

The Economic Ascent of the Hotel Business

7

Paul Slattery

Contents

Introduction	2
British economic structure and hotel demand	3
Hotel supply in Britain	10
British hotel demand and supply performance	13
French economic structure, hotel demand and hotel supply	14
French hotel demand and supply performance	18
German economic structure, hotel demand and hotel supply	19
German hotel demand and supply performance	23
Hotel demand and supply in other European countries: 1945–1960	24

 Published by Goodfellow Publishers Limited, Woodeaton, Oxford, OX3 9TJ
<http://www.goodfellowpublishers.com>

Copyright © Paul Slattery 2009

All rights reserved by Goodfellow Publishers Limited. The text of this publication, or any part thereof, may not be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, storage in an information retrieval system, or otherwise, without prior permission of the publisher.



Design and setting by P.K. McBride

7 European Economic Structures and Hotel Businesses: 1945–1960

Introduction

Europe was in a dire state in 1945 having endured a half century defined by two world wars, the Great Depression and ideological shifts. By 1950, the Soviet empire had stretched westwards. Bulgaria, Czechoslovakia, East Germany, Estonia, Hungary, Latvia, Lithuania, Poland and Romania as well as Albania and Yugoslavia had become communist. They all retrenched behind the Iron Curtain, their economic development ossified and so did their hotel businesses, which were minor. In contrast, West Germany and Italy were re-established as parliamentary democracies with supporting political institutions. Thus, all Western European countries were parliamentary democracies except for Spain and Portugal. The prime economic imperative was recovery from the war and this required dedicated focus on agriculture, construction and manufacturing, but the democracies were unable to achieve this on their own. The Marshall Plan, which operated between 1947 and 1953 and involved \$13 billion, mostly made-up of credit, to buy goods from the US and to pay US shippers for their transport to Europe enabled the democracies to kick-start their economies. Sixteen countries benefited – Austria, Belgium, Britain, Denmark, France, Greece, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey and West Germany. The Marshall Plan capital was distributed on a per capita basis with former allies getting more than former Axis Powers. The initiative was successful. Between 1948 and 1952 European industrial production grew by 35% (*source: www.wikipedia.com*).

The European Coal and Steel Community (ECSC) was formed in 1951 by six countries – Belgium, France, Italy, Luxembourg, the Netherlands and West Germany – to oversee the more effective development of their coal and steel industries. It was a success that led in 1957 to these countries extending their economic cooperation with the Treaty of Rome, which established the European Economic Community (EEC). The EEC began to remove trade barriers among the six countries and created a common market in agricultural and industrial goods, which became the most significant economic development in Europe, ever. As the economies began to recover, the governments pursued explicit, long-term, big government macro-

economic policies that expanded citizen services and created welfare states in Europe, but left service businesses to market forces.

The traumas of the European economies at the end of World War II were reflected in the European hotel business. Conventional demand was absent and showed no likelihood of returning quickly when wartime specific demand was stopping. Urban and resort hotel supply had been depleted by bombing and business failures and there was no rush to construct new hotels because the hotel business, like other service businesses, was not an economic priority. Leisure demand into hotels would have to wait until civilian employment was re-established and the distortions of the war became a less vivid memory. As the economic ascent of the hotel business in the US accelerated strongly over the period, the European hotel businesses struggled to regain their pre-war levels.

British economic structure and hotel demand

Britain entered the post World War II period as victor, but with the loss of almost 25% of its wealth (*source: <http://uk.encyclopedia.msn.com>*). The array of social issues needing to be resolved and the awful state of the economy produced a change in government as the war ended. Clement Attlee replaced Winston Churchill as Prime Minister and the new Labour government set about radically reorganising the economy. The Beveridge Report, published in 1942 established the blueprint for the introduction of the welfare state and the traditional modus operandi of industrial firms was upended by the most extensive programme of nationalisation ever undertaken in the country. Big government in Britain became even bigger. However, it did not produce a quick turn-around in economic performance, which was beyond fast solutions. Cash was an immediate problem and to increase liquidity, the Attlee government borrowed \$3.75 billion from the US, C\$1.25 billion from Canada and received \$2.4 billion aid from the Marshall Plan. This enabled the post-war governments to pursue a policy of full employment, which they achieved generally with the aid of job creation in citizen services and the nationalised industries. In spite of policies to recover the economy, food and clothing rationing, introduced at the end of 1939, endured. At its height in 1947/48 rationing covered around 30% of all consumer spending and it lasted until late-1954 when meat was the last commodity to be de-rationed. An adult in 1948 had a weekly allowance of 13 ounces of meat, one and a half ounces of cheese, six ounces of butter, one ounce of cooking fat, two pints of milk and one egg (Sandbrook, 2005: 45) Thus, the austerity of the Great Depression and World War II continued until the mid-1950s.

After 10 years of post-war austerity the economy was enlivened in the second half of the 1950s, but not until the Suez crisis caused Britain to retreat from its position as a global military power (Sandbrook, 2005:27). The progress had been so noticeable that in 1957 the prime minister, Harold Macmillan delivered the political catchphrase of the late 1950s when he declared that, “most of our people never had it so good”. During the post-war period, Britain achieved

Chapter extract

**To buy the full chapter, and for copyright
information, click here**

[http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&st](http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&storyID=202)

[oryID=202](http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&storyID=202)



All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recorded or otherwise, without the written permission of Goodfellow Publishers Ltd

All requests should be sent in the first instance to

rights@goodfellowpublishers.com

www.goodfellowpublishers.com