

MUTUAL DEPENDENCE OF TOURISTIC AND ECONOMIC DEVELOPMENT

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Abstract. *In the relatively short period (from the Second World War on) tourism has become a phenomenon, and concerning the number of participants one of the most massive and most collective phenomena in the world wide relations. Global importance of tourism for the process of development does not only come out of the fact that tourism represents "leading industry in the world of world's leading industries" but from the fact that its importance and influence on the process of development becomes increasingly intensive.*

Key Words: *Tourism, economic development, economic growth, tourism spending*

INTRODUCTION

Economic characteristics of tourism as a rule and its essence finally come down to the question of economic effects of tourism. Looking back through history, it was noticed, very early, that human activities which result in touristic demand create economic effects doing a great influence on the economic development of the country in question, on the region and the touristic place itself. On the other side, a higher level of development allows formation of a higher level touristic offer and what is meant here are both the qualitative and quantitative level. Special importance is given to the international tourism.

1. ACHIEVEMENTS OF TOURISM TO ECONOMY DEVELOPMENT

Almost 120 years ago (in 1884, to be exact) a consultation and conference was held in Greece under the working title of "Improvement and promotion of tourism in the Alps region of Austria". This conference was the foundation of mutual interdependence of

touristic and economic development. According to the explanation by Kurt Krapft [11. p.18], even then the following was concluded:

- Tourism enables evaluation and valorization of free natural resources and goods such as air, climate, beauty of landscape, etc by which they acquire their economic value.
- Tourism wakens, moves and develops economic activities in the areas of insufficient growth of economy; it creates a market for local products which would not come to the market if tourism had not made it so.
- Tourism is the exceptional creator, source and generator of foreign currency and its importance for economy is invaluable and priceless.
- Goods, and services given to tourists have to be treated economically as all other products which became the objects of the offer and demand and this means that they are the products which developed because of the existence of some determined relations at the market.
- Increased turnover, which tourism itself creates, brings also increased income from taxes and fees to a given country, city or municipality.

So, tourism represents, the assembly of relations and occurrences (phenomena) which happen during the travel and stay of tourists at a particular destination; a tourist is a par excellence consumer but tourists can spend money in accordance to the degree of development of a touristic offer. The basic notion mutual for the interdependence of tourism and economic development is the touristic consumption and it is a part of personal consumption which is planned for and intended for travel and stay outside the place of residence with the purpose of rest, recovery, amusement, leisure and entertainment. In that case, the tourist demand has to be equalized with the consumption by the quality of service and goods. That is why, a tourist potentially appears as a consumer of all the goods which are offered to him. In such a massive offer for the tourist to satisfy his needs, a special place belongs to catering, restaurant and hotel management, traffic, trade, travel (tourist) agencies and then to various business activities.

Therefore, one tourist first travels, uses catering or hotel services, and then buys various things and all these things are arranged by tourist mediators and agents. Consequently, it has to be remembered that a domestic tourist does only the distribution of his income for personal consumption in the out-of-domicile tourist place by which the national income neither increases nor decreases. Tourist consumption of domestic population represents only the "migration" of personal consumption, as it is the tourist turnover and circulation also the migration of population in the limits of one country.

Contrary to all this, foreign tourists input into the receptive tourist country a part of financial means of their receptive consumption which they created (earned) in their domicile country (country of residence). What happens in such a way is the outflow of financial mass or financial means into the national treasure of the emitive country and at the same time the inflow or increase of national income of the receptive touristic country. The emitive country tends to decrease the travels of its citizens and the receptive country tends to increase the number of travels.

Taking into account mutual dependence of tourist and economic development, what must specially be emphasized is the polifunctional character of tourism and tourist business activities such as:

Function of conversion – is the ability of tourism to turn or change the non-economic resources into economic ones (bathing in the sea, rooms overlooking the sea always have a higher price, visits paid to the ruins of ancient castles, etc).

Function of induction – describes the strength of tourism and tourist consumption in the process of induction of increased total output efficiency of production, and such a strength is seen through the usage of unconsumable natural resources which are the bases of tourist business activity (climate, sun, sea, thermal wells, etc).

Function of multiplication – is expressed through the multiplication of income of almost all economy branches and finally through the gross income and social product of one country; the function of multiplier explains what is the force of influence of one realized unit of tourist consumption onto one individual activity of economic branches included in the phases of creation of the entire overall tourist offer during the determined period of time (payment for spending a night in a hotel room includes the purchase of furniture, bed linen, television set, food, hygienic products and promotive and advertisement material).

Function of acceleration – is shown in the strength of tourism to develop some areas much faster than some other economy branches meaning here that "area" denotes geographical areas, an economy sector or the economy of one country as a whole.

Function of export – besides many other elements, travel causes a tourist – a consumer to come personally (and bring) money to the place where the services are given.

Function of balancing merchandise-money turnover – is acquired by great disposal and selling of goods, and services to tourists and by direct drain off income and great amounts of effective money into national economy.

Function of encouragement of undeveloped areas – for the purpose of development – enables the income to flow from developed areas into undeveloped ones since the second type of regions is, mostly, touristically attractive.

Function of employment – creates a great number of female working potential, employees with insufficient level of education or inadequate qualification profile, relatively older population but also the population which accepts season work.

One of the criteria of contribution of tourism to the economy development is the tourist balance where special attention is paid to the net foreign currency effect. It shows the amount of income in tourism reduced by the amount of expenses for the import of products without which foreign currency consumption would not have been realized. According to some research only ten percent of foreign currency realized in tourism is spent for the purchase of goods for the purpose of tourism. So, net foreign currency effect shows low import dependence of tourist business activities because it can be realized on the basis of domestic resources. Higher degree of economy development creates preconditions for the much greater net foreign currency effect because the import dependence is automatically decreased by that.

Balance of tourism

Assets	Liabilities
A. Goods, services, income	A. Goods, services, income
1. Export of goods (predominantly consumer and durable goods and artistic values)	1. Import of goods (predominantly food, consumer goods and equipment)
2. Transportation	2. Transportation
3. Travel (expenses of foreign tourists for tourist services in narrow sense)	3. Travel (expenses of residents abroad for tourist services in narrow sense)
4. Income from investments (revenue from direct investments in foreign countries).	4. Income from investments (payment of interests for the foreign investments).
5. Other goods, services and income. Private transactions (Income from migrant tourist workers in foreign countries)	5. Other goods, services and income. Private transactions (Income from migrant tourist workers non residents)
– Advertising (promotions)	– Advertising (promotions)
– Training of foreign touristic workers	– Training of tourist workers abroad
– Other	– Other
B. Unilateral transfers	B. Unilateral transfers
6. Remittances and money transfer of the tourist employees (non-residents) working abroad.	6. Remittances and money transfer of the tourist employees (residents) abroad.
C. Capital	C. Capital
7. Direct investments (from abroad)	7. Direct investments abroad
8. Other long-term capital-credits for equipment, received	8. Other long-term capital-credits for equipment, granted.
9. Other short-term capital of the enterprise in the public ownership of tourist sector.	9. Other short-term capital of the enterprise in the public ownership of tourist sector.
– Net mistakes and omissions	– Net mistakes and omissions

Sources: prof. Boris Pirjevec Ph.D. - "Economic characteristics of tourism", Faculty of Economy in Zagreb, 1998, p.122.

2. INTER - SECTOR RELATION OF ECONOMIC BRANCHES AND DEVELOPMENT OF TOURISM¹

Total production cycle is realized as:

- Raw material and semi-finished manufactures (reproduction consumption)
- Final products (final consumption) [13 – p.150.]

¹ For determining positions of production of one economic branch or sector and their influence on the growth of production of other branches of economy or sectors we use input-output analysis or inter-sector method

From this relation follows the econometrical function of inter-sector relations of economy branches as:

$$X_i = \sum_{j=1}^n X_{i,j} + Y_i$$

it can be seen that production branch "i" (X_i) represents the sum of reproductive expenses or consumption which the branch "i" realized on the market.

Aggregate production (total production) or consumption represent the sum of production in some individual branches of economic system:

$$X_i = \sum_{i=1}^n \sum_{j=1}^n (X_{i,j} + Y_i)$$

or the sum of reproduction and final production or consumption.

On the other hand, the volume of delivery of branch "i" to the branch "j", of total volume of production branch "j" is expressed through, the so called, technical coefficient of the branch in the input-output relations and means:

$$\partial_{i,j} = \frac{X_{i,j}}{X_j}, \text{ where}$$

$X_{i,j}$ – consumption of the products of sector "i" in the sector "j" [13 – p.150]

X_j – total production of sector "j"

Since tourism represents a system of mutual relations of a great number of economic branches and business activities, production in such order of magnitude takes a very important place. In that sense the components here presented are very important: physical volume, value of annual realization, increase of employment, inductive and multiplied activity, investments, etc. In such a way the production of different branches includes itself into the tourist production. It has already been pointed out that tourist business activity has the closest connection with agriculture, traffic, trade, industry (in lower amount) and services, and that tourist business activity is founded on catering (restaurant and hotel management). Previous research tells us that restaurant and hotel management and catering determine one half of tourist consumption. Agriculture plays a dominant role (even up to 80%). For that reason, the increase of the final consumption of tourism causes the growth of production of auxiliary business activities.

In the analysis of mutual relations (inter relations) it has to be taken into account that the expenses of population (in one country) for tourist services depend on the attained level of living standard so, for this reason, they are limited. Because of that we have the tendency to acquire greater income from foreign tourism by adequate tourist offer. All these relations could be schematically shown in the following way.

Inter-sector relation of natural indices agriculture and other economic branches in Serbia

Input/ Output	Agriculture	Industry	Tourism	Catering	Trade	Communal	Craftman- ship
Agriculture	/	/	/	/	/	/	/
Farming	Seed for production wheat	Corn, grain, industrial plants, cattle food	Farming landscape	Raw materials for preparing food from farming	Corn, Industrial Plants	Natural Fertilizers	
Cattle Raising	Eggs for breeding natural cattle	Cattle raw materials Semi-products Milk, Eggs Leather wool		Meat and meat products, milk, eggs	Meat, Meat products, eggs	Fertilizers	Horns and leather for making various objects
Fruit-growing	Seed, nursery plants, natural fertilizers	Fruit, timber	Fruit landscape and ambiental space entities	Fruit and fruit products	Fresh fruit and fruit products	Purebred kinds of fruit	Timber For making various objects
Viticulture	Nursery plants, seed, agricultural fertilizers	Grapes	Space for "wine paths" and "brewery"	Grapes and wine	Grapes, wine, brandy	–	Old grapewine for making various products
Horticulture	Seed nursery plants, natural fertilizers	Flowers for making oil, perfumes	Areas with flowers, attractive gardens, alleys	Flowers, wax, decorative flowers	Flowers, decorative flowers, seeds, nursery	Seed nursery, decorative flowers, grass	Flowers for making souvenir
Truck Farming	Nursery, Seed, natural fertilizers	All kinds of vegetables for procesing	Experimntal truck farming areas and landscapes with ambiental entities	Vegetable and products of vegetable	Products made of vegetable, fresh vegetable, nursery	/	/
fishing	Feeshing ponds for breeding fish, young fish	Fish	All fishing areas	Fish, shells, crabs, caviar	Fish, fish products		

The next step of inter-sector analysis of economic business represents the formation of the technical coefficients matrix in order to calculate mutual taking and giving (assets and liabilities). In order to make the results adequate and with the intent that contribution of each economy branch in formation of tourist consumption should be expressed by its real changes, technical coefficients are further divided on to production constituent parts of these branches (agriculture, for example, is divided into farming, cattle raising, viticulture, wine growing, and so on). After that technical coefficients are calculated for each and every branch when direct consumption of raw materials and services is calculated in their mutual relations. In such a way the total sum of the structure of inputs is formed. Since they represent production expenses or material spendings, what is also formed is the structure of participation of some economy branches in the total public or social gross product which is realized through the tourist spending or consumption at a particular place.

The data from previous experience says that the total output which agriculture gives to the other sectors for production and fulfillment of tourist needs goes around 15%; part of the industry in tourist reproduction consumption is preconditioned by industrial branches which process the agricultural products [13 – p.160].

CONCLUSION

In modern economic literature there are no complete and whole analysis and explanations of the role of tourism in the process of economic development. Analysis are aimed either towards the explanation of tourist consumption, as the market of regional and national economy or, towards the development of activities which produce tourist services.

In the first case the analyses is aimed towards the so called economic functions of consumption.²

Here, on the macro level, the influence of tourist consumption is followed as well as the influence of macro level on other economic categories; and tourist consumption is also measured in the income of different business activities. Authors which direct their analysis towards explaining the role of business activities which create tourist economy in developing process, search for (examine) the characteristics of these activities, the way in which they function and connect and from these facts they make conclusions about the importance of tourism for economic development.

² A tourist who spends money at the seaside and one peasant from the region of Sumadija or a worker in the food industry, although they never came in close contact, or direct economic relation, find themselves in a specific production relation. The peasant takes part in production and distribution by his own manual work while the tourist could take part by his capital. From such a different position in ownership of the factors which offer production comes out also their position in distribution of income from that production, so then, also different structure of consumption is created. What is more important, from that position also originates their interest and ability to influence prices as the parameter of behavior, and the reproduction of relations

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MEĐUSOBNA ZAVISNOST TURISTIČKOG I EKONOMSKOG RAZVOJA

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U relativno kratkom periodu (od Drugog svetskog rata na ovamo) turizam je postao fenomen, a uzimajući u obzir i broj učesnika, jedan od najmasovnijih i najkolektivnijih fenomena u svetskim odnosima. Globalni značaj turizma za proces razvoja, ne proizilazi samo iz činjenice da turizam predstavlja "vodeću industriju u svetu vodećih svetskih industrija", već i iz činjenice da njegov značaj i uticaj na proces razvoja postaje sve intenzivniji.

Ključne reči: turizam, privredni razvoj, privredni rast, turistička potrošnja.