

**3<sup>rd</sup>**  
**International**  
**Scientific**  
**Conference**

**31 May - 2 June, 2018**  
**Vrnjačka Banja, Serbia**

**2018**

**TOURISM**  
**IN FUNCTION OF DEVELOPMENT**  
**OF THE REPUBLIC OF SERBIA**

**Tourism in the Era of Digital Transformation**



**THEMATIC**  
**PROCEEDINGS**  
**II**



**UNIVERSITY OF KRAGUJEVAC**  
**FACULTY OF HOTEL MANAGEMENT**  
**AND TOURISM IN VRNJAČKA BANJA**



# THEORETICAL ASPECTS OF MEDIUM-TERM CONDITIONS OF ECONOMIC AND TOURISM DEVELOPMENT<sup>1</sup>

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## Abstract

*Scientific discussion concerning correlation and bonds which exist between the theory of economic development and theory of development of tourism requires that from the overall theoretical economic thinking and the theory of tourism it should be, first of all, separated only the part which deals with development. This thing is not always easy and simple to realize without touching numerous limiting topics, because in such discussions it is usually very hard to place a limit between a general theoretical part and the part which mainly deals with development. The aim of this paper is to try to understand the links between economic theory and the theory of tourism development. For the purposes of this paper, a method of analysis will be used to identify and highlight important characteristics, the synthesis method, ranging from complex to simple elements, abstraction, induction and deduction methods in order to study the underlying hypotheses and confirm certain attitudes and facts. Modern theories of the development of tourism are those theories which developed in the time of the most intensive development trends after the termination of the Second World War. However, this statement is not thoroughly true.*

Key Words: *theory of economic development, theory of tourism development, tourism*

JEL classification: *F63, Z32*

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<sup>1</sup> The paper is part of the research at the project III-46006 “Sustainable agriculture and rural development in terms of the Republic of Serbia strategic goals realization within the Danube region”, financed by the Ministry of Education, Science and Technological Development of the Republic of Serbia.

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## Introduction

Why can tourism not be treated one-sidedly but as the interdisciplinary entity? It seems that the reasons for that are the standpoints of tourism which find their foundations in geography, demography, sociology, psychology, economy, organization, technology, marketing and even everyday politics. For these reasons, understanding tourism means creation of the mosaic of mutually connected factors without which one cannot talk about the phenomena of wholeness of tourism. It further means that it is needed to accept a great number of assumptions and facts which are cause-effect tied which is especially needed to emphasize.

Tourism, in its development path, has experienced a vast number of internal and external essential transformations: acquired different types of appearance and phenomena, served different means, broadened the volume in space and quantitative aspect, changed characteristics and structure, became enriched by new motives, acquired new functions, had various influences and served different aims and targets and while doing all these it has never lost its economic characteristics. Because modern tourism massive demonstration became its most important characteristic, which has essential importance for the research in the field of many-sidedness of tourism especially when the economic effects of tourism are in question and when its influence on economic and overall development is concerned.

Tourism is widely spoken of, and it is the well-known phenomenon of modern society. Is there anybody in the developed countries who does not know something about that social need and status necessity and symbol as well as civilization movement? Very scarce are the individuals who cannot or do not know how to talk widely about various situations or events during travel with the aim and ultimate target of tourism. When writing about tourism, the saying 'one can write what has already been written but the reader must be convinced that (s)he reads it for the first time' holds true more than anywhere else. Tourism is created from a great number of factors which are not "touristic" in its basis but tourism cannot be formed without such "auxiliary" things, it cannot be developed as well as maintained. Knowing the problems of tourism means acquiring a vast number of facts, suppositions and possible situations because here the proverb 'a consumer is always right' holds true above all. Tourism is the need and precise activity, very delicate and subtle which acquires many types of knowledge, patience and good will not only from the participants

but also from other partakers of tourist offer. Here there are no unique forms of activities because it is the question of 'face to face' business and the traditional proverb 'hundreds of people, hundreds of opinions' could picture this activity in different interesting, delicate and various ways. All these things could be achieved by constant continuous investment into knowledge, especially into the branch of economic knowledge.

### **Correlation between the theory of economic development and the theory of tourism development**

Economic development, being regular progress and increasing prosperity, became the preoccupation of already classic economists. Living conditions which marked the world poverty, illiteracy, illnesses and high mortality rate after the First and especially the Second World Wars, especially in the field of agriculture, in the agricultural countries and similar areas - and such were the most numerous - initiated by themselves the disputes and discussion about the ways of avoiding such state of facts and this in fact meant the appearance of discussion about development (Stefanović & Ivanišević, 2017). The process of looking for the paths for avoiding poverty and floating into the partly safer waters of prosperity brought about the development of different doctrines and even controversial and opposed standpoints expressed in the works of numerous theoreticians of economy. Special corrections of these theoretical standpoints were represented by the possibility of daily survival, so, in such a way, current living standards in some determined surrounding gave real answers to the question of how to behave and what is possible in that situation. Just in confrontation with the direct immediate reality, all theoretical standpoints went almost simultaneously through the checking phase, of course, except those long-term anticipations of the future development of the world economy.

Civil society economy, in fact, started to deal systematically with the problems of the theory of economic development after the appearance of Keynes. However, owing to Keynes the theory of economics transferred its sphere of interest onto global economy and also moved its sphere of interest from the short termed onto long termed research. Keynes's general theory meant predominantly the final battle with the civil society economy theory called 'laissez-faire'. In his famous work "General theory of employment, interest rates and money" the main question and topic is the analysis of limiting efficiency of capital or income rate comparing to expenditure. Keynes is very clear and understandable in his confirmation

that only with individual influence or by the initiative of personality, one could attain full employment, so the stronger role of the state in the sphere of economy and in the policy of economic development is urgently needed. In such a way are created the theoretical foundations on which numerous theoreticians of economy tried to elaborate the whole theory of economic development. In such a way theoretical foundations are created at which numerous theoreticians tried to elaborate and make a detailed proposal of the entire theory of economic development.

The period of appearance of all these theories and theoretical postulates was the time of industrial society creation, the time of industrialized countries domination, which means that in the realization and fulfillment of wanted results a dosage of force is always used, which need not always imply the meaning of violence. Those are the years in which the world tries to come out of difficulties as soon as possible and the problems the Second World War put the world into but just in such new industrialization the world sees the salvation and exit from its own troubles. Theory of development has a great sense and meaning at this moment, so, in many countries, this theory of development has been brought into the center of economic interest and discussion. Since the destruction of war could not be successfully removed in the short period, increase of production of material and other goods and services as well as improvement of living standard and lifestyle by improvement of income per each inhabitant was for a long time the basic and fundamental thesis of general theory of economic development. In such a context it is easy to understand the standpoint according to which industrialization represents the basic aim of economic life not only in developed countries but in the states of the Third World. It is a drastic change of the targets of modern society after the many centuries of the long dominance of the theory of contribution of the development of agriculture to the national economy.

In their essence, all these theories have at least one mutual characteristic: they see the development of the entire society in determined phases which differ between themselves predominantly by their economic content. Second mutual characteristic was the one in which all theories dealt with economic aspect of development but neglected social aspects of development.

Among the most loudly speaking opponents of such standing points was Marx. However, the life itself soon showed who was right so the standpoints of the theory of development valid up to then were supported

and supplemented by new ideas of the social aspects of development. Civil theories of development emphasize cyclic development and point out the phases of such development which by rule correspond to general state and level of development of one society, what, for a long period, referred to the state of development of the industrial society. The most quoted are the positions and attitudes cited in the works of the theoretician Rostow who divided the economic development of civil society into six phases: traditional society, society in which are fulfilled the preconditions of growth, phase of growth, path toward the mature society, phase of high mass consumption and the phase after fulfillment of high mass consumption (Rostow, 1952).

From the standpoint of interests of tourism development, the phase which follows after the high mass consumption is particularly important because in that time and in such a content and volume tourism experienced its full maturity, so the discussions concerning its development became non-discussible in the manner of tourism development justification in all countries of the world, which implicitly developed other assumptions of the theory of tourism development. Cool winds brought by ecological consciousness into the theory of economics, cause such theoretical turnovers which could hardly be found before that even in the works of most bold and courageous theoreticians.

So-called ecological paradigm entered and strengthened the values of the notion of 'sustainable development'. However, people became conscious of the problem of their survival at our planet, specially became aware of the fact that man himself by his careless behavior makes the most harm to nature without which his life on the Earth becomes impossible (Stefanović, 2010). The question of human environment safety and protection and the question of preserving of all natural resources, of which many are very limited in quality and quantity, is placed from these reasons into the center of all economic divisions about development and at all levels of decision making. The conference about environment held in Rio de Janeiro in 1992 was specially explicated in relation to changing of previous human behavior and especially when development and usage of natural resources are in question. One attitude prevailed saying that ecologically less aggressive types of development have to be stimulated and that such types of development should be adapted to each development entity as a whole, to each cultural and traditional standard and to the degree of technological and social development. Such a development must not endanger any development possibility and such a

development has to be aimed toward such economy direction which will bring to the local community the most benefit taking into account and respecting all elements of ecological paradigm.

In such conditions and in such context of theoretical standpoint about development, the theoretical thinking about tourism also developed, which achieved its full sense of meaning only at the moment of the full swing of industrialization because it created at least three necessary conditions for the development of tourism: it provided enough financial means of individuals which could be separated after satisfying basic living needs, enabled paid yearly vacation and by technological innovations created real possibilities for development of most developed capacities of so-called tourist offer. However, as it looked on the first sight to be the meaningful confirmation, the economic theory hardly ever took into account the tourism, and even that when the enormously powerful growth of tertial sector changed general attitude of economic theory toward global moving force in economy. Economic theory was not impressed by huge numbers which confirmed volume and size and also the meaning of appearance of tourism on the global scene where, by its economic results, world tourism in 1998 for the first time proved the name of the 'first industry in the world'. It is hard to give answer to the question: what is the cause of it? Maybe we can find the answer in the fact that tourism is a complex phenomenon in which, besides economic factors, there are many other non-economic factors and such are then the consequences and results of development. But, the first answer to this question could be given by those theoreticians who created modern theory of economics, not leaving in it any space for the phenomenon which, at the end of twentieth century, becomes, at the opinion of many scientists, the destiny and determinant of the life in the world of twenty-first century!

Understanding and awareness that the share of services in a gross national income is positively correlated with the average annual growth of gross national income per one inhabitant, as well as knowledge about positive correlation of growth rate of the mentioned economic dimensions and values, represent one very important standpoint for the theory of tourism in the tendency to show dependence of the development of tourism on the national economy of some countries. Increase of production of material and other goods and services and increase of living standards by the growth of income per inhabitant, for a long time is the fundamental thesis of general theory of economic development but is questionable from the

standpoint of development of tourism. However, development of a great part of today most developed tourism countries of the world showed to what extent the thesis that constantly 'the economic growth has to be maximized' is dangerous. Specific notions and characteristics of tourist product and mostly the fact that the essential part of its substance is natural and by human beings created attraction which does not decrease, does not sell itself and cannot be bought, puts into question some of the fundamental thesis of the theory of development in the way scientific economic thought has described them. Request for constant increase of 'production' in tourism could not be realized without constant increase of the capacities of tourist offer and finally, it is the question of survival of the resources which originally animates the tourism search or request, so the tourism turnover was questioned without harm for resources or for tourism attractiveness.

In similar difficulties found himself anyone who tried to transfer Keynes's postulates originally concerning the theory of economic development and its influence on tourism with the tendency of the employment increase and growth of work as one of the basic aims of economy development and the resultant of production increase. Partly, these suppositions could be accepted also in the field of tourism because tourism, as dominantly tertial activity, is capable to employ relatively great number of personnel even the unqualified type of personnel. It is obvious that such a capability of tourism was the reason to accept it as almost the only development option and many countries which were late in their development or the countries which were on the brink of serious economic development. But, the increased employment in tourism, beside causing different problem of special and urbanism character (construction of residential buildings and belonging objects of communal infrastructure, construction of pre-school objects and schools which created additional needs in the engagement of space) by the rule asks for the engagement of non-domicile human resources, and besides urbanistic problem, it spoils the demographic picture and balance of the structure of population of the tourist destination (according to nationality language, cultural characteristics, religion and similar). Just this non-economic component of development represented itself as corresponding to the policy of economic development in many tourist countries, areas and destination.

One more thesis of Keynes did not find confirmation in tourism. However, Keynes derivates from the assumption that 'prone to spending is a stable function and quantity of total spending always depends on total

income' the second supposition entering the psychological law which according to his opinion, comes out of human nature knowledge and comes to the conclusion and ascertainment that "people, by rule, and averagely, are willing to increase their consumption and spending with the increase of their income, but not in the sense in which salary is being increased" (Keynes, 1960, p. 70).

Tourist practice confirmed the touristic theoretical standpoints that consumption determined for tourism can grow in some determined circumstances and can increase even more than the growth of income.

Economic theory and analysis are aimed at studying economic relations of tourism and economic relations in the tourism itself. "If the changes of the type of appearance influence the change of economic relations in tourism than their difference has a sense for the theoretical analysis because the essence of notion and appearance also changes"- thinks Dulcic (Dulcic, 1991, p. 48).

The theory of tourism development, without any doubt, took over from the general theory of economics are the measures in this area for successful development. In this care the theory of tertiary assumes, and the theory and practice of touristic development confirm, that the development of tourism can be improved by corresponding measures in trade (such as customs measures, foreign currency rates), in fiscal policy (taxes and contributions for urging of some determined service activities) and in politics the financing or investment (preferences, benefits, privileges). Besides these measures of the economic nature, there could be also used the measures of social nature which the countries uniquely use as the regulative ones in their general economic policy and the politics toward tertiary.

Historical analysis of the theory of tourism confirms already old and sometimes actualized thesis that tourism as the phenomenon, except economic, also possesses some other important characteristics which, in some circumstances and surrounding, could become dominant reasons for development and even the effect of this development. "Economic knowledge and economic sciences have put, in the essence, the tourism in the first place", wrote one of the greatest thinkers and innovators in tourism Kurt Krapf and he was right if he had thought about the way the results of tourism manifested themselves dominantly at that time. But, Krapf obviously did not have some better opinion about economic theory

and its acceptance of the fact that one new phenomenon appeared so in continuation of his thesis he convinced himself and the readers that economic element is the mutual and common index of psychological, sociological, cultural, geographical and technological viewpoint of tourism (Krapf, 1985, p. 19).

Theoreticians of tourism almost unanimously, from the very start of theoretical discussion about tourism, confirmed that tourism enables evaluation of free natural resources such as climate, environment, beauty of landscape, clearness of the sea, so they get economic value in its starting form and natural shape (expressed through the price of individual services). This thesis is, without doubt and suspicion, very urging for economic theory in order to explain, for example, how such natural goods but also how the other irrational factors in tourism turn into goods which is evaluated and valorized and reflected through the price.

A special area of interest in the theory of economic development consists of insufficiently developed countries and their economy. There are many theoretical works which deal with the question of development in these lower developed areas (underdeveloped environments so it is understandable to expect that one theoretician-tourismologist will be urged by these discussions and that he will tend to input some of the principles of the theory of economic growth of the country in development and that he will use such principles in the area of touristic development (Vukovic et al., 2010).

Although a kind of weaker development is maintained in all areas in the similar way, still some specific characteristics that generalize theoretical standpoints formulated based on experience of one country or on the basis of several countries always exist. Although, when the development of tourism is in question then specific characteristics of general economic development in this environment greatly influences either the possibility of touristic development or the direction and the power of development. The possibility of employment, although it was the main problem of economic disturbances in developing countries, was emphasized as special advantage in the case of development of tourism. But, economic structure of these countries as well as social economic structure of population, with the dominance of agriculture and cattle breeding, made new employment much more impossible and harder in tourism, but also lost the important role in development of agricultural production, which is a fundamental factor of economy sector in these countries. It is the reason

why the expectations waited to come from tourism did not fulfill themselves, especially at the places where tourism was forced as the foundation of imposed and forced activities.

General economic conditions in the world in the second half of the twentieth century bring the economic theory in front of many new temptations. First of all, there is the increase of consumption which has resulted in increased production and has brought the developed world into quite new situation: technological advancement has improved productive capacities, especially of the products of consumer goods of common usage, that it meant much more than consumers could buy or consume because the production was enormously great.

From these reasons, theoretical thoughts of the economy turned to the problems of sale which brought up the appearance of marketing, a new scientific discipline in the science of economics. Of course, marketing soon found its place in the tourism practice and little later also in the theoretical analysis of tourism. Economic analysis in tourism then turned towards changing and describing of the importance of touristic consumption of different goods and services that find their interest in the market of tourism. Numerous authors throughout the world prove this fact by their works and some of the first written papers about tourism were the works of Jost Krippendorf and Jose I. De. Arrillage, and then followed the works of V.C. Middleton, S. Medlik, H. Zolles, F. K. Ferner, R. Muller, M. Green, A.M.Morisson, E.Heatha, G.Wall, A. Jefferson, L. Lickorish, JX Schwarz, J. C. Holloway, R. V. Plant, G. Ashworth, B. Goodall and others. Finally 'the father of marketing' Philip Kotler (in cooperation with D. H. Heider and I. Rein) decided to deal with the marketing in tourism by publishing his work titled "Marketing Places". This radical turn toward research and analysis of the market meant the appearance of many changes not only at the micro-economic level but also the appearance of approaches and principles of macro-economy.

At the very end let us say a few words about the realized connection between theoretical standpoints concerning ecological components of economic and tourism development. Development of the world economic theory and economic theoretical meaning moved towards the knowledge about the need of greater attention toward living environment so toward maintainable development and stable economy.<sup>4</sup>

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<sup>4</sup> English term 'sustainable economy'

As a discipline, economics of living environment exists for about thirty years although the first works about the problem and exploitation of natural resources exist since the 19<sup>th</sup> century<sup>5</sup>, announcing in such a way a new view and turn in thinking not only at the theoretical but in economic and political practice.

Theoretical standpoint confirms that environment and economy are not different entities but they are connected permanently by the basic laws of physics and by consequences which their mutual relation has for human beings. Pearce explained the foundations of the economics of environment in the following way: Fundamental basis of the economic of environment finds itself in the three level relation: importance, cause, policy... Economic perspectives appear because the value is measured by economic criteria because good or bad economic management is in focus as the reason for degradation of environment but also from the reason that by the economic policy the problem of environment could not be solved (Pearce, 1991). This survey does not deny the value of the standing point of sociology and policy but simply shows that when there are the problems of environment actual, in many cases the reasons of their existence and their solving find themselves in economy.

In order to realize its meaning and sense, the economics of the environment requires returning to the environment everything what is taken in material and energetic sense because the matter and energy will be destroyed in the other way, and without them the life at this planet will be impossible. The development then, for that reason, must be considered and aimed at the resources that are used in the measure in which it will not destroy their reproduction in order to preserve the resources as the long lasting goods for the future generations. It brought about the philosophy of 'the limit of growth' because it was considered that with the control of economic growth some unwanted devastation of resources will be stopped because such resources are needed for insurance of some determined level of growth. In the theory and policy of development it brings us to the calculation of social and public expenses and usage as well as benefits (cost-benefit theory) in which it is good to balance the

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<sup>5</sup> First work from that area was published in 1866 by W. S. Jevons under the title "The Cool Question". Later followed the set of articles published by different authors in different magazines, then in 1932 A. C. Pigou published in London the book titled "The Economics of Welfare" the first thorough work about usability and protection of resources.

achievement from the economy aspect and from the aspect of preserving and protection of environment and living surrounding. Relation of expenses and protection as well as principles on which it is needed to base the mechanism of finding sources and forming of financial means for the protection of human environment, are the subject of many theoretical and practical confrontation and arguments which, in their proposals, move toward reduction of production which pollutes the environment, through the tax for usage of some resources to the lawful postulates which forbid or enable, under certain conditions, the transfer of some economic subjects which are directly in contact with the possibilities of devastation and pollution of human environment and which lead to sustainable economy or better to say to maintainable economy.

Importance of natural resources for tourism, which with their force overcome and surpass the meaning of other factors of touristic development, found a fertile soil in the theory of preservation of human environment, nature protection and the theory of maintainable economic development. Degradation of natural resources leads to the negation of tourism as a phenomena so the interest for this is very understandable and the interest that this theory devoted for tourism and for this problem is also great and it specially increased at the end of the twentieth century.

### **Review of the theory of tourism development**

Using the standpoints of various economic theoreticians the views of the theoreticians of tourism are formed by standpoints about development in similar way to the valid theories of tourism in determined period. It is understandable that theoreticians from the beginning of the twentieth century or earlier could not approach to the problem of development nor could discuss it in the same way as the theoretician from the end of the twentieth century (Vujović et al., 2012). One of additional reasons lies in the fact that tourism theoreticians deal with tourism ex-post and are founding their analysis on the basis of the already achieved but there is only a few works which try to anticipate or foretell the future. When this is done, the theory of tourism stays in the area of global calculations of anticipation and assumption of tourism search and request, tourism structure and eventual economic effects and consequences of such traffic, turnover and tourist consumption. It seems that conclusion of Ivan Antunac is right when he wrote that the authors of theoretical and scientific discussion about tourism (Antunac, 1985, p. 34), in fact, determined the problems at which users in practice and the whole touristic

business environment pointed out. “Those authors only thoroughly used the method of research, than method of scientific systematization, documenting and theoretical generalization so they elevated the whole matter to the higher degree and to the more qualified level in scientific and theoretical sense”, wrote Antunac. Although this observation of his relates predominantly to the period of the end of the First World War, it could be transferred to other numerous works in the latter period, up to the first half of the twentieth century.

In the attempts of systematization of theoretical research in the field of tourism one division has to be accepted which is published by A. Dulcic (Dulcic, 1990, p. 91). He assumes that, generally speaking, theoretical explanation of the role and importance of tourism in the process of development is created into three directions:

First direction formed itself around the explanation of the role of touristic consumption for creation (directly and indirectly) of regional or national economy.

Second direction was aimed toward explanation of the meaning of activities of touristic economy for the economic development.

In the scope of the third direction, research varied in relation to the question: Why tourism does not create new values and how does it have important development functions inspite of this.

Probably the theoreticians of the development of tourism in the process of formation of their attitudes most often used the theoretical thesis of consumption, specially the thesis used by Keynes which meant, in that time, the essential change in understanding of the category of consumption in general and its role in the economic development. As it has been already known, Keynes introduces the notion of prones to spending and prones to consumption and concludes that it is the question of functional relation between the given level or degree of income expressed in the unit wages and spending and expenses for consumption from this level of income. ”Amount which society spends on expenses obviously partly depends (1) on the amount or size of income, (2) on existence of other objective circumstances and (3) on subjective needs and psychological affinities and habits of an individual, members of society and principles according to which the income is divided among them (which can be prone to additions as the production degree grows)

(Keynes, 1987, p. 67). On such exposed and presented principles even now the valid explanations in the theory of tourism still stand.

Already long period up to now, about 160 years and more, has passed since modern tourism exists and develops and this is the era of most active and live periods in development of humankind specially when we speak about technological and technical level.

This unstable and turbulent period brought also, from year to year, many changes to the other areas or segments of life, so there are many changes of theories in these areas because of various degrees of development. Theory of tourism in its modern meaning and existence was born and developed in the time of developed modern economy and modern economic thoughts, when the theory of development was one of the unavoidable (economic) components, so the theory of development in many theses of its content had been, from the very start, incorporated in theory of the touristic thought. But, this theory of development is also "struck" by changes in global theoretical standpoints, especially of the global theory of development.

In that sense it is logical to divide the analysis of theoretical standpoints about tourism, specially about the problems of development, into the following items:

- Early works from periods which precede the appearance of modern tourism
- Classical or traditional theory of development of tourism
- Modern theory of development of tourism.

This division does not have any other claims or pretensions but to make some determined time limits between the periods in which tourism has some characteristics which differ from other periods, and to make some other common characteristics of the theoretical standpoints about the problems of development of tourism.

### **Tourism and development of economy**

Tourist consumption makes direct and indirect effects on the development of economy. Tourism makes direct impact and creates direct effects on those participants of touristic economy which directly sell the services to the tourists. Such participants in tourism are hotels, enterprises which give services of transportation, trade networks and markets. Indirect

effects relate to those economy activities which directly do not participate in giving services to the tourists, but supply touristic economy (industry, agriculture, wholesale, construction, public sector).

a) From the majority of direct effects and impacts on tourism we separate the following (Unkovic, 1995):

Influence on the social product and national income or better to say, the impact on territorial pre-distribution is acquired by touristic consumption in the way that it stimulates development of those economic activities that supply touristic complex as well as influx or overflow of income from the other countries. In the same way, tourism makes possible that one part of social product and national income of economically most developed countries of the world flows over into the countries with the lower level of economy development. In the process of development of every country appears the overflow of income from temporary economically developed countries into the undeveloped regions which, according to an unwritten rule, are touristically developed regions. When we add to this picture the international tourism, influence or impact of tourism becomes more obvious and remarkable.

Influence of tourism on the activities of touristic economy is the most easily noticed in the fact that a great number of economic and non-economic activities take part in the fulfillment of touristic needs. Kurt Krapf states the following: hotels, restaurants, cafés, snack bars (Krapf, 1963, p. 8). So, the analysis of the direct influence of tourism on the economic development has to relate to restaurant management, traffic, trade, touristic organization, craftsman shops and communal activities and services.

The influence of tourism on investments must not also be forgotten, as well as the structure of investment (modernization of traffic, development of hotel accommodation and restaurants).

Tourism is a very important factor of more complete and thorough usage of employment capable population. Here comes in the first place, employment-intensive character of all activities of touristic economy not taking into consideration that the influence of science and technology is here present in the a great amount. Especially important here is the direct inclusion of individual households and taking part of all families in touristic activities even the children. Having in mind manifold importance

of employment for the future economic activities than the importance of tourism is very obvious.

Influence of tourism on the balance of payment is seen through 'invisible import' and 'invisible export' that happen in tourism enterprise activities. From these reasons every country is interested in stimulating the foreign currency. In many countries income from tourism are very important item in the balance payment. Through tourism the undeveloped countries are much easier included in the international economic relations. Because of that it is important to control the influence of tourism equally on the active and passive side of balance of payment, so it is established the special and separate way of tracking the financial movements in tourism-so-called touristic balance of payment.

b) Indirect influence of tourism on the economic development is done mainly by the industry, construction industry and agriculture.

Concerning the civil engineering and construction, here is the question of investments in building of new hotels, restaurants, roads, airports, and other infrastructure by which the income of this economy branch is increased. Also, tourism stimulates production of industrial products planned for fulfillment of different needs of touristic economy. Here we think not only of the production of long lasting consumer goods but of commodities and items of most frequent usage. Concerning the agriculture products they are more often sold through touristic consumption by which the international exchange of goods is improved much better and in more qualified manner than through the selling of goods itself (Cvijanović & Ignjatijević, 2017).

c) Money spent by domestic and foreign tourist is not the same and has to be differentiated, since the money of foreign tourist possesses the multiplied effect. Expenditure of foreign tourist and their spending of foreign currency represent one additional consumption because national income from foreign countries flows into one given touristic country without the outflow of income from the country which the touristic come to. Here we can notice the difference between the export of goods so-called "visible export" and the income from foreign tourists or "invisible export", because in the first case the part of national income is also outflow from the country which is doing the export. Benefits from the money of a foreign tourist can be seen, more or less, in almost every economy branch (Ćirić et al., 2015).

## Conclusion

Modern theories of development of tourism are those theories which developed in the time of the most intensive development trends after the termination of the Second World War. However, this statement is not thoroughly true. Namely, in the period immediately after the Second World War tourism was not of extremely interest neither for the theoreticians of economy nor for the practical usage in economy because of the fact that the World had to deal with reconstruction of all which was ruined and destroyed in various ways by the war. The theory of development of tourism returned much seriously, on to the world scene somewhat later, in fact after 1950's and especially after 1960's when the world economy became so stabilized that the tourist flow and turnover of goods began to increase. This specially holds true for Europe as a continent which, on one side, extremely was devastated in the Second World War, but, on the other hand, it was the continent with the most dynamic development of tourism in the whole world. In that period of time Kurt Krapf (1952) wrote his essay "Von der Empirie zur Theorie des Fremdenverkehrs", Troisi (1955) published his work "Teoria economica del turismo e delta rendita turistica" and Paul Bernecker (1956) finished his work "Die Stellung des Fremdenverkehrs im Leistungssystem der Wirtschaft". In such a way fundamental literature is circled and this fundamental literature about tourism creates the basis or the foundation of modern theory of the development of tourism. All works after this period represented only the elaboration of these theses although there were much more original approaches toward the development of tourism, which specially relates to the individual examples of such development. Theory of economics still does not consider tourism to be the phenomenon which had to be studied seriously.

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