

## The Impact of Tourism on the Global Economic System

Serban-Comanescu Adrian

"Ovidius" University of Constanta, Faculty of Economic Sciences  
[adrys\\_serban@yahoo.com](mailto:adrys_serban@yahoo.com)

### Abstract

*As a true sector of services, tourism remains a branch of consequence, the development of which will be constantly in close correlation with the levels and rhythms of development of the other branches of the national economy (Snak, O., 1976, Economica și organizarea turismului (Economy and organization of tourism), Sport-Turism Publishing House, Bucharest, p 61). This is true, but it should not be absolutized: of course, there is a close interdependence between tourism and other branches, but its development as a domain may in some cases be independent from other economic sectors. Tourism is the most complex industry on a global scale, the whole society being involved in its service, being considered a barometer in terms of assessing the state of the society.*

**Key words:** marketing, tourism

**J.E.L Classification:** A1

The effects of tourism consumption are multiple on the level of the economy of a country or region, and their analysis involves the relationship with the entire economic system. This determines the "contribution of tourism to economic growth, price setting, balancing of the balance of payments, fair and balanced distribution of national income and full use of labour (Baretje, R., Defert, P., 1972, p.11).

Tourism contributes to:

- balancing the balance of external payments;
- engaging demand in the production sphere;
- diversification of local industry;
- diminishing imbalances in certain areas;
- decreasing the unemployment rate;
- increasing the incomes of the population;
- GDP growth.

As a revenue generating sector, it contributes significantly to the economies of many countries. Generally, it can be said that tourism produces beneficial economic effects for the economy. Income and job creation are the classic examples in this respect. Its contribution to GDP, employment and area development are well documented, unlike other segments in this branch. It is expected to experience continued development over the coming decades as a consequence of leisure time increase.

From the point of view of its economic and social character, tourism is globally confronted with profound transformations, as it is an essential element belonging to contemporary society. Because tourism has a social, economic and cultural dimension, it is closely linked to its evolution by a large part of the sectors of society's activity, which at the same time influences them in their evolution, defining its criteria, characteristics, concepts and factors depending on the three dimensions. The international receiving tourism contributes *to the balancing of the balance of payments or its surplus due to attracted foreign currency earnings.*

Tourism is a possible "tool" for economic growth through its beneficial effects, namely:

- generates significant revenue for the economies of recipient countries or regions, and stimulates the investments needed to finance other sectors, thereby contributing, through its multiplier effect, to the economic growth and development;
- increases the labour supply by capitalizing on the cultural and natural heritage;
- creates opportunities to diversify local economies by capitalizing local income;
- encourages the emergence and development of local businesses, transforming areas with low economic competitiveness into attractive areas for investors;
- diversified demand for goods and services to other economic sectors (construction, food industry, small and craft industry);
- can generate cooperation between local firms, between them and the firms operating in other economic sectors, as well as the creation of clusters;
- may also have an impact on the reduction of disparities in terms of the structure of gender differences in unemployment through the predominant use of female labour.

The World Tourism Organization, through its studies, has identified and grouped the effects of tourism on the economy in three categories, presented in Table 1, as follows: "Effects on global development strategy of a zone (global effects); partial effects on the national economy, on the agents, the economic sectors, the fundamental variables and macro-dimensions of the economy and, last but not least, the external effects in the socio-cultural, physical and human resources field with indirect economic results (WTO, 1980)

Table no. 1. The typology of the effects of tourism on the economy

Types of effects	General objectives of economic policy affected by tourism	Effects on:
<b>GLOBAL</b>	1. Development strategy	1.1. the national economy in general 1.2. external dependence, international economy
	2. Growth in the production sectors (Efficiency of the system)	2.1. stimulating production 2.2. using the workforce
<b>PARTIAL</b>	3. External sector stability and external balance	3.1. the balancing the balance of payments 3.2. the exchange rate level and the real exchange ratio 3.3. money and money circulation
	4. Public sector, degree of state intervention	4.1. public revenues 4.2. public expenditure
	5. Pricing	5.1. the level of inflation 5.2. speculation of land
	6. System equity	6.1. the way revenue is distributed
	7. Spatial planning	7.1. regional development 7.2. rural environment 7.3. the demographic movement
<b>EXTERNAL</b>	8. Proper use and protection of human and natural resources	8.1. <i>environmental quality</i> 8.2. <i>professional training</i>
	9. Socio-cultural aspects	9.1. <i>consumption habits</i> 9.2. <i>training and education</i> 9.3. <i>social and cultural</i>

Source: (Minciu, 2005, p. 24)

Tourism has a considerable impact on the economies, societies and cultures of different countries (Minciu, 2005, p. 23). The tourism activity is felt in several dimensions, as can be seen in Figure 2, and all these effects are very interesting from a conceptual and theoretical point of view, but their identification in practice is very difficult to be made.

Figure no. 2. The implications of tourism for the economy and society

TOURISM

- Stimulates economic growth
- Improves social structure
- Uses in a superior manner the natural and human resources
- Improves life conditions

Source: Adaptation after (Minciu, 2005, p. 27)

Most specialists, including international bodies, appreciate that tourism induces positive influences and should be encouraged, even if sometimes it has unfavourable consequences. But there are also voices who claim that tourism, particularly the international one, produces more harmful social and cultural effects. Tourism, as an economic activity, also benefited from a number of criticisms that were based on the fact that they form true "enclaves" in the economies of less developed countries. In the research literature the case of islands that do not have many resources is well known, and even for the most famous of them, the net benefits are minimal. Taking into account only the gross benefits (receipts) distorts the real image of tourism, as long as tourism as a resource consumer can cause considerable imports. We share the belief that tourism plays an important role in the economic and social life of the world's states, raising interest in identifying incidents and evaluating its outcomes.

At the level of the economy of a country or region, the effects of tourism must generally be analyzed starting from their relationship with the fundamental objectives of the whole economic system:

- Tourism acts as a *stimulating factor for the global economic system*. The development of the tourist trip involves demand, consumption of specific goods and services, which leads to an increase in their production. It is necessary to adapt the offer, materialized in the development of the technical and material base of the sector and indirectly in the stimulation of the production of the branches that participate in the construction and endowment of the accommodation and food facilities, the modernization of the road network, the realization of transport means, of facilities for recreation
- Through the development of tourism a *significant increase in production* is achieved. With regard to the contribution of tourism to the creation of gross domestic product (GDP) between regions and countries of the world, there are considerable differences, depending on a complex of factors, the level of development and the structure of the economies of the respective countries (Py, 1996, p.109). For small countries, for example, participation share is very high (about 84% in the Maldives, over 34% in Jamaica); in countries with a rich tourist activity but also with a developed economy, it is close to the world average (eg Spain 10.7%, France 7.3%, Switzerland 7.7%, US 3%, in Canada 4.1%, in England 4.0%, in some of these countries the contribution of tourism to GDP creation is comparable to that of some basic branches, such as agriculture - in France, the automotive industry - in Italy, the steel industry - in the UK) (Minciu, 2005) so in Europe, the main tourist area of the world, the share of tourism participation in GDP is the highest compared to the United States, Asia Pacific and the African continent; in our country tourism is less involved in the creation of GDP;
- A significant importance for the economy of each country has also *the contribution of foreign currency* through participation in the international tourism market, which can contribute to balancing and creating a positive balance, active in its own balance of payments;
- Tourism contributes to the achievement of *added value*. The service activity, with a high consumption of living labour, intelligence and creative work, tourism creates added value in a higher proportion than the branches close in terms of the level of development;
- Tourism *stimulates production in other areas* due to its nature of interference and synthesis branch; the activity of some branches is largely determined by the needs of tourism; *entrepreneurial activities in the receiving area* are thus generated as a consequence of the demand for local products which accommodation and food establishments can use. As such,

tourism is a real gateway to stimulating entrepreneurship, a thing that is considered positive in the process of developing a region or even a country;

- Tourism contributes to the *diversification of economic structures* in the sense that the adaptation to the requirements of tourists fosters, on the one hand, the emergence of specific branches (activities) (leisure industry, cable transport, travel agencies, handicraft production) and, on the other hand imprints new dimensions to some of the existing branches (agriculture, food industry, construction, transport, cultural services);
- At the same time it is considered that the development of tourism on a large scale (mass tourism) creates the so-called *externalities*. For example, the improvement of the transport network, the creation of sanitation facilities and the provision of water which have been created for tourism have also been addressed to other economic sectors. Another example is the construction of an airport that provides access to other regions for local products. It can be said that the local population can benefit from tourism by using the infrastructure built for tourism or recreational facilities, and in these conditions there is an improvement in its standard of living;
- Tourism leads to the *superior valorisation of all categories of resources*, especially of the natural ones - other than traditional ones - and / or of small ones (beauty of the landscape, curative qualities of mineral or thermal waters, climate conditions, events artistic monuments, historical vestiges, folk tradition - in some cases, tourism is the only way to use these); Moreover, through marketing in international tourism there is an income increase resulting from lower comparative (production) costs; resources refer not only to the natural or cultural heritage ones but as well as to human and capital ones; In this context, the *theory of absolute advantage* can be invoked in the case of destinations that have unique attractions in the world, which creates even a monopoly situation; resources are in many cases the main motivations in choosing a destination, and therefore, for a higher valorization, these resources require planning, maintenance and protection;
- Tourism is a lever to mitigate *interregional imbalances* at national or world scale, a solution for the prosperity of disadvantaged areas, a remedy for deindustrialised localities (Tinard, 1994, p.79) by promoting beneficial effects, causing mutations in territorial development; tourism, especially the international one, generates *substantial benefits for both "host" receiving countries as well as for transmitting countries*; an important part of receiving countries is developing and tourism represents a major source of income, improving living conditions, mitigating interregional imbalances; many international organizations including the OMT / UNWTO and the World Travel and Tourism Council (CMCT / WTTC) have been involved in implementing programs destined to support tourism in developing countries;

## References

- Py, P., 1996, *Le tourisme. Un phénomène économique (An Economic Phenomenon)*, La Documentation française, Paris;
- Snak, O., 1976, *Economia și organizarea turismului (Economy and Organization of Tourism)*, Sport-Turism Publishing House, Bucharest;
- Baretje, R., Defert, P., 1972, *Aspects économiques du tourisme (Economic Aspects of Tourism)*, Edition Berger-Levrault, Paris;
- WTO, 1980, *Étude sur les effets du tourisme dans l'économie des pays receveurs et émetteurs (Study on the Effects of Tourism on the Economy of Receiving and Emitting Countries)* Madrid;
- Minciu, R., 2005, *Economia turismului (The Economy of Tourism)*, 3<sup>rd</sup> Edition, Editura Uranus , Bucharest.
- Tinard, Y., 1994, *Le tourisme. Economie et Management (Tourism, Economy and Management)*, 2<sup>e</sup> ed., EDISCIENCE International, Paris.