

terrorist attacks on New York City and Washington, D.C., had on the United States and, indeed, the whole world. These attacks on the United States have had the largest and widest effect on tourism since its mass development in the 1950s. The U.S. tourism market was estimated to have declined by 25% at the end of 2001. However, the global impact of these attacks is what sets them apart from previous terrorist actions. Virtually all the world's airlines saw double-digit declines in passenger numbers, which resulted in the worldwide loss of hundreds of thousands, even millions, of jobs in all sectors of the tourism industry and its supplier industries, such as aircraft manufacture.¹⁰ The good news is that, in the aftermath of these attacks, tourism has proven its resilience, and both the number of travelers and the amounts spent on tourism activities have exceeded pre-2001 levels.

Tourism can also highlight too much of a good thing and bring too many visitors to an area. By showcasing the beauty and other tourism resources of an area, tourism marketers can increase the popularity of the area and bring in many more people interested in playing and living there. This increase in demand frequently leads to increased prices for goods and services as well as higher housing and land values. Occasionally, this problem becomes so severe that workers can no longer afford to live near their work. Such an impact has occurred in the beautiful central California beach towns and many mountain towns of the Rocky Mountain states and provinces.

Large increases in the number of tourists to an area usually increase costs of providing services for both the increased number of tourists and the increased number of residents. Services such as police and fire protection can be strained by the numbers of visitors, and school systems can be strained by new residents who decide to move to their favorite travel destination. Utilities, and other infrastructure resources such as roads, can also feel the strain from increases in the numbers of visitors and residents and the development required to serve their needs.

Tourism in the Economic Balance

Determining whether the total economic impact of tourism will be positive or negative is not an easy task. Many decision makers are turning to **cost-benefit analysis** for help. In cost-benefit analysis, dollar values are assigned to the benefits of tourism (such as increased tax revenues and increased employment opportunities) as well as the costs associated with tourism (such as the increased need for utilities, schools, and police protection). If the value of the positive impacts (the benefits) is greater than the value of the negative impacts (the costs), the total economic impact of tourism is positive. If the costs are larger than the benefits, then tourism may not be the economic engine it is often believed to be. To be as thorough as possible, decision makers have tried to quantify difficult-to-value pluses and minuses (such as increased entertainment options for residents and increased crowding and traffic jams) to include these benefits and costs in the equation.⁶

So, as you can see, tourism can have both positive and negative economic impacts. How, then, are tourism development decisions made and who is involved in the decision-making process? In the next section, we will look at how governments and citizens try to make choices concerning the development and growth of tourism.

Tourism and Politics

Remember, economics is all about decisions concerning scarce resources. Politics is about how decisions concerning the public are made. In a democratic society, economic decisions that can affect large groups of people are likely to involve some political process. An easy way to define politics is “[P]olitics is about power, who gets what, where, how, and why.”¹⁵