

# The Economic Ascent of the Hotel Business

# 11

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# 11 The British Hotel Business: 1980–2008

## Introduction

During the period from 1980 to 2008 the structural balance of the British economy changed more significantly than it had done during any period in the previous 100 years. The agriculture and industrial segments declined and citizen services continued to grow, but the definitive feature of the period was the growth in service businesses, which propelled the economic ascent of the British hotel business. Hotel demand grew strongly, but it was the rapid growth of hotel chains and the widening diversity of demand that had the biggest effects on the changes in the patterns of hotel supply.

The root of these changes was the shift in economic policy. When Margaret Thatcher came to power at the end of the 1970s the British economy was in a mess, having endured a decade of slow economic growth, industrial relations trauma, high inflation and high levels of unemployment. Manufacturing, parts of which were controlled by the government, and mining, which was nationalised, were declining. Citizen services had received almost half a century of high government investment and service businesses were not large enough nor growing fast enough to soak-up the rising volume of unemployed. The new government instituted wide-ranging changes to boost the economy including greater flexibility in the labour market, fewer restrictions on setting-up businesses and lighter regulatory control of financial services, which enabled the growth in home ownership, the extension of personal credit and the privatisation of businesses controlled by the government. In parallel, the Conservative administrations introduced fiscal and strategic initiatives to wean tracts of the population away from reliance on the government to resolve a wide spread of economic and social problems. In the Labour administrations of Tony Blair and Gordon Brown from 1997, the rate of government investment and growth of employment in citizen services accelerated again, but the growth momentum in service businesses was the main source of new jobs and the segment generated the highest rate of growth in hotel demand throughout the period.

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