLO leadership, its more radical-leftist factions, and the growing *fedayeen* guerrilla movement operating on Jordanian soil leading to the violent showdown in September 1970.

The 1970s brought a gradual transformation of Jordanian strategies for national identity construction. The state diminished its effort to usurp or suppress Palestinian symbols or emphasize the Christian holy sites as elements of occupied Jordan territory. Palestinian nationalism was growing regionally with the success of the PLO gaining Arab and international legitimacy, while Jordan's tourist focus on the West Bank had given way to the dominance of the Israeli tourism industry. Irene Maffi explains, for example, that "The establishment of folklore museums [during this period which included aspects of Palestinian culture] could therefore represent an attempt of [national] reconciliation on one hand, and a way to claim the territories occupied by Israel on the other. Museums therefore became monuments that recall the union of a nation divided by internal conflicts and broken by Israeli conquest. It is only towards the end of the seventies that the traditional costumes of the West Bank were not included anymore in the collections of the new museums, and the national territory defined in the official representations as the east of the Jordan River" (Maffi 1998, p. 88).

It was only after the stability and wealth enjoyed by Jordan in the late 1970s and 1980s that the state adopted policies promoting a East Bank focused

construction of national identity which shifted from suppressing or usurping well-established religious and cultural symbols originating from the West Bank²⁵⁰ towards focusing on establishing and emphasizing cultural symbols, practices, and places on the East Bank. This shift was also a response to the growing assertion of East Bank identity that was unleashed by the 1970 showdown that made evident the failure of the “integration” of the two banks. While continuing to suppress Palestinian nationalism, the Hashemite state still claimed sovereignty over the West Bank and still ruled a population widely understood to contain a majority of citizens with Palestinian roots so state sponsored nation-building efforts neither rejected or excluded Palestinian references. Instead, state efforts to construct nationalist cultural symbols and representations generally sought to shift their emphasis towards more robust efforts of legitimating the Hashemite monarchy’s rule and the construction of a national identity based on a territory connection which had not yet developed a historical narrative or territorial identification.

The Great Arab Revolt against Ottoman rule at the end of the World War I remained a critical historical marker for Jordanian national identity, representing Hashemite leadership, aided by the local bedouin tribes, in liberating Arab lands from foreign rule (Maffi 1998, pp. 86-7). The story of the Arab Revolt, as told in Amman’s Martyrs Memorial, however, differs from international version which is connected to the role of the British military advice T.E. Lawrence made famous by both journalistic accounts, his own writings, and a major motion picture.²⁵¹ In both realms, a critical aspect of this East Bank-based picture of Jordan is the bedouin as

²⁵⁰ The one exception remains the Islamic holy places in Jerusalem, the al-Aqsa mosque and the Dome of the Rock. While they remain nationalistic symbols to most Palestinians, they are also Islamic symbols to which the King Hussein, as a descendant of the Prophet, can represent himself as *personally* connected to through his role as guardian over them without, necessarily, asserting a Jordanian territorial claim over. See Jordan (1998, pp. 73-4). It remains to be seen is the Palestinians authority will be able to come close to gaining sovereignty over the site at which time the symbolic role of the image of the Dome of the Rock in Jordan may be subject to further adjustment.

²⁵¹ See For an “anthropology” of the film itself, see Caton (1999) On the bedouin and tourist images, see Layne (1994), Massad (2001) For a discussion on the Israeli “fabrication” of bedouin tourist settings for Israeli tourists, see Stein (1998).

representative of the ancient and noble culture of Jordan to which the Hashemites, as leaders of the Arab revolt have a privileged relationship. “Continuing the British Mandatory policy of marketing the Bedouins for European tourists,” writes Joseph Massad “tourist campaigns, which were stepped up in the 1970s and continue to the present, have offered the Bedouins and Petra as the true representative of Modern Jordan” (Massad 2001, p. 74). Considerable effort was made by government sponsored archeological research, history displays, and tourist literature to promote the connection of the ancient Nabateans, who built the city of Petra carved into the rose-colored rocks, to the current inhabitant of Jordan in order forge deeper territorial roots for Jordanian identity (Maffi 1998, p. 94). This strategy follows Benedict Anderson’s suggestion that the post-colonial states in Southeast Asia often grafted their own purposes onto the colonizing techniques used by their former rulers. He writes that “to imagine its dominion—the nature of the human beings it ruled, the geography of its domain, and the legitimacy of its ancestry” (Anderson 1991a, p. 164). For example, he goes on, “monumental archaeology, increasingly linked to tourism, allowed the state to appear as the guardian of a generalized Tradition” (p. 181). This process relies on the invention and diffusion of processes of mechanical reproduction. Anderson explains that “thanks to print-capitalism, a sort of pictorial census of the state’s patrimony becomes available,” (p. 182) through “archeological reports, lavishly illustrated books for public consumption, [and other ubiquitous everyday items] such as postage stamps... It was the infinite reproducibility of its regalia” throughout daily life, “that revealed the real power of the state” (p. 183). Touristically, the potentially most lucrative aspect of this image is the promotion of the city of Petra as both a tourist destination and as a stand-in symbol for Jordan as a whole. The site in south Jordan however was only gradually being made more accessible. The construction of the Desert Highway help cut down the travel time to Petra, but in the mid 1980s the town’s hotel capacity was limited to 100 rooms. Nevertheless, the global tourism market in the 1970s was still dominated by cheaper mass tourism destinations. Jordan was still expensive and

exotic destination. The oil boom, moreover, raised the price of tourist travel for Europeans and North Americans increasing the emphasis on lower cost destinations.

The crisis of the rentier state 1982-1990

In 1981 Jordan's the oil-boom based economic surge peaked. As oil prices peaked then declined, the oil-based Gulf economies began to contract. As these states were struggled ungracefully to adjust to declining incomes, Jordan quickly and with little recourse felt and pillars of its own rentier economy collapse. Between 1982 and 1984 Arab grant aid was cut in half with most Arab states reneging on payments to Jordan promised as part of an Arab League effort to support Jordan's refuse to join Egypt in the US-sponsored Camp David process (Satloff 1986, p. 20; Brand 1994, pp. 110-112). Moreover, the oil economies could no longer absorb more Jordanian expatriate labor and soon Jordan was faced with having to find jobs for returning workers as well as the all the new graduates produced by its expanded educational system.

By the early 1980s the state was beginning to sponsor expanded development projects, but as external income flows began to decline throughout the 1980s the state had to impose cutbacks in spending on subsidies, civil sector budgets, and investment. In the mid 1980s Jordanian policy makers began to respond to the economic crises through a mix of increased barriers to imports combined with reductions in the restrictions over external capital flows (Piro 1998, p. 80). Meanwhile there were increasing pressures to reorganize and privatize public sector corporations and promote private sector initiatives (Brand 1992, pp. 174-179). The state was forced into greater external borrowing, at much higher interest rates, to minimally sustain the political foundations of the state. As a result, "by 1988, Jordan's debt was twice its Gross Domestic product," (Ryan 1998c, p. 56). As it went into greater and greater debt the state became even more directly

responsible as the nexus for ensuring the supply of economic resources and sustaining their channels of distribution. But then as remittances and aid further dropped in the late 1980s the credit came to an end (Brynen 1992, pp. 84-89).

Table 10.4 The decline of rentier incomes, 1979-1988
Share of GNP

Year	Mineral Exports	Manufactured Exports	Remittances	Foreign Aid	Tourism
1979	8%	4%	23%	45%	19%
1980	8%	4%	22%	41%	17%
1981	8%	6%	25%	34%	15%
1982	7%	6%	24%	25%	12%
1983	6%	5%	28%	20%	11%
1984	9%	8%	31%	17%	11%
1985	7%	6%	20%	15%	10%
1986	7%	4%	21%	11%	9%
1987	6%	5%	15%	9%	9%
1988	7%	6%	14%	8%	9%

Source: (World Bank 1980; Brand 1994; Central Bank of Jordan 1994, pp. 28-31)

In 1988 these pressures forced Jordan to devalue its currency, dropping a total of 45% against the dollar, and to implement emergency measures to control luxury imports and foreign currency transactions (Brynen 1992, p. 88), freeze investment in large public sector projects, and raise custom duties (Piro 1998, p. 89). This era marked a transition for the Jordanian middle class with their income sources evaporating, the value of their wealth diminished, the cost of imported products soaring, and the hopes of sending their children to university in the United States now out of reach. The state was compelled to implement an IMF directed economic austerity program in the spring of 1989.²⁵² A Ryan observes, "The public response to the austerity measures and the resultant price hikes was swift and dramatic" (Ryan 1998c, p. 57). Riots broke out in the southern town of Ma'an, long viewed as a government stronghold. They reached the town of Salt. These riots—were noteworthy as they did not originate from the disgruntled, Palestinian population

centers. The riots were “local townspeople threw rocks, looted, and chanted slogans against the al-Rifai government alleged mismanagement of the economy” (Satloff 1992, p. 138) engulfed the East Bank Transjordanian townspeople who long formed the core backers of the Monarchy, but who reaped the least from the boom of the 1970s and the growth of consumerism. This event demonstrated how the Jordanian regime, in contrast to the observation made by Hudson (1977) in the 1970s, had become popularly accountable for the national economy that in effect was more of a distributional economy rather than a productive one. In an earlier era riots were provoked by the extension of state authority to these regions, but now the riots were being provoked by the retrenchment of the state.²⁵³

It was in this context that Jordan began a controlled political opening which included submitting the Lower House to elections and, later, the legalization of opposition parties and the drawing up of a national charter (Brynen 1998; Mufti 1999). Most commentators have stressed how this process was driven by declines in rentier incomes and used as a means to temper the critical political reaction to the austerity measures (Brand 1992; Brynen 1992). It is crucial, though, not to see this policy choice as determined strictly by economic factors but as part of the formulation of an alternative political survival strategy.

While the Jordanian state since its inception has relied on external income in the forms of strategic aid, it was only by the end of the 1970s that the state became a what Lisa Anderson calls a “pre-industrial welfare state” viewed broadly as the guardian of the economic wellbeing of all its citizens (Anderson 1997). Nevertheless, political mobilization was not organized based on class-based economic issues. If these were allowed to form the basis of political mobilization, political liberalization would have surely been viewed by the state as putting regime stability at risk as well as creating policy stasis by creating a means for the population to veto economic austerity measures. Moreover, by 1989 state officials became aware that

²⁵² See Satloff (1992).

²⁵³ See Rogan (1994).

they could no longer rely to the same degree on tools such as subsidies and public sector jobs to maintain its political support base. Even if Jordan had the economic resources, the IMF was pushing for a shift in economic policy away from subsidies and over-staffed bureaucracies and public sector firms. At the same time, in the wake of the severing of ties with the West Bank, Jordanian society—both East Bankers and those of Palestinian origin—were sorting out what this redefinition of the Jordan as a nation-state would affect their position within it.²⁵⁴

The elections process and the drawing up of the nation charter can thus be viewed as an attempt to develop a new political framework for the structuring state-society relations which throughout the 1970s and 1980s has come to rely on rentier incomes and large state expenditures financing the military, public sector, and consumer subsidies. The National Charter, for example, represents the first effort to craft a very broadly inclusive “census statement—by the king and parliamentarians, tribal notables and urban elites, East Bankers and Palestinians, conservatives, liberals nationalists, and Islamists—on the political rules of the game under liberalization” (Brynen 1998, p. 78). One way to view these new rules is that they allow the state to depoliticize, or pre-empt the further politicization of economic issues in the Kingdom. With less material rewards to dole out as patronage, the regime transformed the function of the state from a nexus of material patronage to a space open for political contention, under highly constricted rules. These new structures would allow the state to redevelop political ties to a regime support bases including, for example, tribal elites and the minorities groups who long backed the King. In the 1950s, during the last period of “liberal” politics, political mobilization was dominated by Arab nationalist and leftist trends, mostly within the Palestinian population. In the early 1990s elections might form a new means, such as the granting of land deeds and local government authority had, to reconnect the tribal East Banker elements of all socio-economic classes to the state.

²⁵⁴ See Abu-Odeh (1999, pp. 224-236), Lynch (1999, pp. 106-114), Massad (2001, pp. 258-263).

Political liberalization, however, did nothing to solve Jordan economic problems nor in itself give the state new options. As Laurie Brand notes “while budget cutting threatened one part of the government formula—the support of the Transjordanian bureaucracy and army—revenue raising threatened the other—the state’s demand for political acquiescence from the important and largely Palestinians bourgeoisie in exchange for few extractive (taxation) demands” (Brand 1994, p. 291). By 1989 both ends of the ruling formula had suffered significant erosion. Now in the position where national security and domestic stability hinged crucially on promoting economic development, the resources available to the state for managing the productive side of the economy were too limited to ensure regime stability.

Towards post-rentier strategy, 1990-1991?

Often passed over in discussions of Jordan’s political opening is Jordan’s simultaneous effort to forge a new economic structure to sustain a new phase of state building in Jordan. The new phase required a means to promote economic development, for only with development would increased extraction, either direct through taxation or indirect with import duties and the like, be possible.

One element of this new post-rentier strategy was the development of tourism. The devaluation of the Jordanian Dinar had made Jordan a much cheaper destination and there was growing interest in government agencies,²⁵⁵ back by US aid, to encourage the sector. A tangible result of these efforts was the building of new rest houses, financed by USAID, in Pella and Umm Qeis providing adequate facilities to make these archeological sites in the northern part of the country key stops for packaged tour groups. In 1989 Jordan saw noticeable increases in visitors from France, Italy, and Spain. With the devaluation, in dollar terms receipts

²⁵⁵ As discussed below, this era saw the formation of the Ministry of Tourism.

declined 10.8% but valued in local dinars the sector saw a 37% increase (EIU 1992, p. 25).

Another key element was founded on February 16, 1989 when Jordanian officials met with those of Egypt, Iraq, and North Yemen to announce the formation of the Arab Cooperation Council (ACC). What is interesting about the ACC is that unlike other Arab regional associations of the past it was not a political alliance based on mutual security interests, nor, an attempt at a watered-down pan-Arabist unity pack. It was one of the few efforts in recent Arab history to forge an organization between states with mutual, cooperative economic interests seeking to develop a framework for deeper economic integration. It stands in vivid contrast to the Arab Maghrib Union (AMU) created the very next day. The AMU is a pact between the continuous states of Arab North Africa, which have limited complementary economic interaction between them. Most of the AMU states, particularly Tunisia and Morocco, have instead sought to forge greater economic integrations with global and European markets rather than develop cross regional trade. The ACC states are barely contiguous but as Curtis Ryan (1998a) points out in the late 1980s they had complementary interests and economies which could benefit from increased integration. These interests included facilitating labor flows between member states. Workers in Jordan and Egypt were needed to take part in the reconstruction of Iraq which recently ended its war with Iran. Iraq was Jordan's largest trading partner as well as being its primary source of oil. Moreover, as Laurie Brand notes "Saddam Husayn had promised to reward those who had stood by Iraq during the war. Since Amman had been one of Baghdad's staunchest supporters during the war, the Jordanian leadership had every reason to believe that Jordan would be among the first in line for a substantial share of the reconstruction contracts (Brand 1994, p. 283). Jordanian business elites "were highly enthusiastic about the ACC's economic potential" for them the ACC "represented an institutional and organization structure that ensured increased access to those markets would continue" (Ryan 1998a, pp. 394-5). Moreover, within the ACC

structure, Jordan, with port of Aqaba would function as the essential nexus point for transporting oil, manufactured goods, and workers. Another goal of the ACC “was to approach donor countries and institutions as a bloc to renegotiate outstanding debts” (Ryan 1998a, p. 389). While Jordan’s effort to forge economic integration between the ACC states does not amount to a development strategy in itself, the framework for economic development which the ACC would have help structure and promote could have provided the Jordan state building with a least the first steps towards forging a new post-rentier economic foundation. Cheap oil and reduced debt servicing costs would have helped the state budget, the Iraq labor market would helped employ low skilled labor, the business opportunities provided by the Iraqi and Egyptian markets would be a boon for the Palestinian dominated bourgeoisie, and the increased trade flow though the port of Aqaba would create a source of jobs and income in the south.

On the other side of the Jordanian-Iraqi border, the post-war Iraqi state was faced with different set of state building challenges. After the end of its war with Iran, Iraq began to implement a program to restructure its state-dominated war economy with far reaching economic liberalization reforms (Chaudhry 1991; Chaudhry 1992). With a state-dominated economy and a social support based closely tied to the mangers, workers, and consumers of the subsidized products it produced, economic liberalization required both cutting of this constituency while likely giving greater autonomy to the a rising bourgeoisie. At the same time, the Iraqi state was faced with the prospect of absorbing into its economy and society hundreds of thousands of demobilized troops. The challenges and risks for Iraq were far greater than those were for Jordan were. As Mufti sums up the state building dilemma: “Liberalize and risk losing control or crack down and risk revolution. The temptation to escape this dilemma through foreign adventure would be great under any circumstances. In Saddam’s case, it was further strengthened by the presence of a defenseless but wealthy neighbor which, moreover, tried to exercise leverage

over Iraq throughout 1990 by insisting that it repay its wartime debts and by overproducing oil so as to drive down prices ”(Mufti 1996, p. 228).

On August 2, 1990 as Iraqi tanks rolled into Kuwait the world witnessed in horror the choice Saddam had made. As the US lined up its Gulf War coalition, the ACC hope for economic cooperation was shattered with Egypt standing firmly against Iraq, while Jordan sought to find an impossible middle position constrained by its shared interests with Iraq, popular pro-Iraqi political mobilization within Jordan more open civil society, and the Jordanian King’s desire to maintain the unity of his people and the stability of this throne.²⁵⁶ In making his choice the Iraqi president would also seal the fate of Jordan’s short lived strategy for economic development and state building.

²⁵⁶ See Brand (1991), Harknett and VanDenBerg (1997), Mufti (1997, pp. 23-31), Lynch (1999, pp. 140-165).

Chapter 11

Reconstructing the economic foundations of state building Jordan: Economic development, tourism, and the peace process 1991-1995²⁵⁷

In the early 1990s Jordanian policy makers came to envision a reconstruction of the political economy foundations of the state based on an increased emphasis on the promotion of economic development, domestic extraction of resources, and integration of the domestic economy into global markets. The keystone of this move was the signing of a comprehensive peace treaty with Israel in 1994. This chapter explores how and why state policy towards tourism development quickly shifted from passive and low-priority efforts within the public sector to high level national development plans seeking to encourage private sector development and a massive international aid and investment to bolster the sector. As in Tunisia, tourism played a central role in the effort to develop a non-repressive survival strategy for state. The influx of international tourists after the signing of a peace treaty with Israel was expected to make Jordanians tourist sites become not only spaces for the extraction of windfall monopoly rents, but also spaces for reterritorialization generating sustainable locational rents and externalities. While the state privatized many elements of its substandard tourism holdings and facilities, state planner envisioned a state-guided national restructuring of the tourism economy where state institutions would be able to guide private sector firms through its control over tourism site development, infrastructure planning, and national marketing efforts. The fate of these efforts will be dealt with in the following chapters. First, however, this chapter considers how the signing of a peace treaty with Israel—while

²⁵⁷ The majority of this chapter is excerpted from my “Mapping the Landscape of the ‘New Middle East’: The Politics of Tourism Development and the Peace Process in Jordan,” published in *Jordan in*

critical for the states' geostrategic interests—threatened to generate widespread political opposition, especially from the Palestinian dominated professional and business classes. I explain how the short term prospects for tourism development played a pivotal role, first in the state's efforts to "sell the peace," then as the designated "new engine of national development" which was expected to increase the living standards of all Jordanians.

The logic of the peace treaty: the role of economic development in the new nationalist discourse

If political liberalization, as some have argued, was enacted to absorb or deflect popular reaction against economic austerity and reform measures it was not a strategy likely to succeed for very long. Jordan's first effort towards establishing the foundations for a post-rentier pattern of state building, based in part on trade with Iraq, was cut short by the end of the Gulf War. And as a consequence of Jordan's refusal to join the US anti-Iraq coalition and the expression of popular support for Iraq during the war, Jordanian citizens were no longer welcome to work in the Gulf. In a few months "some 300,000" Jordanians, 95% of them of Palestinian origin, were forced to "returned" to Jordan (Le Troquer and Al-Oudat 1999, pp. 37). The expulsion of Palestinians from the Gulf brought significant capital into Jordan but the economy was not able to easily absorb it, nor provide jobs for these professionals and workers who had become accustomed to higher living standards and were now bringing up price levels for the economy as a whole. The option of Gulf Arab aid was eliminated while the scale of future of U.S. aid became, for the time being, uncertain. The UN sanctions imposed on Iraq after the war cut off any opportunities for Jordan-Iraqi trade and economic cooperation. Cheap oil still flowed into Jordan and unofficial trade continued, but the US put great pressure on

Transition, 1990-2000, edited by George Joffé, London: C. Hurst, 2001, pp. 332-340. Used by permission.

Jordan to limit these flows to those allowed under the UN sanctions. As the sanctions wore on and Iraqi intransigence continued, Jordanian-Iraqi relations eventually soured even as much of the Jordanian population remained sympathetic to the plight of the Iraqi people and Jordan operated as its last open link to the outside world.

In the early 1990s Jordan's became a nation-state and a national economy confined by its territorial borders. The severing of ties with the West Bank gave a sharper "Jordanian" focus to the definition of the national interest as it was no longer clouded by pan-Arabism and Palestinians issues which had long left Jordan walking a tightrope within the web of regional Arab political forces. While the King's Gulf war stance broaden his domestic popularity and legitimacy and unified diverse political currents, this unity was not likely to last. Transjordanian nationalism—which at the extreme suggested that all people of Palestinian origins, should "return" to there—was growing bolder. The continuing economic liberalization program—which required cutting back civil sector employment and consumer subsidies—was putting increasing strains on the state's social support base while limiting the state's options to stabilize this support.

Meanwhile in fall of 1993 Israel and the PLO announced they had reached an accord, the product of back-channel negotiations in Oslo, which established mutual recognition by both sides. While King Hussein was initially upset for being left in the dark about the negotiations he was quick to take advantage of the new situation. The Oslo accords removed the "burden" of Jordan attempting to represent or speak for the Palestinian cause or risk "selling out" and allowed Jordan to quickly enter in formal negotiations with Israel. Within about a year, after addressing territorial, strategic, political, and economic relations between the two countries, Jordan and Israel staged an elaborate treaty signing ceremony at the newly opened Wadi Araba cross point. Robert Satloff observed that "Today, Israel and Jordan are at peace, having negotiated a remarkably creative treaty that not

only ends 46 years of war but sketches a blueprint for a warm web of political, economic, and human relationships”(1995, p. 109).

The King’s choice to rapidly conclude a peace treaty with Israel was driven in part by the desire to maximize Jordan’s future strategic interests in this emerging environment. The treaty allowed Jordan to reposition itself strategically in the emerging regional order dominated by the United States and its eastern Mediterranean allies, Israel and Turkey.²⁵⁸ It also allowed Jordan to seek increased military support and economic payoffs from the United States. The treaty, moreover, had a strong economic element. It was negotiated in the context of efforts by the center-left governments in Israel and the US to re-imagine the political economy of the Middle East through the lens of the “New Middle East.” This vision was most emphatically articulated by Israel’s foreign minister and peace negotiator Shimon Peres. In a 1993 book, *The New Middle East*, Peres laid out a far reaching plan for the future of regional integration and economic cooperation across the Middle East. He called for “a New Middle East following a European plan: economic cooperation first, followed by increasing, ongoing political understanding until stability was achieved ”(Peres 1993, p. 11).²⁵⁹ The proponents of this so-called “New Middle East” vision argued that such a model would help promote Arab-Israeli peace by demonstrating that it could generate mutual economic benefits and would then solidify closer relations by forging shared material and strategic interests between the governments and their respective private sectors.²⁶⁰

²⁵⁸ See Mufti (1997, pp. 19-20), Ryan (1998b, pp. 162-166) and James Wyllie, “Jordan: vulnerabilities in the peace process,” *Jane’s Intelligence Review* May 1, 1996, p. 221.

²⁵⁹ Exclaiming that “the Middle East needs a Jean Monnet approach today” (p. 71) Peres explicitly modeled his vision after post-World War II visions of Europe which led to the formation of the European Economic Community. His vision echoes the thinking of the liberal “integration” theorists of the 1950s and 1960s. See Puchala (1988). On the nuts and bolts planning efforts to promote regional economic cooperation, see Hazboun *et al.* (1996).

²⁶⁰ See, for example, the remarks of US Secretary of State Warren Christopher at the Royal Palace, Casablanca October 30, 1994, “Building the Structures of Peace and Prosperity in the New Middle East” Christopher (1998, pp. 207-212). As Jordan and Israel were about to sign a document ending their state of war, Christopher even claimed that “This is a situation where the economics of it may

Following Laurie Brand's argument that "budget security" is the defining motivation behind foreign policy choices in Jordan,²⁶¹ many commentators on the peace treaty have emphasized how the potential economic rewards of peace shaped Jordan's interest in the treaty.²⁶² While it is clear that Jordan's expectation of economic rewards in the wake of peace made the option of peace more attractive and made the selling of the peace easier domestically, a full assessment of the economic aspects on the peace process requires asking where the economic gains were going to come from and how they were going to be disbursed. Jordan's quickest material rewards from a peace deal were expected to consist of aid and debt relief from the United States. A peace with Israel had been understood as the American condition for a increase in aid flows and a year after the signing the US had written off \$700 million of Jordan's debt and offered about \$375 million in military and economic aid.²⁶³ However, this aid was not enough generate economic growth and spread the gains broadly. Moreover, under IMF imposed austerity measures and pressures for economic privatization and liberalization,²⁶⁴ debt relief and aid would not have enabled the state to expand public sector employment, increase consumer subsidies, and rebuild and sustain the old political patronage systems.

In his effort to craft a "constructivist" reading of Jordan's foreign policy, Marc Lynch faults what he terms "rationalist" readings of Jordan's foreign policy which assume Jordan's national interests—economic and otherwise—are objective and

be driving the politics of it," see Elaine Sciolino, "The Mideast Accord: The Impact," *New York Times* July 26, 1994.

²⁶¹ Brand (1994, p. 26) argues that "Regime security in its most basic terms may in fact be budget security, understood in terms of reproducing the conditions necessary for the ruling coalition to continue to pay the bills, preempt the development of opposition, or cultivate sufficient domestic support to make coercion against such groups possible."

²⁶² See Brand (1994, pp. 295-297), Zunes (1995), Ryan (1998b, p. 166-7), Winckler (1998).

²⁶³ "US set to write off \$420 million in debt," *Middle East Economic Digest*, 6 October 1995, p. 15-6.

²⁶⁴ While political factors have stalled the privatization of the state-owned sector, and IMF report outlines its vision for the future transformation of the Jordanian economy: "The ongoing reforms seek to better integrate the Jordanian economy with the rest of the world. The continuing liberalization of Jordan's trade system is a cornerstone of its outward-oriented growth strategy, as will enable the country to benefit from regional developments and new opportunities arising in the wake of the peace process" see Alonso-Gamo (1996, p. 53).

fixed. He argues that such analyses ignore “...the importance of identity and public deliberation in producing state interests” (Lynch 1999, p. 167). Lynch’s constructivist reading focuses on the process through which Jordan’s national interests and the tactics used to pursue them have been periodically reconstructed. In this vein Lynch suggests that the choice of the peace option was not determined primarily by an economic calculation but that “...the economic rewards were more of a public sphere justification strategy than a major cause” of the peace treaty (Lynch 1999, p. 179). By this he means the public discourse over the economic rewards can be viewed as part of an effort to redefine Jordan’s national interests and identity. In particular this transformation meant a disengagement from Arab nationalist and Palestinian concerns and an embrace of closer integration into the global economy. Additionally, the official public discourse supporting the New Middle East vision can be understood as an effort to evoke a “...substantive change in norms and institutions” in Jordan.

Along with this reconstruction of Jordan’s political economy, which would redefine its identity and interests, Jordan’s support of the New Middle East vision developed as part of a process of reformulating the regime’s political survival strategy. In the late 1980s, as discussed in the previous chapter, Jordan began a controlled political opening that was widely viewed as driven by declines in rentier incomes such as remittances and aid from the Gulf. Political liberalization was used, in part, as a means to temper the critical political reaction to the imposition of economic austerity measures. In the 1990s, though, operating in a context of more open political discourse the King’s policy of pursuing a rapid peace treaty with Israel risked fostering domestic political opposition which now had a more open press and parliament as vehicles for dissent, even though in the 1993 election the representation of the Islamist and left/nationalist opposition forces had declined from its 1989 level (Robinson 1998, pp. 397-401; Mufti 1999, pp. 116-121). This shift led to the easy passage in the chamber of deputies 55 to 23 of the ratification of the peace treaty (Mufti 1999, p. 121). Jordan’s entry into the peace process signaled

another shift in the state's survival strategy, this time de-emphasizing political openness²⁶⁵ and focusing on broad-based national economic development as a basis of political stability and regime legitimacy. What was most critical for the government about the expected economic rewards from peace was that the New Middle East model would establish the foundation for a new economic development strategy for the Kingdom which would provide material benefits to wide segments of the population. "As Prince Hassan often explained," Lynch notes, "a Middle East Market could allow Jordan to break its dependence upon foreign aid and turn its particular combination of human capital, close ties to Israel, and poor natural endowments to its long term economic advantage" (Lynch 1999, p. 180).

While it is unlikely King Hussein himself ever concerned himself directly with the details of economic statistics and planning strategies, in the early 1990s economic issues began for the first time to infuse his political and nationalist discourses which helped make economic development an urgent concern of the government. After nearly a decade on pushing economic reform aside and allowing the pressing economic problems of the kingdom to be left in the hands of expendable government officials, the king no longer distanced himself from economic policy.²⁶⁶ The importance of economic reform and the mobilization of the Jordanian people for the task of generating economic development became a prominent aspect of not only

²⁶⁵ Brand (1999) argues that the developments in the peace process led directly to retreats in the political liberalization process.

²⁶⁶ In 1989, Ryan (1998c, p. 57) notes, austerity measures were enacted while the king was out of the country and Prime Minister Zayd al Rifaai "took the brunt of public anger." The King's commitment to economic reform was in evidence seven years later austerity measures again provoked riots. This time King Hussein displayed clear support for the economic reform policies and his prime minister, see Ryan (1998c, p. 62). At the time Prime Minister Kabariti even held a press conference to explain how the government was working to compensate those negatively affected by the reform measures. And "while Kabariti was speaking," Ryan observes, "the king entered the room and literally stood behind his prime minister" Ryan (1998c, p. 58). While Kabariti would eventually have to succumb to pressures for his resignations coming from the street and from parliament, but the King nevertheless stood behind the economic reform efforts and after dissolving parliament appointed as prime minister the tough, loyal, and highly experienced Abd al-Salam al-Majali, who had preceded Kabariti.

official government discourse, but of the King's own speech and actions. This elevation of economic issues increased the prominence and importance of the government technocrats who had long labored away in places like the ministry of planning but whose efforts had always been subject to external economic conditions. The operations of the rest of the government were refocused to give great influence to economic affairs.

As anthropologist Elizabeth Beal observes "In a very tangible sense, the King's inclusion of economic development as a prominent theme of nationalist discourse is absolutely essential to the success of the Jordanian nation building project. If Jordanians are to feel energized about their national identity, if they are to feel that their future lies with Jordan and not with the Palestinian National Authority or some other entity, then opportunities for employment and career advancement must be available to Jordanians residing in the country" (Beal 1998, p. 204). Economic advancement could no longer be found by working in other Arab states and thus the Jordanian economy itself had to produce these opportunities to insure national unity. A crucial element of the new nationalist discourse was a call to the private sector to begin to perform a critically needed function, "The King," Beal reports, "has spoken repeatedly of the necessity of unleashing the energy of the private sector in the interest of national development" (1998, p. 209). The King's "unleashing" of the private sector would require he put pressure on the parliament and state regulatory institutions to create incentives and an adequate institutional framework to sustain private sector investment and entrepreneurship. As government control gave way to private initiative, the Palestinians bourgeoisie was being fully integrated, for the first time, into the national project. Moreover, over the years "the regime had used the liberalization process—in both economic and political terms—to broadened the base of the dominant coalition underpinning Hashimite rule. This pro-Hashimite coalition drew together business, political, and military elites with a common interest in opening Jordan to greater economic opportunities, from foreign investment to the revitalization of tourism and trade, By

establishing peace and formal political and economic linkages to Israel, many Jordanians hoped to create the basis for an economic boom in the kingdom and region”(Ryan 1998b, p. 168).

Economic development was also critically needed, more than ever, for generating national wealth, employment, and tax revenue for the state. In contrast to most other postcolonial states, national discourse in Jordan had generally not emphasized references to state-led national industrialization. While the state promoted the modernization of the country, including social change and infrastructure development, economic development was almost viewed as a private matter relative to other postcolonial state. However in the 1990s “Economic prosperity undergirds the entire nationalist discourse in that it forms, in the King’s own words, ‘the bedrock of stability and genuine security’ (*Jordan Times* 10-28-95)” (Beal 1998, p. 204).

The prospects for economic development opened by the peace treaty were both critical for state building as well as promoting popular support for the treaty itself. And this theme became a central element of official discourse in the year after the peace treaty. King Hussein often assured the Jordanian people that “the economies of their region were indeed capable of rapid, widely shared sustainable growth...Within five years, he declared, if matters proceeded as Jordan hoped, the kingdom would be economically independent and the people would have the opportunities to live the life they deserved” (Susser 1997, p. 391). Prime Minister Majali even promised that “economic opportunities generated by the peace treaty would ‘kill the specter of unemployment’” in Jordan.²⁶⁷ Trade and Industry Minister Ali Abu Raghrib “put the government’s position quite bluntly, ‘the success of the peace treaty,’ he said, ‘hinges totally on the success of [economic] development efforts.’”²⁶⁸

²⁶⁷ Speech to the Senate on November 9th 1994 as cited in Astorino-Courtois (1996, pp. 1036-7).

²⁶⁸ As quoted in Mark Power-Stevens, “Overt tension as Jordan faces up to a new Era” *Middle East International*, 21 July 1995 and cited in Astorino-Courtois (1996, p. 1043).

It is hard to prove conclusively that the expectations of economic dividends make the difference in mobilizing popular support for the regime's decision to so rapidly sign such as extensive treaty agreement. One measure is the judgement of George Hawatema, the editor of the English language *Jordan Times* newspaper. He has suggested that that 20% of the Jordanians population, representing the solid core of the regimes support base, solidly backed the peace treaty. While 20% of the population, consisting mostly of Islamists, rejected the very idea of the treaty. Meanwhile, the remaining 60% of the population were "giving the treaty a chance to provide its dividends" economic and otherwise (Susser 1997, p. 390). A more scientific assessment is offered by a survey conducted by Allison Astorino-Courtois in which she sought "to evaluate the prospects for marketing peace in Jordan, and in particular the extent to which [the government's] emphasis on the economic benefits of peace is in fact likely to encourage domestic support for an accord" (Astorino-Courtois 1996, p. 1037). Astorino-Courtois conducted a survey of 165 University of Jordan students in June 1994 before the treaty was formalized. The survey questions would cite information, such as economic reports about the expected consequences of the peace, and then ask the subject to rate the importance of this information to shaping if he or she supports the treaty. Astorino-Courtois conclude that among those surveyed who supported the treaty "information regarding the *economic* benefits of a peace accord is associated with the highest mean support for peace"(Astorino-Courtois 1996, p. 1043) She also concludes that "the empirical analyses suggest that the government's present emphasis on the economic payoff of a peace agreement is well-targeted to encourage support amount constituents both positively and negatively oriented toward the peace process" (Astorino-Courtois 1996, p. 1050).

Selling peace, tourism, and the “New Middle East” in Jordan

After signing the peace treaty, not only did the government have to mobilize and maintain popular support for the treaty, but they also had to insure that the domestic conditions for increased investment were achieved. The promotion of tourism development was a central aspect of both efforts. While the King and other elites had long looked to Jordan's cultural resources as a potential source of national income, the state's promotion of tourism was for years lack luster while it nevertheless earned significant amounts of hard currency in all but the years of major regional turmoil. It was only after the devaluation in 1989 which caused a great expansion in tourism that the sector gained serious attention by state officials. The Jordanian desire to build a tourism industry increased soon after the Gulf War even before a peace with Israel was certain. In July 1991 Prime Minister Tahir Al Masri stated that “The government will seek to draw up a comprehensive tourism plan to effect a qualitative lead in this sector and to develop it... Through this plan, we hope that we will make the tourism sector a main source of foreign currency and a creator of job opportunities.”²⁶⁹ In 1991 tourism began to rebound amounting to 9.2% of GDP.

With few other options, the prospect of a boost in national income initiated by expansive tourism development in Jordan became the linchpin for the state's public sphere justification strategy of both the peace treaty and, more broadly, of state legitimacy. The arguments for realizing the economic gains of the peace through tourism development were expressed early in the peace process. On November 23, 1993 in a speech to the parliament concerning the peace process and broadcast on Jordanian TV, King Hussein noted his pride in the national treasures of the archaeological sites and historical buildings of the nation. He then went on to say

²⁶⁹ Policy statement to House of Representatives broadcast on Jordan Radio, 11 July 1991 from *BBC Summary of World Broadcasts*, July 15, 1991.

that the government would support the development of tourism facilities so they can receive tourism and guests and that “this should increase economic returns in a manner that would support the balance of payments, replenish the treasury’s hard currency reserves, augment the economic growth rate and expand the gross national product.” He made particular reference to the private sector which “would have a major role to play in tourist development” and would be encouraged “though incentive expanding investment, streamlined procedures and tourist development legislation.”²⁷⁰

Tourism development quickly became a central theme of the public promotion of the peace process by all sides. Shimon Peres had already articulated a vision in which tourism would help begin stitching the economies of the Middle East together. “Tourism,” he writes, is “one of the most important resources of the sun-soaked Middle East.”²⁷¹ He called for the building of an expansive tourism and recreation infrastructure along a “Red Sea to Dead Sea canal”, joint regional tourism projects, and a major airport along the “Gulf of Eilat” serving Israel, Jordan, Egypt and Saudi Arabia. Claiming that “violence” had been the main barrier to tourism development in the region, he stretched his enthusiasm for tourism to suggest that, “A flourishing and stable tourist industry is also good for stability – equal in importance to an international police force”(Peres 1993, p. 74). He even went as far as to suggest that, “Today, more than ever, the measure of a country’s strength is not how many troops it has but how many tourists” (Peres 1995, p. 199). Most critical to the argument presented below, Shimon Peres confidently noted that tourism “...is an important industry, which can, *in a relatively short time*, generate profits and create employment opportunities” (Peres 1993, p. 74, emphasis added).

Promoting regional tourism development was widely viewed in the international community as the critical first arena across which regional linkages

²⁷⁰ BBC Summary of World Broadcasts, November 25, 1993.

²⁷¹ Peres (1993, p. 149). See also pages 150-153.

would be formed and economic cooperation would begin. Patrick Clawson in a 1994 report assessing the prospect for tourism development and economic cooperation in the New Middle East states:

Tourism offers a wide variety of opportunities for the economic development of the Levant. More importantly from the perspective of the international community it holds the prospect of demonstrating the material rewards of Arab-Israeli peace. Many of those rewards will come automatically, as a more peaceful environment encourages more visitors and stimulates private sector investment in tourism facilities. In addition, there are a variety of ways in which government action and donor assistance could further encourage tourism. (Clawson 1994b, p. 7)

“Furthermore, in the area of tourism, as Clawson notes, Arab states are on more of an economic par in this field than in any other” (Drake 1999, p. 20).²⁷² This view became manifest in the large contributions of American, European, and Japanese aid to support tourism development planning and antiquities preservation. A 1993 USAID “tourism strategy” report states:

With an unpredictable regional market for Jordanian labor, and unreliable sources for concession aid, Jordan must now depend on its exports of good and services as a more stable source of foreign exchange. Tourism development has the potential to broaden Jordan’s export base and provide an increase in foreign exchange earnings, without a huge outlay of expenditures, at least in the short run. This, in turn, can stimulate other sectors of the economy by creating linkages in areas such as agriculture and manufacturing.”²⁷³

Most critically for the domestic front, the tourism sector was envisioned as being able, *in the short term*, to provide the national economy with tangible economic benefits from the peace.²⁷⁴ Thus not only would peace bring the state

²⁷² See also Clawson (1994a, p. 159).

²⁷³ USAID, “USAID/JORDAN 1993 Tourism Strategy” Attachment 5, of preliminary *Project Identification Document: Jordan Tourism Development Project*, May 17, 1999, p. 2

²⁷⁴ While not highly publicized at the time, it was understood in many quarters that the material rewards from the treaty would not come quickly and even debt relief and aid from the United States might be drawn out over a few years. These would be inadequate to publicly justify the peace, especially in the short term. For example, delivering a speech written by Prince Hassan to the Middle East Policy Council in Washington, Dr Jawad Anani, a key figure in both the peace process and economic development issues in Jordan, acknowledged that indeed, according to a World Bank report, Jordan’s national income and state revenues would probably drop in the first years after a peace deal, see World Bank (1994). Liberalizing trade, for example, would mean lowering tariffs, and this would mean a decrease in government revenues and in most sectors Jordan’s economy was far outmatched by Israel’s. The World Bank report even notes that Jordan’s underdeveloped tourism facilities would make it very difficult to compete with Israel and Egypt. Dr. Anani thus suggested

additional debt relief, aid, hard currency, and tourist fee revenues, but by linking the expansion of tourism so closely with the advance of the peace process in the official public discourse, the peace could be represented as offering benefits broadly to anyone willing to take advantage of the opportunity.

Government officials conducted both private and public campaigns to promote private sector investment in tourism. The leader of the wealthy merchant families, with close ties to the Royal family, and other prominent business were actively involved in the economic discussions surrounding the peace process. Many began lining up capital, feasibility studies, and right to lease land. Many private sector business people who chose to invest in the tourism sector were influenced to some degree by direct encouragement from state officials to invest conveyed through meetings they attended with officials, including even Prince Hassan, encouraging them to invest in tourism for the sake of the national welfare.²⁷⁵ Others were influenced indirectly by local press reports of such meetings and other press conferences concerning the likely economic consequences of the peace treaty. The public campaign took place at a broader scale, seeking to encourage international as well as domestic investment. In addition to the announcement of the opening of border crossings with Israel the Jordanian government pledged a massive tourism infrastructure plan and began drawing up a series of tax incentives for foreign and local investors in the sector.²⁷⁶ To promote investment numerous press conferences, covered by the international media, were held announcing the expected growth of tourism in the country. For example, in August 1994 at the Dead Sea the minister

that Jordan would first have to invest heavily “in roads and infrastructure and hotels and restaurants” before the gains could be realized, see Hassan Bin Talal (1994). His remarks, though, also demonstrate how many officials thought that Jordan would be able to depend on the tourism sector to get through the difficult transitional phase: “So, what we’re doing, we’re doing like sometimes shopkeepers [do], looking for things which can generate cash, like encouraging tourism, you know. There is ready money there.” Reported by the *Federal News Service*, September 26, 1994. The transcript is reprinted in a slightly altered form in Hassan Bin Talal (1994, p. 39).

²⁷⁵ Owner of 3* hotel in Amman, interviewed in Amman, June 6, 1998.

²⁷⁶ See Jordan (1995c) and Industrial Promotion Corporation, “Investment Promotion Law” No. (16) for the Year 1995, Regulation No. (1) of 1996, and Regulation (2) of 1996.

of tourism with his Israeli counterpart announced a plan for twenty new investment projects as he predicted a prosperous tourism industry in the coming years. “You know,” he said, “Tourism is a peace industry, [it] flourishes always within a peaceful environment that is based on stability and security. And we believe that all parties in the region...will benefit greatly once peace is achieved.”²⁷⁷

The official effort to publicly promote tourism investment gained its greatest exposure with the plans prepared by the Ministry of Planning and presented under the eyes of the world media at the 1994 and 1995 Middle East and North Africa (MENA) summits in Casablanca and Amman. The convening of the MENA summits was a US sponsored effort to shatter the taboo on private sector cooperation” between Israelis and Arabs (Christopher 1998, p. 200). In his memoirs Secretary of State Warren Christopher gives Peres the credit for originating the idea of the MENA summits (Christopher 1998, p. 204), which was clearly modeled on the Israeli Foreign Minister’s New Middle East vision. The first conference was held in Casablanca, Morocco, though “it was due to have been held in Jordan in April” but as the Peace treaty with Israel was not signed yet, Jordan would have been unable to host all delegations, such as one from Israel.²⁷⁸ In his speech to the gathering government officials and over 1,000 private sector leaders from across the Middle East and North Africa, Christopher announced that “an ambitious master plan for the development of the Jordan Rift Valley has been completed. Joint efforts to promote tourism in the Red Sea ports of Aqaba and Elite are already attracting millions of dollars of investment in hotels, infrastructure, and tourist facilities” (Christopher 1998, p. 209). He also announced as one of four US initiatives the creation of a regional tourist board, stressing that “tourism in one of the clearest and quickest ways to generate hard currency reserves. The Middle East and North

²⁷⁷ Radio Jordan broadcast in English, August 17, 1994, transcribed in *BBC Summary of World Broadcasts*, August 19, 1994.

²⁷⁸ Prime Minister Abd al-Salem al-Majali, October 18, 1994 news conference in Amman on the draft peace treaty, broadcast in Arabic on Jordan Radio. From *BBC Summary of World Broadcasts*, October 20, 1994.

Africa abound with incredible archaeological and religious sites. Millions of tourists will flock to visit as package tours across previously closed borders” (Christopher 1998, p. 212) He ended his call that “The Middle East is open for business” with the Humphrey Bogart inspired line that “The conference could be the beginning of a beautiful friendship” (Christopher 1998, p. 203).

The following year the MENA summit was held in Amman where Christopher announced “Today, in Amman, it is time to play it again, Sam” (Christopher 1998, p. 500). With political and business leaders from 63 countries expected to attend, the *Middle East Economic Digest* reported that the “summit will be the international stage for Jordan to show the world how far it has come since the dept crisis of the late 1980s.”²⁷⁹ The run up to the summit generated great excitement and intense activity. Municipal workers labored to clean up the West Amman, “banners proclaiming Jordan’s economic promise hung over Amman’s major thoroughfares,” and “a detailed street map of Amman, the first of its kind prepared in Jordan, was printed by the Greater Amman Municipality in English and Arabic” complete with new street names honoring Transjordanian royal and nationalist figures (Beal 1998, p. 219). Parliament quickly drafted new investments codes and tax breaks. After the Conference, *Middle East Economic Digest* wrote that even after the disappointing of levels of investment and aid gained after the previous MENA summit “there is still a strong feeling that the Amman summit will indeed be one of the turning points on the march into a new era many of the elements that should ensure a more prosperous future are falling into place.”²⁸⁰

Jordanian journalist Rami Khouri laid out the stakes as follows:

This meeting is totally about politics, nationhood, survival, credibility, and even legitimacy; because in our world today the leading (maybe the only remaining) ideology is business, and the confidence and cash-flows of the global business community have become the most

²⁷⁹ Edmund Blair, “Winning over the world’s investors” *Middle East Economic Digest*, 6 October 1995, p. 4.

²⁸⁰ Pamela Dougherty, “Special Report: Amman Summit” *Middle East Economic Digest*, 27 October 1995, p. 7.

important sources of political validation and even legitimacy for many countries in the developing world.²⁸¹

The need to kick-start tourism development was viewed as critical to the success of the MENA summit in Amman. Just three weeks prior to the Amman hosting the summit the Aqaba Regional Authority and a US investor signed a deal for a \$132 million theme park and resort which “should kick –start the process” of transforming Aqaba with “Disney-style theme parks, golf courses, and resort hotels.”²⁸² Of the 27 high priority projects announced by the Jordanian government amounting to \$3511 million of investment, the two private sector tourism projects, in Aqaba and the Dead Sea, alone amounted to \$1 billion.²⁸³ The government’s tourism infrastructure plan confidently spelled out in detail the state’s visions for tourism development on a massive scale and explained that, “The 6.3 percent annual growth in hotel rooms over the past 10 years is predicted to increase dramatically, along with the average occupancy rate of 65 percent and the current average daily room rate of \$86” (Jordan 1995c). More dramatically, the Jordan Valley Authority’s *Dead Sea Master Plan* envisioned building about 10,000 bed units in hotels and apartments by the year 2000 and then another 20,000 or so over the following decade (Jordan 1995b). The plan commits the state to building all the needed infrastructure works in the area. In addition to presenting grand tourism development plans for the sleepy industrial port city of Aqaba, the tourism development projects offered by Jordan at the MENA summits did not focus on archaeological sites like Petra, but listed other projects up and down the Rift Valley. Some of these projects, such as those in the Wadi Araba, seemed extremely unlikely to draw tourists to them. Most were located in the Jordan Rift Valley, which was not only the region located along Jordan’s borders with Israel, but is was also the

²⁸¹ *Jordan Times*, October 1, 1995 as cited in Beal (1998, p. 225)

²⁸² Pamela Dougherty, “Special Report: Amman Summit” *Middle East Economic Digest*, 27 October 1995, p. 9.

²⁸³ Pamela Dougherty, “Special Report: Amman Summit” *Middle East Economic Digest* 27 October 1995, p. 27.

region rocked by riots in the wake of the implementation of economic austerity measures.

In addition to an Aqaba “Peace” airport, numerous fantastic, coordinated Jordanian-Israeli projects were officially announced at these meetings and other press conferences. These included a \$500 million Holy Land Disney World-like amusement park, a Las Vegas-style Sun City, and a Peace City that would eventually cost one billion dollars and include an artificial lake surrounded by 10,000 hotel rooms. Driven by international investment, the realization of Peres’s New Middle East vision would leave the Israeli-Jordanian border across the Wadi Araba and the Jordan River as well as the Gulf of Aqaba dotted with deluxe hotels, amusement parks, and even a multifunctional John the Baptist baptism pool and conference center. These developments were all to be connected by super highways across the desert and concrete promenades along the shores.²⁸⁴

In the wake of peace

Soon after the border crossings with Israel were opened there was a massive flood of Israeli as well as North American and European tourists. Driven by curiosity and the almost mythic aura that Petra had acquired,²⁸⁵ Israeli tourism expanded from officially zero before 1994 to over 100,000 in 1995. European and American tourist arrivals grew by 75 per cent from 204,000 over the whole of 1993 to 359,000 over the course of the year 1995. Most notably, package tourism shot up from 440,000 to 1,141,000 over the same period while total visitors to Petra rose

²⁸⁴ The following documents are revised versions of the official government schemes presented at the 1994 MENA summit in Casablanca: “Tourism Development Options,” Chapter 7 of Israel (1995) and Ministry of Planning (1995). For a sampling of international news reports, see: “Peace City to Be Built,” *Jerusalem Post* October 19, 1994; “Profits beckon in the Holy Land,” *The Independent* July 17, 1994; and “The Peace Dividend for Israel and Jordan,” *Business Week* August 8, 1994.

²⁸⁵ On the history of Israelis who died trying to sneak across the border to visit Petra before the peace treaty, see Serge Schmemmann, “Through the Gorge to Petra,” *New York Times*, February 11, 1996, p. 5:13; and Massad (2001, p. 295).

from about 40,000 during 1991 Gulf War ebb to 200,000 in 1994 and then jumped to 330,000 in 1995 and to 414,000 in 1996.²⁸⁶

The explosion of tourism visitors in 1994 and 1995 led to previously unheard levels of overbooking at hotels while all other aspects of the industry, such as bus lines and rental car agencies, quickly faced acute shortages. The occupancy rate of hotels classified as 5-star deluxe went from an average of 42 per cent in 1993 to 66 per cent over the course of 1995. Well-established hotels like the Inter-Continental in Amman were often experiencing occupancy rates of over 90 per cent.

In the midst of this tourism boom, local investors were quick to expand, often haphazardly, Jordan's tourism capacity. These new opportunities stirred the Jordanian private sector at all levels. Tourism development was being promoted as a means to stimulate national growth, not simply to benefit the firms already working in the sector. The economic potential of tourism development seemed to hold out potential opportunities for most anyone regardless of skill, profession, or even capital endowment while avoiding the question of the limits or distribution of these gains. Everyone interested, it seemed, could imagine a way to profit from the new influx of tourists. The wealthy merchant and banking families could exploit these new opportunities as could the tribes of Wadi Musa, the former workers in the Gulf now driving cabs in the wealthy sections of Western Amman, and the souvenir hawkers in the poorer areas of Amman's downtown. In particular, the rural Trans-Jordanian regions in the south and along the Jordan River in the north, which were badly hurt by the economic austerity measures, were expected to benefit by direct government efforts at fostering regional development schemes centered around tourism. Tourism was also thought to be able to benefit most segments of the Palestinian population which dominated the private sector from the assimilated bourgeoisie elites to the lower middle class shop owners. Unlike other forms of private sector development, it seemed the benefits of tourism could potentially be

²⁸⁶ Tourism statistics were gathered from the Ministry of Tourism and Antiquities, Statistical Section. Figures have been rounded off.

spread widely down the class ladder and regionally across the whole imagined national community of Jordan.

While most local smaller investors in the tourism sector, as well as a few larger ones, had little previous experience in the industry, Jordanian investments in tourism were soon spurred by growing confidence in the future of the tourism market. Few relied on previous experience or direct knowledge of the international tourism market in making their investment choices. As more and more Jordanians began to open tourism-related businesses this led others to rush to get their facilities built in order to beat their competitors to the profits. At a time when the economy was weak and there appeared to be few other opportunities, news stories about the Jordanian economy in both the local and international press singled out tourism. Mariam Shahin reported in January 1994:

Tourism is the one industry that is expected to see a major boom in the next five to ten years. Half a dozen new hotels in the historic Petra, as well as the Dead Sea and port city of Aqaba, are currently under construction. While Israel received some 650,000 visitors from Europe alone every year, next door Jordan – with less development but equally interesting tourist sites- only attracts some 40,000 tourists a year. Even if visitors simply tripled in numbers, Jordan would benefit greatly. Last year saw several new editions of tour guide on Jordan, as well as new guides aimed to lure British and North American visitors in production, a clear sign that Jordan and the tourist companies are preparing themselves for better times.²⁸⁷

As a result of these investments from 1993 to 1996 the number of hotel beds in Jordan expanded 68 per cent from 13,500 to 22,700. Over the same period the number of rental car offices expanded from only 75 in 1993 to 237 in 1996, while the number of rental cars tripled, as nearly did the number of tourist guides in the country.

It looked to many as if Jordan's economy had turned a corner and tourism had played no small part in that turn around. In 1995 *The Economist* reported:

The king claims a 'silent majority' supports his foreign policy. Maybe, but with many Islamists and Palestinians nationalist...instinctively opposed to the speed with which peace with Israel is being implemented, his best hope is economic: to persuade his hard-up countrymen that peace brings a dividend.

²⁸⁷ Mariam Shahin "Defining a nation" *The Middle East* January, 1994, p. 33.

So it goes, up to a point. Coach-loads of Israeli tourists, with Petra inscribed on their hearts, have poured into Jordan: well over 100,000 this year and close to 300,000 expected in 1996. With every Israeli tourists spending about \$500, an influx of 100,000 tourists adds nearly %1 to Jordan's GDP.²⁸⁸

The Minister of Finance Basil Jardana announced that GDP was expected to grow by 6.2% in 1995, in comparison with 5.7% in 1994 (Susser 1997, P. 403). "The economy, he observed, was performing well. Exports, tourism and expatriate remittances were all on the rise. Jordan, he said, was now entering a phase of healthy stable growth. The reduction of the foreign debt had improved Jordan's credit rating and increased international confidence in the Jordanian economy's reform policies" (Susser 1997, p. 403). By the beginning of 1996 the Jordanian dinar was stable and over the previous year the growth rate of exports was at 25% while imports grew only 12%. Income from tourism, representing about 10% of GDP, grew 24% from \$582 million in 1994 to \$723 million in 1995. Remittances had also grown 135 while foreign debt had decline as a % of GDP from 200% to 100% (Susser 1998, p 422).

²⁸⁸ "Jordan, Charging ahead of his people," *The Economist*, December 16, 1995, p. 42.

Chapter 12

The state, fragmented territorial control, and the politics of tourism planning

The 1994 peace treaty with Israel marked a critical step in the effort towards the reform of Jordan's rentier mode of state building. With the decline of external incomes and increased IMF pressure for economic adjustment, the state could no longer distribute consumer subsidies and public sector employment as the dominant means to sustain its broad social support base. Post-rentier state building would require the formation of an increasingly extractive economy relying on private sector-led growth to provide employment, economic development, and sources from which the state could extract tax revenues. The inflow of tourism in late 1994 transformed the political and economic dynamics of the tourism economy in Jordan. The once sleepy sector, always viewed as having vast potential, was finally given the chance to come into its own. Not only was boosting tourism development critical for the government's effort to sell the peace treaty, as argued in the last chapter, but it also was widely viewed by state officials as the new "engine of economic development" required to build Jordan's new economy enabling a shift in patterns of state building. After the initial tourism boom wore off and economic growth declined in the late 1990s, high ranking officials, not to mention tourism ministry officials and planning documents, continued to pronounce tourism as the country's leading growth sector.

Tourism offered Jordan its most feasible means to promote reterritorialization and tourism development was expected to help open up the economy to global flows while increasingly the ability of the state to regulate these

flows through its territorial control over tourism spaces.²⁸⁹ As part of a new pattern of state building, tourism development was viewed by state officials as a means to increase state control over the generation of wealth, give state institutions new forms of leverage over the private sector while expanding the role of Transjordanian entrepreneurs in the economy, and provide the state with new sources of revenue. As the plans put forth at the MENA summits indicated, the expansion of the tourism sector would require extensive national planning as tourism development could not occur without state plans designed to build the needed infrastructure, expand the country's tourist attractions, and provide public goods from international marketing to signage. Moreover, a tourism boom was expected to convert the state's underused national resources, such as coastal land and national heritage sites, from poorly managed assets to the basis for allowing the state to control and direct the economic benefits of tourism. While most assets, such as hotels and restaurants, would be privately held a tourism boom would increase the profitable of such firms increasing both tax revenues and the economy's supply of hard currency while increasing the importance of the state's bureaucratic powers to regulate these sectors. The expansion of the tourism sector, would in turn, draw in more badly needed foreign investment promote private sector development, and help secure aid from the US and international donor agencies.

This chapter argues, however, that unlike the case of Tunisia the state in Jordan had only partial control over the resources and institutions that drove the reterritorialization process. The state's limited administrative control over territorial tourism assets, tourism firms, tourism development organizations was fragmented between different state institutions, organized regionally and functional. This chapter explores the efforts of state institutions to try to extent centralized state control over tourism firms and the tourism development process. The expansion of state control over the national tourism economy proceeded

²⁸⁹ This territorial strategy characterizes the state's other major effort at promoting externally-oriented development in the forms of "free trade zones" near Irbid and in Aqaba.

through the implementation of a number of tourism development plans which sought to refashion tourism space in Jordan and develop the state's control over the territorial resources and institutions that promote reterritorialization. Tourism development required mobilizing private sector actors without territorial assets such as travel agencies and tour guides which sought to exploit the rents and externalities generated by tourism flows. Regulating the behavior of private sector firms proved particularly difficult where the state did not have control over resources and institutions that the firms had to rely on to access rents and external economies. Moreover, state efforts to centralize control over aspects of tourism development, such as marketing, even jeopardized its ability to access the aid the technical expertise needed to develop tourism.

Economic development, reterritorialization, and the territorial nature of tourism economies

Every year at the MENA summits from 1994 to 1997 Jordan's Ministry of Planning presented outlines for business projects that the state was ready to support with tax breaks, new legal codes, marketing efforts, and costly infrastructure projects. A core element of these plans was the launch of tourism development as the driving engine of national economic development. The ministry's tourism sector plan explains:

The Kingdom, has thus emphasized development of tourism resources and chosen to use its cultural heritage for socio-economic gain, There is the legitimate political will in Jordan to boost the tourism industry, particularly through the development of the private sector. One major goal is to make tourism a major source of foreign exchange earnings for the country, and bring about a steady increase of investment and employment opportunities to support the national economy. In turn, stimulation of other sectors will create linkages in areas such as manufacturing and agricultural. (Jordan 1997, p. 1)

Virtually the same language appeared in private sector reports, such as the one published by an Arthur Andersen affiliated accounting firm which states "Tourism generates a major source of income for Jordan...This revenues can be

directed towards stimulating other sectors by creating linkages in fields such as manufacturing and agriculture... tourism today is becoming one of the most promising sectors, offering tremendous opportunities for investment and expansion in Jordan”(Hammudeh 1995, pp. 89-90). A 1996 planning report commissioned by the Ministry of Tourism states that “Given the lack of exportable natural resources, apart from phosphates and potash, and the limited scope for increasing exports of manufactured goods or agricultural produce, Government has been trying to establish alternative sources of foreign exchange earnings. Tourism has been designated in the Economic and Social Plan 1993-1997 as one of the most promising of these” (MOTA/Dar Al-Handasah 1996a, p. 4-1). Government officials continued to support this model for development. The Jordanian Prime Minister Adur-Ra’uf Rawabdeh, for example, declared that “tourism will constitute the main revenue for the national economy in coming years and that the government is determined to develop and modernise the tourism industry.”²⁹⁰ Meanwhile, the director of the World Bank’s Middle East Department on a visit to Jordan “described tourism as ‘the thrust’ to create jobs and more jobs.”²⁹¹

Shifting to a pattern of private-sector led tourism development first required privatizing state-owned assets. Unlike other state-owned enterprises, most of these assets were easily sold off with little political opposition and with the expectation that it would help boost the development of the private sector.²⁹² The state quickly opened the bus transportation sector (Hammudeh 1995, pp. 114-5) ending the 20 year monopoly over the national market by the state-owned Jordan Express Tourist Transport (JETT) bus company. A former Ministry of Planning economist recalls that “the regulation was hailed then as revolutionary and life-saving because it

²⁹⁰ As reported by the *Jordan Times* July 31, 1999, emphasis added.

²⁹¹ As reported in Samir Ghawi, “MENA recommends attracting private investments and boosting exports,” *Jordan Times*, September 12, 1999.

²⁹² The privatization of the national airline, Royal Jordanian, has been continually blocked by the same political considerations which has stalled privatization in other major state owned firms. On the political obstacles to privatization in general see Brand (1992), Piro (1998). On the case of Royal Jordanian see Gray (2001).

came as a result of the inability of JETT to meet the rise in demand caused by the 1994 peace treaty between Jordan and Israel, which seemed to usher in a new era of tourism-based prosperity.”²⁹³ Travel agents lauded the opening of the market to new bus companies. One agent, for example, told the *Jordan Times* “the service we received was absolutely better than what we received from JETT...as prices were reasonable and competitive with our neighbors.”²⁹⁴ Most of the other state-owned tourism assets were held by the Social Security Cooperation (SSC), which also owned and managed the dozen or so resthouses located near tourist sites across the country, and the investment arm of the government, the Jordan Investment Corporation (JIC). The state’s share in luxury hotels was sold to experienced Jordanian entrepreneurs.²⁹⁵ Shares in the Inter-Continental were bought up by a group of investors headed by Khalil Talhouni, chairman of the Cairo-Amman Bank, who established Jordan’s leading tourism firms under the holding company ZARA Tourism Investments.²⁹⁶ Pete W. Moore observes that “selling large amounts of public shares to [the Palestinian-dominated private sector] threatens to alienate the monarchy’s support base among East Bank politics elites. Hence, the only sale so far, the InterContinental Hotel was to a consortium of investors headed by a prominent East Bank notable. It was of note, however that most of the investors were merchants of Palestinian origin, showing that [in] business there is room for collaboration,” and assimilation, we might add (Moore 2000, p. 191). In a much smaller sell off, the Nazzal family, the Palestinian family who began the hospitality industry in Jordan by setting up camps in Petra, were able to buy the government’s stake in the hotels they had founded in Amman and Aqaba. The rest house holdings, in contrast, were often money losers. Local private firms were allowed to lease these assets which provided the state income while requiring few job losses

²⁹³ Yusuf Mansur, “The new age of competition possible through anti-trust laws,” *Jordan Times*, April 27, 1998.

²⁹⁴ Amy Henderson, “Travel agents open fire on transport companies,” *Jordan Times*, April 13, 1998.

²⁹⁵ See “Privatization in Jordan” *Middle East Land and Development (MELAD) Newsletter*, December 1996, p. 6.

and resulting in better management of the facilities. While it cannot be said of other sectors, by 1995 the privatization of state-owned tourism assets, the outlawing of state monopolies, and the instituting of tax breaks and liberalized investment codes, opened the doors wide for private sector “to undertake the development of hotels, beaches, restaurants and all other tourism related services in Jordan” (Jordan 1995c, p. 4).

While opening the door to private sector investment, tourism development was backed by extensive government promotion and planning. In the previous chapter I explained that before the peace process the limited expansion of tourism development in Jordan and the limited state effort to promote it was a product of the tourism economy existing in a low equilibrium trap. Such a picture roughly describes the Jordanian tourism economy for most periods between 1967 and the late 1980s when Jordan received only a limited number of tourists while the cost of tourism was relatively high.²⁹⁷ There was too little tourist expenditure to warrant on the part of the state costly large-scale investments to develop specialized tourism-related public goods and services—such as infrastructure works and marketing—and make tourist sites more accessible and attractive. Additionally, to make any single private sector investment profitable, such as building a hotel near Petra, would require that the developer expect that both a steady flow of tourists to Jordan and a large number of complimentary tourism firms emerge—such as guides, taxis cabs, restaurants, and hotels in other areas—to cater to these tourists. Meanwhile, the tourism development authorities had little power and even once a Ministry of Tourism had been created it was given minimal resources. Since the early 1980s numerous development plans were drawn up while the state’s

²⁹⁶ See “Jordan in first state share sale” *Financial Times*, February 21, 1995.

²⁹⁷ Jordan also received a number of budget travelers using local facilities but they were marginal to the official tourism economy.

successive Five Year Plans listed extensive wish lists of projects, few of these however saw realization.²⁹⁸

The prospect of a tourism boom in the wake of the peace treaty radically changed the dynamics of the tourism development. One way to understand this change is to compare the low equilibrium challenge tourism development in Jordan faced to the issues addressed by development economics in the wake of World War Two considering the challenge of “traditional” economies trying to escape from low productive, low income equilibrium traps.²⁹⁹ The main obstacle to building a modern factory, such as a shoe factory, in the setting of a traditional economy was understood to be the lack of sufficient demand for the modern product it would produce as most of the potential consumers in the economy are still working in the low productivity, low wage traditional sector.³⁰⁰ As a response the development economist Paul Rosenstein-Rodan formulated the idea of the “big-push.”³⁰¹ This strategy calls for rapid, large-scale investments simultaneously in a number of complementary modern industrial sectors. In what he termed a model for “balanced growth” each factory would be ensured an adequate supply of inputs as well as a steady demand for its products: “The planned creation of such a complimentary system reduces the risk of not being able to sell, and, since risk can be considered as a cost, it reduces costs” (Rosenstein-Rodan 1976, p. 363). Balanced growth, he explains, creates “a special case of ‘external economies’” (Rosenstein-Rodan 1976, p. 363). This strategy requires extensive state financing and coordination of national industrial firms replacing the role of market signals as “the whole of the industry to be created is to be treated and planned like one huge firm or trust” (Rosenstein-

²⁹⁸ See National Planning Council (1981, pp. 136-151), Ministry of Planning (1986, pp. 356-376), Pannell Kerr Forester (1986)

²⁹⁹ See Hirschman (1981), Sabel (1993).

³⁰⁰ The same is also true for producers of intermediate goods. It was not feasible to build a shoe lace plant unless there were enough shoe factories that would demand shoe laces, while at the same time it would be hard to build a shoe factory if there was no supply of shoe laces.

³⁰¹ See Rosenstein-Rodan (1943), Rosenstein-Rodan (1976). For reviews and critiques of the big push model, see Hirschman (1958), Ilchman and Bhargava (1966), Meier (1976), Hirschman (1986), Krugman (1993).

Rodan 1976, p. 632). Other external economies are generated by this planning system because many industries will gain by being able to buy otherwise unavailable produced intermediate services and products at lower costs because they are locally produced at a mass scale by firms capturing economies of scale.

While the “big push” theory was never an explicit model used by tourism development planners in Jordan, mostly because the terminology was outdated,³⁰² the economic logic of the model helps explain how crucial the tourism boom expected in the wake of the peace process was to the ability of the state to launch tourism as an engine of national development. In the big push model state planners seek to promote large-scale increases in supply—capturing economies of scale with modern production techniques and technologies—simultaneously with increases in demand. In the development of tourism in Jordan, however, large-scale investments in tourism facilities only generate marginal demand for intermediate goods (such as hotel supplies)³⁰³ and even more limited growth in tourist demand.³⁰⁴ Thus to escape the low equilibrium trap in the tourism sector requires an expectation of a large influx of tourists simultaneously with the large scale investment in tourism development. As a newswire report explained in 1995 “For the government, the problem is how to sensibly kick-start a long-stagnant tourism industry.”³⁰⁵ Abdullah al-Khatib, Jordan’s minister of tourism explained that “Tourism is an economic activity that, in order to develop, requires a steady flow of business.... I mean, you

³⁰² Moreover, the “big push” is not the only means out of the low equilibrium trap. In fact, the low equilibrium “trap” is dependent on the production function functions being characterized by economies of scale, see Krugman (1993).

³⁰³ Note, however, the building of luxury hotels involves a high percentage of the imported products and services limiting the volume of demand created in the local economy.

³⁰⁴ As we saw in Tunisia, large scale investment in low cost mass tourism, by lowering the costs of the tourist product, may lead to increased demand. But tourism development in Jordan was characterized by high place specificity and generally consisted of higher end products where the price elasticity was lower.

³⁰⁵ Canadian Press Newswire, “Jordan copes with tourism boom” *Canadian Business and Current Affairs*, November 10, 1995.

can't open a hotel if you don't have clients."³⁰⁶ The boom expected in the wake of the peace treaty offered Jordan a means to escape from the low level tourism trap and created a rationale for the implementation of extensive tourism plans by the government and the mobilization of capital for tourism development from the Jordanian private sector. For example, the Jordan Valley Authority's *Dead Sea Master Plan* explains that based on projected tourism flows:

This set of potentialities places the development planning approach in the position of [a] 'supply strategy'; in other words, the essential parameters [for planning tourism development growth] stem rather from the Study Area bearing capacity, within, naturally, 'a sustainable development concept', than from any potential market appraisal! (JVA 1996a, p. 22)

A similar model is followed by the national tourism development plans drawn up for the MOTA by the Japan International Cooperation Agency (JICA) which set out parameters for the promotion of tourism in Jordan by envisioning a number of specific infrastructure and tourism sites projects. Like the Dead Sea plan, this study is framed by an assessment of projected total national tourism demand and existing tourism supply. It begins by clearly recognizing, "the importance of tourism as the prime mover of the Jordanian economy (tourism is the oil of Jordan)," (JICA 1996, p. abstract page) and then it maps out stages of development of the tourism economy throughout the national territory for the next ten to twenty years based on projections of steady tourism growth. It creates, for example, tables of bed requirements for each region of the country to match up with the tourism projections and development plans. It then gives time tables for the various tasks which have to be accomplished by public agencies to see that these supply targets are met.

Individual entrepreneurs were prompted to invest in the tourism sector by the expectation of a tourism boom coupled with the state provision of public goods such as infrastructure development. The hope of tourism planners in Jordan was to

³⁰⁶ Canadian Press Newswire, "Jordan copes with tourism boom" *Canadian Business and Current Affairs*, November 10, 1995.

develop tourism sites and a tourism infrastructure which would encourage tourists to stay longer in the country and visit the vast number of heritage sites and nature reserves throughout the national territory in Jordan³⁰⁷ increases access to tourism rents and external economies as well as the reach of backwards and forward linkages throughout the national economy.

A limitation of the big push model as a template for tourism development planning and implementation, however, is its lack of consideration of the territorial factors which shape the generation—and limits—of rents and external economies. As explained in Chapter 3, tourism economies are spatially defined. Tourism development requires ownership, control, or at least access to spatially fixed tourism assets and proximity to tourist sites, tourist flows, and other tourism firms. Moreover, the process of reterritorialization *intensifies spatial concentration* rather than disperses it (as deterritorialization does³⁰⁸) and tourism firms make profits increasingly by exploiting this concentration of flows. Sustainable tourism development requires the creation of a recursive process where tourism flows generate the development of tourism services and improved tourism attractions within existing tourism spaces, which in turn draws more tourists to those spaces.³⁰⁹

The external economies and linkages generated by tourism flows in Jordan have been *territorial* defined and spatially limited. As the costs and barriers to visiting Jordan decreased, more tourists traveled through Jordan. Their visits were

³⁰⁷ The Roman ruins in the northern city of Jerash had long been a popular destination for international tourists and in the early 1990s other archaeological sites with Roman era ruins, including Pella and Umm Qeis, were developed for tourism. The MENA plans emphasized development up and down the Jordan valley including desert tourism in the Wadi Araba, a “lowest point on earth” theme park near the Dead Sea, and a John the Baptist conference center on the Jordan River. Moreover, in addition to functioning as an entry hub and business tourism center, Amman’s downtown was to be remodeled for pedestrian traffic and the home of a national museum.

³⁰⁸ Mass beach tourism, for example, spread widely increasing the spatial boundaries of tourism development because overcrowding leads to decreasing returns and potential tourism resources (beaches) were available in other places.

³⁰⁹ Successful models of reterritorialization can then be replicated in other places, such as in the proliferation of Disney-style theme parks and themed shopping centers.

focused on the most well know existing sites, such as Petra, for which well developed “place-myths” already existed. Those who controlled these spaces generally sought to immediately exploit them through haphazard, ill planned tourism development as the state had no zoning regulations or other mechanisms of territorial control or regulation. While the externalities generated by the “big push” in the form of the tourism boom generates short term profitable entrepreneurial opportunities for firms with limited access to tourism spaces, but these easy to capture rents and externalities dropped off after the tourism boom leveled off. Meanwhile, those without control of rent generating resources sought to exploit the expected economic externalities generated by the new tourism flows. The result was a reshaping of the tourism environment and tourism sector with little direction or regulation by the state and where tourism spaces were created as a result of short term rent extraction rather than the product of a recursive process where tourism flows generate improved tourism services and attractions within existing tourism spaces which in turns draws more tourists to those spaces.

The state, tourism planning, and fragmented territorial control

After years of limited planning, or shelving what plans were made, the onset of the peace process in Jordan led to a phase of extensive tourism development planning. Jordanian tourism planning efforts continued even as the dreams of joint Israeli-Jordanian megaprojects failed to materialize for lack of capital and then quickly evaporated in 1997 with the election of a right-government in Israel combined and the growing domestic political opposition to “normalization” of relations with Israel. State agencies in Jordan had always envisioned their own national development plans alongside the binational ventures. These plans, as one planning document states, “neither depend critically on the rest of the binational development program nor pre-empt it” (Jordan 1995a, p. 1). Tourism remained one of the few sectors that states, even while implementing extensive economic adjustment programs, continued to promote through comprehensive state planning. One reason for this is that as the expansion of multinational corporations and the “more fluid circulation and value of money” have made national economies more elusive to define, measure, and represent as objects of state policy, (Mitchell 1998) tourism, as we show below, remained a sector which the state could still seemingly define, measure, and represent through development plans. The mapping out of planned tourism spaces, designed by consultants well versed in promoting what I call reterritorialization, however, is not the same thing as implementing those plans. Global flows and local territorial politics, rather than these plans, shaped the construction of tourism space in Jordan.

The Jordanian state was ill prepared for regulating the massive expansion of the tourism sector in the mid 1990s. Much can be written about how the Jordanian bureaucracy responsible for tourism development was burdened by over staffing, patronage appointments, nepotism, and varying degrees of technical competence.

These surely hampered and distorted the promotion of tourism development in Jordan.³¹⁰ This chapter argues, however, that the most crucial factor shaping the tourism development process was that at the onset of the tourism boom in Jordan control over the resources and institutions which drove reterritorialization in Petra, and elsewhere in Jordan, was highly fragmented allowing individuals and firms with control over these assets to extract high rents and command the external economies generated by tourism flows.

The Jordanian state lacked any centralized agency for monitoring tourism development or formulating and implementing tourism plans. In 1988 the Ministry of Tourism and Antiquities (MOTA) was established by merging the Tourism Authority with the Department of Antiquities, which oversees archeological work and museums in the county. The MOTA authority, however, was generally limited to the regulation of hotels and restaurants as overseas marketing had long been organized by the national airline, Royal Jordanian. The MOTA oversaw the Department of Antiquities (DOA) and thus exerted control over archaeological sites (even though the interests of the archaeologists working for the DOA often clash with those promoting tourism development), but had little control over tourism development near by these areas which occurred on private land. The government's own tourism facilities at these sites, such as the rest houses, as well as the government owned hotels in Amman and other towns, were own by the Social Security Corporation and the Jordan Investment Corporation. Furthermore, national economic planning is generally considered the domain of the Ministry of Planning.

³¹⁰ On state as an obstacle to tourism development, see Kelly (1998) and on the Jordanian bureaucracy in general, see Jreisat (1989), Jreisat (1997). Some of these problems were over come by the establishment of new sections of existing bureaucracies devolved to tourism issues with staff recruited for technical skills, often with managers who had worked in the private sector. Yasser Tukan, Jordan Valley Authority, interviewed in Amman April 20, 1998; Dima Annani, Ministry of Planning, interviewed in Amman, July 8, 1998. Also many of the development projects were funded by international donors who provided detailed project outlines and monitored implementation efforts at each stage, Ministry of Tourism official, interviewed in Amman, April 20, 1998.

The Ministry of Planning's MENA development plans focused on the region of the Jordanian side of the Jordan Rift Valley runs from Lake Tiberias in the north to the Gulf of Aqaba including the Jordan Valley, the Dead Sea, and the Wadi Araba desert. Within this zone lie the two major tourists regions targeted for tourism development, Aqaba and the Dead Sea, in which the MOTA had only consulting authority over tourism development.³¹¹ Aqaba was under the authority of the highly autonomous Aqaba Regional Authority (ARA) established in 1984, while the Dead Sea region was governed by the powerful Jordan Valley Authority (JVA) which operated under the authority of the Ministry of Water and Irrigation since the late 1980s. Both regional organizations were established for functions other than tourism development. The ARA's central task has been the development shipping and port facilities as Aqaba is Jordan's only port and the main conduit for goods and raw materials shipments to and from Jordan and Iraq. The JVA, which was given control over land under 500 meters above sea level, was established in the late 1970s to build irrigation works and promote agricultural and social development in northwest Jordan resulting in a powerful well funded organization.³¹²

In both zones, the rival objectives and interests of the numerous government organization, each with partial territorial control over these regions, prevented and delayed Jordan from being able to development them for tourism. The autonomous regional development agencies generally seek to promote local interests such as jobs and economic opportunities for local inhabitants. The central state agencies, such as the Prime Ministry and the Ministry of Finance, are concern with extending centralized control over these regions in order to protect state-owned property and or extract rents from them. Since the political liberalization efforts in Jordan, which lead to the holding of parliamentary elections and open political debate, the Prime Ministry and the Ministry of Finance have been more sensitive to concerns

³¹¹ Fouad Aghabi, Assistant Secretary General for Technical Affairs, MOTA Interviewed in Amman, April 20, 1998.

³¹² See Khouri (1981); Yasser Tukan, Jordan Valley Authority, interviewed in Amman April 20, 1998.

the potential for tourism development, as shipping and industrial facilities are located too close to where most developers wish to build. Recently, the region has been converted into special free trade zone, the Aqaba Special Economic zone (ASEZ), which will seek to promote reterritorialization in other sector such as industrial development. Aqaba had yet to develop tourism as source of income and economic growth for region and has since 1994 even declined as destination as it was often bypassed by group tours, preferring to go directly to Wadi Rum or Petra, where accommodations became plentiful. And when the idea of the ASEZ was first discussed Marwan Khoury, the director of tourism marketing for Jordan, argued “I don’t like the idea at all. If Aqaba become a free port, forget tourism.”³¹⁵ Meanwhile, the Aqaba-Elat “peace airport” planned for was scraped due to “on going differences over security, sovereignty, and environmental issues as well as the bleak political climate and the creation of the Aqaba Special Economic zone in the same area [which] rendered the project unfeasible.”³¹⁶

In the region controlled by the JVA, land ownership, use, and redistribution in this region have been particularly politicized located along Jordan’s border with Israel and the occupied West Bank. After the signing of the 1994 peace treaty a government amendment allowed the sale and transfer of land to foreign nationals in order to encourage international investment in the region. In 2001, however, after years of increasing disillusionment with the peace treaty, Jordanian legislators were pressured into passing a law overriding the government amendment that restricted the sale and transfer of agricultural land to Jordanian nationals “approved” by the Prime Ministry.³¹⁷ For this reason, the JVA tourism master plan for the Dead Sea region explains “development is being proposed mainly on publicly

³¹⁵ Cited in Larry Luxner, “Aqaba may get its day in the sun,” *Journal of Commerce*, March 6, 2000, p. 13.

³¹⁶ Michele L. Kjørlien, “Peace Monitor: Jordanian-Israeli Track,” *Journal of Palestine Studies*, 31, 1 (Autumn 2001) p. 117.

³¹⁷ Khalid Dalal, “New JVA law sufficient to protect area against foreign domination,” *Jordan Times*, July 10, 2001; Michele L. Kjørlien, “Peace Monitor: Jordanian-Israeli Track,” *Journal of Palestine Studies*, 31, 1 (Autumn 2001) p. 117.

owned land to control the development process and to avoid delays in the implementation resulting from the complex procedures of private land expropriation” (JVA 1996b, p. 14). However, the JVA’s had been restricted by the Prime Ministry in what in the kind of land deals it is able to offer to developers. In contrast to the ARA, the JVA has more enthusiastically promoted tourism development as it does not impinge on its other interest agricultural development and could create jobs and demand for local goods and services.³¹⁸ In fact, the JVA has promoted tourism through a separate office called the Directorate for Tourism Development run by an American-educated financial expert, Yassar Tukan. The master development plan for the Dead Sea envisioned several tourism zones with a total of eventually well over 10,000 beds. The plan also included planned commercial and residential enclaves. Their thinking was for large-scale long term development driven by a reterritorialization process. Thus the JVA’s Directorate for Tourism Development was interested in selling plot of land at “promotional prices...to get development rolling and use it to attract investors. [Since] capital flows without borders and will invest where the conditions are best and if Jordan waits or makes to too hard they will lose the opportunity.”³¹⁹ However, the Prime Ministry did not allow them to sell the land, and offered them 30 year leases “to be payable in advanced in five-year installment, with a rent review every decade. At the end of 60 years the ownership of the hotel would revert to the state” (EIU 1996a, p. 18). The prices and terms were unacceptable by the developers, delaying the project several times until a lease agreement could be settled upon. It was not until 1999 when the first of four planned hotels was completed.

The experience of tourism development in Aqaba and the Dead Sea demonstrate how reterritorialization does not enhance state power—that is extend

³¹⁸ A zone for setting up duty free business has been established well away from the tourism areas designated for tourism development.

³¹⁹ Yassar Tukan, Interviewed in Amman April 20, 1998. See also “Construction special report: Dead Sea, peace opens up a potential paradise,” *Middle East Economic Digest (MEED)*, April 2, 1999, p. 2.

its control over economic resources and global flows—unless state institutions have control over the resources and institutions promoting reterritorialization prior to the enhanced flows and are able to use this control to shape the development of tourism spaces. In the Aqaba and Dead Sea cases, tourism development has been highly limited and slow to development. In the case of Petra, in contrast, tourism development has exploded. The opening of the border with Israel, the existing place-myth of Petra, and the international media attention garnered by the 1994 Peace treat was enough to draw a concentrated flood of tourists, which generated windfall rents for local landowners, the fee takers at the Petra gate, and most hotel owners. Reterritorialization, however, was not easily sustained and the state was not able to quickly mobilize to reshape the tourist space of Wadi Musa to either promote increased commercial development consistent with an attractive tourist atmosphere or efficiently supply public goods which could have been used as a means to shape the course of tourism development.

Jordan did not have the resources or the expertise to development these institutional capacities, but relied for the most part upon aid and technical expertise from the United States and other countries to accomplish these tasks. Thus not only did the state have to seek to contend with local private firms, international investors, and indigenous populations in the shaping of tourism development, but also was beholden to another set of even more independent actors—including foreign governments, private consultants, and independent archeologists and cultural heritage mangers—which controlled the funding and skilled required for tourism development.

The history of United States assistance in the development of cultural tourism in Jordan dates back to the 1960s. USAID likes to note, in particular, that “one of the best remembered gifts of the United States to Jordan...was the erection

of a fallen column located at the Treasure at the end of Petra's siq."³²⁰ In 1968 the USAID also financed United States National Park Service master plans for Amman, Jerash and Petra. In the mid 1980s USAID resumed tourism related assistance through a cultural resources management program which helped Jordan conserve, protect, and documents its archeological and heritage resources. At the same time, USAID worked with the national airline Royal Jordanian to give technical assistance to its tourism marketing efforts (for which it was responsible at the time) and to support what USAID called "public-private sector cooperation."³²¹ Between 1989 and 1992, during the period of strained US-Jordanian relations caused by the Gulf War, with the support of USAID officer and classical heritage enthusiast, Tom Daily, USAID efforts expanded developing among other projects the rest houses in Pella and Um Qeis.

The success of these "ad hoc interventions in tourism"³²² led to the formulation of USAID's *Jordan Tourism Strategy* written up in March 1993. This strategy became the basis for a proposed six year tourism development project with a budget that reached \$14 million initiated on September 21, 1994 a month before the Wadi Araba peace treaty signing.³²³ The tender was won by the Washington DC based consultant firm, Chemonics International, Inc. which in turn hired a number of American subcontractors. The overall strategy consisted of two elements, which, as outlined in Chapters 2 and 3, are the basis for the promotion of reterritorialization. The first element consisted of increasing global flows by the reduction of barriers and costs of travel, the encouragement of foreign investment, and the opening of new foreign markets. This element was to be operationalized in the USAID plan through expanded international marketing. The second element

³²⁰ USAID, "Jordan 1993 Tourism Strategy," March 1993, p. 1. Included as attachment 5 as part of USAID Project Identification Document: *Jordan Tourism Development Project* (Project No. 278-0291), May 17, 1993.

³²¹ USAID, "Jordan 1993 Tourism Strategy," March 1993, p. 1.

³²² USAID, "Jordan 1993 Tourism Strategy," March 1993, p. 2.

sought to increase the generation of tourism rents and external economies through site development in order to create valued tourism spaces ripe for private firms to provide secondary tourism services.

Reterritorialization, Step 1: Expanding tourism flows

At the center of the first element of the effort to promote reterritorialization, increasing global flows, was the development of international marketing capacities. Tourism flows were expected to increase with the peace treaty with Israel as the barriers and costs of travel between Jordan and Israel decreased allowing for the flow of Israeli and other tourists. In 1996, after the upsurge in tourism, USAID reported that “however, future growth expectations are much more modest. In fact, Jordan will need to increase its international marketing efforts to maintain newfound gains.”³²⁴

Even before the peace process was completed USAID had drawn up plans to establish the Jordan Tourism Board (JTB) as a privately run (but partly government financed) organization to market Jordan as a tourism destination abroad. The tasks of the board were to include, among other things, the development of market intelligence capabilities in order to monitor trends and developments in the international tourism market. It was to serve as a link between international markets and local tourism firms. It was to help these firms with theme promotion, brochure development, and market interruption strategies.³²⁵

The job of such a board would be to suggest, say, when an incident like the November 17, 1997 attack on tourists at Luxor occurs what strategies should local

³²³ Chemonics International, *Jordan Sustainable Tourism Development JSTS/SITES, Final Report* Submitted to USAID/Jordan and the Ministry of Tourism and Antiquities, Hashemite Kingdom of Jordan, (Washington DC, February 1997), p. I-1

³²⁴ USAID, *USAID Congressional Presentation: Jordan: FY 1997* (Washington DC: Department of State, 1996).

³²⁵ Thomas G. Lloyd, “Technical Feasibility Studies V Project: Tourism Marketing Strategy,” (prepared by Chemonics International for USAID, Amman, September 28, 1993) p. V-13.

firms undertake as a response. It might, for example, suggest targeting Japanese markets instead of American ones which are more sensitive to such events. It would then provide information about what products will appeal to that market and help establish contacts to travel agents and media outlets in Japan. It would also have ready “an image damage control plan” which would send off press reassesses to specific targeted audiences to help prevent cancellations of trips to Jordan. These are the sorts of public goods which Jordanian firms critically needed.

As a “result of intensive USAID policy dialogue in the late 1980s” the Jordan Tourism Board was created in 1989 as a public-private partnership to market Jordan as a destination“ in which [the private sector] is the dominant voice.”³²⁶ Writing in 1993 USAID described the JTB as “ a public-private marketing consortium that represents a partial privatization of what had hitherto been an organized public and disorganized private function. USAID has provided limited matching funds to the Jordan Tourism Board but this is now an independent entity that manages its own decisions and is responsible for the vastly improved cooperation between the public and private sectors.” ³²⁷

As part of the expanded USAID tourism effort the USAID, the Ministry of Tourism and Antiquities (MOTA), and various private sector representatives spent over a year trying to sort out the funding and governance mechanism of a greatly expanded JTB. In the original conception of the JTB drawn up by Chemonics International in 1993, the JTB would have joint private and public funding but would be staffed by private sector professionals—including an expatriate tourism expert—and privately managed independently of the government and the MOTA.³²⁸ Representatives from government organizations, such as the MOTA, would sit on its board but not operate the organization. The Jordan-based USAID staff, which conducted the negotiations, however, had their own internal debate over the best

³²⁶ USAID, “Jordan 1993 Tourism Strategy,” March 1993, p. 9.

³²⁷ USAID, “Jordan 1993 Tourism Strategy,” March 1993, p. 8.

formulation of the JTB. Some wanted to involve the government more in the JTB so as to give it more leverage and clout with the local private sector and make its image more official, but as they got more involved in the negotiations it became more clear to them that they needed it to be more in the hands of the private sector as the state was less capable of running it than they had thought and they feared government officials might obstruct its functioning.³²⁹ The hotel owners and other private sectors actors, for their part, wanted it to be completely private and many did not want to pay dues to it unless it was private. The Jordanian authorities refused. They feared that the JTB would become a slush fund for private firms and required that the government control the JTB funds. Meanwhile, not only did USAID run up against state resistance, it also alienated the private sector whose interests it was ostensibly promoting and was seemingly ideologically committed to. The Jordanian private sector feared that USAID lacked confidence in them as it did the government. According to one tourism profession USAID “put up the money and had their own ideas as they always do...and they wanted to impose their own addenda with their 85 year old Washington consultants” as such “USAID lost direction, they paid lip service to the private sector, but didn’t trust it, and the Jordanian state didn’t accept their conditions.³³⁰ By many accounts, both the Jordanian authorities and the USAID officials backed themselves into corners, while personalities clashed and mistrust grew. In August 1996, however, it appeared that the JTB was ready to take off with a revised set of Articles of Association³³¹ but the following month it collapsed as the proposed Articles of Association were rejected by the government.³³² The USAID director in Jordan set a deadline for the JTB to be certified as private and the MOTA, however, refused.

³²⁸ Thomas G. Lloyd, “Technical Feasibility Studies V Project: Tourism Marketing Strategy,” (prepared by Chemonics International for USAID, Amman, September 28, 1993) p. V-6.

³²⁹ Tim Miller, USAID official. Interviewed at American Embassy, Amman on March 25, 1998.

³³⁰ Jordanian travel agent. Interviewed in Amman, February 14, 1998.

³³¹ Munir Nassar, “JTB...alive again” *Jordan Tourism Chronicle*, vol. 1, issue 8, August 1996.

³³² Munir Nassar, “JTB on the brink?” *Jordan Tourism Chronicle*, vol. 1, issue 10, October 1996.

On September 19, 1996 USAID abruptly terminated all their other on going tourism development efforts “based on a failure of USAID and the Government of Jordan to reach mutual accord on terms and conditions (specifically the Jordan Tourism Board) of the strategic Objective Agreement for the tourism portfolio.”³³³ USAID funds originally allotted for the JTB has been redirected into water projects, including one desperately needed in Wadi Musa. A year after declaring “strategic object 1: increased foreign exchange form culture and nature visitors” USAID deleted all mention of tourism from its Congressional Presentation except to note that “after a year of protracted negotiations, USAID decided to terminate support to the culture and nature visitor industry program (tourism).”³³⁴

The ministry of tourism eventually established the JTB on its own terms.³³⁵ The MOTA took over the JTB appointing its director and sitting the Minister of Tourism at the head of its board which is induces unproductive silences from the hotel owners on the board fearing retaliation for disagreeing with the Minister. Now having the minister on the board even thought this minister is a technocrat and has ideas and supports the sector, he scares people from open discussion and no one will vote against him.³³⁶ But without the funding, strong private sector leadership, and skilled staff originally envisioned by the USAID plan the JTB for years was able to do little more than represent Jordan at tourism trade fairs. The

³³³ Chemonics International, *Jordan Sustainable Tourism Development JSTS/SITES, Final Report* (Washington DC, February 1997), p. I-2. As much as the state is highly dependent on external aid, from sources such as USAID, political conflicts between USAID and central government officials in Jordan are not uncommon in the history of the relationship. Amawi (1996, p. 83) reports that Jordanian officials often view USAID programs such as those seeking to decrease food subsidies and implement family planning as threatening to “jeopardize its own legitimacy and survival.”

³³⁴ USAID, *USAID Congressional Presentation: Jordan: FY 1998* (Washington DC: Department of State, 1997). The following year on March 19, 1997, Brian Atwood appeared in front of an appropriations subcommittee hearing and was asked to specify how USAID has implemented a “results oriented management system” he gave as his first example the terminated on Jordan’s Increased foreign exchange from culture and nature Visitors program. See U.S. House of Representatives, Subcommittee hearing: Foreign Operations, Export Financing, And Related Programs Appropriations For 1998, Wednesday, March 19, 1997. Witness: J. Brian Atwood, U.S. Agency For International Development.

³³⁵ See By-law No. (62) for the Year 1997 Governing the Jordan Tourism Board adopted by the Council of Ministers on October 25, 1997.

JTB has vastly expanded its capabilities and functions since, In 1998 it has a budget of JD 1 million, while in 1999 it was expanded to JD 3 million (Travel & Tourism Intelligence 1999, p. 71), and to JD 4 million by 2001, this came too late to help the sector through the boom and bust cycle in the wake of the peace.

The tensions between the government and the private sector, however, did not end. In March 2001, the government cut the JTB's funding 20%. Then in July of that year of the eight private sector members of the JTB board threatened to resign when the Ministry of Finance "asked the JTB to submit all its financial records to the audit board in order to control the JTB's expenditures" While a compromised was eventually worked out, in reaction to the governments demands an "informed source" told the *Jordan Times* "this will take the board's operations back to the dark ages. We are also against the manner in which the Finance Ministry addresses the board, as if there was theft."³³⁷

Reterritorialization, Step 2: Developing tourism spaces to generate territorial rents and externalities

The second component required for promoting reterritorialization and sustainable tourism development is the creation of a recursive process where transnational flows of tourists and tourism capital generate the development of tourism services and improved tourism attractions within existing tourism spaces, which in turns draws more tourists to those spaces. As noted in the original 1993 planning document "**a key principle in USAID's tourism strategy is to develop sites that will give tourists reasons to stay in Amman or Petra—in effect creating demand for the existing supply off hotel facilities.**"³³⁸ The

³³⁶ Jordanian travel agent. Interviewed in Amman, February 14, 1998.

³³⁷ Suha Ma'ayaeh, "Finance Ministry decision sparks furor in tourism board," *Jordan Times*, July 12, 2001. For a follow up, see Suha Ma'ayaeh, "JTB, Finance Ministry resolve dispute over board's finances," *Jordan Times*, July 25, 2001.

³³⁸ USAID, "Jordan 1993 Tourism Strategy," March 1993, p. 11. Emphasis in the original.

project director explained to USAID that following what she (very generously) refers to as the Ministry of Tourism's own draft tourism strategy,³³⁹ "the project goals were to increase foreign exchange earnings through tourism, upgrade the archaeological sites for tourism, and maximize the value of Jordan's cultural heritage through preservation and improved site management."³⁴⁰ The project focused primary sites with the best ability to draw in increased foreign currency such as Petra and Amman, but included plans for the development of secondary sites as well. The development of the tourism spaces included the conservation of archaeological ruins, the improvement of park management capacities, and the development of interpretive themes which could be coordinated with the international tourism marketing campaigns and the programs of private sector tour operators.³⁴¹ As one of the local consultants explained, they wished to "bring to life [Petra] with story and technical knowledge."³⁴² The planned rapid implantation of the USAID project was made possible by making the end-product finished architectural and organizational plans for visitors centers, museums, landscaping, signage, and site management which could be bid on by local firms (Kelly 1998, p. 908).

USAID's Congressional Presentation for the 1997 fiscal year reported that in 1997 USAID would refocus its effort to promote hard currency earning, shifting away from effort to promote fruit, vegetable, and manufactured exports towards a more exclusive emphasis on "supporting the culture and nature visitor industry." USAID

³³⁹ However, in the minutes of planning meetings conducted by the contractor for the tourism development strategy MOTA official Kamel Mahadin is reported to have noted that "a national strategy does not exist in written form." The minutes also note that "Chemonics staff has investigated this matter, and there does not appear to be a written policy document." See Chemonics International, *Jordan Sustainable Tourism Development/SITES, Phase II Sites Selection Report* (December 1996), Fifth Committee Meeting Minutes, August 22, 1996. p. 51

³⁴⁰ Sandra Chesrown of Chemonics International, letter to Celeste Fulgham of USAID in Jordan dated February 24, 1997.

³⁴¹ See United States Committee of the International Council on Monuments and Sites (a Chemonics International subcontractor) "Management Analysis and Recommendations for the Petra World Heritage Site, Jordan" Submitted December 14, 1996.

noted that in 1996 “progress was made in all aspects, including site development, business development (with its important employment generation dimension), and marketing. Excavation work and preservation at the Amman Citadel, Madaba and Petra, key culture and nature attractions, occurred. The opening of the Archaeological Park and Mosaic School in Madaba has led to the development of several new restaurants and arts and crafts shops.”³⁴³ In 1997, USAID expected to “continue to help Jordan’s public and private sectors to: (1) upgrade culture and nature sites to attract a greater variety of visitors; (2) protect and increase market share through international; ‘niche’ marketing activities; (3) spread the benefits to communities adjacent to sites by promoting small business development and training local people to enable them to find employment in the hospitality industry and to provide quality products and amenities for the visitors; and (4) improve the overall policy framework to allow the industry to flourish.”³⁴⁴

The *territorial* connection between the tourist attractions and the tourist space for which it could generate increased rents and externalities was an explicit concern of the strategy. USAID strategy planning documents noted, in particular, the importance of centralization territorial control to organize the reterritorialization of tourism near tourism sites:

The government of Jordan (GOJ) should establish tourist zones throughout the country to guide development to appropriate locations. These tourist zones should be conceived of as areas where development of hotels is mixed with restaurants, outdoor cafes, tourist shops, recreational opportunities (horse- and camel-riding stables), small-scale parks, and open areas where scenic vistas can be enjoyed. Although the proposed tourist zones are primarily for the purpose of localizing tourist activity in order to conserve and concentrate government investment in water supply and distribution, wastewater collection and distribution, road construction, and so forth, that is not the only intended purpose of tourist zones. Tourist zones should be viewed as low-density *tourist villages*, not resorts area development. The should be developed with a high level of concern for the physical and visual environment, sensitivity to the potential for tourism activities to intrude on nearby settlements, and the

³⁴² Amar Khammash, Architect and consultant for Chemonics Petra site development project. Interviewed in Amman, August 16, 1998.

³⁴³ A complete listing can be found in Chemonics International, *Jordan Sustainable Tourism Development JSTS/SITES, Final Report* (Washington DC, February 1997), p. I-1

³⁴⁴ USAID, *USAID Congressional Presentation: Jordan: FY 1997* (Washington DC: Department of State, 1996).

need to preserve sight lines to scenic vistas. Developers should be encouraged or required if necessary, to build in architectural styles that are harmonious with the site and indigenous architecture.³⁴⁵

These concerns were carried over into the *Jordan Sustainable Tourism Development* plans which recommend for example, ‘encourage ‘adaptive reuse’ of traditional stone buildings [in Wadi Musa] of traditional stone buildings for contemporary uses (retail, B&B, cafes, etc.) to maintain historical character/tie between traditional town fabric and growth while encouraging economic development and long term visitor interest in region.”³⁴⁶ However, as noted above on September 19, 1996 USAID canceled its tourism site development program along with its JTB project. New mechanisms and alternate funding arrangements would have to be developed.

The politics of tourism development

Needless to say, the development of a “tourism zone” would not be implemented before the tourism flows began and, as explored in the following chapter, permanently transformed the Jordan’s tourism space around Petra and elsewhere. As recognized by the tourism planners, most of the economic benefits of the new tourism flows would consist of territorially defined economic rents and externalities controlled by various land owners near tourism sites and the local and international firms—such as tour operators, travel agencies, tourism developers—which regulated the flow of tourists through the country and developed tourism spaces which created atmospheres for tourist experiences where tourists and tourism firms could cluster. While the state had ownership rights over many

³⁴⁵ Thomas G. Lloyd, "Jordan Tourism Development Project: Contingency Planning Strategies," Prepared by Chemonics International for USAID, Amman. April 1994, p. ii

³⁴⁶ Chemonics International, *Jordan Sustainable Tourism Development JSTS/SITES, Final Report* (Washington DC, February 1997), p. B-7.

existing and potential tourist sites, it was only able to extract a limited amount of rent from these assets in the form of tourist fees. The greater goal of increased foreign exchange earning and linkages to other sectors required the development of tourism spaces which could promote reterritorialization and sustainable tourism development by the creation of a recursive process where transnational flows of tourists and tourism capital generate the development of tourism services and improved tourism attractions within existing tourism spaces, which in turns draws more tourists to those spaces. Instead, during the tourism boom the state's fragmented control over the territory and institutions governing tourism development led to a period of rapid rent seeking behavior by the rival private interests which controlled these assets, failing to generate sustainable external economies. The efforts of state institutions to try to extent centralized state control over tourism firms, where different private sector and local indigenous communities already are able to assert local territorial control, faced significant resistance, challenge, or delay.

Chapter 13

The commodification of Petra: Territorial control and rent-seeking in Wadi Musa

This chapter explores the reterritorialization of tourism development in the southern Jordanian town of Wadi Musa, located near the Petra Archaeological Park. In the wake of the 1994 treaty signing, this region saw a vast increase in international tourism flows generating tourism rents and external economies. This period of intense tourism development consumed local capital and land and attracted Jordanian and regional investment. During the tourism boom the state's fragmented control over the territory and institutions governing the reterritorialization process allowed for a period of fierce rent seeking by the rival interests which controlled or sought to these tourism assets, most notably in the form of land in Wadi Musa used for hotel construction. The result permanently disfigured the visual, commercial, and built environment of Wadi Musa. By transforming Jordan's most precious tourism space into possibly "the most expensive tourist trap in the world," tourism development in Wadi Musa to promote a sustainable process in which transnational flows of tourists and tourism capital would develop tourism services and improve tourism attractions within the existing tourism space. Thus process in turn would draw more tourists and expand the scope of the tourist space. Meanwhile, increased tourist traffic and uncontrolled hotel building mobilized state, societal and transnational agents concerned about the degradation of the archaeological park and the visual character of the nearby town. To attempt to take control of the tourism development process and refashion the tourism space of Wadi Musa, state power was extended over both the archaeological park and the surrounding region in the form of regional planning council. Unlike the autonomous ARA and JVA, this council was directly controlled by an executive

agency, the Ministry of Tourism, and it was granted centralized control over all aspects of state authority from land zoning to monument conservation within its territorial domain, thus superceding all other local authorities and other branches of government.

The effect of territorial fragmentation on tourism development in Jordan is most evident in the town of Wadi Musa which sits at the main entrance to Petra. Petra is located within the once remote mountainous region of southwest Jordan. The Petra Archaeology Park is a 264 square kilometer area stretching east from the town of Wadi Musa to the Wadi Araba desert and consists of a vast treasure of rock-carved facades, roman-era ruins, and Byzantine churches, not to mention a unique natural and environmental landscape of rocks, plants, and wildlife. In 1968 the National Park Service of the United States wrote a *Master Plan for the Protection & Use of Petra National Park* which declared “measured with National Parks elsewhere, Petra will stand as one of the great national parks of the world” (U.S. National Park Service 1968).

For most of the 20th century international tourists mainly visited Jordan as part of a tour of Biblical Holy Land sites. The primary draw on the East Bank was the site of the Roman ruins at Jerash in northern Jordan. Petra remained an out-of-the-way adventure requiring a considerable trek across sometime dangerous bedouin controlled terrain. The first tourist establishment in Petra was built in the 1920s when Thomas Cook and Sons established a camp inside Petra (Shoup 1985, pp. 280), however in the 1930s the yearly number of recorded visitors topped out at 818 in 1935, before dropping to about 300 by the end of the decade (Konikoff 1946, p. 73). By the 1940s Cook sold his camp to the Nazzal family who expanded it in mid 1950s “adapting two nearby Nabatean tombs as hotel rooms” (Shoup 1985, p. 281). Meanwhile, the Wadi Musa police station offered cots for overnight stays.³⁴⁷

³⁴⁷ Albert Hazbun, personal communication, dated April 20, 1998, Farouk Abu Jaber, Interview in Amman June 9, 1998, and Ussam Kaqish, conversation in Amman, June 1998.

While the state claimed the land in Petra, the Nazzals were given a lease in 1950 which, when it expired in 1980 they had to turn over the camp to the government.³⁴⁸

In the mid 1960s a modest 35 room government rest house was built near the entrance of Petra which received 20,000 to 30,000 thousand visitors a year. Once a modern road cut the trip from Amman to only 3 hours, making a day trip possible, the number of tourist visits expanded. In the early 1980s, with World Bank matching funds provided as part of a antiquities development project, the Petra Forum Hotel was built providing the first world-class luxury accommodation near Petra. The 82 room hotel, under strict guidelines set out by UNESCO was specifically designed to blend into the local geology maintaining the visual dominance of the unique Petra landscape.³⁴⁹ Based on a philosophy of minimalism, the design uses simple shapes and sharp lines with edges that disappear instead of stand out. The building is low and hidden in the landscape. The main lobby is transparent so that the Petra rocks become the view, not a hotel façade. While owned by the government, it was managed by the Forum hotel company, a subsidiary of the Inter-Continental Hotels chain.³⁵⁰ In December 1985, Petra was inscribed on UNESCO's World Heritage list signifying both its importance as a cultural monument of world-wide significance as well as the need for the world community to help conserve and protect the site from natural and human erosion. and by 1987 Petra drew over 70,000 tourists per year. In 1989, after the devaluation of the Jordanian Dinar, the number of visitors shot up to about 120,000. Nevertheless the limited level of commodification of Petra before the expansion of tourism in the 1990s is best represented by the fact that until not so long ago it was possible to sleep in the caves on your own. The 1987 edition of the *Lonely Planet*

³⁴⁸ Michael Nazzal, Interviewed in Amman, March 3, 1998.

³⁴⁹ Jafar Tukan, Architect, Interviewed in Amman, July 18, 1998.

³⁵⁰ The manager of a local hotel in Petra told me that the forum was to be a guest palace as the land was owned by the Royal Family, but the Queen gave it to the tourism ministry. The tourism authority at the time, however, needed the money so they sold it to the SSC. Interview Usama E. Ma'ayeh, manager King's Way Inn in Wadi Musa. Interviewed in Amman, July 21, 1998.

guide book comments that this way you can save on paying an addition, but very modest, 1 JD entrance fee for your second day in the ruins.

At the beginning of the 1990s there were only two classified hotels (that is excluding the few hostels targeting the “backpacker” market) in Petra, with a total capacity of 244 beds, the government owned Forum and the government owned and operated rest house. With the renewed economic hopes of the late 1980s and a post-Gulf war recovery of tourism, several hotel development were begun in Petra and Wadi Musa. By 1994 the Petra Forum had expanded its capacity, a string of seven smaller 20 to 30 room mid and low range hotels were opened, and the upscale King’s Way Inn was being built. These nearly doubled the hotel capacity in the Petra region to 467 beds.

After the peace Treaty with Israel in 1994 Petra exploded as a tourist destination and the urban landscape of Wadi Musa was radically transformed. The opening of the Wadi Araba/Wadi Arava border crossing just north of Aqaba allowed tourists and package tours to easily travel from Israel to Jordan and back leading to a vast increase in visits to Petra.

Table 13.1 The growth of package tourism to Jordan, 1989-1998

		Bed nights									
Year	U . S . A .		Europeans		Arabs		Israelis		TOTAL		
1989	30,386		312,587		2,891				368,038		
1990	25,375	-16%	265,365	-15%	5,374	86%			318,429	-13%	
1991	3,783	-85%	79,597	-70%	22,372	316%			113,094	-64%	
1992	17,664	367%	295,277	271%	3,078	-86%			345,902	206%	
1993	17,934	2%	380,696	29%	8,003	160%			439,762	27%	
1994	31,253	74%	515,727	35%	11,848	48%	16,888		626,013	42%	
1995	69,372	122%	646,731	25%	15,145	28%	329,780	1853%	1,140,830	82%	
1996	78,773	14%	672,560	4%	16,891	12%	244,625	-26%	1,091,026	-4%	
1997									1,138,377	4%	
1998									1,070,309	-6%	

Source: MOTA, Note: Total includes tourists from all sources

Over the course of 1994 and 1995 increased international marketing efforts and exposure in the world media further augmented the “place-myth” of Petra.³⁵¹ Joseph Massad notes:

The fascination expressed by most Israeli Jews with Petra is enshrined in Zionist mythology, wherein stories of daredevil Israeli Jews illegally crossing the border between Jordan and Israel in disguise risking their lives to see Petra are prevalent. It is said many were killed making the trip. One could see this mythology translated into action following the 1994 peace treaty signed between Jordan and Israel, which was followed by a flood of Israeli and American Jews descending on Petra. (Massad 2001, p. 295)

Reporters from around the world came to write stories about both the Israeli-Jordanian peace process and the antiquities of Jordan and politicians made special tours to heighten media attention on the site. For example, during a visit to Jordan just before the Jordan-Israel treaty signing in Washington the U.S. Secretary of State Warren Christopher, as his aides acknowledged, made a “whirlwind tour... of the Nabatean Ruins at Petra where Steven Spielberg filmed the last scenes of *Indiana Jones and the Last Crusade*” which was “largely aimed at encouraging American tourism,”³⁵² As part of the MENA process a regional marketing effort was launched called the Middle East and Mediterranean Travel and Tourism Association (MEMTA) which ran ads in major international media.³⁵³ American Express founded the World Monuments Watch with an image of Petra as its main logo and the company’s travel division even put a picture of the Treasury on the cover of its “Israel, Jordan, Egypt and Turkey” *Vacations* guide. As a result between 1995 and 1996 over 200,000 Israelis visited Jordan with the vast majority visiting Petra and total visitors to Petra rose from below 50,00 during 1991 Gulf War ebb to 200,000 in 1994 and then jumped to 330,000 in 1995 and then to 414,000 in 1996.

³⁵¹ On place-myths, see Chapter 3.

³⁵² See Elaine Sciolino, “The Mideast Accord: The Impact,” *New York Times* July 26, 1994.

³⁵³ See Goldstone (2001, pp. 154-7).

Table 13.2 Visitors to Petra 1985-1998

	Total Visitors	Tourists
1985		14,272
1996		12,166
1989	120,338	96,600
1990	102,151	83,150
1991	40,889	
1992	117,347	
1993	138,559	110,255
1994	200,505	
1995	337,221	287,275
1996	414,448	318,050
1997	380,527	305,800
1998		282,180

Source: DOA

Note: Total visits includes only paying visitors, which includes most Jordanians but not government officials, foreign guests, small children, and local residents.

In a few short years, Jordan's national treasure became a treasure-trove for would-be tourism developers. Petra, and in particular the image of the *El Khazneh* or the "Treasury," became the most familiar image representing Jordan as a tourist destination. The prominence of the image of Petra's Treasury as Jordan's national icon in the international economy of tourist images is, in fact, of recent vintage.³⁵⁴ Before 1967 when Jordan controlled the Old City of Jerusalem as well as the Nativity site in Bethlehem, these Biblical landmarks were presented as core tourist draws of the country and they shared space with images of the Western friendly King Hussein and the Bedouin Arabs made famous by T.E. Lawrence (with the help of Lowell Thomas and David Lean). Even for two decades after Jordan lost control of the West Bank but asserted claims over it, reference to the Holy Land remained

³⁵⁴ Note also that older editions of the JD 5 note represented Petra with an image of ad-Deir, the Monastery, and the Roman road while the 1997 edition of the JD 5 note presents an image of the Treasury with what appears to be two tourists standing in front of it.

central to its international tourism promotion.³⁵⁵ It was as late as the mid 1980s with the development of increased tourist access to Petra that the “Lost City” became an the central “place-myth” drawing tourist to the East Bank. Its rise to prominence was marked by the Palestinian uprising and then the relinquishing of Jordan’s claims to the West Bank which was followed the next year by the release of Steven Spielberg’s *Indiana Jones and the Last Crusade* which provided it greatest marketing vehicle for American tourists.

The image of the Treasury came to dominate most international tourism marketing efforts³⁵⁶ and in Jordan one finds them plastering everything from the walls of hotel rooms to the wrappers of ice cream cones. Moreover, now these images have found their way onto just about any document anywhere relating to Jordan.³⁵⁷ Even an American social science monograph like Timothy Piro’s *The Political Economy of Market Reform in Jordan*³⁵⁸ which is mostly concerned with the minerals, cement, and fertilizer industries and does not even list “tourism” in its

³⁵⁵ Christian Holy places, though, were never presented as part of the Nationalist imagery. Only the Dome of the Rock was which appeared on the old 1 JD note and has since moved to a new JD 20 bill.

³⁵⁶ For example, in 1998 the British guide book company *Rough Guides* published a well researched guide book for travelers to Jordan which sympathetically explores the country’s diverse attractions and cultures. Before the writing of the book was completed the *Rough Guides*’ picture research department had designed a mock-up of the jacket cover featuring a bright, welcoming photograph of a coffee seller in the southern port city of Aqaba. Void of the common tourist image clichés the photo well represented the *Rough Guides* self-image of seeking to lead the traveler off the well beaten path of the packaged mass tourism experience and into more personal engagements with local people and culture. That, though, was until the *Rough Guides*’ US marketing department got a hold of the design. Drawing on their marketing savvy, I assume, they shifted a shrunken, cropped version of that candid photo onto a corner of the back cover. In its place on the frontcover they put a file photo of the well known image of the bright orange *Khazneh* or “Treasury” in Petra sneaking around the tall black walls of the narrow passage leading up to it. Except for the sitting camel displayed in the *Rough Guides*’ version, this made their cover nearly identical to the 1996 edition of the *Blue Guide*’s guide book to Jordan in circulation at the time. The *Blue Guide*, incidentally, had chosen for its back cover a cropped version of their cover Treasury photo. Also, in a typical newspaper travel section story about Petra, the *Boston Globe* editors found it necessary to represent the Treasury *twice* out of a total four photos which ran with the piece. One of the two other photos is a tabloid-like image of an archeologist (Indiana Jones’ profession) speaking to Queen Noor (an international celebrity). See Linda Tischler, “Petra: land of treasures,” *Boston Globe* October 31, 1999, p. M1.

³⁵⁷ Most every report, statistical abstract, and guidebook in my collection published in Jordan since 1994, has a picture of the Treasury on the cover.

³⁵⁸ Lanham, Maryland: Rowman & Littlefield, 1998.

index, has a photo of the Treasury on its cover.³⁵⁹ That the book does not discuss tourism is worth noting because it marks the dramatic change in thinking about the national economy that has occurred in the time from when Piro conducted most of his research (in 1989-90) before the Gulf War and the time his book was published in 1998. While it was not likely the objective of the book's cover designers to try to fill in this missing element in the story of the recent history of the national economy,³⁶⁰ much of the story of tourism development in Jordan can be "read" from this image of the Treasury. Such as reading requires recalling, as any Petra guide will undoubtedly tell you, that the name of the "Treasury" is derived from a myth about the Pharaoh of the Exodus story. After the Pharaoh survived the incident at the Red Sea, the story goes, he continued to chase the Hebrews across the desert but the treasure he was carrying began to weight down his troops. The Pharaoh constructed what stands as the Treasury to hold his loot for safe keeping. As every good teller of this story adds, while pointing up at chips in the urn on top of the rock carved façade, based on this myth the local bedouin are said to have shot bullets at the urn in the vain hope that they could break it open and get at the loot.³⁶¹

It is not too much of a simplification, I think, to suggest that the history of tourism development in Petra beginning in 1994 has resembled an unwitting enactment of this story with the Jordanian government, private entrepreneurs, and local townsfolk have tried themselves to break open the Petra's "treasury" by taking aim, this time, at international tourists. Tourism development in Petra, as a result,

³⁵⁹ I do not have in my collection any social science monographs on Egypt with cover photos of the Pyramids. Two have very abstracted graphic renditions of triangles, such as Joel Beinin and Zachary Lockman's *Workers on the Nile*. Would it not seem incongruous to any reader if, say, John Waterbury had a photo of the Pyramids on the cover of *The Egypt of Nasser and Sadat* rather than a photo he took himself of the crumbling Cairo cityscape?

³⁶⁰ An inquiry to the publisher, Rowman & Littlefield, failed to locate the editors named by the author in the acknowledgments nor could the Rowman & Littlefield graphics department give me any clues to this question besides confirming that, in general, their cover designs seek to express something about the content of the book.

³⁶¹ See Philip C. Hammond, "Petra: Myth and Reality," *ARAMCO World* 42, 5 (September-October 1991): 32-41.

has been characterized by short-sighted and unregulated rent extraction leading to the scarring of the visual and built landscape surrounding Petra.

Mapping territorial control and patterns of rent extraction

The complex map of territorial control in the Petra and Wadi Musa region begin with the archaeological park itself. The land is technically government owned. As the Director-General of the department of Antiquities announced in 1985, with the Antiquities Law of No. 12 of 1976³⁶² (revised in 1988) “Petra and Jerash were declared national treasures and all needed land will be acquired by the government” (Hadidi 1985, p. 111). The antiquities law of 1976 also outlawed the buying and selling of antiques in Jordan. However, members of the Bedul bedouin tribe have long occupied the site with legal usufruct rights (not ownership). The Bedul generally claim to be the decedents of the Nabateans who carved the Hellenistic tomb facades and later built Roman-style structures in Petra, but all that can be said for sure is they have occupied the area for hundreds of years. The Bedul’s official usufruct rights date back to 1923 when Emir Abdullah camped at Petra with the local Bedul bedouin tribe. As ethnoarchaeologist Kenneth Russell recounts “Asked whether they wished their territorial claims to Petra Valley and its environs formally recorded, and hence would necessarily pay taxes on that claim (which they could not afford), they alternatively accepted government trusteeship in return for a guarantee of traditional Bedul rights of occupation and use” (Russell 1993, p. 29). While it was widely thought they have earned income by selling antiquities, they have generally excised their use rights be continually to live inside the archaeological park and drawing income from the tourism trade. Their “most successful [economic activity] has been the establishment refreshment stands” and vending booth selling post cards and jewelry (which is actually made in India)

³⁶² See McCreery and Sauer (1982 pp. 24-29).

inside the archaeological park (Shoup 1985, p. 282). Following the recommendation of the 1968 NPS report (U.S. National Park Service 1968), the Jordanian government sought to remove the bedul from inside the park. “The government first tried to remove the Bidul in the early 1970s, but..the Bidul threaten to fight. The government backed down and began the slow process of wearing down the resistance” (Shoup 1985, p. 283). It was not until the late 1980s, as tourism was picking up, that most of he Bedul was relocated away from the most important archaeological monuments to a government built settlement in Um Sayhoum on the end of the park (Simms and Koorring 1996). However, not only is this settlement not located on what the Bedul consider their tribal land, it is located on land—while officially government owned like the rest of the park—claimed as part of the traditional land of the rival Lyathne tribe which has limited the agricultural and goat herding possibilities of the Bedul and increased Lyathne–Bedul conflict and Bedul-government animosity (UNESCO/SECA 1994, p. 124). As the Bedul have become the main source of labor for archeological digs, with the Bedul often contributing their knowledge of the region as well as accumulated digging skills to the archeological efforts, they have become highly appreciated by the archeologists. Thus the government treatment of the Bedul as also created tensions between the government, which needs the foreign funded archeological work to proceed in order to increase the value of Petra as a tourist attraction, and the archeologists who often have mixed feeling about the benefits of increased tourism flows.³⁶³

While the state had limited land rights in Wadi Musa, the state’s rights over the Petra park itself allowed it to collect entrance fees and to control hotel development on the land it owned near the entrance at Petra where the government rest house and the Forum stood. As a reaction to the expansion of tourism flows in the wake of the peace process one of the first major steps the state took was to

³⁶³ See Simms and Koorring (1996), Patricia M. Bikai, “Bdoul—a valuable asset,” Letter to *Jordan Times*, April 23, 1997.

extract more rent from their property by dramatically increasing the entrance fee to Petra. In 1995 there as a fourfold increase in the admission cost from 5 dinars to 20 dinars for a day's visit to Petra.³⁶⁴ When the fee was at 1 JD before 1993 the government barley made JD 100,000 per year. Between the time of Oslo deal and Jordan's own peace treaty, there was a 5 JD entrance fee though which the state collected about half a million. In 1994 while the 5 JD rate was maintained revenues climbed to 1 million dinars. Then with the JD 20 JD fee and increases tourist flows state revenues increased 500 % in one year to over 6 million dinars in 1995. This income went straight into the Ministry of Finance coffers and alone amounted to nearly a half of a percent of the total domestic government revenue from all sources.

Table 13.3 Petra Rents: Revenue from the entrance fee, 1985-1998

	Total Income JD	Share of Total Domestic government revenue	Average Income per visitor JD
1985			
1996			
1989	96,270		0.8
1990	81,721		0.8
1991	32,711		0.8
1992	93,878	.01%	0.8
1993	560,818	.05%	4.0
1994	1,026,236	.08%	5.1
1995	6,015,040	.43%	17.8
1996	6,687,475	.44%	16.1
1997	6,411,783		16.8
1998			

Source: MOTA and (EIU 1997a, p. 37)

While the territory of the archeological park was government land the land just past the entrance gate was privately held. As noted in the introduction of Part III, a British-conceived land program beginning in the late 1920s allowed nomadic and settled tribes, as well as others, to secure ownership rights to land which

³⁶⁴ This is the foreign tourist price. Jordanians and foreign residents pay a fraction of this.

“helped define for ordinary Jordanians the spatial dimensions of their property, their villages, and their new country”(Fischbach 2000, p. 207). State legitimacy was built through this mutually beneficial arrangement where the state encouraged the increased agricultural production by villagers (and thus more tax revenues) and the settlement of formerly nomadic, often warring tribes. The program insured the livelihood of small-scale cultivators as well as established the state recognition of the power of tribal leaders and wealthy merchant families. Social groups in Jordan came to link their identities, as well wealth, to specific territories both protecting their tribal organization and identity while gaining the new state widespread loyalty.³⁶⁵

In Wadi Musa, as confirmed by travelers accounts, members of the Lyathneh tribe—before they were given legal title—had long controlled most of the land from the Petra gate north to Beida and east to Elji (Russell 1993, p. 22; UNESCO/SECA 1994, p. 74). This control cemented their local political power, dating back to the late 1860s, and has assured them access to other sort of rents and economic opportunities ever since.

Although the Bedul lived in and controlled the land inside Petra, the Layathna have control the tourism rents to Petra. The extraction of rents from travelers’ dates back to Burkhardt’s “discovery” of Petra in 1812 (Burckhardt 1822). As John Shoup reports “Members of the tribe living in Wadi Musa, the Layathna took jobs at the rest house and begun their near monopoly of the tourist trade in Petra. Layathna were contracted to provide horses to transport tourists into Petra... Layathna quickly arranged for the official concessions to sell post cards, tour books, stamps, and souvenirs”(Shoup 1985, p. 281). When hotel construction expanded in the 1990s, the Layathna could further extract rents as “a handful of traders control construction supplies in the area, which cost 25-30% more and sometimes double

³⁶⁵ On the politics of contestation over land rights and regulation around the Amman, Jordan, see Razzaz (1993), Razzaz (1994).

their equivalent in Amman. But local mores demand satisfying everyone, otherwise there remains a fear that the party whom you do not buy from will sabotage and delay your project.”³⁶⁶

This local power was manifest in the local political structures. Shoup reported in the early 1980s that “a number of Layathna have attained positions in local and national government offices and have input into the development of their district. For example, the regional antiquities inspector is a Layatha as is the chief of the local tourist police. They are in charge of any important guests sent to Petra by the Jordanian government” (Shoup 1985, p. 286).

However, in the 1990s the expansion of tourist flows and the central state’s increased reliance on developing tourism as an engine of sustainable economic growth soon clashed with the interests of the diverse local population while the state itself promoted conflicting and uncontrollable development efforts. This pattern of change led eventually to efforts by central state institutions to extend their power over the region seeking to override the local political power of Layathna tribes and other developers in shaping the future of tourism development in Wadi Musa. But before state power could be expanded, the physical, environmental, and touristic environment of Wadi Musa was radically changed, for the worse.

Transforming the built landscape: The case of hotel development

Signs of the divergence between state and local interests, as well as contradictory interests of various state actors, emerged as tourism flows to Petra expanded in the early 1990s. In 1992 Queen Noor, concerned about “the major problems threatening the integrity of the World Heritage site of Petra” (UNESCO/SECA 1994, p. 4), requested UNESCO to write a report outlining a master plan for the development of the Petra region. While promoting the

³⁶⁶ “Petra” *Middle East Land and Development (MELAD) Newsletter*, April 1996.

conservation of Petra, the UNESCO report is supportive of the tourist development of site stating that “cultural tourism...represents a real opportunity for the future” (UNESCO/SECA 1994, p. 80). The report outlines the various tourist segments Petra could cater to from archaeological sites, natural environment, and the local culture.

Sustainable tourism development requires the construction of a tourist space that provided visitors valuable experiences. While most of the report’s recommendations concern the archeological park itself, issues dealt with in the following chapter, the report clearly states that no hotel permits should be given out until a comprehensive development plan for the area is drawn up. Even as state authorities informed developers that infrastructure projects would not come on line for several years these residents and other developers acquired permits to build hotel through the local offices of state institutions. Local interests as well as the national interest of expanding tourism development supported the granting of these licenses in the face of the UNESCO report.

The UNESCO report issued in 1994 states that “unfortunately, despite the recommendations made in the Draft Management Plan (August 1993) this extension [of hotel development] has not been well controlled, in order to preserve the environment, conserve the image of quality and high level tourism at Petra”(UNESCO/SECA 1994, p. 117) “the need for new spaces for hotels could not be denied, but this must not be achieved to the detriment of the site, in areas where their visual impact and effect on the landscape would be negative, or in environmentally important areas ”(UNESCO/SECA 1994, p. 118). The state however had limited regulations in place, no environmental impact assessment was required, and limited enforcement capacity since “despite the legislation instituted to limit the height go constructions to two stories, and their maximum capacity to 200 beds, construction has begun on a very high level hotel with a capacity of 240 beds” (UNESCO/SECA 1994, p. 118). Moreover, state interests were torn between the short term need for hard currency and rapid economic growth and the long term

need to insure that Petra remain a sustainable source of income. Without territorial control over tourism resources outside of the archeological park, and even limitations over its control inside the part, the process of development could not be governed or regulated by state institutions. Meanwhile, the non-governmental organization, the Petra National Trust which promoted the recommendation of the UNESCO report and was backed by royal family members such as Queen Noor, tried to “get involved in the process of issuing permits...but for the government, Petra is a source of much needed hard currency [and] political pressure, applied by influential businessmen, land owners and deputies, has in many cases succeeded in overruling Petra Trust recommendations.”³⁶⁷ Local officials Wadi Musa in charge of building permits for houses were themselves “too close to the people and part of the community” and thus had to be fairly treat different segments of he community and if they let members of one clan build they could not refused the request by another.³⁶⁸

By the time the government stopped issuing permits, the transformation of Wadi Musa was well underway. And even once the government stopped issuing permits “this did not stop construction of unlicensed hotels in the town of Wadi Mousa which belong to the locals,” explains the Amman-based *Middle East Land and Development* (MELAD) newsletter, since “the government cannot mess with this because of the tribal nature of the system.”³⁶⁹ While most of the land in Wadi Musa is owned by members of the Layathna tribe, the tribe itself is divided into many clans and families. Over the years the land in Wadi Musa was subdivided between these tribes and clans, each in the end held their own property near town which could be used to built a hotel or other tourist enterprise. And after working in the Gulf many families and income available to invest and had long viewed gaining

³⁶⁷ Osama El-Sherif, “Flood of visitors threatens to take bloom off Jordan’s rose-red city,” *The Star* (Amman) 2 October 1997.

³⁶⁸ Saad Rawajfeh, Head of Planning Department, Petra Regional Planning Council. Interviewed in Wadi Musa, April 1, 1998.

³⁶⁹ “Petra” *Middle East Land and Development (MELAD) Newsletter*, April 1996.

income from tourism as their right. As a result local community leaders found that one they allowed some families to build hotel, for the sake of fairness and balance, they could say no to other families who wished to build also. By 1998, while the official government statistics show for 23 classified hotels, and 18 non classified there were at least 64.³⁷⁰

The tourist flows generated rents for land holders across Wadi Musa and at the start of the tourist boom the state has little control over these developments. In 1994 “Jordanian officials admit the sudden onslaught of peace caught them flat-footed. Never a high priority, tourism suddenly has burst from back-burner to front as the government scrambles to read the rewards of ‘non-belligerency’ with Israel.”³⁷¹ The rapid influx of tourism set the hotel developers spinning and made hotel developers out of just about anyone in Wadi Musa. “Just weeks, maybe even days” after the signing of the peace treaty local residents started building hotels while existing one started to expand their capacity.³⁷² Soon big developers from Amman were buying up expensive plots of land for grand visions of a tourist mecca. These transnational flows also attracted investment capital from local families as well as Amman and Gulf based investors and developers. As the quantity and quality of accommodations improved more tour operators programmed longer stays in Jordan. In just two years after the peace treaty the capacity had quadrupled again to 2,000 rooms. This came at a cost of 70 to 80 million dollars in hotel construction alone. In 1995 MOTA reported that there were already 175 bed spaces in the region with another 1904 in hotels and expansions currently under construction, for an expected total of 3629 (MOTA/Dar Al-Handasah 1996a, p. 4-27).

³⁷⁰ Author of the *Rough Guide* counted 65, see Teller (1998, p. 233), while a foreign volunteer worker wrote into the local English language new Jordan times “In a report...you refer to ‘26 existing hotels with 2,700 rooms’...personal observation and questioning of a local hotel owner and a tour guide have both indicated there are already 64.” See Brian Cope, Letter to the editor, *Jordan Times*, May 10, 1998

³⁷¹ Kevin Coughlin, “Peace accord opens new era of tourism” *The Plain Dealer*(Iowa), November 20, 1994.

³⁷² Travel agent, Interviewed in Wadi Musa, March 30, 1998.

Table 13.4 Hotel Development in Wadi Musa 1990-2000

Year	Classified Hotels		Unclassified Hotels	
	Hotels	Beds	Hotels	Beds
1990	2	244	3	66
1993	4	365	4	97
1995		1725		
1996	12	1920	18	815
1998	23	3083		
1999	25	3408	21	

Source: MOTA, Note: Classified hotels are hotels rated 1 to 5 stars.
Unclassified ones are generally below the 1 star rating.

One stark indicator of the increased territorial commodification provoked by increased tourism flows is the rise of land values. While most of the smaller hotels were built by the Wadi Musa families who owned various plots of land in the area, the developers of the larger more luxurious hotels had to negotiate land deals from the local Wadi Musa owners. Before the tourist boom a dunnun of land (=1000 m²) could go for about JD 700JD . Most of the hotel developers who started before the peace boom bought their land before 1992 at what seemed a reasonable JD 2,000 to JD 10,000 per dunnun.³⁷³ But then after the flood prices shot up to around JD 35,000 per dunnun.³⁷⁴ At the extreme high end was the Mövenpick, a luxury hotel set on the strip near the entrance of Petra, is reported to have paid JD 140,000 per dunnun. In 1996 asking prices for land near the main approach to Petra were reported to be JD 230,000, with opposite the entrance gate the price was JD 120,00 and the hill overlooking the entrance it was JD 60,000. Moreover, Along the road

³⁷³ "Petra" *Middle East Land and Development (MELAD) Newsletter*, April 1996.

³⁷⁴ Osama El-Sherif, "Flood of visitors threatens to take bloom off Jordan's rose-red city," *The Star* (Amman) 2 October 1997.

towards the village of Taybeh, which overlooks the Petra park, prices were as high as JD70,000-100,000 on the near side and 40,000-60,000 on the far side.³⁷⁵

Shortage of hotel space in 1994 and 1995 allowed hotel owners to extract monopoly rents from tourists and tour operators. In Petra room occupancy rates from 1992 to 1994 stayed above 60%, and even with all the hotel expansion they were 53% in 1995. These are substantial considering the seasonality of tourism in Jordan. At peak times many hotels were over booked with some tourists, according to a manager at the Forum, even “asking if they can sleep in lobby.”³⁷⁶ In 1995 a British tour operator reported that across Jordan “the demand for Jordan is incredible and there are great problems booking space. It has become a sellers market, and the hoteliers can dictate their own terms. Prices have gone up 30 to 40 percent” and Jordan’s hotels were expected to push rates up about 40% the following year.³⁷⁷ At the same time Jordanian authorities raised the value added tax from 7% to 10% to reap a share of the monopoly rents.

At the same time, however, potential tourism entrepreneurs in the region failed to develop tourism services and activities except those that seek to extract rents from territorial control as hotel development does. For example, there was “little effort to develop and advertise activities or excursions for visitors who may wish to prolong their stay” such as long distance hiking, “opportunities to experience or learn about Bedouin or nomadic lifestyles” (MOTA/Dar Al-Handasah 1996a, p. 4-28).

The increased land values made many locals very wealthy and the increased employment generally added to local incomes represented in increased house building, larger family sizes, and new mosque constructions (MOTA/Dar Al-Handasah 1996a). Tourism development, however, proceeded across Wadi Musa at

³⁷⁵ “Petra” *Middle East Land and Development (MELAD) Newsletter*, April 1996. See also MOTA/Dar Al-Handasah (1996c, p. 2-8).

³⁷⁶ Front Office manager, Petra Forum Hotel, Interviewed March 31, 1998.

an uncontrollable speed and without planning or regulation jeopardizing the ability of tourism to provide an engine of sustainable growth with linkages to other sectors required for construction a post-rentier mode of state building. As outlined in Chapter 3, much of the ability of tourism spaces to generate territorial rents and externalities is built upon the construction of value tourist experiences within and attracting “atmosphere,” for it is the secondary spending in the tourism space which generates the external economies which drive sustainable tourism development. To the degree that states promote and control the construction of such spaces they can control the private firms and transnational flows associated with tourism development. Moreover, as David Harvey notes in reference to the production of cultural commodities in an increasingly globalized economy “The bland homogeneity that goes with pure commodification erases monopoly advantages. If monopoly rents are to be realized, then some way has to be found to keep commodities or places unique and particular enough to maintain a monopolistic edge in an otherwise commodified and often fiercely competitive economy” (Harvey 2001a, pp. 396-7). In contrast, reterritorialization in the context of fragmented territorial control generated a pattern of tourism development in Wadi Musa characterized by haphazard and ill-designed construction resulting in landscape about which a guide book could declare “must also stand alone as about the most expensive tourist trap in the world” (Simonis and Finlay 1997, p. 171) while referring to the commercial and built environment in Wadi Musa as replete with “visual horrors” (Simonis and Finlay 1997, p. 172).

³⁷⁷ Oliver Bennett, “Travel: No room at Petra’s inns” *The Daily Telegraph*, July 15, 1995.

Figure 13 Overview of hotel developments near Petra entrance gate

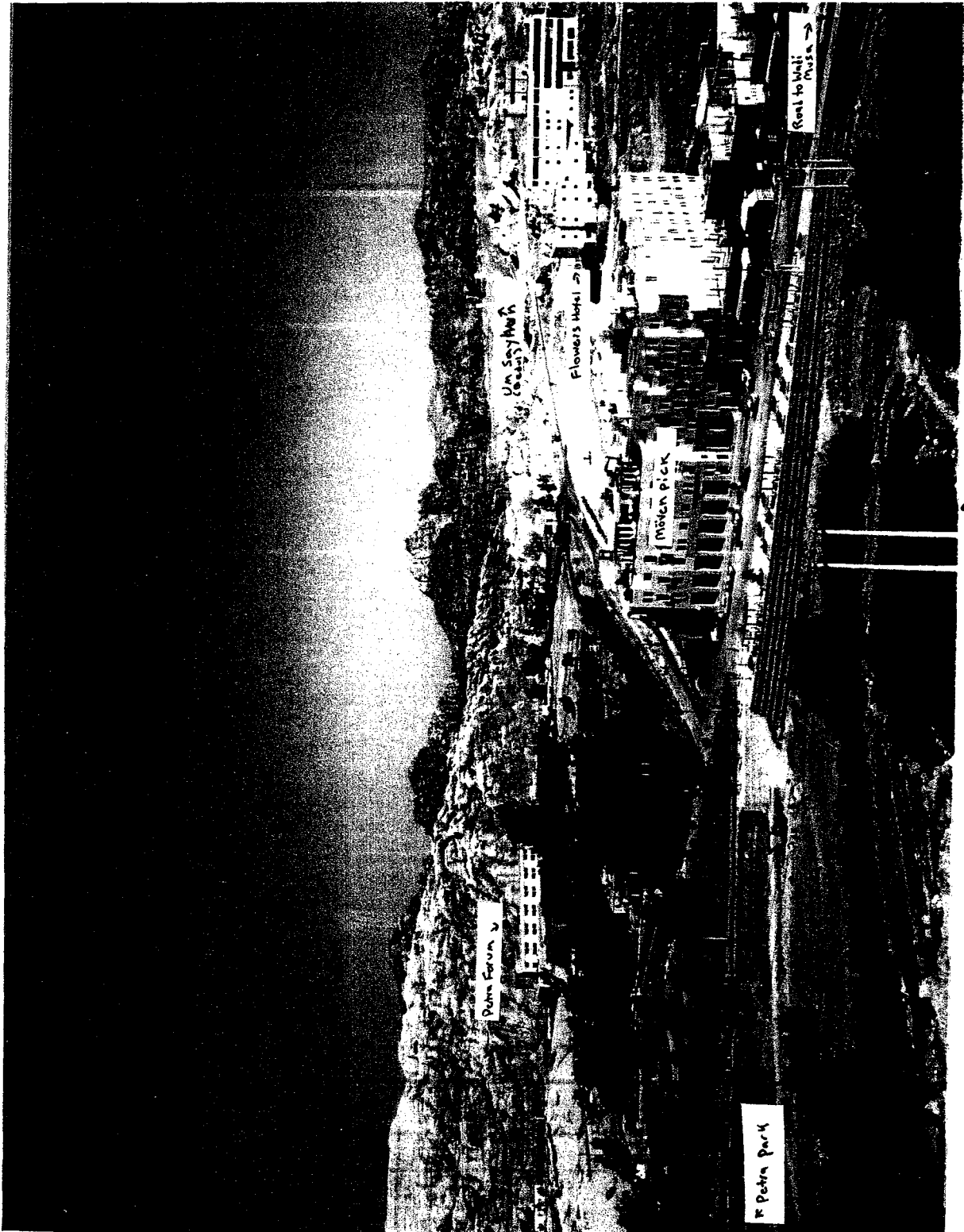


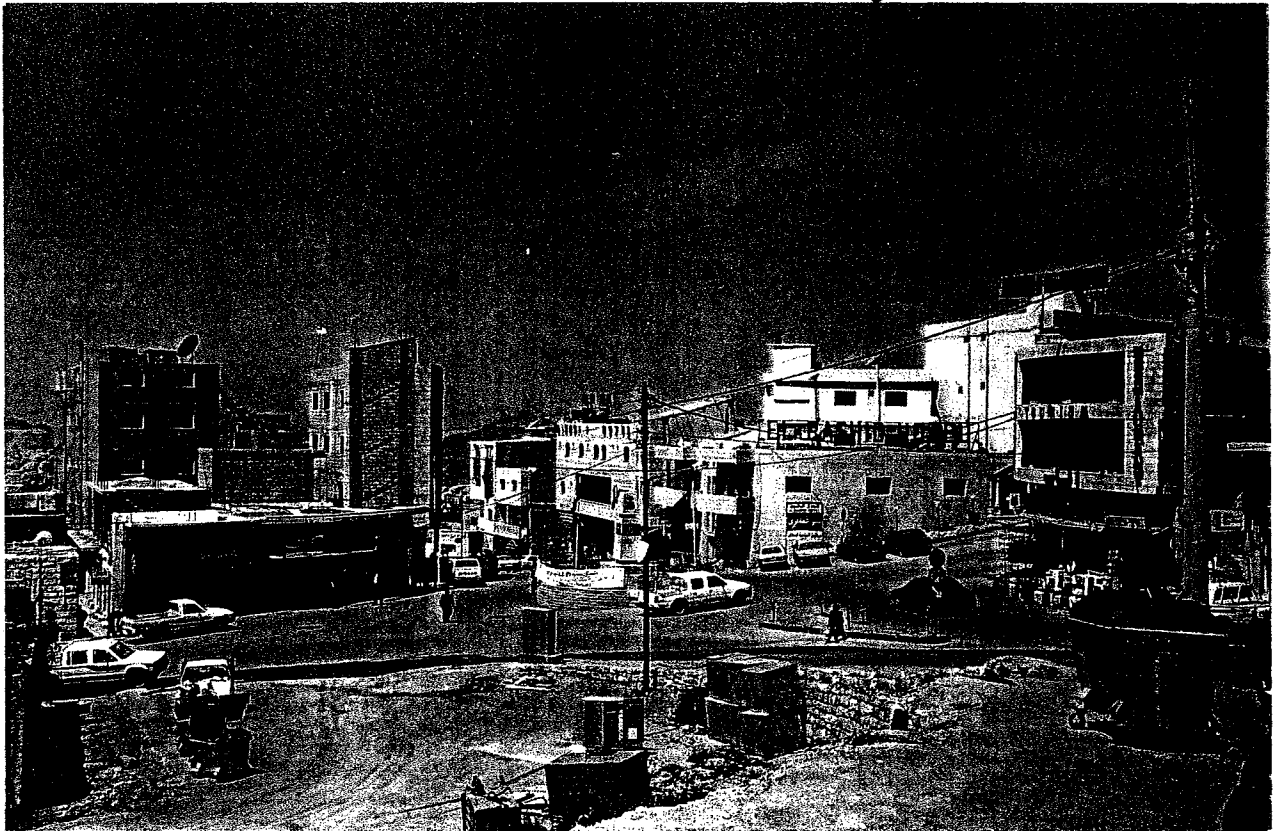
Figure 14 Hotels near Petra gate



↑ Hotels near Petra gate, behind Möven pick

Figure 15 Wadi Musa, Saheed Roundabout

Shaheed Roundabout



Wadi Musa

The core of the visual horror is a string of quickly built and often makeshift hotels sprung up around downtown Wadi Musa. Some residents converted their existing apartments into make-shift hotels, others who were building a private house quickly tried to retool them as best they could for hotels.³⁷⁸ The mood of the moment was well expressed in the naming of the “Peace Way Inn.” A few hotel were set up for budget backpacker travelers but most are seeking to capture some share of the group tour business that was entering Petra. What is most striking about these insta-hotels is the obvious poor construction of most of the facilities. In 1998 many still were half built and barely recognizable as hotels in the landscape of the recent home construction boom. Even for some of the better built hotels down closer to Petra, there is an obvious lack of integration into the townscape without proper roads in front of hotels let alone sidewalks to encourage tourists to explore the town.

While many of the accommodation facilities may provide “adequate” facilities, for the most part these establishments were built as short-sighted attempts at extracting rent from the rapid increase in tourist flows. The capital invested in hotels has been considerable. For example the 48 room Amra Palace costs JD 700,000³⁷⁹ while the 46 room Petra Paradise hotel cost JD 1,000,000.³⁸⁰ But most of these investments have not been particular profitable or sustainable on their own merits nor do they create an atmosphere likely to sustain and augment the value of Petra as a tourist destination. Moreover, when tourist flows declined a few years after the peace, many hotel owners had difficulty paying off their loans and the government had to instruct the banks to allow them to reschedule their loans.³⁸¹ Consider the Petra Inn for a moment which boasts on its large billboard signs down the street “The Dream of Tourism.” This was a case where some members of the

³⁷⁸ Sandra Shefman, Twaissi Inn. Interviewed in Wadi Musa, April 1, 1998.

³⁷⁹ Interview Ali and Ahmad Nawafleh, managers Amra Palace Hotel, Wadi Musa. April 1 1998.

³⁸⁰ Ilene R. Prusher, “Despite peace, Jordan sees tourist no-show,” *Christian Science Monitor*, August 14, 1996. Note 1JD=\$1.4 approx.

Tawaissi clan, which owned much of the land in this lower area in the entrance, after the Peace thought a hotel “would be a good idea.” Without any market data, feasibility study, or hotel industry training they acquired enough bank loans to build a nice but sterile and uninteresting 30 room hotel. Two years later the manager now finds himself tied down to this establishment which he must personally oversee. He had sold his architecture and construction office to help pay for the hotel, but finds that with the leveling off of tourism flows and increased competition from other hotels he make about a quarter of the income he used to and with little interesting work to do. He hopes that someone would buy the place from him, land and all, and so he could set up some other sort of business.³⁸²

As scrappy, short-sighted, and ill-designed as many of the Wadi Musa hotels are the four large luxury projects on the Taybeh road might be seen as vulgar and misguided. Eventually supported by the World Bank, a four lane “scenic road” along the cliff overlooking the Petra Park is now the site of four extravagant luxury hotels built by some of the most experienced and well connected players in the Jordanian tourism sector.³⁸³ Unlike the Wadi Musa hotels they are grandly built and lavishly decorated costing around JD 7 million each. The MOTA encouraged these developers to build hotels in Petra and directed them to the Taybeh road, which they were told would be finished for their hotel openings.³⁸⁴ While the land was privately owned, and thus the state and private developers were required to negotiate with local land owners, the overlook view onto the Petra Archaeological Park was expected to provide monopoly rents, even these hotels would be visible from the park contaminating the view out in the opinion of conservationists. In

³⁸¹ Usama E. Ma’ayeh, manager King’s Way Inn in Wadi Musa. Interviewed in Amman, July 21, 1998.

³⁸² Ziyad Tawaissi. Interviewed in Wadi Musa, April 1, 1998.

³⁸³ These developers in include the Amman based, Nader Shalhoub of the Shepherd’s Hotel in Amman, Michael Nazzal of Palestinian family who began the hospitality business in Petra, and a member of the Kabariti family of Aqaba, the brother of the former pro-liberalization prime minister.

³⁸⁴ Nader Shalhoub, Owner Petra Plaza. Interviewed at his office at Shepherd’s Hotel in Amman, July 21, 1998.

particular, tourism ministry officials and other state officials were interested in increasing Petra's capacity for high paying tourists and luxury packaged tourism which would be best able to bringing the largest amounts of hard currency and local spending. In 1993 the state owned Forum Hotel was the only hotel rated at 4 stars hotel or above in Petra. While the Forum, which now also managed the rest house, sought to expand its capacity in 1993 the MOTA also gave out 7 licenses for 4 and 5 star hotel developments in Petra.

Table 13.5 Hotel ratings in Petra, 1999

	#	rooms	Ave size
5 star	5	678	136
4 star	3	327	109
3 star	4	194	65
2 star	2	173	87
1 star	11	332	30
unclassified	21	303	14

Source: Jordan Hotel Association, JHA
 cited in (Travel & Tourism Intelligence 1999, pp. 62, 63)

As peace was expected soon they all rushed to complete their projects. Nader Shalhoub, for example, was the long time owner of the small but successful Shepherd's Hotel did a feasibility study and quickly rushed the market. Shalhoub took 27 months.³⁸⁵ Shalhoub's Petra Plaza paid JD10,000 per dunnun for land with the total cost of the hotel JD 6,000,000. Kabariti's sprawling Nabatean Castle is even more luxurious. The construction costs for all the hotels was high as most of the materials had to be sent from Amman and water in Wadi Musa cost 10 times as much as in Amman. These hotels began opening in 1995 and 1996, having been told the road would be built but it was not built for lack of funding. It was started as a public works project but then UNESCO delayed it requiring those power lines, for

³⁸⁵ Michael Nazzal rushed his development, completing it in only 18 months.

example, be put underground. The World Bank eventually funded the completion of the road, but the project had to be restarted 3 times.³⁸⁶ Moreover, at the request of Queen Noor a review committee made up of leading Jordanian architectures was asked to review the designs of the hotels. The MELAD newsletter notes that “The government was apparently not concerned about the damage development done to the environment and historical sites as much as it was concerned with architecture. A powerful, unofficial committee with a say in the matter preferred new hotels to mimic a physically low profile and scattered 'old village' style.”³⁸⁷ The commission created some criteria for the building, such as limiting the colors and the materials, and height. One of the committee members, however, describe the effort as “semi-effective.”³⁸⁸ While Shalhoub complains that the commission delayed their hotel building, added costs to their projects—requiring them to redo their color—with the result being, according to Shalhoub, to make them “look ugly except for the Nabatean castle which was designed by the architect Rasem Badran [a leading Jordanian architect and member of the commission] and thus the commission could not say anything about it.”³⁸⁹

In 1997, when the Secretary General of the MOTA visited Petra he is reported to have “slammed the levels of service offered at the country’s largest tourist attraction [saying that] the low level of standards and lack of quality services harm the tourism industry...he intends to recommend the ministry monitor these place, urge them to improve the quality of services.”³⁹⁰ By 1998 Wadi Musa, while located in a stunningly beautiful and unique natural location, was

³⁸⁶ Nader Shalhoub, Owner Petra Plaza. Interviewed at his office at Shepherd’s Hotel in Amman, July 21, 1998.

³⁸⁷ “Petra” *Middle East Land and Development (MELAD) Newsletter*, April 1996.

³⁸⁸ Jafar Tukan, Architect, Interviewed in Amman, July 18, 1998.

³⁸⁹ Nader Shalhoub, Owner Petra Plaza. Interviewed at his office at Shepherd’s Hotel in Amman, July 21, 1998.

³⁹⁰ Info-Prod Research (Middle East), “Low Level of Standards in Petra,” *Middle East News Items*, October 30, 1997. This report is likely a summary of news item in the local Jordanian press, as English language news sources in the Middle East, for reasons I have yet to pin point, make over abundant use of the verb “slammed.”

burdened with a built environment replete with “the bland homogeneity” which David Harvey notes often “goes with pure commodification” and which “erases monopoly advantages”(Harvey 2001a, pp. 396). While “there is general agreement amongst the local population that in general the impact of tourism on the area has been positive,” (MOTA/Dar Al-Handasah 1996a, p. 10-5), Matthew Teller, the author of the *Rough Guide to Jordan*, poignantly notes: Plagued by disastrously bad management of resources and town planning of the most tragically shortsighted kind, Wadi Musa is filled with a tawdry and rather sad air of powerlessness, a small agricultural community resigned to a collective free-for-all scrabbling at the whirlwinds of cash drifting through its fingers” (Teller 1998, p. 232).

The Petra Regional Planning Council: The politics of state building, development planning, and the production of tourism spaces

State institutions in Jordan, with their fragmented and overlapping authorities and limited capacities, were clearly not ready for the influx of tourism in the mid 1990s. As a World Bank report notes, “tourism development suffers from fragmentation of authority among several public entity and inadequate coordination and capacity.”³⁹¹ In 1995 the Ministry of Tourism formed the Petra Regional Planning Council (PRPC) to expand state authority and capacity over tourism development. While the PRPC’s director explains that “the government wanted a ‘decentralized’ authority to control development, protect the heritage site, and promote tourism,”³⁹² the Council is a tool for projecting central state control into the region located far from the capital.

³⁹¹ World Bank, Infrastructure Sector Group, Mashreq Department of Middle East and North Africa Region “Project Appraisal Document on a Proposed Loan of US\$32 Million to the Hashemite Kingdom of Jordan for a Second Tourism Development Project” Report No. 16485-JO, July 11, 1997.

³⁹² Dr. Kamel O. Mahadin, Director General of the Petra Regional Planning Council. Interviewed in Wadi Musa, April 1, 1998.

The council was given control over an 850 square km region which includes not only the 264 square kms of the Petra Archaeological Park (which is all government land), but is also includes a wide belt of territory, mostly privately held, circling Wadi Musa thereby including its catchment basin. Its formation required the disbanding of the local municipalities of Wadi Musa, Taybeh, and Rajef, because the Council supercede their powers and took over their functions such that it has “absolute power pertaining to building permits, usage of land, implementation of regulatory plans, and infrastructure”³⁹³ within its defined territory. It also has an “independent budget ratified by the cabinet.”³⁹⁴ Beginning in 1998, following the original suggestion by USAID, 25% of the Petra gate fee was set aside for the financing the operations of the PRPC. Even with these powers, however, the capacity of the PRPC has been limited by the various local, national, and transnational actors who possessed funds, technical experts, or function territorial control relevant for the PRPC’s purposes. The planning council, for example, operates under a Project Management Unit, located at the Ministry of Tourism, which reports to the Bank. A Jordanian official who works for the Project Management Unit explained to me that when it came to the World Bank projects, they have no autonomy “to alter one bit from what is written by the World Bank” which funds many of its tourism related projects such as road building.

³⁹³ World Bank, Infrastructure Sector Group, Mashreq Department of Middle East and North Africa Region “Project Appraisal Document on a Proposed Loan of US\$32 Million to the Hashemite Kingdom of Jordan for a Second Tourism Development Project” Report No. 16485-JO, July 11, 1997.

³⁹⁴ World Bank, Infrastructure Sector Group, Mashreq Department of Middle East and North Africa Region “Project Appraisal Document on a Proposed Loan of US\$32 Million to the Hashemite Kingdom of Jordan for a Second Tourism Development Project” Report No. 16485-JO, July 11, 1997.

While the responsibilities of the Council include planing, infrastructure, tourism, protection of the environment, and the social wellbeing of the population, its primary task, according to a Planning Council document handed to me by its director, is “ to maximize the penitential of Petra, which is the basic economic resource of the area...The regional as a whole requires substantial investment in order to establish as a sustainable asset which will be better able to drive the economy of the region when the population has risen beyond the level of available employment.”

It was only after the establishment of the Petra Regional Planning Council that a ban on permits was put into place. By 1997 new hotel developments were also limited by the rise in land prices and the leveling off and shrinking of tourist flows. In early 1996, the Ministry of Tourism commissioned the Dar Al Handasah firm to study the conditions and immediate needs for public action n the area of tourism development in Petra. The report, the *Petra Priority Action Plan Study*, was completed in October 1996. The study notes that “Caught unaware of the consequences of such change the demands are being met with a hesitancy by local administrators and the construction industry to the point where the development boom has damaged rather than enhanced the urban fabric of the town. The overall effects of such rapid and uncontrolled growth are the unsatisfactory visual appearance of the town and the lack of cohesion or relationship of the place to Petra for which it is the setting.” (MOTA/Dar Al-Handasah 1996c, p. 2-74). The Petra Priority Action Plan set out to create and attractive and appropriate natural and urban environment while encouraging the growth and, management of sustainable tourism. The implementation of the plan instituted an hotel building freeze and created, for the first time, a zoning land use planing scheme.

In terms of refashioning the tourism space outside the archaeological park the plan is centered around creating a tourism zone near the Petra entrance gate which can be viewed as a focus for reterritorialization which in the future would be

under the control of the planning council. The Petra Plan states that “It is recommended that the existing hotels area at the Petra gate be expanded and receive special treatment as a ‘tourist Park Zone,’ with additional hotels, shops, markets, restaurants, recreational and a visitors center, with expanded parking and transport facilities”(MOTA/Dar Al-Handasah 1996c, p. 2-91). While this tourism zone would be a specialized tourism enclave, “direct physical, environmental and visual contact with Petra itself” (MOTA/Dar Al-Handasah 1996c, p. 2-145). The implementation of such a tourism zone, along with numerous other re-zoning plans, draws the councils into inter-tribal politics which in an effort to not upset often lead to delays or compromises in its original plans.

Across the road on the sloping hill across from the Petra gate the plan calls for leaving the area natural and undeveloped, “however, as the area comprises predominately privately owned plots proposals must identify ways and means to minimizing loss to the land values as a result of the present zoning” (MOTA/Dar Al-Handasah 1996c, p. 2-145). As head of the planning department explained, the “problem with planning in Petra and Wadi Musa is that land is mostly privately held. Since the 1940s it has been registered. It is divided into small plots and spread into the region owned by various families. If you want to zone only 2% (for example) commercial, where do you put it? If you put it in one place then that set of people/families benefit, so you are forced to try to spread it around. [Thus it is] difficult to lead to rational planning, [meanwhile] people try violate the zoning.”³⁹⁵

Moreover, hotel owners generally were unfamiliar with the new zoning scheme suggesting that planning would be a good idea, but they wished they could see the plan. In 1998 the PRPC staff of 30, had only one staff member with a planning degree who has in his possession on of the only extant copies of the full Petra Priority Action Plan. As I introduced myself as interested in “tourism planning” this planner was eager to talk to me and explain what the PRPC was trying to do as well as the obstacles they faced in the implantation of “rational” planing. I found it emblematic of the nature of the planning process that while I was give fully access to his copy of the plans, I was not to let anyone see that I had them and even was required to return them in an unmarked brown paper bag which I placed under and chair in his office while he was gone.

Following the Chemonics plan, the plan calls for the building of a “souk” or marketplace area near the entrance of Petra to collect all the vendors strew around the entrance and inside the park. The Plans states “ the main advantage of this is

³⁹⁵ Saad Rawajfeh, Head of Planning Department, Petra Regional Planning Council. Interviewed in Wadi Musa, April 1, 1998.

that it achieves two important objectives. First; widening of the path which will be one of the major pedestrian links from the car park zone to the Archaeological park, second by providing a traditional shopping street, shaded in parts to provide a cool attractive passage for visitors and commercial benefited for the local stakeholders, It is envisioned that this route will be used more on the visitors return from the Archaeological park when they will have more time to browse” (MOTA/Dar Al-Handasah 1996b, p. 1-17). The plan also calls for making the souk part of a cluster of informative and commercial services for the tourists—such a redesigned visitors center and an NGO-sponsored handicraft shop—where they might linger and incorporate as part of their Petra experience. This effort to promote reterritorialization, as found in the tourism enclave, calls for a shifting of territorial positions of the vendors. While this makes sense in terms of tourism geography, it also generates social conflict as the souk zone is located outside the Petra gate entrance, and thus on government owned but otherwise understood as Layathna tribal area and thus only Layathna would be able to set up there. The Bedul have resisted this idea, which is meant to replace many of the vendors selling inside Petra, as it would leave them unable to sell to tourists.

Another major tension for the PRPC is that tourism development must struggle to coexist with antiquities conservation and preservation. Furthermore, the management of the archeological site requires technical expertise and financial support. A large share of this support would have to come external sources. This pits government agencies against each other as well as the agencies of foreign states, the interests of civil society groups and transnational epistemic communities. Take for example, the Petra National Trust, which is ostensibly, a private Jordanian foundation seeking to protect and enhance the national heritage site which is backed by prominent members of the royal. It supported the 1994 UNESCO report and its call to limit hotel development, which pitted it against the state’s tourism promotion interests. But in the late 1990s, using Swiss funding, the PNT commissioned a Swiss company to build a series of dams along the siq, the

narrow gorge entrance to the park, to avoid another flash flood that in the past has killed a number of tourists. However, the project “damages the site’s integrity,’ say archeologists... Experts are also upset about the way the same company excavated the ancient pavement ‘with a bulldozer and without archaeological supervision’.³⁹⁶ Moreover, much of the restoration and preservation work in Petra has been carried out with the help of German funding and experts, who are going to set up a local structure, with their own experts and independent of the Department of Antiquities. While the Jordanian government obviously has to approve such a project, their need for the technical skills and funding requires them, for the better good of both conservation and sustainable tourism development, to allow for a competing body to its own DOA to play a role in protecting and monitoring the site.³⁹⁷

This is not to say that the PRPC will not improve the Petra tourism space. The PRPC director has talked about fashioning a “Euro-Mediterranean city” out of Wadi Musa. It will, however, be a difficult task. The fragmentation of territorial control over the tourism spaces around Petra, and elsewhere in Jordan,³⁹⁸ has led to new forms of state-society accommodation. Jordanian state building, unlike that of Tunisia, was based on a territorial accommodation with local tribes and shaykhs. In many ways this accommodation was made possible by rentier income, as the land policy in the end failed to increase agricultural production and supply the state with a large tax base. The centralizing state was able to trade its control over territory for political loyalty. Fischbach concludes his study of the role of land policy in the structure of state-society relations in Jordan by arguing that “Regime stability in the Hashemite kingdom of Jordan stands on a much more than primordial

³⁹⁶ Based on site visits in December 1997 and April 1998, and Christophe Ayad, “Petra’s New Invaders,” UNESCO Courier, July-August, 1999.

³⁹⁷ Based on site visits in December 1997 and April 1998, and Christophe Ayad, “Petra’s New Invaders,” UNESCO Courier, July-August, 1999.

³⁹⁸ On Wadi Rum and Um Qays, See Brand (2001).

loyalty...Indeed, Jordan's long track record of state-societal cooperation on such basic issues as securing and equitable land tenure system provides us with many of the answers to some of the basic questions about the modern history of Jordan"(Fischbach 2000, p. 211). This pattern of state building, however, has been unable to serve state interests in the context of reterritorialization where state action, or some other solution to the collection-action problem preventing private sector coordination, was needed to organize Jordanian tourism space.

Chapter 14

The politics of tourism spaces: Private firms, civil society, and enclave tourism

By the end of the 1990s the state had failed to make tourism the engine of economic growth due in large part to the limited expansion of tourism flows due to the continued regional strife in Palestine and Israel to the west and Jordan to the east. The state had also failed reshape the domestic landscape into rent and external economy generating tourism spaces controlled by state institutions. Once new investment laws were in place, the state had little leverage over private capital and financing as funding for tourism development planning and implementation relied on external donor funds and private sector investors. In promoting tourism development, as we saw in the previous chapter, the state was faced the limits of its capacity. Numerous societal and transnational actors with superior knowledge and skills engaged in various aspects of tourism development. This experience demonstrates how the process of state building through tourism development challenges centralized state building by engaging a new set of local and transnational actors, such as environmentalists and archeologists, in struggles to define the scope of state powers over the economy, society, and landscape.

This chapter argues that the most successful tourism development in Jordan however has been the result of a few large private sector firms that have developed luxury “enclave” tourism circuits. I explain how by shaping their own private tourism spaces with in territory under their own control and through vertical and horizontal integration these firms are able to control enough territory and other tourism resources allowing them to control and exploit the rents and externalities generated by tourism flows within narrow spaces of the tourism economy. In this

case the state only gains minimal resources for state building while other firms in the economy are marginalized from the proceeds of these tourism flows.

Coping with the exhaustion of windfall monopoly rents

In 1997 a decline in tourism flows showed how fleeting the exercise in rent extraction had been. The general public, and hotel developers in particular, had greatly misjudged the future of the peace process and the prospects of the tourism economy in Jordan. Even without the turn to the right in Israel and the continued siege of Iraq, the tourism explosion was unlikely to keep up this radical pace for long even though government commissioned plans and the few investors who drew up feasibility studies often assumed that it would. While overall tourism receipts in 1995 and 1996 for Jordan grew by over 14 per cent (in nominal terms) a year, in 1997 they grew only 4 per cent. Hotel occupancy rates for all hotels went from 46 per cent in 1995 back down to 38 per cent in 1997. In Petra, combining a drop in tourism with an expansion of capacity the highs and lows are more extreme going from almost 62 per cent in 1994 then dropping to 31 per cent in 1997. According to one hotel managers, hotels in Petra were able to maintain a healthy average daily rate for half board of \$60 in 1994 to about \$30 in 1997.³⁹⁹

Table 14.1 Petra hotels room occupancy rates

YEAR	1993	1994	1995	1996	1997
	61%	62%	53%	37%	31%

Source: MOTA

Amman saw a similar building boom with hotels being built across the city, with the most of the high class hotels located between the 3rd and 5th traffic circles. By march

1999 Amman sported 6 five star and 4 four star hotel, with a total of almost 2,000 room there were 24 3 star hotels with about 1700 rooms (Travel & Tourism Intelligence 1999, pp. 62-3). As shown in the table below the vast increase in hotel capacity met with sluggish tourism demand led to decline in profitability rates.

Table 14.2 Amman Hotel rates

	Room Occupancy	Ave. daily Room Rate	Revenues per Available Room
		US\$	US\$
1992			
1993	54%	76	41
1994	61%	67	41
1995	74%	75	55
1996	71%	83	59
1997	61%	83	50
1998	56%	81	46
1999	56%	71	40

Source: (O'Loughlin and Greene 2000)

Furthermore, open borders with Israel, which allowed for package tours to easily travel from Israel to Jordan and back, had an unexpected result. As borders literally fell off the tourism maps,⁴⁰⁰ most Western tourists experienced the new “regional tourism” in the Middle East by visiting Jordan as adjunct day trip from Israel. As a result, while Petra saw more visitors, Jordanian hotels, tour operators, and airlines were often bypassed. Overall the average length of stay for package tours decreased from 5 nights in the 1989-1994 period to 3.7 nights in the 1995-7 period.⁴⁰¹ As one Jordanian economist put it “Hotels, tourist buses and travel agencies are real and sad examples of how parts of the economy went on an

³⁹⁹ Usama E. Ma'ayeh, manager King's Way Inn in Wadi Musa. Interviewed in Amman, July 21, 1998.

⁴⁰⁰ See Stein (1998, pp. 95-97).

⁴⁰¹ Cited in Barham (1999, p. 132) .

investment binge in 1995, only to come down to earth with a thud a year later and then start to wallow in a depression which continues.”⁴⁰²

The recent fervor over the expected millennium year 2000 tourism boom, however, attempted to replay the experience of 1995. The Ministry of Tourism has bet the future of its tourism promotion efforts on its new scheme to market an alternative John the Baptist site to compete with Israel’s on the other side of the Jordan River. And after a ground breaking ceremony attended by King Hussein, beginning in summer of 1998, heavy trunks have rumbled around the clock past the Third Circle in Amman servicing the overnight construction shift of the 5 Star luxury Le Royale hotel, cinema, and shopping complex towering over the Ministry of Tourism building and going up across from the recently completed Grand Hyatt. Le Royale, financed by an Iraqi expatriate, has refused to hire an international management company. Even the economist cited above stated less than a month after his previous comment that “tourism could take the lead” in helping Jordan “escape from the current economic predicament.”⁴⁰³

On top of the decline of tourism flows, the separation of tour bus operators and travel agents from territorial economies has contributed to the lack of state control over these sectors. In Jordan, most of the other small and medium-sized businesses associated with tourism outside the hotel sector, such as travel agents and transportation companies, do not have access to rent generating territorial resources.⁴⁰⁴ Government rule in Jordan “have stipulated that tourist transport

⁴⁰² Riad al Khouri, “Bandwagon economics lead nowhere,” *Jordan Times*, July 23-4, 1998.

⁴⁰³ Riad Al Khouri, “Tourism – the fuel that could propel growth,” *Jordan Times* August 1, 1998. See the author’s reply “Tourism – Learning the mechanisms of competitive growth,” *Jordan Times* August 20-21, 1998.

⁴⁰⁴ There are a few exceptions, such as the ones found in hotel lobbies. In Tunisia, by contrast, most of more active travel agencies and tourist buses are connected to individual hotels and thus are connected to systems that exploit locational rents and external economies based on the location of the hotel.

must be the domain of specialized companies, and local tour operators continue to be forbidden to own their own buses.”⁴⁰⁵

A case in point is found in the development of Madaba, a town known for stunning floor mosaics found in Christian houses and churches. With external funding and technical help an archaeological park collecting many of these was established together with a school to teach the mosaic craft. At a meeting to discuss the development of secondary tourism sites in Jordan⁴⁰⁶ the Director of Antiquities Ghazi Bisheh “brought up the frustration over the lack of tourists visiting the Madaba Archaeological Park. He has received 3 letters from the site inspector complaining that the tour operators and guides don’t take groups to visit the Park, and wondered whether a mechanism exists for the MOTA to force this issue by making tours mandatory.” A tour agency manger replied “you can’t force operators or tourists to extend the stays in one area if they only have so many days in Jordan and they want to spread them out throughout the country.”

Even state efforts to promote tourism development within these sectors is challenged by the high sensitivity of the sector to market forces. Changes in supply can not be controlled through institutions which govern reterritorialization. Firms seek to capture of economies of scale and non-territorial external economies generated by the “big push.” After the government monopoly in the tour bus sector was eliminated, the number of tour buses expanded greatly. The new regulations limited the expansion to companies with at least 50 busses and JD 10 million in capital with the expectation that “only large companies could provide quality products. Substantial investment was a guarantee that the owners of such enterprises would provide first rate service”⁴⁰⁷ In 1995, 270 busses went into the market with the establishment of two new bus companies. However, with the

⁴⁰⁵ Munir Y. Nassar, *Jordan Tourism Chronicle*, Volume 2 Issue 5, May 1997.

⁴⁰⁶ See Chemonics International, *Jordan Sustainable Tourism Development/SITES, Phase II Sites Selection Report* (December 1996), Seventh Committee Meeting Minutes, September 19, 1996. p. 70

⁴⁰⁷ Yusuf Mansur, “The new age of competition possible through anti-trust laws” *Jordan Times*, April 27, 1998.

Jordan River have since remained limited and steps towards the normalization of relations with Israel continue to face vocal opposition from elements in Jordanian society. For example, the professional associations boycotted a major Jordanian daily newspaper for running an advertisement for the Israeli national airline that had been running flights to Jordan. The *Jordan Times* reported four years after the peace treaty that “rightly or wrongly many Jordanians now blame the deepening economic recession and the decline in their living standards on the Peace treaty with Israel [which has become] the favorite punching bag for the opposition.⁴¹² As one former peace negotiator declared, “The model of peace to which we aspired would achieve improved living conditions, mainly through increased trade with our neighbors. This hasn’t happened, and this is why the anti-peace camp is now having a heyday.”⁴¹³

Tourism did not die out in Jordan and government figures have showed renewed growth in the number of tourist arrivals for 1998 and 1999, though not the boom expected in the year 2000. These numbers, however, do not reflect the changing value of the tourism product and the economic costs of tourism development efforts which took place in the immediate wake of the peace treaty. The over-development of similar products and the high fluctuations in tourism inflows has led to destructive competition, downward price spirals and wasted resources, not to mention dashed hopes. For many in the hotel sector the over-capacity of supply and the desperate quest for revenues has made paying back loans impossible while eroding their efforts to improve the quality of their products and services. This has prevent the development of robust linkages to the small and informal businesses associated with tourism.

in *Jordan in Transition, 1990-2000*, edited by George Joffé, London: C. Hurst, 2001, pp. 330-1, and p. 339. Used by permission.

⁴¹² *Jordan Times*, November 23, 1998, cited in Susser (2000, p. 380)

⁴¹³ See Amy Henderson, “Jordanian-Israeli peace treaty: Mixed bag of success, failure,” *Jordan Times*, (November 30, 1999).

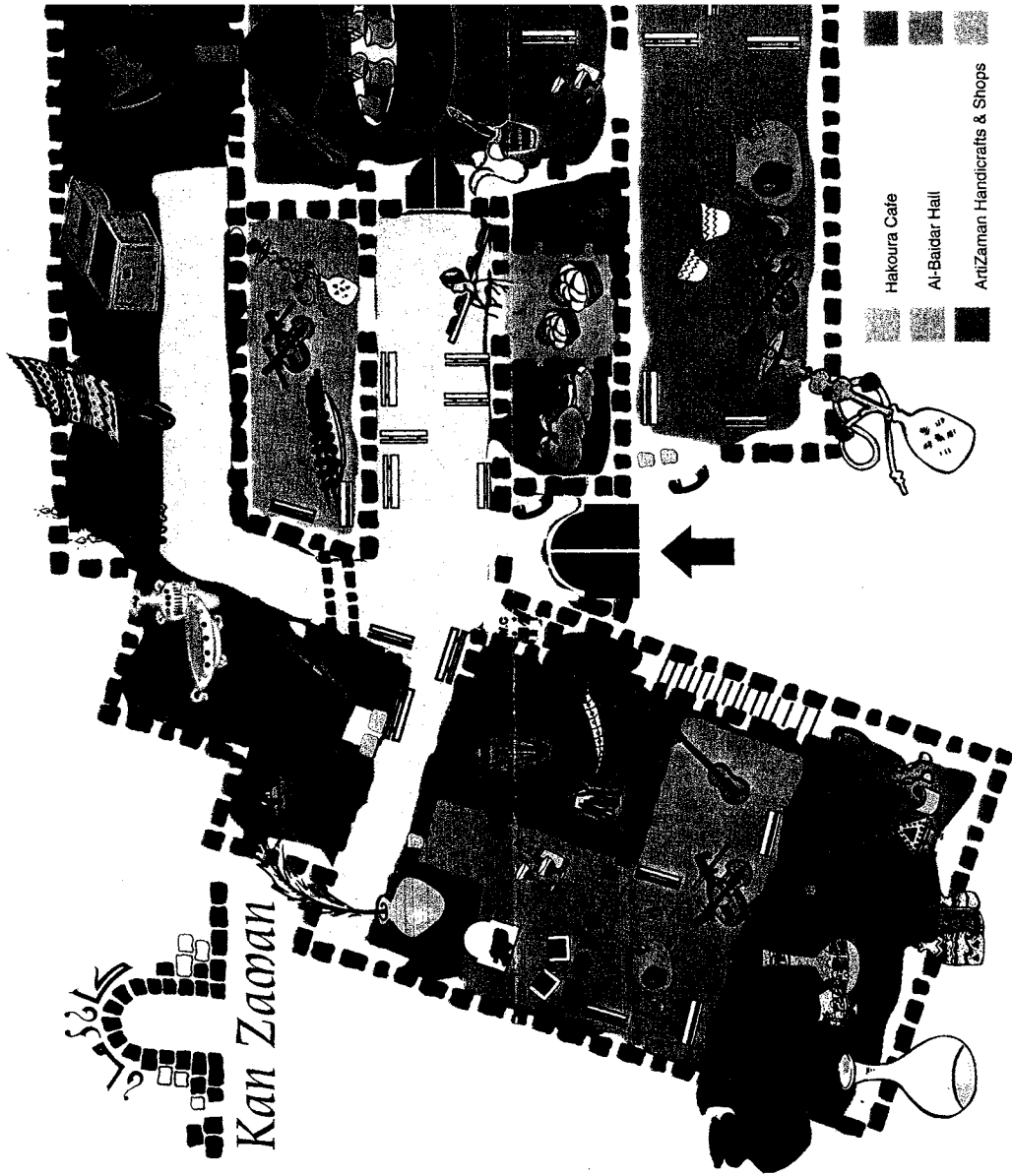
Reterritorialization and the production of tourism enclaves: Segmented territorial control, vertical integration, and the internalization of external economies

Tourism development in Jordan in the mid 1990s witnessed an era of tourism development based on the extraction of windfall monopoly rents and external economies. I have suggested that this pattern was a result of the understanding that Jordan was in the process of gaining a “big push” out of a low equilibrium trap with an expectation of a large influx of tourists, which would generate substantial opportunities for tourism development as the Jordanian landscape was commodified for tourism consumption. This tourism demand was then expected to generate backwards and forward linkages across the economy.

Instead, through the rapid exploitation of windfall rents, Jordanian tourism space failed to become organized to promote a recursive process where tourism flows generate the development of tourism services and improved tourism attractions within existing tourism spaces, which in turns draws more tourists to those spaces. Instead most successful tourism firms in Jordan relied on creating their own unique tourism spaces and through vertical and horizontal integration they internalized the external economies their private tourism spaces generated.

One example is the successful themed restaurant complex of Kan Zaman built by Jordan Tourism Investments. The project was realized by a combination of the entrepreneurial skills of the travel agent Munir Nassar and the land and capital of the Abu Jaber family. The Abu Jabers are a prominent landowning family who moved from Palestine in the 19th century to establish a large agricultural community in the region south of Amman (Abujaber 1989). After gaining substantial wealth the family members moved into more urban areas and entered other careers. In the late 1980s Munir Nassar was looking for a place to build an especially Jordanian themed restaurant. The mountaintop Abu Jaber home called Al-Yadoudeh was remodeled for the purpose. They sought to capture an especially

Jordanian theme harking back to the pre-state era. Even though the project was aiming at international tourists, Transjordanian theme proved particularly popular among the Jordanian Middle class. In addition to a restaurant, to add to theme as well as provide other revenue sources, the complex includes various handcraft and spice shops.



سوك
Kan Zaman

The idea was expanded by building Taybet Zaman in Petra. The self-styled “authentic 19th century tourist village” of Taybet Zaman warrants being considered a project which has not sought the quick capture of rents but instead has ventured to create a new and unique form of tourist capital development which includes a high representation and interpretive content. This tourist village was built from an abandoned Jordanian village, its architecture a remnant of the 19th century vernacular style.⁴¹⁴ In fact, JTI created a profit sharing agreement with the land owners as well as gave much the village jobs at the project. They rebuilt the stone houses and turned the place into a 5 star hotel. The idea was to preserve and present to tourists this bit of native Jordan culture and heritage. It also contains a series of craft workshops which are attempting to produce local handicrafts for sale, to replace the imported ones that have dominated the shops in Wadi Musa. It is one for the few hotels that comes with a booklet about village history and even includes on the site a museum of sorts.

⁴¹⁴ See Fakhoury (1998).

Figure 21 Taybet Zaman (photo)



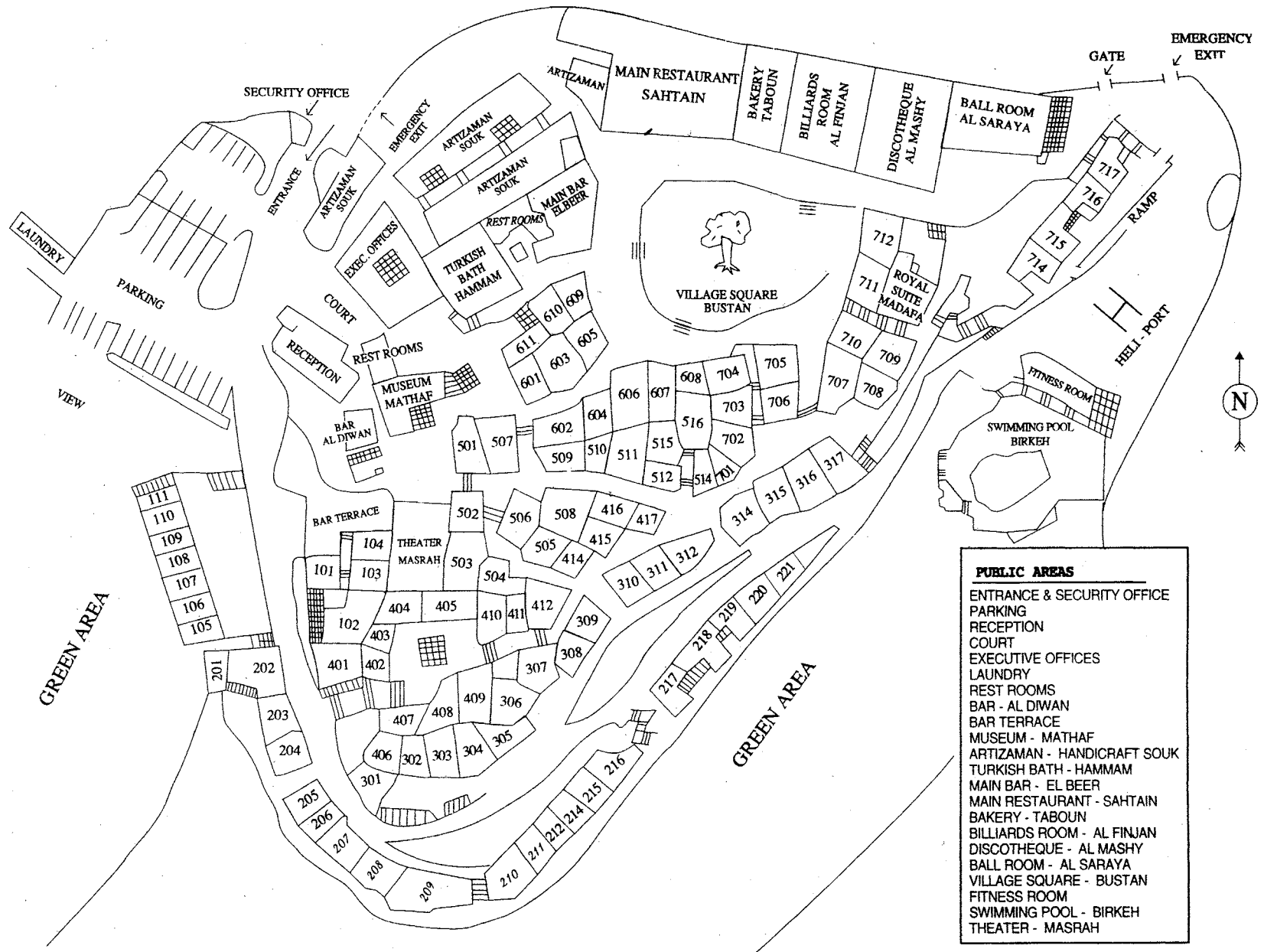


Figure 22 Taybet Zaman (layout)

An other example of the successful production of enclave tourism space is the Zara Tourism Investments companies run by Khalil Talhouni. Zara, like other firms, entered to tourism business as a result of the peace process and expectation of increase economic liberalization in Jordan.⁴¹⁵ They started by buying up government shares in existing hotels, such as the Amman Inter-Continental. This hotel made a wise first investment as it has a good hold on the journalist and diplomatic traffic through Jordan, such that when a crisis breaks out in Iraq the Inter-Continental is assured full occupancy.⁴¹⁶ Zara then built a network of luxury hotels across Jordan. While they take advantage of Jordan's unique natural and cultural features such as the Petra and the Dead Sea, they have paid particular attention to creating a distinct atmosphere within their hotel complexes. In many ways, for their tourists their hotels become a major feature of their trip to Jordan.

Zara has also created their own externalities, and then exploited them through backward and forwards linkages. For example, they have built a series of luxury hotels throughout the country with the idea that if they attract 5* luxury tourists to the Jordan market, they can capture their business in different parts of the country. This, though, takes a while to build up. In the mean time were creating opportunities in the tourism economy by the weight of their own hotel construction and operations. Thus, they created companies that exploit these opportunities. For instance they created their own hotel supply company and their own engineering consulting firm, a Dead Seas product company, and a travel agency. With such firms they can provide high quality services to their own hotels, but in the skills and economies of scale these firms gain from doing Zara projects they can then outperform other firms and provide goods and service to other hotel developers as

⁴¹⁵ Yasin Talhouni and Dalia Amasheh, Interviewed in Amman, June 8, 1998.

⁴¹⁶ This even creates its own externalities. The Carton Hotel across the street occupies the former US embassy building. It is only a 3* facility but its location help it gain the spill over the diplomatic and journalist flow. Carton Hotel assistant manager for food and beverages, Interviewed in Amman May 31, 1998.

well. This, of course, can only be done by a developer with tremendous financial resources at hand, but this represents a powerful development logic which most other firms lack.

With the failure of state sponsored effort to promote tourism spaces, and with information and transaction costs so high in the Jordanian tourism sector, reterritorialization which produces sustainable rents and externalities has occurred mostly in enclave spaces around, for example, the luxury tourism niche or the diplomatic and journalist niche. Instead of generating opportunities for independent entrepreneurs, these linkages are formed through vertical and horizontal integration within complexes of tourism firms owned by the same set of investors. This limits the scope of the economic benefits gained from tourism and shuts out those who lack the capital and skills to conduct such strategies. This result is the reverse image of what the peace process was suppose to produce. Instead of providing an engine of national economic growth which leads to increased standards of living throughout the population, this process has led to the development of luxury tourism enclaves governed by a narrow tourism elite. The irony is that this “tourism bourgeoisie” is often derided as a parasitic “rentier class” but in fact they benefit not by capturing rents but because they have the skills, capital, and access to market information which most smaller firms lack.

CONCLUSION

This dissertation set out to explain a major, but so far little studied, transformation in the political economies of several states across the Middle East. Over the last two decades countries such as Tunisia, Jordan, Morocco, Egypt, and the United Arab Emirates have all undertaken extensive transformations of their rural coastlines, urban environments, and national historical sites in efforts to promote tourism development. From the beginning, this dissertation project was driven by the notion that extensive state-led tourism planning efforts in the Middle East can best be read as attempts to develop non-repressive survival strategies by states undergoing the pressures of economic liberalization and globalization. In the previous chapters I have traced how throughout the late 1980s and 1990s tourism became an increasingly important means for generating and controlling national wealth and state revenue in the region. Through the promotion of tourism development, these states have also become increasingly engaged in the regulation of transnational flows of people and capital, the disposition of national territory, and the construction of symbolic representations of national identity. At the same time, however, this process also created new, unexpected challenges for state building by engaging a new set of local and transnational actors in struggles to define the scope of state powers over the economy, society, and landscape.

The formulation of the argument: IPE theory, reterritorialization, and tourism development

To understand the political effects of tourism development and the stakes of the struggles over the shaping of patterns of tourism development, I sought to frame my investigation within the political science debate over the impact of globalization on the regulatory powers of the nation-state. I found, however, that the debate about

globalization in the field of political science primarily understands globalization in terms of the process of “deterritorialization.” Deterritorialization implies that as distances and national barriers become easier and cheaper to traverse, location and territoriality matter less to economic activity. As a result, according to this understanding, the territorial powers of the nation-state are being eroded by the increased transnational mobility of people, capital, and commodities, which has led to the detachment of production systems and political identities from specific national territories. While many political scientists have challenged this portrayal of globalization by arguing that deterritorialization has not been as extensive as the so-called “hyperglobalists” have claimed, this dissertation has argued that deterritorialization is only one aspect within the larger, more complex story of globalization. Likewise, only some patterns of tourism development, such as low cost “sun-sand-sea” beach tourism, can be characterized as deterritorialization. In contrast, this dissertation has shown how in recent decades tourism development, like other aspects of globalization, has also generated “reterritorialization.” In this process, increases in the transnational mobility of people, capital, and information result in the *increased* relevance of “place” for global economic activity. In contrast to the erosion of the territorially-based powers of nation-states often caused by deterritorialization, this dissertation argues that the reterritorialization of economic production can increase the political influence of state, societal, and transnational agents which are able to exert control over the specific territorially defined resources and institutions driving the reterritorialization process. Thus, the process of reterritorialization does not necessarily eliminate the ability of governments to promote development. Instead, it requires a *rescaling* of governance regimes from primarily national regulatory systems towards fostering local systems of regulation. By being able to establish the conditions and infrastructures that help generate these locational economies, state agencies can encourage decentralized, highly mobile global flows to become reterritorialized within specific locations.

The major theoretical contribution to the study of international political economy (IPE) made by this dissertation concerns “the second image reversed” or the domestic consequences of changes in the international (economic) context. IPE scholars, I suggest, need to recognize that globalization produces both processes of deterritorialization and reterritorialization. Most of the IPE literature addresses the issue of deterritorialization and we now have well developed frameworks for understanding this process. Reterritorialization at the local level, however, is rarely analyzed by works in the field of IPE which continue to focus on nationally defined data sets to explore the impact of globalization on national state policies and on firms in different sectors and with different factor endowments. These frameworks have failed to fully understand the depth and complexities of the transformations caused by globalization. By its very nature globalization is a spatial process involving transnational flows and interactions between peoples, firms, and states across the globe. In an effort to better understand these aspects of globalization, this dissertation has argued that territorial factors and locational resources need to be incorporated into IPE frameworks. To study the politics of reterritorialization we need to analyze the different and changing configurations of control over the territorially defined resources and institutions driving reterritorialization processes which generate locational rents and positive external economies. These configurations are shaped by historical state building patterns, contemporary political struggles, and state policy choices with an eye to the social, legal, and ideological regimes which shape, define, and control access to territorial resources and the conversion of spaces into places.

These suggestions map out an ambitious research agenda. Such a project would include the identification of the numerous contexts of reterritorialization and the territorial-defined resources and institutions driving reterritorialization processes. It could then seek to explain the political consequences of reterritorialization in each case with reference to the underlying configuration of the territorial control over these resources and institutions. Exploration into how

these configurations were constructed and how they have since been subject to political struggles would then provide a thorough understanding of the process.

The spatial economies of tourism development and the politics of reterritorialization

This dissertation, however, does not attempt to accomplish such an extensive research project. Instead, it focuses on the process of reterritorialization within only the international tourism economy. While a critical aspect of globalization, such a study cannot pretend to present (let alone validate) a comprehensive theory of reterritorialization. This dissertation represents a modest, preliminary investigation which offers tight focus and empirical depth rather than broad coverage and generalizations. To understand the politics of reterritorialization in the tourism sector I formulated a model of how locational rents and positive external economies are generated through tourism development.

Reterritorialization in the field of tourism development, I suggest, has increasingly involved the construction of 'places' and the commodification of natural geographies and regionally-specific cultural experiences and practices. The production of these tourism places allows those with property rights over them to extract rents from the developers of tourism facilities. In turn, these private or state owned tourism facilities are able to extract rents from the tourists. Additionally, the spatial fixity of tourism sites generates positive external economies in the spaces made available for tourism development in and around such sites. To enhance and localize the generation of these external economies, states can provide public goods such as marketing, infrastructure, and tourism site development. And the clustering of tourists and tourism firms around a tourist site or within a multifunction tourism resort, such as a theme park, allows the tourism developer to intensify the generation of economic externalities and the income generated by the same tourism space.

In short, I argue, a central aspect of the rapid expansion of global tourism flows since the 1980s has been the production of forms of tourism development based on intensified spatial concentration and the production of place. As specific places become valuable commodities, the competition over control of these spaces and access to the economic benefits they generate also intensifies. By constructing and asserting control over these tourism spaces, private firms and state institutions are able to drive the reterritorialization process and control the generation of rents and external economies, which draws more tourists, tourist spending, and investment capital. Moreover, the place-ness of tourism spaces is generally manufactured, rather than discovered by tourists. As part of the process of constructing what Dean MacCannell (1999, p. 41) calls “tourism markers,” tourism development involves the generation of symbolic representations. These range from international advertising campaigns to the plaques narrating tourism sites. They are read by international tourists as well as domestic visitors. Influence over how these representations are constructed can be used, for example, to sustain nationalist mythologies or represent subaltern identities.

With the control over all these economic, cultural, and ideological resources at stake, the process of tourism development is subject to political struggles. The most simple lesson of this dissertation is that tourism development in the Middle East and elsewhere *is* political. As a consequence, within each location of reterritorialization, the different and changing configurations of control over these resources and institutions can be explained, I suggest, as the product of historical state building patterns, shifts in patterns of transnational economic and cultural flows, and contemporary political struggles.

An overview

The framework developed for this study of the politics of tourism development identifies the relevant actors, their interests, and the conflicts they

are likely to be engaged in. Using this framework I set out to examine state policies towards tourism development and the expansion of international tourism flows to the Middle East, beginning in the 1960s, with reference to both the changing structure of the global tourism economy and shifting patterns of state building. I came to conclude that states in the Middle East turned to tourism development in the late 1980s because it offered the most feasible means for them to promote reterritorialization within their territories. They achieved this by exploiting the territorial rents and external economies generated through the production of tourism spaces.

While this argument and the framework used to develop it can be applied to any case of tourism development in the Middle East or elsewhere, for the purpose of this initial application I have focused on two national case studies. Based on extensive fieldwork in Tunisia and Jordan, this dissertation has recounted the political struggles between centralized state agencies, societal actors, and transnational forces over the control of economic, spatial, and symbolic aspects of tourism development. These cases were chosen because at pivotal moments when Tunisia and Jordan faced crises of state building, they both attempted to use tourism development as a means to orient their reconstruction of state autonomy, capacity, and legitimacy. Tourism development played a similarly critical role in each state's response to state building challenges in the 1980s when both promoted tourism development as a survival strategy in the context of economic crisis and increased incorporation into the global economy. In the mid 1990s, Tunisia was the first country to sign an EU partnership agreement outlining a path towards a nearly complete opening of trade within ten years, while Jordan forged plans for extensive economic cooperation with Israel in the mid 1990s and by 2001 implemented a free trade pact with the United States. At these junctures, the political stakes of tourism development were at their most critical. Thus, the different political processes and struggles set in motion by the influx of global tourism flows in each case helps to highlight how different configurations of control

over territorially defined resources and institutions help shape the political impact of tourism development.

The exploration of these two cases has allowed me to outline a two part theory of the politics of tourism development. The two parts compliment each other because in each case the conditions and consequences of tourism development differed. Put together they map out a territorial theory of the impact of globalization on state building. In this theory the essential intermediate variables connecting globalization to the political impact of increased international tourism flows on patterns of state building consist of 1) the nature of territorial patterns of tourism development, i.e. deterritorialization or reterritorialization; and 2) the configuration of patterns of territorial control, i.e. centralized or fragmented.

In Part II of the dissertation, I explored how shifts between deterritorialization and reterritorialization reshape the politics of tourism development. The analysis focused on the case of Tunisia where the state was able to develop centralized control over the territorially defined resources and institutions driving the reterritorialization process. In the context of highly deterritorial forms of tourism development (such as beach tourism), I argued, the state's institutional capacity to regulate the sector is the most critical factor in shaping the impact of tourism on state-society relations and the powers of the state. In the early 1970s Tunisian state control over the tourism economy was threatened by the dominance of transnational tourism capital after the state had opened the sector to external investment but before its land management and infrastructure development program had been implemented. As a result of these capacity building programs, beginning in the mid 1970s, state institutions were able to promote a form of "dependent development" in the tourism sector by coordinating the relationship between local and transnational capital. The state was able to do this because it already owned or bought up strips of coastal land, designated them as tourism zones, and put this land under the authority of a state land management

agency. With World Bank funding, the state also embarked on an extensive infrastructure development program. The result was to create what James Scott (1998b) calls a “geometric order” which allowed the state’s project of tourism development as a whole to be imagined and centrally planned using the tools of miniaturization and mapmaking.

This period of tourism development continued into the early 1980s until a decline in tourism flows occurred, along with shifts in patterns of tourism development, and a crisis in the state’s ability to regulate deterritorialized transnational flows. By the mid-1980s authoritarian state building in Tunisia was headed towards economic and political crisis. Throughout the 1970s and 1980s increasing reliance on external markets and deterritorialized capital flows had the effect of limiting the ability of the state to regulate economic growth and to control the distribution of its proceeds.

On November 7th 1987 a near senile president Habib Bourguiba was replaced by the military officer Ben Ali. In the late 1980s and 1990s, Ben Ali did not reverse economic liberalization but moved towards greater economic liberalization and integration of the domestic economy into global markets. Tourism development, I have argued, was critical for Ben Ali effort’s to reconstruct state legitimacy and capacity after the coup while maintaining the state’s commitment to economic liberalization.

Having attained autonomous centralized control over the territorial resources required for tourism development the reterritorialization of tourism development helped the state to extend its control over transnational capital flows, the generation of wealth, and the location of tourism development within Tunisia. Two of the main means used to promote the reterritorialization of tourism development were 1) the diversification of the Tunisian tourism product and image with the promotion of desert tourism, and 2) increased reliance on the development of multi-functional integrated tourism complexes. By promoting tourism as a key element in its economic liberalization and global market incorporation efforts, the Tunisian

state was able to suppress or deflect pressures for increased political liberalization while accessing foreign exchange, locational rents, new tools to represent their claims for legitimacy, and stronger private sector allies. This has enabled the rebuilding of state autonomy, capacity, and legitimacy while easing the transition from a pattern of state building supported by broad-based distributive coalitions towards an exclusive one supported by a more narrow coalition of economic and political elites.

Part III of the dissertation, in contrast, explored the politics of the reterritorialization of tourism development in Jordan where territorial control had been fragmented as a result of historical patterns of state building and the nature of tourism resources in the country. In Jordan, control over tourism spaces and the resources and institutions that drive reterritorialization was divided between the state, indigenous populations, private firms, non-governmental organizations, and various transnational actors ranging from donor institutions to heritage preservation experts. This situation required the state contend with societal resistance, organizational obstacles, and unfavorable bargains in its effort to promote tourism development.

My research explored state efforts in Jordan to plan and implement, and then attempt to control the process of tourism development. Political elites in Jordan sought to create a new engine for post-rentier economic development by constructing institutions to support the commodification of the Jordanian landscape, built heritage, and local culture for consumption by international tourists. These efforts sought to reconstruct the economic foundations of the state in order to maintain state autonomy, legitimacy and capacity for promoting economic growth while implementing economic liberalization and the integration of the Jordanian economy into regional and global markets. In 1994 Jordan signed a comprehensive peace treaty with Israel. Cross border economic cooperation and the influx of international visitors was to make tourism development the new engine of

foreigners, such as Israelis. Thus, in both Aqaba and along the Dead Sea, the rival objectives and interests of the numerous government organizations, each with partial territorial control over these regions, prevented and delayed Jordan from being able to effectively develop them for tourism.

Furthermore, in a context of fragmented territorial control, societal actors—such as indigenous populations and private land owners near tourist sites—in pursuing their own economic and political interests have been able to assert their local territorial control over tourism spaces to obstruct or exploit the plans of state authorities and authorized private firms to develop tourism according to state plans and wishes. The effect of territorial fragmentation on tourism development in Jordan is most evident in the town of Wadi Musa. On the one hand, the development of Petra as an international tourist site contributed to efforts to construct a territorially-rooted national identity in Jordan. Government sponsored archeological research, history displays, and tourist literature often promote a connection between the ancient Nabateans, who built the city of Petra, and the current inhabitants of Jordan. On the other hand, controlling tourism development, as I have shown, has been more difficult because the territory of the archeological park is government land but the land just outside the entrance gate is privately held. Land ownership in Wadi Musa is also subdivided into numerous parcels owned by various members of different clans of a local tribe. Moreover, this tribe has claimed the right to the proceeds of tourism at Petra since before the formation of the modern Jordanian state.

The opening of the border with Israel, the existing “place-myth” of Petra, and the international media attention garnered by the 1994 Peace treaty was enough to draw a concentrated flood of tourists. This period of intense tourism development consumed local capital and land and attracted Jordanian and regional investment. During the tourism boom, fragmented territorial control over tourism space led to a period of fierce rent seeking by the rival interests which controlled, or sought to control, these tourism assets. The most notable impact was in the form of

skyrocketing land prices and rapid, haphazard hotel construction.

Reterritorialization, however, was not easily sustained and the state was not able to quickly mobilize to reshape the tourist space of Wadi Musa to either promote increased commercial development consistent with an attractive tourist atmosphere or efficiently supply public goods. The result permanently disfigured the visual, commercial, and built environment of Wadi Musa, by transforming Jordan's most precious tourism space into what one guide book calls a "visual horror" as well as "the most expensive tourist trap in the world."

The third type of fragmentation is in the area of technical capacity. Tourism development in Jordan has often required the technical and financial assistance of experts and international organizations—such as archaeologists, environmental activists, heritage preservation organizations, and international development agencies—to help convert cultural and natural features into tourism spaces able to generate rents and externalities and sustainable economic development. These agents, stakeholders without property rights, often have rival interests and conceptions of the goals and value of tourism development.

Thus, in contrast to the Tunisian case, tourism development in Jordan has led to political struggles between the state, private firms, and local communities resulting in either the suppression of societal actors creating political cleavages in society or else to the erosion of state autonomy and capacity by the assertiveness of local societal actors. As a result the state's efforts to control the tourism development process have been constrained, limiting its ability to use tourism flows as a means to gain resources for state building.

The uses and limits of reterritorialization

In this project, I have tried to translate and reformulate the concept of reterritorialization, developed within the economic geography literature, for use within the field of international political economy and its debates about

globalization. By choosing to apply the concept to the study of international tourism development and focusing on the region of the Middle East—topics with very thin descriptive, let alone theoretical, literatures within IPE—I hoped to expand the scope and imagination of students of IPE. This focus has limited both the depth of the existing literature from which I have been able to draw and the body of work against which I have been required to contrast my results. Whatever innovation this project has been able to develop has to a great degree been a result of the “freedom” gained by conducting research in such a setting. At the same time, however, as I take a few steps back from my case studies and survey the landscape of complexity generated by globalization, I am better able to see where in constructing my narrative I have simplified and abridged my presentation for the sake of clarity and impact.

As any careful reader of the preceding chapters might have noticed, the distinction between patterns of deterritorialization and reterritorialization is rarely stark and discrete. In the first conceptualization of this project, I sought to explore the rise and fall of mass beach tourism by drawing on a regulation school framework and framing the story around a crisis of a “regime of accumulation.”⁴¹⁷ Further investigation led me to conclude that tourism tastes, patterns of tourism development, and the state institutions of tourism promotion are much less rigid than the mass production factory model on which I was basing my formulation. The decline of mass beach tourism along the Mediterranean has been gradual with many regional tourism planners, private developers, and tour operators shifting to integrated tourism complexes while augmenting “beach vacations” with other sorts of experiences and tours. I thus reframed my understanding of the decline of sun-sand-sea tourism not as a crisis of mass beach tourism but as a transition towards

⁴¹⁷ See my “The Commodity of Tourism in Tunisia: Reflections on a Crisis of Mass Production,” a paper presented at the Centre d’Etudes Maghrébines à Tunis (CEMAT) in Tunis, Tunisia on June 13, 1997. The last gasp of this formulation was represented in my “Before and after Mass Tourism: Representing the Tourism Economy in Tunisia,” paper at the American Institute for Maghribi

increased reterritorialization. The concept of reterritorialization was able to explain both the rise of the integrated tourism complex as well as the development of heritage tourism sites. They both represent alternatives to the deterritorialization of standardized beach tourism. Standardized beach tourism, however, has not become an obsolete form of tourism. Owners of standardized beach tourism assets have often tried to develop them in combination with new integrated station complexes. Tourists, for example, might stay at older simple beach hotels, but be able to use the facilities—such as the restaurants, shops, golf courses, and night clubs—of nearby tourism complexes. Tourism developers are usually aware of the possible future paths of the tourism market⁴¹⁸ and attempt to hedge their bets against becoming passé by remodeling their facilities or at least their market efforts.⁴¹⁹ Simply put, the shifts between deterritorialization and reterritorialization are generally shifts of degree and emphasis. They often overlap temporally and spatially. Tunisia and Jordan provided convenient case studies because these overlaps were minimized and the contrast sharper than we find elsewhere. These qualifications do not detract from the usefulness of the conceptualization as social science concepts are generally “useful” simplifications of the world. In this case, the simplifications have helped me to identify and explore the contrasts between processes of deterritorialization and reterritorialization.

By selecting cases and timeframes with the greatest temporal and spatial distinctions between patterns of deterritorialization and the rise of patterns of

Studies dissertation workshop held by the Center for Middle East Studies, Harvard University on April 1, 2000.

⁴¹⁸ On the ability of firm managers to conceive of both alternative forms of organization and production, craft-based flexible specialization and factory-based mass production, see Sabel and Zeitlin (1997).

⁴¹⁹ For example, when ecotourism seemed to be the next big tourist trend tour operators and tourism promoters quickly tacked on the term “ecotourism” to describe all sorts of tourist experiences and tourist facilities. Tourism ministries quickly picked up the lingo and shifted their ad campaigns and displays at international tourism conferences. The most amusing (and slightly postmodern) example is the al-Rashiid café in downtown Amman, Jordan, which opened in 1924. In Arabic its sign reads “The Rashid Court Coffeeshouse” but in English it reads “Eco-tourism Café, Since 1924.” The café is

reterritorialization, however, I have failed to fully explain how deterritorialization and reterritorialization can be viewed as labels given to different aspects of the “spatial dialectic of globalization” which includes “the construction of space and the creation of place” where “globalization is both creating and undermining the construction of place”(Short 2001, p. 18, 19). Part I began by tracing the narrative of the rise of beach tourism in the period after the Second World War. I explained the replication and expansion of beach tourism across the Mediterranean basin as a process of deterritorialization where the specific location of these beach resorts came to matter relatively little in contrast to, say, the development of luxury locations such as Nice or Bad Nauheim which drew high class leisure tourists in the era before World War Two.⁴²⁰ I then traced the rise of tourism development patterns characterized by reterritorialization, which includes ecotourism, urban tourism, cultural tourism, and heritage-based tourism. I explained that these forms of tourism required the construction of “placeness” and the diffusion of place-myths to attract potential travelers. These modes of place construction, however, are often eventually replicated by alternative, generally rival, tourist destinations. To explain what I mean I can give an example drawn from the experience of urban (re)development in the United States. One of the most celebrated efforts in the promotion of reterritorialization has been the development of urban “festival” shopping marketplaces developed in the late 1970s by James Rouse in such places as Quincy Market in Boston and Harbor Place in Baltimore. As Bernard Frieden and Lynne Sagalun write, Quincy Market’s “curious blend of historic setting and modern retailing was part of a deliberate strategy to merchandise history in the form of a unique shopping environment” (1989, p. 2). The “plan was for small, independent merchants peddling their wares aggressively to create a lively, colorful atmosphere that would draw customers away from the chain store blandness of

painted over with international flags and is very welcoming to young foreign travelers, but has little other relations to experiences of nature or low impact camping.

⁴²⁰ See, for example, Ford (1995).

suburb malls” (Frieden and Sagalyn 1989, p. 2). While associated with historic locales, these tourism spaces are often described as an “artful combination of play and shopping” creating a “carnival-like atmosphere, accomplished through a mixture of specialty shops, clothing stores, restaurants, and food stands” and the presence of various other forms of entertainment for the shopper/tourists (Judd 1999, pp. 47). By the 1990s this “festival” style of commercial design was replicated across the country, not only in urban areas but also in suburban and rural “strip malls.” These replicant malls, however, became standardized and now include a recognizable set of national chain stores such as Starbucks, the Gap, Barnes and Nobles, Blockbuster Video, Pizza Hut, etc. Upscale chain stores now dominate Quincy Market itself. In other words, the festival model now represents a process of deterritorialization generating a commercial landscape of predictable (and often bland) sameness.

This same process can be seen at work in my case studies. One example is an expanded replication of the integrated station model, first represented in Tunisia at Port El Kantaoui, along the Tunisian coast. To the degree that these complexes copy design elements from other complexes in Tunisia or elsewhere in the Mediterranean they threaten to lose their sense of place. Meanwhile, in Jordan, with the success of the themed-restaurant Kan Zaman a number of other “knock-off” competitors quickly emerged. These restaurants create façades with crude imitations of the vernacular architectural styles and handicrafts of the original Kan Zaman. In Petra, the 1-star Royal Motel sports a façade of rough cut rocks and other architectural features which have come to be identified with the 5-star Taybet Zaman resort. One of the strangest imitators is the Souk al Taybat complex located in the Wahdat area of Amman, which is the home of a Palestinian refugee camp. This pedestrian shopping mall—anchored by a McDonalds restaurant— was built with the same crude imitation of the “Taybet Zaman” style. Its design is a bizarre case of a mall-ified 19th century vernacular Jordanian village. The layout seems to intentionally recreate the non-grid pattern of 19th century villages, but this urban

space lacks the sense of character, community, and intimacy that the village structures had and which Taybet Zaman was able to reconstruct.⁴²¹

The lesson here is that reterritorialization and deterritorialization must be understood and analyzed with a dialectical approach. I have been able to simplify my presentation by focusing on the tension between single manifestations of deterritorialization and reterritorialization. But this, of course, is not the whole story. The checkered landscape of deterritorialization and reterritorialization extends further than my presentation and further than the edges of what we have come to call globalization. The analytical tools developed in the study, however, should be able to guide future investigations of these landscapes.

Alternative modes of territorial control:

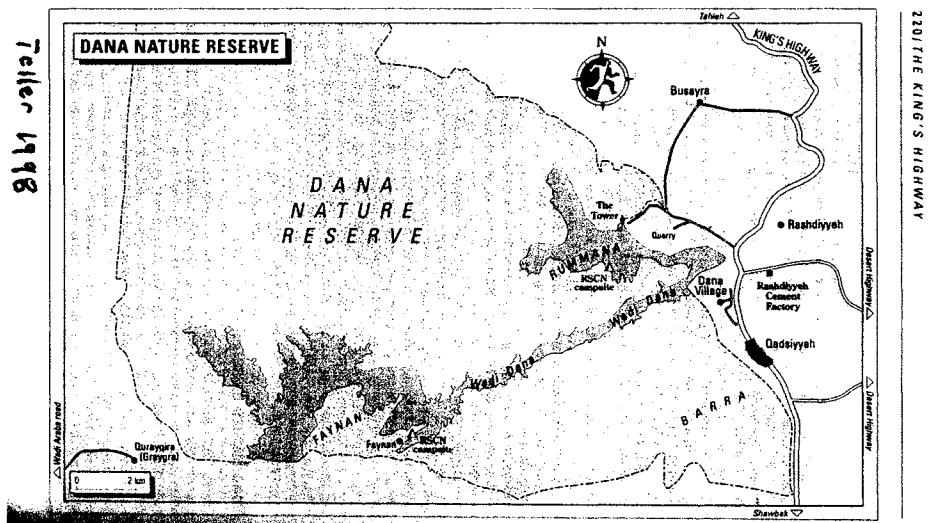
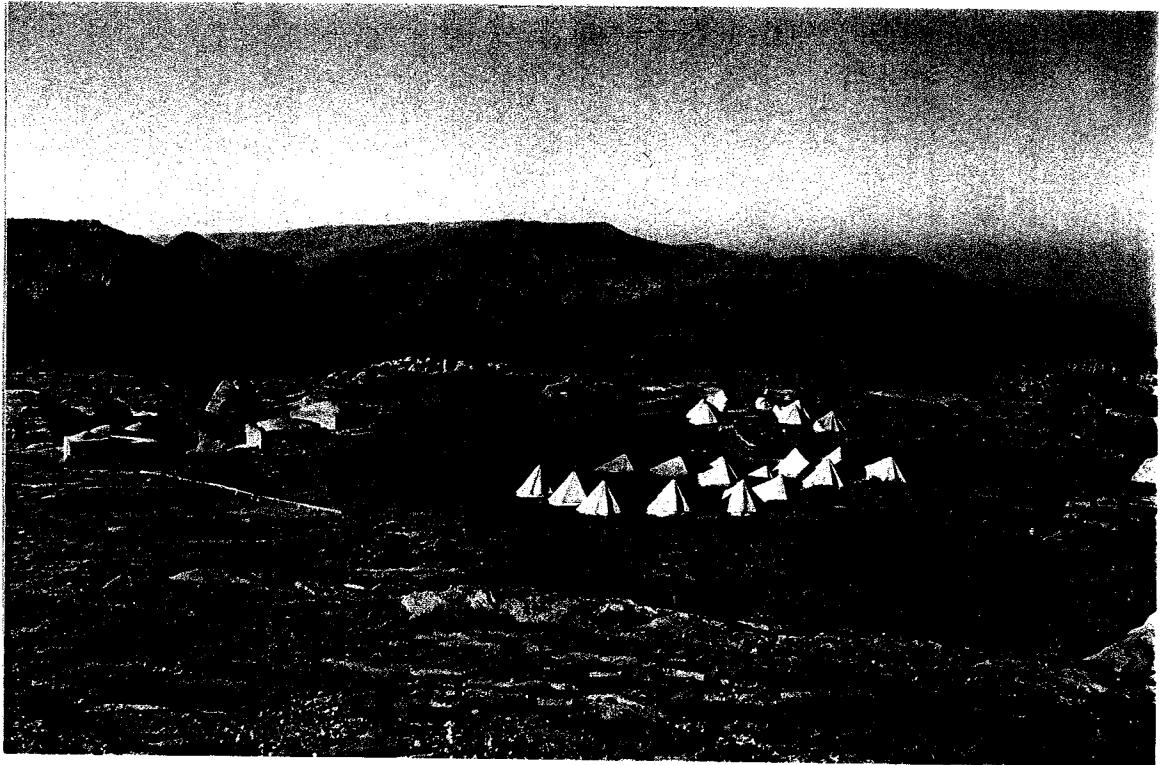
While this dissertation has presented enough tools to analyze more complex formulations of the deterritorialization/reterritorialization dialectic, the analysis of configurations of territorial control with reference to only two highly simplified types, centralized and fragmented, must be understood as only the first, very rough, cut at understanding the territorial and locational aspects of global economic activity. These two “types” are not dialectically connected. They represent simply an easy way to contrast two sets of alternative configurations of territorial control over the institutions and resources that drive reterritorialization. The range of possible configurations is obviously more complex but it seems to me that there is no useful parsimonious typology through which to classify them. A deeper understanding of the political economy of tourism development requires a more thorough investigation of the existing and possible configurations of territorial control over these resources and institutions. While I cannot offer a thorough study of these

⁴²¹ For a more extensive account, see my “Landscape of Façades: The Tourist Commodification of Petra, Jordan” paper and slide show (based on photos taken by the American photographer tMichelle

here, I wish to contribute to such an effort by presenting an example of what might be called a “New Federalist” mode of tourism development that adapts public institutions and resources to reterritorialization within a context of fragmented territorial control.

Woodward, at the time working as a stinger for the *Agence France Presse* in Jordan) presented at the American Center for Oriental Research (ACOR), Amman, Jordan. April 18, 1998.

Figure 23 Dana Campsite



This case involves the governance over the Dana Nature Reserve by a Jordanian environmental non-governmental organization, the Royal Society for the Conservation of Nature (RSCN).⁴²² This case has proved to be one of the most successful models of tourism development in Jordan, both in creating and spreading the value of territorial rents and externalities generated by tourism flows as well as being able to sustain a viable tourism “firm” through the downturn in the tourism economy. What is interesting about this configuration of control is that it suggests a means to generate external economies and promote broad access to the economic opportunities of tourism development. It does this through the decentralization of control over state territory that can be used for tourist commodification. To be successful, the local authority which gains control over these resources, however, must be required to promote *disequilibrium learning*. In this mode of governance, the authority governing the territory, “...instigates the firms [which use the territory] to set goals with reference to some prevailing standard so that shortfalls in performance are apparent to those with the incentive and capacity to remedy them – [that is] the firms themselves – and new targets are set accordingly” (Sabel 1993, p. 149). In other words, in exchange for committing to this process of self-improvement leading to producing goods that are competitive in the international market the state authority provides various forms of inducements, subsidies, or protection such as providing access to public land or providing public goods to these firms.

The RSCN was given management authority over a protected area of government land in Southern Jordan.⁴²³ While the objective of allowing RSCN to govern the Dana Reserve was primarily to ensure the preservation of biodiversity, as part of the project the RSCN developed a tourism unit, which built a low impact

⁴²² This section is drawn from my “Mapping the Landscape of the ‘New Middle East’: The Politics of Tourism Development and the Peace Process in Jordan,” Published in *Jordan in Transition, 1990-2000*, edited by George Joffé, London: C. Hurst, 2001, pp. 342-3. Used by permission.

camp site with tents, a guest house, and a number of walking trails. The objective of this project was to generate income and jobs for the local community including people displaced or who had their livelihoods impinged upon by the establishment of the nature reserve on their grazing land. Such a project would not have been possible without the state granting the land and authority to the RSCN and without the World Bank granting funding. But these resources were granted conditionally. The project has been required to show progress on certain performance standards (economic, social, and environmental) in order to retain World Bank funding and government support. After a few years of operation the tourism unit has steadily increased its self-generated income stream to the point of covering 100 per cent of the reserve's running costs. Critical to the project's success was institutional capacity building efforts which established procedures for task design, implementation, and evaluation. The project developed links to tour operators interested in eco-tourism as well as drew on the local tourism market. By linking the eco-tourism project to the local production and national marketing of items such as jams and handicrafts they even created a "brand" name which is used to promote their products by associating these handicrafts and jams with the cause of environmental awareness and nature appreciation represented by "the Dana logo." This project has genuinely created a new market in Jordan for a previously little known commodity, nature tourism, and turned a biodiversity project into a viable business model with exemplary organizational and operational methods.⁴²⁴

Such a strategy could work in the rest of the tourism sector in Jordan where access to land, building licenses, skill training, tax breaks, and market information could be exchanged for state monitoring of firm performance on a number of indices.⁴²⁵ In doing so, the state could seek to limit rent-seeking, over-capacity, and

⁴²³ The RSCN also administers other protected areas of Jordan.

⁴²⁴ See RSCN (1997), Irani and Johnson (1998), RSCN (2000) and Chris Johnson, Interviewed in Amman, August 1998 and August 2000.

⁴²⁵ This is not the say that other RSCN efforts have produced the same results or that the Dana

low quality standards in the tourism sector. This would require limiting entry into the market by firms unwilling or unable to seek to match a set of rolling performance standards as well as helping firms which exhibit the ability to improve themselves over time. Along with this, other criteria—such as upholding environmental standards or requiring the local hiring and training of employees—could be enforced by giving firms positive incentives. Politically, though, this would have been difficult in the context of selling the New Middle East vision as a means to quickly reap material rewards from the peace. Instead of simply opening borders and then attempting to extract rents from day tourists (such as through the high Petra gate charge), Jordan could use similar disequilibrium learning techniques to regulate international and Israeli tour operators. Regional cooperation could be reestablished by implementing such regulatory institutions and techniques on a regional basis. As tourism firms across the Middle East develop equivalent standards and methods of operation, tourism would flow better across borders as would market information and, more critically, firm-to-firm ties would increase leading to mutual economic gains.

The limits of tourism development: expanded consumerism and bounded enclaves

Finally, before concluding, I would like to reiterate that the politics of place construction and the promotion of reterritorialization are important features for IPE scholars to study as they form critical processes within the construction and evolution the international political economy. In particular, they are means which developing countries can use to integrate themselves into global markets and transnational flows without acquiescing to policy races to the bottom. While it was not the central focus of this dissertation, a secondary theme running through this project has been the question of the feasibility of tourism development providing the economies of the Middle East with a new “engine of growth.”

This project has exposed the limitations of both the neo-classical model of tourism development and the “structuralist” balanced-growth model of tourism planning. On the one hand, neo-classical tourism development models assume that increased tourism stimulates additional production in other sectors of the economy without requiring any structural transformation of those sectors or without recognizing the costs and tradeoffs required for those structural transformations. On the other hand, balanced-growth models take seriously the challenge of these structural transformations and view tourism economies as stuck in a low equilibrium trap. In response they suggest that a "big-push" in infrastructure and enterprise development is required to coincide with a large influx of tourists in order to promote development.

Policy makers and tourism developers in the Middle East, I suggest, have too often assumed that tourism development can act as an engine of growth for creating economic opportunities across a wide range of sectors. The locational external economies that tourism flows generate are too often captured by a narrow set of firms either located spatially proximate to each other or through vertical and horizontal integration. In other words, organized tourism development generate bordered enclaves. This model follows the original one developed by Thomas Cook based on insulating the tourist from the burdens and risks of local economic transactions and other forms of uncertainty such as trusting local guides. This insulation of the tourist eliminated the extraction of rents by local providers of tourism goods and services. At the same time it created a socially insulated and culturally mediated environment for the tourist. It is possible to suggest that the general nature of the construction of tourism experiences is a major factor sustaining the enclave nature of most organized tourism because most tourists seek experiences of temporal or cultural “otherness.” The boundary of the enclave thus

must be understood as a product of the existing or constructed economic and cultural gap between the tourist and host societies.⁴²⁶

My investigation of tourism development patterns in the Middle East leads me to suggest that the requirement for tourism to act as a “growth pole” is defined by the degree to which tourism sites generate positive external economies which reach outside the enclave instead of becoming objects of firms seeking to extract rents from tourists. Successful tourism development requires that these sets of firms move from exploiting the first order external economies generated by tourism flows within the enclave and learn to generate Marshallian external economies outside the enclave. In general “the goal” of economic development, as Allan J. Scott explains, “is to forge production complexes in specific regional contexts that have the ability to develop and grow incrementally over time *as systemic entities with endogenous increasing returns effects*” (Scott 1998a, p. 134). To the degree that these sorts of external economies can be externalized (outside the enclave) they allow for broader access to the opportunities of tourism development.

The RSCN model for tourism development provides one of the best examples of such a process and thus it is possible to use this case study to suggest a counterfactual argument. In both Tunisia and Jordan the state’s tourism development policies can be faulted with possibly foregoing potential increases in the scale and scope of the economic benefits of tourism development by maintaining efforts to centralize (or at least attempt to centralize) state control over the tourism sector. Tunisia was able to sustain centralized authoritarian control over the tourism sector, but this resulted in the limited success of its attempt to diversify its tourism product thereby squeezing the profits available to private actors in the sector. In Jordan, only a narrow segment of the tourism sector was able to benefit from the post-peace tourism expansion because only a small set of developers had the capital

⁴²⁶ This feature is not only a product of tourism in the context of “exotic” cultures. On the construction of urban “tourist bubbles,” see Davis (1998, pp. 332-5), Judd (1999), Harvey (2000), Harvey (2001b).

resources to promote enclave style luxury tourism development while most of the small and mid-size tourism firms were marginalized from this form of development, dashing their expectations of economic rewards from tourism.

The RSCN model, however, also raises a few questions for the feasibility of developing economies to use tourism as a means to promote national economic development. To put it bluntly, this model of tourism development relies on increased commodification and commercialization. Jordan and Tunisia have experienced the over-commodification of tourism resources because for most private firms the process of creating tourist products available for potential tourist purchase proved easier and more feasible than coordinating and ensuring the demand for such products. While this over-commodification often proved a waste of resources, any form of successful tourism development (such as the festival mall) entails increased commercialization. Moreover, the generation of external economies can only be sustained if tourists purchase more goods and services from a wider range of tourism firms. This requires increased consumerism on the part of the tourists, usually a characteristic of those travelling from more economically advanced, high-consumption economies.

A critical aspect of the success of RSCN's Dana project has been its ability to produce and market "branded" goods, such as jams and jewelry, which have helped to create a demand for local agricultural produce and labor. The RSCN is currently extending its commercialization model by building a "Nature Centre" in downtown Amman for the selling and marketing of the products produced at their development projects around the country. It is planned to be "the equivalent of a 'nature department store' offering a unique theme-based shopping experience" (RSCN 2000, p. 17). While the goal is to generate income for the RSCN and promote the organization's ideological goal of greater environmental awareness and appreciation of nature, its economic logic is based on increased local commercialization and tourist consumerism. In other words, it requires increased

commercialization and consumerism to sustain its means of promoting environmental awareness and nature appreciation.

Regardless if increased commercialization and commercialism are in themselves normatively good or bad, this example points to the fact that tourism development based on international tourism seeks to exploit the consumerism of other cultures based in more advanced industrial economies. The promotion of tourism as a means of economic development requires that tourists have developed consumerist tastes and income. Effective tourism development requires that the local tourism economy conform to these consumerist tastes and trends which, by the vary nature (or cultural construction) of most forms of international tourism, is likely to remain distinct from those of most of the local society. The set of firms which service this narrow market defines the scope of the tourist enclave. The purchase of the products such firms produce will be limited to the international tourist market until the local economies generate a high mass consumerist society within a wide enough range of the population to provide the needed disposable income. Tourism development, however, is unlikely by itself to lead to such a transformation. Most likely, increased tourism consumption by the local elite which is able to sustain international tourism development projects is likely to also represent a condition of high economic inequality and social division within society.⁴²⁷

An uncertain future

Nevertheless, as the world entered the Year 2000, tourism officials and private sector developers across the Middle East announced, yet again, that the region was on the cusp of another tourism boom. Tunisia promoted its new tourist city, Hammamet-Sud, while Jordan opened its “Baptism” site on the Jordan River

⁴²⁷ One the relationship between consumerism, elite class structure, and politics in Jordan, see Beal (1998).

in time for the Holy Land pilgrimage of Pope John Paul II. This dissertation, however, did not set out to predict the future growth of the international tourism market nor the likelihood that regional political events will disrupt the flow of tourists to the Middle East. The airplane hijackings and terrorist attacks of September 11, 2001 will clearly mark a shift in patterns of tourist travel, but they will not put an end to the age of international travel initiated in the wake of World War Two. These events, combined with a dip in world economic growth and continuing violence in Israel and Palestine, will likely lead to a period of decline or at least dismal growth in tourism receipts for the region. This period, however long it lasts, will mark another juncture in the evolution of the global tourism economy. The other side of this juncture, however, will mark the beginning of a great tourism boom. The international airline industry and tour operators will have adjusted to the new global economy and be ready to expand once again as soon as conditions begin to change. The end of the post-September 11 juncture will also likely lead to the release of a great pent-up demand for global travel. Some tourists will be seeking relaxing resorts far away from their everyday lives, while others will seek the comfort and safety of simulated worlds found in the ever growing number of theme-parks around the world. Yet other international travelers will have had their perspectives of the world broaden. A new generation of young travelers will have been exposed to debates about Islam and world civilizations, the positive and negative effects of globalization, and the importance of thinking across boundaries. These groups will likely be eager to explore for themselves the peoples and places of the globe and those in the Middle East in particular. Thus, through its cycles of booms and busts tourism will likely continue to be viewed as a critically needed source of hard currency, government revenue, and job creation for most of the states of the Middle East. And thus the geographic and cultural landscape of the region will likely continue to be transformed and commodified in efforts to mine tourism as an economic resource. While I hope that this work will be able to provide a guide

and baseline for such investigations, the narrative of this dissertation must leave those stories for another visit or for others to explore.

References:

- Abdalla, Alyce. 2000. "Employees or Beneficiaries?" *MESA Bulletin* 34, 2 (Winter): 184-188.
- Abou Tarak. 1977. "Tunisie: La Satellisation." *Temps Modernes* No. 375 bis: 95-112.
- Abu-Odeh, Adnan. 1999. *Jordanians, Palestinians & the Hashemite Kingdom in the Middle East Peace Process*. Washington DC: United States Institute of Peace Press.
- Abujaber, Raouf Sa'd. 1989. *Pioneers Over Jordan: The Frontier of Settlement in Transjordan, 1985-1914*. Second Edition. London: I.B. Tauris.
- Aglietta, Michel. 1979. *A theory of capitalist regulation: the US experience*. London: NLB.
- Ahmad, Eqbal. 1967. *Politics and Labor in Tunisia*: PhD. Dissertation, Princeton University.
- Alexander, Christopher. 1996. "State, Labor, and the New Global Economy in Tunisia." In *North Africa: Development and Reform in a Changing Global Economy*, edited by Dirk Vandewalle, pp. 177-202. New York: St. Martin's Press.
- Alon, Yoav. 1999. "Building a State, Maintaining the Tribe: Resistance and Collaboration in the Evolving Transjordanian State". Paper read at Middle East Studies Association (MESA) Annual Meeting, at Washington DC.
- Alonso-Gamo, Patricia. 1996. "Liberalization of Trade and Exchange Systems." In *Jordan: Strategy for Adjustment and Growth*, edited by Edouard Maciejewski and Ahsan Mansur, pp. 53-57. Washington DC: International Monetary Fund. Occasional Paper #136.
- Amawi, Adla M. 1994. "The Consolidation of the Merchant Class in Transjordan during the Second World War." In *Village, Steppe and State*, edited by Eugen L. Rogen and Tariq Tell, pp. 162-186. London: British Academic Press.
- . 1996. "USAID in Jordan." *Middle East Policy* 4,4 (October): 77-89.
- Amin, Samir. 1970. *The Maghreb in the Modern World*. Baltimore: Penguin Books.
- Anderson, Benedict. 1991a. *Imagined Communities: Reflections of the Origin and Spread of Nationalism*. Revised Edition. New York: Verso.
- Anderson, Lisa. "Identities and Interests in Pre-Industrial Welfare States: Prospects for Liberalism in Arab Politics." paper presented at the Center for International Studies, MIT.
- . 1986. *The State and Social Transformation in Tunisia and Libya, 1830-1980*. Princeton: Princeton University Press.
- . 1990. "Democracy Frustrated: The Mzali Years in Tunisia." In *The Middle East and North Africa: Essays in Honor of J.C. Hurewitz*, edited by Reeva S. Simon, pp. 187-203. New York: Columbia University Press.

- . 1991b. "Political Pacts, Liberalism, and Democracy: The Tunisian National Pact of 1988." *Government and Opposition* 26, 2 (Spring): 244-260.
- . 1995. "Democracy in the Arab World: A Critique of the Political Culture Approach." In *Political Liberalization and Democratization in the Arab World: Volume 1, Theoretical Perspectives*, edited by Rex Brynen, Bahgat Korany and Paul Nobel, pp. 77-92. Boulder: Lynne Rienner.
- . 1997. "Prospects for Liberalism in North Africa: Identities and Interests in Pre-Industrial Welfare States." In *Islam, Democracy, and the State in North Africa*, edited by John P. Entelis, pp. 127-140. Bloomington: Indiana University Press.
- . 1999. "Politics in the Middle East: Opportunities and the Limits in the Quest for Theory." In *Area Studies and Social Science: Strategies for Understanding Middle East Politics*, edited by Mark Tessler, pp. 1-10. Bloomington: Indiana University Press.
- Angrist, Michelle Penner. 1999. "Review of 'Modern Tunisia' by Andrew Borowiec." *International Journal of Middle East Studies* 31, 4 (November): 684-5.
- Apostolopoulos, Yiorgos, Philippos Loukissas, and Lila Leontidou, eds. 2001. *Mediterranean Tourism: Facets of socioeconomic development and cultural change*. London: Routledge.
- Appadurai, Arjun. 1990. "Disjuncture and Difference in the Global Cultural Economy." *Public Culture* 2, 2 (Spring): 1-24.
- Aruri, Naseer H. 1972. *Jordan: A Study in Political Development (1921-1965)*. The Hague: Martinus Nijhoff.
- Astorino-Courtois, Allison. 1996. "Transforming International Agreements into National Realities: Marketing Arab-Israeli Peace in Jordan." *The Journal of Politics* 58, 4 (November): 1035-54.
- Auerbach, Stephen D. 1978. "Intermediate and Appropriate Technology Redefined: A Tunisian Case Study." Urban Research Center, The University of Wisconsin-Milwaukee
- Austrian Government. 1891. "Railroad Passenger Tariffs in Austria." *Annals of the American Academy of Political and Social Science* 1,3 (January): 462-468.
- Azarya, Victor and Naomi Chazan. 1987. "Disengagement from the State in Africa." *Comparative Studies in Society and History* 29, 1: 106-131.
- Baranowski, Shelley and Ellen Furlough, eds. 2001. *Being Elsewhere: Tourism, Commercial Leisure and National Identities in Europe and North America*. Ann Arbor: University of Michigan.
- Barber, Benjamin R. 1997. *Jihad Vs. McWorld: How globalism and tribalism are reshaping the world*. New York: Ballantine Books.
- Barham, Nasim. 1999. "Tourism in Jordan: Development and perspective." *Jordanian* No. 5-6 (June-December).
- Barkey, Henri. 1995. "Can the Middle East Compete?" *Journal of Democracy* 6, 2 (April): 113-127.

- Baumli, Steve. 1974. "Airport Revenues and Expenses." In *Airport Economic Planning*, edited by George P. Howard, pp. 365-391. Cambridge, MA: The MIT Press.
- Beal, Elizabeth Anne. 1998. "Consumerism and the Culture of Consumption: Class, National Identity, and Gender among Jordanian Elites." Ph. D. dissertation submitted to the Department of Anthropology, University of Chicago.
- Beblawi, Hazem. 1987. "The Rentier State in the Arab World." In *The Rentier State*, edited by H. Beblawi and G. Luciani, pp. 49-62. London: Croom Helm.
- Bedoui, Abdeljelil. 1995. "Analyse de la Dynamique Sociale dans le Contexte de l'Application du Plan d'Adjustment Structurel en Tunisie." *Mondes en Developpment* 23, No. 89/90: 53-73.
- Belev, Boyan. 2000. *Forcing Freedom: Political Control of Privatization and Economic Opening in Egypt and Tunisia*. Lanham, MD: University Press of America.
- Belhedi, Amor. 1992. *Societe, Espace et developpment en Tunisie*. Tunis: Publications de la Faculté des Sciences Humaines et Sociales-Étude de Géographie, Volume XXVII, Université de Tunis.
- . 1998. *Development: Regional, Rural, Local*. Tunis: Cahier du C.E.R.E.S. série Géographic no. 17, 1997.
- Bellin, Eva. 1991. "Tunisian Industrialists and the State." In *Tunisia: The Political Economy of Reform*, edited by I. William Zartman, pp. 45-65. Boulder, Co: Lynne Rienner.
- . 1994. "The Politics of Profit in Tunisia: Utility of The Rentier Paradigm?" *World Development* 22, 3 (March): 427-436.
- . 1995. "Civil Society in Formation: Tunisia." In *Civil Society in the Middle East, Vol 1.*, edited by A. R. Norton, pp. 120-147. Leiden: E. J Brill.
- . 2000. "Contingent Democrats: Industrialists, Labor, and Democratization in Late-Developing Countries." *World Politics* 52, 2: 175-205.
- Ben Hammouda, Hakim. 1995. *Tunisie: Ajustment et difficulté de l'insertion internationale*. Paris: Éditions L'Harmattan.
- . 1998. "Globalization et Crise de L'industrie Textile en Tunisie." *Economic Research Forum for the Arab Countries, Iran, and Turkey, (Cairo, Egypt)* Working Paper 9815.
- Ben Romdhane, Mahmoud. 1987. "Fondements et Contenu des Restructurations face a la crise Économique En Tunisie." *Annuaire de l'Afrique du Nord* 16: 149-176.
- . 1997. "L'accord de liber-échange entre la Tunisie et l'Union européenne: Un impératif, des espoirs, des inquiétudes." *Confluences Méditerranée* No. 21 (Printemps): 49-64.
- Bergaoui, Mohamed. 1996. *Tourisme et Voyages en Tunisie: Les Années Régence*. Tunis: SIMPACT.
- Berger, Suzanne. 2000. "Globalization and Politics." *Annual Review of Political Science* 3, 1: 43-62.

- Berger, Suzanne and Richard M. Locke. 2001. "Il Caso Italiano and Globalization." *Daedalus* 130, 3: 85-104.
- Berry-Chikhaoui, Isabelle. 1997. "Le logement social <<mis à niveau>>." *Monde arabe Maghreb Machrek* No. 157 (juillet-sept.): 47-57.
- Bleasdale, Sue and Sue Tapsell. 1996. "Saharan Tourism: Arabian Nights or Tourist 'Daze'? The Social-Cultural and Environmental Impacts of Tourism in Southern Tunisia." In *Tourism and Cultural Change*, edited by Mike Robinson, Nigel Evans and Paul Callaghan, pp. 25-48. Newcastle: Centre for Travel and Tourism, University of Northumbria.
- Bolton, Patrick, Gerard Roland, and Enrico Spolaore. 1996. "Economic Theories of the Break-up and Integration of Nations." *European Economic Review* 40 (April).
- Boorstin, Daniel J. 1971. "From Traveler to Tourist: The Lost Art of Travel." In *The Image: A Guide to Pseudo-Events in American*, pp. 77-117. New York: Atheneum.
- Borowiec, Andrew. 1998. *Modern Tunisia: A Democratic Apprenticeship*. Westport, CT: Praeger.
- Bouaouaja, Mohammed. 1989. "Privatization in Tunisia: Objectives and Limits." In *Privatization and Structural Adjustment in the Arab Countries*, pp. 234-246. Washington DC: International Monetary Fund.
- Boubakri, Hassen. 2000. "Echanges transfrontaliers et commerce parallèle aux frontières tuniso-libyennes." *Monde arabe Maghreb Machrek* No. 170 (oct.-déc.): 39-51.
- Boukraa, Ridha. 1993. *Hammamet: Le Paradis Perdu, Etude anthropologique et écologique de la métamorphose d'une communauté*. Aix en Provence: Centre des Études Touristique.
- Bourguiba, Habib. 1973. "Destourian Socialism and National Unity: Speech of March 1, 1966." In *Man, State, and Society in the Contemporary Maghrib*, edited by I. William Zartman. New York: Praeger.
- Boyer, Robert. 1990. *The regulation school: a critical introduction*. New York: Columbia University Press.
- Brand, Laurie A. 1991. "Liberalization and Changing Political Coalitions: The Bases of Jordan's 1990-1991 Gulf Crisis Policy." *Jerusalem Journal of International Relations* 13, 4: 1-46.
- . 1992. "Economic and Political Liberalization in a Rentier Economy: The Case of the Hashemite Kingdom of Jordan." In *Privatization and Liberalization in the Middle East*, edited by Iliya Harik and Denis J. Sullivan, pp. 210-232. Bloomington: Indiana University Press.
- . 1994. *Jordan's Inter-Arab Relations: The Political Economy of Alliance Making*. New York: Columbia University Press.
- . 1995. "In the Beginning Was the State...': The Quest for Civil Society in Jordan." In *Civil Society in the Middle East*, edited by A. R. Norton, pp. 148-185. Leiden: Brill.

- . 1998. *Women, the State, and Political Liberalization: Middle East and North African Experiences*. New York: Columbia University Press.
- . 1999. "The Effects of the Peace Process on Political Liberalization in Jordan." *Journal of Palestine Studies* 28, 2 (Winter): 52-67.
- . 2001. "Development in Wadi Rum? State Bureaucracy, External Funders, and Civil Society." *International Journal of Middle East Studies* 33, 4 (November): 571-590.
- Brendon, Piers. 1991. *Thomas Cook: 150 Years of Popular Tourism*. London: Secker & Warburg.
- Brenner, Neil. 1999. "Beyond state-centrism? Space, territory, and geographical scale in globalization studies." *Theory and Society* 28, 1 (February): 39-78.
- Britton, Robert A. 1978. "International Tourism and Indigenous Development." Ph.D. dissertation, University of Minnesota.
- Britton, Stephen G. 1982. "The Political Economy of Tourism in the Third World." *Annals of Tourism Research* 9: 331-358.
- . 1991. "Tourism, capital, and place: towards a critical geography of tourism." *Environment and Planning D: Space and Society* 9: 451-478.
- Brohman, John. 1996. "New Directions in Tourism For Third World Development." *Annals of Tourism Research* Vol. 23, No. 1: 48-70.
- Bromley, Simon. 1993. "The Prospects for Democracy in the Middle East." In *Prospects for Democracy: North, South, East, West*, edited by David Held, pp. 380-406. Stanford: Stanford University Press.
- Brown, Dona. 1995. *Inventing New England: Regional Tourism in the Nineteenth Century*. Washington DC: Smithsonian Institution Press.
- Brown, Leon Carl. 1964. "Stages in the Process of Change." In *Tunisia: The Politics of Modernization*, edited by Charles A. Micaud, pp. 3-66. New York: Praeger.
- Brumberg, Daniel. 1995. "Authoritarian Legacies and Reform Strategies in the Arab World." In *Political Liberalization and Democratization in the Arab World: Volume 1, Theoretical Perspectives*, edited by Rex Brynen, Bahgat Korany and Paul Nobel, pp. 229-259. Boulder: Lynne Rienner.
- Brynen, Rex. 1992. "Economic Crisis And Post-rentier Democratization in The Arab World: The Case of Jordan." *Canadian Journal of Political Science* 25, 1 (March): 69-97.
- . 1998. "The Politics of Monarchical Liberalism: Jordan." In *Political Liberalization and Democratization in the Arab World: Volume 2 Comparative Experiences*, edited by Rex Brynen, Bahgat Korany and Paul Nobel, pp. 71-100. Boulder: Lynne Rienner.
- Buchanan, James. 1980. "Rent-seeking and Profit-seeking." In *Towards a Rent-Seeking Society*, edited by James Buchanan, Robert Tollison and Gordon Tullock, pp. 3-14. College Station: Texas A&M University Press.
- Buck-Morss, Susan. 1995. "Envisioning Capital: Political Economy on Display." *Critical Inquiry* 21 (Winter): 435-467.

- Burckhardt, John Lewis. 1822. *Travels in Syria and the Holy Land*. London: John Murray.
- Burkart, A. J. and S. Medlik. 1981. *Tourism: Past, Present, and Future*. Second Edition. London: Heinemann.
- Butler, Richard W. 1980. "The concept of a tourist area cycle of evolution: implications for management of resources." *Canadian Geographer* 24, 1: 5-12.
- Buzard, James. 1993. *The Beaten Track: European Tourism, Literature, and the Ways to Culture, 1800-1918*. Oxford: Clarendon Press.
- Cable, Vincent. 1995. "The Diminished Nation-State: A Study in the Loss of Economic Power." *Daedalus* 124, 2 (Spring): 23-53.
- Cason, Jeffery and Gregory White. 1998. "The State as Nave Entrepreneur: The Political Economy of Export Promotion in Brazil and Tunisia." *Policy Studies Journal* 26, 1: 46-68.
- Cassarino, Jean-Pierre. 1999. "The EU-Tunisian Association Agreement and Tunisia's Structural Reform Program." *Middle East Journal* 53, 1 (Winter): 59-74.
- . 2000. *Tunisian New Entrepreneurs and their Past Experiences of Migration in Europe: Resource mobilization, networks, and hidden disaffection*. Aldershot: Ashgate.
- Caton, Steve C. 1999. *Lawrence of Arabia: a film's anthropology*. Berkeley: University of California Press.
- Cazes, Georges. 1983. "Le tourisme international en Thaïlande et en Tunisie: Les impacts et les risques d'un développement mal maitrise." *Travaux de l'Institut de géographie de Reims* no. 53-54.
- Central Bank of Jordan. 1994. *Yearly Statistical Series (1964-1993)*. Amman: Department of Research and Studies, Central Bank of Jordan.
- Cerny, Philip G. 1995. "Globalization and the Changing Logic of Collective Action." *International Organization* 49, 4 (Autumn): 595-625.
- Chaabane, Sadok. 1997. *Ben Ali on the Road to Pluralism in Tunisia*. Washington, DC: American Educational Trust.
- Chapman, Keith and David Walker. 1987. *Industrial Location: Principles and Policies*. Cambridge, MA: Blackwell.
- Charmes, Jacques. 1987. "Secteur Non Structuré, Politique Économique et Structuration Sociale En Tunisie: 1970-1985." In *Tunisie au Présent : Une modernité au-dessus de tout soupçon?*, edited by Michel Camau, pp. 231-251. Paris: Éditions du Centre Nationale de la Recherche Scientifique.
- Chaudhry, Kiren Aziz. 1989. "The Price of Wealth: Business and State in Labor Remittance and Oil Economies." *International Organization* 43, 1 (Winter): 101-145.
- . 1991. "On the way to market: Economic Liberalization and Iraq's Invasion of Kuwait." *Middle East Report* No. 170 (May -June): 14-23.
- . 1992. "Economic Liberalization in Oil-Exporting Countries: Iraq and Saudi Arabia." In *Privatization and Liberalization in the Middle East*, edited by Iliya

- Harik and Denis J. Sullivan, pp. 145-166. Bloomington: Indiana University Press.
- . 1993. "The Myths of the Market and the Common History of Late Developers." *Politics & Society* 21, 3 (September): 245-274.
- . 1994. "Economic Liberalization and The Lineages of The Rentier State." *Comparative Politics* 27, 1 (October): 1-25.
- . 1997. *The Price of Wealth: Economies and Institutions in the Middle East*. Ithaca: Cornell University Press.
- Choucri, Nazli. 1986. "The Hidden Economy: A New View of Remittances in the Arab World." *World Development* 14, 6: 697-712.
- Christopher, Warren. 1998. *In the Stream of History: Shaping Foreign Policy for a New Era*. Stanford: Stanford University Press.
- Clancy, Michael. 1998. "Commodity chains, services and development: theory and preliminary evidence from the tourism industry." *Review of International Political Economy* 5, 1 (Spring): 122-148.
- Clawson, Patrick. 1994a. "Mideast economies after the Israel-PLO handshake." *Journal of International Affairs* 48, 1 (Summer).
- . 1994b. "Tourism Cooperation in the Levant." *The Washington Institute Policy Focus Research Memorandum No. 26* (May).
- Coase, Ronald. 1937. "The Nature of the Firm." *Economica* n.s. 4 (November): 386-405.
- Cohen, Erik. 1984. "The Sociology of Tourism: Approaches, issues, and findings." *Annual Reviews in Sociology* 10: 373-92.
- Collier, David, ed. 1979. *The New Authoritarianism in Latin America*. Princeton: Princeton University Press.
- Commission National Sectorielle du Tourisme et du Thermalisme. 1972. *L'Evolution du Tourisme en Tunisie, Retrospective (1961-1971)*. Tunis.
- Cooley, Alexander A. 2001. "Booms and Busts: Theorizing Institutional Formation and Change in Oil States." *Review of International Political Economy* 8, 1 (Spring): 163-180.
- Cox, Kevin R., ed. 1997. *Spaces of Globalization: Reasserting the Power of the Local*. New York: The Guilford Press.
- Crick, Malcolm. 1989. "Representations of International Tourism in the Social Sciences: Sun, Sex, Sights, Savings, and Servility." *Annual Review of Anthropology* 18: 307-344.
- Culler, Jonathan. 1988. "The Semiotics of Tourism." In *Framing the Sign: Criticism and its institutions*, pp. 153-167. Oxford: Blackwell.
- D'Amore, Louis J. 1988. "Tourism: A Vital Force of Peace." *The Futurist* (May-June): 23-28.
- Davis, Mike. 1998. *Ecology of Fear: Los Angeles and the Imagination of Disaster*. New York: Metropolitan Books.
- Day, Arthur R. 1986. *East Bank/West Bank: Jordan and the Prospects for Peace*. New York: Council on Foreign Relations.

- Delacroix, Jacques. 1980. "The Distributive State in the World System." *Studies in Comparative International Development* 15 (Fall): 1980.
- Denoeux, Guilaïn. 1999. "La Tunisie de Ben Ali et ses paradoxes." *Monde arabe Maghreb Machrek* No. 166 (oct-déc.): 32-52.
- Dicken, Peter. 1998. *Global Shift: Transforming the World Economy*. Third Edition. New York: The Guilford Press.
- Dicken, Peter and P.E. Lloyd. 1990. *Location in Space: Theoretical Perspectives in Economic Geography*. Third Edition. New York: Harper & Row.
- Dillman, Bradford. 2001. "Facing the Market in North Africa." *Middle East Journal* 55, 2 (Spring): 198-215.
- Dimassi, Hassine. 1984. "La crise économique en Tunisie: une crise de régulation." *Maghreb-Machrek* No.103 (Mars): 57-69.
- Dimassi, Hassine and Hédi Zaiem. 1987. "L'Industrie: Mythe et Stratégies." In *Tunisie au Présent : Une modernité au-dessus de tout soupçon?*, edited by Michel Camau, pp. 163-179. Paris: Éditions du Centre Nationale de la Recherche Scientifique.
- Doganis, Rigis. 1992. *The Airport Business*. London: Routledge.
- Drake, Laura. 1999. "Arab-Israeli Relations in a New Middle East Order: The politics of economic cooperation." In *The Political Economy of Middle East Peace: The impact of competing trade agendas*, edited by J.W. Wright, pp. 11-39. London: Routledge.
- Eadington, William R. and Milton Redman. 1991. "Economics and Tourism." *Annals of Tourism Research* 18: 41-56.
- Eco, Umberto. 1986. *Travels in Hyperreality*. San Diego: Harcourt Brace Jovanovich.
- EIU. 1972. "North Africa." *International Tourism Quarterly* No. 4: 19-39.
- . 1973. "The Role of Tourism in Economic Development: Is it a benefit or a burden?" *International Tourism Quarterly* No. 2: 53-68.
- . 1977. "North Africa." *International Tourism Quarterly* No. 2: 25-34.
- . 1983. "Tunisia." *International Tourism Quarterly* 2 (National Report No. 83): 20-34.
- . 1987a. "Jordan." *International Tourism Report* No. 3: 35-47.
- . 1987b. "Tunisia and Malta." *EIU Country Report* No. 2.
- . 1988a. "Tunisia." *International Tourism Report* 4 (October): 21-39.
- . 1988b. "Tunisia." *EIU Country Report* No. 2.
- . 1988c. "Tunisia." *EIU Country Report* No. 1.
- . 1992. "Jordan." *International Tourism Report* No. 3: 23-39.
- . 1993. "Tunisia." *EIU Country Profile 1993-4*.
- . 1994. "Tunisia." *EIU Country Report* 3rd quarter.
- . 1995a. "Tunisia." *EIU Country Report* 3rd quarter.
- . 1995b. "Tunisia." *EIU Country Report* 1st quarter.
- . 1996a. "Jordan." *EIU Country Report* 1st quarter.
- . 1996b. "Tunisia." *EIU Country Report* 1st quarter.

- . 1997a. "Jordan." *EIU Country Profile 1997-98*.
- . 1997b. "Jordan." *EIU Country Report* 3rd quarter.
- . 1997c. "Tunisia." *EIU Country Report* 3rd quarter.
- . 1999. "Tunisia." *EIU Country Report* 3rd quarter.
- . 2001. "Tunisia." *EIU Country Report* January.
- Evans, Peter. 1979. *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil*. Princeton: Princeton University Press.
- . 1987a. "Class, state, and dependence in East Asia: lessons from Latin Americanists." In *The Political Economy of the New Asian Industrialism*, edited by Frederic C. Deyo, pp. 203-225. Ithaca: Cornell University Press.
- . 1987b. "Foreign Capital and the Third World State." In *Understanding Political Development*, edited by Myron Weiner and Samuel P. Huntington, pp. 319-352. Boston: Little, Brown.
- . 1992. "The State as Problems and Solution: Predation, Embedded Autonomy, and Structural Change." In *The Politics of Economic Adjustment*, edited by Stephen Haggard and Robert Kaufman, pp. 139-181. Princeton: Princeton University Press.
- . 1995. *Embedded Autonomy: States and Industrial Transformation*. Princeton: Princeton University Press.
- . 1997. "The Eclipse of the State? Reflections on Stateness in the Era of Globalization." *World Politics* 50 (October): 62-87.
- . 1998. "Transnational Corporations and Third World States: From the Old Internationalization to the New." In *Transnational Corporations and the Global Economy*, edited by Richard Kozul-Wright and Robert Rowthorn, pp. 195-224. New York: St. Martin's Press.
- Fakhoury, Leen. 1998. "Reuse of the Vernacular Built Environment in Tourism Development Projects in Jordan." *Traditional Dwellings and Settlements Working Paper Series* 107: 1-27.
- Falise, M. and P. Masson. 1976. "La Politique de Développement Technologique en Tunisie." *Annuaire de l'Afrique du Nord* 15: 161-174.
- Farsoun, Samih K. and Christina Zacharia. 1995. "Class, Economic Change, and Political Liberalization in the Arab World." In *Political Liberalization and Democratization in the Arab World: Volume 1, Theoretical Perspectives*, edited by Rex Brynen, Bahgat Korany and Paul Nobel, pp. 261-280. Boulder: Lynne Rienner.
- Feifer, Maxine. 1985. *Going Places: The Ways of the Tourist from Imperial Rome to the Present Day*. London: Macmillan.
- Ferchiou, Ridha. 1991. "The Social Pressure on Economic Development in Tunisia." In *Tunisia: The Political Economy of Reform*, edited by I. William Zartman, pp. 101-108. Boulder, Co: Lynne Rienner.
- Findlay, Allan. 1980. "Planning for Internal Migration: The Case of Tunisia." In *Migration Studies in Tunisia and Morocco*, edited by Anne Findlay and Allan

- Findlay, pp. 1-8. Glasgow: Geography Department, Glasgow University, Occasional Papers Series No. 3.
- . 1984. "Tunisia: The Vicissitudes of Economic Development." In *North Africa*, edited by R. Lawless and A. Findlay, pp. 217-240. London: Croom Helm.
- Fischbach, Michael R. 2000. *State, Society, and Land in Jordan*. Leiden: Brill.
- Fodor's. 1975. *Tunisia*. New York: David McKay Company Inc.
- Ford, Ford Madox. 1995. *The Good Soldier*. Norton Critical Edition, (First Edition published 1915). New York: Norton.
- Frieden, Bernard J. and Lynne B. Sagalyn. 1989. *Downtown, Inc. How America Rebuilds Cities*. Cambridge, MA: The MIT Press.
- Friedman, Thomas L. 1999. *The Lexus and the Olive Tree: Understanding Globalization*. New York: Farrar Straus Giroux.
- Furlough, Ellen. 1993. "Packaging Pleasures: Club Méditerranée and French Consumer Culture, 1950-1968." *French Historical Studies* 18, 1 (Spring): 65-81.
- . 1998. "Making Mass Vacations: Tourism and Consumer Culture in France, 1930s to 1970s." *Comparative Studies in Society and History* 40, 2 (April): 247-286.
- Gallagher, Charles F. 1963. "The discovery of Morocco: Mass tourism comes to the Maghrib." *American Universities Field Staff Reports North Africa series*. vol. 9, no. 9.
- Gant, Robert and José Smith. 1992. "Tourism and national development planning in Tunisia." *Tourism Management* 13, 3 (September): 331-336.
- Garman, Christopher, Stephen Haggard, and Eliza J. Willis. 2001. "Fiscal Decentralization: A Political Theory with Latin American Cases." *World Politics* 53, 2: 205-236.
- Garrett, Geoffrey. 1998. "Global Markets and National Politics: Collision Course or Virtuous Circle?" *International Organization* 52, 4 (Autumn): 787-824.
- Gasiorowski, Mark J. 1992. "The Failure of Reform in Tunisia." *Journal of Democracy* 3, 4 (October): 85-97.
- General Traffic Manager of the Austrian State Railways. 1890. "Zone-Tariff in Hungary." *Annals of the American Academy of Political and Social Science* 1,1 (July): 107-131.
- Gereffi, Gary. 1993. "The International Economy and Economic Development." In *Handbook of Economic Sociology*, edited by Neil Smelser and Richard Swedberg, pp. 206-233. Princeton, NJ: Princeton-Sage.
- Goichon, A.M. 1972. *Jordanie réelle II*. Paris: G.-P Maisonneuve & Larose.
- Goldstone, Patricia. 2001. *Making the World Safe for Tourism*. New Haven, CT: Yale University Press.
- Gray, Matthew. 1997. "The Political Economy of Tourism in Syria: State, Society, and Economic Liberalization." *Arab Studies Quarterly* 19, 2 (Spring): 57-73.
- . 2001. "Development Strategies and the Political Economy of Tourism in Contemporary Jordan." In *Jordan in Transition, 1990-2000*, edited by George Joffé, pp. 308-329. London: C. Hurst.

- Grey, H. Peter. 1982. "The contributions of economics to tourism." *Annals of Tourism Research* 9, 1: 105-125.
- Grissa, Abdelsatar. 1991. "The Tunisian State Enterprises and Privatization Policy." In *Tunisia: The Political Economy of Reform*, edited by I. William Zartman, pp. 109-127. Boulder: Lynne Rienner.
- Group Huit. 1979. "The Sociocultural Effects of Tourism in Tunisia: A Case Study of Sousse." In *Tourism: Passport to Development?*, edited by Emanuel de Kadt, pp. 285-304. New York: Oxford University Press.
- Guiter, Laurent. 1997. "Tunisie: Chronique Intérieure." *Annuaire de l'Afrique du Nord* 36: 295-317.
- Hadidi, Adnan. 1985. "Conservation and Tourism in Petra and Jerash." In *Conservation and Tourism (Second International Congress on Architectural Conservation and Town Planning)*, pp. 108-112. London: Heritage Trust.
- Haggard, Stephan. 1990. *Pathways From the Periphery: The Politics of Growth in the Newly Industrializing Countries*. Ithaca: Cornell University Press.
- Hakimian, Hassan and Ziba Moshaver, eds. 2001. *The State and Global Change: The Political Economy of Transition in the Middle East and North Africa*. Surrey: Curzon Press.
- Hall, C. Michael and Vanessa O'Sullivan. 1996. "Tourism, political stability and violence." In *Tourism, Crime and International Security*, edited by A. Pizam and Y. Mansfeld, pp. 105-121. Chichester: John Wiley & Sons.
- Hall, Colin Michael. 1994. *Tourism and Politics: Policy, Power and Place*. Chichester: Wiley.
- Hamdi, Mohamed Elhachmi. 1998. *The Politicisation of Islam: A Case Study of Tunisia*. Boulder: Westview Press.
- Hamil, Jim. 1989. *Mediterranean Textiles and Clothings*. London: The Economist Intelligence Unit, Special report No. 1121.
- . 1991. "Multinational Activity in the Mediterranean Rim Textile and Clothing Industry." In *Multinational Enterprises in Less Developed Countries*, edited by Peter J. Buckley and Jeremy Clegg, pp. 270-291. New York: St. Martin's Press.
- Hammudeh, Musa. 1995. "Tourism Industry." In *Business and Investment in Jordan: Industry, Trade & Services*, edited by Wahib Shair, Ibrahim Badran, Ali Dajani, Moussa Hamoudeh and Zeid Hamzah, pp. 89-117. Amman, Jordan: The Steering Committee & Allied Accountants.
- Hamouda, M. L. 1970. "Quelques Aspects Economiques de Tourisme en Tunisie." *Revue Tunisienne de Sciences Sociales* No. 22: 185-201.
- Hannigan, John. 1998. *Fantasy City: Pleasure and profit in the postmodern metropolis*. London: Routledge.
- Harik, Iliya. 1992. "Privatization and Development in Tunisia." In *Privatization and Liberalization in the Middle East*, edited by Iliya Harik and Denis J. Sullivan, pp. 210-232. Bloomington: Indiana University Press.
- Harik, Iliya F. and Denis J. Sullivan, eds. 1992. *Privatization and Liberalization in the Middle East*. Bloomington: Indiana University Press.

- Harknett, Richard J. and Jefferey A. VanDenBerg. 1997. "Alignment Theory and Interrelated Threats: Jordan and the Persian Gulf War." *Security Studies* 6, 3 (Spring): 112-53.
- Harrison, Bennett. 1992. "Industrial Districts: Old Wine in New Bottles?" *Regional Studies* 26: 469-483.
- Harvey, David. 1989a. *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*. Oxford: Basil Blackwell.
- . 1989b. *The Urban Experience*. Baltimore: Johns Hopkins University Press.
- . 2000. "The spaces of Utopia." In *Spaces of Hope*, pp. 133-181. Berkeley: University of California Press.
- . 2001a. "The art of rent: globalization and the commodification of culture." In *Spaces of Capital: Towards a Critical Geography*, pp. 394-411. New York: Routledge.
- . 2001b. "A view from Federal Hill." In *Spaces of Capital: Towards a Critical Geography*, pp. 128-157. New York: Routledge.
- Hassan Bin Talal. 1994. "Jordan and the Peace Process." *Middle East Policy* 3, 3: 31-40.
- Hazboun, Samir, Rateb Amro, Yair Hirschfeld, and Ron Pundik. 1996. *The Concept of Trilateral Economic Activity*. June 1997 version. Jerusalem, Amman, Bethlehem, and Tel Aviv: Friedrich Naumann Foundation, Horizon-Studies & Research, Data Studies & Consultation, and The Economic Cooperation Foundation.
- Hazbun, Waleed. 1994. "Rethinking Anti-Colonial Movements and the Political Economy of Decolonization: The Case of Tunisia." *Arab Studies Quarterly* 16, 1 (Winter): 77-106.
- Held, David, Anthony McGrew, David Goldbatt, and Jonathan Perraton. 1999. *Global Transformations: Politics, Economics and Culture*. Stanford: Stanford University Press.
- Henry, Clement M. 1997. "Crises of Money and Power: Transitions to Democracy?" In *Islam, Democracy, and the State in North Africa*, edited by John P. Entelis, pp. 177-204. Bloomington: Indiana University Press.
- . 1998. *Challenges of Global Capital Markets to Information-Shy Regimes: The Case of Tunisia*. Abu Dhabi: The Emirates Center for Strategic Studies and Research, Occasional Papers, No. 19.
- Heydemann, Steven. 1993. "Taxation without Representation: Authoritarianism and Economic Liberalization in Syria." In *Rules and Rights in the Middle East: Democracy, Law, and Society*, edited by Ellis Goldberg, Resat Kasaba and Joel S. Migdal, pp. 69-101. Seattle: University of Washington Press.
- Hirschman, Albert O. 1958. *The Strategy of Economic Development*. New Haven: Yale University Press.
- . 1968. "The Political Economy of Import-Substituting Industrialization in Latin America." *The Quarterly Journal of Economics* 82 (February): 2-32.

- . 1981. "The rise and decline of development economics." In *Essays in Trespassing*. Cambridge: Cambridge University Press.
- . 1986. "A Dissenter's Confession: The Strategy of Economic Development Revisited." In *Rival Views of Market Society*. Cambridge, MA: Harvard University Press.
- Hirst, Paul and Graham Thompson. 1996. *Globalization In Question*. Cambridge: Polity Press.
- Hopkins, Michael. 1989. *Tunisia to 1993: Steering for Stability*. London: Economist Intelligence Unit, Special report No. 1132.
- Hopkins, Nicholas S. 1981. "Tunisia: An open and shut case." *Social Problems* 28, 4 (April): 385-393.
- Hudson, Michael C. 1977. *Arab Politics: The Search for Legitimacy*. New Haven: Yale University Press.
- Hunt, E. D. 1984. *Holy Land Pilgrimage in the Later Roman Empire AD 312-460*. Oxford: Clarendon Press.
- Hussein ibn Talal. 1962. *Uneasy Lies the Head*. New York: Random House.
- Huxley, Frederick C. 1990. "Development in Hamman Sousse, Tunisia: Change, Continuity, and Challenge." In *Anthropology and Development in North Africa and the Middle East*, edited by Muneera Salem-Murdock and Michael M. Horowitz. Boulder: Westview Press.
- Ikenberry, G. John. 1988. *Reasons of State: Oil Politics and the Capacities of American Government*. Ithaca: Cornell University Press.
- Ilchman, Warren Frederick and Ravindra C. Bhargava. 1966. "Balanced Thought and Economic Growth." *Economic Development and Cultural Change* 14, 4 (July): 385-399.
- IMF. 2000. *Tunisia: Recent Economic Developments*. Washington DC: International Monetary Fund, Staff Country Report No. 00/37.
- Ioannides, Dimitri. 1995. "Strengthening the Ties Between Tourism and Economic Geography: A Theoretical Agenda." *Professional Geographer* 47, 1: 49-60.
- . 1998. "Tour Operators: The Gatekeepers of Tourism." In *The Economic Geography of the Tourist Industry: A Supply-side Analysis*, edited by Dimitri Ioannides and Keith Debbage, pp. 139-158. London: Routledge.
- Irani, K. and C. Johnson. 1998. "Making it pay: Can community based biodiversity conservation programmes be sustained through market-driven income schemes?" Paper read at World Bank conference on Community-Based Natural Resource Management (CBNRM), May 10-14, 1998, at Washington D.C.
- Israel, Government of. 1995. *Development Options for Cooperation: The Middle East/East Mediterranean Region: 1996 Version IV*: Ministry of Foreign Affairs, Ministry of Finance.
- IUOTO. 1974. "The Role of the State in Tourism." *Annals of Tourism Research* 1, 3 (Jan.): 66-72.
- Iyer, Pico. 1995. "Where Worlds Collide: In Los Angeles International Airport, the future touches down." *Harper's Magazine* (August): 50-57.

- James, Edmund. 1890. "A New System of Railroad Passenger Fares." *Annals of the American Academy of Political and Social Science* 1,1 (July): 103-107.
- Jbili, Abdelali and Klaus Enders. 1996. "The Association Agreement Between Tunisia and the European Union." *Finance & Development* (September): 18-20.
- Jedidi, Mohamed. 1990. "L'Expansion du Tourisme en Tunisie et ses Problèmes." *Revue Tunisienne de Géographie* No. 18: 149-180.
- Jenkins, C.L. and B.M. Henry. 1982. "Government Involvement in Tourism in Developing Countries." *Annals of Tourism Research* 9: 499-521.
- Jenner, Paul and Christine Smith. 1993. *Tourism in the Mediterranean*. London: The Economist Intelligence Unit, Research Report.
- Jessop, Bob. 1999. "Narrating the Future of the National Economy and the National State: Remarks on Remapping Regulation and Reinventing Government." In *State/Culture: State-Formation after the Cultural Turn*, edited by George Steinmetz, pp. 378-405. Ithaca: Cornell University Press.
- JICA. 1996. "*The Study on the Tourism Development in the Hashimite Kingdom of Jordan: Executive Summary*." Ministry of Tourism and Antiquities (MOTA), The Hashimite Kingdom of Jordan and the Japan International Cooperation Agency (JICA)
- Jilani, Amor. 1997. "The Tunisian-European Association Agreement: Towards Founding a Euro-Mediterranean Zone." In *Regional Economic Cooperation in the Mediterranean*, edited by Olaf Köndgen, pp. 51-55. Amman, Jordan: Konrad Adenauer Foundation.
- Joffé, George, ed. 1999. *Perspectives on Development: The Euro-Mediterranean Partnerships*. London: Frank Cass.
- Jones, Peter and Andrew Lockwood. 1989. *The Management of Hotel Operations*. London: Cassell.
- Jones, R. J. Barry. 2000. *The world turned upside down? Globalization and the future of the state*. Manchester: Manchester University Press.
- Jordan, The Hashemite Kingdom of. 1995a. *Aqaba: An overview of Projects*. Amman: Ministry of Planning.
- . 1995b. *Dead Sea Tourist Area*. Amman: Ministry of Planning.
- . 1995c. *Tourism Infrastructure*. Amman: Ministry of Planning.
- . 1997. *Jordan: A Winning Business Destination, "Tourism Sector"*. Amman: Ministry of Planning.
- . 1998. *Jordan Diary*. Amman: International Press Office, The Royal Hashemite Court.
- Jreisat, Jamil E. 1989. "Bureaucracy and Development in Jordan." *Journal of Asian and African Studies* 24, 1-2: 95-105.
- . 1997. "Jordan: Surviving Economic Scarcity." In *Politics Without Process: Administering Development in the Arab World*, pp. 113-134. Boulder: Lynne Rienner.

- Judd, Dennis R. 1999. "Constructing the Tourist Bubble." In *The Tourist City*, edited by Dennis R. Judd and Susan S. Fainstein, pp. 35-53. New Haven: Yale University Press.
- Jureidini, Paul A. and R.D. McLaurin. 1984. *Jordan: The Impact of Social Change on the Role of the Tribes*. New York: Praeger.
- JVA. 1996a. *Tourism Development Project of the East Coast of the Dead Sea (SPA), Part Four: Market Evaluation & Assessment, Suweimeh & Zara Development Areas*. Amman: Jordan Valley Authority/Sigma Consulting Engineers/Tourisme et Hotellerie Sauer Int.
- . 1996b. *Tourism Development Project of the East Coast of the Dead Sea (SPA), Part Two: Master Plan and Detailed Design of Primary Infrastructure Networks, Suweimeh Development Areas*. Amman: Jordan Valley Authority/Sigma Consulting Engineers.
- Kamelgarn, Daniel. 1978. "Tunisie (1970-1977), Le developpement d'un Capitalisme Dependant." *Peuples Méditerranées* 4: 113-145.
- Kana'an, Taher H. 1990. "Observations on the Social Dimension in Jordan's Approach to Development." In *Income Distribution in Jordan*, edited by Kamal Abu Jaber, Matthes Buhbe and Mohammad Smadi, pp. 9-16. Boulder: Westview Press.
- Kanovsky, Eliyahu. 1977. "Economic Development in Jordan Since 1967." In *The Hashemite Kingdom of Jordan and the West Bank*, edited by Anne Sinai and Allen Pollack, pp. 73-85. New York: American Academic Association for Peace in the Middle East.
- Kaplan, Robert D. 1994. "The Coming Anarchy." *The Atlantic Monthly* (February).
- Kaplinsky, Raphael. 1998. "Globalisation, Industrialisation and Sustainable Growth: The Pursuit of the Nth Rent." *IDS Discussion Paper* No. 354 (June).
- Katz, Kimberly. 1998. "Holy Places and National Spaces: Jordan and Islamic Jerusalem 1948-1967". Paper read at the Conference on the Social History of Jordan, March 24-26, 1998. Amman, Jordan. Sponsored by Al-Urdun Al-Jadid Research Center and the University of Jordan.
- Keller, William W. and Louis W. Pauly. 1997. "Globalization at Bay." *Current History* (November): 370-376.
- Kelly, Majorie. 1998. "Jordan's Potential Tourism Development." *Annals of Tourism Research* 25, 4: 904-918.
- Keyder, Çağlar. 1993. "The Rise and Decline of National Economies in the Periphery." *Review of Middle East Studies* 6 (Spring): 3-14.
- Khouri, Rami. 1981. *The Jordan Valley: Life and Society below Sea Level*. London: Longman.
- Khoury, Philip S. 1983. "Islamic Revivalism and the Crisis of the Secular State in the Arab World." In *Arab Resources*, edited by Ibrahim Ibrahim, pp. 213-234. Washington DC: Center for Contemporary Arab Studies, Georgetown University.

- King, Stephen J. 1998. "Economic Reform and Tunisia's Hegemonic Party: The End of the Administrative Elite." *Arab Studies Quarterly* 20, 2 (Spring): 59-86.
- Kingston, Paul W.T. 1994. "Breaking the Patterns of the Mandate: Economic nationalism and state formation in Jordan, 1951-57." In *Village, Steppe and State*, edited by Eugen L. Rogen and Tariq Tell, pp. 187-216. London: British Academic Press.
- Kloos, Maarten and Birgitte de Maar. 1996. *Schiphol Airport: Innovative airport design*. Amsterdam: ARCAM/Architectura & Natura Press.
- Konikoff, A. 1946. *Transjordan: An Economic Survey*. Jerusalem: Economic Research Institute of the Jewish Agency for Palestine.
- Kovach, George S. 1959. *A Plan of Action for Jordan*: USOM/Jordan.
- Krippendorf, Jost. 1987. *The Holiday Makers: Understanding the impact of leisure and travel*. Translated by Vera Andrassy. Oxford: Heinemann Professional Publishing.
- Krugman, Paul. 1991. *Geography and Trade*. Cambridge, MA: The MIT Press.
- . 1993. "Towards a Counter-Counterrevolution in Development Theory." In *Proceedings of the World Bank Annual Conference of Development Economics 1992*, edited by Lawrence H. Summers and Shekhar Shah, pp. 15-38. Washington DC: The World Bank.
- . 1995. *Development, Geography, and Economic Development*. Cambridge, MA: The MIT Press.
- . 2000. "Where in the World is the 'New Economic Geography'?" In *The Oxford Handbook of Economic Geography*, edited by Gordon L. Clark, Maryann P. Feldman and Meric S. Gertler, pp. 49-60. Oxford: Oxford University Press.
- L'Officiel du Tourisme en Tunisie*. 1996. El Manar II, Tunisia: MarCom Editions.
- Larif-Beatrix, Asma. 1987. "L'évolution de l'Etat tunisien." *Maghreb-Machrek* 116 (Avril-Mai): 35-43.
- Lash, Scott and John Urry. 1987. *The End of Organized Capitalism*. Madison: University of Wisconsin Press.
- . 1994. *Economies of Signs and Space*. London: Sage.
- Lawless, Richard I. and Allan M. Findlay. 1981. "Chapter 3: Tunis." In *Problems and Planning in Third World Cities*, edited by Michael Pacione, pp. 94-125. New York: St. Martin's Press.
- Layne, Linda. 1994. *Home and Homeland: The Dialogics of Tribal and National Identities in Jordan*. Princeton: Princeton University Press.
- Le Troquer, Yann and Rozenn Hommery Al-Oudat. 1999. "From Kuwait to Jordan: The Palestinians' Third Exodus." *Journal of Palestine Studies* 28, 3 (Spring): 37-51.
- Lencek, Lena and Gideon Bosker. 1998. *The Beach: The History of Paradise on Earth*. New York: Viking.
- Lenczowski, George. 1980. *The Middle East in World Affairs*. Fourth Edition. Ithaca: Cornell University Press.

- Levi, Margaret. 1988. *Of Rule and Revenue*. Berkeley: University of California Press.
- Lewis, Bernard. 1990. "The Roots of Muslim Rage." *The Atlantic Monthly* (September): 47-60.
- Lipietz, Alain. 1987. *Mirages and miracles: the crisis in global Fordism*. London: Verso.
- Lloyd, Peter E. and Peter Dicken. 1972. *Location in Space: A Theoretical Approach to Economic Geography*. New York: Harper & Row.
- Lobban, Richard A. 1997. "Responding to Middle Eastern Urban Poverty: The Informal Economy in Tunis." In *Population, Poverty, and Politics in Middle Eastern Cities*, edited by Michael E. Bonie, pp. 85-112. Gainesville: University Press of Florida.
- Löfgren, Orvar. 1999. *On Holiday: A History of Vacationing*. Berkeley: University of California Press.
- Luciani, Giacomo. 1988. "Economic Foundations of Democracy and Authoritarianism: The Arab World in Comparative Perspective." *Arab Studies Quarterly* 10, 4 (Fall): 457-475.
- . 1994. "The Oil Rent, the Fiscal Crisis of the State, and Democratization." In *Democracy without Democracts?: The Renewal of Politics in the Muslim World*, edited by Ghassan Salemé, pp. 130-155. London: I.B. Tauris.
- . 1995. "Resources, Revenues, and Authoritarianism in the Arab World: Beyond the Rentier State?" In *Political Liberalization and Democratization in the Arab World: Volume 1, Theoretical Perspectives*, edited by Rex Brynen, Bahgat Korany and Paul Nobel, pp. 211-227. Boulder: Lynne Rienner.
- Lustick, Ian S. 2000. "The Quality of Theory and the Comparative Disadvantage of Area Studies." *MESA Bulletin* 34, 2 (Winter): 189-192.
- Lynch, Marc. 1999. *State Interests and Public Spheres: The International Politics of Jordan's Identity*. New York: Columbia University Press.
- MacCannell, Dean. 1976. *The Tourist: A New Theory of the Leisure Class*. New York: Schocken.
- . 1999. *The Tourist: A New Theory of the Leisure Class*. New Edition. California: University of California Press.
- Maffi, Irene. 1998. "De l'usage de l'histoire par le pouvoir en Jordanie: les musée et la construction de l'identité nationale à partir de 1967." *Jordanies* No. 5-6 (juin-décembre): 84-99.
- Mahdavi, Hossein. 1970. "The Pattern and Problems of Economic Development in Rentier States: The Case of Iran." In *Studies in the Economic History of the Middle East*, edited by M. Cook, pp. 428-467. London: Oxford University Press.
- Mander, Jerry and Edward Goldsmith, eds. 1996. *The Case Against the Global Economy*. San Francisco: Sierra Club Books.
- Mansfeld, Yoel. 1994. "The Middle East Conflict and Tourism to Israel, 1967-90." *Middle Eastern Studies* 30, 3 (July): 646(22).
- Mansour, Lofti. 1997. Interview, Editor, Profession Tourism, Tunis, April 14, 1997.

- Massad, Joseph A. 2001. *Colonial Effects: The Making of National Identity in Jordan*. New York: Columbia University Press.
- Matthews, Harry G. 1978. *International Tourism: A Political and Social Analysis*. Cambridge: Schenkman.
- McCreery, David W. and James A. Sauer. 1982. *Economic development and Archaeology in the Middle East*. Amman: Department of Antiquities/American Center of Oriental Research.
- Mead, Walter Russell. 1995/6. "Trains, Planes, Automobiles: The End of the Postmodern Moment." *World Policy Journal* 21, 4 (Winter): 13-31.
- Meier, Gerald M., ed. 1976. *Leading Issues in Economic Development*. New York: Oxford University Press.
- Migdal, Joel S. 1988. *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World*. Princeton: Princeton University Press.
- . 1994. "The state in society: an approach to struggles for domination." In *State Power and Social Forces: Domination and Transformation in the Third World*, edited by Joel S. Migdal, Atul Kohli and Vivienne Shue, pp. 7-34. Cambridge: Cambridge University Press.
- Milne, Simon and Irena Ateljevic. 2001. "Tourism, economic development and the global-local nexus: theory embracing complexity." *Tourism Geographies* 3,4: 369-393.
- Ministere de L'Economie Nationale. 1982. *VIeme Plan de Developpement Economique et Social 1982-1986: Le Tourism*. Tunis: Republique Tunisienne.
- Ministere du Tourisme et de L'Artisanat. 1991. *Rapport Definitif de la Commission Sectorielle du Tourism, du Themalisme et de L'Artisanat, VIIIeme Plan, 1992-1996*. Tunis: Republique Tunisienne.
- Ministry of Planning. 1986. *Five Year Plan for Economic and Soccial Development 1986-1990*. Amman: Ministry of Planning, The Hashimite Kingdom of Jordan.
- . 1995. *Jordan: A Winning Business Destination, "Tourism Sector"*. Amman: Ministry of Planning, The Hashimite Kingdom of Jordan.
- Miossec, Jean-Marie. 1972. "La croissance du tourisme en Tunisie." *L'Information Géographique* No. 4 (Septembre-Octobre): 169-178.
- . 1997. "Le Tourism en Tunisie: Un Pays en Développement dans l'Espace Touristique International (Résumé de thèse)." *Les Cahiers d'URBAMA* No. 13: 116-122.
- Mitchell, Timothy. 1998. "Nationalism, Imperialism, Economism: A Comment on Habermas." *Public Culture* 10, 2: 417-424.
- Mody, Ashoka and David Wheeler. 1990. *Automation and World Competition: New Technologies, Industiral Location and Trade*. New York: St. Martin's Press.
- Moore, Clement Henry. 1964. "The Era of the Neo-Destour." In *Tunisia: The Politics of Modernization*, edited by Charles A. Micaud, pp. 69-128. New York: Praeger.
- . 1965. *Tunisia Since Independence: The Dynamics of One Party Government*. Berkeley: University of California Press.

- . 1988. "Tunisia and Bourguibisme: twenty years of crisis." *Third World Quarterly* 10, 1: 176-190.
- Moore, Pete W. 2000. "Business-State Relations after Liberalization in Jordan." In *Economic Liberalization, Democratization and Civil Society in the Developing World*, edited by Remonda Bensabat Kleinberg and Janine A. Clark, pp. 180-200. New York: St. Martin's Press.
- Morgan, Michael. 1998. "Homogeneous products: the future of established resorts." In *Global Tourism*, edited by William F. Theobald, pp. 317-336. Second Edition. Oxford: Butterworth-Heinemann.
- Morris, Peter and Daniel Jacobs. 1995. *Tunisia: The Rough Guide*. 4th Edition. London: Rough Guides.
- MOTA/Dar Al-Handasah. 1996a. *Petra Priority Action Plan Study:Phase One Report, Outline Development & Growth Scenario-Petra Region, Volume 1, Existing Conditions*. Amman: Ministry of Tourism and Antiquities (MOTA), The Hashemite Kingdom of Jordan /Dar Al-Handasah.
- . 1996b. *Petra Priority Action Plan Study:Phase Three Report (Additional Items), Tourist Park Zone, Industrial Area, Elgee Traditional Village*. Amman: Ministry of Tourism and Antiquities (MOTA), The Hashemite Kingdom of Jordan /Dar Al-Handasah.
- . 1996c. *Petra Priority Action Plan Study:Phase Two Report, Urban Development Plans*. Amman: Ministry of Tourism and Antiquities (MOTA), The Hashemite Kingdom of Jordan /Dar Al-Handasah.
- Moudoud, Ezzeddine. 1989. *Modernization, the State, and Regional Disparity in Developing Countries: Tunisia in Historical Perspective, 1881-1982*. Boulder: Westview Press.
- Mouhoud, E. M. 1989. "Les stratégies de relocalisation des firms multinationales." *Revue d'Économie Politique* 99, 1 (janv.-févr.): 96-122.
- Mufti, Malik. 1996. *Sovereign Creations: Pan-Arabism and Political Order in Syria and Iraq*. Ithaca: Cornell University Press.
- . 1997. "Jordanian Foreign Policy: State Interests and Dynastic Ambitions". Paper read at the Politique et Etat en Jordanie, 1946-1996 conference, Insitute de Monde Arabe, Paris, 24-5 juin 1997.
- . 1999. "Elite Bargains and the Onset of Political Liberalization in Jordan." *Comparative Political Studies* 32, 1 (February): 100-129.
- Murphy, Emma C. 1999. *Economic and Political Change in Tunisia: From Bourguiba to Ben Ali*. Hampsire: Macmillian.
- . 2001. "Economic Reform and the State in Tunisia." In *The State and Global Change: The Political Economy of Transition in the Middle East and North Africa*, edited by Hassan Hakimian and Ziba Moshaver, pp. 135-155. Surrey: Curzon Press.
- Mzabi, Hassouna. 1978a. *La croissance urbaine accélérée à Jerba et ses conséquences sur la vie de relations avec L'Extérieur*. Tunis: Publications de L'Universite de

- Tunis, Faculté des Lettres et Sciences Humaines de Tunis-Deuxième Série: Géographie, Volume VII.
- . 1978b. "Le Tourisme en Tunisie." *Cahiers de Tunisie* No. 101-102: 217-228.
- Nash, Dennison. 1989. "Tourism as a Form of Imperialism." In *Hosts and Guests: The Anthropology of Tourism*, edited by Valene L. Smith, pp. 37-52. Second Edition. Philadelphia: University of Pennsylvania Press.
- . 1995. "Prospects for the Study of Tourism in Anthropology." In *The Future of Anthropology*, edited by Akbar S. Ahmed and Cris N. Shore, pp. 179-202. London: Athlone.
- National Office of Tourism and Société Tunisienne de Banque. 1964. *Tourism investment opportunities in Tunisia: A study of the existing and potential structure of tourism*. Tunis: Office tunisien du tourisme et de l'expansion commerciale.
- National Planning Council. 1981. *Five Year Plan for Economic and Social Development 1981-1985*. Amman: The Hashemite Kingdom of Jordan.
- Nellis, John R. 1983. "A Comparative Assesment of the Development Performaces of Algeria and Tunisia." *Middle East Journal* 37, 3 (Summer): 370-393.
- Niblock, Tim and Emma Murphy, eds. 1993. *Economic and Political Liberalization in the Middle East*. New York: St. Martin's Press.
- North, Douglass C. 1981. *Structure and Change in Economic History*. New York: Norton.
- . 1990. "Institutions and a transaction-cost theory of exchange." In *Perspectives on Postive Political Economy*, edited by James E. Alt and Kenneth A. Shepsle, pp. 182-194. Cambridge: Cambridge University Press.
- Nsouli, Saleh M., Sena Eken, Paul Duran, Gerwin Bell, and Zühtü Yücelik. 1993. *The Path to Convertibility and Growth: The Tunisian Experiance*. Washington, DC: International Monetary Fund (Occasional Paper No. 109).
- Nye, Joseph S. 2000. *Understanding International Conflicts: An Introduction to Theory and History*. Third Edition. New York: Longman.
- O'Loughlin, Seamus and Gerard Greene. 2000. *Middle East Hotels-Trends and Opportunities*. London: HVS International.
- Odeh, Hanna S. 1972. *Economic Development in Jordan: 1954-1971*. Amman: The Hashemite Kingdom of Jordan, Ministry of Culture and Information.
- OEEC. 1951. *Tourism and European Recovery*. Paris: Organization for European Economic Co-operation.
- Ohmae, Kenichi. 1995. *The End of the Nation State: The Rise of Regional Economies*. New York: Free Press.
- ONTT. "Tourism Tunisien: Bilan et perspectives de développement." Tunis: Office National du Tourisme Tunisien, mimio.
- . 1975a. *Organisation et Fonctionnement*. Tunis: Office National du Tourisme et du Thermalisme.
- . 1975b. *Realisations du IVme Plan (1973-1976) et Orientations Generales du Vme Plan (1977-1981)*. Tunis: Office National du Tourisme Tunisien.

- . 1986. *Le VIIeme Plan: Le Developpement du Secteur Touristique, Bilan et Perspectives*. Tunis: Office National du Tourisme Tunisien.
- . 1990. *Le Tourisme Tunisien en Chiffres*. Tunis: Office National du Tourisme Tunisien.
- . 1991. *Le Tourisme Tunisien en Chiffres*. Tunis: Office National du Tourisme Tunisien.
- . 1995. *Le Tourisme Tunisien en Chiffres*. Tunis: Office National du Tourisme Tunisien.
- Pannell Kerr Forester. 1986. *The Future Course of Tourism in the Hashemite Kingdom of Jordan: Phase I Report: Planning Parameters*. Washington DC.
- Pascoe, David. 2001. *Airspaces*. London: Reaktion.
- Pattullo, Polly. 1996. *Last Resorts: The Cost of Tourism in the Caribbean*. London: Cassell.
- Pearce, Douglas. 1989. *Tourist Development*. Second Edition. Harlow: Longman.
- Peres, Shimon. 1993. *The New Middle East*. New York: Henry Holt and Company.
- . 1995. *Battling For Peace: A Memoir*. New York: Random House.
- Perry, Allen. 2000. "Impacts of Climate Change on Tourism in the Mediterranean: Adaptive Responses." *Fondazione Eni Enrico Mattei, Nota di lavoro*.
- Pfeifer, Karen. 1996. "Between Rocks and Hard Choices: International Finance and Economic Adjustment in North Africa." In *North Africa: Development and Reform in a Changing Global Economy*, edited by Dirk Vandewalle, pp. 25-63. New York: St. Martin's Press.
- Piore, Michael J. and Charles F. Sabel. 1984. *The Second Industrial Divide: Possibilities for Prosperity*. New York: Basic Books.
- Piro, Timothy. 1998. *The Political Economy of Market Reform in Jordan*. Lanham, MD: Rowman & Littlefield.
- Pleumarom, Anita. 1994. "The Political Economy of Tourism." *The Ecologist* 24, 4 (July-August): 142-148.
- Poirier, Robert A. 1995. "Tourism and Development in Tunisia." *Annals of Tourism Research*. 22, 1: 157.
- . 1997. "Environmental Policy and Tourism in Tunisia." *Journal of Travel Research* 35, 3 (Winter): 57-60.
- Polenske, Karen R. 1988. "Growth-Pole Theory and Strategy Reconsidered: Domination, Linkages, and Distribution." In *Regional Economic Development: Essays in Honour of François Perroux*, edited by Benjamin Higgins and Donald J. Savoie, pp. 91-111. Boston: Unwin-Hyman.
- Poon, Auliana. 1993. *Tourism, Technology and Competitive Strategies*. Wallingford: C.A.B. International.
- Potter, James E. 1996. *A Room with a World View: 50 Years of Inter-Continental Hotels and its People, 1946-1996*. London: Weidenfeld & Nicolson.
- Puchala, Donald J. 1988. "The Integration Theorists and the Study of International Relations." In *The Global Agenda: Issues and Perspectives*, edited by Charles

- W. Kegley Jr. and Eugene R. Wittkopf, pp. 198-215. 2nd Ed. New York: Random House.
- Puig, Nicolas. 1997. "Nouvelles sociabilités dans le Sud: Territoires et forms d'organisation collective à Tozeur." *Monde arabe Maghreb Machrek* No. 157 (juillet-sept.): 78-89.
- . 2000. "Entre souqs et musées." *Espaces et Sociétés* No. 100: 57-80.
- Rae, W. Fraser. 1891. *The Business of Travel: A Fifty Years' Record of Progress*. London: Thomas Cook and Son.
- . 1892. *Egypt To-Day*. London: Richard Bentley and Son.
- Randall, Clarence B. 1958. *International Travel: Report to the President of the United States*. Washington DC: U.S. Government Printing Office.
- Razzaz, Omar M. 1993. "Contested Space: Urban Settlement Around Amman." *Middle East Report* (March-April): 10-14.
- . 1994. "Contestation and Mutual Adjustment: The Process of Controlling Land in Yajouz, Jordan." *Law & Society Review* 28, 1: 7-39.
- Reich, Robert. 1991. *The Work of Nations*. New York: Knopf.
- Richards, Alan. 1984. "Ten Years of *Infitah*: Class, Rent, and Policy Stasis in Egypt." *Journal of Development Studies* 20, 4 (July): 323-338.
- . 1991. "The Political Economy of Dilatory Reform: Egypt in the 1980s." *World Development* 19 (12): 1721-1730.
- . 1993. "Economic Imperatives and Political Systems." *Middle East Journal* 47, 2 (Spring): 217-227.
- Richards, Alan and John Waterbury. 1990. *A Political Economy of the Middle East: State, Class, and Economic Development*. Boulder: Westview Press.
- Richter, Linda K. 1983. "Tourism Politics and Political Science: A Case of Not So Benign Neglect." *Annals of Tourism Research* 10: 313-335.
- . 1987. "The Political Dimensions of Tourism." In *Travel, Tourism, and Hospitality Research: A Handbook for Managers and Researchers*, edited by J.R. Brent Ritchie and Charles R. Goeldner, pp. 215-227. New York: John Wiley & Sons.
- . 1989. *The Politics of Tourism in Asia*. Honolulu: University of Hawaii Press.
- Robinson, Glenn E. 1998. "Defensive Democratization in Jordan." *International Journal of Middle East Studies* 30, 3 (August): 387-410.
- Rogan, Eugen L. 1994. "Bringing the State Back: The Limits of Ottoman Rule in Jordan, 1840-1910." In *Village, Steppe and State*, edited by Eugen L. Rogan and Tariq Tell, pp. 32-57. London: British Academic Press.
- Rogan, Eugen L. and Tariq Tell, eds. 1994. *Village, Steppe and State: The Social Origins of Modern Jordan*. London: British Academic Press.
- Rojek, Chris. 1990. *Ways of Escape: Modern Transformations in Leisure and Travel*. London: Macmillan.
- Rosenstein-Rodan, Paul N. 1943. "Problems of Industrialization of Eastern and South-Eastern Europe." *Economic Journal* 53 (June-September): 202-211.

- . 1976. "The Theory of the 'Big Push'." In *Leading Issues in Economic Development*, edited by Gerald M. Meier, pp. 632-636. New York: Oxford University Press.
- Ross, Michael L. 1999. "The Political Economy of the Resource Curse." *World Politics* 51 (January): 297-322.
- Roy, Delwin. 1992. "The Hidden Economy in Egypt." *Middle Eastern Studies* 28, 4 (October 1992): 689-711.
- RSCN. 1997. *Conservation of the Dana Wildlands and Institutional Strengthening of the RSCN*. Final Report. Amman: The World Bank/UNDP.
- . 2000. *Socio-economic Development for Nature Conservation*. Amman: USAID.
- Rudebeck, Lars. 1967. *Party and People: A Study of Political Change in Tunisia*. Stockholm: Almqvist and Wiksell.
- Ruf, Werner. 1984. "Tunisia: Contemporary Politics." In *North Africa*, edited by R. Lawless and A. Findlay, pp. 101-117. London: Croom Helm.
- Russell, Kenneth W. 1993. "Ethnohistory of the Bedul Bedouin of Petra." *Annual of the Department of Antiquities of Jordan (ADAJ)* XXVII: 15-35.
- Ryan, Curtis R. 1998a. "Jordan and the Rise and Fall of the Arab Cooperations Council." *Middle East Journal* 52, 3 (Summer): 386-401.
- . 1998b. "Jordan in the Middle East Peace Process: From War to Peace with Israel." In *The Middle East Peace Process: Interdisciplinary Perspectives*, edited by Ilan Peleg, pp. 161-177. Albany: State University of New York Press.
- . 1998c. "Peace, Bread, and Riots: Jordan and the International Monetary Fund." *Middle East Policy* 6, 2 (October): 45-66.
- Sabel, Charles F. 1982. *Work and Politics: The division of labor in industry*. Cambridge: Cambridge University Press.
- . 1986. "Changing Models of Economic Efficiency and Their Implications for Industrialization in the Third World." In *Development, Democracy, and the Art of Trespassing*, edited by Alejandro Foxley, Michael S. McPherson and Guillermo O'Donnell, pp. 27-55. Notre Dame: University of Notre Dame Press.
- . 1989. "Flexible Specialisation and the Re-emergence of Regional Economies." In *Reversing Industrial Decline*, edited by Paul Hirst and Jonathan Zeitlin, pp. 17-70. New York: St. Martin's Press.
- . 1993. "Learning by Monitoring: The Institutions of Economic Development." In *Handbook of Economic Sociology*, edited by Neil Smelser and Richard Swedberg. Princeton, NJ: Princeton-Sage.
- . 1995. "A Measure of Federalism: Assessing Manufacturing Technology Centers." In *The Evaluation of Industrial Modernization*, edited by Philip Shapira and J. David Roessener. Special issue of *Research Policy*.
- . 2001. "Diversity, Not Specialization: The Ties that Bind the (New) Industrial District". Paper read at Complexity and Industrial Clusters: Dynamics and Models in Theory and Practice, A conference organized by Fondazione Montedison under the aegis of Accademia Nazionale Lincei, June 19-20th, 2001.

- Sabel, Charles F. and Jonathan Zeitlin. 1997. "Stories, Strategies, Structures: Rethinking Historical Alternatives to Mass Production." In *Worlds of Possibility: Flexibility and Mass Production in Western Industrialism*, edited by Charles F. Sabel and Jonathan Zeitlin, pp. 1-36. Cambridge: Cambridge University Press.
- Said, Edward W. 1978. "The Arab Right Wing." In *Reaction and Counterrevolution in the Contemporary Arab World*, edited by Association of Arab-American University Graduates, pp. 1-6. Detroit, Mich.: Information Paper No. 21.
- . 1979. *Orientalism*. New York: Vintage Books.
- Salem, Norma. 1988. "Tunisia." In *The Politics of Islamic Revivalism: Diversity and Unity*, edited by Shireen T. Hunter, pp. 148-170. Bloomington: Indiana University Press.
- Salibi, Kamal. 1998. *The Modern History of Jordan*. London: I.B. Tauris.
- Sassen, Saskia. 1998. *Globalization and Its Discontents: Essays on the New Mobility of People and Money*. New York: The New Press.
- . 2001. *The Global City: New York, London, Tokyo*. Second Edition. Princeton: Princeton University Press.
- Satloff, Robert B. 1986. *Troubles on the East Bank: Challenges to the Domestic Stability of Jordan*. New York: Praeger.
- . 1992. "Jordan's Great Gamble: Economic Crisis and Political Reform." In *The Politics of Economic Reform in the Middle East*, edited by Henri J. Barkey, pp. 129-152. New York: St. Martin's Press.
- . 1995. "The Path to Peace." *Foreign Policy* No. 100 (Fall): 109-115.
- Saxenian, Annalee. 1994. *Regional Advantage: Culture and competition in Silicon Valley and Route 128*. Cambridge, MA: Harvard University Press.
- Schiphol Group. 1998. *Annual Report*. Amsterdam.
- Scott, Allen J. 1986. "High Technology Industry and Territorial Development: the rise of the Orange County Complex, 1955-1984." *Urban Geography* 7: 3-45.
- . 1998a. *Regions and the World Economy: The Coming Shape of Global Production, Competition, and Political Order*. Oxford: Oxford University Press.
- . 1999. "The cultural economy: geography and the creative field." *Media, Culture, and Society* 21: 807-817.
- Scott, James C. 1998b. *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed*. New Haven: Yale University Press.
- Seddon, David. 1989. "Riot and Rebellion in North Africa." In *Power and Stability in the Middle East*, edited by Berch Bergeroglu, pp. 114-135. London: Zed Press.
- Sethom, Nouredine. 1979. *L'Influence de Tourisme sur l'Économie et la vie régionales dans la Zone de Nabeul-Hammamet*. Tunis: Publications de la Faculté des Lettres et Sciences Humaines de Tunis-Étude de Géographie économique, Université de Tunis Université de Tunis.
- . 1990. "L'industrie et le Tourisme en Tunisie: Problematique du Developement." *Revue Tunisienne de Géographie* No. 18: 237-260.

- . 1992. *L'Industrie et le Tourisme en Tunisie: Etude de Géographie du Développement*. Tunis: Publications de la Faculte des sciences sociales et humaines de Tunis-Deuxieme serie, Geographie; v. 31-32, Universite de Tunis.
- Shabon, Anwar M. 1985. *The Political, Economic, and Labor Climate in Tunisia*. Philadelphia: The Wharton School, University of Pennsylvania, Multinational Industrial Relations Series No. 9b.
- Sharp, James. 1981. "The Port El Kantaoui Tourist Complex and its Regional Consequences." In *Field Studies in Tunisia*, edited by Ray Harris and Dick Lawless, pp. 88-96. Durham, UK: Department of Geography, University of Durham.
- Shaw, Gareth and Allan M. Williams. 1994. *Critical Issues in Tourism: A Geographical Perspective*. Oxford: Blackwell.
- . 1998. "Western European tourism in prespective." In *Tourism and Economic Development: European Perspectives*, edited by Allan M. Williams and Gareth Shaw, pp. 17-41. Third Edition. Chichester: John Wiley & Sons.
- Short, John Rennie. 2001. *Global Dimensions: Space, Place and the Contemporary World*. London: Reaktion.
- Shoup, John. 1985. "The Impact of Tourism on the Bedouin of Petra." *Middle East Journal* 39, 2 (Spring): 227-291.
- Signoles, Pierre. 1983. "Industrialisation, Urbanisation et Mutations de L'Espace Tunisien." *Annuaire de l'Afrique du Nord* 22: 277-306.
- . 1985. *L'Espace Tunisien: Capital et Etat-Région*. Tours: Centre d'Etudes et de Recherches URBAMA, Fascicule de Recherches No. 15 (Tome II).
- Silberman, Neil Asher. 1982. *Digging for God and Country: Exploration, Archeology, and the Secret Struggle for the Holy Land, 1799-1917*. New York: Alfred A. Knopf.
- Simms, Steven and Deborah Koorng. 1996. "The Bedul Bedouin of Petra, Jordan: Traditions, Tourism and an Uncertain Future." *Cultural Survival Quarterly* 19, 4 (Winter): 22-25.
- Simonis, Damien and Hugh Finlay. 1997. *Jordan & Syria: a Lonely Planet travel survival kit*. Third Edition. Hawthorn, Australia: Lonely Planet Publications.
- Sinclair, M. T. and V. Bote Gómez. 1996. "Tourism, the Spanish Economy and the Balance of Payments." In *Tourism in Spain: Critical Perspectives*, edited by M. Barke, M. Newton and J. Tower. Wallingford: C.A.B. International.
- Sinclair, M. Thea. 1998. "Tourism and Economic Development: A Survey." *Journal of Development Studies* 34, 5 (June): 1-51.
- Sinclair, M. Thea and Mike Stabler. 1997. *The Economics of Tourism*. London: Routledge.
- Skocpol, Theda. 1982. "Rentier State and Shi'a Islam in the Iranian Revolution." *Theory and Society* 11 (May): 265-284.
- Smaoui, Ahmed. 1979. "Tourism and Employment in Tunisia." In *Tourism: Passport to Development?*, edited by Emanuel de Kadt, pp. 101-110. New York: Oxford University Press.

- Smith, Russell Arthur. 1990. "Beach Resorts: A Model of Development Evolution." Ph.D. Dissertation, Graduate School of Design, Harvard University.
- Smith, Valene L., ed. 1989. *Hosts and Guests: The Anthropology of Tourism*. Second Edition. Philadelphia: University of Pennsylvania Press.
- Srinivasan, T. N. 1985. "Neoclassical Political Economy, the State and Economic Development." *Asian Development Review* 3, 2: 38-58.
- Stafford, Jean, Charles-Étienne Bélanger, and Bruno Sarrasin. 1996. *Développement et Tourisme au Maroc*. Montréal: Harmattan Inc.
- Stein, Rebecca Luna. 1998. "National Itineraries, Itinerant Nations: Israeli Tourism and Palestinian Cultural Production,." *Social Text* No. 56 (Fall).
- . 1999. "National Itineraries: Tourism, Nation-making, and Geographies of "Peace" in Contemporary Israel." Ph.D. Dissertation, Program in Modern Thought and Literature, Stanford University.
- Steinmetz, George. 1999. "Introduction: Culture and the State." In *State/Culture: State-Formation after the Cultural Turn*, edited by George Steinmetz, pp. 1-49. Ithaca: Cornell University Press.
- Stock, Robert. 1977. "Political and Social Contributions of International Tourism to the Development of Israel." *Annals of Tourism Research* (Oct./Dec.): 30-42.
- Storper, Michael. 1989. "The Transition to Flexible Specialization in the US Film Industry: External Economies, the Division of Labor, and the Crossing of Industrial Divides." *Cambridge Journal of Economics* 13: 273-305.
- . 1997a. *The Regional World: Territorial Development in a Global Economy*. New York: The Guilford Press.
- . 1997b. "Territories, Flows, and Hierarchies in the Global Economy." In *Spaces of Globalization: Reasserting the Power of the Local*, edited by Kevin R. Cox, pp. 19-44. New York: The Guilford Press.
- Storper, Michael and Richard Walker. 1989. *The Capitalist Imperative: Territory, Technology, and Industrial Growth*. Oxford: Blackwell.
- Strange, Susan. 1997. *The Retreat of the State*. Cambridge: Cambridge University Press.
- Susser, Asher. 1997. "Jordan." In *Middle East Contemporary Survey, Volume XIX, 1995*, edited by Bruce Maddy-Weitzman, pp. 384-431. Tel Aviv: The Moshe Dayan Center for Middle Eastern and African Studies, Tel Aviv University.
- . 1998. "Jordan." In *Middle East Contemporary Survey, Volume XX, 1996*, edited by Bruce Maddy-Weitzman, pp. 405-456. Tel Aviv: The Moshe Dayan Center for Middle Eastern and African Studies, Tel Aviv University.
- . 2000. "Jordan." In *Middle East Contemporary Survey, Volume XXII, 1998*, edited by Bruce Maddy-Weitzman. Tel Aviv: The Moshe Dayan Center for Middle Eastern and African Studies, Tel Aviv University.
- Taamallah, Khemaies. 1978. "Le Tourisme en Tunisie: Evolution et impact économique." *Revue Tunisienne de Sciences Sociales* No. 53: 171-203.

- Tajina, Mohamed Aziz. 1991. "Le Tourisme Saharien et son Impact sur le Developpement Regional du Sud-Tunisien." *Cahiers de CERES, Serie Sociologie* No. 18: 137-187.
- Taylor, P J. 1996. "Embedded statism and the social sciences: opening up new spaces." *Environment and Planning A* 28: 1917-1928.
- Tell, Tariq. 2000. "Guns, Gold, and Grain: War and Food Supply in the Making of Transjordan." In *War, Institutions, and Social Change in the Middle East*, edited by Steven Heydemann, pp. 33-58. Berkeley: University of California Press.
- Teller, Matthew. 1998. *Jordan: The Rough Guide*. 1st Edition. London: Rough Guides.
- TERPLAN. 1970. *How to plan tourism? An example from Tunisia*. Prague: Czechoslovak Institute for Regional Planning.
- Tessler, Mark. 1997. "The Origins for Popular Support for Islamist Movements: A Political Economy Analysis." In *Islam, Democracy, and the State in North Africa*, edited by John P. Entelis, pp. 93-126. Bloomington: Indiana University Press.
- Testas, Abdelaziz. 2000. "The Contribution of EU Investment to Tunisia's Economic Development." *Journal of North African Studies* 5, 2 (Summer): 9-24.
- Theilmann, John M. 1987. "Medieval Pilgrims and the Origins of Tourism." *Journal of Popular Culture* 20 (Spring): 93-102.
- Thomson, Janice E. and Stephen D. Krasner. 1989. "Global Transactions and the Consolidation of Sovereignty." In *Global Changes and Theoretical Challenges*, edited by Ernst-Otto Czempiel and James Rosenau. Lexington, MA: Lexington Books.
- Tilly, Charles, ed. 1975. *The Formation of National States in Western Europe*. Princeton: Princeton University Press.
- . 1992. *Coercion, Capital, and European States, AD 990-1992*. Cambridge, MA: Blackwell.
- Tower, John. 1985. "The History of the Grand Tour." *Annals of Tourism Research* 12, 3: 301-316.
- Travel & Tourism Intelligence. 1999. "Jordan." *Country Report* No. 2: 51-77.
- Tunisian External Communication Agency. 1994. *Tunisia, 1992-1996: The Development Strategy*. Tunis: Tunisian External Communication Agency.
- Tunisian Secretariat of State for Information. 1976. *Tunisia Moves Ahead*. Tunis: CERES Productions.
- Turner, Louis. 1976. "The International Division of Leisure: Tourism and the Third World." *World Development* 4, 3 (March): 253-260.
- Turner, Louis and John Ash. 1975. *The Golden Hordes: International Tourism and the Pleasure Periphery*. London: Constable.
- U.S. National Park Service. 1968. *Master Plan for the Protection & use of Petra National Park*. Amman: USAID/Jordan.

- UN. 1982. *Transnational Corporations in International Tourism*. New York: United Nations.
- UNESCO/SECA. 1994. *Jordan: Petra National Park Management Plan*. Paris: UNESCO, Cultural Heritage Division and Société d'ECO-Aménagement (SECA).
- Urry, John. 1990. *The Tourist Gaze: Leisure and Travel in Contemporary Societies*. London: Sage.
- . 1992. "The Tourist Gaze 'Revisited'." *American Behavioral Scientist* 36, 2 (November): 172-196.
- Vandewalle, Dirk. 1988. "From the New State to the New Era: Toward a Second Republic in Tunisia." *Middle East Journal* 42, 4 (Autumn): 602-620.
- . 1992. "Ben Ali's New Era: Pluralism and Economic Privatization in Tunisia." In *The Politics of Economic Reform in the Middle East*, edited by Henri J. Barkey, pp. 105-126. New York: St. Martin's Press.
- Vandewalle, Dirk and Karen Pfeifer. 1996. "North Africa as a Peripheral Economic Region: Development and Reform." In *North Africa: Development and Reform in a Changing Global Economy*, edited by Dirk Vandewalle, pp. 3-24. New York: St. Martin's Press.
- Var, Turgut, John Ap, and Carlton Van Doren. 1994. "Tourism and World Peace." In *Global Tourism: The Next Decade*, edited by William F. Theobald. Oxford: Butterworth-Heinemann.
- Vasile, Elizabeth. 1997a. "Devotion as Distinction, Piety as Power: Religious Revival and the Transformation of Space in the Illegal Settlements of Tunis." In *Population, Poverty, and Politics in Middle Eastern Cities*, edited by Michael E. Bonie, pp. 113-140. Gainesville: University Press of Florida.
- . 1997b. "Re-Turning Home: Transnational Movements and Transformation of Landscape and Culture in the Marginal Communities of Tunis." *Antipode* 29, 2: 177-196.
- Vitalis, Robert. 1995. "The Middle East on the Edge of the Pleasure Periphery." *Middle East Report* No. 196 (September-October): 2-7.
- Vitalis, Robert and Steven Heydemann. 2000. "War, Keynesianism, and Colonialism: Explaining State-Market Relations in the Postwar Middle East." In *War, Institutions, and Social Change in the Middle East*, edited by Steven Heydemann, pp. 100-145. Berkeley: University of California Press.
- Wade, Robert. 1990. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialism*. Princeton: Princeton University Press.
- . 1996. "Globalization and its Limits: Reports of the Death of the National Economy are Greatly Exaggerated." In *National Diversity and Global Capitalism*, edited by Suzanne Berger and Ronald Dore, pp. 60-88. Ithaca: Cornell University Press.

- Wahab, Salah. 1996. "Tourism and terrorism: synthesis of the problem with emphasis on Egypt." In *Tourism, Crime and International Security*, edited by A. Pizzam and Y. Mansfeld, pp. 175-186. London: John Wiley & Sons.
- Wall, Nelson C. 1977. *A Study of the Rural Small Industry Problems and Potentials (Associated with Rural Development in the Southern Siliana Area of Tunisia)*. International Programs Division, Economic Development Laboratory, Georgia Institute of Technology: Prepared for the Ministry of Plan, Republic of Tunisia, and USAID, Mission to Tunisia.
- Walton, John and David Seddon. 1994a. *Free Markets & Food Riots: The Politics of Global Adjustment*. Oxford: Blackwell.
- . 1994b. "The Middle East and North Africa." In *Free Markets & Food Riots: The Politics of Global Adjustment*, pp. 171-214. Oxford: Blackwell.
- Waltz, Kenneth N. 1999. "Globalization and Governance." *PS: Political Science & Politics* XXII, 4 (December): 693-700.
- Waltz, Susan E. 1986. "Islamist Appeal in Tunisia." *Middle East Journal* 40, 4 (Autumn): 651-670.
- . 1991. "Clientalism and Reform in ben Ali's Tunisia." In *Tunisia: The Political Economy of Reform*, edited by I. William Zartman. Boulder, CO: Lynne Rienner.
- . 1995. *Human Rights and Reform: Changing the Face of North African Politics*. Berkeley: University of California Press.
- Ware, L.B. 1988. "Ben Ali's Constitutional Coup in Tunisia." *Middle East Journal* 42, 4 (Autumn): 587-601.
- Waterbury, John. 1985. "The 'Soft State' and the Open Door: Egypt's Experience with Economic Liberalization, 1974-1984." *Comparative Politics* 18, 1 (October): 65-84.
- . 1994. "Democracy without Democrats? The Potential for Political Liberalization in the Middle East." In *Democracy without Democrats? The Renewal of Politics in the Muslim World*, edited by Ghassan Salemé, pp. 23-47. London: I.B. Tauris.
- . 1997. "From Social Contracts to Extraction Contracts: The Political Economy of Authoritarianism and Democracy." In *Islam, Democracy, and the State in North Africa*, edited by John P. Entelis, pp. 141-176. Bloomington: Indiana University Press.
- Waters, Malcolm. 1995. *Globalization*. London: Routledge.
- Weinstein, Norman C. 1992. *A Night in Tunisia: Imaginings of Africa in Jazz*. Metuchen, NJ: The Scarecrow Press.
- Weiss, Linda. 1997. "Globalization and the Myth of the Powerless State." *New Left Review* No. 225 (Sept/Oct): 3-27.
- Wharton, Annabel Jane. 2001. *Building the Cold War: Hilton International Hotels and Modern Architecture*. Chicago: University of Chicago Press.
- Wiktorowicz, Quintan. 2000. "Civil Society as Social Control: State Power in Jordan." *Comparative Politics*: 43-61.

- Williams, Allan M. and Gareth Shaw. 1998. "Introduction: tourism and uneven economic development." In *Tourism and Economic Development: European Perspectives*, edited by Allan M. Williams and Gareth Shaw, pp. 1-16. Third Edition. Chichester: John Wiley & Sons.
- Williamson, Oliver. 1985. *The Economic Institutions of Capitalism*. New York: Basic Books.
- Willis, Eliza J. 1996. "Influencing industrial location through regional and local development in federal states: some lessons." *International Review of Administrative Sciences* 62: 401-11.
- Wilson, Mary C. 1987. *King Abdullah, Britain and the Making of Jordan*. Cambridge: Cambridge University Press.
- Winckler, Onn. 1998. "The Economic Factor of the Middle East Peace Process: The Jordanian case." In *The Jordanian-Palestinian-Israeli Triangle: Smoothing the Path to Peace*, edited by Joseph Ginat and Onn Winckler, pp. 156-177. Sussex: Sussex Academic Press.
- Withey, Lynne. 1997. *Grand Tours and Cook's Tours: A History of Leisure Travel, 1750-1915*. New York: William Morrow.
- World Bank. 1980. *World Tables*. The Second Edition. Baltimore: Johns Hopkins University Press.
- . 1991. *World Tables*. Baltimore: Johns Hopkins University Press.
- . 1994. *Peace and the Jordanian Economy*. Washington DC: World Bank.
- . 1995a. *Claiming the Future: Choosing Prosperity in the Middle East and North Africa*. Washington, DC: The World Bank.
- . 1995b. *World Tables*. Baltimore: Johns Hopkins University Press.
- . 1996. *Tunisia's Global Integration and Sustainable Development: Strategic Choices for the 21st Century*. Washington, DC: The World Bank.
- WTO. 1999. *Yearbook of Tourism Statistics*. 51st Edition. Madrid: World Tourism Organization.
- Zaiem, Med Hédi. 1993. "Les Forces Sociales en Tunisie et les Mutations Internationales." In *Le Maghreb face aux mutations internationales*, edited by Abdelbaki Hermassi, pp. 127-139. Carthage: Beït Al-Hikma.
- Zamiti, Khalil. 1996. "Le Fonds de Solidarité Nationale: pour une approche sociologique du politique." *Annuaire de l'Afrique du Nord* 35: 705-712.
- Zghal, Riadh. 1998. "Nouvelles orientations du syndicalisme tunisien." *Monde arabe Maghreb Machrek* No. 162 (oct-déc.): 6-17.
- Zouari, Jawed. 1993. "Challenges to Tunisia's Privatization Policies". Paper read at the annual meeting of the Middle East Studies Association (MESA), 11-14 November, 1993.
- Zunes, Stephen. 1995. "The Israeli-Jordanian Agreement: Peace or Pax Americana?" *Middle East Policy* 3,4 (April): 57-68.

